

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023

2022-2023



Fresno County Employees' Retirement Association

A Pension Fund for the County of Fresno

And Participating Employers

Fresno, California

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

ISSUED BY

DONALD C. KENDIG, CPA
RETIREMENT ADMINISTRATOR

FCERA

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

A Pension Fund for the County of Fresno
and Participating Employers

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Introductory Section



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December 28, 2023

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

Dear Board of Retirement and 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, 2023.

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

Rauden Coburn, III served as Chair of the Board with Riley L Talford serving as Vice Chair for the entire fiscal year with their terms as officers set to expire December 31, 2023.

This year the Board of Retirement reviewed and reaffirmed the following policies: Policy Development Process, Funding, Interest Crediting and Undistributed Earnings, Communications, Public Record Requests, Divorce, Due Diligence, Cash Liquidity, Succession Plan, Working After Retirement Policies.

Benefit Delivery, Administration and Operations

Members continue to be required to make appointments to meet directly with a Retirement Specialist to discuss all areas of their available retirement benefits if they want an in-person consultation. Members can also retire with an over the phone consultation and return their documents by mail.

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. Some turnover took place in the front line ranks primarily due to retirements, promotional job opportunities outside of FCERA and opportunities with the primary plan sponsor, Fresno County. Current vacancies are minimal 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.

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, 2022, completed by Segal Consulting, determined that the ratio of plan assets to plan liabilities was 88.7%, based on a valuation value of assets, which represented an increase over the same ratio on June 30, 2021, of 85.9%. 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), also stated as fair value. 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, 2022 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 remained the same as last year at 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 1.08% for employers and 0.22% 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, 2023, administrative expenses of \$6,534,188 represented approximately 0.094% of the accrued actuarial liability of the plan of \$6,918,859,000. 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, 2022, on page 8 of the Introductory Section, which marks twenty-six 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 twelve 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



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, 2022

Christopher P. Morrill

**The Board of Retirement
As of June 30, 2023**



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, 2025



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



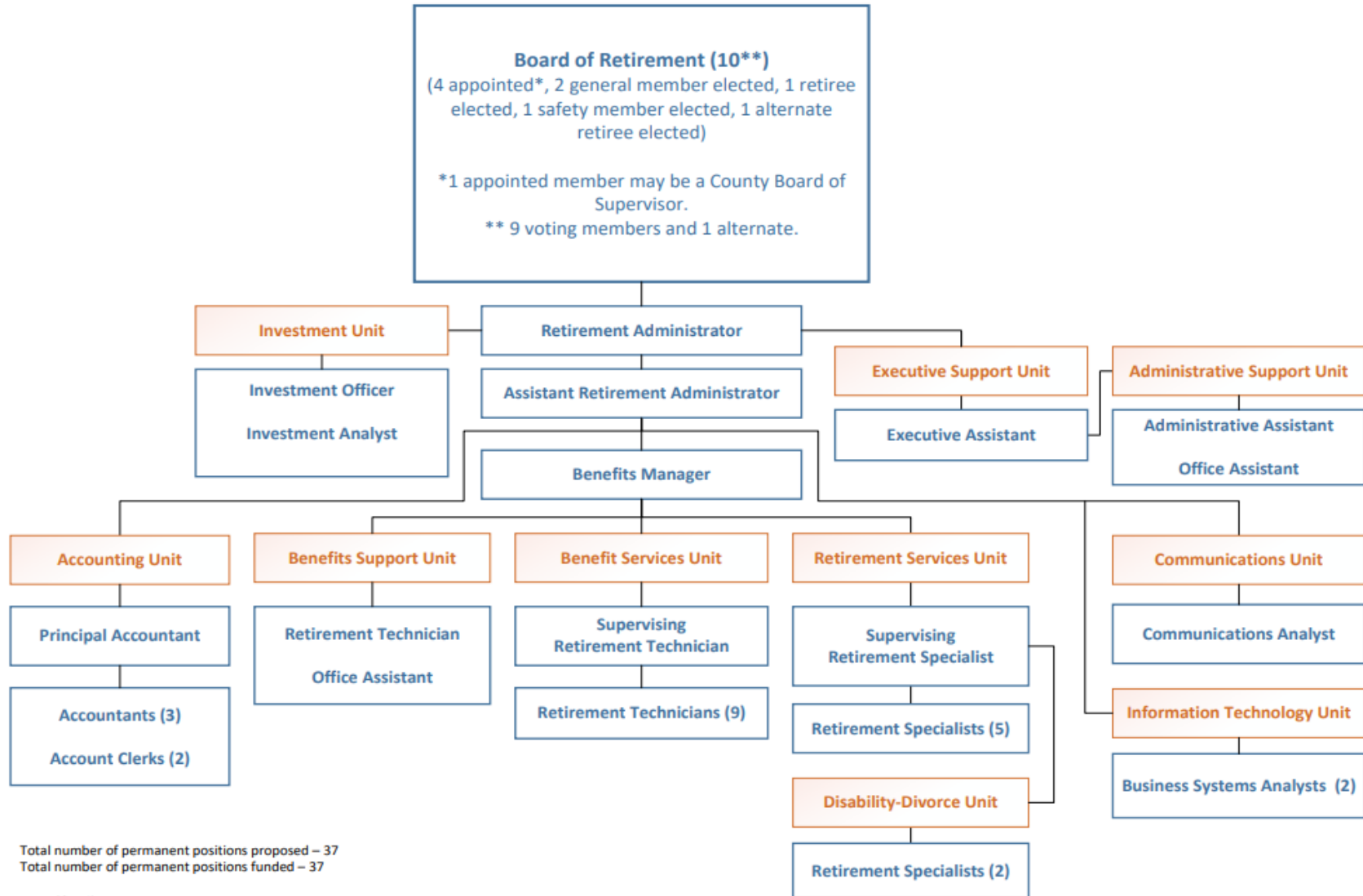
MEMBER
JOHN ROBINSON
Elected by Safety Members
Present term expires December 31, 2023



ALTERNATE RETIRED MEMBER
VIVKI CROW, CPA, MBA
Alternate Retired Member - Elected by Retirees
Present term expires December 31, 2025

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

Opinion

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, 2023, 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, 2023, 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 opinion. 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, schedule of employer contributions, schedule of investment returns - pension plan and schedule of changes in net pension liability and related ratios 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, 2023 was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's basic financial statements. The schedule of administrative expenses, schedule of information technology expenses, schedule of investment expenses and schedule of payments to consultants for the year ended June 30, 2023 are presented for purposes of additional analysis and are 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, 2023, 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 schedule of administrative expenses, schedule of information technology expenses, schedule of investment expenses and schedule of payments to consultants are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2023.

We also previously audited, in accordance with GAAS, the financial statements of the Plan as of and for the year ended June 30, 2022 (not presented herein), and have issued our report thereon dated December 20, 2022, which contained an unmodified opinion on the financial statements. The information included in the schedule of administrative expenses, schedule of information technology expenses, schedule of investment expenses and schedule of payments to consultants for the year ended June 30, 2022, 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 2022 basic financial statements. The information was subjected to the auditing procedures applied in the audit of the 2022 basic 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 GAAS. In our opinion, the schedule of administrative expenses, schedule of information technology expenses, schedule of investment expenses and schedule of payments to consultants is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2022.

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 but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does 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 2022 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated December 20, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, 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 28, 2023, 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 28, 2023

Management's Discussion and Analysis as of June 30, 2023

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, 2023. 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 2023 totaled \$6.09 billion, an increase of \$475 million from 2022, primarily as a result of the overall market resiliency even in a time of continual inflation but slightly easing to an increase of just 3.0% for the month of June 2023, the slowest increase in over a year.
- Total additions, as reflected in the Statement of Changes in Fiduciary Net Position, for the year ended June 30, 2023, were \$826 million, which includes employer and employee contributions of \$289.3 million, investment income of \$565.8 million, and net securities lending income of \$1.3 million.
- Employer contributions decreased from \$293.7 million in fiscal year 2022 to \$289.3 million in fiscal year 2023 primarily as the result of the decrease in employer contribution rates based on the 2021 actuarial valuation. Contribution rates are applied on a July 1 through June 30 fiscal year basis and decreased as of July 1, 2022. The recommended employer contribution rate decreased from 54.91% (2020 valuation effective 7/1/2021) to 51.89% (2021 valuation effective 7/1/2022).
- While the average plan member contribution increased from 8.99% (2020 valuation effective 7/1/2021) to 9.61% (2021 valuation effective 7/1/2022), member contributions increased slightly for fiscal year 2023 when compared to 2022, mainly due to an overall salary increaseses for contributing membership of approximately 3.0%. For fiscal years 2023 and 2022, plan member contributions were \$47.1 million and \$42 million, respectively.
- Total deductions, as reflected in the Statement of Changes in Fiduciary Net Position, increased from \$331.4 million to \$351.2 million over the prior year, or approximately 5.9%, mainly attributed to the pension payroll. Benefits paid to retirees and beneficiaries increased from \$320.6 million in 2022 to \$340.4 million in 2023, or approximately 6.1%. 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, 2023.
- FCERA's funding objective is to meet long-term benefit obligations through contributions and investment income. As of June 30, 2022, the date of FCERA's last actuarial valuation, the funded ratio for FCERA was 88.6%. In general, this indicates that for every dollar of projected benefits due FCERA has approximately \$0.88 cents to cover its obligation.

Management's Discussion and Analysis as of June 30, 2023 continued

- For the fiscal year ending June 30, 2023, FCERA's investment portfolio earned a 9.2% return net of fees across its major asset classifications, with domestic equity returning 18.7%, international equity assets returning 14.5%, and the fixed income portfolio returning 2.7%. Real estate returning -5.7%, infrastructure returning 9.7%, and private equity and private credit returning .6% and 5.2%, 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, 2023.

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.

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.

Management's Discussion and Analysis as of June 30, 2023 continued

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, 2023, FCERA has total assets of \$6.4 billion. After accounting for current liabilities of \$317.1 million, FCERA has \$6.1 billion in net position restricted for pension benefits which (approximately) is a 8.5% increase over the amount as reported at June 30, 2022. 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, 2023, fiduciary net position increased by more than \$475 million primarily due to a resilient economy despite the ongoing Federal Open Market Committee raising or holding rates between 5% to 5.25%. Financial markets remained volatile however, managed to secure gains in the second half of the fiscal year due to outstanding performance of technology and artificial intelligence (AI) stocks. 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 decreased approximately 40% over prior year as cash was invested in private equity, private credit and real estate. Current liabilities, mainly consisting of administrative payables, investment payables from the purchase of investments that have yet to settle increased approximately 22.5% over prior year as unsettled money movements into investments occurred shortly after June 30, 2023. Liabilities for cash collateral payable for securities lending decreased nearly 61% over prior year primarily due to fewer domestic equities within the FCERA portfolio being sought after by brokers or other institutional investors for lending.

Capital Assets

FCERA's investment in capital assets decreased from \$12.6 million to \$11.6 million (net of accumulated depreciation). The change in capital assets includes the administrative investment in capital assets from 2022 to 2023 while a majority of the change was due to the normal depreciation rate of capital assets during the fiscal without any major additions.

Management's Discussion and Analysis as of June 30, 2023 continued

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 2023, FCERA's expenses for software, hardware, and computer technology consulting services had a small increase to \$220,603 from \$146,297. The increase was primarily due to a pension system software maintenance.

