



San Bernardino County Employees'
Retirement Association

2021

SCHEDULES OF

EMPLOYER

ALLOCATIONS AND

PENSION AMOUNTS

A MULTIPLE-EMPLOYER PENSION TRUST FUND | SAN BERNARDINO, CA
FOR THE YEAR ENDED JUNE 30, 2020
AND THE REPORTING PERIOD OF JUNE 30, 2021

INVESTED IN YOUR FUTURE.



2021

SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

A Multiple-Employer Pension Trust Fund
San Bernardino, California
For the Year Ended June 30, 2020
And the Reporting Period of June 30, 2021

Debby Cherney

Chief Executive Officer

Amy McInerny, CPA

Chief Financial Officer



San Bernardino County Employees'
Retirement Association

348 West Hospitality Lane | San Bernardino, CA 92408
P. 909.885.7980 | f. 909.885.7446 | www.SBCERA.org

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.

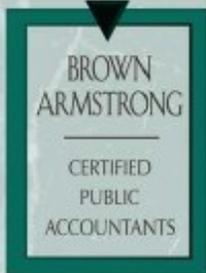
It is the responsibility of those charged with administration of SBCERA to:

- **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



BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying schedule of employer allocations of San Bernardino County Employees' Retirement Association (SBCERA) for the years ended June 30, 2020 and 2019, 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, and total deferred inflows of resources (specified column totals) included in the accompanying schedule of pension amounts of SBCERA for the year ended June 30, 2020, and the related notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on the schedule of employer allocations and the specified column totals included in the schedule of pension amounts based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of employer allocations and the specified column totals included in the schedule of pension amounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer allocations and the specified column totals included in the schedule of pension amounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of employer allocations and the specified column totals included in the schedule of pension amounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to SBCERA's preparation and fair presentation of the schedule of employer allocations

BAKERSFIELD OFFICE
(MAIN OFFICE)
4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE
10 RIVER PARK PLACE EAST
SUITE 208
FRESNO, CA 93720
TEL 559.476.3592

STOCKTON OFFICE
1919 GRAND CANAL BLVD
SUITE C6
STOCKTON, CA 95207
TEL 888.565.1040

WWW.BACPAS.COM

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

(Continued)

and the specified column totals included in the schedule of pension amounts 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, we express no such opinion. An audit also includes evaluating the appropriateness

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a bases for our audit opinions.

Opinion

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations for the years ended June 30, 2020 and 2019, and the net pension liability, total deferred outflows of resources, and total deferred inflows of resources for the total of all participating entities in SBCERA for the year ended June 30, 2020, in accordance with accounting principles generally accepted in the United States of America.

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, 2020, and our report thereon, dated November 12, 2020, expressed an unmodified opinion on those financial statements.

Restrictions 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 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

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive style and is positioned below the printed name of the firm.

Bakersfield, California

August 6, 2021

SUMMARY OF PARTICIPATING EMPLOYERS

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

Abbreviation Used	Employer Full Name
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
17–SCAQMD	South Coast Air Quality Management District
18–Court	Superior Court of California County of San Bernardino

SCHEDULE OF EMPLOYER ALLOCATIONS

For the Year Ended June 30, 2020¹

Employer	Employer Contributions	Employer Contribution Percentage	Total Allocated Pension Liability	Employer Proportionate Share
1– BBFA	\$ 2,821,113	0.605%	\$ 24,295,795	0.606%
2– BFPD	1,923,521	0.412%	16,891,227	0.421%
3–CERTNA	85,929	0.018%	735,763	0.018%
4–CSAC	4,497,199	0.964%	34,314,459	0.856%
5–CBBL	1,816,142	0.389%	13,823,466	0.345%
6–CCH	5,379,431	1.153%	40,964,324	1.022%
7–County	388,729,009	83.346%	3,327,541,456	83.014%
8–CSD	373,205	0.080%	3,162,801	0.079%
9–DWP	1,104,942	0.237%	8,399,717	0.210%
10–HRPD	391,017	0.084%	2,956,503	0.074%
11–ILS ²	-	0.000%	-	0.000%
12–LL	121,559	0.026%	918,352	0.023%
13–LAFCO ³	185,762	0.040%	1,204,840	0.030%
14–MDAQMD	1,778,502	0.381%	13,570,334	0.339%
15–SBCTA	2,701,196	0.579%	20,619,123	0.514%
17–SCAQMD	33,202,615	7.119%	335,429,877	8.368%
18–Court	21,291,264	4.565%	163,579,821	4.081%
EMPLOYER TOTALS	\$ 466,402,404	100.000%	\$ 2,711,896,561	100.000%

