



San Bernardino County Employees'
Retirement Association

2022

SCHEDULES OF

EMPLOYER

ALLOCATIONS AND

PENSION AMOUNTS

A MULTIPLE-EMPLOYER PENSION TRUST FUND | SAN BERNARDINO, CA
FOR THE YEAR ENDED JUNE 30, 2021
AND THE REPORTING PERIOD OF JUNE 30, 2022

INVESTED IN YOUR FUTURE.



2022

SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

A Multiple-Employer Pension Trust Fund
San Bernardino, California
For the Year Ended June 30, 2021
And the Reporting Period of June 30, 2022

Debby Cherney

Chief Executive Officer

Amy McInerney, CPA

Chief Financial Officer



San Bernardino County Employees'
Retirement Association

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MISSION STATEMENT

It is the mission of the San Bernardino County Employees' Retirement Association (SBCERA) to provide the members and their beneficiaries with those retirement and related benefits and services which they have earned and which are commensurate with their years of service and compensation.

It is the responsibility of those charged with administration of SBCERA to:

- Effectively collect contributions to fund liabilities incurred;
- Diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return;
- Administer the benefits impartially, fairly, and in accordance with the applicable law;
- Deliver service to the membership in an accurate, courteous, prompt, professional, and cost-efficient manner;
- Appropriately set employer and member contributions in accordance with responsible funding practices; and
- Strategically plan for the future.

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INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

Board of Retirement
San Bernardino County Employees' Retirement Association
San Bernardino, California

Opinions

We have audited the accompanying schedule of employer allocations of San Bernardino County Employees' Retirement Association (SBCERA) for the year ended June 30, 2021, and the related notes. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total employer pension expense (specified column totals) included in the accompanying schedule of pension amounts of SBCERA for the year ended June 30, 2021, and the related notes.

In our opinion, the schedule referred to above presents fairly, in all material respects, the employer allocations for the year ended June 30, 2021, and the net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total employer pension expense for all participating entities in SBCERA for the year ended June 30, 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Schedules

Management is responsible for the preparation and fair presentation of the schedules in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of schedules that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Schedules

Our objectives are to obtain reasonable assurance about whether the schedule of employer allocations and the specified column totals included in the schedule of pension amounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore

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INDEPENDENT AUDITOR'S REPORT

(Continued)

is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedules.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

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

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

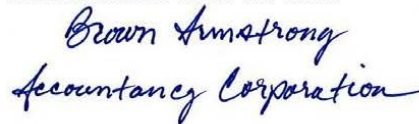
Other Matters

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of SBCERA as of and for the year ended June 30, 2021, and our report thereon, dated October 31, 2021, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of SBCERA management, the Audit Committee of SBCERA, the Board of Retirement of SBCERA, and the SBCERA employers and their auditors and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



Bakersfield, California
September 13, 2022

SUMMARY OF PARTICIPATING EMPLOYERS

The legend below lists the participating employers of SBCERA as they are presented within this report.

<u>Abbreviation Used</u>	<u>Employer Full Name</u>
1– BBFA	Big Bear Fire Authority
2– BFPD	Barstow Fire Protection District
3–CERTNA	California Electronic Recording Transaction Network Authority
4–CSAC	California State Association of Counties
5–CBBL	City of Big Bear Lake
6–CCH	City of Chino Hills
7–County	County of San Bernardino
8–CSD	Crestline Sanitation District
9–DWP	Department of Water and Power of the City of Big Bear Lake
10–HRPD	Hesperia Recreation and Park District
11–ILS	Inland Library System
12–LL	Law Library for San Bernardino County
13–LAFCO	Local Agency Formation Commission
14–MDAQMD	Mojave Desert Air Quality Management District
15–SBCTA	San Bernardino County Transportation Authority
16–SBCERA	San Bernardino County Employees’ Retirement Association ¹
17–SCAQMD	South Coast Air Quality Management District
18–Court	Superior Court of California County of San Bernardino

(1) SBCERA is excluded from the remainder of the report per GASB 68, see Note 4–Proportionate Share for more information.

