

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

2021-2022



Fresno County Employees' Retirement Association

A Pension Trust Fund for the County of Fresno

And Participating Employers

Fresno, California

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

ISSUED BY

DONALD C. KENDIG, CPA
RETIREMENT ADMINISTRATOR

and

DEBORAH PAOLINELLI, CPA
ASSISTANT RETIREMENT ADMINISTRATOR

FCERA

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
7772 N. Palm Ave.
FRESNO, CALIFORNIA 93711
www.FresnoCountyRetirement.org

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

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Introductory Section



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December 20, 2022

Board of Retirement
Fresno County Employees' Retirement Association
7772 N Palm Ave
Fresno, CA 93711

Dear Board Members:

I am pleased to present this Annual Comprehensive Financial Report ("ACFR") for the Fresno County Employees' Retirement Association ("FCERA"), for the fiscal year ended June 30, 2022.

The ACFR provides members, sponsors/employers, policy makers, regulatory agencies and other users with a thorough and accurate review of the fiscal year's operations, from July 1 to June 30.

In addition, the ACFR serves as a source of reliable information for making responsible management decisions, determining compliance with legal requirements and demonstrating the stewardship of the Board of Retirement of the Fresno County Employees' Retirement Association ("Board"), staff and key consultants who serve the members of FCERA. While good stewardship is clearly demonstrated by the data contained in the ACFR, it is important to note that the management of FCERA is responsible for both the accuracy of the data and the completeness and fairness of the presentation of the financial information, including all disclosures. The accumulation, analysis and presentation of the data rest upon the shoulders of management and supporting staff, and I am thankful to all members of the FCERA team.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal provides a broader context as compared to the MD&A, and the two should be read in tandem. The MD&A can be found immediately following the Independent Auditor's Report in the Financial Section.

FCERA MISSION, VISION, AND CORE VALUES

Our mission is to provide secure retirement benefits and quality service to our members and beneficiaries while investing the assets of the Plan within prudent levels of risk.

Our vision is to be a trusted and stable partner in the financial security of FCERA's sponsors, members, and beneficiaries.

Excellence • Professionalism • Teamwork • Integrity • Accountability • Innovation

Our values lie in our commitment to deliver service in an accurate, courteous, prompt and professional manner. Our goal is to provide the highest level of service to our members, the public, our coworkers, and the Board of Retirement. We value:

- *Excellence* - We hold ourselves to high standards of performance demonstrating a value for learning and continuous improvement. We take pride in the work we do, continuously striving to exceed our goals. We encourage an open and diverse environment and a "CAN DO" attitude.
- *Professionalism* - We encourage a professional environment, maintaining confidentiality and performing job functions in an ethical and objective manner. As professionals, we understand the importance of listening to and respecting others' ideas and perspectives open-mindedly. Professionalism is necessary to keep all employees motivated.
- *Teamwork* - We are committed to a team-oriented approach to provide the highest level of service to our members. We value open communication, sharing knowledge, resources and ideas. Working together to reach common goals is the essence of success. Together we achieve more.
- *Integrity* - We at FCERA act ethically and honestly, honoring our commitments, abiding by policies, and building trust with our members and co-workers. Integrity guides all of our work relationships.
- *Accountability* - We take ownership of our work to provide accurate, complete, and timely results. We accept the responsibility to communicate and interact openly with all FCERA staff to develop the tools and training necessary to complete our assignments. We will take the initiative to be a part of the success of the FCERA team.
- *Innovation* - We promote a resourceful environment where new ideas and approaches are implemented to help our daily tasks flow smoothly and efficiently. Our focus is on proactively communicating and implementing activities to encourage and energize staff to create a positive environment and seek new ways to educate and inform members about the retirement process. It is our goal to plan strategically for the future.

FCERA AND ITS SERVICES

FCERA is a cost-sharing multiple employer public retirement system established by the County of Fresno (the "County") Board of Supervisors on January 1, 1945 to provide retirement, disability, death and survivor benefits for its members under the California State Government Code, Section 31450 *et. seq.* (the County Employees Retirement Law of 1937, hereinafter "CERL") and Section 7522 *et. seq.* (the Public Employees' Pension Reform Act of 2013, hereinafter "PEPRA"). The retirement plan is administered by the Board, which consists of nine voting members and a retiree alternate, who are presented on page 9 of the Introductory Section.

FCERA is governed by the California Constitution, CERL, PEPRA, and regulations, procedures, and policies adopted by the Board. The Fresno County Board of Supervisors may also adopt resolutions, as permitted by the CERL, which may affect benefits for FCERA members.

The Board is responsible for establishing policies governing the administration of the retirement plan, determining benefit allowances, and managing the investments of the Association's assets. The Board defines the duties and oversees the activities of the Retirement Administrator, who in turn, directs and oversees the staff and operations of the Administrative Office.

Participating employer entities (“Sponsors”) include:

- County of Fresno
- Superior Court of California, County of Fresno
- Clovis Veterans Memorial District
- Fresno-Madera Area Agency on Aging
- Fresno Mosquito & Vector Control District

FINANCIAL INFORMATION

As mentioned previously, management is responsible for the accuracy, completeness, fair presentation of information and all disclosures in this Report. In addition, management is also responsible for establishing and maintaining an internal control structure designed to provide reasonable assurance that FCERA’s financial reporting is accurate and reliable. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of the cost and benefits requires estimates and judgments by management.

CliftonLarsonAllen, LLP (the “Auditor”) provides financial statement independent audit services to FCERA. The Auditor attests that these financial statements are presented in accordance with GAAP and that the financial statements are free of any material misstatement. Management is responsible for assuring that internal accounting controls are sufficient to provide reasonable assurance regarding the safekeeping of assets and fair presentation of the financial statements and supporting schedules. Controls have inherent limitations and do rely on human diligence. Because of these inherent limitations, the internal controls are not exact in their nature, which may lead to the risk that errors or misstatements may occur and may not be identified immediately. FCERA’s current management believes it has prudent and sufficient controls in place to mitigate the inherent risk within its financial reporting and accounting systems.

The accompanying financial statements and transactions are prepared on an accrual basis of accounting. Revenues are recognized when earned, regardless of the date of collection and expenses are recognized when incurred, regardless of when a corresponding cash outlay is made.

GENERAL OPERATIONS

Providing secure retirement benefits and quality service to our members and beneficiaries begins with ongoing direct services to active and retired members, efficient management of the office and operations, and facilitating the work of the Board, advisors, and professional service providers. To follow are noteworthy events and ongoing projects occurring during the year.

Board Oversight and Policy Framework

Nathan Magsig served as Chair of the Board with Stanley McDivitt serving as Vice Chair for the entire fiscal year with their terms as officers set to expire December 31, 2021. Rauden Coburn, III, served as Chair with Riley L. Talford serving as Vice Chair from January 1, 2022 through June 30, 2022 with their officer terms expiring December 31, 2022.

This year the Board of Retirement reviewed and reaffirmed the following policies: Administrative Proceedings and Appeals to the Board, Disability Retirements, Employer Contribution Equity, Over/Underpayment of Member Contributions, Over/Underpayment of Retirement Benefits, Purchasing Card, Reciprocity, Records Retention and Securities Monitoring & Litigation.

Benefit Delivery, Administration and Operations

During the fiscal year, FCERA fully reopened its office to the membership. There are currently no restrictions for members to visit the offices. Members are still required to make appointments to meet directly with a Retirement Specialist to discuss all areas of their available retirement benefits.

FCERA changed its office hours as of September 2022. The new office hours are 8:00 AM to 5:00 PM, Monday through Thursday and 8:00 AM to 12:00 PM on Fridays.

Staffing

Staffing in the management and supervisory ranks remained stable and unchanged. Substantial turnover took place in the front line ranks primarily due to promotional job opportunities outside of FCERA and opportunities with the primary plan sponsor, Fresno County. Current vacancies are frictional and are on track to be filled promptly.

ASSET MANAGEMENT AND INVESTING

The Investment Policy Statement (the "IPS") adopted by the Board defines the framework within which the administration, general consultant and third-party investment managers endeavor to meet our mission to *...achieve investment and funding objectives within prudent levels of risk.*

The overall strategic asset allocation has a greater impact on investment performance than portfolio manager selection or the timing of allocations. The asset allocation process determines a fund's optimal target allocations, which are expected to achieve the fund's objectives related to expected return, liquidity and risk (defined as volatility). This is reflected through the choice of investments at the asset class level.

Under the IPS the Board operates under a standard of fiduciary care in California commonly known as the "prudent person rule" which requires that the Board discharge its duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims. When the Board contracts with professional

investment advisors, their discretion is defined by our IPS and the discretion provided by contract and guidelines prescribed by the Board. In exercising discretion when managing assets, such service providers become co-fiduciaries to the members.

The prudent person rule requires the Board to diversify the investments of the fund unless it is clearly prudent not to do so under the circumstances. The Board therefore makes fundamental policy decisions with respect to the fund, including, but not limited to, the strategic allocation of assets to various investment classes as outlined in the IPS.

During the fiscal year, the Board initiated a search for Private Credit Advisor and is still in the process of finalizing contract negotiations as of this writing. The Board is looking at broader exposure to the asset class, as opposed to just a few sub-classes. The Board also continued to build out its Real Estate allocation by adding managers to the mix.

ACTUARIAL FUNDING STATUS

The CERL prescribes that the Board should engage a qualified, independent actuarial firm to perform regular valuations of the retirement plan. Further, a detailed study of the retirement plan's economic and non-economic assumptions (forecast parameters) is undertaken every three years, wherein the fund actuary makes recommendations to the Board regarding the assumptions to be used to measure the liabilities and assets of the fund. The primary purpose for these studies is to help determine the actuarially required (and stable) level of contributions needed to meet costs associated with annually accruing benefit commitments (normal cost) and eliminate any past unfunded liabilities (Unfunded Actuarial Accrued Liability or "UAAL") within an accepted amortization period.

The actuarial valuation as of June 30, 2021, completed by Segal Consulting, determined that the ratio of plan assets to plan liabilities was 85.88%, based on a valuation value of assets, which represented an increase over the same ratio on June 30, 2020, of 82.69%. Our funding policy employs a five-year "smoothing" methodology, whereby 20% of a fiscal year's market loss, or gain, in a given fiscal year, is recognized over each of five succeeding years to dampen the "noise" of short-term investment market volatility, creating a lesser "actuarial" loss, or gain. This results in five year "layers" of actuarial losses and gains, resulting in one net actuarial loss or gain that goes into the valuation and determination of employer contributions. In addition, the policy imposes an absolute "corridor" of +/- 30% to the actuarial valuation value of assets (VVA) relative to the market value of assets (MVA). This constrains the variance between the VVA and MVA and prevents the employer contribution requirements from not being sufficient on one side of the corridor, or from being too high on the other side of the corridor. These techniques are used to produce reliable, stable and incrementally manageable changes to required contributions for participating employers.

The Economic Assumptions utilized for the June 30, 2021 Actuarial Valuation are an inflation assumption of 2.50%, an assumed rate of return of 6.50%, and a salary increase assumption at 0.50% above inflation. The explicit administrative expense assumption increased from 1.20% to 1.30% of payroll and is added to both the employer and member Basic Regular rates as a proportional percentage of payroll resulting in an Administrative Expense Load of 1.10% for employers and 0.20% for members.

BUDGET

Government Code Section 31580.2(a) requires the Board to annually adopt a budget covering the entire expense of administration of the retirement system. The total administrative expenses, which are funded as a component of the member and employer contribution rates, may not exceed the greater of twenty-one hundredths of one percent of the accrued actuarial liability of the system, or two million dollars (\$2,000,000), as adjusted annually by the amount of the annual cost of living adjustment, which is the legislative cap (CAP) on spending.

Government Code Section 31580.2(b) provides an exclusion from the CAP for expenses for computer software, computer hardware, and computer technology consulting services in support of these computer products. These costs are identified as information technology costs. While these costs are excluded from the CAP, they are subject to the approval of the Board.

Government Code Section 31596.1 provides that the following types of expenses shall not be considered a cost of administration of the retirement system, but shall be considered as a reduction in earnings from those investments or a charge against the assets of the retirement system as determined by the Board:

- (a) The costs, as approved by the board, of actuarial valuations and services rendered pursuant to Section 31453.
- (b) The compensation of any bank or trust company performing custodial services.
- (c) When an investment is made in deeds of trust and mortgages, the fees stipulated in any agreement entered into with a bank or mortgage service company to service such deeds of trust and mortgages.
- (d) Any fees stipulated in an agreement entered into with investment counsel for consulting or management services in connection with the administration of the board's investment program, including the system's participation in any form of investment pool managed by a third party or parties.
- (e) The compensation to an attorney for services rendered pursuant to Section 31607 [investment related legal work] or legal representation rendered pursuant to Section 31529.1 [Los Angeles County Employees' Retirement Association specific].

The cost of excluded expenses is controlled through contract negotiations and are not subject to the Administrative budget process, primarily due to the mandated aspects of the actuarial valuations, the fiduciary requirements of hiring investment consulting and investment related legal services, and the fees required to obtain market exposure and to track the investments.

For fiscal year ended June 30, 2022, administrative expenses of \$6,460,332 represented approximately 0.097% of the accrued actuarial liability of the plan of \$6,649,631,000. Administrative expenses have historically been well below the statutory limit of 0.21%.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to FCERA for its ACFR for the fiscal year ended June 30, 2021, on page 8 of the Introductory Section, which marks twenty-five consecutive years that FCERA has achieved this prestigious award. FCERA also received the GFOA award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) since first applying June 30, 2011 for eleven consecutive years. The PAFR provides FCERA's membership with condensed and concise information in an easy-to-read format than what is presented in the ACFR.

ACKNOWLEDGMENTS

The preparation of this ACFR reflects the combined efforts of the FCERA staff Deborah Paolinelli, CPA, Conor Hinds, and their supportive staff, as well as the consultants, Verus (investments), Segal (actuaries), and our external auditor CliftonLarsonAllen, LLP, all who made significant contributions of time, effort, and expertise.

Lastly, FCERA has many contributors to its success. For their commitment to FCERA, and for their diligent work to assure FCERA's continued successful operation, sincere thanks are owed to the Board of Retirement trustees, all FCERA staff, and all of our experts and advisors.

Respectfully submitted,

A handwritten signature in black ink that reads "Donald C. Kendig". The signature is written in a cursive, flowing style.

Donald C. Kendig, CPA
Retirement Administrator

Certificate of Achievement



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Fresno County Employees' Retirement Association
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrell

Executive Director/CEO

**The Board of Retirement
As of June 30, 2022**



CHAIRMAN
ROD COBURN, III, DDS
Appointed by Board of Supervisors
Present term expires December 31, 2024



VICE CHAIRMAN
RILEY TALFORD
Elected by General Members
Present term expires December 31, 2023



MEMBER
ALYSIA BONNER
Elected by General Members
Present term expires December 31, 2024



RETIRED MEMBER
LAURA BASUA
Elected by Retirees
Present term expires December 31, 2022



MEMBER
OSCAR J. GARCIA, CPA
Auditor-Controller/Treasurer-Tax Collector
Ex-Officio Trustee



MEMBER
STEVEN JOLLY
Appointed by Board of Supervisors
Present term expires December 31, 2024



MEMBER
NATHAN MAGSIG, MBA, MS
Appointed by Board of Supervisors
Present term expires December 31, 2023



MEMBER
STANLEY L. MCDIVITT
Appointed by Board of Supervisors
Present term expires December 31, 2024



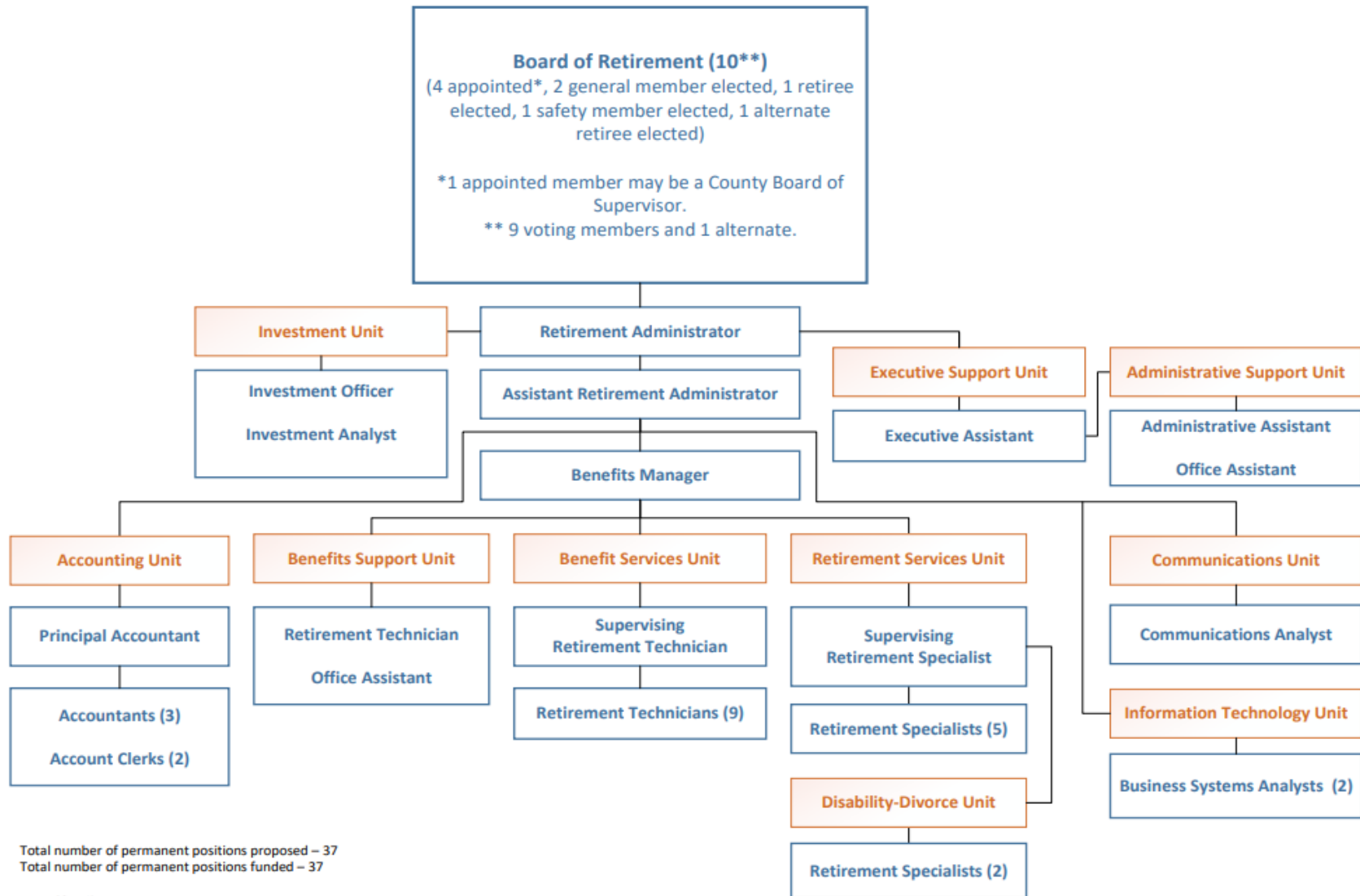
MEMBER
JOHN ROBINSON
Elected by Safety Members
Present term expires December 31, 2023



ALTERNATE RETIRED MEMBER
DOUGLAS PAPAGNI
Alternate Retired Member - Elected by Retirees
Present term expires December 31, 2022

Administrative Organization Chart

Fresno County Employees' Retirement Association



List of Professional Consultants

Actuarial Services

- Actuary: Segal

External Audit Services

- Auditor: CliftonLarsonAllen, LLP

Custodial Services

- Custodian Bank: Northern Trust

Investment Consulting Services

- General Investment Consultant: Verus
- Private Credit Consultant: Aksia
- Private Equity Consultant: Hamilton Lane

Legal Services

- Board Counsel: Baker, Manock & Jensen PC
- Disability Hearing Counsel: Fresno County Counsel
- Fiduciary Counsel: Reed Smith LLP
- Investment Counsel: Foster Pepper PLLC and Foley Lardner LLP

Securities Lending Services

- Asset Servicer: Northern Trust

Pension Management System Services

- Arrivos System Support: Tegrit Group

A complete list of Investment Managers, Schedule of Fees, and Schedule of Commissions can be found on pages 72, 73, and 74 of the Investment Section.

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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Retirement
Fresno County Employees' Retirement Association
Fresno, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Fresno County Employees' Retirement Association (the Plan), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan, as of June 30, 2022, and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan 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 Statements

Management is responsible for the preparation and fair presentation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* 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 financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 financial statements.
- 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 the Plan'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 evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit for the year ended June 30, 2022 was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's basic financial statements. The other supplementary information for the year ended June 30, 2022, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2022, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2022.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Plan as of and for the year ended June 30, 2021 (not presented herein), and have issued our report thereon dated December 14, 2021, which contained an unmodified opinion on the financial statements. The summarized comparative information included in the other supplementary information, as listed in the table of contents, for the year ended June 30, 2021, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 financial statements. The 2021 summarized comparative information has been subjected to the auditing procedures applied in the audit of the 2020 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2020 summarized comparative information is fairly stated in all material respects in relation to the financial statements as a whole for the year ended June 30, 2021.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory, investment, actuarial and statistical sections, as listed in the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited the Plan's 2021 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated December 14, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Sacramento, California
December 20, 2022

Management's Discussion and Analysis as of June 30, 2022

The Fresno County Employees' Retirement Association (FCERA) Management's Discussion and Analysis is designed to present a narrative overview of the financial activities of FCERA and an analysis of FCERA's financial performance during the fiscal year ended June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and FCERA's basic financial statements following this section. All dollar amounts are expressed in thousands unless otherwise indicated.

Financial Highlights

- FCERA's fiduciary net position at the close of fiscal year 2022 totaled \$5.6 billion, a decrease of \$600 million from 2021, primarily as a result of the overall market downturn due to continual inflation reaching a high point not seen in 40 years, just over 9.0%, as of June 30, 2022. This combined with geo-political unrest between Russia and Ukraine, as well as China and Taiwan, as well as federal rate hikes commencing in March 2022, put the markets in turmoil through June 30, 2022.
- Total additions, as reflected in the Statement of Changes in Fiduciary Net Position, for the year ended June 30, 2022, were negative \$328 million, which includes employer and employee contributions of \$293.7 million, investment income of negative \$623.7 million, and net securities lending income of \$1.8 million.
- Employer contributions decreased from \$273.9 million in fiscal year 2021 to \$251.7 million in fiscal year 2022 primarily as the result of the decrease in employer contribution rates based on the 2020 actuarial valuation. Contribution rates are applied on a July 1 through June 30 fiscal year basis and decreased as of July 1, 2021. The recommended employer contribution rate decreased from 60.18% (2019 valuation effective 7/1/2020) to 54.91% (2020 valuation effective 7/1/2021).
- While the average plan member contribution decreased from 9.18% (2019 valuation effective 7/1/2020) to 9.07% (2020 valuation effective 7/1/2021), member contributions increased slightly for fiscal year 2022 when compared to 2021, mainly due to an overall salary increases for contributing membership of approximately 3.0%. For fiscal years 2022 and 2021, plan member contributions were \$42 million and \$41.6 million, respectively.
- Total deductions, as reflected in the Statement of Changes in Fiduciary Net Position, increased from \$316.6 million to \$331.4 million over the prior year, or approximately 4.7%, mainly attributed to the pension payroll. Benefits paid to retirees and beneficiaries increased from \$307.6 million in 2021 to \$320.6 million in 2022, or approximately 4.2%. This increase can be attributed to an addition of retirees to the rolls and an annual cost of living adjustment (COLA) increase of 3% for all eligible members who retired before April 2, 2022.
- FCERA's funding objective is to meet long-term benefit obligations through contributions and investment income. As of June 30, 2021, the date of FCERA's last actuarial valuation, the funded ratio for FCERA was 85.9%. In general, this indicates

Management's Discussion and Analysis as of June 30, 2022 continued

that for every dollar of projected benefits due FCERA has approximately \$0.86 to cover its obligation.