Condensed Statement of Fiduciary Net Position

June 30, 2023 and 2022

(Dollars in Thousands)

	2023	2022	% Change 2023-2022
Current Assets	\$ 466,236	\$ 914,225	-49.0%
Investments	5,938,348	5,221,349	13.7%
Capital Assets, net	11,632	12,593	-7.6%
Total Assets	6,416,216	6,148,167	4.4%
Total Liabilities	317,191	524,768	-39.6%
Fiduciary Net Position			
Restricted for Benefits	\$ 6,099,025	\$ 5,623,399	8.5%

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, 2023 continued

FCERA's Activities

Condensed Statement of Changes in Fiduciary Net Position

For the Fiscal Years Ended June 30, 2023 and 2022

(Dollars in Thousands)

	2023	2022	% Change 2023-2022
Employer Contributions	\$ 242,221	\$ 251,733	-3.8%
Plan Member Contributions	47,117	42,038	12.1%
Net Investment Income, before Securities Lending	536,123	(623,706)	186.0%
Net Securities Lending Income	1,384	1,819	-23.9%
Total Additions	826,845	(328,116)	352.0%
Pension Benefits	340,440	320,673	6.2%
Refunds	4,245	4,175	1.7%
Administrative	6,412	6,460	-0.7%
Other	122	99	23.2%
Total Deductions	351,219	331,407	6.0%
Change in Fiduciary Net Position	\$ 475,626	\$ (659,523)	172.1%

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, 2023 and 2022, totaled \$536.1 million and \$-623.7 million, respectively.

FY 2023, total additions were \$826.8 million, an increase from FY 2022 of 352%, primarily due to the recovery of technology based stocks and improved investment returns which added to fair values from the prior year. The Investment Section of this report reviews the result of investment activity for fiscal year ended June 30, 2023.

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, 2023, totaled \$351.2 million, an increase of 6% over fiscal year 2022. The increase is mostly attributed to the growth in the number of retirees as well as a 3% COLA given to all retirees in April 2023 due to the increase in CPI 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, 2023 continued

adjusted annually by the amount of the annual Cost of Living Adjustment (COLA) computed in accordance with Article 16.5. The 2023 Technology Budget represented an increase in appropriations of \$7,940. 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, 2023, was \$7.2 billion, resulting in an increase of 5.9% from \$6.8 billion as of June 30, 2022. FCERA's Net Pension Liability as of June 30, 2023, was \$1.1 billion, representing an decrease of 5.5% from \$1.2 billion as of June 30, 2022. This \$68 million decrease in liabilities is primarily due to a result of improved investment returns, rebounding from the stifling high inflationary environment coupled with geo-political instability during the previous fiscal year.

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, 2023 and 2022, the Fiduciary Net Position as a percentage of the Total Pension Liability is reported as 83.93% and 81.98% respectively.

Net Pension Liability

As of June 30, 2023 and 2022

(Dollars in Thousands)

	2023	2022	\$ Change 2023-2022	% Change 2023-2022
Total Pension Liability	\$ 7,267	\$ 6,859	\$ 408	5.9%
Less: Fiduciary Net Position	(6,099)	(5,623)	(476)	8.5%
Net Pension Liability	\$ 1,168	\$ 1,236	\$ (68)	-5.5%
Fiduciary Net Position as a				
Percentage of Total Pension Liability	83.93%	81.98%		

Management's Discussion and Analysis as of June 30, 2023 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

Basic Financial Statements

Statement of Fiduciary Net Position

As of June 30, 2023, with Comparative Totals

(Dollars in Thousands)

	2023	2022
Assets		
Cash and cash equivalents with fiscal agents	\$ 190,561	\$ 313,022
Securities lending investments pool:		
Short-term investments	151,714	389,645
Receivables:		
Investment trades receivable	93,920	189,424
Interest and dividends receivable	18,320	9,965
Administrative receivable	90	43
Contributions receivable	11,413	11,282
Securities lending receivable	78	668
Total Receivables	123,821	211,382
Investments, at fair value:		
Domestic and international fixed income	1,623,004	1,284,446
Domestic and international equities	2,529,337	2,296,339
Private equity	806,149	738,709
Real estate	536,804	495,155
Private credit	443,054	406,700
Total Investments	5,938,348	5,221,349
Prepaid expenses	140	176
Capital assets:		
Nondepreciable	1,182	1,160
Depreciable, net of accumulated depreciation	10,450	11,433
Total Capital Assets, Net	11,632	12,593
Total Assets	6,416,216	6,148,167
Liabilities		
Accounts payable - purchase of investments	162,810	133,096
Cash collateral payable for securities lending	151,714	389,645
Administrative accounts payable	2,649	1,873
Securities lending bank and broker fees	18	154
Total Liabilities	317,191	524,768
Fiduciary Net Position Restricted for Pension Benefits	\$ 6,099,025	\$ 5,623,399

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, 2023, with Comparative Totals

(Dollars in Thousands)

	2023	2022
Additions		
Contributions:		
Employers	\$ 242,221	\$ 251,733
Plan members	47,117	42,038
Total Contributions	289,338	293,771
Investment Income:		
From Investment Activities (Loss):		
Net appreciation/(depreciation) in fair value of investments	388,862	(758,173)
Interest	64,552	24,069
Dividends	36,330	23,335
Private markets	74,627	116,461
Investment expenses	(28,295)	(29,503)
Miscellaneous income	47	105
Net investment income (loss), before securities lending	536,123	(623,706)
From securities lending activities:		
Securities lending income	7,910	2,373
Borrower rebate expenses	(6,113)	(11)
Securities lending management fees	(413)	(543)
Net income from securities lending activities	1,384	1,819
Net investment income (loss)	537,507	(621,887)
Total Additions	826,845	(328,116)
Deductions		
Benefits paid to plan members and beneficiaries	340,440	320,673
Refunds of member contributions	4,245	4,175
Administrative expenses	6,412	6,460
Other	122	99
Total Deductions	351,219	331,407
Change in Fiduciary Net Position	475,626	(659,523)
Fiduciary Net Position Restricted for Pension Benefits		
Beginning of Year	5,623,399	6,282,922
End of Year	\$ 6,099,025	\$ 5,623,399

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, 2023

Active Members	
Vested	4,608
Non-Vested	3,019
Total Active Members	7,627
Retired Members	8,377
Terminated Members	5,170
Total Membership	21,174

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, 2023, 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 2023 compensation limits used to determine contribution amounts for Tier 5 members are \$146,042 for members covered by Social Security and \$175,250 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:

Tier Name	California Government Code Section	Effective Date	Basic Provisions	Vested Health Benefit	Final Average Salary Period	Plan Sponsors
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 FMAAAA 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 FMAAAA – 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, 2021 Actuarial Valuation adopted by the Board and its rates and assumptions that are in effect for the fiscal year July 1, 2022 through June 30, 2023, administrative expenses are financed through a 1.30% load of payroll. The employer's share is 1.10% and employee's share is 0.20% 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 standard was issued recently by the Governmental Accounting Standards Board (GASB) for implementation effective for this fiscal year: Statement No. 91, "Conduit Debt Obligations," is not applicable to 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, 2023, all domestic deposits were insured, registered, and held by the custodian bank in FCERA's name. FCERA held foreign currencies deposits at June 30, 2023, with a United States Dollar value of \$1,714,000, 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, 2023.

Credit Quality Ratings of Investments in Fixed Income Securities

Notes to the Basic Financial Statements: Note 3 Continued

As of June 30, 2023

(Dollars in Thousands)

Moody's Credit Rating	Total Fixed Income	FCERA's Fixed Income Securities
NT Collateral SL Core		
Short Term Investment Fund		\$ 151,714
Fixed Income Securities		
Aaa	11.1%	180,518
Aa	2.1%	34,083
A	7.6%	123,492
Baa	11.0%	177,957
Ba	7.8%	126,393
B	14.1%	229,344
Caa	2.2%	35,357
Ca	0.2%	3,284
C	0.0%	114
Agency/Exempt	18.0%	291,618
FNMA/FHLMC	0.0%	-
NR	25.9%	420,843
Total Fixed Income Securities	100.0%	\$ 1,623,003
Total Securities Lending Pool and Fixed Income Securities		\$ 1,774,717

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, 2023.

Interest Rate Risk

As of June 30, 2023

(Dollars in Thousands)

Investment Type	Remaining Maturity in Months at June 30, 2023				
	Less than 12 months	13 to 60 months	61 to 120 months	More than 120 months	
Northern Institutional Liquid					
Assets Portfolio	\$ 151,714	\$ 151,714	\$ -	\$ -	\$ -
Subtotal	151,714	151,714	-	-	-
U.S. Government and agencies					
U.S. Treasury notes	109,449	11,860	6,434	9,475	81,680
Federal agency securities	285,708	18,615	2,217	4,038	260,838
Subtotal	395,157	30,475	8,651	13,513	342,518
Derivatives	19,299	13,074	(1,140)	1,524	5,841
Domestic fixed income	863,591	251,540	270,656	249,533	91,862
Mortgages	96,808	-	3,851	5,535	87,422
Foreign fixed income	248,148	17,866	84,140	80,744	65,398
Total Securities Lending Pool and Fixed Income Securities	\$ 1,774,717	\$ 464,669	\$ 366,158	\$ 350,849	\$ 593,041

At June 30, 2023, FCERA had \$5,305,158 invested in the County external investment pool, which has a dollar weighted average maturity of 2.36 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, 2023, 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 fair 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, 2023 is as follows:

Notes to the Basic Financial Statements: Note 3 Continued

Foreign Currency Risk in U.S. Dollars

As of June 30, 2023

(Dollars in Thousands)

Currency	Fair Value 2023
Euro	482
Russian Ruble	276
Swiss Franc	225
Canadian Dollar	142
British Pound	135
Japanese Yen	125
Other Foreign Currencies	329
Total Foreign Currency	\$ 1,714

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, 2023. 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, 2023

(Dollars in Thousands)

Derivative Type	2023	
	Notional Value	Fair Value
Fixed Income Futures	\$ 171,335	\$ -
Equity Futures	263,091	-
Foreign Exchange Futures	5,672	-
Credit Default Swaps	-	2,518
Equity Contract Swaps	-	13,258
Forward Currency Contracts	-	(235)
Forward Exchange Swaps	-	-
Other Swaps	-	-
Interest Rate Swaps	-	3,779
Options	-	(23)
Rights	-	2
Total	\$ 440,098	\$ 19,299

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, 2023, FCERA held \$70,617,472 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, 2023

(Dollars in Thousands)

	Aa		A		Exchange Traded		Not Rated	Total
Options	\$	-	\$	-	\$	-	\$ (23)	\$ (23)
Rights/Warrants		-		-		-	2	2
Swaps		-		-		-	19,555	19,555
Forwards		-		-		-	(235)	(235)
	\$	-	\$	-	\$	-	\$ 19,299	\$ 19,299

At June 30, 2023, 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, 2023

(Dollars in Thousands)

Currency Name	Equities	Forward Currency Contracts		Total Exposure
		Net Receivables	Net Payables	
British pound sterling	-	(19,763)	10,214	(9,549)
Euro	1	(63,498)	32,370	(31,127)
HK offshore Chinese Yuan	-	(69)	-	(69)
Japanese yen	-	(21)	21	-
Mexican peso	-	-	-	-
Singapore dollar	-	(743)	743	-
Swiss franc	-	-	-	-
Total	\$ 1	\$ (84,094)	\$ 43,348	\$ (40,745)

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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, 2023, 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, 2023

(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	\$ 2,518	\$ -	\$ 2,518	\$ -	\$ -	\$ 2,518
Equity Contract Swaps	13,258	13,258	-	-	-	13,258
Foreign Exchange Swaps	-	-	-	-	-	-
Forward Currency Contracts	(235)	(235)	-	-	-	(235)
Interest Rate Swaps	3,779	74	(3,660)	1,524	5,841	3,779
Other Swaps	-	-	-	-	-	-
Options	(23)	(23)	-	-	-	(23)
Rights	2	-	2	-	-	2
Total	\$ 19,299	\$ 13,074	\$ (1,140)	\$ 1,524	\$ 5,841	\$ 19,299

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, 2023, 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 \$47,933,031 at June 30, 2023. 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, 2023 was \$151,713,500. The fair values of loaned securities are listed below:

Fair Values of Loaned Securities

As of June 30, 2023

(Dollars in Thousands)

	2023
Domestic equity	\$ 19,751
International equity	2,767
Total equity on loan	22,518
U.S. Government and agencies	38,437
Domestic bonds	83,805
Foreign Bonds	4,527
Total bonds on loan	126,769
Total equities and bonds on loan	\$ 149,287

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, 2023, FCERA had approximately \$196,755 in these investments.

