



Marin County Employees' Retirement Association

GASB 67/68 Report as of June 30, 2020

Produced by Cheiron

November 2020

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November 19, 2020

Board of Retirement
Marin County Employees' Retirement Association
1 McInnis Parkway, Suite 100
San Rafael, CA 94903-2764

Dear Members of the Board:

The purpose of this report is to provide accounting and financial reporting information under GASB 67 for the Marin County Employees' Retirement Association (MCERA) and under GASB 68 for the County of Marin and the other participating employers. This information includes:

- Determination of the discount rate as of June 30, 2020,
- Projection of MCERA's Total Pension Liability from the valuation date to the measurement date,
- Note disclosures and required supplementary information under GASB 67 for MCERA,
- Determination of collective amounts under GASB 68, and
- Schedules for the financial reporting of participating employers under GASB 68.

If you have any questions about the report or would like additional information, please let us know.

Sincerely,
Cheiron



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



William R. Hallmark, ASA, EA, FCA, MAAA
Consulting Actuary



SECTION I – BOARD SUMMARY

The purpose of this report is to provide accounting and financial disclosure information under the Governmental Accounting Standards Board Statements 67 and 68 for the Marin County Employees' Retirement Association (MCERA) and participating employers. This information includes:

- Determination of the discount rate as of June 30, 2020,
- Projection of MCERA's Total Pension Liability from the valuation date to the measurement date,
- Note disclosures and required supplementary information under GASB 67 for MCERA,
- Determination of collective amounts under GASB 68, and
- Schedules for the financial reporting of participating employers under GASB 68.

Highlights

The measurement date for the Marin County Employees' Retirement Association is June 30, 2020. Measurements are based on the fair value of assets as of June 30, 2020, and the Total Pension Liability as of the valuation date, June 30, 2019, updated to June 30, 2020. To the best of our knowledge, there were no significant events between the valuation date and the measurement date so the update procedures only included the addition of service cost and interest cost offset by actual benefit payments.

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

Table I-1			
Summary of Collective Results			
Measurement Date			
		6/30/2020	6/30/2019
Net Pension Liability	\$	457,774,963	\$ 365,704,670
Deferred Outflows		(80,867,741)	(32,942,060)
Deferred Inflows		853,192	26,370,099
Net Impact on Statement of Net Position	\$	377,760,414	\$ 359,132,709
Pension Expense (\$ Amount)	\$	94,270,779	\$ 80,718,989
Pension Expense (% of Payroll)		35.61%	31.78%

The Net Pension Liability (NPL) increased approximately \$92 million since the prior measurement date, primarily due to the return on investments being lower than expected. In addition, losses on liability experience contributed about \$16 million to the increase in NPL.

SECTION I – BOARD SUMMARY

The losses due to investment earnings being less than expected are recognized over five years. The losses due to liability experience are recognized over the average remaining service life, which is four years. Unrecognized amounts are reported as deferred inflows and deferred outflows.

As of the end of the reporting year, MCERA and its participating employers would report a Net Pension Liability of \$457,774,963, Collective Deferred Inflows of \$853,192, and Collective Deferred Outflows of \$80,867,741. Consequently, the net impact on the aggregate of participating employers' Statements of Net Position due to MCERA would be \$377,760,414 ($\$457,774,963 + \$853,192 - \$80,867,741$) at the end of the measurement year. In addition, any contributions between the measurement date and each individual employer's reporting date would be reported as deferred outflows to offset the cash outflow reported.

For the measurement year ending June 30, 2020, the collective annual pension expense is \$94,270,779 or 35.61% of covered payroll. This amount is not related to participating employers' contributions to MCERA (\$75,643,074), but instead represents the change in the net impact on participating employer's Statements of Net Position plus employer contributions ($\$377,760,414 - \$359,132,709 + \$75,643,074$). The collective pension expense is larger than the collective expense for the prior year. Volatility in pension expense from year to year is to be expected. For the measurement year ending June 30, 2020, the volatility was largely due to the recognition of the 2020 investment loss. A breakdown of the components of the collective net pension expense is shown in Section VI of the report.

SECTION II – CERTIFICATION

The purpose of this report is to provide accounting and financial reporting information under GASB 67 for the Marin County Employees' Retirement Association (MCERA) and under GASB 68 for the employers that participate in MCERA. This report is for the use of MCERA, the participating employers, and their auditors in preparing financial reports in accordance with applicable law and accounting requirements. This report is not appropriate for other purposes, including the measurement of funding requirements for MCERA.

In preparing our report, we relied on information (some oral and some written) supplied by MCERA. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23. The assumptions have been selected by the Board based on our recommendations and analysis. We believe the assumptions to be reasonable.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and, changes in plan provisions or applicable law.

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

This report was prepared for MCERA for the purposes described herein and for the use by the plan auditor in completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

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

William R. Hallmark, ASA, EA, FCA, MAAA
Consulting Actuary

SECTION III – DETERMINATION OF DISCOUNT RATE

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

We have assumed that the employees will continue to contribute to MCERA at the current rates and the employers will continue the historical and legally required practice of contributing to the Plan based on an Actuarially Determined Contribution (ADC), reflecting a payment equal to annual normal cost, a portion of the expected administrative expenses, and an amount necessary to amortize the remaining Unfunded Actuarial Liability (UAL) as a level percent of payroll over a closed period.

Effective with the June 30, 2013 valuation, the UAL as of June 30, 2013 is amortized over a closed 17-year period (11 years remaining as of June 30, 2019), except for the additional UAL attributable to the outstanding unfunded actuarial loss from 2009, which is being amortized over a separate closed period (19 years remaining as of June 30, 2019).

Effective with the June 30, 2014 valuation, any new sources of UAL due to actuarial gains and losses or method changes are amortized over a closed 24-year period, with a five-year ramp up period at the beginning of the period, a four-year ramp down at the end of the period, and 15 years of level payments as a percentage of payroll between the ramping periods. This new amortization method for gains and losses is similar to a 20-year amortization period with level payments as a percentage of payroll, in conjunction with traditional five-year asset smoothing.

Assumption changes are amortized over a closed 22-year period, with a 3-year ramp up period, 2-year ramp down period, and 17 years of level payments as a percentage of payroll.

We have not performed a formal cash flow projection as described under Paragraph 41 of GASB Statement 67. However, Paragraph 43 allows for alternative methods to confirm the sufficiency of the Net Position if the evaluations “can be made with sufficient reliability without a separate projection of cash flows into and out of the pension plan...” In our professional judgment, adherence to the actuarial funding policy described above will result in the pension plan’s projected Fiduciary Net Position being greater than or equal to the benefit payments projected for each future period.

Therefore, the long-term expected rate of return on MCERA investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2020 MEASUREMENT DATE**

SECTION IV – PROJECTION OF TOTAL PENSION LIABILITY

The Total Pension Liability (TPL) at the end of the measurement year, June 30, 2020 is measured as of a valuation date of June 30, 2019 and projected to June 30, 2020. There were no significant events during the projection period of which we are aware. Because the TPL shown in the prior report was measured as of June 30, 2018 and projected to June 30, 2019, the TPL from the prior report will not match the amounts measured as of June 30, 2019 that are shown in this exhibit.

