



San Bernardino County Employees'
Retirement Association

2024

SCHEDULES OF

EMPLOYER

ALLOCATIONS AND

PENSION AMOUNTS

A MULTIPLE-EMPLOYER PENSION TRUST FUND | SAN BERNARDINO, CA
FOR THE YEAR ENDED JUNE 30, 2023
AND THE REPORTING PERIOD OF JUNE 30, 2024

INVESTED IN YOUR FUTURE.



2024

SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

A Multiple-Employer Pension Trust Fund
San Bernardino, California
For the Year Ended June 30, 2023
And the Reporting Period of June 30, 2024

Debby Cherney

Chief Executive Officer

Amy McInerney, CPA

Chief Financial Officer



San Bernardino County Employees'
Retirement Association

348 West Hospitality Lane Ste 100 | San Bernardino, CA 92408
P. 909.885.7980 | f. 909.915.2025 | 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.

TABLE OF CONTENTS

Independent Auditor's Report	6
Summary of Participating Employers	8
Schedule of Employer Allocations	9
Schedule of Pension Amounts	10
Notes to the Schedules of Employer Allocations of Pension Amounts	14

INDEPENDENT AUDITOR'S REPORT



www.ba.cpa
661-324-4971

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, 2023, 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, 2023, 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, 2023, 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, 2023, 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

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, 2023, and our report thereon, dated November 3, 2023, 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

Brown Armstrong
Accountancy Corporation

Bakersfield, California
August 27, 2024

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, 2023¹

Employer	Employer Contributions	Employer Contribution Percentage	Total Allocated Pension Liability	Employer Proportionate Share
1– BBFA	\$ 2,884,583	0.521%	\$ 14,459,568	0.620%
2– BFPD	1,363,210	0.246%	7,278,342	0.338%
3–CERTNA ²	-	0.000%	-	0.000%
4–CSAC	5,014,471	0.906%	18,080,028	0.789%
5–CBBL	2,064,666	0.373%	7,388,098	0.306%
6–CCH	5,571,723	1.007%	19,966,291	0.920%
7–County	469,894,203	84.891%	2,009,784,474	83.620%
8–CSD	364,390	0.066%	1,340,412	0.060%
9–DWP	1,360,209	0.246%	4,875,170	0.196%
10–HRPD	429,052	0.077%	1,504,297	0.061%
11–ILS ³	-	0.000%	-	0.000%
12–LL ⁴	136,846	0.025%	380,304	0.022%
13–LAFCO ⁵	154,364	0.028%	188,359	0.014%
14–MDAQMD	1,665,098	0.301%	6,001,550	0.312%
15–SBCTA	3,454,132	0.624%	12,451,005	0.557%
17–SCAQMD	36,497,985	6.594%	202,290,111	9.032%
18–Court	22,668,878	4.095%	66,807,110	3.152%
EMPLOYER TOTALS	\$ 553,523,810	100.000%	\$ 2,372,795,119	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, 2023. 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, 2023. 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 \$100,000 made by LL for the purpose of reducing its Unfunded Accrued Actuarial Liability (UAAL).
- (5) Does not include additional contributions of \$50,000 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, 2023¹

Deferred Outflows of Resources

Employer	Employer Proportionate Share	Net Pension Liability	Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources
1–BBFA	0.609%	\$ 14,459,568	\$ 1,189,480	\$ 523,251	\$ 560,975	\$ 2,784,527	\$ 5,058,233
2–BFPD	0.307%	7,278,342	598,735	263,382	282,372	3,265,125	4,409,614
3–CERTNA ²	0.000%	-	-	-	-	7,392	7,392
4–CSAC	0.762%	18,080,028	1,487,308	654,265	701,435	1,381,783	4,224,791
5–CBBL	0.311%	7,388,098	607,763	267,354	286,630	665,836	1,827,583
6–CCH	0.841%	19,966,291	1,642,477	772,523	774,615	940,705	4,080,320
7–County	84.701%	2,009,784,474	165,329,877	72,728,378	77,971,876	66,285,945	382,316,076
8–CSD	0.056%	1,340,412	110,266	48,506	52,003	248,197	458,972
9–DWP	0.206%	4,875,170	401,044	176,419	189,138	588,512	1,355,113
10–HRPD	0.063%	1,504,297	123,747	54,436	58,361	102,030	338,574
11–ILS ³	0.000%	-	-	-	-	2	2
12–LL ⁴	0.016%	380,304	31,285	13,762	14,754	23,503	83,304
13–LAFCO ⁵	0.008%	188,359	15,495	6,816	7,308	226,662	256,281
14–MDAQMD	0.253%	6,001,550	493,702	217,179	232,837	306,262	1,249,980
15–SBCTA	0.525%	12,451,005	1,024,251	450,566	483,051	961,973	2,919,841
17–SCAQMD	8.525%	202,290,111	16,640,889	7,320,303	7,848,075	18,122,494	49,931,761
18–Court	2.816%	66,807,110	5,495,719	2,417,559	2,591,858	2,648,821	13,153,957
PLAN TOTAL	100.000%	\$ 2,372,795,119	\$ 195,192,038	\$ 85,864,699	\$ 92,055,288	\$ 98,559,769	\$ 471,671,794

