



San Joaquin County Employees' Retirement Association

*A Pension Trust Fund of San Joaquin County, CA*

# Annual Comprehensive Financial Report

*For the Year Ended December 31, 2023*





San Joaquin County  
Employees' Retirement  
Association

*A Pension Trust Fund of San Joaquin County, CA*

# Annual Comprehensive Financial Report

*For the Year Ended December 31, 2023*

**ISSUED BY SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

Renee Ostrander, *Chief Executive Officer*  
Carmen Murillo, *Financial Officer*

220 E. Channel Street  
Stockton, California 95202

(209) 468-2163  
[www.sjcera.org](http://www.sjcera.org)

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# Introduction



### San Joaquin County Employees' Retirement Association

220 E. Channel Street, Stockton, CA 95202 • (209) 468-2163 • (209) 468-0480 • www.sjcera.org

May 29, 2024

Board of Retirement  
220 E. Channel Street  
Stockton, CA 95202

To SJCERA's Trustees, Members and Beneficiaries, Plan Sponsors and Participating Employers:

I am pleased to present the *Annual Comprehensive Financial Report* for the year ended December 31, 2023. This report provides a detailed overview of the SJCERA Plan and the fund's financial, actuarial and investment-related activities for the year. All data and information presented is accurate and reliable, conforms to generally accepted accounting principles, and is free of material misstatements. This *Letter of Transmittal* is a narrative introduction to the *Annual Comprehensive Financial Report*; I encourage you to read it in conjunction with the *Management's Discussion and Analysis* included in the Financial Section.



## SJCERA AND ITS SERVICES

SJCERA is a public employee defined benefit retirement system established by the San Joaquin County Board of Supervisors effective June 28, 1946. SJCERA is administered by the Board of Retirement (Board) to provide retirement, disability and survivors' benefits to its members under the County Employees Retirement Law (CERL) and the Public Employees' Pension Reform Act of 2013 (PEPRA). SJCERA provides benefits to eligible General and Safety members employed by SJCERA participating employers:

- Lathrop-Manteca Rural Fire Protection District
- Mountain House Community Services District
- San Joaquin County
- San Joaquin County Historical Society and Museum
- San Joaquin County Law Library
- San Joaquin County Mosquito and Vector Control District
- San Joaquin County Superior Court
- San Joaquin Local Agency Formation Commission
- Tracy Public Cemetery District
- Waterloo-Morada Rural Fire Protection District

The Board has exclusive control and fiduciary responsibility for administering the benefits and managing the investment of plan assets. They oversee the Chief Executive Officer and staff in their administration of the plan. SJCERA operates in accordance with the Internal Revenue Code, the California State Constitution, the applicable sections of CERL and PEPRA, and the bylaws, resolutions, policies, and procedures adopted by the Board. The San Joaquin County Board of Supervisors may also adopt resolutions, as permitted by law, which may affect benefits of SJCERA members.

# Introduction

## Letter of Transmittal

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The nine-member Board consists of four trustees appointed by the Board of Supervisors, the San Joaquin County Treasurer-Tax Collector, and four trustees elected by SJCERA members. In addition, the Board has two alternate positions elected by members: one alternate retired member position, and one alternate active Safety member position, which is currently vacant.

### **FINANCIAL INFORMATION**

SJCERA management is responsible for the accuracy, completeness, and fair presentation of the information in this report as well as for establishing and maintaining internal controls ensuring SJCERA's financial reporting is accurate and reliable, and SJCERA's assets are protected from loss, theft or misuse. Internal controls are designed to provide reasonable, but not absolute, assurance these objectives are met. Reasonable assurance recognizes the cost of a control relative to the benefits likely to be derived, and these judgments by management are based on estimates.

Brown Armstrong Accountancy Corporation, a certified public accounting firm, has audited SJCERA's financial statements and related disclosures, which are prepared by management. Brown Armstrong attests they are presented in conformity with generally accepted accounting principles (GAAP) in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB) and are free from material misstatement. Internal controls are sufficient to provide reasonable assurance regarding the safekeeping of assets and fair presentation of the financial statements and supporting schedules. The accompanying basic financial statements and transactions of the organization are prepared on the accrual basis of accounting.

### **INVESTMENTS**

SJCERA's diversified strategic asset allocation is designed to achieve SJCERA's long-term objectives. For the year ended December 31, 2023, the total fund generated a gross of fees return of 9.5%, above the assumed rate of return of 6.75%. SJCERA's multi-year annualized net returns of 5.3%, 7.7% and 6.1%, for the three-, five- and 10-year periods respectively. As of December 31, 2023, the plan assets were approximately \$4.2 billion. More information about SJCERA's investments is included in the Investments section.

### **FUNDING**

SJCERA engages a professional pension actuary to perform an annual actuarial valuation and GASB 67/68 Report. The GASB 67/68 Report indicates during 2023, SJCERA's total pension liability increased from \$5.5 billion to \$5.9 billion, the market value of assets increased from \$3.8 billion to \$4.2 billion, and the net pension liability decreased from \$1.70 billion to \$1.67 billion.

The actuarial valuation determines the progress made in accumulating sufficient assets to pay benefits when due. The December 31, 2023 valuation, which reflects the plan's progress in 2023, will be available in August 2024, after the publication of this report. As a result, the detailed discussion of funding provided in the Actuarial section of this report is based on the January 1, 2023 valuation, which reflects SJCERA's progress in 2022. We anticipate our funded status for January 2024 to increase based on our 9.5% gross return exceeding the assumed rate of 6.75%.

Three SJCERA Participating Employers continue to make additional contributions to the Unfunded Liability: the County of San Joaquin, the Superior Court and the Mosquito and Vector Control District.

### MAJOR INITIATIVES

Staff and the Board have much to be proud of in 2023. SJCERA initiated implementation of the new asset allocation policy, implemented actuarial assumption changes, improved the funded ratio, and implemented cyber security audit recommendations. Additional 2023 accomplishments, a few of which are summarized below, reflect optimism and growth.

**Strengthen the long-term financial health of the Retirement Plan.** The Board of Retirement conducted a liquidity and cash analysis study. The analysis showed the current portfolio would maintain sufficient liquidity to pay benefits and other expenses, even under extreme stress scenarios.

The Board also reached consensus on their views on environmental, social, and governance issues and proxy voting. To document its views, the Board approved amendments to three policies: The *Strategic Asset Allocation* policy, *Proxy Voting* policy, and *Investment Manager Monitoring and Communications* policy.

**Manage Emerging Organizational Needs.** In addition to the Action Plan results, staff completed the following projects: the Financial Auditing Services RFP, disability retirement education, and executed a new office lease.

**Implement Pension Administration System (PAS).** Staff complemented refinement of 16 business requirements which included discussions to identify gaps in current processes, review legislative changes, and incorporating industry best practices. In addition, staff delivered on all three milestones: Initiation, Hosting, and Implementation.

### ACHIEVEMENTS IN FINANCIAL REPORTING AND PLAN ADMINISTRATION

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to SJCERA for its *Annual Comprehensive Financial Report* (ACFR) for the Year Ended December 31, 2023. This award recognizes compliance with the highest standards for state and local government financial reporting. SJCERA also received the GFOA award for Outstanding Achievement in Popular Annual Financial Reporting, a condensed financial report for members, in an easier to read format. Additionally, the Public Pension Coordinating Council honored SJCERA with the Public Pension Standards Award for Funding and Administration.

# Introduction

## Letter of Transmittal

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### **ACKNOWLEDGMENT**

SJCERA's success, as reflected in this report, is the result of the combined effort of many. As the incoming CEO, I want to recognize the trustees of the Board for their leadership and policy decisions, which provide direction and focus to our work. Additionally, I want to thank SJCERA's advisors whose diligent efforts help ensure the successful operation of SJCERA. Finally, I want to thank SJCERA's staff for their dedicated service to our members, commitment to administering the Plan with integrity, and hard work in compiling this report. None of SJCERA's success would be possible without them.

Sincerely,



Renee Ostrander  
Chief Executive Officer





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**San Joaquin County  
Employees' Retirement Association  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2022

*Christopher P. Morill*

Executive Director/CEO



Public Pension Coordinating Council

***Public Pension Standards Award  
For Funding and Administration  
2023***

Presented to

***San Joaquin County Employees' Retirement Association***

In recognition of meeting professional standards for  
plan funding and administration as  
set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating Council, a confederation of*

National Association of State Retirement Administrators (NASRA)  
National Conference on Public Employee Retirement Systems (NCPERS)  
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink that reads "Alan H. Winkle". The signature is fluid and cursive.

Alan H. Winkle  
Program Administrator

# Introduction

## Members of the Board of Retirement as of December 31, 2023



**Michael Restuccia**  
Chair

Appointed by Board  
of Supervisors



**Michael Duffy**  
Vice-Chair

Appointed by Board  
of Supervisors



**Raymond McCray**  
Secretary

Appointed by Board  
of Supervisors



**Chanda Bassett**

Elected by Safety  
Members



**Steven Ding**

Appointed by the  
Board of Directors



**Jennifer Goodman**

Elected by General  
Members



**Phonxay Keokham**

Ex-Officio Member



**Steve Moore**

Alternate Retired  
Member, Appointed by  
Board of Retirement



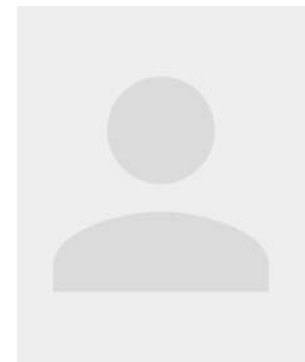
**Emily Nicholas**

Elected by General  
Members



**J.C. Weydert**

Elected by Retired  
Members

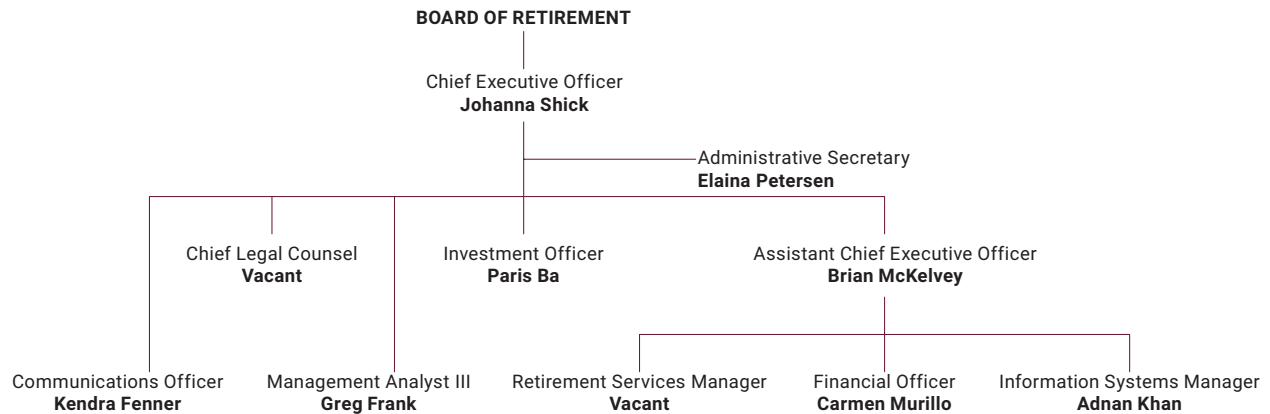


**Vacant**

Alternate, Elected by  
Safety Members

# Introduction

## Administrative Organization Chart as of December 31, 2023



## List of Professional Consultants

### CONSULTING SERVICES

#### ACTUARY

Cheiron, Inc.

#### AUDITOR

Brown Armstrong Accountancy Corporation

#### CUSTODIAN

Northern Trust

#### INFORMATION SYSTEM

IG, Incorporated

Managed Business Solutions

Linea Solutions

Linea Secure

Tegrit

#### INVESTMENT CONSULTANTS

Meketa Investment Group

#### LEGAL COUNSEL

Buchalter

Nossaman, LLP

Rimon Law

San Joaquin County Counsel

Vivian W. Shultz, Attorney At Law

Please refer to the Investment Section for a *Schedule of Investment Fees* and *Schedule of Commissions*, page 68, and the *List of Investment Managers* on page 71.



Financial

**INDEPENDENT AUDITOR'S REPORT**

To the Members of the Board of Retirement and Audit Committee of  
San Joaquin County Employees' Retirement Association  
Stockton, California

**Report on the Audit of the Basic Financial Statements and Other Information*****Opinions***

We have audited the accompanying Statement of Fiduciary Net Position of the San Joaquin County Employees' Retirement Association (SJCERA), a pension trust fund of the County of San Joaquin, as of December 31, 2023; the Statement of Changes in Fiduciary Net Position for the fiscal year then ended; and the related notes to the basic financial statements, which collectively comprise SJCERA's basic financial statements as listed in the table of contents. We have also audited the Schedule of Cost Sharing Employer Allocations and the Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan totals for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions (specified column totals) as of and for the fiscal year ended December 31, 2023, listed as other information in the table of contents.

