



POPULAR ANNUAL FINANCIAL REPORT

For the Fiscal Year
Ended June 30 **2018**

A Pension Trust Fund for the County of Fresno
and Participating Employers
Fresno, California

A Message to Members

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.fresnocountyretirement.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.

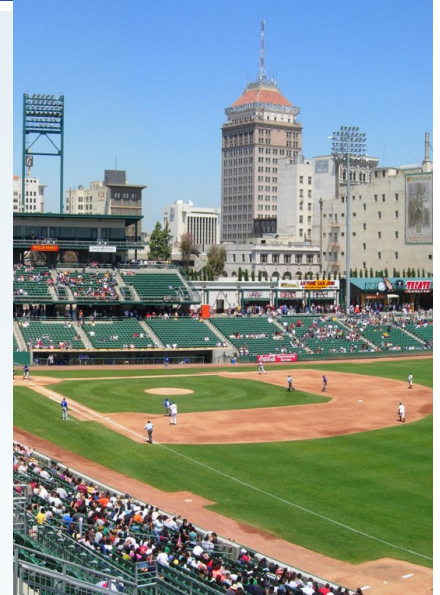
As a member of the Retirement Association, you are encouraged to contact the Retirement Office regarding these summary financial statements or to obtain other information concerning the Retirement System. Members are also encouraged to visit our website at www.fresnocountyretirement.org or on the County's Intranet by selecting Retirement Association under the Department Sites link for more information.

Membership Highlights

Total membership in the Association increased by 2.70% to 18,533. The total number of active members increased by 1.4% to 7,457, and the retired membership increased by 2.9% to 7,448. Terminated Vested (Deferred) membership increased by 6.1% to 1,611. Terminated Non-Vested membership increased by 3.8% to 2,017.

Nathan Magsig, MBA MS, Chair
Board of Retirement

Donald C. Kendig, CPA
Retirement Administrator



Retirement Board

Nathan Magsig, MBA MS, Chair

Robert Dowell, Vice Chair

John Adams

Rauden H. Coburn, III, DDS

Oscar J. Garcia, CPA

Steven Jolly

Stanley L. McDivitt

John Robinson

Riley Talford

Mary Ann Rogozinski, Alternate

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p. (559) 457-0681 | f. (559) 457-0318

FresnoCountyRetirement.org



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 7.2%, net of fees. FCERA's past performance over three, five, and ten-year periods ending June 30, 2018 respectively, were: 5.7%, 6.7% and 6.2%, net of fees.

During the fiscal year, benefit payments to retirees and beneficiaries totaled \$260 million and refunds to terminated plan members totaled \$2.4 million. Administrative expenses totaled \$5.7 million for the year, which amounts to 0.12% of net position.

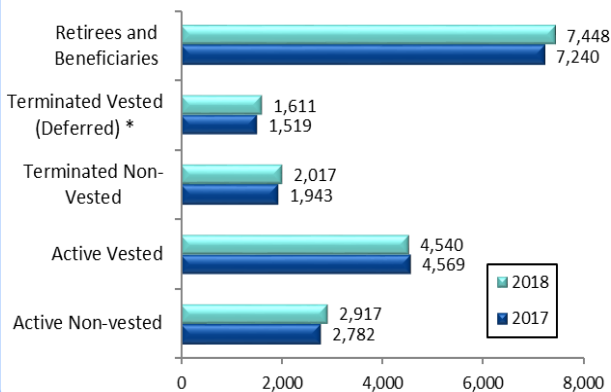
For the fiscal year ended June 30, 2018, Brown Armstrong audited the financial statements of the Retirement Association and issued an unmodified opinion.

Total Net Position

At June 30, 2018, the Fresno County Employees' Retirement Association (FCERA) had total assets of \$4,763 million, less total liabilities of \$63 million, for total net position restricted for pension benefits of \$4,700 million compared to \$4,407 million at June 30, 2017.

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 \$249 million, when combined with net investment income of \$312.7 million, generated total additions of \$561.7 million. Total deductions including benefits paid, refunded contributions and administrative expenses amounted to 269.1 million which resulted in an increase in net position of \$292.6 million.