- (1) Date listed is the measurement date. See Note 2–Summary of Significant Accounting Policies for further information.
- (2) ILS terminated, for actuarial purposes, on May 31, 2019 and therefore was not allocated any Net Pension Liability (NPL) as of June 30, 2020. Any NPL for ILS was included with the NPL for withdrawn employers and reallocated to the other employers. Contributions made by ILS it was an active employer were not considered withdrawn employer contributions.
- (3) Does not include additional contributions of \$42,500 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, 2020¹

Deferred Outflows of Resources

Employer	Employer Proportionate Share	Net Pension Liability	Difference Between Expected and Actual Experience	Net Difference Between Projected And Actual Earnings on Pension Plan Investments	Changes Of Assumptions
1– BBFA	0.606%	\$ 24,295,795	\$ 297,950	\$ 5,126,805	\$ 2,846,134
2– BFPD	0.421%	16,891,227	207,145	3,564,321	1,978,725
3–CERTNA	0.018%	735,763	9,023	155,258	86,191
4–CSAC	0.856%	34,314,459	420,813	7,240,905	4,019,771
5–CBBL	0.345%	13,823,466	169,523	2,916,974	1,619,352
6–CCH	1.022%	40,964,324	502,364	8,644,133	4,798,770
7–County	83.014%	3,327,541,456	40,807,123	702,164,936	389,805,228
8–CSD	0.079%	3,162,801	38,787	667,402	370,507
9–DWP	0.210%	8,399,717	103,009	1,772,476	983,986
10–HRPD	0.074%	2,956,503	36,257	623,870	346,340
11–ILS ²	0.000%	-	-	-	-
12–LL	0.023%	918,352	11,262	193,787	107,580
13–LAFCO ³	0.030%	1,204,840	14,775	254,241	141,141
14–MDAQMD	0.339%	13,570,334	166,419	2,863,559	1,589,698
15–SBCTA	0.514%	20,619,123	252,861	4,350,968	2,415,430
17–SCAQMD	8.368%	335,429,877	4,113,526	70,781,116	39,293,972
18–Court	4.081%	163,579,821	2,006,052	34,517,982	19,162,577
PLAN TOTAL	100.000%	\$4,008,407,858	\$ 49,156,889	\$ 845,838,733	\$ 469,565,402

- (1) Date listed is the measurement date. See Note 2—Summary of Significant Accounting Policies for further information.
- (2) ILS terminated, for actuarial purposes, on May 31, 2019 and therefore was not allocated any NPL as of June 30, 2019. Any NPL for ILS was included with the NPL for withdrawn employers and reallocated to the other employers. Contributions made by ILS while it was an active employer were not considered withdrawn employer contributions.
- (3) LAFCO made an additional contribution of \$184,963 toward the reduction of its 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, 2020¹ (Continued)