Notes to the Basic Financial Statements: Note 3 Continued

Investment Type

As of June 30, 2023

(Dollars in Thousands)

	2023
Asset - Backed / Variable Rate Notes	\$ 113,100
Collateralized Mortgage Obligations	83,890
Forward Foreign Currency	(235)
Total	\$ 196,755

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, 2023

(Dollars in Thousands)

Investments by Fair Value Level	June 30, 2023	Quoted Prices in Active Markets	Other Observable Inputs	Unobservable Inputs
		(Level 1)	(Level 2)	(Level 3)
Domestic and International Fixed Income	\$ 1,603,705	\$ -	\$ 1,603,705	\$ -
Domestic and International Equities	831,718	831,718	-	-
Domestic and International Commingled Funds	1,697,619	1,536,300	161,319	-
Securities Lending Collateral	151,714	-	151,714	-
Total Investments by Fair Value Level	\$ 4,284,756	\$ 2,368,018	\$ 1,916,738	\$ -

Investment Derivatives

Derivative Type				
Credit Default Swaps	\$ 2,518	\$ -	\$ 2,518	\$ -
Equity Contract Swaps	13,258	-	13,258	-
Interest Rate Swaps	3,779	-	3,779	-
Forward Currency Contracts	(235)	-	(235)	-
Forward Exchange Swaps	-	-	-	-
Swaps (other)	-	-	-	-
Options	(23)	-	(23)	-
Rights	2	-	2	-
Total Derivatives	\$ 19,299	\$ -	\$ 19,299	\$ -

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

INVESTMENTS MEASURED AT NET ASSET VALUE

June 30, 2023

(Dollars in Thousands)

Investments Measured at NAV	June 30, 2023	Unfunded Commitments	Frequency (if eligible)	Redemption Notice Period
Real Estate (1)	\$ 536,804	\$ 115,547	Core Fund - Quarterly, Closed-End Funds Not Eligible	Core Fund - 45 days
Private Equity (1)	806,149	222,733	Not Eligible	Not applicable
Private Credit (1)	443,054	323,791	Not Eligible	Not applicable
Total Investments Measured at NAV	\$ 1,786,007	\$ 662,071		

TOTAL INVESTMENTS and INVESTED SECURITIES LENDING COLLATERAL	\$ 6,090,062
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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 75 different limited partnerships. The limited partnerships invest primarily in buyout funds, 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 limited partnership funds are considered illiquid investments and are not eligible for timely 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, 2023, forward foreign currency contracts receivable and payable totaled \$84,094,000 and \$43,348,000, 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, 2023:

Capital Assets

As of June 30, 2023

(Dollars in Thousands)

	Balance July 1, 2022	Additions	Dispositions/ Reclassifications	Balance June 30, 2023
Capital assets, non depreciable:				
Land	\$ 1,160	\$ -	\$ -	\$ 1,160
Development in Progress	-	22	-	22
Construction in Progress	-	-	-	-
Total capital assets, non depreciable	\$ 1,160	\$ 22	\$ -	\$ 1,182
Capital assets, depreciable:				
Computer hardware/software	\$ 9,842	\$ -	\$ -	\$ 9,842
Furniture and fixtures	591	-	-	591
Equipment	298	9	-	307
Building	6,904	-	-	6,904
Total capital assets, depreciable	\$ 17,635	\$ 9	\$ -	\$ 17,644
Less accumulated depreciation for:				
Computer hardware/software	\$ (4,854)	\$ (670)	\$ -	\$ (5,524)
Furniture and fixtures	(281)	(59)	-	(340)
Equipment	(209)	(33)	-	(242)
Building	(858)	(230)	-	(1,088)
Total accumulated depreciation	\$ (6,202)	\$ (992)	\$ -	\$ (7,194)
Total capital assets, depreciated, net	11,433	(983)	-	10,450
Total capital assets, net	\$ 12,593	\$ (961)	\$ -	\$ 11,632
Depreciation charged for the current year and included in administrative expenses totaled:		\$ 992		

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, 2023 consist of the following:

Reserve Balances *

As of June 30, 2023

(Dollars in Thousands)

	Balance July 1, 2022	Increase (Decrease) In Fiduciary Net Position	Net Transfers	Balance June 30, 2023
Reserves:				
Members' accumulated contributions	\$ 434,203	\$ 42,872	\$ (18,176)	\$ 458,899
Current service reserve	2,169,083	207,879	7,227	2,384,189
Annuity pension reserve	290,642	(38,131)	52,534	305,045
Current service pension reserve	1,760,664	(158,539)	220,822	1,822,947
Settlement annuity pension reserve	887,925	(48,376)	86,079	925,628
Settlement benefit reserve	125,920	(4,110)	8,250	130,060
Cost of living adjustment reserve	1,921,484	(49,810)	142,019	2,013,693
Survivors' death benefit reserve	-	(1,800)	1,800	-
Retiree health benefit reserve (VS)	17,666	(5,332)	1,081	13,415
Contingency reserve	-	-	-	-
Designated for market stabilization	(510,737)	-	278,650	(232,087)
Undistributed earnings	-	-	-	-
Contra Tracking Account	(1,473,451)	-	(249,313)	(1,722,764)
Net Position Restricted for Pension Benefits	\$ 5,623,399	\$ (55,347)	\$ 530,973	\$ 6,099,025

*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 fair 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

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 most recent Experience Study consisted of two separate reports, one for demographic assumptions, prepared in April 2022, and another for economic assumptions, prepared and presented in July 2023 for inclusion in the June 30, 2023 actuarial valuation.

The latest actuarial valuation decreased the County normal cost rate from 16.07% to 15.05% 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 35.82% to 31.44% of payroll. There is also a decrease of 5.4% in the total required contribution rate from the prior valuation, from 51.89% to 46.49% 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, 2023 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 66, 67, and 68.

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap U.S. Equity	23.0%	6.00%
Small Cap U.S. Equity	6.0%	6.65%
Developed International Equity	15.0%	7.01%
Emerging Markets Equity	6.0%	8.80%
U.S. Core Fixed Income	12.0%	1.97%
High Yield Bonds	4.0%	4.63%
Bank Loans	4.0%	4.07%
Emerging Market Debt	2.0%	4.72%
Real Estate	4.0%	3.86%
Value Add Real Estate	2.0%	6.70%
Opportunistic Real Estate	2.0%	8.60%
Infrastructure	4.0%	7.30%
Private Credit	8.0%	6.75%
Private Equity	8.0%	9.98%
Total	100%	6.13%

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, 2023, are disclosed on the following page and on page 55 in the Required Supplementary Information.

Net Pension Liability

As of June 30, 2023

(Dollars in Thousands)

		2023
Total pension liability	\$	7,266,749
Less: Fiduciary net position		(6,099,025)
Net pension liability	\$	1,167,724
Fiduciary net position as a percentage of the total pension liability		83.93%

The measurement date of the net pension liability was June 30, 2023. The total pension liability was determined based upon rolling forward the actuarial valuation as of June 30, 2022 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, 2023 was re-measured by (1) revaluing the total pension liability as of June 30, 2022 (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, 2023 and (2) using this revalued total pension liability in rolling forward the results from June 30, 2022 to June 30, 2023. It is important that readers understand that these newest assumptions are included in the GASB 67 Valuation at June 30, 2023 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, 2022 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, 2023 funding valuation.

Discount Rate

The discount rate of 6.50% was used to measure the total pension liability as of June 30, 2023. 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, 2023.

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, 2023, 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, 2023	\$ 2,160,203	\$ 1,167,724	\$ 354,574

Money-Weighted Rate of Return

For the fiscal year ended June 30, 2023, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 9.32%. For commentary on the overall investment performance of the Plan please see the Investment Consultant's Report on page 59. 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, 2023 through December 20, 2023, which is the date the financial statements were available to be issued. Management did not identify any additional subsequent events that would require disclosure.

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
2023	\$ 242,221,000	\$ 242,221,000	\$ -	\$ 470,492,000	51.48%
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%

Schedule of Investment Returns - Pension Plan

For the Fiscal Years Ended June 30, 2014 through June 30, 2023

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

2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
9.32%	-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, 2023 and June 30, 2022 by rolling forward the total pension liability information for financial reporting, as of June 30, 2022 and June 30, 2021, 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, 2021 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, 2021
Actuarial cost method	Entry age actuarial cost method
Amortization method	Level percent of payroll (3.00% payroll growth assumed).

Required Supplementary Information continued

Remaining amortization period	12 years remaining over a declining period as of June 30, 2021 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 fair 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	6.50% net of pension plan investment expenses (includes inflation at 2.50%).
Inflation rate	2.50%
Administrative expenses	1.30% 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 4.10% to 11.50%, including inflation.
- Safety Members	Salary increases range from 4.50% to 11.50%, including inflation.
Cost of living adjustments	2.50% 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, 2021 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, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014*

(Dollars displayed as Actual)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 114,885,984	\$ 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
Interest	442,112,936	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
Change of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	63,543,400	(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)
Changes of assumptions	131,697,927	(13,151,317)	185,354,422	-	(67,930,738)	-	-	235,227,824	-	-
Benefit payments, including refunds of employee contributions	(344,684,685)	(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)
Other ¹	-	-	-	-	-	-	-	-	10,306,014	-
Net change in total pension liability	\$ 407,555,562	\$ 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
Total pension liability - beginning	6,859,193,836	6,749,558,488	6,325,968,563	6,064,374,653	5,881,850,685	5,713,538,731	5,542,506,355	5,117,241,216	4,928,182,936	4,850,281,953
Total pension liability - ending (a)	\$ 7,266,749,398	\$ 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
Fiduciary net position										
Contributions - employer	242,221,282	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
Contributions - employee	47,116,556	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
Net investment income (loss)	537,385,003	(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
Benefit payments, including refunds of employee contributions	(344,684,685)	(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)
Administrative expenses	(6,411,999)	(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)
Other	-	-	-	-	-	-	-	-	-	(21,269)
Net change in fiduciary net position	475,626,157	(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
Fiduciary net position - beginning	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
Fiduciary net position - ending (b)	6,099,025,449	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
Net pension liability - ending (a) - (b)	\$ 1,167,723,949	\$ 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
Fiduciary net position as a percentage of the total pension liability	83.93%	81.98%	93.09%	78.02%	81.37%	79.90%	77.14%	72.34%	78.79%	82.18%
Covered payroll²	\$ 470,492,000	\$ 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
Net pension liability as percentage of covered payroll	248.19%	266.45%	102.61%	307.99%	267.05%	293.28%	338.12%	413.97%	309.06%	250.64%

Notes to Schedule:

Benefit changes: None.