FCERA Membership



*Members entitled to, but not yet receiving benefits

Total Net Position (Dollars in Millions)



Fund Revenue (in thousands)

Year Ended	Net Investment		
	Employee Contributions	Employer Contributions	and Other Income/(Loss)
6/30/2018	\$ 38,467	\$ 210,535	\$ 312,770
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

Fund Expenses (in thousands)

Year Ended	Retiree		Administrative Expenses
	Benefits	Refunds	
6/30/2018	\$ 260,823	\$ 2,408	\$ 5,677
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

Asset Allocation as of June 30, 2018
(Total Fair Value of Cash and Investments 4,674,459)

Largest Fixed Income Holdings

Name	Fair Value
FUT SEP 18 CBT 5Y T-NOTE	\$88,166,938
FUT SEP 18 US 2YR T-NOTE	33,892,500
CF LOOMIS SAYLES FULL DISCRETION	28,204,564
UNITED STATES TREAS NTS FLTG RATE	26,432,264
UNITED STATES TREAS NTS DTD	22,315,890

Largest Equity Holdings

Name	Fair Value
MICROSOFT CORP	\$19,101,250
AMAZON.COM INC	18,447,929
APPLE INC	12,708,172
MASTERCARD INC	12,115,458
VISA INC	11,490,038

The chart to the right 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.fresnocountyretirement.org.

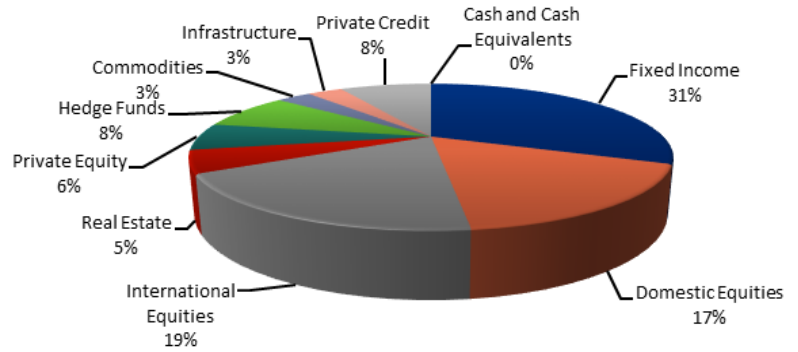
Funded Status

FCERA's funding status is determined based on the 6/30/17 actuarial valuation. As of June 30, 2017 the funded ratio on a valuation value of assets basis has increased from 78.2% to 80.3%. This ratio indicates that FCERA has approximately \$0.80 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.

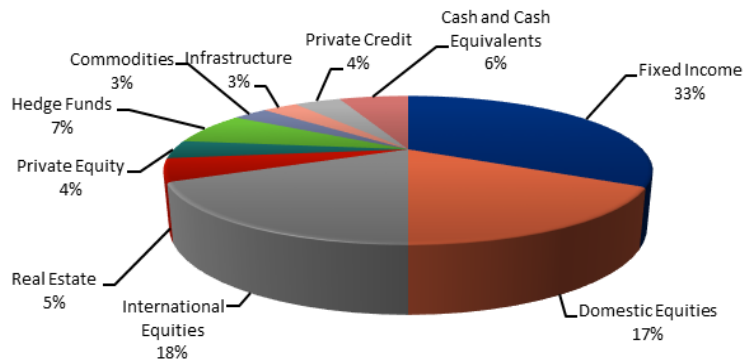
Funded Status (in thousands)

Actuarial Valuation Date	Valuation Value of Assets	Actuarial Accrued Liability	Funded Ratio
6/30/2017	\$ 4,529,508	\$ 5,643,444	80.3%
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%

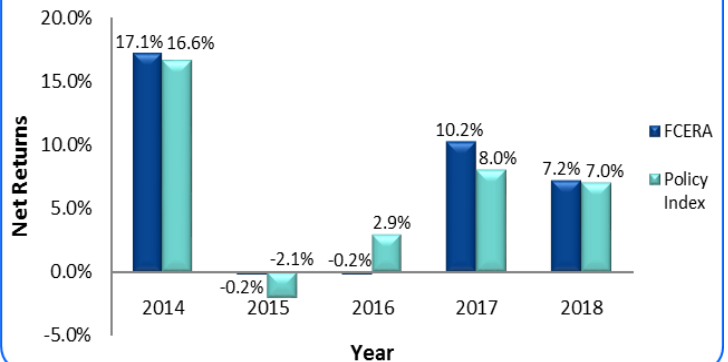
Target Percentage



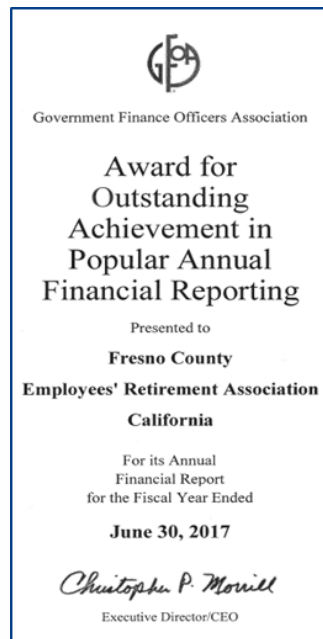
Actual Percentage



Historical Investment Performance



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.



PAFR 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, 2017.



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