Employer	Deferred Outflows of Resources (Continued)		Deferred Inflows of Resources		
	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Difference Between Expected and Actual Experience	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources
1– BBFA	\$ 9,248,633	\$ 17,519,522	\$ 230,517	\$ 3,555,182	\$ 3,785,699
2– BFPD	1,481,273	7,231,464	160,263	3,154,750	3,315,013
3–CERTNA	29,405	279,877	6,981	16,898	23,879
4–CSAC	1,253,359	12,934,848	325,573	4,494,540	4,820,113
5–CBBL	1,099,074	5,804,923	131,156	7,528,843	7,659,999
6–CCH	550,612	14,495,879	388,666	4,920,378	5,309,044
7–County	33,427,816	1,166,205,103	31,571,442	11,122,467	42,693,909
8–CSD	232,942	1,309,638	30,008	121,144	151,152
9–DWP	206,835	3,066,306	79,696	826,456	906,152
10–HRPD	705	1,007,172	28,051	1,123,635	1,151,686
11–ILS ²	162	162	-	49,019	49,019
12–LL	55,468	368,097	8,713	172,105	180,818
13–LAFCO ³	180,588	590,745	11,431	56,993	68,424
14–MDAQMD	99,812	4,719,488	128,754	1,067,479	1,196,233
15–SBCTA	628,647	7,647,906	195,633	1,657,560	1,853,193
17–SCAQMD	3,161,209	117,349,823	3,182,531	16,930,687	20,113,218
18–Court	7,563,776	63,250,387	1,552,032	2,422,180	3,974,215
PLAN TOTAL	\$ 59,220,316	\$ 1,423,781,340	\$ 38,031,447	\$ 59,220,316	\$ 97,251,763

- (1) Date listed is the measurement date. See Note 2—Summary of Significant Accounting Policies for further information.
- (2) ILS terminated, for actuarial purposes, on May 31, 2019 and therefore was not allocated any NPL as of June 30, 2019. Any NPL for ILS was included with the NPL for withdrawn employers and reallocated to the other employers. Contributions made by ILS while it was an active employer were not considered withdrawn employer contributions.
- (3) LAFCO made an additional contribution of \$184,963 toward the reduction of its 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, 2020¹ (Continued)

Employer	Pension Expense		
	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	\$ 4,090,410	\$ 2,549,931	\$ 6,640,341
2– BFPD	3,197,556	3,845	3,201,401
3–CERTNA	149,038	16,308	165,346
4–CSAC	6,125,917	(257,625)	5,868,292
5–CBBL	2,585,806	(1,607,921)	977,885
6–CCH	7,328,813	(433,624)	6,895,189
7–County	663,409,231	(3,297,292)	660,111,939
8–CSD	656,393	292	656,685
9–DWP	1,539,921	(93,054)	1,446,867
10–HRPD	479,893	(225,809)	254,084
11–ILS ²	-	(14,217)	(14,217)
12–LL	156,635	(22,422)	134,213
13–LAFCO ³	230,195	41,663	271,858
14–MDAQMD	2,527,777	(125,841)	2,401,936
15–SBCTA	3,759,717	169,194	3,928,911
17–SCAQMD	64,410,132	1,290,147	65,700,279
18–Court	32,937,242	2,006,425	34,943,667
PLAN TOTAL	\$ 793,584,676	\$ -	\$ 793,584,676

- (1) Date listed is the measurement date. See Note 2—Summary of Significant Accounting Policies for further information.
- (2) ILS terminated, for actuarial purposes, on May 31, 2019 and therefore was not allocated any NPL as of June 30, 2019. Any NPL for ILS was included with the NPL for withdrawn employers and reallocated to the other employers. Contributions made by ILS while it was an active employer were not considered withdrawn employer contributions.
- (3) LAFCO made an additional contribution of \$42,500 toward the reduction of its UAAL. See Note 4—Proportionate Share for further information.
- (4) Excludes Employer-paid member contributions.

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

As of and for the Year Ended June 30, 2020

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 17 active Plan sponsors (participating employers), and four 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 Comprehensive Annual Financial Report (CAFR), which is available on SBCERA's website at www.SBCERA.org.

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 Compass, which is available on SBCERA's website at www.SBCERA.org.

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 Schedules of Employer Allocations, Schedules 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

As of and for the Year Ended June 30, 2020

(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, 2020, for the SBCERA -employer reporting dates of June 30, 2021.

The NPL was determined based upon the results of an actuarial valuation as of June 30, 2020. Plan fiduciary net position and the total pension liability (TPL) was valued as of the measurement date. Consistent with the provisions of GASB 68, the fiduciary net position and liabilities were measured as of June 30, 2020 are not adjusted or rolled forward to the June 30, 2021 reporting date.

Results shown in the Pension Schedules exclude any employer contributions made after the measurement dates of June 30, 2020.