*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, 2023, with Comparative Totals

(Dollars displayed as Actual)

	2023	2022
Personnel Services		
Salaries and Benefits	\$ 3,692,566	\$ 3,667,820
Total Personnel Services	3,692,566	3,667,820
Office Expenses		
Election Expenses	17,996	-
Office Supplies and Miscellaneous Admin.	118,323	121,362
Postage	29,052	40,735
Telephone	18,462	17,538
Utilities	61,654	41,454
Total Office Expenses	245,487	221,089
Other Services and Charges		
Disability Expenses	170,809	153,457
Data Processing Services	231,008	237,111
Insurance	186,959	176,155
Maintenance	86,970	56,226
Professional and Specialized Services	689,620	851,511
Transportation, Travel, and Education - Staff	51,197	39,736
Transportation, Travel, and Education - Board	63,635	40,531
Furnishings	1,550	2,162
Total Other Services and Charges	1,481,748	1,556,889
Depreciation	992,197	1,014,534
Total Administrative Expenses	\$ 6,411,999	\$ 6,460,332

Other Supplementary Information continued

Schedule of Information Technology Expenses

For the Fiscal Year Ended June 30, 2023, with Comparative Totals

(Dollars displayed as Actual)	2023	2022
Property and Equipment	\$ 2,493	\$ -
Pension System Maintenance	119,696	98,852
Subtotal Excluded IT Expenses ¹	122,189	98,852
IT Infrastructure ²	98,414	47,445
Total Information Technology Expenses	\$ 220,603	\$ 146,297

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, 2023, with Comparative Totals

(Dollars displayed as Actual)	2023	2022
Investment Manager Fees	\$ 27,628,435	\$ 28,731,872
Custodian Service Fees ²	58,000	58,000
Actuarial Valuation Fees ^{1 2}	72,000	71,000
Due Diligence Travel	4,781	978
Investment Legal Fees ²	44,347	165,239
Investment Consultant Fees ²	487,584	475,819
Subtotal Investment Expenses ²	28,295,147	29,502,908
Securities Lending Management Fee and Rebate Expenses	6,526,094	553,716
Total Investment and Security Lending Expenses	\$ 34,821,241	\$ 30,056,624

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)	2023	2022
Actuarial Consulting Fees (non-actuary study costs) \$	99,539	\$ 235,540
Actuarial Valuation Fees ¹	72,000	71,000
Audit Fees	64,650	64,650
Custodian Service Fees ¹	58,000	58,000
Data Processing Fees	231,008	237,111
Disability Attorney Fees	42,076	83,145
Disability Medical, Investigation, and Copying Fees	128,733	70,312
Investment Consultant Fees ¹	487,584	475,819
Investment Legal Fees ¹	44,347	165,239
Other Professional Expenses	347,936	344,966
Retirement Board Attorney Fees	177,495	206,356
Total Payments to Consultants	\$ 1,753,368	\$ 2,012,138

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 15, 2023

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, 2023.

Investment Landscape

Summary

Risks assets delivered a strong start to 2023, building off the positive momentum seen towards the end of 2022. Year-to-date performance was positive across all major asset classes outside of commodities, as was performance on a one-year basis. Despite the challenging outlook presented in our last letter, economic growth proved to be resilient, despite an ending to the large amount of stimulus introduced in response to the pandemic, and quickly rising interest rates. While earlier in the year many economists had forecast a U.S. recession in mid to late summer (especially after a series of regional bank failures, notably Silicon Valley Bank and First Republic), sentiment eased considerably as the prospect of a "soft-landing" was revived. Falling headline inflation, resilient labor market data, and the first rate pause from the Federal Reserve all contributed to a more positive macroeconomic outlook.

Despite the strong first half of 2023, challenges remain going forward. Within the U.S., inflation is still a concern. The Federal Reserve continues to face difficult policy decisions as inflation, while lower, sits above the two-percent target and economic and labor market strength persists. The FOMC paused rate hikes in June, but markets are pricing in as many as two additional hikes before the end of the current tightening cycle. Overseas, growth in advanced economies remains stunted as many central banks continue their battle against inflation. Within emerging markets, the loudest narrative has centered on China. Reopening after the pandemic provided a material boost to activity, though positive momentum has been overshadowed by mounting geopolitical tension with the United States, a lack of broader accommodative stimulus from Beijing, and a hobbling real estate market.

U.S. Equity

Shares in the U.S. outperformed relative to international developed and emerging market counterparts across both the year-to-date and one-year timeframe. The S&P 500 index rose by an outstanding 19.6% over the trailing one-year period, driven by strength seen in 2023 (16.9% gain year-to-date). Many expected a higher rate environment and slowing domestic consumer to be a ceiling on domestic equity prices, especially following a series of regional bank failures, most notably Silicon Valley Bank and First Republic Bank in March. This ceiling was quickly

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shattered as the prospect and development of artificial intelligence (AI) technology boosted the already technology-heavy S&P 500 index.

Following concerns over the stability of the broader U.S. financial system, a wave of AI developments fueled a rally in many U.S. technology shares. Some of the largest technology names, which have committed significant investments in research and development over past years, saw the biggest jumps. Notable year-to-date movers include Nvidia (+189.5%), Meta (+138.5%), Apple (+49.3%), and Microsoft (+42.0%).

The significant movements of heavyweight technology names are apparent when looking at size and style factors. Large-cap equities significantly outperformed over the one-year, with the Russell 1000 index gaining 19.4% relative to a 12.3% increase in the Russell 2000 index. Growth handily outperformed value, with the Russell 1000 Growth index rising 27.1% from last year compared to an 11.5% gain from the Russell 1000 Value index.

While U.S. shares have outperformed, the earnings story remains uncertain. Per FactSet, S&P 500 companies are on track for their third straight quarter of year-over-year earnings decline. The expected decline of -7.0% in Q2 2023 reflects a volatile business environment. While earnings expectations are rosier going forward, recent gains seen from U.S. equities are by no means an indicator that the Federal Reserve has successfully achieved a “soft-landing” for the economy.

International Equity

International share performance lagged the U.S. as technology-related gains were primarily captured by large U.S. firms. Despite underperformance, both international developed and emerging market shares saw gains on a one-year horizon. While directionality was the same, performance divergence was significant between the two. The MSCI EAFE index increased 18.8% year-over-year, but the MSCI EM index posted a meager 1.7% gain.

International developed shares rebounded in Q4 of 2022, and this momentum carried into 2023, driven by strength from both European and Japanese shares. The STOXX 50, which represents the 50 largest companies in Europe, rose 36.3% from the prior year. While Europe continues to face tighter central bank policies due to high inflation (June 2023 CPI came in at 5.5% year-over-year), resilience was much better than expected, especially in comparison to the negative sentiment following Russia’s invasion of Ukraine. Japanese equities also saw strong performance due to a combination of positive economic growth, inflation (Japan has sought higher inflation for many years), and a potential shift regarding foreign shareholder prioritization. Gains in Japanese equities were mostly achieved in 2023. The TOPIX index increased 25.9% over the year-to-date, making up most of the 31.2% one-year gain.

China dominated the narrative in emerging markets, as emerging market shares initially outperformed on enthusiasm around the country’s reopening. This reopening momentum turned out to be short-lived, as negative sentiment quickly overshadowed the move away from an almost three-year “zero-covid” policy. It appears that two primary factors contributed to losses for Chinese shares. The first was a smaller-than-expected reopening wave of economic activity, with no substantial monetary or fiscal stimulus used to accelerate the reopening. This

contrasted sharply to the large amounts of stimulus used in the U.S. and Europe. This smaller-than-expected reopening wave provided no reprieve to the already struggling real estate market. The second factor was growing geopolitical tension with the United States. A series of events, including a spy balloon being shot down over U.S. airspace, continued to bolster negative relations between the two global leaders, which likely hurt foreign investor sentiment. The MSCI China index fell -5.5% over the year-to-date, further adding to the -16.8% loss seen over the one-year period.

Fixed Income

Inflation and Federal Reserve action continued to be the dominant driver of fixed income performance over the past year. With the bulk of Federal Reserve rate hikes occurring in the second half of 2022, bonds received the brunt of the pain over the 2022 calendar year (Bloomberg U.S. Aggregate down -13.0%). The Federal Reserve continued to increase rates in response to inflation in 2023, but at a considerably slower pace. The upper bound of the Fed's target rate moved from 4.50% to 5.25% over the 2023 year-to-date period. Smaller hikes were likely in response to strong signs of falling inflation, as headline CPI fell to 3.0% in June of 2023. While the FOMC decided to pause their rate hikes at the June meeting, commentary from Federal Reserve Chairman Powell was very explicit that pausing was not a signal of the end of the tightening cycle. Fed funds futures (an indicator of investor expectations) are pricing in another 25-basis point rate hike at the FOMC's July meeting, as the Federal Reserve will continue to watch the path of inflation, especially when looking at the core basket (4.8% year-over-year rise in June).

Positive performance in 2023 has helped to improve one-year performance for the fixed income complex. Core fixed income (Bloomberg U.S. Aggregate) saw a 2.1% gain over the year-to-date period, bringing the one-year loss to -0.9%. In terms of duration, short maturity U.S. treasuries outperformed, with the Bloomberg U.S. Treasury 1-3 Year index gaining 0.1% over the one-year, compared to -2.1% and -6.8% losses from the U.S. Treasury index and U.S. Treasury Long index, respectively.

Expectations for worsening credit conditions may have reached a peak earlier in the year following the failure of several regional banks, as many investors expected a material pull back in credit availability. While high-yield bond and leveraged loan default rates have reached a two-year high per J.P. Morgan, the broader credit spectrum has performed strongly over the one-year period. Emerging market debt in local currency (+11.4%) was the best performer, followed by leveraged loans (+10.1%), high-yield bonds (+9.1%), and hard currency emerging market debt (+7.4%). Credit spreads compressed over the year-to-date, with the average option-adjusted spread for high-yield and investment grade bonds sitting at 390 basis points and 123 basis points, respectively. It has been surprising to see credit spread remain at low levels, despite recent rises in bond default activity, and expectations that defaults will continue to rise into 2024.

Commodities

In 2022, there was two major stories in the commodities space. First, the rapid increase in energy and grain prices—much of this due to Russia's invasion of Ukraine—was an igniting factor for global inflation issues. The second story was commodity performance. Commodities

3

were one of the few asset classes to post a positive return during the 2022 calendar year, and the asset dominated the narrative in 2022 with some market participants calling for a new booming commodity cycle. However, commodities ended up playing a much smaller role in 2023, as a combination of easing supply pressures and lower demand hurt price performance. The Bloomberg Commodity index fell -7.8% over the year-to-date, driving the -9.6% one-year loss.

Currency

The strong dollar theme which prevailed in the first three quarters of 2022 quickly reversed course in the fourth quarter of 2022. The dollar has broadly weakened in 2023, but movements have been relatively small. Interest rates have played a material role. As inflation in the U.S. seems to be under control, this has led to lower rate expectations relative to other major currencies such as the Euro and the British Pound. During this period, the Japanese Yen saw a small surge on speculation of changing rate policy under new Bank of Japan Governor Kazuo Ueda. However, this speculation proved to be only speculation, as the Yen weakened 8.7% against the dollar over the year-to-date. The Bloomberg Dollar index, a gauge of the U.S. dollar relative to major pairs, saw moderate losses, down -2.2% in comparison to one year ago.