In our opinion, the basic financial statements and other information referred to above present fairly, in all material respects, the fiduciary net position of SJCERA as of December 31, 2023; its changes in fiduciary net position for the fiscal year then ended; the Schedule of Cost Sharing Employer Allocations; and the Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan totals for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions (specified column totals) as of and for the fiscal year ended December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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 Auditor's Responsibilities for the Audit of the Basic Financial Statements and Other Information section of our report. We are required to be independent of SJCERA 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 opinions.

***Responsibilities of Management for the Basic Financial Statements and Other Information***

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

## Independent Auditor's Report

In preparing the basic financial statements and other information, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SJCERA'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.

Management is also responsible for maintaining a current plan instrument, including all SJCERA plan amendments; administering SJCERA; and determining that SJCERA's transactions that are presented and disclosed in the basic financial statements and other information are in conformity with SJCERA's plan provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

### ***Auditor's Responsibilities for the Audit of the Basic Financial Statements and Other Information***

Our objectives are to obtain reasonable assurance about whether the basic financial statements and other information as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the basic financial statements and other information.

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 basic financial statements and other information, 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 basic financial statements and other information.
- 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 SJCERA'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 basic financial statements and other information.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SJCERA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements and other information, 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 and other information in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and 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 information, and other knowledge we obtained during our audit of the basic financial statements and other information. 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.

***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements and other information that collectively comprise SJCERA's basic financial statements and other information. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements and other information. 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 and other information. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and other information 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 and other information or to the basic financial statements and other information themselves, and other additional procedures in accordance with GAAS. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements and other information as a whole.

***Additional Information***

Management is responsible for the additional information included in the Annual Comprehensive Financial Report. The additional information comprises the introductory, investment, actuarial, and statistical sections but does not include the basic financial statements and other information and our auditor's report thereon. Our opinions on the basic financial statements and other information do not cover the additional information, and we do not express an opinion or any form of assurance thereon.

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

***Report on Summarized Comparative Information***

We have previously audited SJCERA's December 31, 2022, basic financial statements and other information, and our report dated May 25, 2023, expressed an unmodified opinion on those audited basic financial statements and other information. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended December 31, 2022, is consistent in all material respects, with the audited basic 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 May 29, 2024, on our consideration of SJCERA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 SJCERA'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 SJCERA's internal control over financial reporting and compliance.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

Stockton, California  
May 29, 2024

### INTRODUCTION

Management's Discussion and Analysis (MD&A) presents the overview and analysis of the financial activities of the San Joaquin County Employees' Retirement Association (SJCERA or the Plan) for the year ended December 31, 2023. This MD&A presents SJCERA's overall financial position and the results of its operations, in conjunction with SJCERA's basic financial statements and notes.

### FINANCIAL HIGHLIGHTS

- SJCERA's fiduciary net position increased by \$397.9 million, or 10.4 percent, to \$4.2 billion as of December 31, 2023.
- SJCERA's funding objective is to meet long-term benefit obligations through contributions and investment income. As of January 1, 2023, the date of the last actuarial valuation, the funded ratio for the actuarial liability was approximately 72.0 percent. In general, this indicates that for every dollar of benefits liability, SJCERA has about 72 cents. The portion of the pension liability attributable to inactive members (retired or deferred) is fully funded by plan assets. (Note 8c provides a more detailed explanation of recent changes in the funded ratio.)
- Revenues for the year were \$695.4 million, an increase of \$791.4 million from the prior year. The increase was mainly caused by the increase in net investment gains/(losses) compared to the prior year.
- Expenses for the year were \$297.4 million, an increase of \$12.4 million, or 4.4 percent, from the prior year's \$285.0 million. This increase was primarily due to the \$13.2 million increase in pension benefit payments to retirees.

### OVERVIEW OF BASIC FINANCIAL STATEMENTS

The SJCERA 2023 basic financial statements, notes to the basic financial statements, required supplementary information, other supplementary information, and other information were prepared in accordance with the accounting principles and reporting standards prescribed by the Governmental Accounting Standards Board (GASB). The following discussion and analysis are intended to serve as an introduction and overview of SJCERA's financial reporting components.

The **Statement of Fiduciary Net Position** is the financial statement that presents the major categories of assets and liabilities and their related values. It represents the resources available for future benefit payments to retirees and beneficiaries and the current liabilities owed as of December 31, 2023, with comparative totals as of December 31, 2022.

The **Statement of Changes in Fiduciary Net Position** is the financial statement that provides an income statement presentation of annual additions to and deductions from the Plan for the year ended December 31, 2023, with comparative totals as of December 31, 2022.

# Financial

## Management's Discussion and Analysis

The **Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the audited financial statements.

The **Required Supplementary Information** provides the Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Contributions from the Employers and Other Contributing Sources, Schedule of Investment Returns, and Note to Required Supplementary Information.

The **Other Supplementary Information** includes a Schedule of Administrative Expenses, Schedule of Investment Expenses, and Schedule of Payments to Consultants.

The **Other Information** includes two schedules pertaining to GASB Statement No. 68: the Schedule of Cost Sharing Employer Allocations and the Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan.

### DEFINED BENEFIT PENSION PLAN FINANCIAL ANALYSIS

As of December 31, 2023, SJCERA's Fiduciary Net Position was \$4.2 billion, an increase of \$397.9 million. Employer and member contributions of \$347.7 million and net investment income and miscellaneous income of \$347.7 million were offset by benefits payments and administrative expenses of \$297.4 million. Over time, increases and decreases in fiduciary net position are one of the indicators of whether SJCERA's financial situation is improving or deteriorating. Additional factors, such as market conditions, also need to be considered in assessing SJCERA's overall financial situation.

The table below compares SJCERA's fiduciary net position as of December 31, 2023 and 2022.

### SJCERA Fiduciary Net Position

	2023	2022	INCREASE (DECREASE) AMOUNT	PERCENT CHANGE
Cash and Receivables	\$ 223,216,592	\$ 285,084,691	\$ (61,868,099)	-21.70%
Investments	4,064,748,850	3,660,701,904	404,046,946	11.04%
Other Assets	4,660,336	3,256,125	1,404,211	43.13%
TOTAL ASSETS	4,292,625,778	3,949,042,720	343,583,058	8.70%
TOTAL LIABILITIES	76,927,614	131,289,958	(54,362,344)	-41.41%
<b>TOTAL FIDUCIARY NET POSITION RESTRICTED FOR PENSION BENEFITS</b>	<b>\$ 4,215,698,164</b>	<b>\$ 3,817,752,762</b>	<b>\$ 397,945,402</b>	<b>10.42%</b>

### REVENUES – ADDITIONS TO FIDUCIARY NET POSITION

The reserves needed to finance the retiree benefits are accumulated through the collection of employer and member contributions, and earnings on investments. The additions for the year ended December 31, 2023, totaled \$695.4 million. Net investment gains and miscellaneous income totaled \$347.7 million. The overall year 2023 revenues increased by \$791.4 million from that of the prior year, primarily due to appreciation of investments.

## Management's Discussion and Analysis

In 2023, the San Joaquin County (County), San Joaquin County (SJC) Mosquito and Vector Control District (MCVD), and SJC Superior Court paid additional contributions to decrease their proportionate share of the unfunded actuarial liability (UAL). Employer contributions increased by \$23.7 million, or 8.8 percent, over the prior year, and member contributions increased by \$7.5 million, or 15.9 percent, over the prior year. The County and the majority of its members equally share the normal cost of pre-funding post-retirement cost-of-living adjustments. Some members also pay 114% or 133% of the basic member contribution rate, which reduces the employers' Normal Cost portion of the required contribution. Employers pay all of the required UAL amortization payment.

### EXPENSES – DEDUCTIONS FROM FIDUCIARY NET POSITION

SJCERA's primary expenses are the payment of benefits to retirees and beneficiaries, the refund of contributions to former members, and the administrative costs. Expenses for the year 2023 totaled \$297.4 million, an increase of 4.4 percent over 2022. The increase is primarily attributed to the annual cost-of-living adjustment to retirees' benefit payments and the growth in the number and average amount of benefits paid to retirees.

The table below compares SJCERA's Changes in Fiduciary Net Position.

### Changes in Fiduciary Net Position

	2023	2022	INCREASE (DECREASE) AMOUNT	PERCENT CHANGE
<b>ADDITIONS</b>				
Employer Contributions	\$ 292,752,311	\$ 269,080,047	\$ 23,672,264	8.80%
Member Contributions	54,934,141	47,405,308	7,528,833	15.88%
Net Investment Income (Loss) and Miscellaneous Income	347,665,956	(412,759,726)	760,425,682	184.23%
Transfer from Healthcare Custodial Fund	-	224,628	(224,628)	-100.00%
<b>TOTAL ADDITIONS</b>	<b>\$ 695,352,408</b>	<b>\$ (96,049,743)</b>	<b>\$ 791,402,151</b>	<b>823.95%</b>
<b>DEDUCTIONS</b>				
Retirement Benefit Payments	\$ 285,617,687	\$ 272,424,374	\$ 13,193,313	4.84%
Death Benefits	653,960	760,072	(106,112)	-13.96%
Refund of Contributions	4,266,024	6,179,349	(1,913,325)	-30.96%
Administrative and Other Expenses	6,649,659	5,621,704	1,027,955	18.29%
Transfer from Healthcare Custodial Fund	219,676	-	219,676	100.00%
<b>TOTAL DEDUCTIONS</b>	<b>\$ 297,407,006</b>	<b>\$ 284,985,499</b>	<b>\$ 12,421,507</b>	<b>4.36%</b>
<b>NET INCREASE (DECREASE)</b>	<b>\$ 397,945,402</b>	<b>\$ (381,035,242)</b>	<b>\$ 778,980,644</b>	<b>-204.44%</b>
<b>FIDUCIARY NET POSITION RESTRICTED FOR PENSION BENEFITS</b>				
Beginning of Year	3,817,752,762	4,198,788,004	(381,035,242)	-9.07%
End of Year	\$ 4,215,698,164	\$ 3,817,752,762	\$ 397,945,402	10.42%

# Financial

## Management's Discussion and Analysis

### PLAN ADMINISTRATION

#### SJCERA MEMBERSHIP

The table below provides comparative SJCERA membership data for the last two years. Total membership as of December 31, 2023, was 16,397, an increase of 670 members, or 4.3 percent, compared to December 31, 2022.

#### SJCERA Membership

AS OF DECEMBER 31, 2023 AND 2022

	2023	2022	INCREASE (DECREASE) AMOUNT	PERCENT CHANGE
Active Members	6,663	6,381	282	4.42%
Retired Members	6,799	6,685	114	1.71%
Deferred Members	2,935	2,661	274	10.30%
<b>TOTAL MEMBERSHIP</b>	<b>16,397</b>	<b>15,727</b>	<b>670</b>	<b>4.26%</b>

### ADMINISTRATIVE EXPENSES

The County Employees Retirement Law of 1937 (CERL) Section 31580.2 limits the Administrative Expense to twenty-one hundredths of one percent (0.21 percent) of the accrued actuarial liability (AAL) of the system.

The table below provides comparison of the actual administrative expenses for the calendar years ended 2023 and 2022. The AAL was used to calculate the statutory budget amount. SJCERA's administrative expenses were well below the limit imposed by CERL for both years.

#### Compliance with Statutory Limitation Administrative Expenses

AS OF DECEMBER 31, 2023 AND 2022

(Dollars in Thousands)

	2023	2022
<b>BASIS FOR BUDGET CALCULATION (ACCRUED ACTUARIAL LIABILITY)</b>		
Actual Administrative Expenses	\$ 5,291	\$ 4,627
Accrued Actuarial Liability as Basis for Budget Calculation*	5,323,789	5,207,669
<b>ADMINISTRATIVE EXPENSES AS A PERCENTAGE OF</b>		
The Basis for Budget Calculation	0.10%	0.09%
Limit per CERL	0.21%	0.21%

\* Based on valuations dated January 1, 2023 and January 1, 2022, respectively.

### ACTUARIAL VALUATIONS

SJCERA engages an independent actuarial firm, Cheiron, Inc., to perform an annual actuarial valuation to monitor its funding and funding integrity. The valuation assesses the magnitude of SJCERA's benefit commitments, in comparison with the assets expected to be available to support those commitments. The most recent annual actuarial valuation as of January 1, 2023, contains a detailed discussion of the funding requirements. This valuation is used for funding purposes and establishing employer and member contributions rates.

## Management's Discussion and Analysis

As of January 1, 2023, the pension plan's accrued actuarial liabilities were \$5.7 billion and the market value of assets net of Special Reserves (market value of assets basis) was \$3.8 billion, resulting in UAL of \$1.9 billion. The funded status (ratio) of market value of assets basis over accrued actuarial liabilities was 66.6 percent which decreased from 78.0 percent. It also decreased to 72.0 percent from 72.4 percent on an actuarial value of assets.