- For the fiscal year ending June 30, 2022, FCERA's investment portfolio earned a -9.1% return net of fees across its major asset classifications, with domestic equity returning -17.1%, international equity assets returning -22.1%, and the fixed income portfolio returning -12.5%. Real estate returning 24.3%, infrastructure returning 12.8%, and private equity and private credit returning 34.8% and 8.7%, respectively.

Overview of the Financial Statements

The following narrative is an introduction to FCERA's basic financial statements. FCERA's basic financial statements consists of the following components:

1. Statement of Fiduciary Net Position
2. Statement of Changes in Fiduciary Net Position
3. Notes to the Basic Financial Statements
4. Required Supplementary Information
5. Other Supplementary Information

The Statement of Fiduciary Net Position presents information on FCERA's financial position as of the end of the fiscal year and contains information on total Plan assets and total liabilities with the residual of these elements being reported as fiduciary net position. It presents the assets available for future payments of benefits to retirees and beneficiaries and the current liabilities owed as of June 30, 2022.

The Statement of Changes in Fiduciary Net Position reports on the inflows and outflows of resources that increased and decreased the Plan's net position and contains information on additions and deductions with the net results of these elements reported as a net increase or decrease in fiduciary net position. Over time, increases or decreases in net position may serve as a useful indicator of whether FCERA's financial position is improving or deteriorating.

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. They are an integral part of the financial statements and should be read in conjunction with them. The notes provide detailed discussion of key policies, programs, and activities that occurred during the fiscal year.

Required Supplementary Information includes the Schedule of Employer Contributions, Schedule of Investment Returns, Actuarial Methods and Assumptions, and Schedule of Changes in Net Pension Liability and Related Ratios. Each schedule, as required by GASB 67, presents historical trend information about actuarially determined contributions, investment returns of the Plan and the overall net pension liability.

Management's Discussion and Analysis as of June 30, 2022 continued

Other Supplementary Information includes schedules of administrative expenses, information technology expenses, investment expenses, and payments to consultants which are presented following the Required Supplementary Information.

The financial statements and the required disclosures are in compliance with accounting principles generally accepted in the United States of America and reporting guidelines as set forth by the Governmental Accounting Standards Board (GASB), using the accrual basis of accounting. FCERA complies with all material requirements of these principles and guidelines.

All of the current year's additions and deductions are taken into account regardless of when cash is received or paid. All investment gains and losses are shown at trade date, not settlement date. In addition, both realized and unrealized gains and losses are shown on investments, and all capital assets are depreciated over their useful lives.

Other factors, such as market conditions, should be considered in measuring FCERA's overall financial strength.

Financial Analysis

As of June 30, 2022, FCERA has total assets of \$6.1 billion. After accounting for current liabilities of \$524.7 million, FCERA has \$5.6 billion in net position restricted for pension benefits which (approximately) is a 10.5% decrease over the amount as reported at June 30, 2021. The net position restricted for pension benefits is available to meet FCERA's ongoing obligation to plan participants and their beneficiaries.

As of June 30, 2022, fiduciary net position decreased by more than -\$659 million primarily due to the overall downturn in financial markets during the fiscal year. Public markets (equities & fixed income) suffered the most losses, posting double digit negative returns, while the outperformers in the portfolio were in alternative investments, such as private equity, private credit, real estate and infrastructure. More information regarding the Plan's performance can be located in the Investment Section of this report. The Plan's current assets including cash and cash equivalents increased approximately 26.5% over prior year as more cash was held pending signed agreements for new investments. The additional cash held was invested with our overlay manager in ETF's gaining exposure to high yield fixed income and bank loans. Current liabilities, mainly consisting of administrative payables, investment payables from the purchase of investments that have yet to settle increased approximately 48.0% over prior year as unsettled money movements into investments occurred shortly after June 30, 2022, additionally, liabilities for cash collateral payable for securities lending increased 36% over prior year primarily due to securities within the Plan's portfolio being more sought after for borrowing by brokers or other institutional investors.

Management's Discussion and Analysis as of June 30, 2022 continued

Capital Assets

FCERA's investment in capital assets decreased from \$13.6 million to \$12.6 million (net of accumulated depreciation). The investment in capital assets includes the administrative investment in capital assets from 2021 to 2022 was primarily due to the normal depreciation rate of capital assets during the fiscal without any major additions.

FCERA follows the California Government Code Section 31580.2 that states that expenses for software, hardware, and computer technology consulting services in support of the computer products shall not be a cost of the administration of the retirement system. During fiscal year 2022, FCERA's expenses for software, hardware, and computer technology consulting services had a small decrease to \$146,297 from \$331,744. The decrease was primarily due to a reduction in allocation to IT Infrastructure (capitalized costs).

Condensed Statement of Fiduciary Net Position

June 30, 2022 and 2021

(Dollars in Thousands)

	2022	2021	% Change 2022-2021
Current Assets	\$ 914,225	\$ 601,460	52.0%
Investments	5,221,349	6,022,372	-13.3%
Capital Assets, net	12,593	13,576	-7.2%
Total Assets	6,148,167	6,637,408	-7.4%
Total Liabilities	524,768	354,486	48.0%
Fiduciary Net Position			
Restricted for Benefits	\$ 5,623,399	\$ 6,282,922	-10.5%

FCERA has annual funding valuations completed by its independent actuary, Segal Consulting. The purpose of the valuation is to determine the future contributions by the members and employers needed to pay expected future benefits. Despite variations in the stock market, and the high inflationary climate affecting pricing for many daily consumables (food and gasoline), FCERA's management and independent actuary concur that FCERA remains in a financial position that will enable the plan to meet its obligations to participants and beneficiaries. FCERA remains focused on the long-term performance of the Plan, a strong and successful investment program, risk management, and strategic planning.

Management's Discussion and Analysis as of June 30, 2022 continued

FCERA's Activities

Condensed Statement of Changes in Fiduciary Net Position

For the Fiscal Years Ended June 30, 2022 and 2021

(Dollars in Thousands)

	2022	2021	% Change 2022-2021
Employer Contributions	\$ 251,733	\$ 273,973	-8.1%
Plan Member Contributions	42,038	41,621	1.0%
Net Investment Income, before Securities Lending	(623,706)	1,348,099	-146.3%
Net Securities Lending Income	1,819	552	229.5%
Total Additions	(328,116)	1,664,245	-119.7%
Pension Benefits	320,673	307,680	4.2%
Refunds	4,175	2,747	52.0%
Administrative	6,460	6,074	6.4%
Other	99	117	-15.4%
Total Deductions	331,407	316,618	4.7%
	\$		
Change in Fiduciary Net Position	\$ (659,523)	1,347,627	-148.9%

Additions to Fiduciary Net Position

The primary sources to finance the benefits that FCERA provides to its members are accumulated through the collection of member (employee) contributions, employer contributions, and through earnings on investments (net of investment expenses). Net Investment Income, before Securities Lending, for the years ended June 30, 2022 and 2021, totaled -\$623.7 million and \$1.3 billion, respectively.

FY 2022, total additions were -\$328 million, a decrease from FY 2021 of -119.7%, primarily due to challenging investment returns which reversed fair values from the prior year. The Investment Section of this report reviews the result of investment activity for fiscal year ended June 30, 2022.

Deductions from Fiduciary Net Position

The primary uses of FCERA's assets include the payment of benefits to retirees and their beneficiaries, refunds of contributions to terminated employees, and the cost of administering the Plan. Deductions in the fiscal year ended June 30, 2022, totaled \$331.4 million, an increase of 4.7% over fiscal year 2021. The increase is mostly attributed to the growth in the number of retirees and amounts of benefits paid to retirees year over year.

The Board of Retirement (Board) approves the annual budget for FCERA. California Government Code Section 31580.2(a) limits the annual administrative expenses to not exceed the greater of either of the following: (1) twenty-one hundredths of one percent (0.21%) of the accrued actuarial liability of the retirement system; (2) two million dollars (\$2,000,000), as

Management's Discussion and Analysis as of June 30, 2022 continued

adjusted annually by the amount of the annual Cost of Living Adjustment (COLA) computed in accordance with Article 16.5. The 2021 Technology Budget represented a decrease in appropriations of \$81,762. As mentioned in the capital assets section of this analysis, expenses for computer software, computer hardware, and computer technology consulting services in support of these computer products are not considered a cost of administration of the retirement system. FCERA has consistently met its administrative expenses budget for the current fiscal year and all prior fiscal years.

Net Pension Liability

GASB Statement No. 67 requires, FCERA to report the Total Pension Liability and the Net Pension Liability as calculated by FCERA's actuary. It is important to note that these liabilities are solely calculated for financial reporting purposes and are not intended to provide information about the Plan's funded status.

FCERA's Total Pension Liability as of June 30, 2022, was \$6.8 billion, resulting in an increase of 1.62% from \$6.7 billion as of June 30, 2021. FCERA's Net Pension Liability as of June 30, 2022, was \$1.2 billion, representing an increase of 164.6% from \$467 million as of June 30, 2021. This \$769 million increase in liabilities is primarily due to a result of negative investment returns in a high inflationary environment coupled with geo-political instability during the fiscal year preventing the fund from achieving the assumed rate of return of 7.0% and the resulting impact on Fiduciary Net Position.

GASB Statement No. 67 requires reporting the Fiduciary Net Position as a percentage of the Total Pension Liability. For the fiscal years ended June 30, 2022 and 2021, the Fiduciary Net Position as a percentage of the Total Pension Liability is reported as 81.98% and 93.08% respectively.

Net Pension Liability

As of June 30, 2022 and 2021

(Dollars in Thousands)

	2022	2021	\$ Change 2022-2021	% Change 2022-2021
Total Pension Liability	\$ 6,859	\$ 6,750	\$ 109	1.6%
Less: Fiduciary Net Position	(5,623)	(6,283)	660	-10.5%
Net Pension Liability	\$ 1,236	\$ 467	\$ 769	164.6%
Fiduciary Net Position as a				
Percentage of Total Pension Liability	81.98%	93.08%		

Management's Discussion and Analysis as of June 30, 2022 continued

FCERA's Fiduciary Responsibilities

The Board, Plan management, and staff are fiduciaries of the pension trust fund. Under the California Constitution, the assets can only be used for the exclusive benefit of Plan participants and their beneficiaries.

Requests for Information

This financial report is designed to provide the Board, our membership, taxpayers, investment managers, and others with a general overview of FCERA's financial condition and to demonstrate FCERA's accountability for the funds under its stewardship. Questions or requests for additional financial information should be addressed to:

FCERA
Attn: Accounting Unit
7772 N. Palm Avenue
Fresno, CA 93711

Respectfully submitted,

A handwritten signature in blue ink that reads "Deborah Paolinelli".

Deborah Paolinelli, CPA
Assistant Retirement Administrator
December 20, 2022

Basic Financial Statements

Statement of Fiduciary Net Position

As of June 30, 2022, with Comparative Totals

(Dollars in Thousands)

	2022	2021
Assets		
Cash and cash equivalents with fiscal agents	\$ 313,022	\$ 247,371
Securities lending investments pool:		
Short-term investments	389,645	285,988
Receivables:		
Investment trades receivable	189,424	40,155
Interest and dividends receivable	9,965	15,466
Administrative receivable	43	90
Contributions receivable	11,282	12,009
Securities lending receivable	668	88
Total Receivables	211,382	67,808
Investments, at fair value:		
Domestic and international fixed income	1,284,446	1,874,946
Domestic and international equities	2,296,339	2,826,905
Private equity	738,709	592,014
Real estate	495,155	270,364
Private credit	406,700	458,143
Total Investments	5,221,349	6,022,372
Prepaid expenses	176	293
Capital assets:		
Nondepreciable	1,160	1,205
Depreciable, net of accumulated depreciation	11,433	12,371
Total Capital Assets, Net	12,593	13,576
Total Assets	6,148,167	6,637,408
Liabilities		
Accounts payable - purchase of investments	133,096	65,614
Cash collateral payable for securities lending	389,645	285,988
Administrative accounts payable	1,873	2,864
Securities lending bank and broker fees	154	20
Total Liabilities	524,768	354,486
Fiduciary Net Position Restricted for Pension Benefits	\$ 5,623,399	\$ 6,282,922

The accompanying notes are an integral part of these financial statements.

Basic Financial Statements continued

Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended June 30, 2022, with Comparative Totals

(Dollars in Thousands)

	2022	2021
Additions		
Contributions:		
Employers	\$ 251,733	\$ 273,973
Plan members	42,038	41,621
Total Contributions	293,771	315,594
Investment Income:		
From Investment Activities (Loss):		
Net appreciation/(depreciation) in fair value of investments	(758,173)	1,126,729
Interest	24,069	142,743
Dividends	23,335	34,098
Private markets	116,461	72,298
Investment expenses	(29,503)	(27,771)
Miscellaneous income	105	2
Net investment income (loss), before securities lending	(623,706)	1,348,099
From securities lending activities:		
Securities lending income	2,373	717
Borrower rebate expenses	(11)	-
Securities lending management fees	(543)	(165)
Net income from securities lending activities	1,819	552
Net investment income (loss)	(621,887)	1,348,651
Total Additions	(328,116)	1,664,245
Deductions		
Benefits paid to plan members and beneficiaries	320,673	307,680
Refunds of member contributions	4,175	2,747
Administrative expenses	6,460	6,074
Other	99	117
Total Deductions	331,407	316,618
Change in Fiduciary Net Position	(659,523)	1,347,627
Fiduciary Net Position Restricted for Pension Benefits		
Beginning of Year	6,282,922	4,935,295
End of Year	\$ 5,623,399	\$ 6,282,922

The accompanying notes are an integral part of these financial statements.

Notes to the Basic Financial Statements: Note 1

NOTE 1 - DESCRIPTION OF THE RETIREMENT PLAN (The PLAN)

The following description of the Fresno County Employees' Retirement Association (FCERA) is provided for general information purposes only. FCERA is governed by the Board of Retirement (Board) under the 1937 County Employees Retirement Law (1937 Act) and the California Public Employees' Pension Reform Act (PEPRA) of 2013. Readers should refer to the 1937 Act and PEPRA for more complete information.

General

FCERA is a contributory defined benefit plan initially organized under the provisions of the 1937 Act on January 1, 1945. Effective January 1, 2013, PEPRA added requirements and benefit levels for new members joining the Plan after January 1, 2013, as well as modifying some provisions of the 1937 Act for existing members. FCERA provides benefits upon retirement, death, or disability of members. FCERA is a cost-sharing, multiple-employer plan that includes substantially all full-time employees and permanent part-time employees who work 50% or more for the County of Fresno (County), the Superior Court of California-County of Fresno, Clovis Veterans Memorial District, Fresno-Madera Area Agency on Aging, and Fresno Mosquito & Vector Control District. An employee becomes eligible for membership commencing with the pay period following the date of employment in an eligible permanent position.

Plan Membership

As of June 30, 2022

Active Members	
Vested	4,635
Non-Vested	2,821
Total Active Members	7,456
Retired Members	8,178
Terminated Members	4,837
Total Membership	20,471

Benefit Provisions

The Board, under the provisions of the 1937 Act, administers benefit provisions adopted by the Plan Sponsors. Benefits are based upon a combination of age, years of service, final average salary (the highest year, highest three consecutive years or average of the highest three one-year periods of employment), benefit tier (including membership classification) and the payment option selected by the member. Disability and death benefits are additionally based upon whether the disability was service connected or not, and whether the death occurred before or after retirement. Retirement benefit payments consist of regular retirement benefits and, depending on the date of retirement, may include cost of living benefits, supplemental benefits, supplemental annuity benefits, and vested health benefits. Benefits may also include

Notes to the Basic Financial Statements: Note 1 Continued

a supplemental cost of living and a non-vested health benefit if approved by the Board. General members enrolled in Tiers 1, 2, 3, or 4 may retire at age 50 with 10 years of service, at any age with 30 years of service, or at age 70 with any years of service. General members enrolled in Tier 5 may retire at age 52 with 5 years of service, or age 70 with any years of service. Safety members enrolled in Tiers 1, 2, or 4 may retire at age 50 with 10 years of service or at any age with 20 years of service. Safety members enrolled in Tier 5 may retire at age 50 with 5 years of service, or age 70 with any years of service.

At June 30, 2022, there were five tiers for general members (1, 2, 3, 4 & 5) and four tiers for safety members (1, 2, 4 & 5). General Tiers 1, 2, 3 and 4, and Safety Tiers 1, 2 and 4 are closed to new members unless they meet the requirements under California Government Code Section 7522 et al. Safety includes members in active law enforcement or certain other "Safety" classifications as designated by the Board.

Disability retirements may be granted as service connected with no minimum service credit required or non-service connected with five years of service credit required.

PEPRA limits the amount of compensation FCERA can use to calculate a retirement benefit. The 2022 compensation limits used to determine contribution amounts for Tier 5 members are \$134,974 for members covered by Social Security and \$161,969 for members not covered by Social Security and will be adjusted in future years for changes in the Consumer Price Index. Most FCERA members are covered by Social Security.

Notes to the Basic Financial Statements: Note 1 Continued

The tiers and their basic provisions are listed below:

<i>Tier Name</i>	<i>California Government Code Section</i>	<i>Effective Date</i>	<i>Basic Provisions</i>	<i>Vested Health Benefit</i>	<i>Final Average Salary Period</i>	<i>Plan Sponsors</i>
Pre-Ventura General	31676.12	Various	2.0% at 57; maximum 3% cost of living benefit	Yes	Highest 1 – year	All
General Tier 1	31676.14 and the Settlement Agreement	January 1, 2001	2.5% at 55; maximum 3% cost of living benefit	Yes	Highest 1 – year	All
General Tier 2	31676.16	September 12, 2005	2.0% at 55; maximum 3% cost of living benefit	Yes	Highest 1 – year	County and FMAAA ¹
General Tier 3	31676.15	December 17, 2007	2.0% at 55; maximum 3% cost of living benefit	Yes	3 Highest Years	County
General Tier 4	31676.1	June 11, 2012	2.0% at 61; no cost of living benefit	No	3 Highest Years	County
General Tier 5	7522.20	January 1, 2013	2.5% at 67; no cost of living benefit	No	Highest 3 Consecutive Years	All
Pre-Ventura Safety	31664	Various	2.0% at 50; maximum 3% cost of living benefit	Yes	Highest 1 – year	County and NCFPD ²
Safety Tier 1	31664 and the Settlement Agreement	January 1, 2001	2.5% at 50; maximum 3% cost of living benefit	Yes	Highest 1 - year	County and NCFPD ²
Safety Tier 2	31664.2	September 12, 2005	3.0% at 55; maximum 3% cost of living benefit	Yes	Highest 1 - year	County
Safety Tier 4	31664	June 11, 2012	2.0% at 50; no cost of living benefit	Yes	3 Highest Years	County
Safety Tier 5	7522.25(d)	January 1, 2013	2.7% at 57; no cost of living benefit	No	Highest 3 Consecutive Years	County

¹ FMAAA – Fresno-Madera Area Agency on Aging

² NCFPD – North Central Fire Protection District. NCFPD withdrew active membership from FCERA as of August 31, 2007.

Notes to the Basic Financial Statements: Note 2

Administration

The management of FCERA is vested in the Board, which is composed of the following nine members and an alternate member:

1. County Treasurer,
2. Two active members of FCERA elected by the general members,
3. One active member of FCERA elected by the safety members,
4. One retired member of FCERA elected by the retired members,
5. Four members appointed by the County Board of Supervisors. These members shall be qualified electors of the County who are not connected with County government in any capacity, except one may be a County Supervisor, and
6. One alternate member of FCERA elected by the retired members.

As of the June 30, 2020 Actuarial Valuation adopted by the Board and its rates and assumptions that are in effect for the fiscal year July 1, 2021 through June 30, 2022, administrative expenses are financed through a 1.20% load of payroll. The employer's share is 1.03% and employee's share is 0.17% of payroll, allocated to the employer and member rates, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

FCERA is the public employee retirement system established by the County on January 1, 1945, and administered independently by the Board to provide retirement, disability, death, and survivor benefits for its employees under the 1937 Act. FCERA's actuarially determined financial data is included in the County's Annual Financial Report (AFR) in the Notes to the Basic Financial Statements and the Required Supplementary Information Section.

Basis of Accounting

FCERA's financial statements are prepared using the accrual basis of accounting. Investment income is recognized when it is earned and expenses are recognized in the period in which they are incurred. Employee and employer contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds of prior contributions are recognized when due and payable under the provisions of the Plan.

Notes to the Basic Financial Statements: Note 2 Continued

Deposits and Investments

Cash and cash equivalents with fiscal agent include deposits in the County Treasurer's commingled cash and investment pool and investments held by the custodian bank. Investments with the custodian bank are comprised of foreign currencies, cash held in a short-term investment fund and other short-term, highly liquid investments. Short-term investments considered cash equivalents are recorded at cost, which approximates fair value. The County Treasurer's commingled cash and investment pool operates in accordance with appropriate state laws and regulations and is governed by an investment policy formally adopted by the County. (Please refer to the AFR prepared by the County for additional information on the County Treasurer's commingled cash and investment pool.)

Plan investments are reported at fair value. The fair values of equity and fixed income securities are derived from quoted market prices. The fair values of private market investments are estimated from fair values provided by the real estate investment funds, futures investment managers, and alternative investment managers. All investment purchases and sales are recorded on the trade date. Additional information regarding the Plan's investments can be found Note 3 and in the Investment Section of this ACFR.

Asset Allocation Policy

The current Board adopted policy targets that were established in September 2018, which resulted from a comprehensive asset/liability study conducted in multiple phases beginning in February 2018 through June of 2018. The new policy reverses the course established in 2013 of de-risking the plan. The Board voted to reallocate a higher proportion of investments into equities exposure and reduce the larger fixed income allocation that FCERA has maintained since 2013. The new asset allocation policy is incorporated into FCERA's updated Investment Policy Statement, which helps guide the manner in which FCERA invests.

Investment Concentrations

FCERA does not hold investments in any one organization that represent 5% or more of the Plan's Fiduciary Net Position.

Implementation of New Accounting Standards

The following standards were issued recently by the Governmental Accounting Standards Board (GASB) for implementation effective for this fiscal year: Statement No. 87, *Leases*, which is not applicable to FCERA. Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is not applicable to FCERA. Statement No. 98, *The Annual Comprehensive Financial Report*, which has been implemented by FCERA.

Notes to the Basic Financial Statements: Note 3

Capital Assets

Capital assets are valued at historical cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of three years for computer equipment, five years for office equipment, 10 years for furniture, 15 years for software (accounting general ledger and pensions administration systems), and 30 years for buildings. Depreciation expense is reported as part of administrative expense.

Income Taxes

The Internal Revenue Service (IRS) has ruled that plans such as FCERA qualify under Section 401(a) of the Internal Revenue Code (IRC), which prevents FCERA from being subjected to taxation under present income tax laws. In September 2016, the FCERA Plan was again determined by the IRS to be a tax qualified plan. In accordance with this determination, no provisions for income taxes have been made in the accompanying basic financial statements, as FCERA is exempt from federal and state income taxes under provisions of the IRC, Section 401(a), and the California Revenue and Taxation Code, Section 23701, respectively.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Administrative Expenses

FCERA's Board annually approves the budget for administrative expenses. Government Code Section 31580.2 provides for the adoption by the Board of Retirement an annual budget covering the entire expense of administration. This expense of administration is a direct charge against the earnings of the Plan and shall not exceed the greater of twenty-one hundredths of one percent (.21%) of the accrued actuarial liability of the Plan or two million dollars (\$2,000,000), as adjusted annually by the amount of the annual cost of living adjustment. Government Code Section 31580.2(b) provides that expenditures for software, hardware and computer technology maintenance and equipment are not considered a cost of administration and are therefore excludable from the administrative expenses. With the exclusion of the information technology costs, FCERA's administrative expenses totaled 0.06% of the total accrued actuarial liability of the Plan.