Outlook

The first half of 2023 has been a strong period for most risk assets, especially across the equity and credit spectrum. Despite this strength, investor views of the future have diverged regarding whether the economy has achieved a new equilibrium ("soft landing"), or whether a material recession is in imminent. Domestic investor sentiment remains positive as inflation has shown signs of easing, real earnings growth has moved back into positive territory, and the labor market remains resilient despite the quick rise in interest rates. While strong asset performance has further boosted sentiment, risks including regional banks, commercial office real estate, and stickier inflation remain. It is important to remember that rising interest rates tend to impact the economy with a lag. We believe many effects of interest rate rises have yet to be felt, and that the economy and markets may feel some pain by early 2024. Across international developed markets, we believe growth will continue to face headwinds until inflation is under control, but for the moment, these markets have shown greater resilience than expected. Lastly, emerging markets are set to grow faster than advanced economy counterparts, but China may continue to overshadow the narrative, especially as the U.S. China relationship remains tenuous.

Plan Performance

The FCERA investment portfolio ("the Portfolio") earned a +9.2 percent return net of fees for the fiscal year ending June 30, 2023. This return outperformed the policy index return by +1.7 percent.

Portfolio risk as measured by standard deviation increased over the last fiscal year. For the trailing 5-year period, annualized standard deviation was 10.4 percent while the trailing 3-year period standard deviation was 9.9 percent.

Capital markets rebounded significantly over the past year driven by the sentiment around decreasing inflation and a stronger than expected U.S. economy. Although inflation has significantly moderated from its Summer 2022 peak, the U.S. continues to face relatively high inflation and historically high interest rates. With that said, the positive momentum we saw at the

4



end of 2022 has continued through the first half of 2023. As for the Plan's asset class returns, performance across most asset classes were positive on an absolute and relative basis as the portfolio benefitted from the broader market rally.

The Portfolio's domestic equity investments outperformed over the past fiscal year returning +18.7 percent which beat the benchmark by +0.1 percent. Growth-oriented, large-cap stocks led the way as a surge in AI-focused hype helped drive an expansion of valuations for big-tech companies. This worked in favor of the Portfolio which had a relative overweight to growth within its domestic equity portfolio. The Portfolio's international equity investments were also up, returning +14.5 percent and outperforming the benchmark by +1.8 percent. Despite recession concerns caused by high inflation, interest rate hikes, and an energy crisis in Europe, international equities rallied much like their overseas counterparts. This was likely driven by their relatively cheap valuations compared to U.S. stocks.

Fixed income had positive absolute performance of +2.7 percent but underperformed the fixed income benchmark by -1.0 percent. As mentioned, interest rates remain elevated over the past year, and we saw minimal rate movements to the downside during that time. The Portfolio's credit assets helped drive positive performance as credit spreads remained tight in investment grade corporates, high yield, and bank loans while emerging market debt rallied on the back of a weakening dollar and lower than expected inflation in emerging market countries.

Performance across real assets were mixed. The portfolio's investment in infrastructure was strong returning +9.7 percent over the past year. On the other hand, real estate which was one of the strongest performing asset classes in 2022, was the worst performing asset class this year returning -5.7 percent. Market dynamics within real estate have shifted dramatically over the last year given the rise in interest rates, slowing transactions, and slowing growth all of which have put downward pressure on property valuations.

Private equity and private credit performance were also mixed over past year. Private equity returned -0.6 percent while private credit returned +5.2 percent. Note that private market investments are lagged such that these results reflect marks through the end of March. As it relates to private markets, the high interest rate environment has started to catch up with valuations. As such, we're starting to see the write down of assets take place and expect this trend to continue in the near-term.

The Portfolio's fiscal year 2023 performance has helped close the underperformance gap relative to last year's report. For the three-years ending June 30, 2023, the Portfolio generated an average annual return of +7.6 percent, underperforming the policy index return by 70 basis points. Over the five-year period, the Portfolio returned +5.9 percent, underperforming the policy index by 80 basis points. For the trailing ten-year period, the Portfolio returned +6.3 percent, underperforming the policy index by 20 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

At the start of the fiscal year, Verus presented a performance and attribution analysis for the plan. Specifically, the presentation took a deep and measured investigation into the root causes of plan underperformance in 2021 and 2022 and the steps to needed to mitigate these causes moving forward. In subsequent meetings, we analyzed FCERA's domestic equity portfolio and its approach to public markets equity exposure including revisiting style tilts and a reassessment of FCERA's conviction in active management. Ultimately, the Board approved a more simplified equity framework including consolidating domestic large-cap equity into one index as well as adopting Russell indices as domestic equity benchmarks to reduce overall tracking error. FCERA is currently in the process of transitioning to this framework.

Verus spent considerable time working with and educating FCERA on the merits of adding a second core fixed income manager to compliment the Portfolio's existing manager. By adding a second core fixed income manager we achieved increased diversification and decreased tail risk by promoting more 'thought diversity.'

During the fiscal year we also met various "as-needed" tasks such as facilitating an update to the quarterly manager compliance report, due diligence for manager replacements, and diligence efforts for existing managers. Verus also 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,



Scott Whalen, CFA, CAIA
Executive Managing Director and Senior Consultant

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.

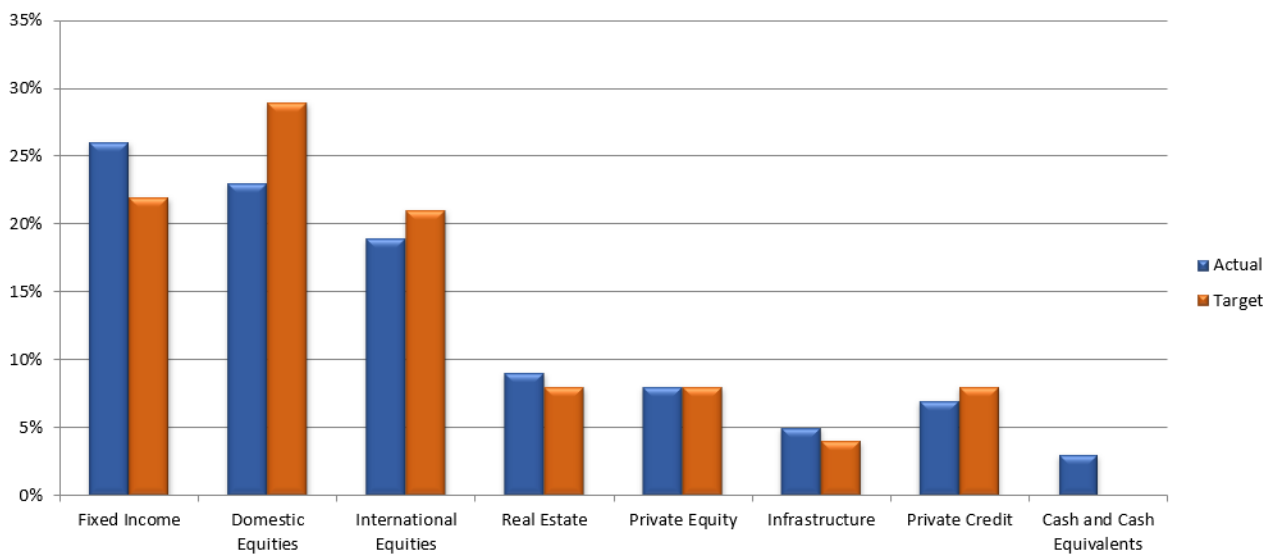
Over time, the Board implements the asset allocation plan by hiring investment managers to invest assets on behalf of the Plan, subject to investment guidelines incorporated into each firm's investment management contract.

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.

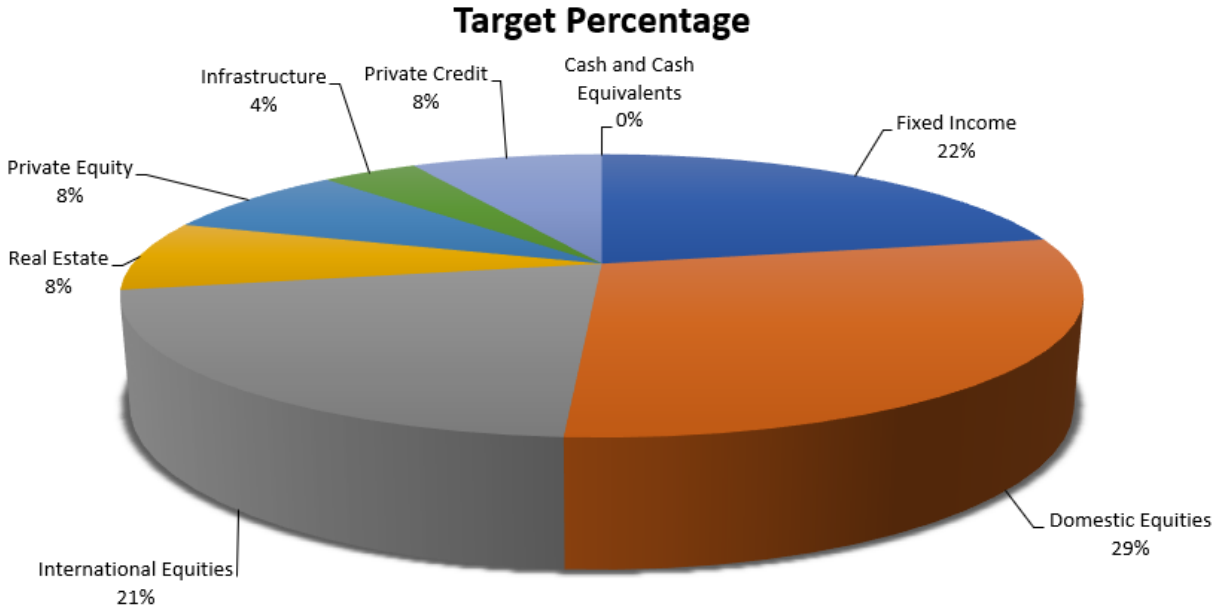
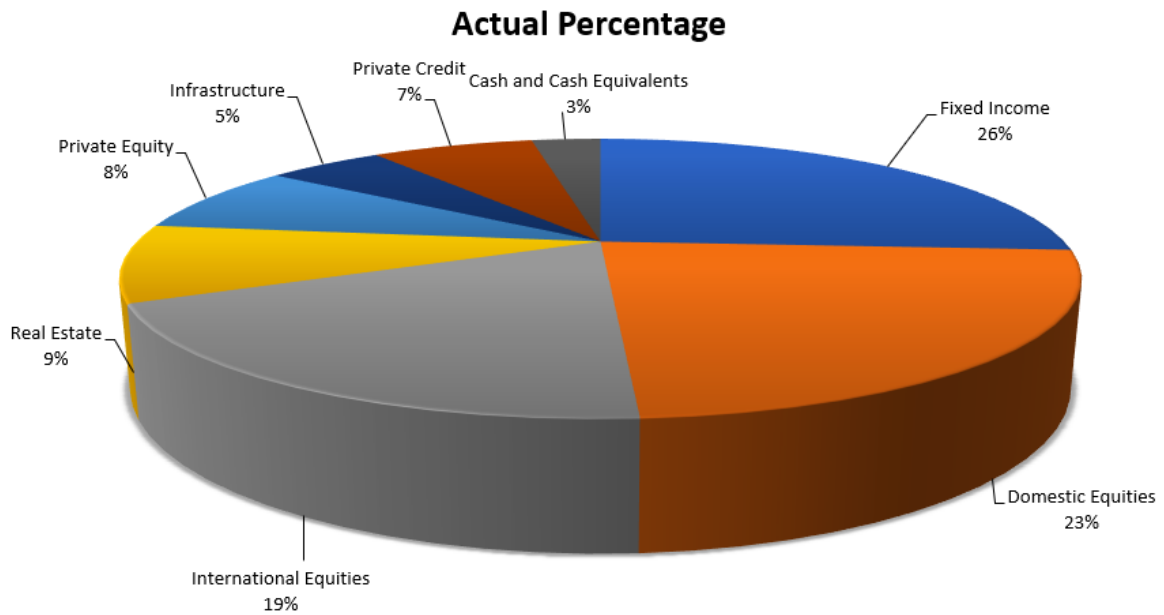
Target and Actual Asset Allocations continued

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 2022 – 2023 target and actual asset allocations are presented in the following graphs and charts.