The table below shows the projection of the TPL at discount rates equal to the rate used for disclosure and plus and minus one percent from the rate used for disclosure.

Table IV-1			
Projection of Collective Total Pension Liability from Valuation to Measurement Date			
Discount Rate	6.00%	7.00%	8.00%
Valuation Collective Total Pension Liability, 6/30/2019			
Actives	\$ 1,053,929,668	\$ 893,138,247	\$ 763,458,892
Deferred Vested	139,401,785	116,121,183	98,172,544
Retirees	2,167,145,968	1,963,429,783	1,791,712,860
Total	\$ 3,360,477,421	\$ 2,972,689,213	\$ 2,653,344,296
Service Cost	81,072,972	63,855,331	50,880,209
Benefit Payments	158,293,527	158,293,527	158,293,527
Interest	199,345,773	204,838,811	208,053,667
Collective Total Pension Liability, 6/30/2020	\$ 3,482,602,639	\$ 3,083,089,828	\$ 2,753,984,645

SECTION V – GASB 67 REPORTING INFORMATION

Note Disclosures

The table below shows the changes in the Total Pension Liability, the Plan Fiduciary Net Position (i.e., fair value of System assets), and the Net Pension Liability during the measurement year.

Table V-1			
Change in Collective Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2019	\$2,958,090,254	\$2,592,385,584	\$ 365,704,670
Changes for the year:			
Service cost	63,855,331		63,855,331
Interest	203,816,884		203,816,884
Changes of benefits	0		0
Differences between expected and actual experience	15,620,886		15,620,886
Changes of assumptions	0		0
Contributions - employer		75,643,074	(75,643,074)
Contributions - member		30,913,996	(30,913,996)
Net investment income		89,273,498	(89,273,498)
Benefit payments	(158,293,527)	(158,293,527)	0
Administrative expense		(4,607,760)	4,607,760
Net changes	<u>124,999,574</u>	<u>32,929,281</u>	<u>92,070,293</u>
Balances at 6/30/2020	<u>\$3,083,089,828</u>	<u>\$2,625,314,865</u>	<u>\$ 457,774,963</u>

During the measurement year, the collective NPL increased by approximately \$92 million. The service cost and interest cost increased the collective NPL by approximately \$268 million while contributions and investment earnings offset by administrative expenses decreased the collective NPL by approximately \$191 million.

There were no changes in benefits or assumptions during the year. There were actuarial experience losses during the year that increased the collective NPL by approximately \$16 million.

SECTION V – GASB 67 REPORTING INFORMATION

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. The table below shows the sensitivity of the collective NPL to the discount rate.

Table V-2			
Sensitivity of Collective Net Pension Liability to Changes in Discount Rate			
	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Total Pension Liability	\$3,482,602,639	\$3,083,089,828	\$2,753,984,645
Plan Fiduciary Net Position	<u>2,625,314,865</u>	<u>2,625,314,865</u>	<u>2,625,314,865</u>
Collective Net Pension Liability	<u>\$ 857,287,774</u>	<u>\$ 457,774,963</u>	<u>\$ 128,669,780</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.4%	85.2%	95.3%

A one percent decrease in the discount rate increases the TPL by approximately 13% and increases the collective NPL by approximately 87%. A one percent increase in the discount rate decreases the TPL by approximately 11% and decreases the collective NPL by approximately 72%.

Required Supplementary Information

The schedules of Required Supplementary Information generally start with information as of the implementation of GASB 67, and eventually will build up to 10 years of information. The schedule on the next page shows the changes in collective NPL and related ratios required by GASB for the seven years since implementation.

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2020 MEASUREMENT DATE**

SECTION V – GASB 67 REPORTING INFORMATION

Table V-3 Schedule of Changes in Collective Net Pension Liability and Related Ratios							
	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016	FYE 2015	FYE 2014
<u>Total Pension Liability</u>							
Service cost (MOY)	\$ 63,855,331	\$ 63,587,459	\$ 61,074,664	\$ 57,090,773	\$ 55,208,834	\$ 49,064,492	\$ 49,014,858
Interest (includes interest on service cost)	203,816,884	195,274,190	188,096,539	184,139,800	176,564,792	166,718,783	159,521,975
Changes of benefit terms	0	0	0	0	0	0	0
Differences between expected and actual experience	15,620,886	16,721,629	(3,412,765)	(904,678)	(212,631)	(31,054,299)	0
Changes of assumptions	0	0	40,801,678	0	0	144,753,646	0
Benefit payments, including refunds of member contributions	(158,293,527)	(149,212,983)	(139,856,672)	(131,937,062)	(124,203,519)	(115,984,752)	(109,342,861)
Net change in total pension liability	\$ 124,999,574	\$ 126,370,295	\$ 146,703,444	\$ 108,388,833	\$ 107,357,476	\$ 213,497,871	\$ 99,193,972
Total pension liability - beginning	<u>2,958,090,254</u>	<u>2,831,719,959</u>	<u>2,685,016,515</u>	<u>2,576,627,682</u>	<u>2,469,270,206</u>	<u>2,255,772,335</u>	<u>2,156,578,363</u>
Total pension liability - ending	<u>\$ 3,083,089,828</u>	<u>\$ 2,958,090,254</u>	<u>\$ 2,831,719,959</u>	<u>\$ 2,685,016,515</u>	<u>\$ 2,576,627,682</u>	<u>\$ 2,469,270,206</u>	<u>\$ 2,255,772,335</u>
<u>Plan fiduciary net position</u>							
Contributions - employer	\$ 75,643,074	\$ 78,738,814	\$ 78,754,476	\$ 77,502,945	\$ 75,260,980	\$ 68,915,072	\$ 69,980,201
Contributions - member	30,913,996	30,010,459	28,628,627	28,053,775	27,207,157	24,920,493	22,952,689
Net investment income	89,273,498	136,483,513	221,839,196	248,347,501	42,927,728	100,055,573	309,002,468
Benefit payments, including refunds of member contributions	(158,293,527)	(149,212,983)	(139,856,672)	(131,937,062)	(124,203,519)	(115,984,752)	(109,342,861)
Administrative expense	(4,607,760)	(5,056,351)	(4,203,705)	(4,404,191)	(4,379,760)	(4,654,623)	(4,503,845)
Net change in plan fiduciary net position	\$ 32,929,281	\$ 90,963,452	\$ 185,161,922	\$ 217,562,968	\$ 16,812,586	\$ 73,251,763	\$ 288,088,652
Plan fiduciary net position - beginning	<u>2,592,385,584</u>	<u>2,501,422,132</u>	<u>2,316,260,210</u>	<u>2,098,697,242</u>	<u>2,081,884,656</u>	<u>2,008,632,893</u>	<u>1,720,544,241</u>
Plan fiduciary net position - ending	<u>\$ 2,625,314,865</u>	<u>\$ 2,592,385,584</u>	<u>\$ 2,501,422,132</u>	<u>\$ 2,316,260,210</u>	<u>\$ 2,098,697,242</u>	<u>\$ 2,081,884,656</u>	<u>\$ 2,008,632,893</u>
Net pension liability - ending	<u>\$ 457,774,963</u>	<u>\$ 365,704,670</u>	<u>\$ 330,297,827</u>	<u>\$ 368,756,305</u>	<u>\$ 477,930,440</u>	<u>\$ 387,385,550</u>	<u>\$ 247,139,442</u>
Plan fiduciary net position as a percentage of the total pension liability	85.15%	87.64%	88.34%	86.27%	81.45%	84.31%	89.04%
Covered payroll	\$ 264,730,129	\$ 253,964,938	\$ 248,532,086	\$ 242,045,311	\$ 238,185,040	\$ 223,825,880	\$ 218,340,721
Net pension liability as a percentage of covered payroll	172.92%	144.00%	132.90%	152.35%	200.66%	173.07%	113.19%