NOTE 3 – NET PENSION LIABILITY

NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS

		Measurement Date
		June 30, 2020
Total pension liability	a	\$14,295,741,718
Plan fiduciary net position	b	10,287,333,860
NET PENSION LIABILITY		\$4,008,407,858

PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	b/a	71.96%
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NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

As of and for the Year Ended June 30, 2020

(Continued)

NOTE 3 – NET PENSION LIABILITY (Continued)

ACTUARIAL ASSUMPTIONS

The actuarial assumptions used to determine the TPL as of June 30, 2020, were based on the results of the June 30, 2020 Actuarial Experience Study, which covered the period from July 1, 2017 through June 30, 2020. Key assumptions used in the actuarial valuations 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	3.00%
Projected Salary Increases	General: 4.50% to 14.50%; Safety: 4.70% to 14.50% - 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	0.70% 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, 2019 and 2018 actuarial valuations are based on the Headcount-Weighted RP 2014 Healthy Annuitant Mortality Table projected generationally with the two-dimensional MP-2016 projection scale. For healthy General male members, the ages are set forward one year. No adjustment is made for healthy General female members. For all healthy and disabled Safety members, the ages are set back one year. For all General members that are disabled, the ages are set forward seven years. For disabled Safety members, ages are set back one year for both males and females. Beneficiaries are assumed to have the same mortality as a General member of the opposite sex who is receiving a service (non-disability) retirement.

NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

As of and for the Year Ended June 30, 2020

(Continued)

NOTE 4 – PROPORTIONATE SHARE

For the years ended June 30, 2019 and 2018, 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, 2019, LAFCO made additional contributions of \$184,963 on June 25, 2019 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, 2019, 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.

For the year ended June 30, 2018, BBFA transferred active members from the California Public Employees' Retirement System (CalPERS) to SBCERA. Accordingly, both assets and liabilities for these members were transferred from CalPERS to SBCERA. An allocation was determined by adjusting BBFA contributions to an annual amount so that each employer's proportionate share is determined using a measure of required contributions over the same period of time.

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.
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.
4. The NPL associated with SBCERA (as the employer), and any surplus or remaining unfunded liability from the withdrawn employers (after taking into account their fixed payment agreements) have been reallocated to the remaining active employers, based on each employer's NPL prior to the reallocation.
5. The total allocated NPL for each employer is the sum of items 3 and 4 above.
6. Proportionate share percentages are calculated by dividing each employer's allocated NPL in item 5 by the total NPL for the Plan.

NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

As of and for the Year Ended June 30, 2020

(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, 2020</u>
Actuarially determined contributions	\$467,943,068
Less SBCERA's employer contributions	(1,540,664)
Actual employer contributions	466,402,404
Add additional UAAL payments ¹	42,500
ACTUAL EMPLOYER CONTRIBUTIONS	\$466,444,904

(1) For the year ended June 30, 2019, LAFCO made additional contributions of \$42,500 on June 30, 2020 toward the reduction of its UAAL.

NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

As of and for the Year Ended June 30, 2020

(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. This information is 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, and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocations approved by the Board, and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumptions as of June 30, 2019 and 2018, are summarized in the table below.

LONG-TERM EXPECTED REAL RATE OF RETURN

As of June 30, 2020

Asset Class	Investment Classification	Target Allocation¹	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	3.00%	4.57%
Value Added Real Estate	Real Estate	3.00%	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%	

(1) For actuarial purposes, target allocations only change once every three years based on the triennial actuarial experience study.

NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

As of and for the Year Ended June 30, 2020

(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, 2020. 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, 2020.