Target and Actual Asset Allocations continued



Investment Results

Investment Results

As of June 30, 2023

Investments	Current Year	3-Year Return	5-Year Return	10-Year Return
Fixed Income				
Investment Core Bond	-0.90%	-4.20%	1.40%	0.00% 1
Bloomberg US Aggregate Index	-0.90%	-4.00%	0.80%	1.50%
Access Capital	-1.20%	-3.40%	0.00% 1	0.00% 1
Benchmark : Bloomberg US Securitized	-1.50%	-3.60%	0.10%	1.20%
Strategic Credit	0.00%	0.00%	0.00%	0.00%
Blmbg US HY/CS Lev Loan/JPM EMBI Gbl Div Index	9.00%	2.10%	2.70%	3.80%
Institutional Credit	7.00%	0.00% 1	0.00% 1	0.00% 1
Credit Suisse HY/Credit Suisse Lev Loan Index	9.80%	4.90%	3.60%	4.20%
Equities				
Domestic Small Capital	13.60%	10.60%	4.40% 1	0.00% 1
Benchmark: Russell 2000	12.30%	10.80%	4.20%	8.30%
NT MSCI US Index	19.60%	13.80%	0.00% 1	0.00% 1
Benchmark: MSCI USA	19.60%	14.10%	12.20%	12.80%
Domestic Large Capital Growth	28.40%	10.60%	0.00% 1	0.00% 1
Benchmark: Russell 1000 Growth	27.10%	13.70%	15.10%	15.70%
Emerging Markets Equity	6.90%	5.50%	2.40%	1.80%
Benchmark: MSCI Emerging Markets	1.70%	2.30%	0.90%	3.00%
International Emerging Markets Equity	8.70%	1.70%	0.00% 1	0.00% 1
Benchmark: MSCI Emerging Markets	1.70%	2.30%	0.90%	3.00%
NT MSCI World Ex-US Index	17.30%	9.60%	0.00% 1	0.00% 1
Benchmark : MSCI World ex USA	17.40%	9.30%	4.60%	5.40%
International Growth	16.20%	4.70%	5.10%	5.70%
Benchmark : MSCI EAFE	18.80%	8.90%	4.40%	5.40%
International	17.70%	13.80%	4.50%	6.00%
Benchmark : MSCI EAFE	18.80%	8.90%	4.40%	5.40%
Factor Mix Index	16.00%	0.00% 1	0.00% 1	0.00% 1
Benchmark : MSCI USA	19.60%	14.10%	12.20%	12.80%
Private Markets				
Core Real Estate	-10.50%	6.50%	5.20%	7.60%
Real Estate	1.10%	0.00% 1	0.00% 1	0.00% 1
Benchmark : NCREIF ODCE	-10.70%	7.00%	5.60%	7.80%
Infrastructure	9.70%	12.40%	11.50%	0.00% 1
Benchmark : NCREIF ODCE	-10.70%	7.00%	5.60%	7.80%
Private Equity	-0.60%	20.60%	17.50%	14.40%
Benchmark : Russell 2000	-9.80%	19.90%	6.80%	10.20%
Private Credit	5.20%	10.30%	7.10%	6.40%
Benchmark: Bloomberg US Corp High Yield	-1.40%	8.00%	5.30%	6.20%
Cash, Custodial, and Investment Pool				
Custodied Cash	3.70%	1.30%	1.50%	0.90%
Benchmark: 90-Day Treasury Bill	3.60%	1.30%	1.60%	1.00%
County Cash	3.80%	2.80%	2.60%	0.00% 1
Benchmark: 90-Day Treasury Bill	3.60%	1.30%	1.60%	1.00%
Total Fund	9.20%	7.60%	5.90%	6.30%

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, 2023

(Dollars in Thousands)

Investments	Fair Value	Actual Percentages ¹	Target Percentages
Fixed Income			
Domestic Fixed Income	\$ 960,399	15.67%	12.00%
Foreign Fixed Income	248,148	4.05%	10.00%
U.S. Government and Agencies	395,158	6.45%	0.00%
Total Fixed Income	1,603,705	26.17%	22.00%
Equities			
Domestic Equities	1,385,437	22.61%	29.00%
International Equities	1,140,808	18.61%	21.00%
Real Estate Investment Trusts	3,092	0.05%	0.00%
Total Equities	2,529,337	41.27%	50.00%
Private Markets and Alternatives			
Real Estate	536,804	8.75%	8.00%
Private Equity	506,403	8.26%	8.00%
Infrastructure	299,746	4.89%	4.00%
Private Credit	443,054	7.23%	8.00%
Total Private Markets and Alternatives	1,786,007	29.13%	28.00%
Derivatives	19,299	0.32%	0.00%
Total Investments	5,938,348	96.89%	100.00%
Cash and Cash Equivalents			
Cash Held in County Investment Pool	11,869	0.19%	0.00%
Short - Term Investment with Fiscal Agent	178,692	2.92%	0.00%
Total Cash and Cash Equivalents	190,561	3.11%	0.00%
Total Investments, Cash and Cash Equivalents	\$ 6,128,909	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, 2023

Par	Name	Yield	Maturity Date	Fair Value
818	FUT SEP 22 CBT 5Y T-NOTE	(1.35)	9/30/2023	\$ 91,833,281
522	FUT JUN 23 CME 3MO SOFR	(1.14)	9/30/2023	55,902,938
139	FUT SEP 22 US 2YR T-NOTE	(1.30)	9/30/2023	18,934,406
20,500,000	UNITED STATES TREAS BDS	3.19	5/15/2051	15,241,269
13,310,000	FUT SEP 22 CBT UL T-BONDS	2.83	2/15/2051	8,813,196
8,024,000	UNITED STATES TREAS BDS	4.55	12/15/2027	7,502,079
11,590,000	FUT SEP 22 10 YR T-NOTES	2.61	11/15/2050	7,197,571
7,310,000	UNITED STATES TREAS BDS DTD	1.18	1/15/2033	7,132,133
35	UNITED STATES TREAS BDS	(0.40)	9/30/2023	7,117,031
9,735,824	UNITED STATES TREAS NTS DTD	3.12	9/16/2061	6,240,886
70,471,338	Total			\$ 225,914,790

Largest Equity Holdings (By Fair Value)

As of June 30, 2023

Shares	Name	Fair Value
91,768	MICROSOFT CORP COM	\$ 31,250,675
120,175	APPLE INC COM STK	23,310,345
175,962	AMAZON COM INC COM	22,938,406
34,039	NVIDIA COPR COM	14,399,178
118,576	ALPHABET INC CAP STK CL A	14,193,547
30,359	LINDE PLC	11,569,208
22,598	UNITEDHEALTH GROUP INC COM	10,861,503
59,811	AIR LIQUIDE	10,714,675
514,792	UBS GROUP AG	10,412,073
304,136	KON AHOLD DELHAIZE	10,372,456
1,472,216	Total	\$ 160,022,066

A complete list of portfolio holdings is available upon request.

List of Investment Managers

Domestic Fixed Income

HPS Investment Partners
Loomis Sayles
PGIM Core
RBC Access Capital
Western Asset Management Company

Global Fixed Income

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
PIMCO RAE

Infrastructure

IFM Global Infrastructure

Private Credit

Aksia Advisors
AlpInvest FC Credit Partners VII
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 & V
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 & K5 Private Investors L.P.
Keensight Nova VI
Kelso Investment Associates X, L.P.
Landmark Equity, XIV, L.P.
New Mountain Partners & Continuation III
NewQuest Asia IV
Oak Hill Capital Partners V & VI
Platinum Equity Small Cap
Platinum Equity V & VI
Resolute Fund V
SK Capital Partners V-A & VI-A
Sterling Group V & Foundation
STG Partners VI & Allegro
Stripes VI
TCV XI, LP
Thomas H. Lee Equity Fund VIII
TPG Partners VIII
Verdane Capital X & XI
WP Equity Partners, L.P, X & XII
ZMC Partners III

Real Estate Investments

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

Schedule of Commissions

Schedule of Fees

For the Fiscal Year Ended June 30, 2023, with Comparative Totals

(Dollars displayed as Actual)

	2023	2022
Investment Managers' Fees		
Domestic Equity Managers:		
Northern Trust MSCI US	\$ 22,047	\$ 27,903
Pimco Stocks Plus Small AR	343,947	563,658
State Street Global Advisors	75,000	91,233
T. Rowe Price US Large Cap	224,953	362,930
Total Domestic Equity Managers	665,947	1,045,724
International Equity Managers:		
Artisan International	1,003,950	1,200,833
Baillie Gifford	1,219,462	1,305,724
Mondrian Investment Partners	812,173	1,730,305
Northern Trust MSCI World Ex-US	40,246	38,390
Pimco RAE	253,310	-
Research Affiliates	-	220,052
Total International Equity Managers	3,329,141	4,495,304
Domestic Fixed Income Managers:		
Brandywine Global	-	175,957
Eaton Vance	-	1,001,932
Loomis Sayles	954	427,768
HPS Multi Sector	1,269,691	-
PGIM Core	1,096,631	-
Pimco EMD	24,308	858,108
RBC Access Capital	156,716	172,842
Western Asset Management Company	1,217,221	1,291,426
Total Domestic Fixed Income Managers	3,765,521	3,928,033
Private Market Managers:		
Private Equity	7,322,614	6,870,755
Real Estate	7,292,136	5,468,898
Infrastructure	2,190,716	1,744,453
Private Credit	2,912,092	5,025,633
Total Private Market Managers	19,717,558	19,109,739
Total Investment Managers' Fees	27,478,167	28,578,800
Cash Overlay Manager:		
Parametric	150,268	153,074
Total Cash Overlay Managers	150,268	153,074
Other Investment Expenses		
Securities Lending Management Fees & Rebates	6,526,094	553,717
Custodian Service Fees	58,000	58,000
Actuarial Valuation Fees	72,000	71,000
Consulting and Legal Fees	536,712	642,036
Total Other Investment Expenses	\$ 7,192,806	\$ 1,324,753