SCHEDULE OF EMPLOYER ALLOCATIONS

For the Year Ended June 30, 2021¹

Employer	Employer Contributions	Employer Contribution Percentage	Total Allocated Pension Liability	Employer Proportionate Share
1– BBFA	\$ 2,597,640	0.528%	\$ 9,801,142	0.744%
2– BFPD	2,141,231	0.435%	8,433,660	0.640%
3–CERTNA ²	-	0.000%	-	0.000%
4–CSAC	4,523,518	0.920%	12,685,931	0.962%
5–CBBL	1,747,477	0.355%	4,852,890	0.368%
6–CCH	5,243,223	1.066%	14,590,736	1.107%
7–County	414,539,558	84.281%	1,068,187,819	81.040%
8–CSD	356,023	0.072%	654,827	0.050%
9–DWP	1,097,080	0.223%	3,044,270	0.231%
10–HRPD	339,278	0.069%	919,254	0.070%
11–ILS ³	-	0.000%	-	0.000%
12–LL	111,583	0.023%	301,601	0.023%
13–LAFCO ⁴	148,859	0.030%	117,019	0.009%
14–MDAQMD	1,723,739	0.351%	4,832,846	0.367%
15–SBCTA	2,792,217	0.568%	7,856,029	0.596%
17–SCAQMD	33,603,208	6.832%	138,924,385	10.540%
18–Court	20,890,362	4.247%	42,895,234	3.254%
EMPLOYER TOTALS	\$ 491,854,996	100.000%	\$ 1,318,097,643	100.000%

- (1) Date listed is the measurement date. See Note 2—Summary of Significant Accounting Policies for further information.
- (2) CERTNA terminated on June 30, 2021 and therefore was not allocated any Net Pension Liability (NPL) as of June 30, 2021. Any NPL for CERTNA was included with the NPL for withdrawn employers and reallocated to the other employers.
- (3) ILS terminated, for actuarial purposes, on May 31, 2019 and therefore was not allocated any Net Pension Liability (NPL) as of June 30, 2021. Any NPL for ILS was included with the NPL for withdrawn employers and reallocated to the other employers.
- (4) Does not include additional contributions of \$43,852 made by LAFCO for the purpose of reducing its Unfunded Accrued Actuarial Liability (UAAL).

Note: Results may not total due to rounding.

The accompanying notes are an integral part of this schedule.

SCHEDULE OF PENSION AMOUNTS

For the Year Ended June 30, 2021¹

Employer	Employer Proportionate Share	Net Pension Liability	Deferred Outflows of Resources			
			Difference Between Expected and Actual Experience	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources
1– BBFA	0.744%	\$ 9,801,142	\$ 590,269	\$ 2,343,957	\$ 8,844,459	\$ 11,778,685
2– BFPD	0.640%	8,433,660	507,913	2,016,921	4,801,870	7,326,704
3–CERTNA ²	0.000%	-	-	-	17,121	17,121
4–CSAC	0.962%	12,685,931	764,004	3,033,858	2,968,883	6,766,745
5–CBBL	0.368%	4,852,890	292,263	1,160,575	1,205,472	2,658,310
6–CCH	1.107%	14,590,736	878,720	3,489,395	2,007,868	6,375,983
7–County	81.040%	1,068,187,819	64,331,088	255,458,591	26,183,367	345,973,046
8–CSD	0.050%	654,827	39,437	156,603	165,934	361,974
9–DWP	0.231%	3,044,270	183,340	728,041	575,187	1,486,568
10–HRPD	0.070%	919,254	55,362	219,841	-	275,203
11–ILS ³	0.000%	-	-	-	101	101
12–LL	0.023%	301,601	18,164	72,128	41,058	131,350
13–LAFCO ⁴	0.009%	117,019	7,047	27,985	131,596	166,628
14–MDAQMD	0.367%	4,832,846	291,056	1,155,782	612,201	2,059,039
15–SBCTA	0.596%	7,856,029	473,125	1,878,780	2,000,868	4,352,773
17–SCAQMD	10.540%	138,924,385	8,366,653	33,223,958	33,840,834	75,431,445
18–Court	3.254%	42,895,234	2,583,344	10,258,454	4,068,524	16,910,322
PLAN TOTAL	100.000%	\$ 1,318,097,643	\$ 79,381,785	\$ 315,224,869	\$ 87,465,343	\$ 482,071,997