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2020 MEASUREMENT DATE**

SECTION V – GASB 67 REPORTING INFORMATION

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

Table V-4					
Schedule of Collective Employer Contributions					
	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016
Actuarially Determined Contribution	\$ 75,643,074	\$ 78,738,814	\$ 78,754,476	\$ 77,502,945	\$ 75,260,980
Contributions in Relation to the Actuarially Determined Contribution	<u>75,643,074</u>	<u>78,738,814</u>	<u>78,754,476</u>	<u>77,502,945</u>	<u>75,260,980</u>
Contribution Deficiency/(Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$264,730,129	\$253,964,938	\$248,532,086	\$ 242,045,311	\$238,185,040
Contributions as a Percentage of Covered Payroll	28.57%	31.00%	31.69%	32.02%	31.60%
	FYE 2015	FYE 2014	FYE 2013	FYE 2012	FYE 2011
Actuarially Determined Contribution	\$ 68,915,072	\$ 69,660,201	\$ 69,853,000	\$ 64,690,000	\$ 64,757,000
Contributions in Relation to the Actuarially Determined Contribution	<u>68,915,072</u>	<u>69,660,201</u>	<u>69,853,000</u>	<u>64,690,000</u>	<u>64,757,000</u>
Contribution Deficiency/(Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$223,825,880	\$218,340,721	\$211,001,594	\$ 216,515,000	\$215,969,000
Contributions as a Percentage of Covered Payroll	30.79%	31.90%	33.11%	29.88%	29.98%

SECTION V – GASB 67 REPORTING INFORMATION

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

Notes to Schedule

Valuation Date	6/30/2018 (to determine FY2019-20 contribution)
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year.

Key Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll with separate periods for Extraordinary Actuarial Gains or Loss (20 years remaining as of (6/30/2018), the remaining UAL as of June 20, 2013 (12 years as of 6/30/2018), and additional layers for unexpected changes in UAL after 6/30/2013 (24 years for gains and losses with a 5-year phase-in/out and 22 years for assumption changes with a 3-year phase-in/out).
Discount rate	7.00%
Amortization growth rate	3.00%
Price Inflation	2.75%
Salary increases	3.00% plus merit component based on employee classification and years of service.
Mortality	Sex-distinct CalPERS 2017 Pre-Retirement Non-Industrial Death rates (plus Duty-Related death rates for Safety members), with generational improvements from a base year of 2014 using Scale MP-2017 for active Members. Sex-distinct CalPERS 2017 Post-Retirement Healthy Mortality rates, adjusted by 90% for Miscellaneous and Safety Males, with generational improvements from a base year of 2014 using Scale MP-2017 for retired Members and their beneficiaries.
Disabled Mortality	Sex-distinct CalPERS 2017 Disability Death rates (Non-Industrial rates for Miscellaneous members and Industrial rates for Safety members), adjusted by 90% for Males (Miscellaneous and Safety) and Miscellaneous Females, with generational improvements from a base year of 2014 using Scale MP-2017.

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

SECTION VI – GASB 68 COLLECTIVE AMOUNTS

We understand that MCERA's participating employers elected to use the 2014 measurement date for their initial reporting under GASB 68 on their June 30, 2015 reporting dates. As a result, the schedules in this section will be used by the employers for their FYE 2021 reporting, and the schedules from our prior report will be used for the employers' FYE 2020 financial reporting.

Because MCERA is a cost-sharing multiple-employer pension plan, each employer participating in MCERA must reflect a portion of the collective Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows in their financial statements. This section develops the collective amounts that are allocated to participating employers.

The impact of experience gains or losses and assumption changes on the TPL are recognized in expense over the average expected remaining service life of all active and inactive members of MCERA. As of the beginning of the measurement period, this recognition period was four years.

During the year, there was an experience loss of approximately \$15.6 million. Approximately \$3.9 million of that loss was recognized as an increase in collective pension expense in the current year and an identical amount will be recognized in each of the next three years. Unrecognized experience losses from prior experience were approximately \$12.5 million of which \$4.2 million was recognized as an increase in collective pension expense in the current year. Unrecognized experience gains from prior experience were approximately \$1.9 million of which \$1.1 million was recognized as a decrease in collective pension expense in the current year. As of June 30, 2020, the combination of unrecognized experience losses this year and unrecognized experience gains and losses from prior periods resulted in a collective deferred outflow of resources of approximately \$20.1 million and a collective deferred inflow of resources of approximately \$0.9 million.

Unrecognized increases in the TPL due to assumption changes from prior periods were approximately \$20.4 million, of which \$10.2 million was recognized as an increase in collective pension expense in the current year. The resulting collective deferred outflow of resources as of June 30, 2020 is approximately \$10.2 million.

The impact of investment gains or losses is recognized over a period of five years. During the measurement year, there was an investment loss of approximately \$90.3 million. Approximately \$18.1 million of that loss was recognized as an increase in collective pension expense in the current year and an identical amount will be recognized in each of the next four years. Unrecognized net investment gains from prior periods were approximately \$24.4 million of which \$2.8 million was recognized as a reduction in collective pension expense in the current year. The combination of unrecognized investment losses this year and unrecognized net investment gains from prior periods results in a collective deferred outflow of resources as of June 30, 2020 of approximately \$50.6 million.

The table on the following page summarizes the current balances of collective deferred outflows and deferred inflows of resources along with the net recognition over the next five years.