For the year ended December 31, 2023, a GASB Statement No. 67/68 report was prepared by Cheiron, Inc., to provide accounting and financial disclosure information. In order to accommodate the annual reporting requirements of our plan sponsors in a timely manner, the valuation was prepared using the January 1, 2023 valuation as the basis for calculating the total pension liability (TPL) and projected to December 31, 2023. Based on this actuarial valuation, the TPL was \$5.9 billion compared to a fiduciary net position of \$4.2 billion, resulting in the employers' net pension liability (NPL) of \$1.7 billion and a fiduciary net position as a percentage of TPL of 71.6 percent. The NPL as a percentage of covered payroll was 311.96 percent. Please see the Note 8 for more details.

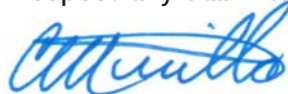
### REPORTING SJCERA'S FIDUCIARY RESPONSIBILITIES

SJCERA's Board of Retirement and staff are fiduciaries for the pension plan. Accordingly, SJCERA is responsible for ensuring that the assets reported in the statements are used for the intended purpose of paying retirement benefits to the eligible members and beneficiaries.

### CONTACTING SJCERA'S MANAGEMENT

This financial report is designed to provide the Board of Retirement, the membership, taxpayers, and investment managers with a general overview of SJCERA's finances and to show SJCERA's accountability for the money it receives. Any questions about this report, or need for additional financial information, can be addressed to SJCERA, 220 E. Channel Street, Stockton, California 95202.

Respectfully Submitted,



Carmen Murillo  
Financial Officer  
May 29, 2024

## Statement of Fiduciary Net Position

DRAFT

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF DECEMBER 31, 2023 (WITH COMPARATIVE TOTALS)**

	2023		2022	
	Defined Benefit Pension Plan	Post- Employment Healthcare Custodial Fund	Defined Benefit Pension Plan	Post- Employment Healthcare Custodial Fund
<b>Assets</b>				
Cash and Short-Term Investments				
Cash and Cash Equivalents	\$ 129,780,743	\$ 232,688	\$ 141,351,530	\$ 52,449
Cash Collateral - Securities Lending	65,283,825	-	125,564,604	-
<b>Total Cash and Short-Term Investments</b>	<b>195,064,568</b>	<b>232,688</b>	<b>266,916,134</b>	<b>52,449</b>
Receivables				
Investment Income Receivables	9,183,732	-	4,856,348	-
Contributions Receivable	15,315,128	-	12,924,613	-
Securities Sold, Not Received	3,587,306	-	308,690	-
Miscellaneous Receivables	65,858	-	78,906	-
<b>Total Receivables</b>	<b>28,152,024</b>	<b>-</b>	<b>18,168,557</b>	<b>-</b>
Investments, at Fair Value				
Aggressive Growth	422,255,956	-	358,058,142	-
Traditional Growth	1,620,830,779	-	1,316,293,371	-
Risk Parity	381,698,273	-	358,053,342	-
Credit	676,177,727	-	579,784,841	-
Crisis Risk Offset (CRO)	455,595,676	-	531,550,354	-
Principal Protection	300,556,811	-	278,165,455	-
Core Real Assets	207,633,628	-	238,796,399	-
<b>Total Investments, at Fair Value</b>	<b>4,064,748,850</b>	<b>-</b>	<b>3,660,701,904</b>	<b>-</b>
Other Assets				
Prepaid Expenses	126,739	-	112,740	-
Equipment and Fixtures, Net	4,533,597	-	3,143,385	-
<b>Total Other Assets</b>	<b>4,660,336</b>	<b>-</b>	<b>3,256,125</b>	<b>-</b>
<b>Total Assets</b>	<b>4,292,625,778</b>	<b>232,688</b>	<b>3,949,042,720</b>	<b>52,449</b>
<b>Liabilities</b>				
Securities Lending - Cash Collateral	9,035,345	-	2,354,013	-
Securities Purchased, Not Paid	65,283,825	-	125,564,604	-
Accrued Expenses and Other Payables	2,237,795	-	2,910,428	-
Securities Lending Interest and Other Payables	370,649	-	460,913	-
<b>Total Liabilities</b>	<b>76,927,614</b>	<b>-</b>	<b>131,289,958</b>	<b>-</b>
<b>Fiduciary Net Position Restricted for Pension and Post-Employment Healthcare Benefits</b>				
	<b>\$4,215,698,164</b>	<b>\$ 232,688</b>	<b>\$3,817,752,762</b>	<b>\$ 52,449</b>

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

## Statement of Changes in Fiduciary Net Position

DRAFT

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2023 (WITH COMPARATIVE TOTALS)**

	2023		2022	
	Defined Benefit Pension Plan	Post-Employment Healthcare Custodial Fund	Defined Benefit Pension Plan	Post-Employment Healthcare Custodial Fund
<b>Additions</b>				
Contributions				
Employer Contributions	\$ 292,752,311	\$ -	\$ 269,080,047	\$ -
Member Contributions	54,934,141	-	47,405,308	-
Employer Contributions to Healthcare Benefits	-	3,085,425	-	3,798,073
Total Contributions	347,686,452	3,085,425	316,485,355	3,798,073
Net Investment Income (Loss)				
Net Appreciation (Depreciation) in Fair Value of Investments	308,982,238	-	(430,790,861)	-
Interest	31,072,262	-	22,172,800	-
Dividends	21,015,892	-	13,078,024	-
Real Estate Income, Net	7,479,828	-	9,918,342	-
Investment Expenses	(21,312,493)	-	(27,241,048)	-
Miscellaneous Investment Income	-	-	359	-
Net Investment Income (Loss), Before Securities Lending Income	347,237,727	-	(412,862,384)	-
Securities Lending Income				
Earnings	4,812,034	-	2,405,593	-
Rebates	(4,351,491)	-	(2,258,901)	-
Fees	(115,074)	-	(125,574)	-
Net Securities Lending Income	345,469	-	21,118	-
Total Net Investment Income (Loss)	347,583,196	-	(412,841,266)	-
Miscellaneous Income	82,760	-	81,540	-
Transfer Between Plans	-	219,676	224,628	-
<b>Total Additions</b>	<b>695,352,408</b>	<b>3,305,101</b>	<b>(96,049,743)</b>	<b>3,798,073</b>
<b>Deductions</b>				
Benefit Payments	285,617,687	3,124,862	272,424,374	3,593,533
Death Benefits	653,960	-	760,072	-
Refunds of Member Contributions	4,266,024	-	6,179,349	-
Administrative Expenses				
General Administrative Expenses	5,290,801	-	4,627,135	-
Other Expenses				
Information Technology Expenses	732,915	-	335,386	-
Actuary Fees	188,416	-	167,671	-
Fund Legal Fees	437,527	-	491,512	-
Total Administrative and Other Expenses	6,649,659	-	5,621,704	-
Transfer Between Plans	219,676	-	-	224,628
<b>Total Deductions</b>	<b>297,407,006</b>	<b>3,124,862</b>	<b>284,985,499</b>	<b>3,818,161</b>
Changes in Fiduciary Net Position	397,945,402	180,239	(381,035,242)	(20,088)
Fiduciary Net Position Restricted for Pension and Post-Employment Healthcare Benefits				
Beginning of Year	3,817,752,762	52,449	4,198,788,004	72,537
End of Year	\$ 4,215,698,164	\$ 232,688	\$ 3,817,752,762	\$ 52,449

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



## Notes to the Financial Statements

The San Joaquin County Employees' Retirement Association (SJCERA) is the public employee retirement system established by the County of San Joaquin (County) and is administered by the Board of Retirement of SJCERA (Board) to provide retirement, disability, and survivor benefits under the County Employees Retirement Law of 1937 (CERL) for the employees of the County and nine other participating employers within the County. SJCERA also administers the Post-Employment Healthcare Custodial Fund. Although the assets of the plans (defined benefit pension and post-employment healthcare) are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to eligible members and beneficiaries of that plan, in accordance with the terms of the plan. A description of the Post-Employment Healthcare Custodial Fund is located in Note 2. All notes to the basic financial statements apply to both plans unless indicated otherwise.

### NOTE 1 – DEFINED BENEFIT PENSION PLAN DESCRIPTION

#### A. GENERAL DESCRIPTION

SJCERA is a public retirement system established by the San Joaquin County Board of Supervisors effective June 28, 1946, under the provisions of the CERL and the Public Employees' Pension Reform Act of 2013 (PEPRA). SJCERA is administered by the Board. Pursuant to Government Code Sections 31520.1 and 31520.5, the Board consists of nine regular members, one alternate retired member, and under certain circumstances an alternate Safety member. Four members and the alternate member(s) are elected by SJCERA's members, four are appointed by the County Board of Supervisors, and the County Treasurer is an ex-officio member. Board members serve for a term of three years, except for the County Treasurer who is a permanent member. The Board members as of December 31, 2023, were as follows:

Michael Restuccia, Chair	Jennifer Goodman
Michael Duffy, Vice Chair	Phonxay Keokham
Raymond McCray, Secretary	Steve Moore, Alternate
Chanda Bassett	Emily Nicholas
Steven Ding	J.C. Weydert

SJCERA is a multiple-employer retirement system covering the County and the San Joaquin County (SJC) Historical Society and Museum, Local Agency Formation Commission (LAFCO), Lathrop-Manteca Rural Fire Protection District, San Joaquin County Law Library, SJC Mosquito and Vector Control District (MVCD), Mountain House Community Services District, SJC Superior Court, Tracy Public Cemetery District, and the Waterloo-Morada Rural Fire Protection District. All employees appointed to full-time, permanent positions with an SJCERA participating employer become SJCERA members. Persons who commence covered employment at age 60 or older may irrevocably elect to waive membership in SJCERA. Public Health, a division of the County's Healthcare Services Department, became a participant of SJCERA effective June 27, 1993. Prior to that date, they were members of the California Public Employees' Retirement System (CalPERS). The elected officials of the County may request to become members of SJCERA. All benefits vest after attaining five years of service credit.

SJCERA has two benefit tiers:

- Tier 1 - Hired into public service before January 1, 2013.
- Tier 2 - Hired into public service for the first time on or after January 1, 2013

There are two membership types:

1. **Safety Member** – Permanent employees engaged in the performance of active law enforcement, including probation officers and fire suppression employees, are considered Safety Members and are not generally covered by Social Security.
2. **General Member** – All other eligible employees not classified as Safety Members are considered General Members and are covered by Social Security.

### MEMBERSHIP SUMMARY

SJCERA's membership as of December 31, 2023, is presented below:

YEAR 2023	RETIREEES		BENEFICIARIES		ACTIVE		DEFERRED		TOTAL	
	TIER 1	TIER 2	TIER 1	TIER 2	TIER 1	TIER 2	TIER 1	TIER 2	TIER 1	TIER 2
General	4,767	104	734	3	1,862	3,967	1,174	1,519	8,537	5,593
Safety	956	9	226	-	397	437	157	85	1,736	531
<b>TOTAL</b>	<b>5,723</b>	<b>113</b>	<b>960</b>	<b>3</b>	<b>2,259</b>	<b>4,404</b>	<b>1,331</b>	<b>1,604</b>	<b>10,273</b>	<b>6,124</b>

## B. PLAN BENEFITS

### ELIGIBILITY FOR RETIREMENT

#### TIER 1:

A Tier 1 member may retire for service at age 50 or older with five years of service credit, and at least ten years of membership. A General, Tier 1 member may retire at any age with 30 or more years of service credit. A Safety, Tier 1 member may retire at any age with 20 or more years of service credit.

#### TIER 2:

A Tier 2 member may retire for service with five or more years of service credit upon attaining the minimum retirement age: Age 52 for General, Tier 2 members, and Age 50 for Safety, Tier 2 members.

Any member of SJCERA, regardless of benefit tier, may retire at age 70 with no minimum service credit requirement.

### RETIREMENT BENEFIT

The monthly benefit amount at retirement depends upon the type of membership, years of retirement service credit, final average compensation, age at retirement, and the benefit option elected by the member.

## Notes to the Financial Statements

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### **TIER 1:**

For Tier 1 members, final average compensation for purposes of computing a retirement allowance is the average monthly salary for the highest twelve consecutive months of employment. In addition to base salary, final average compensation may include other items defined as compensation earnable for retirement purposes.

The benefit formula for General, Tier 1 members is 2.6 percent of final average compensation for each year of service credit at age 62. The formula for Safety, Tier 1 members is 3.0 percent of final average compensation for each year of service credit at age 50 effective January 1, 2001. Members who retired prior to April 1, 1982, with 15 years or more of County service, receive an additional \$50 monthly supplement commencing at age 65. Members who retired on or after April 1, 1982, but before January 1, 2001, receive a supplemental monthly benefit of \$10 per year of service up to 30 years. This "Post 1982" supplemental benefit is payable if sufficient funds exist.