- (1) Date listed is the measurement date. See Note 2—Summary of Significant Accounting Policies for further information.
- (2) CERTNA terminated on June 30, 2021 and therefore was not allocated any Net Pension Liability (NPL) as of June 30, 2021. Any NPL for CERTNA was included with the NPL for withdrawn employers and reallocated to the other employers.
- (3) ILS terminated, for actuarial purposes, on May 31, 2019 and therefore was not allocated any Net Pension Liability (NPL) as of June 30, 2021. Any NPL for ILS was included with the NPL for withdrawn employers and reallocated to the other employers.
- (4) LAFCO made an additional contribution of \$43,852 toward the reduction of its Unfunded Accrued Actuarial Liability (UAAL). See Note 4—Proportionate Share for further information.

Note: Results may not total due to rounding.

The accompanying notes are an integral part of this schedule.

SCHEDULE OF PENSION AMOUNTS

For the Year Ended June 30, 2021¹ (Continued)

Employer	Deferred Inflows of Resources			
	Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources
1—BBFA	\$ 58,630	\$ 10,246,983	\$ 2,835,510	\$ 13,141,123
2—BFPD	50,450	8,817,296	1,851,929	10,719,675
3—CERTNA ²	-	-	333,443	333,443
4—CSAC	75,887	13,262,997	3,372,176	16,711,060
5—CBBL	29,030	5,073,642	5,543,754	10,646,426
6—CCH	87,281	15,254,449	3,696,467	19,038,197
7—County	6,389,875	1,116,778,263	36,618,556	1,159,786,694
8—CSD	3,917	684,614	624,324	1,312,855
9—DWP	18,211	3,182,750	567,694	3,768,655
10—HRPD	5,499	961,070	834,486	1,801,055
11—ILS ³	-	-	35,850	35,850
12—LL	1,804	315,320	120,899	438,023
13—LAFCO ⁴	700	122,342	378,304	501,346
14—MDAQMD	28,910	5,052,686	763,717	5,845,313
15—SBCTA	46,995	8,213,389	1,270,482	9,530,866
17—SCAQMD	831,042	145,243,871	12,802,102	158,877,015
18—Court	256,598	44,846,481	15,815,650	60,918,729
PLAN TOTAL	\$ 7,884,829	\$ 1,378,056,153	\$ 87,465,343	\$ 1,473,406,325

- (1) Date listed is the measurement date. See Note 2—Summary of Significant Accounting Policies for further information.
- (2) CERTNA terminated on June 30, 2021 and therefore was not allocated any Net Pension Liability (NPL) as of June 30, 2021. Any NPL for CERTNA was included with the NPL for withdrawn employers and reallocated to the other employers.
- (3) ILS terminated, for actuarial purposes, on May 31, 2019 and therefore was not allocated any Net Pension Liability (NPL) as of June 30, 2021. Any NPL for ILS was included with the NPL for withdrawn employers and reallocated to the other employers.
- (4) LAFCO made an additional contribution of \$43,852 toward the reduction of its Unfunded Accrued Actuarial Liability (UAAL). See Note 4—Proportionate Share for further information.

Note: Results may not total due to rounding.

The accompanying notes are an integral part of this schedule.