SECTION VI – GASB 68 COLLECTIVE AMOUNTS

Table VI-1														
Schedule of Collective Deferred Inflows and Outflows of Resources														
	Deferred Outflows of Resources	Deferred Inflows of Resources												
Differences between expected and actual experience	\$ 20,076,479	\$ 853,192												
Changes in assumptions	10,200,418	0												
Net difference between projected and actual earnings on pension plan investments	50,590,844	0												
Total	<u>\$ 80,867,741</u>	<u>\$ 853,192</u>												
<p>Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:</p> <p style="text-align: center;">Measurement year ended June 30:</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right;">2021</td> <td style="text-align: right;">11,243,503</td> </tr> <tr> <td style="text-align: right;">2022</td> <td style="text-align: right;">21,353,951</td> </tr> <tr> <td style="text-align: right;">2023</td> <td style="text-align: right;">29,366,136</td> </tr> <tr> <td style="text-align: right;">2024</td> <td style="text-align: right;">18,050,959</td> </tr> <tr> <td style="text-align: right;">2025</td> <td style="text-align: right;">0</td> </tr> <tr> <td style="text-align: right;">Thereafter \$</td> <td style="text-align: right;">0</td> </tr> </table>			2021	11,243,503	2022	21,353,951	2023	29,366,136	2024	18,050,959	2025	0	Thereafter \$	0
2021	11,243,503													
2022	21,353,951													
2023	29,366,136													
2024	18,050,959													
2025	0													
Thereafter \$	0													

The collective annual pension expense recognized by the participating employers can be calculated two different ways. First, it is the change in the amounts reported on the participating employers' Statements of Net Position that relate to MCERA and are not attributable to employer contributions. That is, it is the change in collective NPL plus the changes in collective deferred outflows and inflows plus participating employer contributions.

Alternatively, annual pension expense can be calculated by its individual components. While GASB does not require or suggest the organization of the individual components shown in the table on the next page, we believe it helps to understand the level and volatility of the collective pension expense.

SECTION VI – GASB 68 COLLECTIVE AMOUNTS

Table VI-2		
Calculation of Collective Pension Expense		
	Measurement Year Ending	
	2020	2019
Change in Net Pension Liability	\$ 92,070,293	\$ 35,406,843
Change in Deferred Outflows	(47,925,681)	(2,340,802)
Change in Deferred Inflows	(25,516,907)	(31,085,866)
Employer Contributions	<u>75,643,074</u>	<u>78,738,814</u>
Pension Expense	\$ 94,270,779	\$ 80,718,989
Pension Expense as % of Payroll	35.61%	31.78%
Operating Expenses		
Service cost	\$ 63,855,331	\$ 63,587,459
Employee contributions	(30,913,996)	(30,010,459)
Administrative expenses	<u>4,607,760</u>	<u>5,056,351</u>
Total	\$ 37,549,095	\$ 38,633,351
Financing Expenses		
Interest cost	\$ 203,816,884	\$ 195,274,190
Expected return on assets	<u>(179,528,297)</u>	<u>(173,533,293)</u>
Total	\$ 24,288,587	\$ 21,740,897
Changes		
Benefit changes	\$ 0	\$ 0
Recognition of assumption changes	10,200,420	10,200,420
Recognition of liability gains and losses	7,006,270	3,047,889
Recognition of investment gains and losses	<u>15,226,407</u>	<u>7,096,432</u>
Total	\$ 32,433,097	\$ 20,344,741
Pension Expense	\$ 94,270,779	\$ 80,718,989

Operating expenses are items directly attributable to the operation of the plan during the measurement year. Service cost less employee contributions represents the increase in employer-provided benefits attributable to the year, and administrative expenses are the cost of operating MCERA for the year.

Financing expenses equal the interest on the Total Pension Liability and other items, less the expected return on assets. Since the discount rate is equal to the long-term expected return on assets, the financing expense is the interest on the Net Pension Liability, adjusted for cash flows.

SECTION VI – GASB 68 COLLECTIVE AMOUNTS

Recognition of changes will drive most of the volatility in pension expense from year to year. The recognition includes any changes in benefits made during the year and the recognized amounts due to assumption changes, gains or losses on the TPL, and investment gains or losses.

The total collective pension expense increased from the prior year by approximately \$13.6 million. In the current year pension expense, the recognition of changes increased by approximately \$12.1 million, operating expenses decreased by approximately \$1.1 million compared to last year, and financing expenses increased by \$2.5 million compared to the prior year.

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

Proportionate Shares

Because MCERA is a cost-sharing multiple-employer pension plan, each employer participating in MCERA must report a portion of the collective Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows in their financial statements. GASB 68 requires that the proportionate share for each employer be determined based on the “employer’s projected long-term contribution effort to the pension ... as compared to the total projected long-term contribution effort of all employers” Although not required as part of MCERA’s GASB 67 reporting requirements, MCERA is following the advice of the AICPA and making a determination of each employer’s proportionate share, which we understand will be reviewed by MCERA’s auditor.

Proportionate shares for each employer are determined based on the employer’s share of the Unfunded Actuarial Liability (UAL) determined in the most recent actuarial valuation. In Table VII-1, the determination is shown based on the June 30, 2018 and June 30, 2019 actuarial valuations.

Table VII-1				
Determination of Employers' Proportionate Share*				
Employer	June 30, 2020		June 30, 2019	
	UAL (from the	Proportionate	UAL (from the	Proportionate
	June 30, 2019		June 30, 2018	
	Actuarial		Actuarial	
	Valuation)*	Share	Valuation)*	Share
County	\$ 210,978,882	52.8226%	\$ 188,964,850	51.5677%
LAFCO	27,849	0.0070%	0	0.0000%
Marin City	0	0.0000%	9,353	0.0026%
Mosquito District	6,208,242	1.5544%	4,076,669	1.1125%
South Marin Fire	11,601,474	2.9047%	9,986,958	2.7254%
Tamalpais CSD	267,427	0.0670%	1,307,437	0.3568%
Courts	8,396,658	2.1023%	6,895,091	1.8816%
City of San Rafael	137,226,746	34.3574%	134,146,603	36.6081%
Novato Fire	24,701,997	6.1846%	21,052,908	5.7453%
Total	\$ 399,409,276	100.0000%	\$ 366,439,869	100.0000%

* Numbers may not sum to total due to rounding

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2020 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

The table below shows the proportionate share of the collective NPL (under three discount rates), the collective deferred outflows, the collective deferred inflows, and the collective pension expense allocated to each participating employer as of June 30, 2020.

Table VII-2 Schedule of Employers' Proportionate Share of Collective Amounts at June 30, 2020*							
Employer	Proportionate Share	Share of NPL @ 6.00%	Share of NPL @ 7.00%	Share of NPL @ 8.00%	Share of Deferred Outflows	Share of Deferred Inflows	Pension Expense
County	52.8226%	452,841,692	241,808,638	67,966,723	42,716,443	450,678	49,796,277
LAFCO	0.0070%	60,010	32,044	9,007	5,661	60	6,599
Marin City	0.0000%	0	0	0	0	0	0
Mosquito District	1.5544%	13,325,681	7,115,654	2,000,043	1,257,008	13,262	1,465,345
South Marin Fire	2.9047%	24,901,638	13,296,989	3,737,471	2,348,965	24,783	2,738,283
Tamalpais CSD	0.0670%	574,383	306,709	86,209	54,181	572	63,161
Courts	2.1023%	18,022,761	9,623,803	2,705,025	1,700,083	17,937	1,981,855
City of San Rafael	34.3574%	294,541,790	157,279,575	44,207,591	27,784,053	293,135	32,388,989
Novato Fire	6.1846%	53,019,820	28,311,550	7,957,711	5,001,346	52,767	5,830,271
Total	100.0000%	\$857,287,774	\$457,774,963	\$128,669,780	\$ 80,867,741	\$ 853,192	\$ 94,270,779