- (1) Date listed is the measurement date. See Note 2—Summary of Significant Accounting Policies for further information.
- (2) CERTNA terminated on June 30, 2022 and therefore was not allocated any Net Pension Liability (NPL) as of June 30, 2023. 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, 2023. Any NPL for ILS was included with the NPL for withdrawn employers and reallocated to the other employers.
- (4) LL made an additional contribution of \$100,000 toward the reduction of its Unfunded Accrued Actuarial Liability (UAAL). See Note 4—Proportionate Share for further information.
- (5) LAFCO made an additional contribution of \$50,000 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, 2023¹ (Continued)

Deferred Inflows of Resources

Employer	Difference Between Expected and Actual Experience	Change of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources
1—BBFA	\$ 243,265	\$ 600,756	\$ 4,057,662	\$ 4,901,683
2—BFPD	122,450	302,396	1,296,181	1,721,027
3—CERTNA ²	-	-	178,790	178,790
4—CSAC	304,175	751,177	3,681,513	4,736,865
5—CBBL	124,296	306,956	2,702,564	3,133,816
6—CCH	335,909	829,546	4,636,828	5,802,283
7—County	33,812,273	83,501,171	17,091,329	134,404,773
8—CSD	22,551	55,691	329,469	407,711
9—DWP	82,019	202,550	664,859	949,428
10—HRPD	25,308	62,500	383,378	471,186
11—ILS ³	-	-	12,180	12,180
12—LL ⁴	6,398	15,801	49,656	71,855
13—LAFCO ⁵	3,169	7,826	205,375	216,370
14—MDAQMD	100,969	249,348	1,829,414	2,179,731
15—SBCTA	209,474	517,306	1,073,457	1,800,237
17—SCAQMD	3,403,294	8,404,613	51,769,792	63,577,699
18—Court	1,123,951	2,775,657	8,597,322	12,496,930
	\$39,919,501	\$ 98,583,294	\$ 98,559,769	\$ 237,062,564

- (1) Date listed is the measurement date. See Note 2—Summary of Significant Accounting Policies for further information.
- (2) CERTNA terminated on June 30, 2022 and therefore was not allocated any Net Pension Liability (NPL) as of June 30, 2023. 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, 2023. Any NPL for ILS was included with the NPL for withdrawn employers and reallocated to the other employers.
- (4) LL made an additional contribution of \$100,000 toward the reduction of its Unfunded Accrued Actuarial Liability (UAAL). See Note 4—Proportionate Share for further information.
- (5) LAFCO made an additional contribution of \$50,000 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, 2023¹ (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
1– BBFA	\$ 2,581,710	\$ 1,679,305	\$ 4,531,015
2– BFPD	1,306,573	1,161,900	2,468,473
3–CERTNA ²	-	(72,815)	(72,815)
4–CSAC	3,779,630	(740,406)	3,039,224
5–CBBL	1,619,535	(1,529,670)	89,865
6–CCH	3,974,737	(1,216,019)	2,758,718
7–County	420,850,994	8,172,103	429,023,097
8–CSD	271,782	(52,954)	218,828
9–DWP	1,091,973	(105,930)	986,043
10–HRPD	336,258	(255,468)	80,790
11–ILS ³	-	(11,676)	(11,676)
12–LL ⁴	80,215	(12,593)	67,622
13–LAFCO ⁵	45,911	7,547	53,458
14–MDAQMD	1,038,111	(248,160)	789,951
15–SBCTA	2,544,128	63,907	2,608,035
17–SCAQMD	37,587,043	(4,380,317)	33,206,726
18–Court	13,766,355	(2,458,754)	11,307,601
PLAN TOTAL	\$ 491,144,955	\$ -	\$ 491,144,955