SCHEDULE OF PENSION AMOUNTS

For the Year Ended June 30, 2021¹ (Continued)

Employer Pension Expense

Employer	Allocatable Proportionate Share of Plan Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense ⁴
1– BBFA	\$ 1,368,990	\$ 1,830,259	\$ 3,199,249
2– BFPD	1,651,868	(658,782)	993,086
3–CERTNA ²	(72,137)	6,378	(65,759)
4–CSAC	1,633,477	(679,436)	954,041
5–CBBL	542,762	(1,632,822)	(1,090,060)
6–CCH	1,702,981	(984,295)	718,686
7–County	90,098,732	2,412,030	92,510,762
8–CSD	(63,490)	20,906	(42,584)
9–DWP	373,896	(190,022)	183,874
10–HRPD	62,979	(379,613)	(316,634)
11–ILS ³	-	(13,108)	(13,108)
12–LL	27,031	(38,246)	(11,215)
13–LAFCO ⁴	(65,983)	27,912	(38,071)
14–MDAQMD	561,479	(265,698)	295,781
15–SBCTA	1,087,067	(85,139)	1,001,928
17–SCAQMD	19,910,695	(2,130,804)	17,779,891
18–Court	729,876	2,760,480	3,490,356
PLAN TOTAL	\$ 119,550,223	\$ -	\$ 119,550,223

- (1) Date listed is the measurement date. See Note 2—Summary of Significant Accounting Policies for further information.
- (2) CERTNA terminated on June 30, 2021 and therefore was not allocated any Net Pension Liability (NPL) as of June 30, 2021. Any NPL for CERTNA was included with the NPL for withdrawn employers and reallocated to the other employers.
- (3) ILS terminated, for actuarial purposes, on May 31, 2019 and therefore was not allocated any Net Pension Liability (NPL) as of June 30, 2021. Any NPL for ILS was included with the NPL for withdrawn employers and reallocated to the other employers.
- (4) LAFCO made an additional contribution of \$43,852 toward the reduction of its Unfunded Accrued Actuarial Liability (UAAL). See Note 4—Proportionate Share for further information.

Note: Results may not total due to rounding.

The accompanying notes are an integral part of this schedule.

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NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

For the Year Ended June 30, 2021

NOTE 1 – PLAN DESCRIPTION

The San Bernardino County Employees' Retirement Association (SBCERA) administers the SBCERA pension plan – a cost-sharing multiple-employer defined benefit pension plan (Plan). SBCERA was established in 1945 and operates under the provisions of the California County Employees Retirement Law of 1937 (CERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA) and the regulations, procedures, and policies adopted by SBCERA's Board of Retirement (Board). The Plan's provisions may be amended by the California state legislature and in some cases require approval by the County of San Bernardino Board of Supervisors and/or the SBCERA Board.

SBCERA provides retirement, disability, death, and survivor benefits to its members, who are employed by 16 active Plan sponsors (participating employers), and five withdrawn employers.

Fiduciary oversight of SBCERA is vested with the SBCERA Board, which consists of nine voting members and three alternate members. Four members are appointed by the County of San Bernardino's Board of Supervisors, six members (which include two alternates) are elected by the members of SBCERA (General members elect two members, Safety members elect one member and one alternate, and Retired members elect one member and one alternate), and the County of San Bernardino Treasurer (County Treasurer) is an ex-officio member who has designated one alternate.

SBCERA publishes its own Annual Comprehensive Annual Financial Report (ACFR), which is available on SBCERA's website at www.SBCERA.org/pod/annual-financial-reports.

All benefits established by the CERL and PEPRA, as amended from time to time, are administered by SBCERA for its participating employers. SBCERA administers benefits for two membership classifications, General and Safety, and those benefits are tiered based upon date of SBCERA membership. Safety membership is extended to those involved in active law enforcement and fire suppression. All other members are classified as General members. Generally, those who became members prior to January 1, 2013 (effective date of PEPRA) are Tier 1 members. All other members are Tier 2. Employees become eligible for membership on their first day of regular employment, and members become fully vested after earning five years of service credit or attaining the age of 70. Additional information regarding SBCERA's benefits is included in the Summary Plan Description, also known as the Member Guide, which is available on SBCERA's website at www.SBCERA.org/member-guide.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

For the Year Ended June 30, 2021

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

The underlying financial information used to prepare the Pension Schedules is based on SBCERA's financial statements, which are prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America, as applicable to governmental organizations. In doing so, SBCERA adheres to the reporting requirements established by GASB. Employer and member contributions are due, pursuant to statutory requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

For the Pension Schedules, the net pension liability (NPL) was measured as of June 30, 2021, for the SBCERA employer reporting date of June 30, 2022.