* Numbers may not sum to total due to rounding

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

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

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

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

Table VII-3 Schedule of Employers' Changes in Proportion and Contribution Differences*									
Employer	Proportionate Shares		Impact of Change in Proportion				Contributions		
	6/30/2019	6/30/2020	Net Pension Liability	Deferred Outflows	Deferred Inflows	Net Effect	Actual	Proportionate Share	Difference
County	51.5677%	52.8226%	\$ 4,589,228	\$ 413,390	\$ (330,918)	\$ 4,506,756	\$ 46,360,598	\$ 39,956,638	\$ 6,403,959
LAFCO	0.0000%	0.0070%	25,599	2,306	(1,846)	25,139	50,006	5,295	44,711
Marin City	0.0026%	0.0000%	(9,508)	(856)	686	(9,337)	33,856	0	33,856
Mosquito District	1.1125%	1.5544%	1,616,049	145,571	(116,529)	1,587,007	981,142	1,175,796	(194,654)
South Marin Fire	2.7254%	2.9047%	655,708	59,065	(47,282)	643,925	2,602,129	2,197,204	404,924
Tamalpais CSD	0.3568%	0.0670%	(1,059,812)	(95,466)	76,421	(1,040,767)	376,984	50,681	326,304
Courts	1.8816%	2.1023%	807,110	72,703	(58,199)	792,606	1,812,166	1,590,244	221,921
City of San Rafael	36.6081%	34.3574%	(8,230,915)	(741,427)	593,512	(8,083,000)	19,031,614	25,988,994	(6,957,380)
Novato Fire	5.7453%	6.1846%	1,606,541	144,714	(115,844)	1,577,670	4,394,580	4,678,222	(283,642)
Total	100.0000%	100.0000%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 75,643,074	\$75,643,074	\$ 0

* Numbers may not sum to total due to rounding

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

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

Table VII-4 Reconciliation of Deferred Outflows and Inflows Due to Proportion Change*								
Employer	Deferred Outflows				Deferred Inflows			
	6/30/2019	Current Year Net Effect	Recognition	6/30/2020	6/30/2019	Current Year Net Effect	Recognition	6/30/2020
County	\$ 1,845,446	\$ 4,506,756	\$ 2,972,135	\$ 3,380,067	\$ (12,186,126)	\$ 0	\$ (4,309,131)	\$ (7,876,995)
LAFCO	9,301	25,139	14,102	20,338	(27,858)	0	(9,286)	(18,572)
Marin City	6,964	0	2,321	4,643	(80,049)	(9,337)	(74,593)	(14,794)
Mosquito District	652,995	1,587,007	748,677	1,491,325	(1,173,514)	0	(391,171)	(782,343)
South Marin Fire	2,708,336	643,925	1,308,501	2,043,760	0	0	0	0
Tamalpais CSD	52,185	0	37,530	14,655	(572,158)	(1,040,767)	(450,911)	(1,162,014)
Courts	0	792,606	198,151	594,454	(1,544,229)	0	(874,187)	(670,042)
City of San Rafael	9,796,545	0	3,499,619	6,296,927	(2,113,429)	(8,083,000)	(4,134,179)	(6,062,250)
Novato Fire	3,130,156	1,577,670	1,714,703	2,993,123	(504,566)	0	(252,283)	(252,283)
Total	\$ 18,201,929	\$ 9,133,104	\$ 10,495,740	\$ 16,839,293	\$(18,201,929)	\$(9,133,104)	\$(10,495,740)	\$(16,839,293)

* Numbers may not sum to total due to rounding

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

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

Table VII-5 Reconciliation of Deferred Outflows and Inflows Due to Contribution Differences*								
Employer	Deferred Outflows				Deferred Inflows			
	6/30/2019	Current Year Difference	Recognition	6/30/2020	6/30/2019	Current Year Difference	Recognition	6/30/2020
County	\$ 8,934,077	\$ 6,403,959	\$ 5,602,629	\$ 9,735,407	\$ 0	\$ 0	\$ 0	\$ 0
LAFCO	23,090	44,711	26,091	41,711	0	0	0	0
Marin City	77,682	33,856	49,165	62,372	0	0	0	0
Mosquito District	96,992	0	39,787	57,205	(89,693)	(194,654)	(93,510)	(190,837)
South Marin Fire	726,117	404,924	530,665	600,376	0	0	0	0
Tamalpais CSD	67,346	326,304	104,024	289,625	(49,489)	0	(35,813)	(13,676)
Courts	477,928	221,921	265,358	434,492	0	0	0	0
City of San Rafael	0	0	0	0	(10,791,098)	(6,957,380)	(6,745,119)	(11,003,358)
Novato Fire	527,047	0	327,634	199,414	0	(283,642)	(70,910)	(212,731)
Total	\$ 10,930,279	\$ 7,435,675	\$ 6,945,353	\$ 11,420,602	\$ (10,930,279)	\$ (7,435,676)	\$ (6,945,353)	\$ (11,420,602)

* Numbers may not sum to total due to rounding

MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

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

Table VII-6 Schedule of Employers' Deferred Outflows at June 30, 2020*						
Employer	Proportionate Shares	Experience	Assumption Changes	Investment Return	Proportion Change	Contribution Difference
County	52.8226%	\$ 10,604,918	\$ 5,388,126	\$ 26,723,399	\$ 3,380,067	\$ 9,735,407
LAFCO	0.0070%	1,405	714	3,541	20,338	41,711
Marin City	0.0000%	0	0	0	4,643	62,372
Mosquito District	1.5544%	312,069	158,555	786,384	1,491,325	57,205
South Marin Fire	2.9047%	583,161	296,292	1,469,512	2,043,760	600,376
Tamalpais CSD	0.0670%	13,451	6,834	33,896	14,655	289,625
Courts	2.1023%	422,068	214,443	1,063,571	594,454	434,492
City of San Rafael	34.3574%	6,897,756	3,504,598	17,381,699	6,296,927	0
Novato Fire	6.1846%	1,241,650	630,855	3,128,841	2,993,123	199,414
Total	100.0000%	\$20,076,479	\$ 10,200,418	\$50,590,844	\$16,839,293	\$ 11,420,602

* Numbers may not sum to total due to rounding

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

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

Table VII-7 Schedule of Employers' Deferred Inflows at June 30, 2020*							
Employer	Proportionate Shares	Experience	Assumption Changes	Investment Return	Proportion Change	Contribution Difference	
County	52.8226%	\$ 450,678	\$ 0	\$ 0	\$ 7,876,995	\$ 0	
LAFCO	0.0070%	60	0	0	18,572	0	
Marin City	0.0000%	0	0	0	14,794	0	
Mosquito District	1.5544%	13,262	0	0	782,343	190,837	
South Marin Fire	2.9047%	24,783	0	0	0	0	
Tamalpais CSD	0.0670%	572	0	0	1,162,014	13,676	
Courts	2.1023%	17,937	0	0	670,042	0	
City of San Rafael	34.3574%	293,135	0	0	6,062,250	11,003,358	
Novato Fire	6.1846%	52,767	0	0	252,283	212,731	
Total	100.0000%	\$ 853,192	\$ 0	\$ 0	\$16,839,293	\$ 11,420,602	

* Numbers may not sum to total due to rounding

MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2020 MEASUREMENT DATE

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

The table below shows the net amount of deferred outflows and inflows to be recognized by each participating employer in each of the next five years and the total thereafter.