Schedule of Commissions

Schedule of Commissions					
As of June 30, 2023					
Brokerage Firm	Rank	Number of Shares Traded	Total Commissions	Commissions Per Share	Percentage of Commissions
BANK OF AMERICA CORPORATION	1	172,922,610	\$ 50,212	\$ 0.00029	13.03%
J.P. MORGAN SECURITIES PLC	2	1,735,318,652	46,065	\$ 0.00003	11.95%
GOLDMAN, SACHS AND CO.	3	3,312,115,758	42,869	\$ 0.00001	11.12%
CITIGROUP GLOBAL MARKETS INC	4	4,415,140	22,088	\$ 0.00500	5.73%
MERRILL LYNCH INTERNATIONAL LIMITED	5	5,727,004	21,178	\$ 0.00370	5.49%
MORGAN STANLEY AND CO., LLC	6	741,186,939	19,643	\$ 0.00003	5.10%
HSBC SECURITIES (USA) INC.	7	10,911,721	16,058	\$ 0.00147	4.17%
JEFFERIES LLC.	8	40,312,741	14,628	\$ 0.00036	3.79%
INSTINET EUROPE LIMITED	9	4,859,077	11,927	\$ 0.00245	3.09%
DERIVATIVES	10	730,223,652	7,583	\$ 0.00001	1.97%
RBC EUROPE LIMITED	11	591,448	7,572	\$ 0.01280	1.96%
HSBC BANK PLC	12	5,041,109	7,252	\$ 0.00144	1.88%
CITIGROUP GLOBAL MARKETS INC.	13	437,482,273	6,243	\$ 0.00001	1.62%
JPMORGAN SECURITIES (ASIA PACIFIC)	14	671,024	5,506	\$ 0.00821	1.43%
JEFFERIES INTERNATIONAL LTD	15	3,244,330	5,251	\$ 0.00162	1.36%
CREDIT SUISSE SECURITIES (USA) LLC	16	(750,645)	4,705	\$ (0.00627)	1.22%
EXANE S.A.	17	130,561	4,383	\$ 0.03357	1.14%
BARCLAYS CAPITAL	18	72,993,921	3,996	\$ 0.00005	1.04%
J.P. MORGAN SECURITIES LLC	19	660,080,562	3,752	\$ 0.00001	0.97%
RBC CAPITAL MARKETS, LLC	20	19,273,573	3,052	\$ 0.00016	0.79%
Top 20 Firms by Commission Dollars		7,956,751,450	\$ 303,963	\$ 0.06496	78.85%
All other Brokerage Firms		23,807,282,771	81,541	0.00000	21.15%
Total Brokerage Commissions		31,764,034,221	\$ 385,504	\$ 0.06496	100.00%



Actuarial Section

September 26, 2023

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

**Re: Fresno County Employees' Retirement Association (FCERA)
June 30, 2022 Actuarial Valuation for Funding Purposes**

Dear Members of the Board:

Segal prepared the June 30, 2022 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, 2022. 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, 2022 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 11 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, 2022 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, 2022 prepared by Segal. For the Financial Section of the Annual Comprehensive Financial Report (ACFR), 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 ACFR is provided below. These schedules were prepared based on the results of the actuarial valuation as of June 30, 2022 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 non-economic assumptions from the July 1, 2018 through June 30, 2021 Analysis of Demographic Actuarial Assumptions Report and the economic assumptions from the Review of Economic Assumptions Report for the June 30, 2021 Actuarial Valuation. 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, 2022 valuation produce results, which, in aggregate, reflect the future experience of the Plan. Segal is currently preparing an out-of-cycle review of the economic assumptions before the June 30, 2023 valuation and any changes in assumptions that result will be reflected in the June 30, 2023 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, 2022 valuation, the ratio of the Valuation Value of Assets to Actuarial Accrued Liabilities (funded percentage) increased from 85.9% to 88.7%. The average employer rate has decreased from 51.35% of payroll to 46.49% of payroll and the average member rate has decreased from 9.55% to 9.51% of payroll.

Under the Actuarial Value of Assets method, the total unrecognized net investment loss as of June 30, 2022 is \$510.7 million. This deferred investment loss of \$510.7 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 gains that may occur after June 30, 2022. 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 losses 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 increase in the next few years.

The deferred investment loss represents about 9.1% of the Market Value of Assets. Unless offset by future investments gains or other favorable experience, the recognition of the \$510.7 million in past market losses 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:

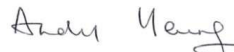
- If the net deferred losses were recognized immediately in the Valuation Value of Assets, the funded percentage would decrease from 88.7% to 81.3%.
- If the net deferred losses were recognized immediately in the Valuation Value of Assets, the average employer contribution rate would increase from 46.49% to 55.45% 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/hy
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 11 years remaining as of June 30, 2022. 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, 2022, which determines the employer and membership contribution rates. The actuarial valuation report as of June 30, 2022, was approved and adopted by the Fresno County Employees' Retirement Association (FCERA) Board of Retirement (the Board) on December 14, 2022.

- | | |
|---|---|
| 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 9.00%; 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 fair 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 with rates increased by 5% for males and 10% for females, projected generationally with |

Summary of Actuarial Assumptions and Methods continued

	<ul style="list-style-type: none">• Safety Members	two-dimensional mortality improvement scale MP-2021 Pub-2010 Safety Healthy Retiree Amount Weighted Above-Median Mortality Table with rates increased by 5% for males, projected generationally with two-dimensional mortality improvement scale MP-2021
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 with rates increased by 5% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021
	<ul style="list-style-type: none">• Safety Members	Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table with rates increased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021
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 with rates increased by 5% males and increased by 10% for females, projected 30 years with two-dimensional mortality improvement scale MP-2021, 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 with rates increased by 5% for males, projected 30 years with two-dimensional mortality improvement scale MP-2021, weighted 80% male and 20% female
11. Reciprocity Assumption		20% of General and 25% of Safety members who terminate with less than 5 years of service and 30% of General and 45% of Safety members who terminate with 5 or more years of service are assumed to enter a reciprocal system
12. Vested Terminations		Varies by age and years of service

Summary of Actuarial Assumptions and Methods continued

13. Service and Disability Retirements	Varies by tier of membership and by age
14. Gains & Losses	12 years (declining) for UAAL established as of June 30, 2003 plus 11 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, 2022. 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, 2022 to June 30, 2023.

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
6/30/2022	General	6,521	\$ 410,926	5,251	4.7%
	Safety	945	80,535	7,102	3.4%
	Total	7,466	\$ 491,461	5,486	4.5%
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 ¹	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%

¹ 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, 2013 through 2022.

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
2022-23	8,178	408	\$ 8,268	209	\$ 3,895	8,377	\$ 339,775	6.05%	41	3.53%
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%

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)
2021-22	\$ 6,134,136	\$ 6,918,859	784,723	88.7%	\$ 491,462	159.7%
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%

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	2022
1 Unfunded actuarial accrued liability at beginning of year		\$ 939,252
2 Total Normal Cost at middle of year ¹		121,991
3 Expected administrative expenses		6,267
4 Expected employer and member contributions		(296,754)
5 Interest		56,460
6 Expected unfunded actuarial accrued liability at end of year		827,216
7 Changes due to:		
a. Investment return greater than expected		(91,340)
b. Actual contributions greater than expected		3,078
c. Individual salary increases greater than expected		14,240
d. COLA increases greater than expected		72,599
e. Fewer disabilities than expected by assumption		(13,705)
f. Other experience gain		(35,935)
g. Refinement to application of entry age actuarial cost method		\$ 22,133
h. Changes in demographic assumptions		\$ (13,563)
i. Total Changes		\$ (42,493)
Unfunded Actuarial Accrued Liability at end of year		\$ 784,723

¹ Excludes administration expense load.

	Changes to UAAL	2021
1 Unfunded actuarial accrued liability at beginning of year		\$ 1,094,372
2 Total Normal Cost payable 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 Includes contributions toward administrative expenses.

Source: Information for 2021 and 2022 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, 2022	\$ 434,203	\$ 4,794,510	\$ 1,690,146	\$ 6,134,136	100%	100%	54%
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%

(a) Equal to the total balance (in fair 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	0.00040	0.00010
30	0.00030	0.00020
40	0.00060	0.00090
50	0.00130	0.00260
60	0.00280	0.00370
General Members – Female		
20	0.00010	0.00010
30	0.00010	0.00020
40	0.00030	0.00090
50	0.00080	0.00260
60	0.00170	0.00370
Safety Members – Male		
20	0.00040	0.00050
30	0.00040	0.00330
40	0.00050	0.00690
50	0.00100	0.01340
60	0.00230	0.02800
Safety Members – Female		
20	0.00020	0.00050
30	0.00020	0.00330
40	0.00040	0.00690
50	0.00080	0.01340
60	0.00140	0.02800

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	11.25000	7.50000
2-3	9.25000	6.50000
3-4	8.00000	4.50000
4-5	7.50000	4.00000
5-6	6.50000	3.25000
6-7	5.50000	3.00000
7-8	5.00000	2.75000
8-9	4.75000	2.50000
9-10	4.50000	2.50000
10-11	4.25000	2.25000
11-12	4.00000	2.25000
12-13	3.75000	2.00000
13-14	3.75000	2.00000
14-15	3.75000	1.75000
15-16	3.00000	1.50000
16-17	2.50000	1.40000
17-18	2.50000	1.30000
18-19	2.50000	1.20000
19-20	2.00000	1.10000
20 & Over	1.75000	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, 2022.

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	0.17000
65	0.40000
70	0.35000
General Tier 1 - Female	
50	0.12000
55	0.16000
60	0.30000
65	0.50000
70	0.50000
General Tier 2 - Male and Female	
50	0.03000
55	0.08400
60	0.15000
65	0.35000
70	0.35000
General Tier 3 - Male and Female	
50	0.03600
55	0.10000
60	0.16000
65	0.35000
70	0.35000
General Tier 4 - Male and Female	
50	0.03000
55	0.05000
60	0.10000
65	0.23000
70	0.35000
General Tier 5 - Male and Female	
50	0.00000
55	0.03500
60	0.08500
65	0.22000
70	0.35000
Safety Tiers 1 and 2 - Male and Female	
50	0.08000
55	0.40000
60	0.35000
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, 2022.
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	40.00%	60.00%
1	40.00%	60.00%
2	40.00%	60.00%
3	40.00%	60.00%
4	40.00%	60.00%
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	20.00%	80.00%
11	20.00%	80.00%
12	20.00%	80.00%
13	20.00%	80.00%
14	20.00%	80.00%
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, 2022.

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	25.6
70	16.8
80	9.3
90	4.3
100	1.8
110	0.9
General Members - Female	
50	37.3
60	27.5
70	18.3
80	10.3
90	4.7
100	2.0
110	0.9
Safety Members - Male	
50	35.9
60	25.9
70	16.9
80	9.4
90	4.3
100	1.8
110	0.9
Safety Members - Female	
50	37.5
60	27.5
70	18.4
80	10.6
90	5.2
100	2.2
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	51.70	57.30
30	41.70	46.80
40	32.90	37.50
50	25.10	29.30
60	18.50	22.30
70	12.90	15.50
80	7.70	9.20
90	3.90	5.00
100	1.80	2.40
110	0.90	1.20
Safety Members	Male	Female
20	63.80	65.90
30	53.50	55.40
40	43.50	45.30
50	33.60	35.30
60	24.00	25.80
70	15.70	17.40
80	8.70	10.00
90	4.10	4.80
100	1.90	2.10
110	1.00	1.00

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)

	2023	2022	2021	2020	2019
Additions					
Employer Contributions	\$ 242,221	\$ 251,733	\$ 273,973	\$ 247,474	\$ 225,492
Member Contributions	47,117	42,038	41,621	41,761	40,463
Net Investment Income/(Loss)	537,507	(621,887)	1,348,651	13,097	254,801
Total Additions	826,845	(328,116)	1,664,245	302,332	520,756
Deductions ¹					
Total Benefit Expenses	\$ 340,440	\$ 320,673	\$ 307,680	\$ 292,775	\$ 277,417
Refunds	4,245	4,175	2,747	2,217	2,615
Administrative Expenses	6,412	6,460	6,074	6,422	5,981
Other	122	99	117	130	107
Total Deductions	351,219	331,407	316,618	301,544	286,120
			\$		
Change in Fiduciary Net Position	\$ 475,626	\$ (659,523)	1,347,627	\$ 788	\$ 234,636
	2018	2017	2016	2015	2014
Additions					
Employer Contributions	\$ 225,492	\$ 198,472	\$ 191,529	\$ 184,213	\$ 165,309
Member Contributions	40,463	36,259	35,212	33,110	30,154
Net Investment Income/(Loss)	254,801	417,681	(4,258)	406	583,169
Total Additions	520,756	652,412	222,483	217,729	778,632
Deductions ¹					
Total Benefit Expenses	\$ 247,491	\$ 247,491	\$ 238,028	\$ 229,115	\$ 222,289
Refunds	2,356	2,356	2,203	2,282	2,103
Administrative Expenses	4,762	4,762	4,814	4,297	3,542
Other	77	77	61	45	21
Total Deductions	254,686	254,686	245,106	235,739	227,955
Change in Fiduciary Net Position	\$ 266,070	\$ 397,726	\$ (22,623)	\$ (18,010)	\$ 550,677

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.