The NPL was determined based upon the results of an actuarial valuation as of June 30, 2021. Plan fiduciary net position and the total pension liability (TPL) were valued as of the measurement date. Consistent with the provisions of GASB 68, the fiduciary net position and liabilities measured as of June 30, 2021 are not adjusted or rolled forward to the June 30, 2022 reporting date.

Results shown in the Pension Schedules exclude any employer contributions made after the measurement date of June 30, 2021.

NOTE 3 – NET PENSION LIABILITY

NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS

		Measurement Date
		June 30, 2021
Total pension liability	a	\$14,954,950,405
Plan fiduciary net position	b	13,636,852,762
NET PENSION LIABILITY		\$1,318,097,643
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	b/a	91.19%

NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

For the Year Ended June 30, 2021

(Continued)

NOTE 3 – NET PENSION LIABILITY *(Continued)*

ACTUARIAL ASSUMPTIONS

The actuarial assumptions used to determine the TPL as of June 30, 2021, were based on the results of the June 30, 2021 Actuarial Experience Study, which covered the period from July 1, 2016 through June 30, 2019. Key assumptions used in the actuarial valuation are presented below.

KEY METHODS AND ASSUMPTIONS USED IN THE VALUATION OF TOTAL PENSION LIABILITY

Discount Rate	7.25% - net of Plan investment expense, including inflation
Inflation	2.75%
Projected Salary Increases	General: 4.55% to 12.75%; Safety: 4.75% to 12.25% - Includes real "across the board" salary increases of 0.50% and merit and promotional increases
Cost-of-Living Adjustments	Contingent upon consumer price index with a 2.00% maximum
Administrative Expenses	0.85% of payroll, allocated to both the employer and member based on components of the total contribution rate (before expenses) for the employer and member

MORTALITY RATES

Mortality rates used in the June 30, 2021 actuarial valuation were based on Pub-2010 Amount-Weighted Above-Median Mortality Table projected generationally with the two-dimensional MP-2019 projection scale. For healthy General members, the General Healthy Retiree rates increased by 10% were used. For healthy Safety members, the Safety Healthy Retiree rates were used. For disabled General members, the Non-Safety Disabled Retiree rates were used. For disabled Safety members, the Safety Disabled Retiree rates were used. For beneficiaries, Contingent Survivor rates increased by 10% were used.

NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

For the Year Ended June 30, 2021

(Continued)

NOTE 4 – PROPORTIONATE SHARE

For the year ended June 30, 2021, SCAQMD and Court actuarial cost groups have only one active employer each; therefore, the entire NPL for each cost group has been allocated to those employers respectively. For all other cost groups, the NPL is allocated based on the actual employer contributions within the cost group.

For the year ended June 30, 2021, LAFCO made additional contributions of \$43,852 on June 24, 2021 toward the reduction of its Unfunded Accrued Actuarial Liability. In calculating the ratio of employers' contributions for the Other General Cost group, as of June 30, 2021, we have excluded the additional contributions made by LAFCO. When we determined the employers' NPL for the Other General Cost group, we first increased the total NPL for the cost group by the balance of the additional contributions made by LAFCO. After the NPL was allocated, we reduced the NPL for LAFCO by that same amount.