Table VII-8						
Schedule of Employers' Recognition of Deferred Outflows and Inflows at June 30, 2020*						
Employer	Recognition for Measurement Year Ending					
	2021	2022	2023	2024	2025	Thereafter
County	\$ 7,408,604	\$ 12,321,019	\$ 18,239,635	\$ 9,534,986	\$ 0	\$ 0
LAFCO	15,316	12,980	19,518	1,264	0	0
Marin City	28,528	17,563	6,130	0	0	0
Mosquito District	416,512	317,445	804,555	280,584	0	0
South Marin Fire	1,728,120	1,600,663	1,115,210	524,326	0	0
Tamalpais CSD	(338,374)	(332,579)	(158,940)	12,094	0	0
Courts	193,743	596,826	870,996	379,485	0	0
City of San Rafael	(64,672)	4,255,724	6,329,346	6,201,840	0	0
Novato Fire	1,855,727	2,564,311	2,139,685	1,116,380	0	0
Total	\$11,243,503	\$21,353,951	\$29,366,136	\$18,050,959	\$ 0	\$ 0

* Numbers may not sum to total due to rounding

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2020 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

The table below shows the calculation of the pension expense for each participating employer. The calculation is shown first as the sum of the proportionate share of the collective pension expense and the amounts recognized for proportion changes and contribution differences. The right side of the table shows the calculation as the sum of the changes in NPL and deferred amounts not attributable to contributions.

Employers that are using a June 30, 2020 measurement date for their June 30, 2021 financial statements can use this schedule for their annual pension expense.

Table VII-9 Schedule of Employers' Pension Expense for the Measurement Year Ending June 30, 2020*										
Employer	Collective			Employer Pension Expense	Change in Employer			Employer Contributions	Employer Pension Expense	
	Pension Expense	Change in Proportion	Contribution Difference		Net Pension Liability	Deferred Outflows	Deferred Inflows			
County	\$ 49,796,277	\$ (1,336,996)	\$ 5,602,629	\$ 54,061,909	\$ 53,223,150	\$ (28,064,933)	\$ (17,456,906)	\$ 46,360,598	\$ 54,061,909	
LAFCO	6,599	4,816	26,091	37,506	32,044	(35,319)	(9,226)	50,006	37,506	
Marin City	0	(72,271)	49,165	(23,106)	(9,508)	18,487	(65,941)	33,856	(23,106)	
Mosquito District	1,465,345	357,506	(53,722)	1,769,128	3,047,190	(1,689,071)	(570,132)	981,142	1,769,128	
South Marin Fire	2,738,283	1,308,501	530,665	4,577,449	3,330,074	(660,846)	(693,908)	2,602,129	4,577,449	
Tamalpais CSD	63,161	(413,381)	68,211	(282,008)	(998,125)	(121,393)	460,526	376,984	(282,008)	
Courts	1,981,855	(676,035)	265,358	1,571,177	2,742,704	(1,631,263)	(1,352,430)	1,812,166	1,571,177	
City of San Rafael	32,388,989	(634,560)	(6,745,119)	25,009,309	23,402,044	(12,224,972)	(5,199,376)	19,031,614	25,009,309	
Novato Fire	5,830,271	1,462,420	256,723	7,549,414	7,300,720	(2,644,059)	(1,501,826)	4,394,580	7,549,414	
Total	\$ 94,270,779	\$ 0	\$ 0	\$ 94,270,779	\$ 92,070,293	\$ (47,053,368)	\$ (26,389,220)	\$ 75,643,074	\$ 94,270,779	

* Numbers may not sum to total due to rounding

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2020 MEASUREMENT DATE**

SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

The table below summarizes the information needed for each employer's schedules of required supplementary information.

Table VII-10 Schedule of Employers' RSI Information at June 30, 2020*									
Employer	Proportionate Shares	Proportionate Share of NPL	Covered Payroll	Share of NPL as a % of Payroll	Plan Fiduciary Net Position as % of TPL	Contractually Required Contribution	Actual Contributions	Contribution Deficiency	Contributions as a % of Payroll
County	52.8226%	\$ 241,808,638	\$ 201,982,304	119.7%	85.2%	\$ 46,360,598	\$ 46,360,598	\$ 0	23.0%
LAFCO	0.0070%	32,044	271,662	11.8%	85.2%	50,006	50,006	0	18.4%
Marin City	0.0000%	0	182,002	0.0%	85.2%	33,856	33,856	0	18.6%
Mosquito District	1.5544%	7,115,654	3,408,838	208.7%	85.2%	981,142	981,142	0	28.8%
South Marin Fire	2.9047%	13,296,989	6,963,938	190.9%	85.2%	2,602,129	2,602,129	0	37.4%
Tamalpais CSD	0.0670%	306,709	1,218,246	25.2%	85.2%	376,984	376,984	0	30.9%
Courts	2.1023%	9,623,803	7,388,043	130.3%	85.2%	1,812,166	1,812,166	0	24.5%
City of San Rafael	34.3574%	157,279,575	33,424,209	470.6%	85.2%	19,031,614	19,031,614	0	56.9%
Novato Fire	6.1846%	28,311,550	9,890,888	286.2%	85.2%	4,394,580	4,394,580	0	44.4%
Total	100.0000%	\$ 457,774,963	\$264,730,129	172.9%	85.2%	\$ 75,643,074	\$ 75,643,074	\$ 0	28.6%