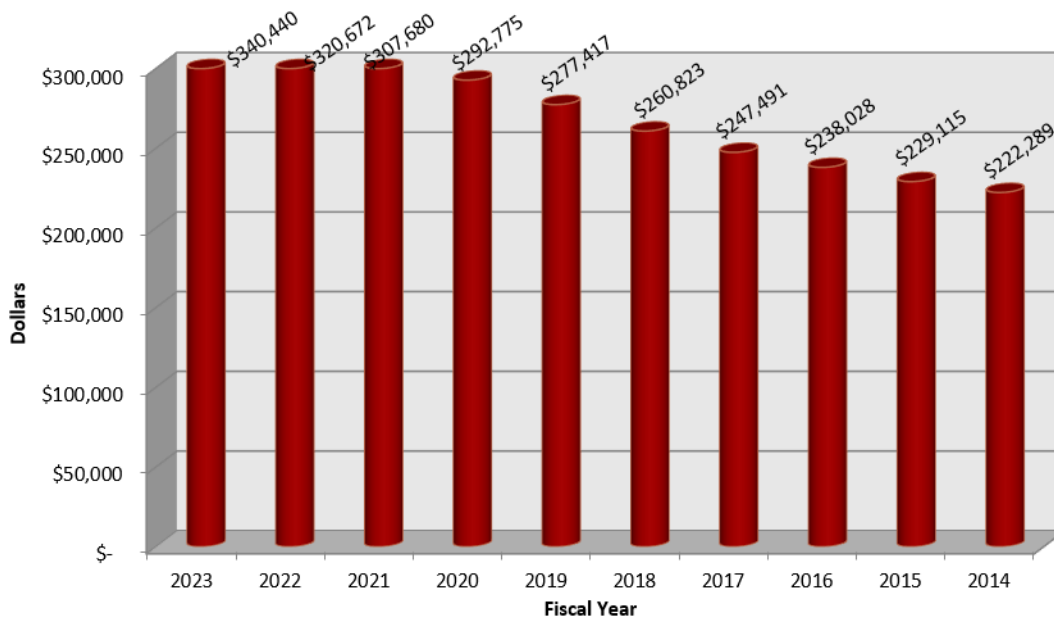
Retired Members

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	
2023	\$ 249,149	\$ 47,204	\$ 23,209	\$ 5,411	\$ 6,795	\$ 8,672	340,440
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



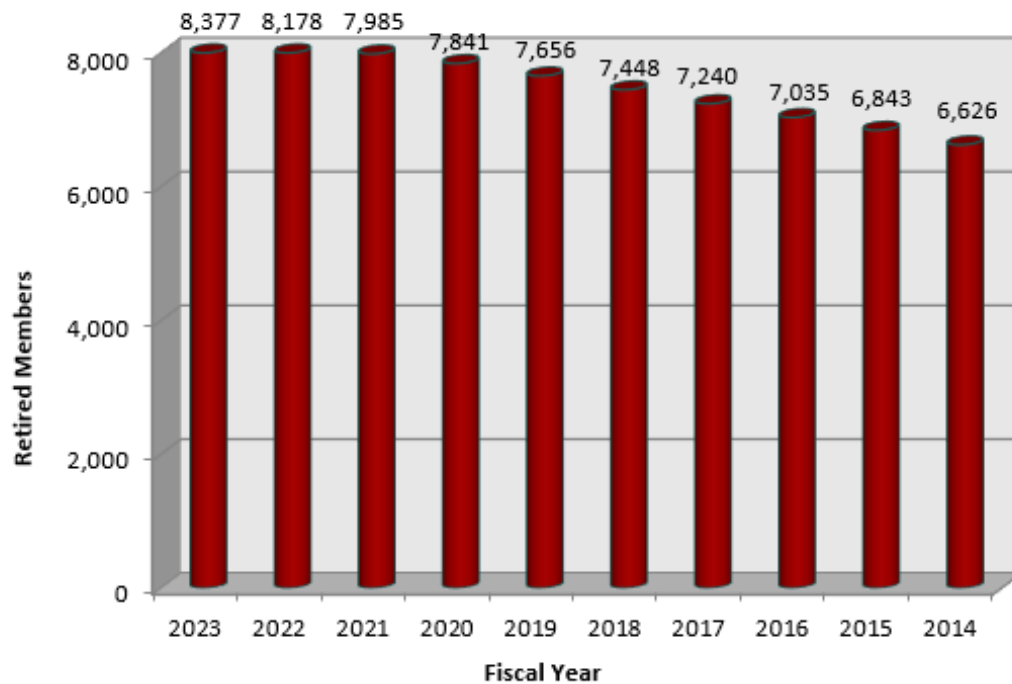
¹ Total Benefit Expenses are the actual expenses paid and will not equal Total Average Annual Benefits reported on page 98.

Retired Members continued

Schedule of Retired Members by Type of Retirement

Last Ten Fiscal Years

FISCAL YEAR-END ¹	GENERAL	SAFETY	SURVIVOR	TOTAL
2023	7,087	1,179	111	8,377
2022	6,916	1,157	105	8,178
2021	6,755	1,124	106	7,985
2020	6,645	1,087	109	7,841
2019	6,505	1,048	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



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
06/30/2022	General	6,992	\$ 265,308,528	\$ 37,945	\$ 3,162	2.8%
	Safety	1,179	\$ 65,438,904	55,504	4,625	3.1%
	Total	8,171	\$ 330,747,432	\$ 40,478	\$ 3,373	2.9%
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%

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 7/1/2021 to 6/30/2022							
Average monthly benefit	\$ 649	\$ 1,384	\$ 2,120	\$ 2,956	\$ 3,754	\$ 5,728	\$ 6,085
Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of retired members	12	51	38	63	66	66	48
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

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
06/30/2023	General	3,979	2,693	6,672	
	Safety	629	326	955	
	Total	4,608	3,019	7,627	5,170
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

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	2023		2014	
	Covered Employees	Percentage of Covered Employees	Covered Employees	Percentage of Covered Employees
County of Fresno	7,112	93.25%	6,474	93.50%
Superior Court of California-County of Fresno ¹	474	6.22%	412	5.95%
Fresno-Madera Area Agency on Aging	23	0.30%	25	0.36%
Clovis Veterans Memorial District	8	0.10%	7	0.10%
Fresno Mosquito and Vector Control District	10	0.13%	6	0.09%
Total	7,627	100.00%	6,924	100.00%

Participating Employers and Active Members

Schedule of Participating Employers and Active Members

Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
County of Fresno										
General Members	6,157	6,006	6,175	6,338	6,165	6,038	5,907	5,864	5,704	5,641
Safety Members	955	944	962	1,003	998	938	932	920	837	833
Total	7,112	6,950	7,137	7,341	7,163	6,976	6,839	6,784	6,541	6,474
Participating Agencies (General Members)										
Clovis Veterans Memorial District	8	8	11	11	10	10	10	10	9	7
Fresno Mosquito and Vector Control District	10	9	11	10	10	10	7	7	5	6
Fresno-Madera Area Agency on Aging	23	22	19	19	25	23	22	22	24	25
Superior Court of California-County of Fresno ¹	474	467	460	492	468	438	473	475	390	412
Total	515	506	501	532	513	481	512	514	428	450
Total Active Members										
General Members	6,672	6,512	6,676	6,870	6,678	6,519	6,419	6,378	6,131	6,091
Safety Members	955	944	962	1,003	998	938	932	920	838	833
Total	7,627	7,456	7,638	7,873	7,676	7,457	7,351	7,298	6,969	6,924

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, 2022	to June 30, 2023	55.39%	51.93%	52.37%	43.75%	41.22%	79.46%	80.06%	66.34%	62.28%	6/30/2021
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

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, 2023

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	405	275	1	3	74	2	1	0	6	41	0	2	263	13	92	11	21	5
501 - 1,000	789	541	13	2	136	6	0	0	30	57	1	3	524	41	147	25	29	24
1,001 - 1,500	913	687	23	14	121	12	2	0	23	29	0	2	676	56	119	27	19	16
1,501 - 2,000	876	673	26	31	85	9	6	2	12	27	0	5	634	72	116	24	21	9
2,001 - 3,000	1,475	1,151	19	75	159	8	14	6	10	31	0	2	1,128	115	158	37	25	10
3,001 - 4,000	1,183	937	7	96	112	2	13	4	4	8	0	0	953	97	89	22	18	4
4,001 - 5,000	855	712	0	64	57	0	9	5	5	3	0	0	693	66	66	10	15	6
5,001 - 6,000	580	530	0	15	31	0	1	2	0	1	0	0	479	34	42	12	12	1
Over 6,000	1,301	1,233	0	24	38	0	3	1	1	1	0	0	1,124	54	97	7	18	1
Totals	8,377	6,739	89	324	813	39	49	20	91	198	1	14	6,474	548	926	175	178	76

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	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service Benefits										
General	\$ 268,441	\$ 252,859	\$ 243,241	\$ 232,085	\$ 220,173	\$ 207,672	\$ 198,137	\$ 185,490	\$ 179,054	\$ 173,829
Safety	50,666	47,856	44,262	41,397	39,011	35,617	33,063	36,201	34,516	33,021
Service Connected Disability										
General	5,183	5,028	5,448	5,195	4,912	4,799	4,233	3,385	3,164	3,214
Safety	8,505	8,046	8,120	7,514	6,728	6,604	5,794	7,067	6,340	6,718
Non-Service Connected Disability										
General	1,612	1,639	1,785	1,978	1,832	1,809	1,737	1,845	2,150	2,197
Safety	167	159	202	193	456	260	93	110	167	107
Service Connected Disability Continuance										
General	961	966	794	805	754	768	764	734	593	583
Safety	1,650	1,505	1,364	1,291	1,296	1,172	1,159	1,118	1,117	903
Non-Service Connected Disability Continuance										
General	2,291	1,982	1,856	1,914	1,840	1,802	1,772	1,764	1,705	1,421
Safety	299	361	295	299	290	288	239	236	248	162
Active Death Benefits	665	271	313	104	125	32	500	78	61	134
Total Benefits	\$ 340,440	\$ 320,672	\$ 307,680	\$ 292,775	\$ 277,417	\$ 260,823	\$ 247,491	\$ 238,028	\$ 229,115	\$ 222,289
Type of Refund										
Death	\$ 517	\$ 814	\$ 326	\$ 93	\$ 257	\$ 80	\$ 174	\$ 111	\$ 133	\$ 134
Miscellaneous - UAAL ¹			-	-	-	-	-	-	-	-
Separation	3,728	3,361	2,421	2,124	2,358	2,328	2,182	2,092	2,149	1,969
Total refunds	\$ 4,245	\$ 4,175	\$ 2,747	\$ 2,217	\$ 2,615	\$ 2,408	\$ 2,356	\$ 2,203	\$ 2,282	\$ 2,103

¹ UAAL means Unfunded Actuarial Accrued Liability.