

**TO THE MEMBERS OF THE FRESNO COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION**

This Popular Annual Financial Report (PAFR) summarizes the information contained in the Comprehensive Annual Financial Report (CAFR) that provides financial information on FCERA's activities. This PAFR is presented in conformity with generally accepted accounting principles (GAAP). The more detailed CAFR is available on FCERA's website at www.fcera.org or from the FCERA Administrative Office for a small copy fee.

Meetings of the Board of Retirement are normally held on the first and third Wednesday of each month at 8:30 a.m. Members of the Retirement Association and the public are invited to attend these meetings.

As a member of the Retirement Association, you are encouraged to contact the Retirement Office at 7772 N. Palm Ave., (559) 457-0681, regarding these summary financial statements or to obtain other information concerning the Retirement System. Members are also encouraged to visit our website at www.fcera.org or on the County's Intranet by selecting Retirement Association under the Department Sites link for more information.

MEMBERSHIP HIGHLIGHTS FOR 2016-2017

Total membership in the Association increased by 2.30% to 18,053. The total number of active members increased by .7% to 7,351, and the retired membership increased by 2.9% to 7,240. Deferred membership increased by 4.3% to 1,519.


FINANCIAL HIGHLIGHTS

FCERA's investment portfolio consists of equities, fixed income, real estate, private equity, hedge funds, private credit, infrastructure, commodities, cash and cash equivalents.

The average rate of return on the market value basis of the investment portfolio over the past fiscal year was 10.2%, net of fees. FCERA's past performance over three, five, and ten-year periods ending June 30, 2017 respectively, were: 3.2%, 7.6% and 4.9%, net of fees.

During the fiscal year, benefit payments to retirees and beneficiaries totaled \$247 million and refunds to terminated plan members totaled \$2.4 million. Administrative expenses totaled \$4.8 million for the year, which amounts to 0.11% of net position.

For the fiscal year ended June 30, 2017, Brown Armstrong audited the financial statements of the Retirement Association and issued an unmodified opinion.


Rauden Coburn, III, DDS, Chair
Board of Retirement


Donald C. Kendig, CPA
Retirement Administrator



**FRESNO COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION**

7772 N. Palm Ave.
Fresno, CA 93711
www.fcera.org

FCERA Board of Retirement

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Laura P. Basua
Gregory Baxter
Alan Cade, Jr.
Robert Dowell
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Eulalio Gomez
Nathan Magsig, MBA, MS
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Additional information regarding membership and retirement can be found in the Member Handbook, which can be viewed on FCERA's website at www.fcera.org or obtained from the FCERA Administrative Office. More in depth information regarding investments and FCERA's financial status can be found in the CAFR.



Government Finance Officers Association

**Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting**

Presented to

Fresno County

**Employees' Retirement Association
California**

For its Annual
Financial Report
for the Fiscal Year Ended
June 30, 2016


Executive Director/CEO

**Popular Annual Financial
Reporting Award**

The Government Finance Officers Association (GFOA) awarded FCERA with the Popular Annual Financial Reporting Award (PAFR). The PAFR provides FCERA's membership with condensed and concise information in an easier to read format than presented in the CAFR. FCERA received this honor on its submission for the award for the fiscal year ended June 30, 2016.

Total Net Position

At June 30, 2017, the Fresno County Employees’ Retirement Association (FCERA) had total assets of \$4,460 million, less total liabilities of \$53 million, for total net position restricted for pension benefits of \$4,407 million compared to \$4,009 million at June 30, 2016.

The increase in FCERA’s net position was primarily due to the net appreciation in the fair value of investments held by FCERA. Contributions of \$234.7 million, when combined with net investment income of \$417.7 million, generated total additions of \$652.4 million. Expenses for benefits paid and refunded contributions totaled \$249.8 million and administrative expenses of \$4.8 million resulted in an increase in net position of \$397.7 million.



Fund Revenue (in thousands)

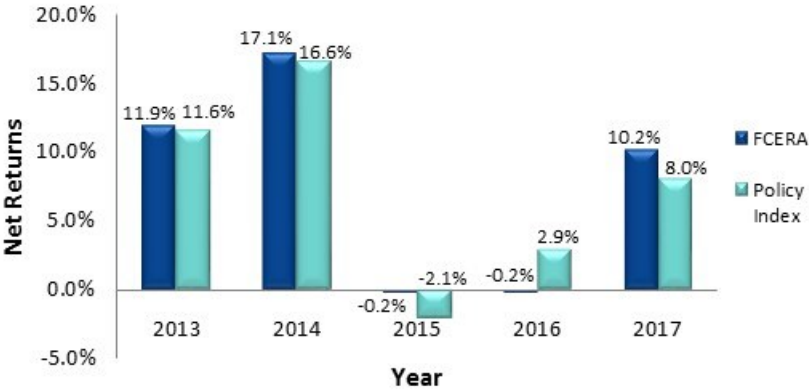
Year Ended	Employee Contributions	Employer Contributions	Net Investment and Other Income/(Loss)
6/30/2017	\$ 36,259	\$ 198,472	\$ 417,681
6/30/2016	35,212	191,529	(4,258)
6/30/2015	33,110	184,213	406
6/30/2014	30,154	165,309	583,169
6/30/2013	30,516	158,572	378,483