* Numbers may not sum to total due to rounding

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2020 MEASUREMENT DATE**

APPENDIX A – MEMBERSHIP INFORMATION

	Participant Data as of June 30, 2019: County of Marin													
	Miscellaneous		Marin County Safety		Total		Miscellaneous		Marin Special Districts Safety		Total		Total County and Special Districts	
	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019
Active Participants														
Number	1,737	1,705	358	364	2,095	2,069	154	156	50	51	204	207	2,299	2,276
Average Age	48.09	47.92	40.80	40.56	46.84	46.63	49.86	48.82	42.85	41.71	48.14	47.07	46.96	46.67
Average Service	9.94	9.75	11.28	10.99	10.17	9.96	11.95	11.47	9.82	9.24	11.43	10.92	10.28	10.05
Average Pay*	\$89,573	\$91,924	\$110,577	\$114,289	\$93,162	\$95,859	\$79,112	\$82,755	\$114,215	\$121,553	\$87,716	\$92,314	\$92,679	\$95,536
Service Retired														
Number	1,544	1,606	261	259	1,805	1,865	134	134	28	31	162	165	1,967	2,030
Average Age	72.44	72.47	64.30	64.83	71.26	71.41	68.08	68.89	63.15	62.60	67.23	67.71	70.93	71.11
Average Total Benefit*	\$37,648	\$38,660	\$69,084	\$69,086	\$42,194	\$42,886	\$38,058	\$39,010	\$68,112	\$70,634	\$43,252	\$44,951	\$42,281	\$43,053
Beneficiaries														
Number	270	275	69	73	339	348	15	14	10	10	25	24	364	372
Average Age	74.84	74.37	69.04	69.23	73.66	73.29	66.86	66.76	66.59	67.59	66.75	67.11	73.18	72.89
Average Total Benefit*	\$25,134	\$25,736	\$41,203	\$42,685	\$28,404	\$29,291	\$17,215	\$21,886	\$43,240	\$44,969	\$27,625	\$31,504	\$28,351	\$29,434
Duty Disabled														
Number	85	84	104	125	189	209	4	6	17	18	21	24	210	233
Average Age	68.25	68.22	63.19	62.93	65.46	65.06	67.11	64.88	66.31	66.89	66.46	66.39	65.56	65.19
Average Total Benefit*	\$37,561	\$38,902	\$53,655	\$60,943	\$46,417	\$52,084	\$21,530	\$33,315	\$55,720	\$58,971	\$49,208	\$52,557	\$46,696	\$52,133
Ordinary Disabled														
Number	30	29	7	7	37	36	2	2	1	0	3	2	40	38
Average Age	70.27	69.86	57.85	58.11	67.92	67.57	63.85	64.85	58.93	0.00	62.21	64.85	67.49	67.43
Average Total Benefit*	\$21,220	\$21,858	\$63,339	\$49,083	\$29,188	\$27,152	\$25,364	\$25,871	\$73,398	\$0	\$41,375	\$25,871	\$30,102	\$27,084
Total In Pay														
Number	1,929	1,994	441	464	2,370	2,458	155	156	56	59	211	215	2,581	2,673
Average Age	72.56	72.52	64.68	64.91	71.09	71.08	67.88	68.49	64.65	64.76	67.02	67.47	70.76	70.79
Average Total Benefit*	\$35,637	\$36,644	\$60,992	\$62,437	\$40,355	\$41,513	\$35,450	\$37,086	\$60,003	\$62,726	\$41,967	\$44,122	\$40,487	\$41,722
Terminated Vested														
Number	188	234	20	22	208	256	18	18	2	2	20	20	228	276
Average Age	50.14	48.12	45.10	45.52	49.66	47.90	44.90	45.73	51.70	52.70	45.58	46.43	49.30	47.79
Average Service	7.65	8.25	7.37	7.73	7.62	8.20	9.16	8.89	3.10	3.50	8.55	8.35	7.70	8.21
Transfers														
Number	187	179	59	53	246	232	23	27	11	11	34	38	280	270
Average Age	49.96	50.04	45.55	45.73	48.90	49.05	50.99	50.95	45.26	46.25	49.14	49.59	48.93	49.13
Average Service	4.98	4.96	4.15	4.51	4.78	4.86	4.86	5.15	5.31	5.18	5.00	5.16	4.81	4.90
Total Inactive														
Number	375	413	79	75	454	488	41	45	13	13	54	58	508	546
Average Age	50.05	48.95	45.44	45.67	49.25	48.45	48.32	48.87	46.25	47.24	47.82	48.50	49.10	48.45
Average Service	6.32	6.82	4.97	5.45	6.08	6.61	6.75	6.64	4.97	4.92	6.32	6.26	6.11	6.58

*All payroll and benefit figures shown are annual.

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2020 MEASUREMENT DATE**

APPENDIX A – MEMBERSHIP INFORMATION

Participant Data as of June 30, 2019: City of San Rafael

	Miscellaneous		Police		Fire		Total Safety		Total	
	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019
Active Participants										
Number	218	207	69	64	72	67	141	131	359	338
Average Age	46.19	45.90	39.65	39.08	39.11	39.04	39.37	39.06	43.51	43.25
Average Service	9.66	9.49	11.11	10.36	9.67	9.63	10.38	9.98	9.94	9.68
Average Pay*	\$80,502	\$82,386	\$119,062	\$121,082	\$124,285	\$132,974	\$121,729	\$127,165	\$96,694	\$99,741
Service Retired										
Number	257	274	80	79	89	87	169	166	426	440
Average Age	69.92	69.58	66.22	66.27	67.63	67.88	66.96	67.11	68.75	68.65
Average Total Benefit*	\$38,150	\$38,401	\$68,987	\$71,207	\$89,764	\$94,357	\$79,929	\$83,340	\$54,724	\$55,355
Beneficiaries										
Number	33	39	18	23	21	21	39	44	72	83
Average Age	75.96	75.90	66.49	69.45	73.47	72.78	70.25	71.04	72.87	73.32
Average Total Benefit*	\$20,539	\$20,051	\$34,439	\$37,040	\$40,634	\$40,621	\$37,775	\$38,749	\$29,875	\$29,963
Duty Disabled										
Number	19	18	42	41	21	24	63	65	82	83
Average Age	65.97	66.93	61.61	62.03	68.81	68.97	64.01	64.59	64.46	65.10
Average Total Benefit*	\$28,228	\$29,526	\$57,310	\$62,066	\$86,166	\$92,113	\$66,928	\$73,160	\$57,961	\$63,698
Ordinary Disabled										
Number	2	3	0	0	0	0	0	0	2	3
Average Age	85.45	72.53	0.00	0.00	0.00	0.00	0.00	0.00	85.45	72.53
Average Total Benefit*	\$12,433	\$17,986	\$0	\$0	\$0	\$0	\$0	\$0	\$12,433	\$17,986
Total In Pay										
Number	311	334	140	143	131	132	271	275	582	609
Average Age	70.42	70.20	64.87	65.57	68.76	68.86	66.75	67.15	68.71	68.82
Average Total Benefit*	\$35,509	\$35,596	\$61,042	\$63,091	\$81,312	\$85,400	\$70,840	\$73,799	\$51,961	\$52,847
Terminated Vested										
Number	27	43	6	13	1	1	7	14	34	57
Average Age	49.54	48.28	46.81	43.12	51.84	40.11	47.53	42.91	49.13	46.96
Average Service	6.62	6.09	10.89	11.08	3.51	9.00	9.83	10.93	7.28	7.28
Transfers										
Number	75	67	13	15	5	5	18	20	93	87
Average Age	45.46	42.76	44.69	46.78	40.95	41.95	43.65	45.57	45.11	43.41
Average Service	3.14	3.18	4.40	4.93	3.44	3.60	4.13	4.60	3.33	3.51
Total Inactive										
Number	102	110	19	28	6	6	25	34	127	144
Average Age	46.54	44.92	45.36	45.08	42.76	41.64	44.74	44.47	46.19	44.81
Average Service	4.06	4.32	6.45	7.79	3.45	4.50	5.73	7.21	4.39	5.00

*All payroll and benefit figures shown are annual.