The tables presented on the following page presents the allocated NPL of participating employers calculated using the discount rate of 7.25% as of June 30, 2020, 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

As of and for the Year Ended June 30, 2020

(Continued)

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

(Continued)

FAIR VALUE MEASUREMENTS (Continued)

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

As of June 30, 2020

Employer	Employer Proportionate Share	1% Decrease 6.25%	7.25%	1% Increase 8.25%
1– BBFA	0.606%	\$34,105,145	24,295,795	\$16,263,560
2– BFPD	0.421%	23,703,774	16,891,227	11,312,878
3–CERTNA	0.018%	1,133,687	735,763	409,929
4–CSAC	0.856%	48,193,396	34,314,459	22,949,906
5–CBBL	0.345%	19,429,037	13,823,466	9,233,430
6–CCH	1.022%	57,567,682	40,964,324	27,368,920
7–County	83.014%	4,978,289,876	3,327,541,456	1,975,851,543
8–CSD	0.079%	4,891,147	3,162,801	1,747,571
9–DWP	0.210%	11,810,373	8,399,717	5,606,954
10–HRPD	0.074%	4,163,806	2,956,503	1,967,921
12–LL	0.023%	1,293,693	918,352	611,010
13–LAFCO	0.030%	1,778,285	1,204,840	735,284
14–MDAQMD	0.339%	19,059,019	13,570,334	9,076,008
15–SBCTA	0.514%	28,955,181	20,619,123	13,793,271
17–SCAQMD	8.368%	473,454,758	335,429,877	222,410,329
18–Court	4.081%	242,116,236	163,579,821	99,271,488
PLAN TOTAL	100.000%	\$5,949,945,095	\$4,008,407,858	\$2,418,610,002

NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

As of and 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 6.04 and 6.12 years as of the measurement dates of June 30, 2019 and 2018, respectively. 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

As of and for the Year Ended June 30, 2020

(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, 2020 are: as follows:

	Measurement Date June 30, 2020
Service Cost	\$343,547,062
Interest on TPL	966,647,465
Amortization of current period difference between expected and actual experience in the TPL	4,199,929
Amortization of current period changes of assumptions or other inputs	47,451,178
SBCERA employer contributions	(1,540,664)
Member contributions	(169,182,925)
Projected earnings on Plan investments	(767,727,375)
Amortization of current period differences between actual and projected earnings on plan investments	213,955,653
Administrative expense	14,626,795
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	190,772,734
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	(49,165,176)
TOTAL COLLECTIVE PENSION EXPENSE	\$793,584,676

NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

As of and for the Year Ended June 30, 2020

(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, 2020 and 2019.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

	Measurement Date	
	June 30, 2020	June 30, 2019
Deferred Outflows of Resources:		
Changes of assumptions ¹	\$ 469,565,402	\$ 354,182,701
Net difference between projected and actual investment earnings on pension plan investments ²	845,838,733	53,994,334
Changes in proportion and differences between employer contributions and proportionate share of contributions ¹	59,220,316	50,293,180
Difference between expected and actual experience ¹	49,156,889	36,177,640
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$1,423,781,340	\$ 494,647,855
Deferred Inflows of Resources:		
Difference between expected and actual experience ¹	\$ 38,031,447	\$ 87,196,623
Net difference between projected and actual investment earnings on pension plan investments ²	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions ²	59,220,316	50,293,180
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 97,251,763	\$ 137,489,803

Deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized as components of pension expense.

RECOGNITION OF DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

For the Reporting Date June 30:	Measurement Date	
	June 30, 2020	June 30, 2019
2021	N/A	\$ 141,607,558
2022	\$ 273,975,653	8,368,893
2023	393,315,955	127,709,195
2024	339,975,130	74,368,370
2025	270,529,410	4,922,651
2026	48,733,429	181,385
2027	-	-

(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

As of and for the Year Ended June 30, 2020

(Continued)

NOTE 10 – ADDITIONAL FINANCIAL AND ACTUARIAL INFORMATION

Additional information supporting the preparation of the Pension Schedules is located in SBCERA's CAFR, which contains audited financial statements and required supplementary information, as well as information on the Plan's actuarial valuations. The CAFR 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
San Bernardino, CA 92408

2021

SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

A Multiple-Employer Pension Trust Fund

San Bernardino, California

For the Year Ended June 30, 2020

And Reporting Period of June 30, 2021



San Bernardino County Employees'
Retirement Association

348 West Hospitality Lane | San Bernardino, CA 92408

P. 909.885.7980 | f. 909.885.7446 | www.SBCERA.org