Federal law limits the annual compensation that may be used to calculate retirement benefits (applicable to persons who became SJCERA members on or after January 1, 1996), and the maximum annual benefit payable by SJCERA to any retired member. For 2023, the annual compensation limit under Internal Revenue Code Section 401(a)(17) is \$330,000 and the annual benefit limit under Internal Revenue Code Section 415(b) is \$265,000. Retired members whose statutory benefits from SJCERA would exceed the annual benefit limitation are eligible for the County's Replacement Benefit Plan.

### **TIER 2:**

For Tier 2 members, final average compensation for purposes of computing a retirement allowance is the average monthly salary for the highest 36 consecutive months of employment. In addition to base salary, final average compensation may include other items defined as pensionable compensation.

The benefit formula for General, Tier 2 members is 2.5 percent of final compensation for each year of service credit at age 67. The formula for Safety, Tier 2 members is 2.7 percent of final compensation for each year of service credit at age 57. PEPRA specifies the maximum annual compensation that may be used to calculate retirement benefits. The limits are adjusted annually based on changes in the Consumer Price Index (CPI). For 2023, the Tier 2 annual compensation limit is \$146,042 for those included in the Federal Social Security System and \$175,250 for those not included.

### **COST-OF-LIVING ADJUSTMENT (COLA)**

For both Tier 1 and Tier 2 members, monthly allowances are eligible for an annual COLA based on the change in the CPI for the San Francisco-Oakland-Hayward area for the previous calendar year, up to a maximum of 3.0 percent. The Bureau of Labor Statistics does not publish a CPI for San Joaquin County. When the CPI exceeds 3.0 percent in any year, the difference between the actual change in CPI (rounded to the nearest one-half percent) and the 3.0 percent ceiling is "accumulated" for future years when the change is less than 3.0 percent. Based on the accumulated carry-over balances as of April 1, 2022, members

received a 3.0% increase on April 1, 2023. Their accumulated carry-over balances were increased by 2.5%.

### **TERMINATED MEMBERS' DEFERRED RETIREMENT BENEFIT AND WITHDRAWAL OF CONTRIBUTIONS**

A member leaving employment with at least five years of service credit becomes eligible for a retirement benefit once they meet the minimum service retirement age and have not withdrawn their accumulated member contributions.

Members who terminate employment with fewer than five years of service credit may leave their accumulated contributions on deposit until they become eligible for a retirement benefit at age 70. Contributions left on deposit with SJCERA continue to accrue interest.

Upon termination of employment, members may withdraw their member contributions plus interest. Employer-paid contributions are not refundable. Members who take a refund of contributions become ineligible for future SJCERA retirement benefits.

### **DEATH BENEFITS**

The beneficiary of an actively employed member who dies prior to attaining five years of credited service is refunded the member's accumulated contributions, with interest, and receives one month's salary for each full year of service, up to a maximum of six months' salary.

If the death occurs after five years of credited service and is not the result of a service-related injury or disease, the surviving spouse or minor children may elect to receive a lump sum benefit of the retirement contributions including interest and one month's salary for each full year of service up to six months' salary; 60 percent of the retirement allowance the deceased member would have received if they had retired with a nonservice-connected disability retirement benefit on the date of death; or a lump sum payment of six months' salary and a reduced monthly retirement benefit. The monthly allowance to minor children is discontinued once they marry or reach age 18 (age 22 if a full-time student).

The beneficiary of a deferred member receives the member's contributions plus accumulated interest.

Upon the death of a retiree, the beneficiary receives a retirement benefit as determined by the benefit option elected by the member at the time of retirement. In addition, the beneficiary also receives a \$5,000 death benefit, which is paid from retirement reserves.

### **NOTE 2 – POST-EMPLOYMENT HEALTHCARE CUSTODIAL FUND**

The Post-Employment Healthcare Custodial Fund accounts for assets held as an agent on behalf of others. The funds held within the Post-Employment Healthcare Custodial Fund do not meet the definition of a qualifying Other Post-Employment Benefits (OPEB) Trust under Governmental Accounting Standards Board (GASB) Statement No. 74. This fund is custodial in nature and is accounted for on the flow of economic resources measurement focus and accrual basis of accounting. GASB Statement No. 84, Fiduciary Activities, was implemented in 2019. The Post-Employment Healthcare Fund is classified as a Custodial Fund.

## Notes to the Financial Statements

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The Post-Employment Healthcare Custodial Fund is used as a clearing account for cash flows from employers to fund Sick Leave Bank Benefits for their eligible retired members on a pay-as-you-go basis, and for cash flows out for payment of Sick Leave Bank Benefits. The Sick Leave Bank Benefit allows accumulated unused and un-cashed sick leave to be converted to a Sick Leave Bank upon retirement at a rate of \$27.65 per hour. Retired or deferred members who were employed prior to August 27, 2001, are eligible for Sick Leave Bank Benefits. In 2007, the San Joaquin County Superior Court (Court) extended eligibility for Sick Leave Bank Benefits to Court employees hired on or after August 27, 2001. Employers fund the Sick Leave Bank Benefits and employees are not required to contribute to the plan.

Sick Leave Bank Benefits may be used to pay for employer-sponsored group health, dental, and vision care insurance premiums and/or reimbursement of Medicare Part B premiums for the eligible members, their spouses, and dependents. When a retiree's Sick Leave Bank is depleted, the retiree assumes responsibility for payment of health, dental, and vision care insurance premiums.

SJCERA allocates the investments held at December 31, 2023, between the Defined Benefit Pension Plan and the Post-Employment Healthcare Custodial Fund based on the internal records of the respective accounts at December 31, 2023.

### NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – PENSION PLAN

#### A. BASIS OF ACCOUNTING

SJCERA's financial statements are presented on the accrual basis of accounting. Employer and member contributions that should have been made in the calendar year based on the actuarially determined contribution rates or amounts are recognized as revenues of that calendar year. Contributions receivable pursuant to an installment contract are also recognized in full in the year in which the contract is made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

#### B. REPORTING ENTITY

SJCERA, governed by the Board, is an independent government entity. SJCERA's annual financial statements are included in the County's financial reports as a pension trust fund.

#### C. CASH EQUIVALENTS

SJCERA's cash and short-term investments are managed by Northern Trust (NT) and the County Treasurer.

##### NORTHERN TRUST

Cash not required for daily operations is deposited with NT, SJCERA's master custodian for investment securities. NT pools cash from its clients pending permanent investment in its Short-Term Investment Fund (STIF). The cash in the STIF account is invested in high-grade money market instruments with very short maturities, such as bonds, notes, and other evidence of indebtedness, in accordance with SJCERA's investment policy.

## Notes to the Financial Statements

The cash collateral received under the securities lending program is invested by NT through its securities lending collateral fund, which is created solely for the investment of cash collateral.

### **COUNTY TREASURER**

Cash necessary for SJCERA's daily operations is pooled with other County funds for short-term investment by the County Treasurer. The County is responsible for the control and safekeeping of all instruments of title and for all investment of the pooled funds.

### **D. METHOD USED TO VALUE INVESTMENTS**

Investments are carried at fair value. Fair values for investments are derived by various methods as indicated in the following table.

INVESTMENTS	SOURCE
Publicly traded stocks and bonds, and issues of the U.S. Government and its agencies	Most recent sales price as of the fiscal year-end. International securities reflect currency exchange rates in effect at December 31, 2023.
Mortgages	Equivalent pricing to comparable Government National Mortgage Association (GNMA).
Real estate equity funds	Fair value as provided by real estate fund manager.
Real estate title holding corporations and limited liability companies	Fair value of the investment as provided by fund managers, unless an alternative value has been determined by the Board per SJCERA's Real Estate Investment Policy and reviewed by SJCERA's Investment Consultant.
Private equity	Fair value as provided by the investment manager and reviewed by SJCERA's Investment Consultant.
Private placement bonds	Face value of the security subject to designated conditions such as sales restrictions or limited marketability.

### **E. CAPITAL ASSETS**

Capital assets, mainly leasehold improvements, furniture, and equipment, acquired by SJCERA are capitalized at cost. Depreciable capital assets are depreciated using the straight-line method over estimated useful lives of three to seven years for computer equipment, furniture, and other equipment. Leasehold improvements are amortized over the life of the lease. Depreciation expenses of the capital assets are included in general administrative expenses.

# Financial

## Notes to the Financial Statements

The change in capital assets owned for the year ended December 31, 2023, is presented below.

	BALANCE DECEMBER 1, 2022	ADDITIONS	DELETIONS/ ADJUSTMENTS	BALANCE DECEMBER 31, 2023
Original Cost	4,608,937	\$ 2,075,232	\$ -	\$ 6,684,169
Accumulated Depreciation and Amortization	(1,465,552)	(685,020)	-	(2,150,572)
<b>NET BOOK VALUE</b>	<b>\$ 3,143,385</b>	<b>\$ 1,390,212</b>	<b>\$ -</b>	<b>\$ 4,533,597</b>

Depreciation and amortization expense for the year ended December 31, 2023, was \$685,020.

### F. RECEIVABLES

Receivables consist primarily of interest, dividends, investments in transition (traded but not yet settled), and contributions owed by participating employers. Contributions receivable pursuant to an installment contract between the member and SJCERA for purchase of service credit are recognized in full in the year in which the contract is made.

### G. USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

## NOTE 4 – CASH AND INVESTMENTS

### A. INVESTMENT IN SECURITIES LENDING PROGRAM

SJCERA participates in NT's pooled securities lending program. Under the agreement, NT is authorized to lend the SJCERA securities that it holds to certain SJCERA-approved borrowers. NT does not have the ability to pledge or sell collateral securities unless a borrower default occurs.

All loans are fully collateralized with either cash, securities issued or fully guaranteed by the U.S. government, or irrevocable bank letters of credit. All collateral is held or invested by NT. The term or maturity of the securities loaned is generally matched with the term or maturity of the investment of the cash collateral. U.S. securities are loaned with collateral valued at 102 percent of the fair value of the securities plus any accrued interest. Non-U.S. securities are loaned with collateral valued at 105 percent of the fair value of the securities plus any accrued interest.

## Notes to the Financial Statements

As of December 31, 2023, SJCERA had the following securities out on loan.

	FAIR VALUE OF SECURITIES LENT	CASH COLLATERAL VALUE	NON-CASH COLLATERAL VALUE
U.S. Equities	\$ 10,803,329	\$ 637,130	\$ 10,445,958
U.S. Debt Securities	106,064,360	64,646,695	44,233,106
<b>TOTAL U.S. SECURITIES</b>	<b>\$ 116,867,689</b>	<b>\$ 65,283,825</b>	<b>\$ 54,679,064</b>
Non-U.S. Equities	\$ 5,037,897	-	\$ 5,371,289
Non-U.S. Debt Securities	70,789,903	-	75,745,021
<b>TOTAL NON-U.S. SECURITIES</b>	<b>\$ 75,827,800</b>	<b>-</b>	<b>\$ 81,116,310</b>
<b>TOTAL</b>	<b>\$ 192,695,489</b>	<b>\$ 65,283,825</b>	<b>\$ 132,795,374</b>

The cash collateral is reported on the financial statements as an asset and as a liability of SJCERA. Securities lending transactions collateralized by letters of credit or by securities that SJCERA does not have the ability to pledge or sell unless the borrower defaults are not reported as assets and liabilities in accordance with GASB Statement No. 28. The potential risks involved in the securities lending program include borrower bankruptcy, collateral deficiencies, settlement problems, corporate actions, dividends, and interest. SJCERA's pro-rata share of net income derived from NT's pooled securities lending transactions in 2023 was \$345,469. As of December 31, 2023, there was no credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The securities on loan at year-end were \$192.7 million and the collateral received for those securities on loan was \$201.1 million.

### B. CASH AND SHORT-TERM INVESTMENTS

The carrying value of cash and short-term investments as of December 31, 2023, consists of the following.

	AMOUNT
Cash and Cash Equivalents – Custodian	\$ 129,564,996
Cash and Cash Equivalents – County Treasury	215,747
Cash and Cash Equivalents – Post Employment Healthcare Custodian Fund	232,688
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>\$ 130,013,431</b>
Cash Collateral – Securities Lending – Custodian	65,283,825
<b>TOTAL CASH AND SHORT-TERM INVESTMENTS</b>	<b>\$ 195,297,256</b>



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## Notes to the Financial Statements

### C. LONG-TERM INVESTMENTS

SJCERA owned the following long-term investments as of December 31, 2023.