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2020 MEASUREMENT DATE**

APPENDIX A – MEMBERSHIP INFORMATION

Participant Data as of June 30, 2019: Novato Fire Protection District						
	Miscellaneous		Safety		Total	
	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019
Active Participants						
Number	9	9	65	66	74	75
Average Age	49.02	45.86	44.92	44.20	45.42	44.40
Average Service	10.47	9.78	14.91	14.20	14.37	13.67
Average Pay*	\$102,730	\$111,162	\$129,421	\$132,668	\$126,175	\$130,087
Service Retired						
Number	5	6	55	57	60	63
Average Age	64.77	63.67	67.46	68.11	67.23	67.69
Average Total Benefit*	\$34,432	\$38,935	\$104,948	\$107,490	\$99,072	\$100,961
Beneficiaries						
Number	1	1	14	15	15	16
Average Age	55.67	56.67	63.90	65.41	63.35	64.86
Average Total Benefit*	\$11,890	\$12,366	\$43,966	\$46,045	\$41,828	\$43,940
Duty Disabled						
Number	0	0	32	33	32	33
Average Age	0.00	0.00	69.96	68.59	69.96	68.59
Average Total Benefit*	\$0	\$0	\$71,412	\$77,142	\$71,412	\$77,142
Ordinary Disabled						
Number	0	0	0	0	0	0
Average Age	0.00	0.00	0.00	0.00	0.00	0.00
Average Total Benefit*	\$0	\$0	\$0	\$0	\$0	\$0
Total In Pay						
Number	6	7	101	105	107	112
Average Age	63.25	62.67	67.76	67.88	67.50	67.55
Average Total Benefit*	\$30,675	\$35,139	\$85,870	\$89,174	\$82,775	\$85,797
Terminated Vested						
Number	2	1	2	2	4	3
Average Age	51.34	44.12	50.21	51.20	50.77	48.84
Average Service	9.27	12.00	4.82	5.00	7.04	7.33
Transfers						
Number	0	0	11	11	11	11
Average Age	0.00	0.00	43.07	44.07	43.07	44.07
Average Service	0.00	0.00	3.97	3.91	3.97	3.91
Total Inactive						
Number	2	1	13	13	15	14
Average Age	51.34	44.12	44.17	45.16	45.12	45.09
Average Service	9.27	12.00	4.10	4.08	4.79	4.64

*All payroll and benefit figures shown are annual.

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

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

A summary of the actuarial assumptions and methods used to calculate the Total Pension Liability as of June 30, 2020 is provided below, including any assumptions that differ from those used in the June 30, 2019 actuarial valuation. Please refer to the June 30, 2019 actuarial valuation report for a complete description of all other assumptions. The economic and demographic assumptions were adopted by the Board, based on an Experience Study performed by Cheiron covering the period from July 1, 2014 through June 30, 2017. The Experience Study report contains the rationale for all recommended assumptions.

Key Actuarial Assumptions

Expected Return on Assets	7.00 percent per year, net of investment expenses
Discount Rate	7.00 percent per year
Price Inflation	2.75% per year
Salary Increases	3.00% per year plus merit component based on employee classification and years of service.
Administrative Expenses	Administrative expenses in the actuarial valuation are assumed to be \$5.217 million for FY2019-20, to be split between employees and employers based on their share of the overall contributions. Administrative expenses shown in this report are based on the actual FY2019-20 amounts.
Post-retirement COLA	Post-retirement COLAs are assumed at the rate of 2.7% for members with a 4% COLA cap, 2.6% for members with a 3% COLA cap, and 1.9% for members with a 2% COLA cap.
Mortality Rates for Active Members	Rates of mortality for active members are specified by CalPERS 2017 Pre-Retirement Non-Industrial Death rates (plus Duty-Related Death rates for Safety members), with the 15-year static projection used by CalPERS replaced by generational improvements from a base year of 2014 using Scale MP-2017.
Mortality Rates for Retired Healthy Members	Rates of mortality for retired members and their beneficiaries are given by CalPERS 2017 Post-Retirement Healthy Mortality rates, multiplied by 90% for Males (Miscellaneous and Safety), with the 15-year static projection used by CalPERS replaced by generational improvements from a base year of 2014 using Scale MP-2017.
Mortality Rates for Retired Disabled Members	Rates of mortality among disabled members are given by CalPERS 2017 Disability Mortality rates (Non-Industrial rates for Miscellaneous members and Industrial Disability rates for Safety members), multiplied by 90% for Males (Miscellaneous and Safety) and 90% for Miscellaneous Females, with the 15-year static projection used by CalPERS replaced by generational improvements from a base year of 2014 using Scale MP-2017.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Actuarial Methods

1. Actuarial Cost Method

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

The UAL (or Surplus Funding) is amortized as a percentage of the projected salaries of present and future members of MCERA. Effective with the June 30, 2013 valuation, the UAL as of June 30, 2013 is amortized over a closed 17-year period (11 years remaining as of June 30, 2019), except for the additional UAL attributable to the extraordinary loss from 2008-2009, which is being amortized over a separate closed period (19 years as of June 30, 2019). Surplus Funding is only amortized if the Plan's Funding Ratio exceeds 120%.

Any subsequent unexpected change in the Unfunded Actuarial Liability after June 30, 2013 is amortized over 24 years (22 years for assumption changes) that includes a five-year phase-in/out (three years for assumption changes) of the payments/credits for each annual layer.

2. Valuation of Assets

As of the June 30, 2014 valuation, assets are valued using the market value. The assets used to compute the UAL are the Market Value of Assets, minus the value of any non-valuation contingency reserves. The assets for each employer are allocated based on a roll-forward of the asset balances from the prior year, adjusted for employee and employer contributions, and are used to calculate the UAL amortizations for each employer. Assets are first allocated to cover the liabilities for inactive members (members in pay status or eligible to receive a deferred benefit), and any remaining assets are allocated to each group's active members based on the employer's share of the rolled-forward balances.

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GASB 67 AND 68 REPORTING FOR JUNE 30, 2020 MEASUREMENT DATE**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

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

APPENDIX D – GLOSSARY OF TERMS

1. Actuarially Determined Contribution

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

2. Actuarial Valuation Date

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

3. Deferred Inflow of Resources

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

4. Deferred Outflow of Resources

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

5. Entry Age Actuarial Cost Method

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

6. Measurement Date

The date as of which the Total Pension Liability and Plan Fiduciary Net Position are measured. The Total Pension Liability may be projected from the actuarial valuation date to the measurement date. The measurement date must be the same as the reporting date for the plan.

APPENDIX D – GLOSSARY OF TERMS

7. Net Pension Liability

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

8. Plan Fiduciary Net Position

The fair or Market Value of Assets.

9. Reporting Date

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

10. Service Cost

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

11. Total Pension Liability

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB 67 and 68. The Total Pension Liability is the Actuarial Liability calculated under the Entry Age Actuarial Cost Method.



Classic Values, Innovative Advice