NOTE 3 - DEPOSITS AND INVESTMENTS

Except as otherwise expressly restricted by the California Constitution and by law, the Board may, at its discretion, invest, or delegate FCERA the authority to invest its assets through the

Notes to the Basic Financial Statements: Note 3 Continued

purchase, holding, or sale of any form or type of instrument, or financial transaction when prudent in the informed opinion of the Board. In addition, the Board has established an investment policy that places limits on the compositional mix of cash, fixed income and equity securities, alternative investments, and real estate investments. FCERA currently employs external investment managers to manage its assets subject to the guidelines of the investment policy. GASB Statements Nos. 40 and 53 detail the disclosure requirements associated with FCERA's deposits, investments, and derivatives. The statements identify the following risks: investment risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Rather than creating an across the board policy addressing limitations on credit ratings of certain debt securities, FCERA has chosen to manage the investment risks detailed in GASB Statements Nos. 40 and 53 by requiring each investment manager responsible for a separately held portfolio to follow specific agreed upon investment guidelines that meet the requirements of FCERA for the individual investment mandate. FCERA's investment guidelines do not govern control over commingled portfolios and therefore only apply to separately held portfolios.

Custodial credit risk - deposits. This type of risk associated with deposits is the risk that, in the event of a failure in a depository financial institution, a government will not be able to recover its deposits or recover collateral securities that are in the possession of an outside party. FCERA does not have a policy for managing custodial credit risk. As of June 30, 2022, all domestic deposits were insured, registered, and held by the custodian bank in FCERA's name. FCERA held foreign currencies deposits at June 30, 2022, with a United States Dollar value of \$28,335,000, all of which is subject to custodial credit risk since the deposits are unsecured and uncollateralized.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. FCERA's investments are not subject to custodial credit risk because investments are insured and registered in FCERA's name. FCERA's investment policy does not limit the amount of securities that can be held by counterparties.

Credit risk. Credit risk is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations. This risk is measured by the assignment of ratings by nationally recognized statistical rating organizations. FCERA has adopted policies specific to each investment manager to manage credit risk. In general, fixed income securities should be well diversified to avoid undue exposure to any single economic sector, industry, or individual security. The County's external investment pool is unrated for credit risk purposes.

The credit ratings disclosed below were obtained from Moody's rating agency as of June 30, 2022.

Credit Quality Ratings of Investments in Fixed Income Securities

Notes to the Basic Financial Statements: Note 3 Continued

As of June 30, 2022
(Dollars in Thousands)

Moody's Credit Rating	Total Fixed Income	FCERA's Fixed Income Securities
NT Collateral SL Core		
Short Term Investment Fund		\$ 389,645
Fixed Income Securities		
Aaa	14.6%	187,042
Aa	1.1%	14,206
A	7.2%	92,391
Baa	11.2%	143,337
Ba	2.2%	27,890
B	2.3%	29,887
Caa	0.4%	4,958
Ca	0.0%	27
C	0.0%	-
Agency/Exempt	3.0%	39,096
FNMA/FHLMC	13.3%	171,028
NR	44.7%	574,584
Total Fixed Income Securities	100.0%	\$ 1,284,446
Total Securities Lending Pool and Fixed Income Securities		\$ 1,674,091

NR = Securities that are not rated by Moody's, an independent ratings agency.
Agency/Exempt = U.S. Treasuries and GNMA Securities that are exempt from rating disclosure and are explicitly guaranteed by the U.S. Government.
FNMA/FHLMC are Government Sponsored Enterprises (GSE's) and only hold the implicit guarantee of the backing of the U.S. Government.

Interest rate risk. Interest rate risk is the risk that changes in the interest rate will adversely affect the fair value of an investment. FCERA has not adopted a policy to manage interest rate risk.

Notes to the Basic Financial Statements: Note 3 Continued

FCERA selected the segmented time distribution method for the following investments subject to interest rate risk at June 30, 2022.

Interest Rate Risk

As of June 30, 2022

(Dollars in Thousands)

Investment Type	Remaining Maturity in Months at June 30, 2022				
	Less than 12 months	13 to 60 months	61 to 120 months	More than 120 months	
Northern Institutional Liquid					
Assets Portfolio	\$ 389,645	\$ 389,645	\$ -	\$ -	\$ -
Subtotal	389,645	389,645	-	-	-
U.S. Government and agencies					
U.S. Treasury notes	11,648	(18,899)	11,342	22	19,183
Federal agency securities	308,517	8,234	17,708	9,071	273,504
Subtotal	320,165	(10,665)	29,050	9,093	292,687
Derivatives	(24,413)	(19,775)	(8,682)	(3,287)	7,331
Domestic fixed income	759,807	486,897	62,800	122,483	87,627
Mortgages	85,819	-	2,861	2,680	80,278
Foreign fixed income	143,068	14,557	31,599	65,038	31,874
Total Securities Lending Pool and Fixed Income Securities	\$ 1,674,091	\$ 860,659	\$ 117,628	\$ 196,007	\$ 499,797

At June 30, 2022, FCERA had \$13,203,219 invested in the County external investment pool, which has a dollar weighted average maturity of 2.17 years. More information regarding the County of Fresno's external investment pool can be located at: <https://www.co.fresno.ca.us/departments/auditor-controller-treasurer-tax-collector/publications/> under the quarterly investment reports menu.

Concentration of credit risk. This is the risk of loss attributed to the concentration of FCERA's investment in a single issuer. FCERA's investment policy does not permit any one manager to invest more than five % of the fair value of its portion of the portfolio in any one issue, with the exception of investments issued by the U.S. Government and its agencies. As of June 30, 2022, no investments in any one issuer are greater than 5% of total investments. Investment managers authorized to invest in below investment grade securities are limited to holding no more than 20% of their portfolio market value in such securities.

Foreign currency risk. This is the risk that FCERA will not be able to recover the value of its investment in local currency when the exchange value of the currency lowers. FCERA has not adopted a policy to manage the foreign currency risk. FCERA's investment in foreign currency at June 30, 2022 is as follows:

Notes to the Basic Financial Statements: Note 3 Continued

Foreign Currency Risk

As of June 30, 2022

(Dollars in Thousands)

Currency	Fair Value 2022
Czech Koruna	5,418
Euro	5,337
Mexican Peso	3,539
New Romanian Leu	1,053
Polish Zloty	5,116
Thai Baht	5,616
Other Foreign Currencies	2,256
Total Foreign Currency	\$ 28,335

Foreign currency table values represent cash deposits expressed in U.S. dollars.

Derivatives. The investment derivatives schedule below reports the fair value and notional value of the derivatives held by FCERA at June 30, 2022. For reporting purposes, FCERA's derivatives are classified as investment derivatives. All changes in fair value are reported as part of Net Appreciation/(Depreciation) in Fair Value of Investments in the *Statement of Changes in Fiduciary Net Position*. FCERA, through its external investment managers, enters into forward foreign currency contracts as well as equity rights to hedge against changes in the fair values of foreign bonds and equity securities, primarily denominated in European and Asian currencies. It is possible that, due to foreign exchange fluctuations, FCERA may be exposed to a potential loss.

Investment Derivatives

As of June 30, 2022

(Dollars in Thousands)

Derivative Type	2022	
	Notional Value	Fair Value
Fixed Income Futures	\$ 280,063	\$ -
Equity Futures	180,093	-
Foreign Exchange Futures	2,720	-
Credit Default Swaps	-	(669)
Equity Contract Swaps	-	(24,105)
Forward Currency Contracts	-	1,028
Forward Exchange Swaps	-	-
Other Swaps	-	-
Interest Rate Swaps	-	19
Options	-	(689)
Rights	-	3
Total	\$ 462,876	\$ (24,413)

Notes to the Basic Financial Statements: Note 3 Continued

FCERA could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. FCERA anticipates that counterparties will be able to satisfy their obligations under the contracts. FCERA's investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits and exposure monitoring procedures, including requirements for cash collateral at certain defined levels. At June 30, 2022, FCERA held \$20,990,817 at its custodian, Northern Trust, to offset potential risks it may encounter through counterparty transactions.

FCERA's comparative counterparty exposure is detailed in the following schedule:

Counterparty Credit Risk Analysis

As of June 30, 2022

(Dollars in Thousands)

	Aa		A		Exchange Traded		Not Rated	Total
Options	\$	-	\$	-	\$	-	\$ (689)	\$ (689)
Rights/Warrants		-		-		-	3	3
Swaps		-		-		-	(24,755)	(24,755)
Forwards		-		-		-	1,028	1,028
	\$	-	\$	-	\$	-	\$ (24,413)	\$ (24,413)

At June 30, 2022, FCERA was exposed to Foreign Currency Risk related to its investments in equity rights and forward contracts denominated in foreign currencies. The table on the following page displays FCERA's position in each of the foreign currency contracts.

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Notes to the Basic Financial Statements: Note 3 Continued

Foreign Currency Risks at Fair Value

As of June 30, 2022

(Dollars in Thousands)

Currency Name	Equities	Forward Currency Contracts		Total Exposure
		Net Receivables	Net Payables	
Australian dollar	\$ -	\$ (1,173)	\$ 1,173	\$ -
Brazilian real	-	(319)	3,145	2,826
British pound sterling	-	(4,129)	2,864	(1,265)
Canadian dollar	-	(6,604)	7,763	1,159
Chilean peso	-	(3,216)	2,328	(888)
Chinese yuan renminbi	-	-	4,988	4,988
Colombian peso	-	(10,045)	12,950	2,905
Czech koruna	-	(1,644)	3,562	1,918
Danish krone	-	(5,775)	2,910	(2,865)
Dominican peso	-	(181)	181	-
Egyptian pound	-	(574)	574	-
Euro	2	(26,372)	7,513	(18,857)
HK offshore Chinese Yuan	-	(47,974)	54,562	6,588
Hong Kong dollar	-	(485)	485	-
Hungarian forint	-	(4,542)	9,228	4,686
Indian rupee	-	(112)	-	(112)
Indonesian rupiah	-	(2,576)	5,996	3,420
Japanese yen	-	(16,657)	9,989	(6,668)
Kenyan shilling	-	(68)	68	-
Malaysian ringgit	-	(3,817)	6,969	3,152
Mexican peso	-	(12,025)	25,847	13,822
New Israeli shekel	-	(10,341)	9,911	(430)
New Romanian leu	-	-	4,330	4,330
New Taiwan dollar	-	(1,781)	1,772	(9)
Norwegian krone	-	(54)	54	-
Peruvian nuevo sol	-	(31,958)	29,228	(2,730)
Philippine peso	-	(4,152)	1,133	(3,019)
Polish zloty	-	(4,528)	9,155	4,627
Serbian dinar	-	(173)	624	451
Singapore dollar	-	(8,715)	8,593	(122)
South African rand	-	(7,894)	25,939	18,045
Swedish krona	-	(158)	158	-
Swiss franc	-	(1,069)	1,069	-
Thai baht	-	(5,520)	-	(5,520)
Turkish lira	-	(4,548)	4,300	(248)
Vietnamese dong	\$ -	\$ (504)	\$ 1,008	\$ 504
Total	\$ 2	\$ (229,683)	\$ 260,369	\$ 30,688

Notes to the Basic Financial Statements: Note 3 Continued

The derivative securities included as equities above consist of rights. Foreign currency forward contracts are commitments to purchase or sell a stated amount of foreign currency at a specific future date.

Interest rate risk applies to derivatives such as Fixed Income Options, Credit Default Swaps, Interest Rate Swaps, Forward Foreign Currency and Rights. At June 30, 2022, FCERA was exposed to the following interest rate risk on its investments in these securities. The table below displays the maturity periods of these derivative investments.

Interest Rate Risk Analysis

As of June 30, 2022

(Dollars in Thousands)

Investment Types	Fair Value	Investment Maturities (in months)				Total
		Less than 12	13 to 60	61 to 120	More than 120	
Credit Default Swaps	\$ (669)	\$ (6)	\$ (663)	\$ -	\$ -	\$ (669)
Equity Contract Swaps	(24,105)	(20,245)	(3,860)	-	-	(24,105)
Foreign Exchange Swaps	-	-	-	-	-	-
Forward Currency Contracts	1,028	1,028	-	-	-	1,028
Interest Rate Swaps	19	(68)	(3,956)	(3,287)	7,330	19
Other Swaps	-	-	-	-	-	-
Options	(689)	(205)	(484)	-	-	(689)
Rights	3	-	3	-	-	3
Total	\$ (24,413)	\$ (19,496)	\$ (8,960)	\$ (3,287)	\$ 7,330	\$ (24,413)

Securities Lending. The Board authorized FCERA, through its custodian bank, to enter into securities lending transactions, whereby securities owned by FCERA are loaned on a short-term basis to various banks and brokers. Securities on loan include domestic and international stocks, and U.S. government agency and domestic bonds. All securities on loan must be collateralized at 102% of the fair value of the loaned securities, except for non-United States based equities which are initially collateralized at 105%. Collateral may take the form of cash, commercial paper, certificates of deposit, bankers' acceptances, repurchase and reverse repurchase agreements, obligations issued or guaranteed as to interest and principal by the United States Government (or agencies or instrumentalities thereof), bank time deposits, variable rate demand notes, money market mutual fund and any common trust fund maintained by a bank, other financial institution, any commingled, or pooled trust.

The lending agreement places no restriction on the amount of loans that can be made. FCERA's lending agent is authorized to invest and reinvest cash collateral, but it is not expressly permitted to pledge or sell securities collateral without borrower default. FCERA's agent invests cash collateral in individual securities and the securities are held by the trustee in FCERA's name. The maturities of the investments made with the cash collateral generally match the maturities of their securities on loan.

Notes to the Basic Financial Statements: Note 3 Continued

Securities on Loan - At fiscal year-end, FCERA had no credit risk exposure to borrowers because the collateral received exceeded the amount owed to borrowers. As of June 30, 2022, there were no violations of the securities lending provisions and no losses resulted within the securities lending program due to borrower default.

Reinvestment of Collateral - FCERA is subject to credit risk through the reinvestment of collateral cash which FCERA received at the time securities were placed on loan. The risk can include the devaluation of underlying securities where the collateral has been reinvested. FCERA invests its collateral in Northern Trust's cash collateral pool called the Northern Trust Collective SL Core Short-term Investment Fund (The Fund). The Fund invests in high grade money market instruments with short maturities. The goal of the Fund is to maintain a \$1.00 net asset value per share of the fund, preserving reinvested collateral while providing a stable source of income. The collateral reported in these Financial Statements excludes non-cash collateral which amounts to \$82,983,158 at June 30, 2022. FCERA does not have the ability to sell non-cash collateral unless the borrower of the security defaults on the loan agreement.

FCERA is unable to quantify the dollar devaluation that would have existed if collateral had been called upon. Income from these transactions is reported on the Statement of Changes in Fiduciary Net Position. Securities on loan are reported at fair value on the Statement of Fiduciary Net Position. The carrying values of the cash collateral securities lending investment pool as of June 30, 2022 was \$389,645,159. The fair values of loaned securities are listed below:

Fair Values of Loaned Securities

As of June 30, 2022

(Dollars in Thousands)

	2022
Domestic equity	\$ 245,703
International equity	8,077
Total equity on loan	253,780
U.S. Government and agencies	75,333
Domestic bonds	49,543
Foreign Bonds	234
Total bonds on loan	125,110
Total equities and bonds on loan	\$ 378,890

Highly Sensitive Investments. In its actively managed fixed income portfolio, FCERA utilizes investments that are highly sensitive to interest rate changes. Highly sensitive investments include mortgage-backed securities, asset-backed securities and collateralized mortgage obligations. FCERA's investment portfolio contains certain variable rate notes and collateralized mortgage obligations. At June 30, 2022, FCERA had approximately \$163,761 in these investments.

Notes to the Basic Financial Statements: Note 3 Continued

Investment Type

As of June 30, 2022

(Dollars in Thousands)

	2022
Asset - Backed / Variable Rate Notes	\$ 85,243
Collateralized Mortgage Obligations	77,490
Forward Foreign Currency	1,028
Total	\$ 163,761

Fair Value Measurement

FCERA follows GASB Statement No. 72, *Fair Value Measurement and Application*. The statement provides guidance on fair value measurement under accounting principles generally accepted in the United States of America (GAAP), FCERA discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The objective of fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in a transaction between market participants at the measurement date (an exit price). The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1 – reflects prices quoted in active markets for identical assets;
- Level 2 – reflects prices based on other similar observable inputs; and
- Level 3 – reflects prices based upon unobservable inputs.

FCERA classifies its investments in Level 1 based on direct analysis provided by a primary external pricing service and are quoted in active markets. Investments in Level 1 consist of public equity assets.

Investments classified as Level 2 are based on inputs other than quoted prices attributed to Level 1, but are still observable. Level 2 assets consist of fixed income securities as well as commingled investment funds that may report using the Net Asset Value (NAV). Fixed income investments are valued using a bid evaluation or matrix pricing technique. For commingled investments that are capable of redemption at the NAV per share price at the measurement date, the fair value is classified in Level 2.

Notes to the Basic Financial Statements: Note 3 Continued

Where the inputs from market activity are unobservable, the Level 3 classification is used. This classification requires significant judgement and estimation to determine fair value. Due to the difficulty of determining accurate estimates, the values of these investments may differ significantly from values that could have been determined if a market existed at the measurement date.

Investments measured at the Net Asset Value consist of certain commingled funds, real estate funds, private equity, private credit and hedge funds. The structure of real estate, private equity, private credit and hedge funds typically exist as limited partnerships. There are no readily available markets to determine accurate fair value for these limited partnerships as they may contain investments in non-liquid assets, real estate or other assets. The valuations for these investments may occur at various times throughout the investment cycle in accordance with guidelines established through the limited partnership agreement.

FAIR VALUE MEASUREMENT

June 30, 2022

(Dollars in Thousands)

Investments by Fair Value Level	June 30, 2022	Quoted Prices in Active Markets	Other Observable Inputs	Unobservable Inputs
		(Level 1)	(Level 2)	(Level 3)
Domestic and International Fixed Income	\$ 1,308,841	\$ -	\$ 1,298,398	\$ 10,443
Domestic and International Equities	635,007	635,007	-	-
Domestic and International Commingled Funds	1,661,351	1,534,473	126,878	-
Securities Lending Collateral	389,645	-	389,645	-
Total Investments by Fair Value Level	\$ 3,994,844	\$ 2,169,480	\$ 1,814,921	\$ 10,443

Investment Derivatives ¹

Derivative Type				
Credit Default Swaps	\$ (669)	\$ -	\$ (669)	\$ -
Equity Contract Swaps	(24,105)	-	(24,105)	-
Interest Rate Swaps	19	-	19	-
Forward Currency Contracts	1,028	-	1,028	-
Forward Exchange Swaps	-	-	-	-
Swaps (other)	-	-	-	-
Options	(689)	-	(689)	-
Rights	3	-	3	-
Total Derivatives	\$ (24,413)	\$ -	\$ (24,413)	\$ -

Notes to the Basic Financial Statements: Note 3 Continued, Note 4

INVESTMENTS MEASURED AT NET ASSET VALUE

June 30, 2022

(Dollars in Thousands)

<u>Investments Measured at NAV</u>	<u>June 30, 2022</u>	<u>Unfunded Commitments</u>	<u>Frequency (if eligible)</u>	<u>Redemption Notice Period</u>
Real Estate (1)	\$ 495,155	\$ 115,547	Core Fund - Quarterly, Closed-End Funds Not Eligible	Core Fund - 45 days
Private Equity (1)	738,709	222,733	Not Eligible	Not applicable
Private Credit (1)	406,700	323,791	Not Eligible	Not applicable
Total Investments Measured at NAV	\$ 1,640,564	\$ 662,071		
TOTAL INVESTMENTS and INVESTED SECURITIES LENDING COLLATERAL	\$ 5,610,995			

Amount of total investments and invested securities lending collateral may not tie to the amounts on the basic financial statements due to rounding.

- (1) Real Estate, Private Equity and Private Credit – FCERA’s allocation in these investments totals 67 limited partnerships. The limited partnerships invest primarily in buyout funds, venture capital, distressed debt, mezzanine debt, and special situations. The measurement of the fair values of these investments has been determined using NAV typically one quarter in arrears with updated cash flows. These funds are not eligible for redemption, funding takes place over a time horizon of 1 to 5 years with the expectation of limited partnerships to liquidate within 7 to 12 years.

NOTE 4 - INVESTMENT TRADES RECEIVABLE AND PAYABLE

Investment trades receivable and payable include forward currency contracts, and sales and purchases of investments. Forward currency contracts are used to control currency exposure and facilitate the settlement of international security purchase and sale transactions. At June 30, 2022, forward foreign currency contracts receivable and payable totaled \$229,683,000 and \$260,369,000, respectively.

Notes to the Basic Financial Statements: Note 5

NOTE 5 – CAPITAL ASSETS

The following is a summary of changes in capital asset activity as of June 30, 2022:

Capital Assets

As of June 30, 2022

(Dollars in Thousands)

	Balance July 1, 2021	Additions	Dispositions/ Reclassifications	Balance June 30, 2022
Capital assets, non depreciable:				
Land	\$ 1,160	\$ -	\$ -	\$ 1,160
Development in Progress	5	-	(5)	-
Construction in Progress	-	-	-	-
Total capital assets, non depreciable	\$ 1,165	\$ -	\$ (5)	\$ 1,160
Capital assets, depreciable:				
Computer hardware/software	\$ 9,842	\$ -	\$ -	\$ 9,842
Furniture and fixtures	591	-	-	591
Equipment	222	76	-	298
Building	6,904	-	-	6,904
Total capital assets, depreciable	\$ 17,559	\$ 76	\$ -	\$ 17,635
Less accumulated depreciation for:				
Computer hardware/software	\$ (4,184)	\$ (670)	\$ -	\$ (4,854)
Furniture and fixtures	(222)	(59)	-	(281)
Equipment	(154)	(55)	-	(209)
Building	(628)	(230)	-	(858)
Total accumulated depreciation	\$ (5,188)	\$ (1,014)	\$ -	\$ (6,202)
Total capital assets, depreciated, net	12,371	(938)	-	11,433
Total capital assets, net	\$ 13,536	\$ (938)	\$ (5)	\$ 12,593
Depreciation charged for the current year and included in administrative expenses totaled:		\$ 1,014		

Notes to the Basic Financial Statements: Note 6

NOTE 6 – CONTRIBUTIONS AND RESERVES

Contributions

Contributions are made by the members and the employers at rates recommended by FCERA's independent actuary and approved by the Board and the County Board of Supervisors. Employee contribution rates vary according to age, classification (safety or general), and benefit tier. Employee contribution rates are designed to provide funding for approximately one-fourth of the regular retirement benefits and one-half of all cost of living benefits for members enrolled in Tiers 1 through 4 and one half of the normal cost of the retirement benefit for members enrolled in Tier 5. Members are required to contribute between 3.79% and 12.58% of their annual covered salary. Employee contribution rates are established and may be amended pursuant to Articles 6 and 6.8 of the 1937 Act.

Interest is credited to member contributions every six months based on the prior six months ending balance. Members are not permitted to borrow against their contributions. Upon termination of employment, members may withdraw their contributions by requesting a refund of their accumulated contributions and interest. Non-vested members may leave their contributions on deposit with FCERA without establishing reciprocity. These members receive interest on their contributions and may withdraw their contributions and interest at any time.

Employer contribution rates are determined pursuant to Section 31453 of the 1937 Act and are designed to provide funding for the remaining regular retirement and cost of living benefits, as well as all regular disability and survivors' benefits.

Contribution rates are actuarially determined using the entry age normal method and consist of the normal cost (the estimated amount necessary to finance benefits earned by employees during the current year) and, beginning in 1980, the unfunded actuarial accrued liability, which was amortized over a 30-year period. Effective with the valuation completed for June 30, 2002, the amortization period was modified to allow a 30-year amortization period for changes in the unfunded actuarial accrued liability that result from Plan amendments and a 15-year amortization period for all other changes in the unfunded actuarial accrued liability. The Schedule of Employer Contributions, which includes 10-year historical information, is presented in the Required Supplementary Information section on page 53.

Benefits attributable to employers' contributions do not become vested until completion of five years of credited service. A member may receive a regular retirement allowance after meeting the minimum requirements for eligibility as defined in Note 1 of these Financial Statements.

On September 12, 2012, PEPR was signed into law by the Governor of California, Jerry Brown, establishing a new tier for General and Safety employees entering FCERA membership on or after January 1, 2013. The benefit formula for General members is 2.5% at age 67 and the

Notes to the Basic Financial Statements: Note 6 continued

Safety formula is 2.5% at age 57. Benefits under the new PEPRA tiers are based on a consecutive three-year final average compensation period.