	FAIR VALUE
<b>INVESTMENTS – CATEGORIZED</b>	
Aggressive Growth	\$ 422,255,956
Traditional Growth	1,620,830,779
Risk Parity	381,698,273
Credit	676,177,727
Crisis Risk Offset (CRO)	455,595,676
Principal Protection	300,556,811
Core Real Assets	207,633,628
<b>TOTAL INVESTMENTS - CATEGORIZED</b>	<b>\$ 4,064,748,850</b>
<b>INVESTMENTS – NOT CATEGORIZED</b>	
<b>Investments Held by Broker-Dealers Under Securities Loans</b>	
U.S. Equities	\$ 637,130
U.S. Debt Securities	64,646,695
Non-U.S. Debt Securities	-
<b>TOTAL INVESTMENTS HELD BY BROKER-DEALERS UNDER SECURITIES LOANS</b>	<b>\$ 65,283,825</b>
<b>TOTAL INVESTMENTS</b>	<b>\$ 4,130,032,675</b>

GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, establishes and modified disclosure requirements related to the following:

- Credit risk
- Custodial credit risk
- Concentration of credit risk
- Interest rate risk
- Foreign currency risk

### CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. SJCERA's investment policy seeks to maintain a diversified portfolio of fixed income instruments in order to obtain the highest total return for the fund at an acceptable level of risk within the asset class. To control such risk, credit quality guidelines have been established for the separately managed accounts. The following table depicts the value of the investments exposed to those risks and the corresponding credit ratings from Standard & Poor's (S&P) as of December 31, 2023.

## Notes to the Financial Statements

QUALITY RATINGS	FAIR VALUE
AAA	\$ 145,569,955
AA	4,967,829
A	37,210,102
BAA	85,982,802
BA	24,462,793
B	18,049,354
CAA	4,696,724
CA	678,895
C	168,042
Not Rated	453,869,694
SUBTOTAL	\$ 775,656,190
U.S. Government Agencies - Implied AAA (FNMA, FHLB, FHLMC, FFCB, SLMA, Other)	201,078,348
<b>TOTAL INVESTMENTS IN FIXED INCOME SECURITIES</b>	<b>\$ 976,734,538</b>

### CUSTODIAL CREDIT RISK

The custodial credit risk represents the risk that, in the event of the failure of the counterparty of a transaction, SJCERA will not be able to recover the value of deposits and investments or collateral securities that are in the possession of an outside party.

#### **DEPOSITS**

The deposits with the County Treasurer are uninsured but secured by public funds of the pledging banks. The pool's investments, all held in the County's name, are short-term and include U.S. Treasury Bills, certain Federal agencies' instruments, bankers' acceptances, "prime" commercial paper, certificates of deposit, repurchase agreements, and the State Treasurer's Local Agency Investment Fund.

The cash deposits with NT are uninsured and uncollateralized. All underlying investments in the commingled STIF account are not registered in SJCERA's name.

#### **INVESTMENT**

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in SJCERA's name, and held by the counterparty. SJCERA's investment securities are not exposed to custodial credit risk because all securities are held by SJCERA's custodial bank in SJCERA's name, or by other qualified third party administrator trust accounts.

#### **CONCENTRATION OF CREDIT RISK**

This risk represents the potential loss attributable to the magnitude of SJCERA's investments in a single issuer. As of December 31, 2023, for separately managed investment accounts, SJCERA did not hold any investments within any one issuer that would represent five percent (5%) or more of plan fiduciary net position.

# Financial

## Notes to the Financial Statements

### **INTEREST RATE RISK**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in interest rates. It is calculated as the weighted average time to receive a bond's coupon and principal payments. The longer the duration of a portfolio, the greater its price sensitivity to changes in interest rates.

As of December 31, 2023, SJCERA had the following interest rate sensitive investments.

INVESTMENT TYPE	FAIR VALUE	WEIGHTED AVERAGE MATURITY – YEARS
<b>U.S. GOVERNMENT AND AGENCY INSTRUMENTS</b>		
U.S. Government Mortgages	\$ 87,368,871	27.71
U.S. Government Bonds	153,677,980	19.00
Index-Linked Government Bonds	1,184,890	29.15
Municipal / Revenue Bonds	2,652,333	14.76
Government Agencies	6,998,028	15.61
Short-Term Bills and Notes	96,734,435	0.06
<b>TOTAL U.S. GOVERNMENT AND AGENCY INSTRUMENTS</b>	<b>\$ 348,886,837</b>	
<b>CORPORATE SECURITIES</b>		
Asset Backed Securities	\$ 23,537,108	16.61
Commercial Mortgage-Backed Securities	15,675,182	12.80
Corporate Bonds	154,314,795	10.50
Corporate Convertible Bonds	1,425,161	31.57
Non-Government Backed CMOs	1,064,654	29.07
<b>TOTAL CORPORATE SECURITIES</b>	<b>\$ 196,016,901</b>	
<b>REAL ESTATE FINANCING</b>	<b>431,831,100</b>	
<b>TOTAL FIXED INCOME SECURITIES</b>	<b>\$ 976,734,538</b>	

### **FOREIGN CURRENCY RISK**

Foreign currency risk is the risk that changes in exchange rates may adversely affect the fair value of an investment. SJCERA's external non-U.S. equity and fixed income investment managers may invest in international securities in accordance with their investment guidelines pertaining to these types of investments.

Currency hedging on an unleveraged basis is permitted by non-U.S. equity managers as a strategy to protect against losses due to currency translations (defensive hedging). However, it is expected that the primary sources of added value for non-U.S. equity investment managers will be stock and country selection, with currency management focused on limiting losses due to fluctuations in currency values. Managers may purchase or sell currency on a spot basis to accommodate securities settlements.

Managers may invest in developed market currencies and emerging market currencies in accordance with their investment guidelines. Permitted derivative instruments are currency spots, currency forward contracts (deliverable or non-deliverable), currency futures,

## Notes to the Financial Statements

options on currency forwards or futures, and currency swaps. Other investments, contracts, or positions that, in the managers' judgment, are of similar purpose and character and equal credit quality and marketability to any of the investments above, are also permissible.

SJCERA's exposure to foreign currency risk in U.S. dollars as of December 31, 2023, follows.

CURRENCY	FAIR VALUE
Australian Dollar	\$ 4
British Pound Sterling	3
Euro Currency	97,562
<b>TOTAL</b>	<b>\$ 97,569</b>

### D. FAIR VALUE MEASUREMENT

In accordance with GASB Statement No. 72, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The statement establishes a fair value hierarchy based on three types of input to develop the fair value measurements for investments. The level is determined based on the lowest level of input significant to the measurement in its entirety. Assets and liabilities measured at fair value are classified into one of the following categories:

#### **FAIR VALUE HIERARCHY**

Level 1 – reflects unadjusted quoted prices in active markets for identical assets or liabilities accessible on the measurement date. Observable markets include exchange markets, dealer markets, and brokered markets.

Level 2 – reflects similar observable inputs other than quoted market prices. It includes quoted prices for similar assets in active markets or quoted prices for identical or similar assets in inactive markets.

Level 3 – reflects prices based on unobservable sources. They should be used only when relevant Level 1 and Level 2 inputs are unavailable.

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## Notes to the Financial Statements

The following table presents fair value measurements as of December 31, 2023.

INVESTMENTS BY FAIR VALUE LEVEL	TOTAL FAIR VALUE	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
<b>EQUITIES</b>				
Common Stocks	\$ 45,548,149	\$ 45,542,305	\$ 5,844	\$ -
Preferred Stocks	722,062	722,062	-	-
<b>TOTAL EQUITIES</b>	<b>\$ 46,270,411</b>	<b>\$ 46,264,367</b>	<b>\$ 5,844</b>	<b>\$ -</b>
<b>FIXED INCOME</b>				
Asset Backed Securities	\$ 23,537,108	-	\$ 23,537,108	-
Commercial Mortgage-Backed Securities	15,675,182	-	15,675,182	-
Corporate Bonds	156,345,205	-	156,345,205	-
Corporate Convertible Bonds	1,425,161	-	1,425,161	-
Funds – Corporate Bonds	52,874,787	52,874,787	-	-
Funds – Fixed Income ETF	11,931,032	11,931,032	-	-
Government Agencies	6,998,028	-	6,998,028	-
Government Bonds	154,536,176	-	154,536,176	-
Government Mortgage-Backed Securities	87,638,871	-	87,638,871	-
Index-Linked Government Bonds	1,184,890	-	1,184,890	-
Municipal/Provincial Bonds	2,652,333	-	2,652,333	-
Non-Government Backed CMOs	1,064,654	-	1,064,654	-
Other Fixed Income	95,610,195	-	-	95,610,195
<b>TOTAL FIXED INCOME</b>	<b>\$ 611,473,622</b>	<b>\$ 64,805,819</b>	<b>\$ 451,057,608</b>	<b>\$ 95,610,195</b>
<b>OTHER ASSETS</b>				
Short-Term Bills and Notes	\$ 96,734,435	\$ -	\$ 96,734,435	-
Private Real Estate	1,533,486	-	944,088	589,398
Private Credit	29,529,332	-	-	29,529,332
Private Equity Funds	118,346,428	-	-	118,346,428
Swaps	975,083	-	975,083	-
<b>TOTAL OTHER ASSETS</b>	<b>\$ 247,118,764</b>	<b>\$ -</b>	<b>\$ 98,653,606</b>	<b>\$ 148,465,158</b>
Collateral from Securities Lending	65,283,825	-	65,283,825	-
<b>TOTAL INVESTMENTS BY FAIR VALUE LEVEL</b>	<b>\$ 970,146,422</b>	<b>\$ 111,070,186</b>	<b>\$ 615,000,883</b>	<b>\$ 244,075,353</b>
<b>INVESTMENTS MEASURED AT THE NET ASSET VALUE (NAV)</b>				
Global Equities Funds	\$ 1,502,404,375			
Emerging Markets Global Equity	72,674,462			
Fixed Income Funds	154,496,761			
Private Credit	253,834,059			
Risk Parity Funds	381,698,272			
Multi-Strategy Funds	243,187,066			
Hedge Funds – Fixed Income	10,609,060			
Private Equity Funds	273,400,124			
Private Real Estate Funds	267,582,074			
<b>TOTAL INVESTMENTS MEASURED AT NAV</b>	<b>\$ 3,159,886,253</b>			
<b>TOTAL INVESTMENTS</b>	<b>\$ 4,130,032,675</b>			

### INVESTMENTS MEASURED AT NET ASSET VALUE (NAV)

SJCERA measures certain investments that do not have a readily determinable fair value, such as hedge funds, commingled funds, and private equity funds, using NAV as a practical expedient. The SJCERA investments valued at NAV are the majority holdings for the SJCERA portfolio. The following table presents the unfunded commitments, redemption frequency (if currently eligible), and the redemption notice period for SJCERA investments measured at NAV.

The following table presents the investments measured at NAV as December 31, 2023.

INVESTMENTS MEASURED AT NAV	FAIR VALUE	UNFUNDED COMMITMENT	REDEMPTION FREQUENCY IF CURRENTLY ELIGIBLE	REDEMPTION NOTICE PERIOD
Global Equity Funds	\$ 1,502,404,375	\$ -	Daily, Weekly, Semi-Monthly, Monthly	1-30 Days
Emerging Markets Global Equity	72,674,462	-	Weekly	T-4 Days
Fixed Income Funds	154,496,761	5,973,239	Daily, Not Eligible	1 Day
Private Credit	253,834,059	115,413,683	Not Applicable	Not Applicable
Risk Parity Funds	381,698,272	-	Monthly	5-15 Days
Multi-Strategy Funds	243,187,066	-	Daily, Weekly, Semi-Monthly, Monthly	0-15 Days
Hedge Funds - Fixed Income	10,609,060	12,717,985	Daily, Quarterly, Not Eligible	0-60 Days
Private Equity Funds	273,400,124	57,904,714	Not Eligible	Not Applicable
Private Real Estate Funds	267,582,074	100,580,590	Quarterly, Not Eligible	5-90 Days, Not Applicable
<b>TOTAL INVESTMENTS MEASURED AT NAV</b>	<b>\$ 3,159,886,253</b>	<b>\$ 292,590,211</b>		

**Global Equity Funds** – Assets within these funds represent shares of ownership in U.S. and international corporations, including publicly traded common stocks, American and Global Depository Receipts, as well as Real Estate Investment Trusts (REITS).

**Emerging Markets Global Equity** – Assets within this segment represent a diversified portfolio seeking to identify growing countries and the companies that complement our core Equity holdings.

**Fixed Income Funds** – Funds within this segment represent debt instruments of corporations, government or agencies characterized by a fixed or variable interest rate and stated maturity date, including marketable bonds.

**Private Credit** – Assets within this segment are defined by non-bank lending where the debt is not issued or traded on the public markets.

**Risk Parity Funds** – Funds within this segment represent portfolios that seek to balance the risk characteristics of assets across multiple segments. These portfolios generally invest in equities, bonds and commodities among other assets.