- (1) Date listed is the measurement date. See Note 2—Summary of Significant Accounting Policies for further information.
- (2) CERTNA terminated on June 30, 2022 and therefore was not allocated any Net Pension Liability (NPL) as of June 30, 2023. 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, 2023. Any NPL for ILS was included with the NPL for withdrawn employers and reallocated to the other employers.
- (4) LL made an additional contribution of \$100,000 toward the reduction of its Unfunded Accrued Actuarial Liability (UAAL). See Note 4—Proportionate Share for further information.
- (5) LAFCO made an additional contribution of \$50,000 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.

PAGE INTENTIONALLY LEFT BLANK.

NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

For the Year Ended June 30, 2023

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, 2023

(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, 2023, for the SBCERA employer reporting date of June 30, 2024.

The NPL was determined based upon the results of an actuarial valuation as of June 30, 2023. 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, 2023 are not adjusted or rolled forward to the June 30, 2024 reporting date.

Results shown in the Pension Schedules exclude any employer contributions made after the measurement date of June 30, 2023.

NOTE 3 – NET PENSION LIABILITY

NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS

		Measurement Date
		June 30, 2023
Total pension liability	a	\$16,444,144,652
Plan fiduciary net position	b	14,071,349,533
NET PENSION LIABILITY		\$2,372,795,119
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	b/a	85.57%

NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

For the Year Ended June 30, 2023

(Continued)

NOTE 3 – NET PENSION LIABILITY *(Continued)*

ACTUARIAL ASSUMPTIONS

The actuarial assumptions used to determine the TPL as of June 30, 2023, were based on the results of the 2020 Triennial Actuarial Experience Study, which covered the period from July 1, 2019 through June 30, 2022. 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	2.50%
Projected Salary Increases	General: 4.30% to 9.5%; Safety: 4.75% to 10.00% - Includes inflation at 2.50% for 2023 plus real across-the-board salary increase of 0.50% plus merit and promotion increases.
Cost-of-Living Adjustments	Contingent upon consumer price index with a 2.00% maximum
Administrative Expenses	0.90% 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 are based on the Pub-2010 Amount-Weighted Above-Median Mortality Table projected generationally with the two-dimensional MP-2021 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 (decreased by 5% for females) were used. For disabled General members, the Non-Safety Disabled Retiree rates (decreased by 5% for females) were used. For disabled Safety members, the Safety Disabled Retiree rates were used. For beneficiaries not currently in Pay Status, the General Healthy Retiree rates (increased by 10%) were used. For beneficiaries currently in Pay Status, the General Contingent Survivor rates (increased by 5% for males and 15% for females) were used.

NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

For the Year Ended June 30, 2023

(Continued)

NOTE 4 – PROPORTIONATE SHARE

For the year ended June 30, 2023, 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, 2023, LAFCO made additional contributions of \$50,000 and LL made additional contributions of \$100,000 toward the reduction of their respective Unfunded Accrued Actuarial Liabilities. In calculating the ratio of employers' contributions for the Other General Cost group, as of June 30, 2023, we have excluded the additional contributions made by LAFCO and LL. 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 and LL. After the NPL was allocated, we reduced the NPL for LAFCO and LL 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 \$150,000 made by LAFCO and LL toward the reduction of the 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, 2023 made by LAFCO and LL. After the NPL has been allocated, the NPL for the LAFCO and LL are 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, 2023, 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

NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

For the Year Ended June 30, 2023

(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

For the Year Ended June 30, 2023

	Measurement Date
	<u>June 30, 2023</u>
Actuarially determined contributions	\$555,741,685
Less SBCERA's employer contributions	(2,217,875)
ACTUAL EMPLOYER CONTRIBUTIONS¹	\$553,523,810

(1) 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, 2023

(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, 2023 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, 2023

Asset Class	Investment Classification	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Large Cap U.S. Equity	Domestic Common and Preferred Stock	14.50%	6.00%
Small Cap U.S. Equity	Domestic Common and Preferred Stock	2.50%	6.65%
Developed International Equity	Foreign Common and Preferred Stock	7.00%	7.01%
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%	1.97%
High Yield/Credit Strategies	Domestic Bonds/Foreign Bonds	13.00%	6.48%
Emerging Market Debt	Emerging Market Debt	6.00%	4.76%
Real Estate Core	Real Estate	2.50%	3.86%
Real Estate Non-Core	Real Estate	2.50%	5.40%
International Credit	Foreign Alternatives	11.00%	7.10%
Absolute Return	Domestic Alternatives/Foreign Alternatives	7.00%	7.10%
Real Assets	Domestic Alternatives/Foreign Alternatives	6.00%	10.10%
Private Equity	Domestic Alternatives/Foreign Alternatives	18.00%	9.84%
Cash and Equivalents	Short-Term Cash Investment Funds	2.00%	0.63%
TOTAL		100.00%	7.12%

NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

For the Year Ended June 30, 2023

(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, 2023. 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, 2023.