Reserved and Designated Accounts of Net Position Restricted for Pension Benefits

Fiduciary Net Position Restricted for Pension Benefits is segregated into members' and employers' accumulated contributions reserves established by the Board and undistributed earnings. The Board has established reserves for various benefit payments pursuant to the 1937 Act, and it has designated an account for market stabilization. Effective as of fiscal year end June 30, 2009, the Contra Tracking Account was added to represent the amount of interest credited to reserve accounts that had not been paid for out of current earnings.

The amounts and changes in reserves and designations for the year ended June 30, 2022 consist of the following:

Reserve Balances *

As of June 30, 2022

(Dollars in Thousands)

	Balance July 1, 2021	Increase (Decrease) In Fiduciary Net Position	Net Transfers	Balance June 30, 2022
Reserves:				
Members' accumulated contributions	\$ 422,253	\$ 37,863	\$ (25,913)	\$ 434,203
Current service reserve	1,973,966	194,745	372	2,169,083
Annuity pension reserve	270,059	(35,887)	56,470	290,642
Current service pension reserve	1,683,315	(151,701)	229,050	1,760,664
Settlement annuity pension reserve	844,601	(45,762)	89,086	887,925
Settlement benefit reserve	121,713	(4,384)	8,591	125,920
Cost of living adjustment reserve	1,793,935	(19,144)	146,693	1,921,484
Survivors' death benefit reserve	-	-	-	-
Retiree health benefit reserve (VS)	21,422	(5,192)	1,436	17,666
Contingency reserve	-	-	-	-
Designated for market stabilization	572,543	-	(1,083,280)	(510,737)
Undistributed earnings	-	-	-	-
Contra Tracking Account	(1,420,885)	-	(52,566)	(1,473,451)
Net Position Restricted for Pension Benefits	\$ 6,282,922	\$ (29,462)	\$ (630,061)	\$ 5,623,399

*Note individual reserve balance may not tie across and down due to rounding.

Notes to the Basic Financial Statements: Note 6 continued

Members' accumulated contributions include all member contributions net of refunds paid to members. At retirement, member balances are transferred to the *annuity and settlement annuity pension reserves* and the *cost of living adjustment reserve*. Employers' contributions are paid into *current service reserve*, *settlement annuity reserve*, and *cost of living reserve*. The employer current service and settlement annuity contributions are combined in the *current service reserve*, although tracked separately within the *current service reserve* balance. When an employee retires, the employer portion of their accumulated contributions for current service and settlement annuity are transferred from the *current service reserve* into the *current service pension reserve* and the *settlement annuity pension reserve*. *Undistributed earnings* are credited with all investment income and charged with investment and other fees. Transfers from undistributed earnings to other reserves are made twice a year.

Prior to July 1, 2007, the Board authorized an annual rate equal to the actuarial rate of return be apportioned as the interest. Effective July 1, 2007, the Board adopted a new interest crediting policy which implemented the following objectives: 1) maintain consistency between the reserving structure accounts and the actuarial funding policies of FCERA, 2) assure that the reserve values track the market value of assets over the long-term and 3) to the extent possible, maintain reasonable stability in both the interest crediting and contribution rates by avoiding charging short-term losses to reserves. This policy resulted in interest apportionments of \$249,594,240 for the December 31, 2021 interest-crediting period, and \$257,805,927 for the June 30, 2022, interest-crediting period. The semi-annual rates of interest for the two periods were 3.5% and 3.5%, respectively. Any additional transfers out of undistributed earnings are made in accordance with the authorization of the Board.

The *survivors' death benefit reserve* is credited with balances transferred from *members' accumulated contributions* and the employer *current service reserve*, in those instances where the survivor of an active deceased member is entitled to continuation benefits. The *current service reserve* consists of current service and settlement annuity contributions (which are tracked separately within the *current service reserve*). Lump sum survivor benefits are paid directly from *members' accumulated contributions* and the *current service reserve*. Pension and disability benefits are paid from the *annuity pension reserve*, *current service* and *settlement annuity pension reserves* and *cost of living adjustment reserve*.

Both the *retiree health benefit* and the *supplemental cost of living reserves* are non-valuation reserves approved annually by the Board. Non-valuation reserves are under the control of the Board and are not available to fund vested benefits of the Plan. The *retiree health benefit reserve* was initiated in 1987 to establish funds for payment of supplemental benefits which would provide retirees additional monies with the expectation (but not the requirement) that the funds be used to offset the cost of health insurance premiums. Effective with the actuarial valuation completed for the year ended June 30, 2003, the retiree health benefit reserve was apportioned into two reserves, the *retiree health benefit reserve* and the *retiree health benefit reserve (VS)* to more clearly account for the liability associated with additional health benefits granted as part of the Settlement Agreement negotiated between the County and certified

Notes to the Basic Financial Statements: Note 6 continued

reserve (VS) to more clearly account for the liability associated with additional health benefits granted as part of the Settlement Agreement negotiated between the County and certified employee organizations in December 2000. FCERA ceased issuing benefit payments from the non-vested retiree health benefit reserve in November 2014.

The *supplemental cost of living reserve* was established in 1990 to provide additional benefits for eligible members. The benefit was adopted annually under Government Code Section 31874.3 to provide purchasing power protection to those retirees whose accumulated excess cost of living credits exceeds 25%; therefore, the affected members changed each year. The *supplemental cost of living reserve* balance reflects Board approved transfers from *undistributed earnings*. Analysis of the expenses of this reserve indicated that sufficient funding was unavailable to continue the benefit past August 2005. Thus, the Board authorized transfers sufficient to provide funds to continue the benefit at levels in existence at June 30, 2006. FCERA staff, in conjunction with the Actuary, monitors the declining balance of the supplemental cost of living reserve. The Board voted a date certain to cease payments of the supplemental cost of living reserve on August 1, 2016.

The *supplemental benefit reserve* was established to account for the benefit increase given to retirees or the beneficiaries of retirees who retired prior to January 1, 2001, as part of the Settlement Agreement approved in December 2000.

The *supplemental annuity benefit* reserve was established to account for the benefit increase given to members who retired on or after January 1, 2001, as part of the Settlement Agreement approved in December 2000.

The designation for market stabilization serves to spread unanticipated market gains and losses over a five-year period and represents a portion of the variance between net investment earnings and actuarial expectations based on the assumed rate of returns.

FCERA maintains a Statutory Contingency Reserve based on 1% of the total valuation account reserve balances when additional earnings are available after all Contra Account (short fall in interest crediting) balances have been zeroed. As part of the Interest Credit policy modified by the Board in September 2008, the Board established an additional Board Contingency Reserve of up to 2% of the total Fiduciary Net Position. Funding of this additional reserve is subject to Board approval.

The Contra Tracking Account represents interest that has been credited to the reserve accounts that was not available to be paid out of the current or excess earnings. A balance in this account is the result of the application of the Board's full interest crediting policy and will be replenished in subsequent periods when there are sufficient earnings.

Notes to the Basic Financial Statements: Note 7

NOTE 7 - **ACTUARIAL VALUATIONS**

Pursuant to provisions in the 1937 Act, FCERA engages an independent actuarial firm, Segal Consulting, to perform an annual actuarial valuation. An experience study is performed every three years (triennial experience study).

The economic and non-economic assumptions are updated at the time each triennial experience study is performed. Triennial experience studies serve as the basis for assumptions required in developing employer and member contribution rates necessary to properly fund the Plan. FCERA periodically hires an independent actuarial firm to audit the results of the valuations. New assumptions were adopted by the Board for the June 30, 2020 actuarial valuation based on the results of the July 1, 2015 through June 30, 2018 triennial non-economic and economic Experience Study. The next Experience Study will be completed after the 2021 valuation is issued and results will be incorporated in the 2022 valuation.

The latest actuarial valuation increased the County normal cost rate from 15.69% to 16.07% of payroll primarily due to the June 30, 2005 UAAL amortization layer becoming fully amortized as well as the remaining UAAL being amortized over a larger payroll base. The County's required contribution rate to finance the unfunded actuarial accrued liability (UAAL) decreased from 39.22% to 35.82% of payroll. There is also a decrease of 3.02% in the total required contribution rate from the prior valuation, from 54.91% to 51.89% of payroll.

Notes to the Basic Financial Statements: Note 8

NOTE 8 – GASB 67 RELATED DISCLOSURES

Long-term Expected Rate of Return by Asset Class

The long-term expected rate of return on the 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, by adding expected inflation, and deducting 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 investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table below.

The long-term expected arithmetic real rate of return assumption was developed through a board approved out-of-cycle review of the economic assumptions for the June 30, 2022 actuarial valuation. However, users of this report must be aware that due to the gradual implementation of the target allocation presented below, there will be a difference between this schedule and the target allocation presented in the Investment Section on pages 65, 66, and 67.

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap U.S. Equity	22.5%	5.39%
Small Cap U.S. Equity	5.5%	6.58%
Developed International Equity - Large Cap	12.5%	6.39%
Developed International Equity - Small Cap	3.0%	5.64%
Emerging Markets Equity	5.5%	8.60%
Core Bonds	15.0%	0.83%
High Yield Bonds	2.0%	3.06%
Global Sovereign	4.0%	-0.73%
Bank Loans	2.0%	2.73%
Local Emerging Market Debt	3.0%	2.72%
Core Real Estate	4.0%	5.01%
Private Equity	6.0%	10.00%
Private Credit	8.0%	5.02%
Value Add Real Estate	1.5%	7.10%
Opportunistic Real Estate	1.5%	9.80%
Infrastructure	4.0%	7.60%
Total	100%	5.07%

Notes to the Basic Financial Statements: Note 8 continued

Net Pension Liability

GASB Statement No. 67 requires public pension plans to disclose the net pension liability of the Plan. The net pension liability is measured as the total pension liability less the amount of the Plan's fiduciary net position. The net pension liability is an accounting measurement for financial statement reporting purposes. The components of FCERA's net pension liability at June 30, 2022, are disclosed on the following page and on page 55 in the Required Supplementary Information.

Net Pension Liability

As of June 30, 2022

(Dollars in Thousands)

	2022
Total pension liability	\$ 6,859,194
Less: Fiduciary net position	(5,623,399)
Net pension liability	\$ 1,235,795
Fiduciary net position as a percentage of the total pension liability	81.98%

The measurement date of the net pension liability was June 30, 2022. The total pension liability was determined based upon rolling forward the actuarial valuation as of June 30, 2021 to the measurement date.

The following Actuarial Assumptions were approved by the Board of Retirement in April 2020 based on results of the most recent actuarial experience study for the review period of July 2016 through June 2019. The total Plan liability as of June 30, 2022 was re-measured by (1) revaluing the total pension liability as of June 30, 2021 (before the roll forward) to include the following actuarial assumptions that the Retirement Board had adopted for use in the pension funding valuation as of June 30, 2022 and (2) using this revalued total pension liability in rolling forward the results from June 30, 2021 to June 30, 2022. It is important that readers understand that these newest assumptions are included in the GASB 67 Valuation at June 30, 2022 and presented here, but will not match with the assumptions in the Actuarial Section on page 78 as the Actuarial Section reflect the assumptions in place as of July 1, 2021 and applied by employers for contribution calculation purposes for the current reporting fiscal year.

Inflation	2.50%
Salary Increases	General: 4.10% to 12.00%; and Safety: 4.50% to 11.50%, varies by service, including inflation.
Investment Rate of Return	6.50%, net of Pension Plan investment expenses, including inflation.
Administrative Expenses	1.30% of payroll, allocated 1.10% to employers and 0.20% to employees.

Notes to the Basic Financial Statements: Note 8 continued

Other Assumptions

Same as those used in June 30, 2021 funding valuation.

Discount Rate

The discount rate of 6.50% was used to measure the total pension liability as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed Plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current Plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future Plan members and their beneficiaries, as well as projected contributions from future Plan members, are not included. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

Sensitivity of the net pension liability to changes in the discount rate. The following schedule below presents the net pension liability of FCERA as of June 30, 2022, calculated using the discount rate of 6.50%, as well as what the FCERA's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower, 5.50%, or 1-percentage-point higher, 7.5%, than the current rate.

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
(Dollars in Thousands)			
FCERA's net pension liability as of June 30, 2022	\$ 2,167,162	\$ 1,235,795	\$ 471,775

Money-Weighted Rate of Return

For the fiscal year ended June 30, 2022, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was -8.84%. For commentary on the overall investment performance of the Plan please see the Investment Consultant's Report on page 66. It is important to note that the Investment Consultant's Report discloses the Plan's return data using the industry standard time-weighted rate of return which will differ from the money-weighted rate of return referenced here. The money-weighted rate of return (identical in concept to Internal Rate of Return) expresses investment performance, net of investment expense, adjusted for the changing amounts (inflows and outflows) actually invested.

Notes to the Basic Financial Statements: Note 9

NOTE 9 – SUBSEQUENT EVENTS

Date of Management's Review

The potential for additional subsequent events were evaluated from the fiscal year-end report date of June 30, 2022 through December 14, 2022, which is the date the financial statements were available to be issued. Management did not identify any additional subsequent events that would require disclosure.

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Required Supplementary Information

Schedule of Employer Contributions

Last Ten Fiscal Years

Fiscal Year Ended June 30	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2022	\$ 251,733,000	\$ 251,733,000		\$ 463,807,000	54.28%
2021	273,973,000	\$ 273,973,000	\$ -	454,782,000	60.24%
2020	247,474,000	247,474,000	-	451,525,000	54.81%
2019	225,492,000	225,492,000	-	423,092,000	53.30%
2018	210,535,000	210,535,000	-	403,018,000	52.24%
2017	198,472,000	198,472,000	-	386,345,000	51.37%
2016	191,529,000	191,529,000	-	370,318,000	51.72%
2015	184,213,000	184,213,000	-	351,109,000	52.47%
2014	165,309,000	165,309,000	-	350,326,000	47.19%
2013	158,572,000	158,572,000	-	346,808,000	45.72%

Schedule of Investment Returns - Pension Plan

For the Fiscal Years Ended June 30, 2014 through June 30, 2022

Annual Money-Weighted Rate of Return, Net of Investment Expenses

2022	2021	2020	2019	2018	2017	2016	2015	2014
-8.84%	26.24%	0.68%	5.49%	7.62%	10.47%	0.02%	0.02%	17.26%

Actuarial Methods and Assumptions

As required by GASB Statement No. 67, FCERA's actuary completed the measure of the net pension liability as of June 30, 2022 and June 30, 2021 by rolling forward the total pension liability information for financial reporting, as of June 30, 2021 and June 30, 2020, respectively. The basis for these calculations was the latest Valuation Report, prepared for funding purposes. All actuarial methods and assumptions used for this roll forward analysis were the same as those used in the June 30, 2020 Valuation Report. Actuarially determined contribution rates are based on the actuarial valuation one year prior to the beginning of the Plan year.

Valuation date	June 30, 2020
Actuarial cost method	Entry age actuarial cost method
Amortization method	Level percent of payroll (3.25% payroll growth assumed).

Required Supplementary Information continued

Remaining amortization period	13 years remaining over a declining period as of June 30, 2020 actuarial valuation for unfunded actuarial accrued liability (UAAL) established as of June 30, 2003 plus 15 years (declining) for UAAL due to actuarial gains or losses, changes in actuarial assumptions or plan amendments established on each subsequent valuation.
Asset valuation method	The actuarial value of assets is determined by recognizing any difference between the actual and the expected market return over 10 six-month interest crediting periods. The actuarial value of assets is further adjusted, if necessary, to be within 30% of the market value of assets. The valuation value of assets is the actuarial value of assets reduced by the value of the non-valuation reserves.
<u>Actuarial assumptions:</u>	
Investment rate of return	7.00% net of pension plan investment expenses (includes inflation at 2.75%).
Inflation rate	2.75%
Administrative expenses	1.20% of payroll allocated to both the employer and member based on the components of the total contribution rate (before expenses) for the employer and member.
Projected salary increases	Rates vary by service type:
- General Members	Salary increases range from 4.35% to 11.75%, including inflation.
- Safety Members	Salary increases range from 4.75% to 11.75%, including inflation.
Cost of living adjustments	3.00% of retirement income for General Tiers 1, 2 and 3, and Safety Tiers 1 and 2. 0.00% for General and Safety Tiers 4 and 5.
Other assumptions	Same as the assumptions in the June 30, 2020 funding actuarial valuation.
Other information	All members with membership dates on or after January 1, 2013 enter the Tier 5 created by PEPR.

Required Supplementary Information continued

Schedule of Changes in Net Pension Liability and Related Ratios

For the Fiscal Years Ended June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, and 2013*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total pension liability										
Service cost	\$ 118,209,665	\$ 114,661,714	\$ 110,809,270	\$ 108,089,840	\$ 108,233,884	\$ 109,231,556	\$ 105,592,251	\$ 104,671,060	\$ 107,568,854	\$ 98,293,207
Interest	435,847,383	439,979,185	423,497,695	410,338,790	393,404,348	381,845,701	366,855,100	355,525,811	341,121,326	336,460,778
Change of benefit terms		-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(106,422,775)	(5,978,692)	22,279,347	12,058,315	(70,094,731)	(70,197,987)	(42,178,682)	(50,048,133)	(146,396,595)	(143,645,760)
Changes of assumptions	(13,151,317)	185,354,422	-	(67,930,738)	-	-	235,227,824	-	-	265,552,249
Benefit payments, including refunds of employee contributions	(324,847,608)	(310,426,704)	(294,992,402)	(280,032,239)	(263,231,547)	(249,846,894)	(240,231,254)	(231,396,472)	(224,392,602)	(212,956,631)
Other ¹		-	-	-	-	-	-	10,306,014	-	-
Net change in total pension liability	\$ 109,635,348	\$ 423,589,925	\$ 261,593,910	\$ 182,523,968	\$ 168,311,954	\$ 171,032,376	\$ 425,265,239	\$ 189,058,280	\$ 77,900,983	\$ 343,703,843
Total pension liability - beginning	6,749,558,488	6,325,968,563	6,064,374,653	5,881,850,685	5,713,538,731	5,542,506,355	5,117,241,216	4,928,182,936	4,850,281,953	4,506,578,110
Total pension liability - ending (a)	\$ 6,859,193,836	\$ 6,749,558,488	\$ 6,325,968,563	\$ 6,064,374,653	\$ 5,881,850,685	\$ 5,713,538,731	\$ 5,542,506,455	\$ 5,117,241,216	\$ 4,928,182,936	\$ 4,850,281,953
Fiduciary net position										
Contributions - employer	251,733,095	273,973,459	247,474,194	225,491,692	210,534,894	198,472,119	191,529,239	184,213,235	165,309,213	158,572,420
Contributions - employee	42,037,901	41,620,768	41,761,381	40,463,120	38,467,001	36,259,132	35,211,756	33,109,947	30,153,934	30,515,683
Net investment income (loss)	(621,985,430)	1,348,533,276	12,966,492	254,693,657	312,556,013	417,603,730	(4,319,055)	360,796	583,169,608	378,483,400
Benefit payments, including refunds of employee contributions	(324,847,608)	(310,426,704)	(294,992,402)	(280,032,239)	(263,231,547)	(249,846,894)	(240,231,354)	(231,396,472)	(224,392,602)	(212,956,631)
Administrative expenses	(6,460,332)	(6,073,739)	(6,422,137)	(5,980,558)	(5,676,721)	(4,762,253)	(4,814,003)	(4,297,090)	(3,541,682)	(3,633,683)
Other		-	-	-	-	-	-	-	(21,269)	(42,121)
Net change in fiduciary net position	(659,522,374)	1,347,627,060	787,528	234,635,672	292,649,640	397,725,834	(22,623,417)	(18,009,584)	550,677,202	350,939,068
Fiduciary net position - beginning	6,282,921,666	4,935,294,606	4,934,507,078	4,699,871,406	4,407,221,766	4,009,495,932	4,032,119,349	4,050,128,933	3,499,451,731	3,148,512,663
Fiduciary net position - ending (b)	5,623,399,292	6,282,921,666	4,935,294,606	4,934,507,078	4,699,871,406	4,407,221,766	4,009,495,932	4,032,119,349	4,050,128,933	3,499,451,731
Net pension liability - ending (a) - (b)	\$ 1,235,794,544	\$ 466,636,822	\$ 1,390,673,957	\$ 1,129,867,575	\$ 1,181,979,279	\$ 1,306,316,965	\$ 1,533,010,523	\$ 1,085,121,867	\$ 878,054,003	\$ 1,350,830,222
Fiduciary net position as a percentage of the total pension liability	81.98%	93.09%	78.02%	81.37%	79.90%	77.14%	72.34%	78.79%	82.18%	72.15%
Covered payroll ²	\$ 463,807,000	\$ 454,782,000	\$ 451,525,000	\$ 423,092,000	\$ 403,018,000	\$ 386,345,000	\$ 370,318,000	\$ 351,109,000	\$ 350,326,000	\$ 346,808,000
Net pension liability as percentage of covered payroll	266.45%	102.61%	307.99%	267.05%	293.28%	338.12%	413.97%	309.06%	250.64%	389.50%

Notes to Schedule:

Benefit changes: All new members with membership dates on or after January 1, 2013 enter the new tier created by PEPR.

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

¹ Estimated liability impact for including a group of about 1,420 members reported for the first time as vested terminated members in the June 30, 2015 funding valuation.

² Covered payroll is the payroll on which contributions to the pension plan are based.

Other Supplementary Information

Schedule of Administrative Expenses

For the Fiscal Year Ended June 30, 2022, with Comparative Totals

(Dollars displayed as Actual)

	2022	2021
Personnel Services		
Salaries and Benefits	\$ 3,667,820	\$ 3,627,273
Total Personnel Services	3,667,820	3,627,273
Office Expenses		
Election Expenses	-	28,345
Office Supplies and Miscellaneous Admin.	121,362	94,595
Postage	40,735	32,718
Telephone	17,538	15,900
Utilities	41,454	40,381
Total Office Expenses	221,089	211,939
Other Services and Charges		
Disability Expenses	153,457	204,218
Data Processing Services	237,111	213,008
Insurance	176,155	159,315
Maintenance	56,226	62,708
Professional and Specialized Services	851,511	570,200
Transportation, Travel, and Education - Staff	39,736	5,841
Transportation, Travel, and Education - Board	40,531	15,662
Furnishings	2,162	-
Total Other Services and Charges	1,556,889	1,230,952
Depreciation	1,014,534	1,003,575
Total Administrative Expenses	\$ 6,460,332	\$ 6,073,739

Other Supplementary Information continued

Schedule of Information Technology Expenses

For the Fiscal Year Ended June 30, 2022, with Comparative Totals

(Dollars displayed as Actual)	2022	2021
Property and Equipment	\$ -	\$ 19,241
Pension System Maintenance	98,852	97,897
Subtotal Excluded IT Expenses ¹	98,852	117,138
IT Infrastructure ²	47,445	214,606
Total Information Technology Expenses	\$ 146,297	\$ 331,744

¹ As defined by Government Code Section 31580.2.

² IT Infrastructure amounts are accounted for in the Depreciable Capital Assets.

Schedule of Investment Expenses

For the Fiscal Year Ended June 30, 2022, with Comparative Totals

(Dollars displayed as Actual)	2022	2021
Investment Manager Fees	\$ 28,731,872	\$ 27,096,395
Custodian Service Fees ²	58,000	58,000
Actuarial Valuation Fees ^{1 2}	71,000	70,000
Due Diligence Travel	978	-
Investment Legal Fees ²	165,239	84,449
Investment Consultant Fees ²	475,819	462,405
Subtotal Investment Expenses ²	29,502,908	27,771,249
Securities Lending Management Fee and Rebate Expenses	553,716	164,695
Total Investment and Security Lending Expenses	\$ 30,056,624	\$ 27,935,944

¹ Actuarial Valuation Fees are the fees for producing the Actuarial Valuation Report.

² Investment Legal Fees, Investment Consultant Fees, Custodian Service Fees, and Actuarial Valuation Fees can also be found on page 58 as Payments to Consultants.