## Notes to the Financial Statements

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**Multi-Strategy Hedge Funds** – Funds within this segment can involve holding both long and short positions in securities instead of traditional long-only investments in publicly traded investments. Portfolios also may utilize derivatives or hedging strategies as well. Multi-Strategy managers utilized various investment segments to invest, including but not limited to, equities, bonds, currency, and commodities.

**Fixed Income Hedge Funds** – Funds within this segment can involve holding both long and short positions in securities instead of traditional long-only investments in publicly traded investments. Portfolios also may utilize derivatives or hedging strategies as well. These investment funds generally focus on opportunities within fixed income markets.

**Private Equity Funds** – These funds are illiquid allocations that invest primarily in buyout funds, venture capital, and debt/special situations. These funds are not eligible for redemption and investment periods are generally between five and 15 years.

**Private Real Estate Funds** – These funds are defined as those investments that are unleveraged or leveraged positions in real property. The portfolio may pursue direct privately held partnership interests, fund-of-funds interests, and direct holdings for its real estate allocation.

### E. SUMMARY OF INVESTMENT POLICY

The CERL vests the Board with exclusive control over SJCERA's investment portfolio. The Board established investment policies in accordance with applicable local, State, and Federal laws. The Board members exercise authority and control over the management of SJCERA's assets by setting policy, which the staff executes either internally or through the use of external prudent experts. The Board provides oversight and guidance subject to the following basic fiduciary responsibilities:

- Solely in the interest of, and for the exclusive purpose of, providing economic benefits to participants and their beneficiaries.
- 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 with like objectives.
- Diversify the investments of the plans so as 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. Diversification is applicable to the deployment of the assets as a whole.

### F. TARGET ASSET ALLOCATION

The Board completed an asset-liability study during 2022, facilitated by its investment consultant, Meketa Investment Group, and its consulting actuary, Cheiron, Inc. A key aspect of the study was the Board's consensus on how it defines risk and determining its tolerance for risk, which plays a significant role in the selection of the policy mix of assets that comprise the strategic asset allocation for the investment program.

On June 3, 2022, the Board adopted a revised strategic asset allocation policy for SJCERA's investments. On July 8, 2022, the Board adopted an Implementation Plan

## Notes to the Financial Statements

which describes how the new strategic allocation is to be implemented. The Implementation Plan uses an “evolving policy” framework which allows the portfolio to be adjusted over time, with a target completion deadline of June 30, 2024. The plan also notes that SJCERA will move faster, depending on market conditions.

The strategic asset allocation is expected to improve the likelihood of the plan accomplishing its primary financial objective: to earn a long-term return that, coupled with projected contributions, is projected to be sufficient to attain full funding in the long-term while avoiding substantial deterioration in funded status along the way.

SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION CURRENT ASSET ALLOCATION POLICY			
ASSET CLASS	POLICY ALLOCATION PERCENTAGE	PURPOSE	MAIN RISK EXPOSURES
Aggressive Growth	16.00%	Return	Growth
Traditional Growth	34.00%	Return	Growth, Currency
Risk Parity	6.00%	Balanced Return	Growth, Interest Rates, Inflation
Credit	15.00%	Income, Growth	Growth
Core Real Assets	9.00%	Income, Growth	Growth, Interest Rates
Principal Protection	7.00%	Income, Stability	Interest Rates
Crisis Risk Offset (CRO)	13.00%	Return and Liquidity during a Growth Crisis	Interest Rates, Variable based on Trends, Alternative Factor Risks
	100.00%		

### NOTE 5 – DERIVATIVE FINANCIAL INSTRUMENTS

The Board has authorized certain investment managers to invest in, or otherwise enter into, transactions involving derivative financial instruments when such transactions are consistent with the investment objectives established for a specific investment manager’s assignment. A professional investment consultant is employed to monitor and review each investment manager’s securities and derivative position as well as the manager’s performance relative to established benchmark rates of return and risk measures. Derivative activities must be evaluated within the context of the overall portfolio performance and cannot be evaluated in isolation.

Investment derivatives involve the following types of risks.

**Market Risk:** Market risk is the risk of change in value of an instrument in response to changes in a market price or index. While all investments are subject to market risk, derivatives often have a higher degree of market risk than other types of investment instruments. Values of cash securities containing derivative features are often more susceptible to market risk than other types of fixed income securities because the amounts and/or timing of their scheduled cash flows may fluctuate under changing market conditions, according to their contractual terms. For other types of derivatives, amounts of contractual cash flows may be either positive or negative depending upon prevailing market conditions relative to the reference prices or rates, and thus the values of such instruments may be positive or negative, despite the fact that



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## Notes to the Financial Statements

little or no cash is initially exchanged to enter into such contacts.

**Credit Risk:** Credit risk of cash securities containing derivative features is based upon the credit worthiness of the issuers of such securities. It includes the risk that counterparties to contracts will not perform and/or the public exchange will not meet its obligation to assume this counterparty risk. Exchange traded derivatives are generally considered to be of lower credit risk than over-the-counter derivatives due to the exchange's margin requirements. The derivative investments are exchange traded, and credit risk is limited to the clearing corporation. As of December 31, 2023, collateral for derivatives was \$8.4 million. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted.

The following Credit Risk Analysis schedule discloses the counterparty credit ratings of SJCERA's derivative investments as of December 31, 2023:

DERIVATIVE TYPE	S&P CREDIT RATING	
	A	TOTAL FAIR VALUE
Swap Contracts	\$ 37,181	\$ 37,181
TOTAL	\$ 37,181	\$ 37,181

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate swaps are an example of an investment that has a fair value that is highly sensitive to interest rate changes. SJCERA is exposed to interest rate risk in the form of futures contracts and option contracts in the following global government bond markets.

### Interest Rate Risk

AS OF DECEMBER 31, 2023

GLOBAL BONDS	FUTURES CONTRACTS	OPTION CONTRACTS
Canadian Government Bond	\$ 13,660,469	\$ -
Long Gilt	7,971,707	-
Japanese Government Bond	33,285,565	-
Euro Bond	26,659,980	-
U.S. Notes	45,680,398	(48,633)
Eurodollars	99,771,779	-
SOFR	58,083,000	-
Sonia Future	100,390,778	-
Canadian Bills	79,007,227	-
TOTAL	\$ 464,510,903	\$ (48,633)

## Notes to the Financial Statements

SJCERA measures derivative interest rate risk using duration with varying maturities of less than three months to more than 10 years. At December 31, 2023, SJCERA had the following investment derivative interest rate risks.

### Interest Rate Risk Analysis

AS OF DECEMBER 31, 2023

(Dollars in Thousands)

DERIVATIVE TYPE	NOTIONAL VALUE	FAIR VALUE	< 3 MONTHS	3 TO 6 MONTHS	6 TO 12 MONTHS	1 TO 5 YEARS	5 TO 10 YEARS	10+ YEARS
Futures Contracts	\$ 807	\$ -	\$ 807	\$ -	\$ -	\$ -	\$ -	\$ -
Swap Agreements	-	37	37	-	-	-	-	-
Credit Contracts	-	678	-	-	-	678	-	-
<b>TOTAL</b>	<b>\$ 807</b>	<b>\$ 715</b>	<b>\$ 844</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 678</b>	<b>\$ -</b>	<b>\$ -</b>

**Foreign Currency Risk:** Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value of an investment. Currency forward contracts represent foreign exchange contracts that are used to control currency exposure and facilitate the settlement of international security purchase and sale transactions. As of December 31, 2023, SJCERA had the derivative foreign currency exposures listed in the table below.

### Foreign Currency Risk Analysis

AS OF DECEMBER 31, 2023

CURRENCY	FUTURES CONTRACTS	OPTION CONTRACTS
Australian Dollar	\$ (956,270)	\$ -
British Pound Sterling	20,242,213	-
Canadian Dollar	(983,125)	-
Euro Currency	(969,063)	-
Japanese Yen	(20,900,100)	143,450
Swiss Franc	20,815,250	-
<b>TOTAL</b>	<b>\$ 17,248,905</b>	<b>\$ 143,450</b>

Derivatives are carried as assets when the fair value is positive, and as liabilities when the fair value is negative. Gains and losses from derivatives are included in net investment income (loss). For financial reporting purposes, all SJCERA derivatives are classified as investment derivatives.

Derivative financial instruments held by SJCERA from time to time consist of the following.

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## Notes to the Financial Statements

### **FUTURES CONTRACTS**

A futures contract represents an agreement to buy (long position) or sell (short position) an underlying asset at a specified future date for a specified price. Payment for the transaction is delayed until a future date, which is referred to as the settlement or expiration date. Futures contracts are standardized contracts traded on organized exchanges.

### **OPTION CONTRACTS**

An option contract is a type of derivative security in which a buyer (purchaser) has the right, but not the obligation, to buy or sell a specified amount of an underlying security at a fixed price by exercising the option before its expiration date. The seller (writer) has an obligation to buy or sell the underlying security if the buyer decides to exercise the option.

### **SWAP AGREEMENTS**

A swap is an agreement between two or more parties to exchange a sequence of cash flows over a period of time in the future. No principal is exchanged at the beginning of the swap. The cash flows the counterparties exchange are tied to a "notional" amount. A swap agreement specifies the time period over which the periodic payments will be exchanged. The fair value represents the gains or losses as of the prior marking-to-market.

All investment derivative positions are included as part of investments at fair value on the Statement of Fiduciary Net Position. 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. Investment information was provided either by SJCERA's investment managers or SJCERA's custodian bank. The Investment Derivatives schedule below is classified by type and reports the fair value balances and notional amounts of derivatives outstanding as of and for the year ended December 31, 2023.

### **Investment Derivatives**

AS OF DECEMBER 31, 2023

DERIVATIVE TYPE	NOTIONAL AMOUNT	FAIR VALUE
Futures Contracts	\$ 445,514,088	\$ 3,380,708
Option Contracts	363,117	209,687
Swap Agreements	-	715,083
TOTAL	\$ 445,877,205	\$ 4,305,478

### NOTE 6 – CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE DEFINED BENEFIT PENSION PLAN

The funding objective of the plan is to establish contribution rates that, together with investment earnings, will provide sufficient assets to pay all benefits under the plan. The County and participating employers are required to contribute a percentage of their annual covered payroll at actuarially determined rates. Actuarial valuations involve estimates and make assumptions about the probability of events far into the future; therefore, actuarially determined rates are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

#### EMPLOYER CONTRIBUTIONS

For 2023, the required employer contribution rates including normal cost and amortization of the unfunded actuarial liability (UAL) were determined by using the valuation report as of January 1, 2022.

In 2023, the County made additional \$25,042,734 contributions. The Court made additional \$1,500,000 contributions to decrease its share of the UAL. MVCD made additional \$100,000 contributions to decrease its share of the UAL. These additional annual contributions decrease only that individual employer's share of the UAL and not the liability for other entities participating in SJCERA.

The total market value of the additional contributions, including prior year amounts and accumulated with interest at the plan's actual rate of return, was \$193,406,243 as of December 31, 2023. These assets are included in the calculation of the UAL and funded ratio. However, under the funding policy with respect to these reserves requested by the contributors and approved by the Board, these assets are not currently included in the calculation of the employer contribution rates.

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## Notes to the Financial Statements

Employer Retirement Contribution Rates EXPRESSED AS A PERCENTAGE OF ACTIVE MEMBER PAYROLL	2023 (PER 1/1/2023 VALUATION)		
	NORMAL COST	UAL AMORTIZATION	TOTAL
<b>TIER 1</b>			
<b>General Members</b>			
Paying Basic Rate Only (G.C. 31621.3)	19.18%	29.35%	48.53%
Paying Basic Rate with COLA Cost Share	16.32%	29.35%	45.67%
Paying 114% of Basic Rate with COLA Cost Share	15.74%	29.35%	45.09%
<b>Safety Members</b>			
Paying Basic Rate Only (G.C. 31639.5)	33.13%	65.14%	98.27%
Paying Basic Rate with COLA Cost Share	27.84%	65.14%	92.98%
Paying 133% of Basic Rate with COLA Cost Share	26.14%	65.14%	91.28%
<b>Composite Total for General and Safety Combined</b>			
Paying Basic Rate Only (G.C. 31621.3)	21.96%	36.42%	58.38%
Paying Basic Rate with COLA Cost Share	18.62%	36.42%	55.04%
Paying 114% / 133% of Basic Rate with COLA Cost Share	17.81%	36.42%	54.23%
<b>TIER 2</b>			
General Members	10.35%	29.35%	39.70%
Safety Members	15.84%	65.14%	80.98%
<b>COMPOSITE TOTAL FOR GENERAL AND SAFETY COMBINED</b>	<b>11.02%</b>	<b>33.52%</b>	<b>44.54%</b>

The composite employer contribution rates (for General and Safety Members combined) expressed as a percentage, or range of percentages, of covered payroll for the past seven years follows.