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, 2023, 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, 2023

(Continued)

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

As of June 30, 2023

Employer	Employer Proportionate Share	1.00% Decrease 6.25%	Current Discount Rate 7.25%	1.00% Increase 8.25%
1– BBFA	0.609%	\$ 23,956,598	\$ 14,459,568	\$ 6,692,795
2– BFPD	0.307%	11,827,890	7,278,342	3,557,673
3–CERTNA	0.000%	-	-	-
4–CSAC	0.762%	33,533,283	18,080,028	5,442,189
5–CBBL	0.311%	13,753,267	7,388,098	2,182,593
6–CCH	0.841%	37,140,532	19,966,291	5,921,010
7–County	84.701%	3,895,556,752	2,009,784,474	467,579,486
8–CSD	0.056%	2,944,483	1,340,412	28,585
9–DWP	0.205%	9,067,842	4,875,170	1,446,357
10–HRPD	0.063%	2,827,799	1,504,297	421,923
11–ILS	0.000%	-	-	-
12–LL	0.016%	802,550	380,304	34,987
13–LAFCO	0.008%	664,607	188,359	(201,122)
14–MDAQMD	0.253%	11,132,997	6,001,550	1,804,997
15–SBCTA	0.525%	23,095,807	12,451,005	3,745,571
17–SCAQMD	8.525%	347,242,896	202,290,111	83,746,154
18–Court	2.816%	154,219,515	66,807,110	(4,679,702)
PLAN TOTAL	100.000%	\$ 4,567,766,818	\$ 2,372,795,119	\$ 577,723,496

Note: Results may not total due to rounding.

NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

For the Year Ended June 30, 2023

(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 5.10 years as of the measurement date of June 30, 2023. 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, 2023

(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, 2023 are as follows:

	Measurement Date June 30, 2023
Service Cost	\$ 370,324,634
Interest on TPL	1,132,274,295
Expensed portion of current period changes of assumptions or other inputs	(24,044,706)
Expensed portion of current period difference between expected and actual experience in the TPL	38,689,101
SBCERA employer contributions	(2,217,875)
Member contributions	(188,090,607)
Projected earnings on Plan investments	(963,221,416)
Expensed portion of current period differences between actual and projected earnings on plan investments	32,125,173
Administrative and other expense	17,359,515
Recognition of beginning of year deferred outflows of resources as pension expense	90,386,693
Recognition of beginning of year deferred inflows of resources as pension expense	(12,439,852)
TOTAL COLLECTIVE PENSION EXPENSE	\$ 491,144,955

NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

For the Year Ended June 30, 2023

(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, 2023.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Measurement Date
June 30, 2023

Deferred Outflows of Resources:

Changes of assumptions or other inputs ¹	\$ 92,055,288
Changes in proportion and differences between employer contributions and proportionate share of contributions ¹	98,559,769
Net excess of projected over actual earnings on Plan investments ²	85,864,699
Difference between actual and expected in TPL ¹	195,192,038
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 471,671,794

Deferred Inflows of Resources:

Changes of assumptions or other inputs ¹	\$ 98,583,294
Changes in proportion and differences between employer contributions and proportionate share of contributions ¹	98,559,769
Difference between expected and actual experience in TPL ¹	39,919,501
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 237,062,564

RECOGNITION OF DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

For the Reporting Date June 30:	Measurement Date June 30, 2023
2024	N/A
2025	\$ 55,270,689
2026	(166,525,290)
2027	301,258,868
2028	43,140,522
2029	1,464,441

(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, 2023

(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

2024

SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS

A Multiple-Employer Pension Trust Fund

San Bernardino, California

For the Year Ended June 30, 2023

And Reporting Period of June 30, 2024



San Bernardino County Employees'
Retirement Association

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

P. 909.885.7980 | f. 909.915.2025 | www.SBCERA.org