Other Supplementary Information continued

Schedule of Payments to Consultants

For the Fiscal Year Ended June 30, 2022, with Comparative Totals

(Dollars displayed as Actual)	2022	2021
Actuarial Consulting Fees (non-actuary study costs) \$	235,540	\$ 60,249
Actuarial Valuation Fees ¹	71,000	70,000
Audit Fees	64,650	64,650
Custodian Service Fees ¹	58,000	58,000
Data Processing Fees	237,111	213,008
Disability Attorney Fees	83,145	104,892
Disability Medical, Investigation, and Copying Fees	70,312	99,326
Investment Consultant Fees ¹	475,819	462,405
Investment Legal Fees ¹	165,239	84,449
Other Professional Expenses	344,966	319,910
Retirement Board Attorney Fees	206,356	125,391
Total Payments to Consultants	\$ 2,012,138	\$ 1,662,280

Refer to page 73 for information on fees paid to investment managers.

¹ Investment Legal Fees, Investment Consultant Fees, Custodian Service Fees, and Actuarial Valuation Fees can also be found on page 57 as Investment Expenses.



Investment Section

September 16, 2022

Board of Trustees
Fresno County Employees' Retirement Association
7772 N Palm Ave
Fresno, CA 93711

Verus Advisory ("Verus") is pleased to provide the Board of Trustees of Fresno County Employees' Retirement Association ("FCERA") with an overview of the market environment, an update on performance, and a summary of recent developments for the fiscal year ended June 30, 2022.

Investment Landscape

Summary

The 2022 fiscal year was a tale of two halves, as global markets delivered mildly positive returns in the latter half of calendar year 2021, with below-average volatility, spurred by easy monetary policy, pandemic reopening demand, and a resurgence in economic growth. However, this optimism began to fade as inflation surged and central banks turned more hawkish.

The first half of 2022 proved to be an incredibly different environment from what was experienced during 2021. The persistence of inflation was a driving narrative, as the supply shocks coming from Russia's invasion of Ukraine and supply chain issues from China's continued zero-covid policy accelerated already fast price growth. Central banks, keen to lower inflation, reacted more aggressively as a result. The quick tightening cycle hurt both equities and bonds alike. Nearly all asset classes have produced losses year-to-date—a somewhat rare occurrence which left most diversified portfolios materially in the red. The spur of tightening also increased fears of recession and possibly stagflation, as inflation ceased to moderate (U.S. headline CPI hit 9.1 percent in June—a four-decade high).

U.S. Equity

While the S&P 500 delivered a fantastic +11.7 percent return in the second half of 2021, the first half of 2022 saw a significant reversal of -20.0 percent, qualifying as a technical market correction. In an effort to curb four-decade high inflation within the U.S., the Federal Reserve raised their policy rate by 25 basis points, 50 basis points, and 75 basis points at their respective March, May, and June meetings.

Higher interest rates have diminished the present value of cash flows further out in the future, hitting growth-orientated sectors the hardest (Consumer Discretionary -32.8 percent, Communication Services -30.2 percent, Information Technology -27.0 percent YTD).

Investors began recognizing the potential for recession in the second quarter of 2022, as economic data indicated a slowdown alongside Federal Reserve tightening. Persistent inflation in the face of multiple rate hikes impacted company revenues and profits. On the sales front, declines in real purchasing power slashed consumer sentiment and impacted discretionary spending. With regard to corporate profits, higher expenses, particularly for companies unable to

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pass through prices, have resulted in earnings compression (MSCI U.S. Profit Margins down from 12.9 percent in December 2021 to 12.2 percent in June 2022).

Briefly looking at size and style, the Value factor outperformed the Growth factor during the fiscal year (Russell 1000 Value -7.4 percent, Russell 1000 Growth -19.0 percent). The Russell 1000 Value Index has declined -12.9 percent versus -28.1 percent for the Russell 1000 Growth Index calendar year-to-date. As expected, rising rates inflicted more pain on duration-sensitive equities. From a size perspective, small-cap equities underperformed significantly during the fiscal year (Russell 2000 -25.2 percent, Russell 1000 -13.0 percent).

Ultimately for U.S. equities, the tough environment faced in the first half of 2022 has weighed on the promising returns we saw in the back half of 2021. For the fiscal year ending on June 30, 2022, the S&P 500 fell -10.6 percent.

International Equity

International equities lagged U.S. equities over the fiscal year, as the MSCI EAFE Index and MSCI Emerging Markets Index returned -17.8 percent and -25.3 percent respectively. Dollar strength hurt U.S. investors with unhedged foreign currency exposure, as the Bloomberg Dollar Spot Index advanced +10.3 percent during the period. Despite the underperformance over the full fiscal year, both developed and emerging market equities outperformed U.S. shares on a calendar year-to-date basis through June 30th, as the MSCI EAFE and MSCI EM Indices returned -19.6 percent and -17.6 percent, respectively.

Emerging market equities' underperformance during the fiscal year was primarily due to the large drop in Chinese equities (MSCI China -31.8 percent), as the country locked down major cities and cracked down on sectors including technology, education, and real estate. This narrative switched gears during the first half of 2022, as news of potential easing of government restrictions and the reopening of several large cities boosted share prices of the largest country constituent in the MSCI EM Index. While being the worst performer over the full fiscal year, emerging market equities ended the first half of 2022 as the best performing market.

Developed economies faced a similar equity environment to that of the United States. Positive performance in the second half of 2021 due to reopening growth was reversed in the first half of 2022, as rising inflation was amplified by Russia's invasion of Ukraine in late February. Ensuing sanctions against Russian petroleum exports from the West squeezed energy prices upward, forcing the Bank of England and European Central Bank to shift gears in terms of monetary policy. The MSCI EAFE Index fell -19.6 percent over the first half of 2022, wiping out the +2.3 percent gain seen during the second half of 2021. International developed equities continue to be challenged, as the energy crisis escalates, and consumer strength remains less resilient than that of the U.S.

Fixed Income

Core fixed income suffered losses of -10.3 percent over the full fiscal year (BBgBarc U.S. Aggregate), though all of the losses were attributable to the first half of 2022. All eyes have been on inflation, which has forced central bankers to tighten conditions while attempting to avoid pushing their economies into recession. Rate hikes and forward guidance from central banks have hammered equity and bond markets alike, created a rare environment of sharp losses across both asset classes.

The magnitude of expected rate hikes has jumped materially since late 2021. During December 2021, Fed funds futures contracts suggested the Fed Funds Rate would end 2022 at 0.82 percent (only three 25 basis points rate hikes expected). By the end of March 2022, markets were pricing in a total of nine 25 basis points rate hikes. This placed the implied Fed Funds Rate at 2.39 percent by the end of 2022. The trend continued in Q2, as inflation remained persistent. The Federal Reserve pushed through an additional 50 basis points hike in May and a 75 basis points hike in June (the largest single meeting hike since 1994). Going forward, markets are pricing in an additional seven rate hikes (not including the six previously implemented) by the end of 2022, bringing the year-end implied rate in line with the Fed's expectation of 3.4 percent. Many countries face similar problems, as inflation remains a challenge.

The impact of policy tightening on duration-sensitive assets has been significant. Performance was negative across all fixed income asset classes over the year-to-date, as rates jumped from historically low levels. The Bloomberg Global Treasury Index returned -14.8 percent in dollar terms over the year-to-date. In the U.S., the Bloomberg Universal Index suffered its worst quarterly loss in Q1 2022—down -6.1 percent—while the Bloomberg Aggregate Index fell -5.9 percent (its third worst quarterly loss, dating back to 1976). Performance during Q2 was also negative, with the Universal and Aggregate Indices down -5.1 percent and -4.7 percent, respectively. Longer duration assets underperformed. The Bloomberg U.S. Long Treasury Index fell -21.3 percent year-to-date, compared to the -3.0 percent decline of the Bloomberg U.S. Treasury 1-3 Year index.

The Bloomberg U.S. Credit Index returned -13.6 percent over the past year as spreads significantly widened over the course of 2022. Investment grade spreads widened by 63 basis points, moving from 0.92 percent to 1.55 percent at the end of June. High yield spreads also jumped, starting the year at 283 basis points before moving to 569 basis points over the same period. Spread movements widely reflected the risk-off tone and growing concerns over a slowing economy. Despite spread expansion, default rates for U.S. high yield and bank loans ended Q2 at 0.76 percent and 0.74 percent—far below the longer-term historical averages of 3.2 percent and 3.1 percent. The floating rate characteristic of bank loans helped as rates rose, resulting in bank loan outperformance over high yield bonds, declining -4.4 percent versus -14.2 percent thus far in 2022.

Outside of the U.S., emerging market debt struggled in both hard and local currency terms over the past year due to currency headwinds and growth concerns. Hard currency underperformed, with the JPM EMBI GD Index falling -21.2 percent, relative to the -19.3 percent decline of the JPM GBI-EM GD Index.

Commodities

Commodities were the best performing asset class over the fiscal year, with the Bloomberg Commodity Index returning +24.3 percent. Commodities moved higher in Q3 2021, driven by supply chain imbalances and rising signs of inflation. These gains tailed off towards the end of 2021, as signals of tighter monetary policy crimped global economic growth expectations.

Currency

A strong dollar remained the biggest currency story over the past year as the Bloomberg Dollar Spot Index increased +10.3 percent. Year-to-date, the index returned +7.4 percent driven by

3



higher relative interest rates, a relatively strong economic outlook, and safe-haven currency status. The dollar performed well against major pairs, as currency impacts were significant within the international developed equities space. The Japanese Yen remaining particularly strained, down -15.2 percent against the dollar in 2022, as the Bank of Japan anchored rates while other central banks hiked. The J.P. Morgan Emerging Markets Currency Index declined -1.8 percent, though the dollar was mixed relative to emerging market currency pairs. The Russian Ruble remained incredibly volatile, initially plummeting after the invasion of Ukraine, but spiking as petroleum export prices rose, imports fell, and high rates set by the Bank of Russia propelled the currency.

Outlook

A key question going forward is whether global central banks will be able to bring inflation under control without dragging their respective economies into recession. This task is perhaps more difficult than past inflationary regimes, given the war in Ukraine, lockdowns in China, and acute pandemic-related supply shortages which have led to high prices that perhaps cannot be brought down via traditional central bank policy. Within the U.S, the possibility of a “soft landing” for the economy seems unlikely, as the economy appears to be in a mild technical recession already, or at least very close to one. Uncertainty remains high, although the recent drawdown of most major asset classes has reversed the “low return environment” dynamic that has been common for nearly a decade. Many asset classes now appear to offer robust yields and higher prospective returns relative to past years—perhaps a silver lining in an environment which has proved challenging for investors with diversified portfolios.

Plan Performance

The FCERA investment portfolio (“the Portfolio”) earned a -9.1 percent return net of fees for the fiscal year ending June 30, 2022. This return underperformed the policy index return by -3.4 percent.

Portfolio risk as measured by standard deviation increased over the last fiscal year, driven in part by a relatively larger allocation to equities. For the trailing 5-year period, annualized standard deviation was 9.5 percent while the trailing 3-year period standard deviation was 11.0 percent.

Markets across the globe have been challenged over the past year as high inflation, rising interest rates, and geopolitical risk has created much uncertainty for investors. In terms of asset class returns, absolute and relative performance in public market assets did not meet expectations; dampening the impact of this, the Portfolio saw stronger returns in its private market assets.

The Portfolio’s domestic equity investments underperformed over the past fiscal year returning -17.1 percent and trailed the benchmark by -3.0 percent. The domestic equity market was driven by a general shift to more value-oriented, large-cap stocks as investors digested the possibility of an economic recession. This worked against the Portfolio which has a relative overweight to growth and small caps within its domestic equity portfolio. The Portfolio’s international equity investments were also down, returning -22.1 percent and underperforming the benchmark return by -2.7 percent. Dollar strength was a significant headwind for all international assets while a relatively weaker economic outlook further hurt emerging market assets.

Fixed income underperformed the benchmark for the fiscal year, returning -12.5 percent compared to the benchmark return of -11.3 percent. While returns for the asset class were negatively affected by aggressive rate hikes, the Portfolio's underperformance was further exacerbated by a relatively higher allocation to credit assets such as high yield, bank loans, and emerging markets debt which saw spreads widen considerably over the past year.

Performance across real assets was strong as the Portfolio's infrastructure allocation, while relatively small, did well returning +12.8 percent for the period. Real estate was one of the Portfolio's strongest performing asset classes on an absolute basis returning +24.3 percent but underperformed the benchmark by -4.0 percent on a relative basis, driven by more conservative positioning.

Private market assets were the Portfolio's strongest performing asset class over the past year. Private equity gained +34.8 percent while private credit also showed positive return, generating a +8.7 percent return. Private market investments are lagged such that these results reflect marks through the end of March.

Performance over the past year has weighed on longer measurement periods. For the three-years ending June 30, 2022, the Portfolio generated an average annual return of +4.9 percent, underperforming the policy index return by 170 basis points. Over the five-year period, the Portfolio returned +5.5 percent, underperforming the policy index by 100 basis points. For the trailing ten-year period, the Portfolio returned +6.6 percent, underperforming the policy index by 30 basis points.

In computing individual manager returns, Verus utilizes the industry-standard approach of computing a time-weighted rate of return based on the market rate of return. All returns cited are net of investment manager fees.

Plan Activity

During the 2022 fiscal year, Verus and FCERA concluded its work on the 2021 asset liability study which analyzed alternative asset mixes with varying degrees of asset class exposures and risk/return profiles. Importantly, the Board adopted a core set of investment beliefs to help guide and influence any potential changes to the strategic allocation. The efforts over the past year culminated with the Board adopting a strategic asset allocation that is aligned with the long-term goals; the changes relative to the prior asset allocation were minimal.

Verus spent considerable time working with FCERA in implementing the newly adopted strategic allocation. Notably, transitioning the plan's credit fixed income portfolio from a siloed liquid credit approach into a unified multi-sector credit bucket, enabling FCERA's underlying managers greater discretion and nimbleness to rotate across fixed income sectors based on relative opportunity.

FCERA's private markets portfolio received a lot of attention over the last year as well. FCERA concluded the RFP process and selected a new discretionary private credit advisor to assist in further diversifying the private credit portfolio.

For real estate, we focused effort on continued build-out of the portfolio's value-add and opportunistic exposure by making additional commitments throughout the year.

During the fiscal year we also met various “as-needed” tasks such as revised investment guidelines to FCERA’s overlay program, due diligence for manager replacements, and diligence efforts for existing managers. Lastly, Verus worked to provide education on a variety of important topics to assist the Board in their understanding of various portfolio management concepts throughout the year.

As always, all of us here at Verus appreciate the opportunity to assist the FCERA Board in meeting the Plan’s investment objectives. We will continue to provide sound and timely advice to help FCERA prudently make decisions benefitting its participants and beneficiaries. We are confident in the direction of the portfolio, and we look forward to continuing our partnership as we navigate ever-changing capital markets.

Sincerely,



Jeffrey J. MacLean
Chief Executive Officer

Past performance is no guarantee of future results. This document is provided for informational purposes only and is directed to institutional clients and eligible institutional counterparties only and is not intended for retail investors. Nothing herein constitutes investment, legal, accounting or tax investment vehicle or any trading strategy. This document may include or imply estimates, outlooks, projections and other “forward-looking statements.” No assurance can be given that future results described or implied by any forward-looking information will be achieved. Investing entails risks, including possible loss of principal. Verus – also known as Verus Advisory™.

General Information

The goal of Fresno County Employees' Retirement Association (FCERA) is to provide retirement compensation, death benefits, and disability benefits to its members. The Plan should meet this goal through prudent investment of employee and employer contributions.

The County Employees Retirement Law of 1937 governs the Plan. California Public Law (including Sections 31594 and 31595) also regulates Plan action. Sections 31594 and 31595 are especially important because they provide for prudent person governance of the Plan. These laws do not specify the type, amount, and quality of Plan investments. Rather, these laws guide the Plan to make investments assumed to be in the best interest of the Plan's beneficiaries. Such decisions should be consistent with the decisions of other investors possessing similar information.

The Board of Retirement has exclusive control of the investments of the Plan's retirement fund. The assets of the Plan are trust funds and shall be held for the exclusive purposes of providing benefits to its members in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the Plan. Except as otherwise expressly restricted by the California Constitution and by law, the Board may, in its discretion, invest, or delegate the authority to invest, the assets of the fund through the purchase, holding, or sale of any form or type of investment financial instrument, or financial transaction when prudent in the informed opinion of the Board.

The officers and employees of the Board shall discharge their duties to the Plan as follows:

- The Board will act solely in the interest of and for exclusive purposes of providing benefits to participants and their beneficiaries. The Board will keep employer contributions to the Plan at a minimum level. The Board will also pay reasonable expenses required to administer the plan.
- The Board will act like a prudent person under equivalent circumstances and having similar goals. Attention to care, skill, prudence, and diligence is of utmost importance when acting on behalf of the Plan.
- The Board shall diversify the Plan's investments to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so. The diversification of the Plan's portfolio is displayed in the tables and graphs included in the following pages.

The Plan's assets are exclusively managed by external, professional investment management firms. The Board closely monitors the performance of the managers with the assistance of an external investment consultant.

Summary of Investment Objectives and Target and Asset Allocations

Summary of Investment Objectives

The Plan's primary objective is to efficiently allocate and manage the assets dedicated to the payment of retirement and disability benefits. While recognizing the importance of "preservation of capital," the Plan also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns in the long run.

To accomplish its investment objectives, the Plan has established a series of procedures and guidelines. The procedures, grouped together as the Investment Policy, serve to guide the Plan's investment program. The procedures also help to define the responsibilities of the Board members as they relate to the investment process.

The policy drives the investment actions of the Plan. This policy considers various mixes of different investment asset class risk and return expectations for each mixed-class portfolio current and projected plan liabilities. The policy places responsibility for proxy voting with its equity investment managers.

The Investment Results on page 69 are based on time-weighted rate of return using fair value and are annualized for one, three, five and ten years. All other information is reported at fair value.

Target and Actual Asset Allocations

The Board reviews the Plan's investment results each quarter. Periodically, the Board reviews the asset allocation, taking into consideration the latest actuarial study. Based on this review, the Board adopts an asset allocation mix with the goal of helping the Plan achieve a fully funded status. Each asset class has a target allocation. The Plan treats these targets as long-term funding objectives. Adhering to these targets allows the Plan to keep investment risk at a manageable level and minimizes investment costs.

One keystone of asset allocation is diversification among asset classes. Diversification helps to maintain risk at a tolerable level. Therefore, the Board reviews the investment performance and volatility of each asset class on a regular basis over various time periods (quarterly, annually, multi-years) to ensure that the current allocation continues to meet the Plan's needs.

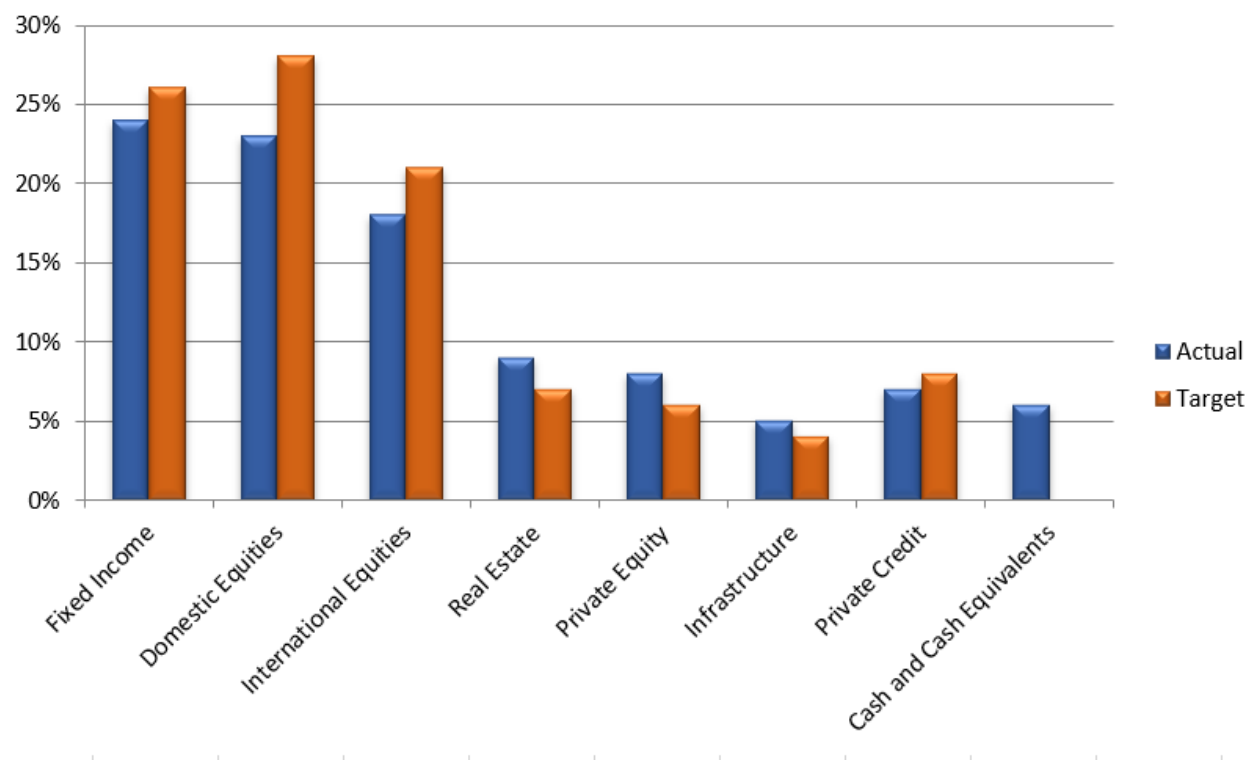
Over time, the Board implements the asset allocation plan by hiring investment managers to invest assets on behalf of the Plan, subject to investment guidelines incorporated into each firm's investment management contract.

The information provided on subsequent pages is a representation of the Plan's financial statements. Individually, they may not tie to the investment consultant's report on pages 59 to 64 of this Annual Comprehensive Financial Report (ACFR) due to the different reporting methodologies used by the investment consultant and the Plan.

Target and Actual Asset Allocations continued

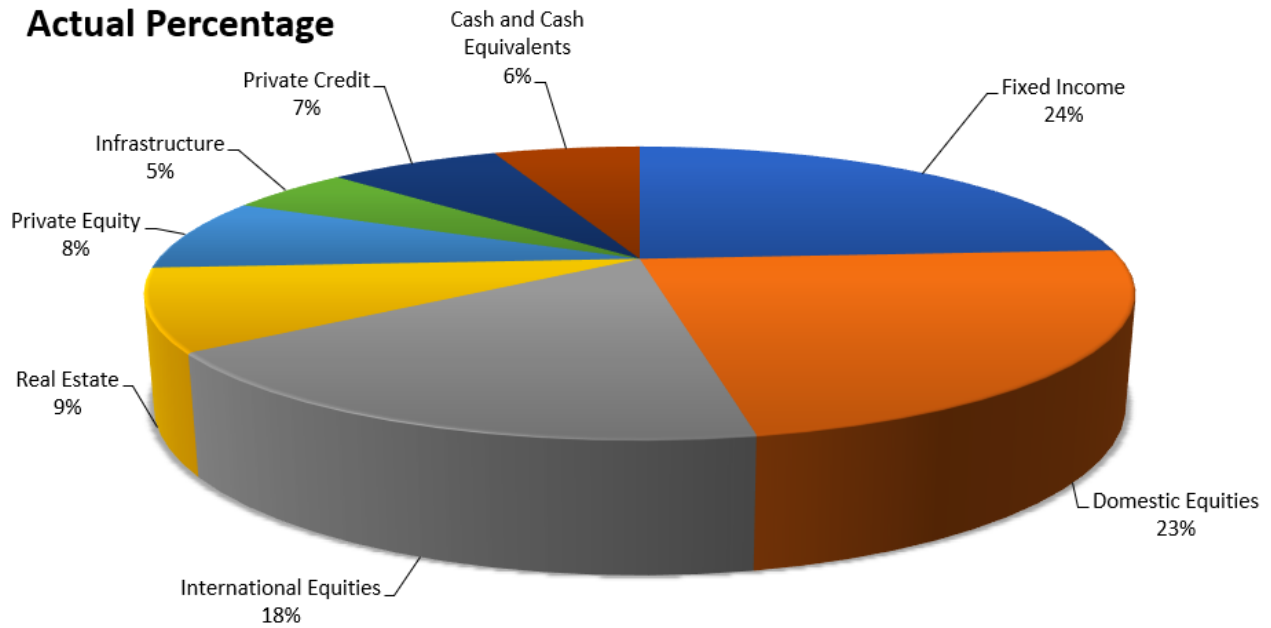
For example, the investment consultant reports cash held with investment managers as part of the investment manager's investment portfolio not as cash and cash equivalents as reported on the Investment Summary. Also, the target asset allocation calls for all cash requirements of the Plan to be classified as Fixed Income. However, the Plan's actual operating cash is reported separately in the Financial Statements and on the Investment Summary.