CONTRIBUTION YEAR	TIER 1	TIER 2
2023	54.23% – 58.38%	44.54%
2022	55.24% – 59.33%	44.89%
2021	53.88% – 57.96%	43.69%
2020	50.86% – 54.72%	41.00%
2019	48.09% – 51.81%	38.60%
2018	45.18% – 48.75%	35.80%
2017	44.31% – 47.91%	34.48%

### **MEMBER CONTRIBUTIONS**

Member contributions are deducted from the member's salary on a biweekly basis.

Tier 1 member contribution rates are calculated by the actuary using the Entry Age Normal Funding Method (Cost Method). Most Tier 1 members pay one-half of the cost of pre-funding post-retirement COLAs, and some pay an additional percentage of the basic member contribution rate, which reduces the employers' normal cost. Tier 2 members pay a single contribution rate adjusted annually. The required contribution rates are expressed as a percentage of covered payroll. The 2023 contribution rates were determined using the actuarial valuation performed as of January 1, 2022.

Tier 1 members pay contributions based upon their membership category, General or Safety, and age at entry into membership. General Tier 1 members employed before March 7, 1973, and all Safety Tier 1 members stop paying member contributions when they have 30 years of service, but continue to accrue retirement service credit for subsequent active employment subject to membership.

Tier 2 members pay contributions based upon their membership category equal to one-half of the normal cost of the applicable benefits.

In 2023, member contributions totaled \$54,934,141 and employer contributions totaled \$292,752,311. Member contributions increased by \$7.5 million, or 15.9 percent, over the prior year, and employer contributions increased by \$23.7 million, or 8.8 percent, over the prior year.

### **NOTE 7 – FIDUCIARY NET POSITION RESTRICTED FOR PENSION BENEFITS**

As required by the CERL and the Board's policy, the following reserves from Fiduciary Net Position Restricted for Pension Benefits must be established and used to account for the members', employers', and retirees' contributions. The Unappropriated Earnings Reserve was insufficient to fully credit all reserves interest earnings at the 6.75 percent assumption rate. The Contingency Reserve was used to fund the \$12,982,492 to satisfy the obligation.

#### **A. ACTIVE AND DEFERRED MEMBERS' RESERVE**

This reserve represents the cumulative contributions made by active members, net of refunds to the members, plus the investment earnings credited to the reserve at the assumption rates determined by the actuary.

#### **B. EMPLOYER ADVANCE RESERVE**

This reserve represents the cumulative contributions made by the County and participating employers. Interest earnings are credited semi-annually to the reserves at the assumption rate determined by the actuary if sufficient unappropriated earnings reserve funds exist.

#### **C. COUNTY ADDITIONAL 5% CONTRIBUTIONS RESERVE**

This reserve represents the additional contributions in excess of actuarially determined contributions paid by the County in order to decrease its share of the UAL.

## Notes to the Financial Statements

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### **D. MVCD ADDITIONAL CONTRIBUTIONS RESERVE**

This reserve represents the additional contributions in excess of actuarially determined contributions paid by the MVCD in order to decrease its share of the UAL.

### **E. COURT ADDITIONAL CONTRIBUTION RESERVE**

This reserve represents the additional contributions in excess of actuarially determined contributions paid by the Court in order to decrease its share of the UAL.

### **F. RETIRED MEMBERS' RESERVE**

This reserve accounts for the unpaid retirees' pension benefits. Upon a member's retirement, the member's accumulated contributions are transferred from the Active and Deferred Members' Reserve account to the Retired Members' Annuity Reserve account. In addition, the actuarially determined amount of the member's vested interest is transferred from the Employer Advance Reserve account to the Retired Members' Pension Reserve account. The Retired Members' Reserve account at December 31, 2023, includes the authorized "Purchasing Power" benefit reserve and additional pension benefits specified in the pre-April 1, 1982 class-action lawsuit settlement agreement. These benefits are explained in Note 1b. In accordance with the Statement of Reserve Policy, the post-April 1, 1982 Settlement Reserve is a Special Reserve, which is not included in valuation assets.

### **G. CLASS ACTION SETTLEMENT – POST 4/1/82 RESERVE**

The Class Action Settlement – Post 4/1/82 Reserve designates the fund that pays the Post-82 Class Action Settlement allowances for the lifetime of the members and beneficiaries, who retired between April 1, 1982, and December 31, 2000, to the extent sufficient funds are available.

### **H. CONTINGENCY RESERVE**

Earnings of the retirement fund during any year in excess of the total interest credited to contributions and reserves during the year remain in the fund as a reserve against deficiencies in interest earnings in other years, losses on investments, and other contingencies. The CERL provides that when the contingency reserve exceeds one percent of total assets, the retirement board may transfer all or any part of the surplus as specified in Government Code Section 31592.2. In June 2017, the Board amended the Reserve Policy, lowering the Contingency Reserve target from three percent to one percent of total assets. The Contingency Reserve is 0.7 percent of the fair value of total assets at December 31, 2023.

### **I. MARKET STABILIZATION DESIGNATION RESERVE**

This "designation" reserve is used to further minimize the impact of the fluctuations in the fair value of the investments owned by SJCERA. It represents the difference between the actuarial value of assets and the fair value of assets at year-end. It is the balance of deferred earnings and losses created by a five-year smoothing of actual gains and losses compared to the assumed investment rate of return.

### J. UNAPPROPRIATED EARNINGS RESERVE

The Unappropriated Earnings Reserve (UER) is used to accumulate investment income earned by SJCERA, net of the investment expenses and SJCERA's administration cost. From this unappropriated earnings reserve, interest is credited to various other reserves. In addition, at the Board's discretion and subject to the settlement agreement in 2001, this reserve may also be used, from time to time, to stabilize the County's and other employers' actuarially determined contributions, and to fund the market stabilization and contingency reserves.

### K. SUMMARY OF RESERVES

A summary of reserved and designated net position at December 31, 2023, follows.

RESERVES	
Active and Deferred Members	\$ 543,807,946
Employer Advance	2,587,719,919
County Additional 5% Contributions	231,715,930
MVCD Additional Contributions	612,453
Court Additional Contributions	5,512,049
Retired Members	1,025,094,308
Class Action Settlement – Post-4/1/82	85,792
Contingency	30,538,776
Market Stabilization Designation	(209,389,009)
Unappropriated Earnings (Restricted)	-
<b>TOTAL RESERVES</b>	<b>\$ 4,215,698,164</b>

## NOTE 8 – NET PENSION LIABILITY AND SIGNIFICANT ASSUMPTIONS

### A. NET PENSION LIABILITY OF EMPLOYERS

SJCERA is a cost sharing, multiple-employer pension plan with a reporting date of December 31, 2023. Measurements as of the reporting date are based on the fair value of assets as of December 31, 2023, and the total pension liability as of the valuation date, January 1, 2023, projected to December 31, 2023. There were no significant events between the valuation date and the measurement date, so the updated procedures consisted of updated actuarial assumptions, plus the addition of service cost and interest cost offset by benefit payments.



# Financial

## Notes to the Financial Statements

The net pension liability was measured as of December 31, 2023, and determined based upon rolling forward the total pension liability from the actuarial valuation as of January 1, 2023. The net pension liability (i.e., the pension plan's liability determined in accordance with GASB Statement No. 67 less the fiduciary net position) is shown below.

### Employers' Net Pension Liability (GASB Statement No. 67)

AS OF DECEMBER 31, 2023

(Dollars in Millions)

Total Pension Liability	\$	5,886
Plan Fiduciary Net Position		4,215
Employers' Net Pension Liability	\$	1,671
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		71.6%

## B. ACTUARIAL ASSUMPTIONS AND SIGNIFICANT ASSUMPTIONS

SJCERA retains an independent actuarial firm to conduct actuarial valuations of the pension plan, monitor SJCERA's funding status, and establish the contribution rate requirements for the pension plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in accrued actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total pension liability was determined by an actuarial valuation as of January 1, 2023, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 67.

In the January 1, 2023 actuarial valuation, the Entry Age Normal Funding Method (Cost Method) was used. The actuarial assumptions include a 6.75 percent investment rate of return, annual inflation rate of 2.75 percent per year, and projected salary increases at 3.00 percent per year for the year ended 2023. The actuarial value of the plan's assets was based on a five-year smoothing of actual versus expected returns.

In 2015, the SJCERA Board changed the funding policy to amortize any unexpected changes in the UAL over a period of 15 years as a level percent of pay, with new amortization layers each year. The 2008 Extraordinary Actuarial Loss, which is amortized over a closed 30-year period, has 16 years remaining. The remaining UAL as of December 31, 2013, which is amortized over a closed 19-year period, has 10 years remaining. The new additions to the UAL on and after January 1, 2014, are amortized over 15 years. The single equivalent amortization period for the aggregate stream of UAL payments is 11 years for General and 12 years for Safety as of January 1, 2023. The amortization period for each UAL layer will decrease each year.

## Notes to the Financial Statements

The total pension liability for the pension plan was determined by an actuarial valuation as of January 1, 2023, and accepted actuarial procedures were applied to project the total pension liability to December 31, 2023. Key methods and assumptions used in the latest actuarial valuations as of January 1, 2023, follow.

Key methods and assumptions used in the latest actuarial valuation are presented below.

<b>Valuation Date</b>	January 1, 2023
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Amortization Method</b>	Level Percentage of Payroll with Separate Amortization Periods for Extraordinary Actuarial Gains or Losses
<b>Remaining Amortization Period</b>	2008 Extraordinary Actuarial Loss – 16 years Remaining UAL as of January 1, 2014 – 10 years Subsequent Unexpected Changes in UAL after January 1, 2014 – 15 years Single Equivalent Period as of January 1, 2022 – 11 years for General and 12 years for Safety
<b>Asset Valuation Method</b>	Smoothed Actuarial Value (5 years): 80%–120% Asset Corridor
<b>ACTUARIAL ASSUMPTIONS:</b>	
<b>Discount Rate</b>	6.75%, Net of Pension Plan Investment Expenses, Including Inflation
<b>Projected Salary Increases</b>	3.00%, Plus Service-Based Rates
<b>General Inflation Rate</b>	2.75%
<b>Cost-of-Living Adjustments</b>	2.60% Per Year Assumed
<b>Healthy Mortality</b>	<p>Mortality rates for General active members are based on the sex distinct 2021 CalPERS Pre-Retirement Non-Industrial Mortality Table, with generational mortality improvements projected from 2017 using 80% of Projection Scale MP-2020.</p> <p>Mortality rates for Safety active members are based on the sum of the rates from the 2021 CalPERS Industrial and Non-Industrial Mortality Table, with generational mortality improvements projected from 2017 using 80% of of Projection Scale MP-2020. 10% of Safety member active deaths are assumed to occur in the line of duty.</p> <p>Mortality rates for healthy General annuitants are based on the sex distinct 2021 CalPERS Healthy Annuitant Mortality Table, with generational mortality improvements projected from 2017 using 80% of Projection Scale MP-2020, and a partial credibility adjustment of 1.05 for males and no adjustments for females.</p> <p>Mortality rates for Safety annuitants are based on the sex distinct 2021 CalPERS Healthy Annuitant Mortality Table, with generational mortality improvements projected from 2017 using 80% of Projection Scale MP-2020, and a partial credibility adjustment of 1.05 for males and no adjustment for females.</p>
<b>Disabled Mortality</b>	<p>Mortality rates for General disabled annuitants are based on status. Rates for General disabled annuitants with a service-related disability are based on the sex distinct 2021 CalPERS Industrially Disabled Annuitant Mortality Table, with generational mortality improvements projected from 2017 using 80% of Projection Scale MP-2020. Rates for General disabled annuitants with a non-service-related disability are based on the sex distinct 2021 CalPERS Non-Industrially Disabled Annuitant Mortality Table, with generational mortality improvements projected from 2017 using 80% of Projection Scale MP-2020.</p> <p>Mortality rates for Safety disabled annuitants are based on the sex distinct 2021 CalPERS Industrially Disabled Mortality Table, with generational mortality improvements projected from 2017 using Projection 80% of Scale MP-2020.</p>

## Notes to the Financial Statements

### C. FUNDED STATUS AND FUNDING PROGRESS

The annual actuarial valuation determines the progress made in accumulating sufficient assets to pay benefits when due. As of January 1, 2023, the pension plan's accrued actuarial liabilities were \$5.7 billion and the market value of assets net of Special Reserves (market value of assets basis) was \$3.8 billion, resulting in UAL of \$1.9 billion. The funded status (ratio) of market value of assets basis over accrued actuarial liabilities was 66.6 percent.

As of the January 1, 2023 actuarial valuation, the funded status decreased to 66.6 percent from 78.0 percent on a market value of assets basis. It decreased to 72.0 percent from 72.4 percent on an actuarial value of assets. There were no assumption changes made as of January 1, 2023.

SJCERA's Funding Policy provides for regular employer and member contributions at actuarially determined rates, expressed as percentages of annual covered payroll. Contributions required and contributions made are explained in Note 6.