The steps used to determine each employer's proportionate share of pension amounts are as follows:

1. The NPL for each cost group is the TPL minus the Plan's fiduciary net position. The TPL for each cost group is determined by actuarial valuation results calculated by SBCERA's actuary, based on the actual participants in each cost group. The Plan's fiduciary net position for each cost group was estimated by adjusting the Valuation Value of Assets (VVA) for each cost group by the ratio of the total Plan fiduciary net position to total Plan VVA. Any non-valuation reserves (such as the Burial Allowance Reserve), and the Survivor Benefit reserve, are allocated amongst the cost groups based on each cost groups VVA.
2. Calculate ratio of employer's contributions to the total contributions for the cost group. For this purpose, the employer contributions exclude the additional contributions of \$43,852 made by LAFCO toward the reduction of its UAAL.
3. The ratio is then multiplied by the NPL for the cost group to determine the employer's proportionate share of the NPL for the cost group. For the Other General cost group, the total NPL is first increased by the balance of all additional contributions as of June 30, 2021 made by LAFCO. After the NPL has been allocated, the NPL for the LAFCO is reduced by that same amount.
4. The NPL associated with SBCERA (as the employer), and any surplus or remaining unfunded liability from the withdrawn employers have been reallocated to the remaining active employers, based on each employer's NPL prior to the reallocation, as SBCERA is not considered an employer per GASB 68. Any NPL associated with withdrawn employers that was not covered by contractual arrangements with those employers has been reallocated to other employers. As of June 30, 2021, there is a negative NPL that was reallocated.
5. The total allocated NPL for each employer is the sum of items 3 and 4 above.
6. Proportionate share of total plan NPL is then the ratio of the employer's total allocated NPL to the total NPL of all employers.

NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

For the Year Ended June 30, 2021

(Continued)

NOTE 5 – EMPLOYER CONTRIBUTIONS

The employer contributions used for each measurement date is a component of total employer contributions presented in SBCERA's Statements of Changes in Fiduciary Net Position. These actual employer contributions are the basis for allocating employer's proportionate share by actuarial cost group.

EMPLOYER CONTRIBUTIONS

	<u>Measurement Date</u>
	<u>June 30, 2021</u>
Actuarially determined contributions	\$493,671,903
Less SBCERA's employer contributions	(1,719,223)
Less CERTNA contributions ¹	(97,684)
ACTUAL EMPLOYER CONTRIBUTIONS²	\$491,854,996

(1) Contributions of \$97,684 made by CERTNA prior to its termination date of June 30, 2021.

(2) The Actual Employer Contributions include Member Paid Employer Contributions and exclude Employer Paid Member Contributions, Withdrawn Employers Contributions, and Additional Contributions toward Unfunded Actuarial Accrued Liability (UAAL) prepayments, golden handshake payments, and funds deposited for purchase of service credit.

Note: Results may not total due to rounding.

NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

For the Year Ended June 30, 2021

(Continued)

NOTE 6 — LONG-TERM EXPECTED RATE OF RETURN AND DISCOUNT RATE

The long-term expected rate of return on Plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation, and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, are shown in the table below. This information was used in the derivation of the long-term expected investment rate of return assumptions in the June 30, 2021 actuarial valuation. This information will change every three years based on the actuarial experience study.

LONG-TERM EXPECTED REAL RATE OF RETURN

As of June 30, 2021

Asset Class	Investment Classification	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Large Cap U.S. Equity	Domestic Common and Preferred Stock	11.00%	5.42%
Small Cap U.S. Equity	Domestic Common and Preferred Stock	2.00%	6.21%
Developed International Equity	Foreign Common and Preferred Stock	9.00%	6.50%
Emerging Market Equity	Foreign Common and Preferred Stock	6.00%	8.80%
U.S. Core Fixed Income	U.S. Government and Municipals/Domestic Bonds	2.00%	1.13%
High Yield/Credit Strategies	Domestic Bonds/Foreign Bonds	13.00%	3.4%
International Core Fixed Income	Foreign Bonds	1.00%	(0.04)%
Emerging Market Debt	Emerging Market Debt	8.00%	3.44%
Real Estate	Real Estate	3.50%	4.57%
Value Added Real Estate	Real Estate	3.50%	6.53%
International Credit	Foreign Alternatives	11.00%	5.89%
Absolute Return	Domestic Alternatives/Foreign Alternatives	7.00%	3.69%
Real Assets	Domestic Alternatives/Foreign Alternatives	5.00%	10.64%
Private Equity	Domestic Alternatives/Foreign Alternatives	16.00%	10.70%
Cash and Equivalents	Short-Term Cash Investment Funds	2.00%	(0.03)%
TOTAL		100.00%	

NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

For the Year Ended June 30, 2021

(Continued)

NOTE 6 – LONG-TERM EXPECTED RATE OF RETURN AND DISCOUNT RATE *(Continued)*

DISCOUNT RATE

The discount rate used to measure the TPL was 7.25% for the year ended June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers and active members are made at the actuarially determined contribution rates. For this purpose, only employer and member contributions that are intended to fund benefits of current member and their beneficiaries are included.

Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on Plan investments of 7.25% was applied to all periods of projected benefit payments to determine the TPL as of June 30, 2021.

The table presented on the following page presents the allocated NPL of participating employers calculated using the discount rate of 7.25% as of June 30, 2021, as well as what the allocated NPL would be if it were calculated using a discount rate that is 1% lower or higher than the current rate.

NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

For the Year Ended June 30, 2021

(Continued)

NOTE 6 — LONG-TERM EXPECTED RATE OF RETURN AND DISCOUNT RATE

(Continued)

FAIR VALUE MEASUREMENTS

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

As of June 30, 2021

Employer	Employer Proportionate Share	1.00% Decrease 6.25%	Current Rate 7.25%	1.00% Increase 8.25%
1— BBFA	0.744%	\$ 18,588,266	\$ 9,801,142	\$ 2,612,166
2— BFPD	0.640%	15,743,811	8,433,660	2,453,035
3—CERTNA	0.000%	-	-	-
4—CSAC	0.962%	27,046,162	12,685,931	937,451
5—CBBL	0.368%	10,401,273	4,852,890	313,613
6—CCH	1.107%	31,237,845	14,590,736	971,302
7—County	81.040%	2,796,088,595	1,068,187,819	(345,452,878)
8—CSD	0.050%	2,289,907	654,827	(682,875)
9—DWP	0.231%	6,527,635	3,044,270	194,439
10—HRPD	0.070%	1,996,920	919,254	37,588
11—ILS	0.000%	-	-	-
12—LL	0.023%	656,040	301,601	11,625
13—LAFCO	0.009%	590,282	117,019	(270,170)
14—MDAQMD	0.367%	10,305,004	4,832,846	355,931
15—SBCTA	0.596%	16,719,645	7,856,029	604,474
17—SCAQMD	10.540%	277,812,190	138,924,385	25,296,649
18—Court	3.254%	124,096,093	42,895,234	(23,537,307)
PLAN TOTAL	100.000%	\$ 3,340,099,668	\$ 1,318,097,643	\$ (336,154,957)

Note: Results may not total due to rounding.

NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

For the Year Ended June 30, 2020

(Continued)

NOTE 7 – COLLECTIVE PENSION EXPENSE AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Changes in the collective NPL are included in collective pension expense in the measurement period except as follows:

AVERAGE EXPECTED REMAINING SERVICE LIFE

The average expected remaining service life of all employees that are provided with benefits through the Plan is measured as of the beginning of the measurement period as follows:

1. Calculate each active employee's expected remaining service life as the present value of \$1 per year of future service at zero percent interest.
2. Set the remaining service life to zero for each non-active or retired member.
3. Divide the sum of the above amounts by the total number active employee, non-active, and retired members.

The average expected remaining service life is 5.47 years as of the measurement date of June 30, 2021. The amounts calculated from the items below are included in collective pension expense over the average expected remaining service life of all employees that are provided with benefits through the Plan, over a closed period, beginning in the current measurement period. The unamortized amounts not included in collective pension expense are reported as collective deferred outflows of resources or deferred inflows of resources.