The fiscal year 2021 – 2022 target and actual asset allocations are presented in the following graphs and charts.

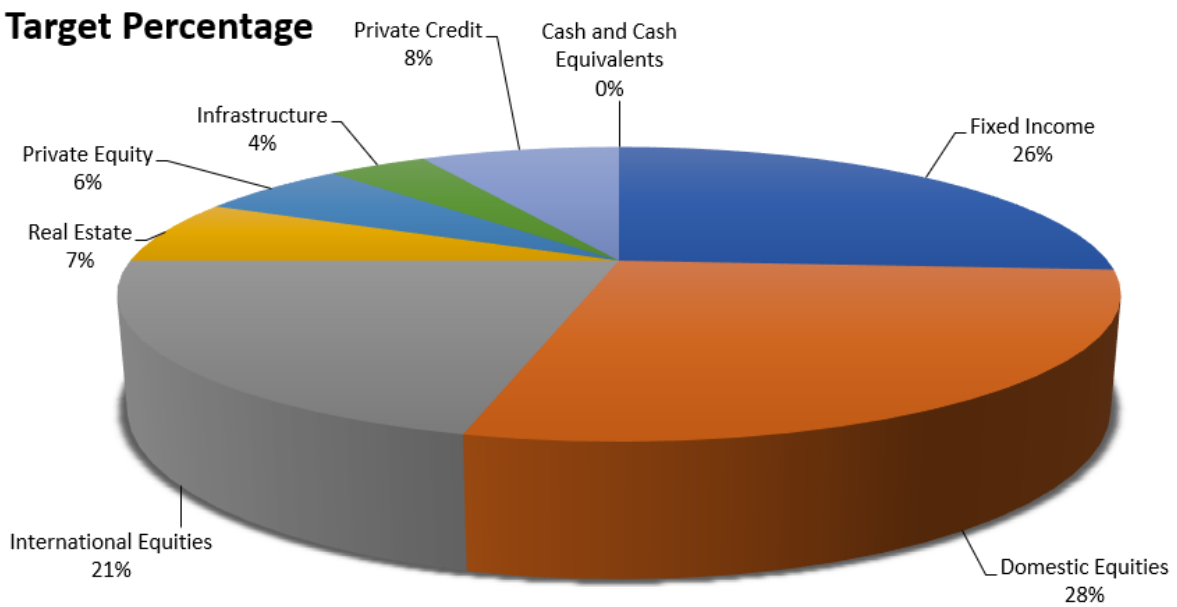


Target and Actual Asset Allocations continued

Actual Percentage



Target Percentage



Investment Results

Investment Results

As of June 30, 2022

Investments	Current Year	3-Year Return	5-Year Return	10-Year Return
Fixed Income				
Investment Core Bond	-13.10%	-0.90%	1.50%	0.00% 1
Benchmark : Bloomberg US Aggregate Bond	-10.30%	-0.90%	0.90%	1.50%
Access Capital	-8.30%	-1.30% 1	0.00% 1	0.00% 1
Benchmark : Bloomberg US Securitized Index	-9.00%	-1.30%	0.40%	1.20%
Domestic High Yield	-15.10%	-0.50%	1.40%	0.00% 1
Benchmark : Bloomberg US High Yield TR	-12.80%	0.20%	2.10%	4.50%
Emerging Markets Debt	-17.40%	-3.90%	-0.90%	0.00% 1
Benchmark : JP Morgan GBI EM Diversified	-19.30%	-5.80%	-2.30%	-1.50%
Equities				
Domestic Small Capital	-28.60%	4.40%	0.00% 1	0.00% 1
Benchmark: Russell 2000	-25.20%	4.20%	5.20%	9.40%
NT MSCI US Index	-12.80%	0.00% 1	0.00% 1	0.00% 1
Benchmark: MSCI USA	-12.80%	10.40%	11.20%	12.90%
Domestic Large Capital Growth	-26.30%	8.80% 1	0.00% 1	0.00% 1
Benchmark: Russell 1000 Growth	-18.80%	12.60%	14.30%	14.80%
Emerging Markets Equity	-23.90%	0.20%	1.00%	1.80%
Benchmark: MSCI Emerging Markets	-25.30%	0.60%	2.20%	3.10%
International Emerging Markets Equity	-35.40%	-1.20% 1	0.00% 1	0.00% 1
Benchmark: MSCI Emerging Markets	-25.30%	0.60%	2.20%	3.10%
NT MSCI World Ex-US Index	-16.20%	0.00% 1	0.00% 1	0.00% 1
Benchmark : MSCI World ex USA	-16.80%	1.70%	2.70%	5.40%
International Growth	-20.70%	0.00%	3.60%	0.00% 1
Benchmark : MSCI EAFE	-17.80%	1.10%	2.20%	5.40%
International	-13.00%	2.70%	2.60%	6.30%
Benchmark : MSCI EAFE	-17.80%	1.10%	2.20%	5.40%
Factor Mix Index	-8.20%	0.00%	0.00%	0.00%
Benchmark : MSCI USA	-12.80%	10.40%	11.20%	12.90%
Private Markets				
Real Estate	26.20%	10.70%	9.10%	10.10%
Benchmark : NCREIF ODCE	28.30%	11.70%	9.60%	10.20%
Infrastructure	12.80%	10.60%	13.20%	0.00% 1
Benchmark : NCREIF ODCE	28.30%	11.70%	9.60%	10.20%
Private Equity	34.80%	25.40%	21.60%	15.60%
Benchmark : Russell 2000	-5.80%	11.70%	9.70%	11.70%
Private Credit	8.70%	8.30%	7.80%	7.20%
Benchmark: BBgBarc US Corp High Yield	-0.70%	4.60%	4.70%	5.60%
Cash, Custodial, and Investment Pool				
Custodied Cash	0.20%	0.50%	1.00%	0.60%
Benchmark: 91-Day Treasury Bill	0.20%	0.50%	1.00%	0.60%
County Cash	2.90%	2.10%	0.00% 2	0.00% 2
Benchmark: 91-Day Treasury Bill	0.20%	0.50%	1.00%	0.60%
Total Fund	-9.10%	4.90%	5.50%	6.60%

Notes: Hedge Funds, Private Equity and Commodities are net of fees. Private Equity returns are lagged one quarter. Other investments are reported gross of fees. Investment results were prepared using a time-weighted rate of return based on the market rate of return.

¹ Domestic Fixed Income and Emerging Market Debt is incorporated under Global Fixed Income.

Return data will be available for 3, 5 and 10 year going forward. Infrastructure was funded in May 2015.

2. Return data available for current and 3 year only.

Investment Summary

Investment Summary

As of June 30, 2022

(Dollars in Thousands)

Investments	Fair Value	Actual Percentages ²	Target Percentages
Fixed Income			
Domestic Fixed Income	\$ 839,466	15.17%	19.00%
Foreign Fixed Income	149,229	2.70%	7.00%
U.S. Government and Agencies	320,165	5.78%	0.00%
Total Fixed Income	1,308,860	23.65%	26.00%
Equities			
Domestic Equities	1,282,805	23.18%	28.00%
International Equities	1,009,665	18.24%	21.00%
Real Estate Investment Trusts	3,869	0.07%	0.00%
Total Equities	2,296,339	41.49%	49.00%
Private Markets and Alternatives			
Real Estate	495,155	8.94%	7.00%
Private Equity	465,363	8.41%	6.00%
Infrastructure	273,346	4.94%	4.00%
Private Credit	406,700	7.35%	8.00%
Total Private Markets and Alternatives	1,640,564	29.64%	25.00%
Derivatives	(24,414)	-0.44%	0.00%
Total Investments	5,221,349	94.34%	100.00%
Cash and Cash Equivalents			
Cash Held in County Investment Pool	16,535	0.30%	0.00%
Short - Term Investment with Fiscal Agent	296,487	5.36%	0.00%
Total Cash and Cash Equivalents	313,022	5.66%	0.00%
Total Investments, Cash and Cash Equivalents	\$ 5,534,371	100.00%	100.00%

¹ The sum of individual line items may not equal 100% due to rounding.

Largest Fixed Income and Equity Holdings

Largest Fixed Income Holdings (By Fair Value)

As of June 30, 2022

Par	Name	Yield	Maturity Date	Fair Value
1,188	FUT SEP 22 CBT 5Y T-NOTE	1.030	09/30/2022	\$ 133,353,000
131	FUT JUN 23 CME 3MO SOFR	0.020	09/19/2023	31,710,188
127	FUT SEP 22 US 2YR T-NOTE	0.930	09/30/2022	26,671,984
19,350,000	UNITED STATES TREAS BDS	2.813	05/15/2051	16,334,877
103	FUT SEP 22 CBT UL T-BONDS	1.310	09/21/2022	15,897,406
20,710,000	UNITED STATES TREAS BDS	2.500	02/15/2051	15,534,927
81	FUT SEP 22 10 YR T-NOTES	1.080	09/21/2022	9,601,031
13,560,000	UNITED STATES TREAS BDS DTD	2.310	11/15/2050	9,537,023
9,360,000	UNITED STATES TREAS BDS	3.044	05/15/2052	8,840,813
7,800,000	UNITED STATES TREAS NTS DTD	1.710	02/15/2026	7,413,352
70,781,630	Total			\$ 274,894,601

Largest Equity Holdings (By Fair Value)

As of June 30, 2022

Shares	Name	Fair Value
87,170	MICROSOFT CORP COM	\$ 22,387,871
8,665	ALPHABET INC CAPITAL STOCK CL A	18,883,288
171,348	AMAZON COM INC COM	18,198,871
107,388	APPLE INC COM STK	14,682,087
496,101	SHELL PLC ORD	12,864,579
20,121	UNITEDHEALTH GROUP INC COM	10,334,749
4,077	ALPHABET INC CAP STK CL C	8,918,234
68,725	NESTLE SA (REGD)	7,999,910
98,000	CANADIAN PAC RY LT COM NPV	6,830,637
23,602	LINDE PLC COMMON STOCK	6,759,638
1,085,197	Total	\$ 127,859,864

A complete list of portfolio holdings is available upon request.

List of Investment Managers

Domestic Fixed Income

Eaton Vance
HPS Investment Partners
Loomis Sayles
RBC Access Capital
Western Asset Management Company

Global Fixed Income

Brandywine
Pimco EMD

Domestic Equity

Northern Trust MSCI US
PIMCO Stocks Plus
State Street Global Advisors MSCI
T. Rowe Price US Large Cap

International Equity

Artisan Partners International
Baillie Gifford
Mondrian Investment Partners
Northern Trust MSCI World Ex-US
Research Affiliates

Infrastructure

IFM Global Infrastructure

Private Credit

Aksia Advisors
AlpInvest FC Credit Partners VII
Angelo Gordon VI
Bridgepoint Credit Opportunities III
Carlyle CPC V, L.P.
Carlyle TCG BDC II
Colony Distressed Credit III, L.P.
CVI Credit Value Fund III
GSO European Senior Debt Fund, L.P.
KKR Mezzanine Partners
Lone Star Fund IV
Oaktree Opportunities IX, L.P.
OHA Strategic Credit Fund II
Sixth Street Partners

Cash Overlay

Parametric

Private Equity

Altaris Health Partners V
Aurora Capital Partners VI
Avista Capital Partners IV & V
Blackstone IV
Bridgepoint Development Capital IV
Cinven VII
CVC Capital Partners VIII
Gridiron Capital IV
Hamilton Lane Advisors LLC
Hamilton Lane VI & IX
Hamilton Lane Secondary IV
HGGC Fund IV
H.I.G. Growth Buyouts & Equity III
Horsley Bridge XI
Insight Partners XI & XII
JFL Equity Investors V
K4 Private Investors L.P.
K5 Private Investors L.P.
Keensight Nova VI
Kelso Investment Associates X, L.P.
Landmark Equity, XIV, L.P.
New Mountain Partners III
NewQuest Asia IV
Oak Hill Capital Partners V
Platinum Equity Small Cap
Platinum Equity V
Resolute Fund V
SK Capital Partners V-A, L.P.
Sterling Group Partners V
STG Allegro
STG Partners VI
Stripes VI
TCV XI, LP
Thomas H. Lee Equity Fund VIII
TPG Partners VIII
Verdane Capital X
WP Equity Partners, L.P.
WP Private Equity X & XII
ZMC Partners III

Real Estate Investments

Ares US Real Estate III
Green Cities III, L.P.
Harrison Street Core Property
Invesco Core Real Estate
Invesco US Value-Add Fund V, L.P.
Kennedy Wilson Real Estate Fund V, L.P.
Kennedy Wilson Real Estate Fund VI, L.P.
Oaktree Real Estate VIII
PCCP Real Estate IX

Schedule of Fees

Schedule of Fees

For the Fiscal Year Ended June 30, 2022, with Comparative Totals

	2022	2021
Investment Managers' Fees		
Domestic Equity Managers:		
Northern Trust MSCI US	\$ 27,903	\$ 22,507
Pimco Stocks Plus Small AR	563,658	1,184,471
State Street Global Advisors	91,233	-
T. Rowe Price US Large Cap	362,930	487,381
Total Domestic Equity Managers	1,045,724	1,694,359
International Equity Managers:		
Artisan International	1,200,833	1,173,472
Baillie Gifford	1,305,724	1,639,877
Mondrian Investment Partners	1,730,305	2,261,040
Northern Trust MSCI World Ex-US	38,390	35,978
Research Affiliates	220,052	216,602
Total International Equity Managers	4,495,304	5,326,969
Domestic Fixed Income Managers:		
Brandywine Global	175,957	458,032
Eaton Vance	1,001,932	1,116,871
Loomis Sayles	427,768	510,358
Pimco EMD	858,108	914,972
RBC Access Capital	172,842	178,750
Western Asset Management Company	1,291,426	897,009
Total Domestic Fixed Income Managers	3,928,033	4,075,992
Private Market Managers:		
Private Equity	6,870,755	5,260,210
Real Estate	5,468,898	3,207,448
Hedge Funds	-	146,574
Infrastructure	1,744,453	1,397,068
Private Credit	5,025,633	5,790,692
Total Private Market Managers	19,109,739	15,801,992
Total Investment Managers' Fees	28,578,800	26,899,312
Cash Overlay Manager:		
Parametric	153,074	197,083
Total Cash Overlay Managers	153,074	197,083
Other Investment Expenses		
Securities Lending Management Fees & Rebates	553,717	164,695
Custodian Service Fees	58,000	58,000
Actuarial Valuation Fees	71,000	70,000
Consulting and Legal Fees	642,036	546,854
Total Other Investment Expenses	\$ 1,324,753	\$ 839,549

Schedule of Commissions

Schedule of Commissions					
As of June 30, 2022					
Brokerage Firm	Rank	Number of Shares Traded	Total Commissions	Commissions Per Share	Percentage of Commissions
WALLACHBETH CAPITAL, LLC	1	6,232,500	\$ 62,325	\$ 0.01000	18.12%
BANK OF AMERICA CORPORATION	2	19,535,062	33,358	\$ 0.00171	9.70%
MORGAN STANLEY AND CO., LLC	3	36,588,898,907	27,187	\$ -	7.90%
MERRILL LYNCH INTERNATIONAL LIMITED	4	17,069,609,469	20,091	\$ -	5.84%
DERIVATIVES	5	8,440,198,131	17,521	\$ -	5.09%
CREDIT SUISSE SECURITIES (USA) LLC	6	16,083,989,830	15,961	\$ -	4.64%
J.P. MORGAN SECURITIES PLC	7	2,837,258,180	15,593	\$ 0.00001	4.53%
GOLDMAN, SACHS AND CO.	8	12,728,035,130	13,712	\$ -	3.99%
CREDIT SUISSE INTERNATIONAL	9	13,671,923	12,369	\$ 0.00090	3.60%
MACQUARIE SECURITIES AUSTRALIA LTD	10	7,325,668	11,221	\$ 0.00153	3.26%
HSBC SECURITIES (USA) INC.	11	79,602,570,807	9,881	\$ -	2.87%
INSTINET EUROPE LIMITED	12	2,608,327	9,158	\$ 0.00351	2.66%
JEFFERIES LLC.	13	21,489,258	8,381	\$ 0.00039	2.44%
PERSHING SECURITIES LIMITED	14	661,012	7,905	\$ 0.01196	2.30%
CLSA SINGAPORE PTE LTD.	15	812,700	5,639	\$ 0.00694	1.64%
BARCLAYS CAPITAL	16	8,212,432,378	4,886	\$ -	1.42%
JEFFERIES INTERNATIONAL LTD	17	815,379	4,623	\$ 0.00567	1.34%
EXANE S.A.	18	162,958	4,241	\$ 0.02603	1.23%
J.P. MORGAN SECURITIES LLC	19	545,441,594	3,772	\$ 0.00001	1.10%
SANFORD C. BERNSTEIN LTD	20	70,395	2,343	\$ 0.03328	0.68%
Top 20 Firms by Commission Dollars		182,181,819,608	\$ 290,167	\$ 0.10194	84.35%
All other Brokerage Firms		2,165,710,247,095	53,857	0.00000	15.65%
Total Brokerage Commissions		2,347,892,066,703	\$ 344,024	\$ 0.10194	100.00%



Actuarial Section

July 25, 2022

Board of Retirement
Fresno County Employees' Retirement Association
7772 N Palm Ave
Fresno, CA 93711

**Re: Fresno County Employees' Retirement Association (FCERA)
June 30, 2021 Actuarial Valuation for Funding Purposes**

Dear Members of the Board:

Segal prepared the June 30, 2021 actuarial valuation of the Fresno County Employees' Retirement Association (FCERA) for funding purposes. We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices and FCERA's funding policy that was originally approved by the Board in 2015 and reaffirmed by the Board in 2017. In particular, it is our understanding that the assumptions and methods used for funding purposes meet the parameters set by Actuarial Standards of Practice (ASOPs).

Actuarial valuations are performed on an annual basis with the last valuation completed as of June 30, 2021. The actuarial calculations presented in the valuation report have been made on a basis consistent with our understanding of the historical funding methods used in determination of the liability for statutory retirement benefits.

The June 30, 2021 actuarial valuation is based on the plan of benefits verified by FCERA and on participant and financial data provided by FCERA. Segal conducted an examination of these data elements and found them to be reasonably consistent and comparable with data used for other purposes. However, the scope of this examination does not qualify as an audit. Summaries of the employee data used in performing the actuarial valuations over the past several years are provided in our valuation report.

We did not audit the Association's financial statements. For actuarial valuation purposes, Retirement Plan assets are valued at actuarial value. Under this method, the assets used to determine employer contribution rates take into account market value by recognizing the differences between the total return at market value and the expected investment return over a five-year period. The deferred gains and losses are further adjusted, if necessary, so that the actuarial value of assets will stay within 30% of the market value of assets.

One of the general goals of an actuarial valuation is to establish contribution rates, which, over time, will remain level as a percentage of payroll unless Plan benefit provisions are changed. Actuarial funding is based on the Entry Age Cost Method. Under this method, the employer contribution rate provides for current cost (Normal Cost) plus a level percentage of payroll to amortize any unfunded actuarial accrued liability (UAAL). The UAAL is amortized as a level percentage of payroll over a declining period with 12 years remaining for the outstanding balance of the UAAL established as of the June 30, 2003 valuation and a separate 15-year period is used for new UAAL established on each subsequent valuation as a result of actuarial gains/losses or changes in actuarial assumptions. Any increase in UAAL due to new benefit improvements is also amortized over 15 years. The progress being made towards meeting the funding objective through June 30, 2021 is illustrated in the Schedule of Funding Progress.

Note number 2 to the Financial Statements and the Required Supplemental Information (RSI) included in the Financial Section were prepared by the Association based on the results of the Governmental Accounting Standards (GAS) Statement No. 67 actuarial valuation as of June 30, 2021 prepared by Segal. For the Financial Section of the Comprehensive Annual Financial Report (Annual Report), Segal provided the Schedule of Change in Net Pension Liability and Schedule of Employer Contributions as shown in the RSI. A listing of supporting schedules Segal prepared for inclusion in the Actuarial and Statistical Sections of the Association's Annual Report is provided below. These schedules were prepared based on the results of the actuarial valuation as of June 30, 2021 for funding purposes.

1. Schedule of Funded Liabilities by Type;
2. Actuarial Analysis of Financial Experience;
3. Schedule of Funding Progress;
4. Average Benefit Payments; and
5. Years of Life Expectancy after Service and Disability Retirement.

The valuation assumptions included in the Actuarial Section were adopted by the Retirement Board based on the July 1, 2015 through June 30, 2018 Experience Analysis for the non-economic assumptions and the Review of Economic Assumptions for the June 30, 2021 Actuarial Valuation for the economic assumptions. Note that the investment return assumption was developed without taking into consideration the impact of the Board's policy of utilizing excess earnings to provide contribution offsets and additional settlement and non-statutory benefits. It is our opinion that the assumptions used in the June 30, 2021 valuation produce results, which, in aggregate, reflect the future experience of the Plan. On April 20, 2022, the Board approved the demographic assumptions for use in the next June 30, 2022 valuation. An experience analysis is typically performed every three years and the next full experience analysis is due to be performed as of June 30, 2024 and any changes in assumptions that result will be reflected in the June 30, 2025 valuation.

In the June 30, 2021 valuation, the ratio of the Valuation Value of Assets to Actuarial Accrued Liabilities (funded percentage) increased from 82.7% to 85.9%. The average employer rate has

decreased from 54.32% of payroll to 51.89% of payroll while the average member rate has increased from 8.99% to 9.61% of payroll.

Under the Actuarial Value of Assets method, the total unrecognized investment gain as of June 30, 2021 is \$572.5 million. This deferred investment gain of \$572.5 million will be recognized in the determination of the Actuarial Value of Assets for funding purposes in the next few years, and will offset any investment losses that may occur after June 30, 2021. If the Association earns the assumed net rate of investment return of 6.50% per year on a market value basis, that will result in investment gains on the Valuation Value of Assets in the next few years. This means that, if the actual market return is equal to the assumed 6.50% rate and all other actuarial assumptions are met, the contribution requirements would decrease in the next few years.

The deferred investment gain represents about 9.1% of the Market Value of Assets. Unless offset by future investments losses or other unfavorable experience, the recognition of the \$572.5 million in past market gains is expected to have an impact on the Association's future funded ratio and contribution rate contributions. This potential impact may be illustrated as follows:

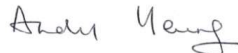
- If the net deferred gains were recognized immediately in the Valuation Value of Assets, the funded percentage would increase from 85.9% to 94.5%.
- If the net deferred gains were recognized immediately in the Valuation Value of Assets, the average employer contribution rate would decrease from 51.89% to 41.66% of payroll.

The undersigned are Members of the American Academy of Actuaries and meet the qualification requirements to render the actuarial opinion contained herein.

Sincerely,



Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President & Actuary



Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Actuary

OH/elf

Enclosures

Summary of Actuarial Assumptions and Methods continued

The Entry Age Normal Actuarial Cost Method was used in conjunction with the following actuarial assumptions. The Unfunded Actuarial Accrued Liability (UAAL) established as of the June 30, 2003 valuation is being amortized over a declining 30-year period with 12 years remaining as of June 30, 2021. Any new UAAL established on each subsequent valuation after June 30, 2003, as a result of actuarial gains or losses and changes in actuarial assumptions is amortized over a separate 15-year declining period. The increase in UAAL due to benefit improvements is amortized over 30 years for periods ending through June 30, 2011, and is 15 years for all periods thereafter. The following interest rate assumptions along with the post retirement and pre-retirement demographic experiences are based on the plan's actuarial valuation as of June 30, 2021, which determines the employer and membership contribution rates. The actuarial valuation report as of June 30, 2021, was approved and adopted by the Fresno County Employees' Retirement Association (FCERA) Board of Retirement (the Board) on December 15, 2021.