Fund Expenses (in thousands)

Year Ended	Retiree Benefits	Refunds	Administrative Expenses
6/30/2017	\$ 247,491	\$ 2,356	\$ 4,762
6/30/2016	238,028	2,203	4,814
6/30/2015	229,115	2,282	4,297
6/30/2014	222,289	2,103	3,542
6/30/2013	210,745	2,211	3,634 *

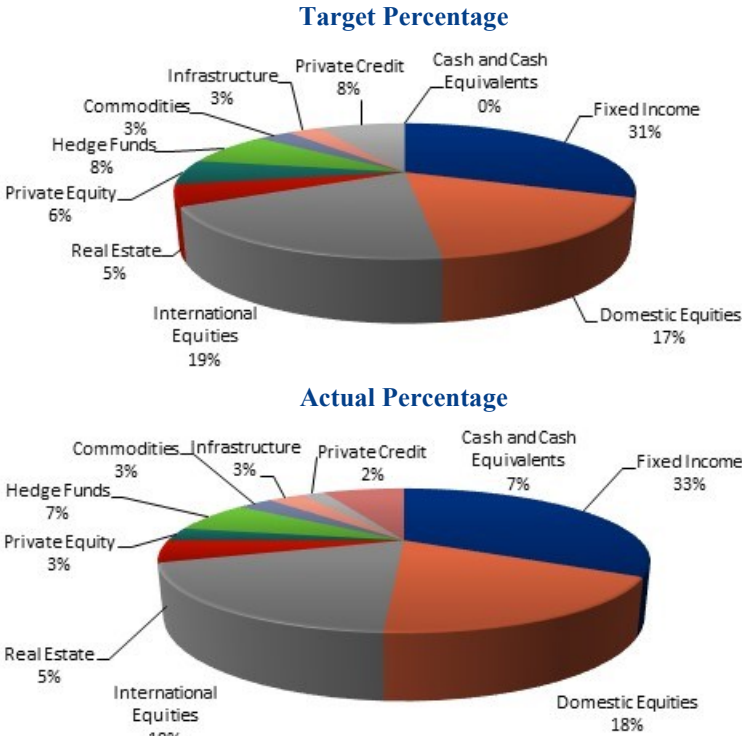
* Restated as defined in Government code section 31580.2, excludes Information Technology expenses.

Historical Investment Performance



The chart above reflects returns, net of fees, for the one-year periods ended June 30th. FCERA’s policy index is composed of the Russell 3000 Index, BBgBarc Global Aggregate Index, MSCI ACWI ex U.S., BBgBarc US Corp. High Yield, Private Equity Neutralized, Private Credit Neutralized, Real Estate Neutralized, HFRI Fund of Funds Composite, NCREIF ODCE Net and Bloomberg Commodity Index. For more information, please refer to the Investment Results Report on our website, www.fcera.org.

Asset Allocation as of June 30, 2017
(Total Fair Value of Cash and Investments \$4,376,728)
(in thousands)



Largest Equity Holdings

Name	Fair Value
MICROSOFT CORP	\$12,554,152
AMAZON.COM INC	12,287,792
PHILIP MORRIS INTL	10,919,561
LAM RESH CORP	10,808,081
MASTERCARD INC	9,734,218

Largest Fixed Income Holdings

Name	Fair Value
UNITED STATES TREAS NTS FLTG	\$24,284,948
UNITED STATES TREAS NTS FRN	21,573,031
FUT SEP 16 US 2YR T-NOTE	20,746,500
CF LOOMIS SAYLES FULL DISCRETION	19,061,664
UNITED KINGDOM (GOVERNMENT OF)	17,479,862

Funded Status

FCERA’s funding status is determined based on the 6/30/16 actuarial valuation. As of June 30, 2016 the funded ratio on a valuation value of assets basis has decreased from 80.7% to 78.2%. This ratio indicates that FCERA has approximately \$0.78 cents of assets for each \$1.00 of liabilities. The County of Fresno and participating agencies contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. More information about FCERA’s funded status can be found in the introduction section of the CAFR.

Funded Status (in thousands)

Actuarial Valuation Date	Valuation Value of Assets	Actuarial Accrued Liability	Funded Ratio
6/30/2016	\$ 4,278,001	\$ 5,472,149	78.2%
6/30/2015	4,092,647	5,074,333	80.7%
6/30/2014	3,824,221	4,876,754	78.4%
6/30/2013	3,518,982	4,694,780	75.0%
6/30/2012	3,305,045	4,345,402	76.1%