1. Changes of assumptions.
2. Changes in proportion and differences between actual employer contributions and the proportionate share of employer contributions.
3. Differences between expected and actual experience.

AVERAGE EARNINGS ON PLAN INVESTMENTS

The difference between projected and actual earnings on Plan investments is included in collective pension expense over a closed five-year period, beginning in the current measurement period. The unamortized amount not included in collective pension expense is reported as deferred outflows of resources or deferred inflows of resources.

NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

For the Year Ended June 30, 2021

(Continued)

NOTE 8 – COMPONENTS OF COLLECTIVE PENSION EXPENSE

The components of collective pension expense, allocated to employers based on their proportionate share, for the year ended June 30, 2021 are as follows:

	Measurement Date June 30, 2021
Service Cost	\$ 362,444,679
Interest on TPL	1,038,763,712
Current-period benefit changes	(132,810,000)
Amortization of current period difference between expected and actual experience in the TPL	9,439,201
Withdrawn employer contributions	(5,031,374)
SBCERA employer contributions	(1,719,222)
Member contributions	(172,953,457)
Projected earnings on Plan investments	(745,550,010)
Amortization of current period differences between actual and projected earnings on plan investments	(521,520,370)
Administrative expense	14,511,411
Amortization of prior period differences between actual and projected earnings on Plan investments, expected and actual experience in the TPL, and changes of assumptions for deferred outflows of resources	304,122,271
Amortization of prior period differences between actual and projected earnings on Plan investments, and expected and actual experience in the TPL for deferred inflows of resources	(30,146,618)
TOTAL COLLECTIVE PENSION EXPENSE	\$ 119,550,223

NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

For the Year Ended June 30, 2021

(Continued)

NOTE 9 – AMORTIZATION OF DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

The following components of outstanding deferred outflows of resources and deferred inflows of resources are amortized pursuant to GASB 68, as of June 30, 2021

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Measurement Date
June 30, 2021

Deferred Outflows of Resources:

Changes of assumptions ¹	\$ 315,224,869
Changes in proportion and differences between employer contributions and proportionate share of contributions ¹	87,465,343
Net excess of projected over actual earnings on Plan investments ²	-
Difference between expected and actual experience ¹	79,381,785
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 482,071,997

Deferred Inflows of Resources:

Net difference between projected and actual investment earnings on pension plan investments ²	\$ 1,378,056,153
Changes in proportion and differences between employer contributions and proportionate share of contributions ¹	87,465,343
Difference between expected and actual experience ¹	7,884,829
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 1,473,406,325

RECOGNITION OF DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

For the Reporting Date June 30:	Measurement Date June 30, 2021
2022	N/A
2023	\$(118,765,214)
2024	(172,106,039)
2025	(241,551,759)
2026	(463,347,738)
2027	4,436,422

(1) Amortized over the average expected remaining service lives of all employees.

(2) Amortized over a closed five-year period.

NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

For the Year Ended June 30, 2021

(Continued)

NOTE 10 – ADDITIONAL FINANCIAL AND ACTUARIAL INFORMATION

Additional information supporting the preparation of the Pension Schedules is located in SBCERA's ACFR, which contains audited financial statements and required supplementary information, as well as information on the Plan's actuarial valuations. The ACFR and actuarial valuations are available on SBCERA's website at www.SBCERA.org. A copy may also be obtained by submitting a request to:

San Bernardino County Employees' Retirement Association
Attn: Fiscal Services Department
348 West Hospitality Lane Ste 100
San Bernardino, CA 92408

2022

SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

A Multiple-Employer Pension Trust Fund

San Bernardino, California

For the Year Ended June 30, 2021

And Reporting Period of June 30, 2022



San Bernardino County Employees'
Retirement Association

348 West Hospitality Lane Ste 100 | San Bernardino, CA 92408

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