- | | |
|---------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Investment Rate of Return | 6.50% per annum |
| 2. Interest Credited to Employee Accounts | Nominal rate of 2.50% per annum, compounded semiannually |
| 3. Inflation | 2.50% per annum |
| 4. Salary Scale: | |
| <ul style="list-style-type: none"> • General Members | Payroll growth rate is 3.00% (merit ranges from 1.10% to 8.50%; plus 2.50% inflation plus 0.50% "across the board" salary increase) |
| <ul style="list-style-type: none"> • Safety Members | Payroll growth rate is 3.00% (merit ranges from 1.50% to 8.50%; plus 2.50% inflation plus 0.50% "across the board" salary increase) |
| 5. Asset Valuation | Smoothed market value |
| 6. Spouses and Dependents | 70% of male active members and 50% of female active members assumed married at retirement, with wives assumed three years younger than husbands |
| 7. Rates of Termination of Employment | 1.00% to 18.00%, depending on age, gender, and service classification |
| 8. Years of Life Expectancy After Retirement: | |
| <ul style="list-style-type: none"> • General Members | Pub-2010 General Healthy Retiree Amount Weighted Above-Median Mortality Table times 110%, projected generationally with two-dimensional mortality improvement scale MP-2018 |

Summary of Actuarial Assumptions and Methods continued

<ul style="list-style-type: none">• Safety Members	Pub-2010 Safety Healthy Retiree Amount Weighted Above-Median Mortality Table , projected generationally with two-dimensional mortality improvement scale MP-2018
9. Years of Life Expectancy After Disability	
<ul style="list-style-type: none">• General Members	Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2018
<ul style="list-style-type: none">• Safety Members	Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2018
10. Life Expectancy After Retirement for Employee Contribution Rate Purposes:	
<ul style="list-style-type: none">• General Members	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table times 110%, projected 30 years with two-dimensional mortality improvement scale MP-2018, weighted 35% male and 65% female
<ul style="list-style-type: none">• Safety Member	Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table, projected 30 years with two-dimensional mortality improvement scale MP-2018, weighted 80% male and 20% female
11. Reciprocity Assumption	
12. Vested Terminations	
13. Service and Disability Retirements	
20% of General and 30% of Safety members who terminate with less than 5 years of service and 30% of General and 50% of Safety members who terminate with 5 or more years of service are assumed to enter a reciprocal system	
Varies by age and years of service	
Varies by tier of membership and by age	

Summary of Actuarial Assumptions and Methods continued

14. Gains & Losses

13 years (declining) for UAAL established as of June 30, 2003 plus 12 years (declining) for UAAL and change in actuarial assumptions established on each subsequent valuation. The increase in UAAL due to benefit improvements is amortized over 30 years for periods ended June 30, 2012 and 15 years for all periods thereafter

Note: Information compiled from Actuarial Report prepared by Segal as of June 30, 2021. Please refer to page 50 for the latest GASB 67 Valuation Assumptions and page 53 for the latest actuarial valuation methods applied during this fiscal period, July 1, 2021 to June 30, 2022.

Active Member Data

Schedule of Active Member Valuation Data

Valuation Date	Plan Type	Number	Annual Payroll (in thousands)	Average Monthly Salary	% Increase in Average Salary
6/30/2021	General	6,696	\$ 403,059	5,016	2.4%
	Safety	964	79,440	6,867	1.2%
	Total	7,660	\$ 482,499	5,249	2.1%
6/30/2020	General	6,870	\$ 403,891	4,899	3.2%
	Safety	1,003	81,695	6,788	4.7%
	Total	7,873	\$ 485,586	5,140	3.4%
6/30/2019	General	6,677	\$ 380,052	4,743	3.0%
	Safety	999	77,707	6,482	2.0%
	Total	7,676	\$ 457,759	4,970	3.0%
6/30/2018	General	6,520	\$ 360,143	4,603	2.8%
	Safety	938	71,536	6,355	3.0%
	Total	7,458	\$ 431,679	4,823	2.8%
6/30/2017	General	6,421	\$ 344,809	4,475	1.9%
	Safety	932	68,951	6,165	2.0%
	Total	7,353	\$ 413,760	4,689	2.0%
6/30/2016	General	6,377	\$ 335,815	4,388	0.5%
	Safety	920	66,719	6,043	0.0%
	Total	7,297	\$ 402,534	4,597	0.6%
6/30/2015	General	6,159	\$ 322,735	4,367	2.7%
	Safety	842	61,040	6,041	-0.6%
	Total	7,001	\$ 383,775	4,568	2.1%
6/30/2014	General	6,130	\$ 312,663	4,250	-0.8%
	Safety	838	61,111	6,077	1.6%
	Total	6,968	\$ 373,774	4,470	-0.5%
6/30/2013 ²	General	6,020	\$ 309,356	4,282	-1.4%
	Safety	846	60,723	5,981	-4.3%
	Total	6,866	\$ 370,079	4,492	-1.6%
6/30/2012 ¹	General	5,900	\$ 307,416	4,342	-8.1%
	Safety	777	58,180	6,240	-6.8%
	Total	6,677	\$ 365,596	4,563	-7.2%

¹ New benefit tier effective June 2012.

² New benefit tier effective January 2013.

Please see Note 1 Description of the Plan - Benefit Provisions pages 26 to 28.

Source: Segal Actuarial Valuation Reports dated June 30, 2012 through 2021.

Actuarial Analysis

Schedule of Retirees and Beneficiaries Added to and Removed From Payroll

(Dollars in Thousands)

Fiscal Year	Number at Beginning of Fiscal Year	Number Added to Payroll	Allowances Added	Number Removed From Payroll	Allowances Removed	Number at End of Fiscal Year	Annual Allowance (in thousands)	Percent Increase in Annual Allowance	Average Annual Allowance (in thousands)	Percent Increase/ (Decrease) in Average Annual Allowance
2021-22	7,985	453	\$ 8,272	260	\$ 2,818	8,178	\$ 320,402	4.24%	39	1.78%
2020-21	7,841	387	7,371	243	3,399	7,985	307,367	5.02%	38	4.04%
2019-20	7,656	386	6,777	201	3,315	7,841	292,671	5.55%	37	3.06%
2018-19	7,448	397	7,043	189	2,821	7,656	277,292	6.32%	36	3.43%
2017-18	7,240	399	8,219	191	2,835	7,448	260,806	5.74%	35	2.79%
2016-17	7,035	373	7,394	168	2,213	7,240	246,649	3.66%	34	0.72%
2015-16	6,843	339	7,606	147	2,064	7,035	237,950	3.88%	34	1.05%
2014-15	6,626	367	7,972	150	1,871	6,843	229,053	3.11%	33	-0.16%
2013-14	6,403	368	7,584	145	1,885	6,626	222,155	5.46%	34	1.91%
2012-13	6,148	397	8,249	142	2,132	6,403	210,654	8.97%	33	4.63%

¹ Number Added to Payroll in Year 2011-12 has been revised to tie to the Number at End of Fiscal Year and to reconcile with the Schedule of Membership reported in the Notes to the Financial Section in the 2011-2012 ACFR.

Source: Schedule provided by FCERA.

Schedule of Funding Progress

(Dollars in Thousands)

Actuarial Valuation Date	Valuation Value of Assets (VVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c) ¹	UAAL as a Percentage of Covered Payroll [(b) - (a)]/(c)
2020-21	\$ 5,710,379	\$ 6,649,631	939,252	85.9%	\$ 482,500	194.7%
2019-20	\$ 5,226,009	\$ 6,320,381	1,094,372	82.7%	\$ 485,587	225.4%
2018-19	4,971,225	6,086,654	1,115,429	81.7%	457,759	243.7%
2017-18	4,802,958	5,893,909	1,090,951	81.5%	431,678	252.7%
2016-17	4,529,508	5,643,444	1,113,936	80.3%	413,760	269.2%
2015-16	4,278,001	5,472,149	1,194,148	78.2%	402,535	296.7%
2014-15	4,092,647	5,074,333	981,686	80.7%	383,775	255.8%
2013-14	3,824,221	4,876,754	1,052,533	78.4%	373,774	281.6%
2012-13	3,518,982	4,694,780	1,175,798	75.0%	370,079	317.7%
2011-12	3,305,045	4,345,402	1,040,357	76.1%	365,596	284.6%

Source: Schedule provided by Segal.

¹ Covered payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

Actuarial Analysis

Schedule of Analysis of Financial Experience

(Dollars in Thousands)

	Changes to UAAL	2021
1	Unfunded actuarial accrued liability at beginning of year	\$ 1,094,372
2	Total Normal Cost at middle of year ¹	118,607
3	Expected administrative expenses	5,829
4	Expected employer and member contributions ²	(310,722)
5	Interest	71,245
6	Expected unfunded actuarial accrued liability at end of year	979,331
7	Changes due to:	
	a. Investment return greater than expected	(119,486)
	b. Actual contributions greater than expected	(5,040)
	c. Individual salary increases less than expected	(57,826)
	d. COLA increases lower than expected	(47,403)
	e. Other experience gain	(13,693)
	f. Total Changes	(243,448)
	g. Change in actuarial assumptions	\$ 203,369
	Unfunded Actuarial Accrued Liability at end of year	\$ 939,252

¹ Excludes administration expense load.

² Other differences in actual versus expected experience include mortality, retirement, disability and termination.

	Changes to UAAL	2020
1	Unfunded actuarial accrued liability at beginning of year	\$ 1,115,429
2	Total Normal Cost payable at middle of year ¹	114,622
3	Expected administrative expenses	5,493
4	Expected employer and member contributions ²	(320,525)
5	Interest	71,674
6	Expected unfunded actuarial accrued liability at end of year	986,693
7	Actuarial (gain)/loss due to all changes:	
	<u>Experience (gain)/loss</u>	
	a. Investment return less than expected (after "smoothing")	80,596
	b. Actual contributions less than expected in item 4 (mainly from scheduled one year delay in implementing the higher contribution rates from June 30, 2019 valuation) ³	32,366
	c. Individual salary increases less than expected	(3,716)
	d. COLA - increases lower than expected ⁴	(12,271)
	e. Other experience losses	10,704
	f. Total Changes	107,679
	Actual unfunded actuarial accrued liability at end of year (6) + (7g)	\$ 1,094,372

¹ Excludes administration expense load.

² Includes contributions toward administrative expenses.

³ Contribution loss from one-year delay in implementing higher contribution rates recommended in June 30, 2018 valuation.

⁴ Under the new 2.75% inflation assumption adopted in June 30, 2019 valuation, COLAs are valued at 3.00% until the member's COLA bank is exhausted.

Source: Information for 2020 and 2021 schedules provided by Actuary, Segal.

Funded Liabilities by Type

Schedule of Funded Liabilities by Type

(Dollars in Thousands)

Actuarial Accrued Liabilities (AAL) for					Portion of Accrued Liabilities Covered by Reported Assets		
Valuation Date	(1) Active Member Contributions(a)	(2) Vested, Retirants and Beneficiaries	(3) Active Members Employer Financed	Valuation Value of Assets (VVA)	(1) Active Member Contributions	(2) Vested, Retirants and Beneficiaries	(3) Active Members Employer Financed
June 30, 2021	\$ 422,253	\$ 4,540,467	\$ 1,686,911	\$ 5,710,379	100%	100%	44%
June 30, 2020	404,970	4,285,138	1,630,273	5,226,009	100%	100%	33%
June 30, 2019	460,516	4,116,936	1,509,202	4,971,225	100%	100%	26%
June 30, 2018	460,384	3,992,258	1,441,267	4,802,958	100%	100%	24%
June 30, 2017	460,664	3,764,617	1,418,163	4,529,508	100%	100%	21%
June 30, 2016	444,552	3,609,392	1,418,205	4,278,001	100%	100%	16%
June 30, 2015	427,130	3,347,346	1,299,857	4,092,647	100%	100%	24%
June 30, 2014	412,209	3,142,414	1,322,131	3,824,221	100%	100%	20%
June 30, 2013	398,888	2,961,186	1,334,706	3,518,982	100%	100%	12%
June 30, 2012	385,537	2,731,606	1,228,259	3,305,045	100%	100%	15%

(a) Equal to the total balance (in market value) of the reserve account maintained for member contributions.

Source: Information provided by Segal .

Probability of Occurrence

Probabilities of Separation from Active Service

(Current Assumptions)

Age	Ordinary Death ²	Total Disability ³
General Members – Male		
20	0.00000	0.00010
30	0.00030	0.00020
40	0.00060	0.00110
50	0.00130	0.00280
60	0.00280	0.00440
General Members – Female		
20	0.00000	0.00010
30	0.00010	0.00020
40	0.00030	0.00110
50	0.00080	0.00280
60	0.00170	0.00440
Safety Members – Male		
20	0.00000	0.00050
30	0.00040	0.00240
40	0.00050	0.00650
50	0.00100	0.01300
60	0.00230	0.02600
Safety Members – Female		
20	0.00000	0.00050
30	0.00020	0.00240
40	0.00040	0.00650
50	0.00080	0.01300
60	0.00140	0.02600

Probability of Occurrence continued

Probabilities of Separation from Active Service (continued)

Total Terminations ¹		
Years of Service	General	Safety
Less than 1	18.00000	13.00000
1-2	11.00000	8.00000
2-3	9.00000	7.00000
3-4	8.00000	4.00000
4-5	7.50000	3.50000
5-6	6.00000	3.25000
6-7	5.50000	3.00000
7-8	5.00000	2.75000
8-9	4.75000	2.50000
9-10	4.00000	2.25000
10-11	4.00000	2.00000
11-12	4.00000	1.90000
12-13	3.75000	1.80000
13-14	3.75000	1.70000
14-15	3.75000	1.60000
15-16	3.50000	1.50000
16-17	2.75000	1.40000
17-18	2.75000	1.30000
18-19	2.75000	1.20000
19-20	2.50000	1.10000
20 & Over	2.25000	1.00000

¹ No termination is assumed after a member is first assumed to retire.

² All pre-retirement deaths are assumed to be non-service connected.

³ 50% of General disabilities are assumed to be service connected (duty) disabilities. The other 50% are assumed to be non-service connected (ordinary) disabilities. 100% of Safety disabilities are assumed to be service connected (duty) disabilities.

Note: Information compiled from Actuarial Report prepared by Segal dated June 30, 2020.

Assumptions for separation from active service are based on combined tiers with the exception of service retirement.

Probability of Occurrence continued

Probabilities of Separation from Active Service (Current assumptions)

Age	Service Retirement
General Tier 1 - Male	
50	0.05000
55	0.08000
60	0.16000
65	0.40000
70	0.35000
General Tier 1 - Female	
50	0.15000
55	0.16000
60	0.24000
65	0.60000
70	0.52500
General Tier 2 - Male and Female	
50	0.03000
55	0.08400
60	0.15000
65	0.35000
70	0.70000
General Tier 3 - Male and Female	
50	0.03600
55	0.10000
60	0.16000
65	0.35000
70	0.60000
General Tier 4 - Male and Female	
50	0.02000
55	0.04000
60	0.09000
65	0.23000
70	0.60000
General Tier 5 - Male and Female	
50	0.00000
55	0.03500
60	0.08500
65	0.22000
70	0.60000
Safety Tiers 1 and 2 - Male and Female	
50	0.05000
55	0.40000
60	0.30000
65	1.00000
Safety Tiers 4 and 5 - Male and Female	
50	0.04000
55	0.18000
60	0.40000
65	1.00000

Note: Information compiled from Actuarial Report prepared by Segal dated June 30, 2020.
Assumptions for separation from active service are based on combined tiers with the exception of service retirement.

Proportions of Withdrawals from Active Service

Proportion of Withdrawals from Active Service

(Current assumptions)

Years of Service	General	Safety
0	50.00%	50.00%
1	50.00%	50.00%
2	50.00%	50.00%
3	50.00%	50.00%
4	50.00%	50.00%
5	30.00%	70.00%
6	30.00%	70.00%
7	30.00%	70.00%
8	30.00%	70.00%
9	30.00%	70.00%
10	25.00%	75.00%
11	25.00%	75.00%
12	25.00%	75.00%
13	25.00%	75.00%
14	25.00%	75.00%
15	15.00%	85.00%
16	15.00%	85.00%
17	15.00%	85.00%
18	15.00%	85.00%
19	15.00%	85.00%
20 or more	10.00%	90.00%

Note: Probability of refunds by age are not available. Refunds are more closely associated with years of service. Information compiled from Actuarial Report prepared by Segal dated June 30, 2020.

Summary of Major Plan Provisions

Years of Life Expectancy after Service Retirement

(Current Assumptions)

Age	Years of Life Expectancy
General Members - Male	
50	35.2
60	25.5
70	16.7
80	9.2
90	4.2
100	1.7
110	0.9
General Members - Female	
50	37.6
60	27.8
70	18.5
80	10.5
90	4.8
100	2.0
110	0.9
Safety Members - Male	
50	36.7
60	26.6
70	17.5
80	9.9
90	4.6
100	2.0
110	1.0
Safety Members - Female	
50	37.8
60	27.8
70	18.6
80	10.8
90	5.3
100	2.3
110	1.1

Summary of Major Plan Provisions continued

Years of Life Expectancy after Disability Retirement

(Current assumptions)

Age	Years of Life Expectancy	
General Members	Male	Female
20	52.90	56.30
30	43.00	45.90
40	34.00	36.50
50	25.80	28.40
60	19.10	21.80
70	13.50	15.20
80	8.20	9.00
90	4.20	4.90
100	2.00	2.30
110	1.00	1.10
Safety Members	Male	Female
20	64.40	66.90
30	54.00	56.30
40	43.90	46.00
50	33.90	36.00
60	24.30	26.50
70	15.90	18.00
80	8.90	10.50
90	4.20	5.10
100	2.00	2.30
110	1.00	1.10

Note: Information provided by Segal.

Summary of Major Plan Provisions continued

1. ELIGIBILITY

First day of pay period following date of employment in an eligible position.

2. DEFINITION OF SALARY

- Tiers 1 and 2
Highest one-year average compensation earnable.
- Tiers 3 and 4
Highest three-year average compensation earnable.
- Tier 5
Highest consecutive three years of pensionable compensation.

3. SERVICE RETIREMENT

Benefit Level

- Tier 1
 - General offers 2.5% at age 55, California Government Code § 31676.12, 31676.14 and 31627.
 - Safety offers 2.5% at age 50, California Government Code § 31664 and 31627.
- Tier 2
 - General offers 2% at age 55, California Government Code § 31676.16.
 - Safety offers 2.29% at age 50, California Government Code § 31664.2.
- Tier 3
 - General offers 2% at age 55, California Government Code § 31676.15.
- Tier 4
 - General offers 1.49% at age 55, California Government Code § 31676.1.
 - Safety offers 2% at age 50, California Government Code § 31664.
- Tier 5
 - General offers 1% at age 52, California Government Code § 7522.20(a).
 - Safety offers 2% at age 50, California Government Code § 7522.25(d).

Summary of Major Plan Provisions continued

Eligibility

- Early Retirement
 - Tiers 1, 2, 3, and 4 - Age 50 with 10 years of service, or any age with 30 years of service for General, or any age with 20 years of service for Safety.
 - Tier 5 – Age 52 with 5 years of service for General or age 50 with 5 years of service for Safety
- Benefit Adjustments
 - General and Safety Tier 1
 - Reduced for retirement before age 55 and age 50, respectively.
 - Increased for retirement after age 55 and age 50, respectively.
 - Maximum benefit for retirement at or after age 60 and age 55, respectively.
 - General Tiers 2 and 3
 - Reduced for retirement before age 55.
 - Increased for retirement after age 55.
 - Maximum benefit for retirement at or after age 62 or age 65, respectively.
 - Safety Tier 2
 - Reduced for retirement before age 50.
 - Increased for retirement after age 50.
 - Maximum benefit for retirement at or after age 55.
 - General and Safety Tier 4
 - Reduced for retirement before age 65, General only.
 - Increased for retirement after age 65 and age 55, respectively.
 - Maximum benefit for retirement at or after age 65 or age 55, respectively.
 - General and Safety Tier 5
 - Reduced for retirement before age 62.
 - Maximum benefit for retirement at or after age 67 or age 57, respectively.

4. DISABILITY RETIREMENT

- Non-service connected

1.5% for General Tiers 1, 2, 4, and 5; 1.8% General Tier 3; and 1.8% for Safety of final average salary per year of service, with a maximum of 33.33% if projected service is used (age 65 for General Tiers 1, 2, 4, and 5; age 65 for Tier 3; age 55 for Safety), or service retirement benefit (if eligible).

Summary of Major Plan Provisions Continued

- Service-connected

Greater of 50% of final average salary or service retirement benefit (if eligible).

5. DEATH BEFORE RETIREMENT

- Refund of contributions with interest plus 1/12th of monthly salary per year of service, maximum of six months' salary.
- If eligible for non-service connected disability or service retirement, eligible beneficiary will receive 60% of member's accrued allowance.
- If service-connected, beneficiary will receive 50% of final compensation or 100% of service retirement, if eligible.

6. DEATH AFTER RETIREMENT

- Service retirement or non-service connected disability, eligible beneficiary will receive 60% of member's allowance.
- Service disability, eligible beneficiary will receive 100% of member's allowance.

7. VESTING

- After five years of service.
- Must leave contributions on deposit.

8. MEMBERS' CONTRIBUTIONS

- Tiers 1, 2, 3, and 4 - Based on entry age.
- Tier 5 – Flat rate as determined by valuation.

9. COST OF LIVING

Maximum 3% COLA for members enrolled in Tiers 1, 2, and 3. No COLA for members enrolled in Tier 4 or 5.

Note: Information for the Summary of Major Plan Provisions was compiled from the Actuarial Report prepared by Segal dated June 30, 2020.



Statistical Section



Statistical Information

STATISTICAL SECTION INFORMATION

This section contains additional comparative information in order to provide a more detailed understanding of the financial statements, note disclosures and supplementary information. The financial trend information displayed on the following pages is intended to show how FCERA's financial position has changed over a period of time, including changes of plan net position, revenues and expenses, retiree benefit information and membership history.

The Table of Changes in Fiduciary Net Position details the plan's additions and deductions by source and plan's net change over the past 10 years.

Several schedules of Retired Members illustrate benefits paid by retirement type, service, disability and survivors, for both general and safety (law enforcement) classifications and numeric counts of retirees by classification. The 10-years of Average Annual Benefit schedules further breaks down retiree counts and benefit payments by Benefit Tiers and by years of benefit service. The Retired Members by Type of Benefit provides additional information regarding the membership type and benefit option of retirees.

The Schedule of Active and Deferred Members provides membership counts by classification, active vested, active non-vested and deferred status. Two schedules of membership by participating employer are provided that compares current active membership to membership 10-years prior, along with a schedule of employer contribution rates over the past 10-years by Benefit Tier.

The last schedule provides 10-years of Benefits and Refund information by benefit type and classification, including active employee death benefits.

Combined these schedules show trends in membership and benefit payments, allowing the reader to have a more complete picture of the activity over time.

Fiduciary Net Position

Table of Changes in Fiduciary Net Position

Last Ten Fiscal Years

(Dollars in Thousands)

	2022	2021	2020	2019	2018
Additions					
Employer Contributions	\$ 251,733	\$ 273,973	\$ 247,474	\$ 225,492	\$ 225,492
Member Contributions	42,038	41,621	41,761	40,463	40,463
Net Investment Income/(Loss)	(621,887)	1,348,651	13,097	254,801	254,801
Total Additions	(328,116)	1,664,245	302,332	520,756	520,756
Deductions ¹					
Total Benefit Expenses	\$ 320,673	\$ 307,680	\$ 292,775	\$ 277,417	\$ 247,491
Refunds	4,175	2,747	2,217	2,615	2,356
Administrative Expenses	6,460	6,074	6,422	5,981	4,762
Other	99	117	130	107	77
Total Deductions	331,407	316,618	301,544	286,120	254,686
		\$			
Change in Fiduciary Net Position	\$ (659,523)	1,347,627	\$ 788	\$ 234,636	\$ 266,070
	2017	2016	2015	2014	2013
Additions					
Employer Contributions	\$ 198,472	\$ 191,529	\$ 184,213	\$ 165,309	\$ 158,572
Member Contributions	36,259	35,212	33,110	30,154	30,516
Net Investment Income/(Loss)	417,681	(4,258)	406	583,169	378,483
Total Additions	652,412	222,483	217,729	778,632	567,571
Deductions ¹					
Total Benefit Expenses	\$ 247,491	\$ 238,028	\$ 229,115	\$ 222,289	\$ 210,745
Refunds	2,356	2,203	2,282	2,103	2,211
Administrative Expenses	4,762	4,814	4,297	3,542	3,634
Other	77	61	45	21	42
Total Deductions	254,686	245,106	235,739	227,955	216,632
Change in Fiduciary Net Position	\$ 397,726	\$ (22,623)	\$ (18,010)	\$ 550,677	\$ 350,939

¹ See page 105 for detailed information on Benefit and Refund deductions by type.

² Restated as defined in Government Code Section 31580.2, excludes Information Technology expenses.

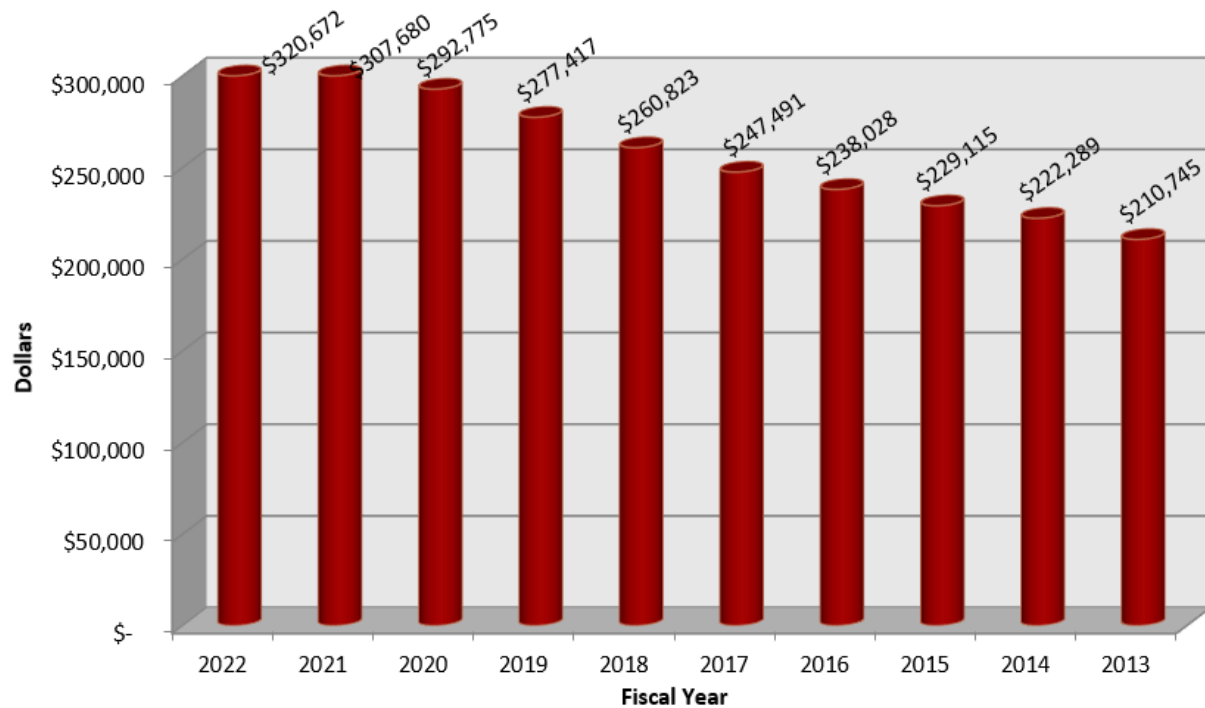
Retired Members

Schedule of Benefit Expenses by Type

Last Ten Fiscal Years

(Dollars in Thousands)

FISCAL YEAR-END	SERVICE		SURVIVOR		DISABILITIES		TOTAL ¹
	GENERAL	SAFETY	GENERAL	SAFETY	GENERAL	SAFETY	
2022	\$ 235,443	\$ 44,659	\$ 20,475	\$ 5,223	\$ 6,667	\$ 8,205	320,672
2021	226,956	41,292	18,976	4,901	7,233	8,322	307,680
2020	232,085	41,397	1,482	788	8,514	8,509	292,775
2019	220,173	39,011	1,402	766	8,060	8,005	277,417
2018	207,672	35,617	1,283	753	7,927	7,571	260,823
2017	198,137	33,063	2,536	1,898	5,970	5,887	247,491
2016	185,490	36,201	2,498	1,432	5,230	7,177	238,028
2015	179,054	34,516	2,298	1,426	5,314	6,507	229,115
2014	173,829	33,021	2,004	1,200	5,411	6,824	222,289
2013	165,066	31,343	1,971	994	5,241	6,130	210,745



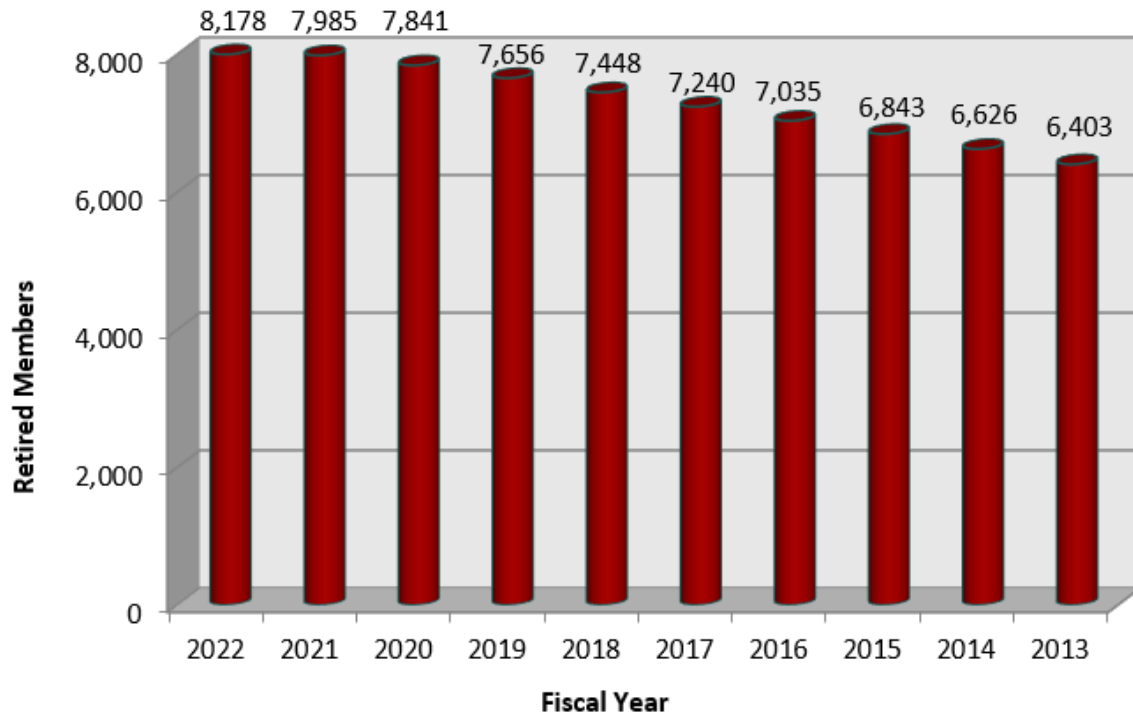
¹ Total Benefit Expenses are the actual expenses paid and will not equal Total Average Annual Benefits reported on page 98.

Retired Members continued

Schedule of Retired Members by Type of Retirement

Last Ten Fiscal Years

FISCAL YEAR-END ¹	GENERAL	SAFETY	SURVIVOR	TOTAL
2022	6,916	1157	105	8,178
2021	6,755	1124	106	7,985
2020	6,645	1087	109	7,841
2019	6,505	1048	103	7,656
2018	6,345	999	104	7,448
2017	6,191	943	106	7,240
2016	6,036	901	98	7,035
2015	5,874	872	97	6,843
2014	5,687	841	98	6,626
2013	5,498	805	100	6,403



¹ Includes a correction to the allocation of General, Safety Retired and Survivor at June 30, 2017.
Total county for year-end 2017 remains unchanged.

Source: Schedule provided by FCERA

Retired Members continued

Schedule of Average Annual Benefit and Membership Distribution of Retired Members

Last Ten Fiscal Years

Valuation Date	Plan Type	Annual ² Number	Total Average ¹ Annual Benefits	Annual Average Benefits	Average Monthly Benefits	% Change in Average Benefits
6/30/2021	General	6,834	\$ 252,232,836	\$ 36,909	\$ 3,076	1.9%
	Safety	1,148	61,801,764	53,834	4,486	2.8%
	Total	7,982	\$ 314,034,600	\$ 39,343	\$ 3,279	2.1%
6/30/2020	General	6,724	\$ 243,552,328	\$ 36,221	\$ 3,018	3.1%
	Safety	1,114	58,335,084	52,365	4,364	2.9%
	Total	7,838	\$ 301,887,412	\$ 38,516	\$ 3,210	3.1%
6/30/2019	General	6,578	\$ 231,154,344	\$ 35,141	\$ 2,928	3.1%
	Safety	1,073	54,586,848	50,873	4,239	1.9%
	Total	7,651	\$ 285,741,192	\$ 37,347	\$ 3,112	3.0%
6/30/2018	General	6,419	\$ 218,827,992	\$ 34,091	\$ 2,841	3.5%
	Safety	1,026	51,243,276	49,945	4,162	3.2%
	Total	7,445	\$ 270,071,268	\$ 36,276	\$ 3,023	3.6%
6/30/2017	General	6,231	\$ 205,272,828	\$ 32,944	\$ 2,754	2.2%
	Safety	969	46,903,332	48,404	4,034	1.7%
	Total	7,200	\$ 252,176,160	\$ 35,024	\$ 2,919	2.2%
6/30/2016	General	6,099	\$ 196,553,148	\$ 32,227	\$ 2,686	1.4%
	Safety	933	44,399,616	47,588	3,966	-0.2%
	Total	7,032	\$ 240,952,764	\$ 34,265	\$ 2,855	1.1%
6/30/2015	General	5,938	\$ 188,786,148	\$ 31,793	\$ 2,649	2.2%
	Safety	901	42,943,056	47,662	3,972	0.8%
	Total	6,839	\$ 231,729,204	\$ 33,883	\$ 2,824	2.0%
6/30/2014	General	5,721	\$ 178,024,944	\$ 31,118	\$ 2,593	2.7%
	Safety	849	40,128,876	47,266	3,939	2.6%
	Total	6,570	\$ 218,153,820	\$ 33,205	\$ 2,767	2.7%
6/30/2013	General	5,544	\$ 168,032,832	\$ 30,309	\$ 2,526	2.5%
	Safety	819	37,731,336	46,070	3,839	1.6%
	Total	6,363	\$ 205,764,168	\$ 32,338	\$ 2,695	2.3%
6/30/2012	General	5,432	\$ 160,654,932	\$ 29,576	\$ 2,465	4.4%
	Safety	803	36,393,984	45,323	3,777	4.0%
	Total	6,235	\$ 197,048,916	\$ 31,604	\$ 2,634	4.3%

¹ Total Average Annual Benefits will not equal the Actual Total Benefit Expenses reported on page 96.

² Total Annual Membership provided by the Actuary will not equal the Actual Membership reported on page 97.

Source: Information above provided by Segal.

Retired Members continued

Schedule of Average Benefit Payments by Years of Credited Service

Last Ten Fiscal Years

Retirement Effective Date	Years of Credited Service ¹						
	0-4	5-9	10-14	15-19	20-24	25-29	30 and over
Period 7/1/2020 to 6/30/2021							
Average monthly benefit	\$ 374	\$ 1,403	\$ 2,023	\$ 2,831	\$ 3,713	\$ 5,330	\$ 6,397
Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of retired members	13	35	32	70	62	40	51
Period 7/1/2019 to 6/30/2020							
Average monthly benefit	\$ 926	\$ 1,288	\$ 1,897	\$ 2,785	\$ 3,876	\$ 5,174	\$ 7,123
Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of retired members	26	32	39	55	55	48	41
Period 7/1/2018 to 6/30/2019							
Average monthly benefit	\$ 590	\$ 1,180	\$ 1,763	\$ 2,973	\$ 3,666	\$ 5,038	\$ 5,649
Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of retired members	17	43	51	55	53	48	44
Period 7/1/2017 to 6/30/2018							
Average monthly benefit	\$ 945	\$ 882	\$ 2,172	\$ 2,915	\$ 4,264	\$ 4,865	\$ 6,723
Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of retired members	14	31	54	75	47	63	35
Period 7/1/2016 to 6/30/2017							
Average monthly benefit	\$ 483	\$ 1,011	\$ 1,908	\$ 2,742	\$ 3,711	\$ 4,805	\$ 5,753
Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of retired members	16	33	44	61	43	54	36
Period 7/1/2015 to 6/30/2016							
Average monthly benefit	\$ 519	\$ 1,692	\$ 2,428	\$ 2,672	\$ 3,217	\$ 4,674	\$ 5,688
Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of retired members	15	42	71	48	46	49	28
Period 7/1/2014 to 6/30/2015							
Average monthly benefit	\$ 654	\$ 1,242	\$ 1,974	\$ 3,483	\$ 3,412	\$ 4,967	\$ 5,549
Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of retired members	18	52	66	70	36	46	35
Period 7/1/2013 to 6/30/2014							
Average monthly benefit	\$ 747	\$ 1,033	\$ 1,743	\$ 2,704	\$ 3,528	\$ 4,867	\$ 6,666
Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of retired members	4	25	84	56	45	37	40
Period 7/1/2012 to 6/30/2013							
Average monthly benefit	\$ 1,064	\$ 1,341	\$ 2,038	\$ 3,268	\$ 4,072	\$ 4,714	\$ 5,842
Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of retired members	10	27	46	24	43	21	41
Period 7/1/2011 to 6/30/2012							
Average monthly benefit	\$ 331	\$ 1,327	\$ 1,972	\$ 2,795	\$ 3,605	\$ 5,141	\$ 6,031
Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of retired members	7	47	89	60	90	50	65

¹ Table Represents new retirees added to rolls in the period(s) noted.

N/A = Average final average salary not available due to system constraints.

Source: Information provided by Segal.

Active and Deferred Members

Schedule of Active and Deferred Members

Last Ten Fiscal Years

Date	Plan Type	Active Vested	Active Nonvested	Total Active Members	Deferred Members
6/30/2022	General	4,028	2,484	6,512	
	Safety	607	337	944	
	Total	4,635	2,821	7,456	4,837
6/30/2021	General	4,120	2,556	6,676	
	Safety	614	348	962	
	Total	4,734	2,904	7,638	4,300
6/30/2020	General	4,013	2,857	6,870	
	Safety	581	422	1,003	
	Total	4,594	3,279	7,873	4,014
6/30/2019	General	3,911	2,767	6,678	
	Safety	587	411	998	
	Total	4,498	3,178	7,676	3,873
6/30/2018	General	3,931	2,588	6,519	
	Safety	609	329	938	
	Total	4,540	2,917	7,457	3,628
6/30/2017	General	3,976	2,443	6,419	
	Safety	593	339	932	
	Total	4,569	2,782	7,351	3,462
6/30/2016	General	4,009	2,369	6,378	
	Safety	597	323	920	
	Total	4,606	2,692	7,298	3,316
6/30/2015	General	4,134	1,997	6,131	
	Safety	624	214	838	
	Total	4,758	2,211	6,969	3,208
6/30/2014	General	4,417	1,674	6,091	
	Safety	641	192	833	
	Total	5,058	1,866	6,924	1,401
6/30/2013	General	4,653	1,346	5,999	
	Safety	691	151	842	
	Total	5,344	1,497	6,841	1,263

Note: Effective with fiscal year ended June 30, 2015, Deferred Members include all terminated employees entitled to benefits with less than five years of service.

Participating Employers

Participating Employers	2022		2013	
	Covered Employees	Percentage of Covered Employees	Covered Employees	Percentage of Covered Employees
County of Fresno	6,950	93.21%	6,375	93.19%
Superior Court of California-County of Fresno ¹	467	6.26%	426	6.23%
Fresno-Madera Area Agency on Aging	22	0.30%	26	0.38%
Clovis Veterans Memorial District	8	0.11%	9	0.13%
Fresno Mosquito and Vector Control District	9	0.12%	5	0.07%
Total	7,456	100.00%	6,841	100.00%

Participating Employers and Active Members

Schedule of Participating Employers and Active Members

Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
County of Fresno										
General Members	6,006	6,175	6,338	6,165	6,038	5,907	5,864	5,704	5,641	5,533
Safety Members	944	962	1,003	998	938	932	920	837	833	842
Total	6,950	7,137	7,341	7,163	6,976	6,839	6,784	6,541	6,474	6,375
Participating Agencies (General Members)										
Clovis Veterans Memorial District	8	11	11	10	10	10	10	9	7	9
Fresno Mosquito and Vector Control District	9	11	10	10	10	7	7	5	6	5
Fresno-Madera Area Agency on Aging	22	19	19	25	23	22	22	24	25	26
Superior Court of California-County of Fresno ¹	467	460	492	468	438	473	475	390	412	426
Total	506	501	532	513	481	512	514	428	450	466
Total Active Members										
General Members	6,512	6,676	6,870	6,678	6,519	6,419	6,378	6,131	6,091	5,999
Safety Members	944	962	1,003	998	938	932	920	838	833	842
Total	7,456	7,638	7,873	7,676	7,457	7,351	7,298	6,969	6,924	6,841

Employers' Contribution Rates

Schedule of Employers' Contribution Rates

Last Ten Fiscal Years

Effective Dates		General					Safety				Actuarial Report for Year Ended
		Tier 1	Tier 2	Tier 3	Tier 4 ¹	Tier 5 ²	Tier 1	Tier 2	Tier 4 ¹	Tier 5 ²	
July 1, 2021	to June 30, 2022	57.20%	53.84%	54.12%	45.66%	43.34%	84.45%	85.33%	70.82%	66.94%	6/30/2020
July 1, 2020	to June 30, 2021	62.85%	59.58%	59.93%	51.85%	49.28%	86.75%	87.91%	73.62%	69.73%	6/30/2019
July 1, 2019	to June 30, 2020	56.69%	53.91%	53.87%	44.92%	43.05%	83.37%	83.81%	68.75%	66.02%	6/30/2018
July 1, 2018	to June 30, 2019	56.32%	53.52%	53.11%	44.03%	42.42%	81.75%	81.86%	66.59%	64.23%	6/30/2017
July 1, 2017	to June 30, 2018	56.56%	53.52%	53.06%	43.95%	42.45%	81.63%	81.80%	66.15%	63.99%	6/30/2016
July 1, 2016	to June 30, 2017	51.43%	47.74%	47.35%	38.73%	36.96%	75.93%	75.11%	60.38%	57.99%	6/30/2015
July 1, 2015	to June 30, 2016	50.80%	48.09%	47.38%	38.15%	37.36%	74.56%	74.20%	59.37%	57.87%	6/30/2014
July 1, 2014	to June 30, 2015	51.07%	48.27%	47.33%	38.17%	37.48%	74.79%	74.26%	59.02%	57.41%	6/30/2013
July 1, 2013	to June 30, 2014	44.99%	42.86%	41.64%	33.88%	32.70%	67.17%	67.21%	54.15%	51.76%	6/30/2012
July 1, 2012	to June 30, 2013 ³	43.03%	41.15%	39.71%	31.87%	30.77%	65.06%	63.86%	51.42%	48.92%	6/30/2011

¹ New benefit tier effective June 2012.

² New benefit tier effective January 1, 2013.

³ Includes a correction to the rates reported at June 30, 2013.

Retired Members by Type of Benefit

Schedule of Retired Members by Type of Benefit

As of June 30, 2022

Monthly Benefit Amount	Members Receiving a Benefit	Type of Retirement ¹											Option Selected ²					
		1	2	3	4	5	6	7	8	9	10	11	U	1	2	3	4	D
\$1 - 500	400	275	1	3	72	2	1	0	3	41	0	2	262	13	94	10	20	4
501 - 1,000	788	541	14	2	126	9	1	2	33	56	1	3	519	41	146	27	27	24
1,001 - 1,500	930	703	27	16	120	11	2	1	22	25	0	3	695	56	117	29	16	14
1,501 - 2,000	880	673	27	31	89	9	6	1	11	28	0	5	638	71	121	22	20	10
2,001 - 3,000	1,476	1,163	18	77	159	8	12	4	10	24	0	1	1,135	117	155	35	25	7
3,001 - 4,000	1,150	907	5	93	111	2	13	6	6	7	0	0	933	91	82	20	16	6
4,001 - 5,000	839	712	0	61	49	0	9	5	0	3	0	0	683	69	62	11	14	5
5,001 - 6,000	523	484	0	14	24	0	0	0	0	1	0	0	422	31	48	12	11	0
Over 6,000	1,192	1,134	0	21	33	0	3	1	0	0	0	0	1,038	48	86	6	14	0
Totals	8,178	6,592	92	318	783	41	47	20	85	185	1	14	6,325	537	911	172	163	70

Notes:

¹ Type of Retirement

- 1 = Normal retirement
- 2 = Non-service connected disability
- 3 = Service connected disability
- 4 = Beneficiary - Normal retirement
- 5 = Beneficiary – Non-Service Disability
- 6 = Beneficiary – Service Disability
- 7 = Survivor – Service Death
- 8 = Survivor – Non-Service Death
- 9 = Alternate Payee - Normal Retirement
- 10 = Alternate Payee - Non-Service Disability
- 11 = Alternate Payee - Service Disability

² Option Selected:

- U = Unmodified: Eligible Surviving Spouse receives 60% continuance.
- The following options reduce the retired member's monthly benefit:
- 1 = Beneficiary receives funds remaining in member's account.
- 2 = Beneficiary receives 100% continuance of member's reduced monthly benefit.
- 3 = Beneficiary receives 50% continuance of member's reduced monthly benefit.
- 4 = Multiple beneficiaries receive a continuance calculated by Retirement Board's actuary.
- D = Beneficiary receives disability retirement continuance for eligible active member death.

Benefits and Refund Deductions

Schedule of Benefits and Refund Deductions from Fiduciary Net Position by Type

Last Ten Fiscal Years

(Dollars in Thousands)

Type of Benefit	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Service Benefits										
General	\$ 252,859	\$ 243,241	\$ 232,085	\$ 220,173	\$ 207,672	\$ 198,137	\$ 185,490	\$ 179,054	\$ 173,829	\$ 165,066
Safety	47,856	44,262	41,397	39,011	35,617	33,063	36,201	34,516	33,021	31,343
Service Connected Disability										
General	5,028	5,448	5,195	4,912	4,799	4,233	3,385	3,164	3,214	3,208
Safety	8,046	8,120	7,514	6,728	6,604	5,794	7,067	6,340	6,718	6,016
Non-Service Connected Disability										
General	1,639	1,785	1,978	1,832	1,809	1,737	1,845	2,150	2,197	2,033
Safety	159	202	193	456	260	93	110	167	107	114
Service Connected Disability Continuance										
General	966	794	805	754	768	764	734	593	583	496
Safety	1,505	1,364	1,291	1,296	1,172	1,159	1,118	1,117	903	839
Non-Service Connected Disability Continuance										
General	1,982	1,856	1,914	1,840	1,802	1,772	1,764	1,705	1,421	1,383
Safety	361	295	299	290	288	239	236	248	162	155
Active Death Benefits	271	313	104	125	32	500	78	61	134	92
Total Benefits	\$ 320,672	\$ 307,680	\$ 292,775	\$ 277,417	\$ 260,823	\$ 247,491	\$ 238,028	\$ 229,115	\$ 222,289	\$ 210,745
Type of Refund										
Death	\$ 814	\$ 326	\$ 93	\$ 257	\$ 80	\$ 174	\$ 111	\$ 133	\$ 134	\$ 135
Miscellaneous - UAAL ¹	-	-	-	-	-	-	-	-	-	-
Separation	3,361	2,421	2,124	2,358	2,328	2,182	2,092	2,149	1,969	2,076
Total refunds	\$ 4,175	\$ 2,747	\$ 2,217	\$ 2,615	\$ 2,408	\$ 2,356	\$ 2,203	\$ 2,282	\$ 2,103	\$ 2,211

¹ UAAL means Unfunded Actuarial Accrued Liability.