### D. ASSET ALLOCATION POLICY AND EXPECTED LONG-TERM RATE OF RETURN BY ASSET CLASS

The allocation of investment assets within SJCERA's portfolio is approved by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit pension plan investment assets was determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges 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, adjusted for inflation. The following table displays the Board-approved asset allocation policy for 2023 and the long-term expected real rates of return.

ASSET CLASS	TARGET ALLOCATION	ARITHMETIC LONG-TERM EXPECTED REAL RATE OF RETURN
Aggressive Growth	16.00%	9.80%
Traditional Growth	34.00%	7.85%
Stabilized Growth	30.00%	4.99%
Principal Protection	7.00%	2.05%
Crisis Risk Offset (CRO)	13.00%	1.95%
Cash	0.00%	0.15%
TOTAL	100.00%	

### E. DISCOUNT RATE

The discount rate used to measure the total pension liability was 6.75 percent as of December 31, 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 of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2023.

### F. SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The table below presents the net pension liability of SJCERA as of December 31, 2023, calculated using the discount rate of 6.75 percent, as well as what SJCERA's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% DECREASE (5.75%)	CURRENT DISCOUNT RATE (6.75%)	1% INCREASE (7.75%)
Total Pension Liability	\$ 6,669,021,356	\$ 5,886,299,407	\$ 5,241,120,089
Pension Plan Fiduciary Net Position	4,215,698,164	4,215,698,164	4,215,698,164
<b>COLLECTIVE NET PENSION LIABILITY</b>	<b>\$ 2,453,323,192</b>	<b>\$ 1,670,601,243</b>	<b>\$ 1,025,421,925</b>
Fiduciary Net Position as a Percentage of the Total Pension Liability	63.2%	71.6%	80.4%

### G. RATE OF RETURN

For the year ended December 31, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 9.12 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### NOTE 9 – INVESTMENT EXPENSES

Investment expenses include fees paid for investment management services, investment consulting services, fund evaluation services, securities custodian services, and interest expense and other fees incurred in security lending transactions.

## Notes to the Financial Statements

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### NOTE 10 – GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses, including the depreciation and amortization of capital assets, are funded by investment income earnings and are limited, pursuant to Government Code Section 31580.2, to twenty-one-hundredths of one percent (0.21 percent) of SJCERA's accrued actuarial liability. The actual administration expense for the year ended December 31, 2023, was 0.10 percent of the accrued actuarial liability. SJCERA was in compliance with this requirement during 2023.

### NOTE 11 – COMMITMENTS AND CONTINGENCIES

SJCERA participates in certain investments that require commitments of a specified amount of capital upfront that is then drawn down at a later time as the investment vehicle requires. The total unfunded capital commitment represents the amount of funds that SJCERA could potentially be required to contribute at a future date. SJCERA had unfunded capital commitments totaling \$292.6 million at December 31, 2023.

### NOTE 12 – SUBSEQUENT EVENTS

SJCERA has evaluated subsequent events through May 29, 2024, the date on which the financial statements were available to be issued, noting no subsequent events.

## Required Supplementary Information

### Schedule of Changes in Net Pension Liability and Related Ratios FOR THE YEARS ENDED DECEMBER 31

	2023	2022	2021	2020	2019
<b>Total Pension Liability</b>					
Service Cost	\$ 124,642,194	\$ 118,695,366	\$ 116,888,677	\$ 115,229,486	\$ 110,608,926
Interest (Includes Interest on Service Cost)	366,899,543	356,415,938	360,520,733	350,095,503	337,480,353
Change of Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	168,153,229	(37,863,999)	(17,017,994)	(58,571,957)	4,950,114
Changes of Assumptions	-	(58,741,183)	-	135,011,307	16,016,526
Benefit Payments, Including Refunds of Member Contributions	(290,537,671)	(279,363,795)	(265,965,599)	(251,551,677)	(236,350,072)
<b>NET CHANGE IN TOTAL PENSION LIABILITY</b>	369,157,295	99,142,327	194,425,817	290,212,662	232,705,847
<b>TOTAL PENSION LIABILITY – BEGINNING</b>	5,517,142,112	5,417,999,785	5,223,573,968	4,933,361,306	4,700,655,459
<b>TOTAL PENSION LIABILITY – ENDING (A)</b>	<b>\$5,886,299,407</b>	<b>\$5,517,142,112</b>	<b>\$5,417,999,785</b>	<b>\$5,223,573,968</b>	<b>\$4,933,361,306</b>
<b>Fiduciary Net Position</b>					
Contributions – Employer	\$ 292,752,311	\$ 269,080,047	\$ 306,662,635	\$ 240,700,988	\$ 225,528,756
Contributions – Member	54,934,141	47,405,308	43,455,640	40,568,995	38,098,688
Transfer Between Plans	(219,676)	224,628	270,570	172,041	299,014
Net Investment Income (Loss)	347,666,062	(412,759,726)	572,291,948	276,996,530	380,674,528
Benefit Payments, Including Refunds of Member Contributions	(290,537,671)	(279,363,795)	(265,965,599)	(251,551,677)	(236,350,072)
Administrative Expenses	(6,649,765)	(5,621,704)	(4,639,439)	(4,536,455)	(4,931,163)
<b>NET CHANGE IN FIDUCIARY NET POSITION</b>	397,945,402	(381,035,242)	652,075,755	302,350,422	403,319,751
<b>FIDUCIARY NET POSITION – BEGINNING</b>	3,817,752,762	4,198,788,004	3,546,712,249	3,244,361,827	2,841,042,076
<b>FIDUCIARY NET POSITION – ENDING (B)</b>	<b>\$4,215,698,164</b>	<b>\$3,817,752,762</b>	<b>\$4,198,788,004</b>	<b>\$3,546,712,249</b>	<b>\$3,244,361,827</b>
<b>NET PENSION LIABILITY (A)–(B)</b>	<b>\$1,670,601,243</b>	<b>\$1,699,389,350</b>	<b>\$1,219,211,781</b>	<b>\$1,676,861,719</b>	<b>\$1,688,999,479</b>
<b>FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY</b>	71.62%	69.20%	77.50%	67.90%	65.76%
<b>COVERED PAYROLL*</b>	<b>\$ 535,509,779</b>	<b>\$ 484,055,752</b>	<b>\$ 470,179,036</b>	<b>\$ 460,456,931</b>	<b>\$ 453,710,584</b>
<b>NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL</b>	311.96%	351.07%	259.31%	364.17%	372.26%

\* Covered Payroll reported by plan sponsors is the payroll on which contributions are based in accordance with GASB Statement No. 82.

## Required Supplementary Information

### Schedule of Changes in Net Pension Liability and Related Ratios FOR THE YEARS ENDED DECEMBER 31

	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>					
Service Cost	\$ 103,300,553	\$ 98,438,144	\$ 92,857,369	\$ 94,377,630	\$ 90,429,416
Interest (Includes Interest on Service Cost)	325,161,265	308,566,601	295,197,992	280,581,484	266,668,435
Change of Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	(49,383,683)	37,219,673	(10,171,368)	(25,752,670)	-
Changes of Assumptions	81,854,664	-	87,601,669	-	-
Benefit Payments, Including Refunds of Employee Contributions	(221,443,668)	(205,406,970)	(194,719,177)	(181,468,913)	(165,870,971)
<b>NET CHANGE IN TOTAL PENSION LIABILITY</b>	<b>239,489,131</b>	<b>238,817,448</b>	<b>270,766,485</b>	<b>167,737,531</b>	<b>191,226,880</b>
<b>TOTAL PENSION LIABILITY – BEGINNING</b>	<b>4,461,166,328</b>	<b>4,222,348,880</b>	<b>3,951,582,395</b>	<b>3,783,844,864</b>	<b>3,592,617,984</b>
<b>TOTAL PENSION LIABILITY – ENDING (A)</b>	<b>\$4,700,655,459</b>	<b>\$4,461,166,328</b>	<b>\$4,222,348,880</b>	<b>\$3,951,582,395</b>	<b>\$3,783,844,864</b>
<b>Fiduciary Net Position</b>					
Contributions – Employer	\$ 208,757,572	\$ 200,051,742	\$ 159,122,523	\$ 150,371,556	\$ 136,686,133
Contributions – Member	35,377,951	33,634,906	30,117,408	29,026,901	27,367,908
Transfer Between Plans	324,269	364,714	293,779	378,969	19,968,779
Net Investment Income (Loss)	(56,397,598)	299,960,693	151,114,788	(47,339,750)	110,728,303
Benefit Payments, Including Refunds of Member Contributions	(221,443,668)	(205,406,970)	(194,719,177)	(181,468,913)	(165,870,971)
Administrative Expenses	(4,865,081)	(4,118,578)	(4,369,744)	(4,075,745)	(4,042,986)
<b>NET CHANGE IN FIDUCIARY NET POSITION</b>	<b>(38,246,555)</b>	<b>324,486,507</b>	<b>141,559,577</b>	<b>(53,106,982)</b>	<b>124,837,166</b>
<b>FIDUCIARY NET POSITION – BEGINNING</b>	<b>2,879,288,631</b>	<b>2,554,802,124</b>	<b>2,413,242,547</b>	<b>2,466,349,529</b>	<b>2,341,512,363</b>
<b>FIDUCIARY NET POSITION – ENDING (B)</b>	<b>\$2,841,042,076</b>	<b>\$2,879,288,631</b>	<b>\$2,554,802,124</b>	<b>\$2,413,242,547</b>	<b>\$2,466,349,529</b>
<b>NET PENSION LIABILITY (A)–(B)</b>	<b>\$1,859,613,383</b>	<b>\$1,581,877,697</b>	<b>\$1,667,546,756</b>	<b>\$1,538,339,848</b>	<b>\$1,317,495,335</b>
<b>FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY</b>	<b>60.44%</b>	<b>64.54%</b>	<b>60.51%</b>	<b>61.07%</b>	<b>65.18%</b>
<b>COVERED PAYROLL**</b>	<b>\$ 436,763,447</b>	<b>\$ 425,886,951</b>	<b>\$ 392,227,314</b>	<b>\$ 396,136,470</b>	<b>\$ 376,030,944</b>
<b>NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL</b>	<b>425.77%</b>	<b>371.43%</b>	<b>425.15%</b>	<b>388.34%</b>	<b>350.37%</b>

\* Covered Payroll reported by plan sponsors is the payroll on which contributions are based in accordance with GASB Statement No. 82.

## Required Supplementary Information

### Schedule of Contributions From the Employers And Other Contributing Sources – Defined Benefit Pension Plan FOR THE TEN YEARS ENDED DECEMBER 31

2023–2019

	2023	2022	2021	2020	2019
Actuarially Determined Contributions	\$ 266,112,389	\$ 245,967,122	\$ 233,148,239	\$ 218,611,737	\$ 203,058,574
Contributions in Relation to the Actuarially Determined Contributions	\$ 292,752,311	\$ 269,080,047	\$ 306,662,635	\$ 240,700,988	\$ 225,528,756
Contribution Deficiency / (Excess)	\$ (26,639,922)	\$ (23,112,925)	\$ (73,514,396)	\$ (22,089,251)	\$ (22,470,182)
Covered Payroll	\$ 535,509,779	\$ 484,055,752	\$ 470,179,036	\$ 460,456,931	\$ 453,710,854
Contributions as a Percentage of Covered Payroll	54.67%	55.59%	65.22%	52.27%	49.71%

2018–2014

	2018	2017	2016	2015	2014
Actuarially Determined Contributions	\$ 188,322,653	\$ 179,824,882	\$ 159,122,523	\$ 150,371,556	\$ 136,686,133
Contributions in Relation to the Actuarially Determined Contribution	\$ 208,757,572	\$ 200,051,742	\$ 159,122,523	\$ 150,371,556	\$ 136,686,133
Contribution Deficiency / (Excess)	\$ (20,434,919)	\$ (20,226,860)	\$ -	\$ -	\$ -
Covered Payroll	\$ 436,763,447	\$ 425,886,951	\$ 392,227,314	\$ 396,136,470	\$ 376,030,944
Contributions as a Percentage of Covered Payroll	47.80%	46.97%	40.57%	37.96%	36.35%

The contributions in excess of Actuarially Determined Contributions are due to the County's, MVCD's, and the Court's additional contributions.



## Required Supplementary Information

### Schedule of Investment Returns FOR THE YEARS ENDED DECEMBER 31

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	9.12%	-7.24%	13.68%	2.23%	13.77%	-2.11%	11.85%	6.20%	-2.06%	4.29%

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. It is calculated by finding the rate of return that will set the present values of all cash flows and terminal values equal to the value of the initial investment. The money-weighted rate of return is equivalent to the internal rate of return (IRR).

Time-weighted rate of return assumes that all cash distributions are reinvested in the portfolio and the exact same periods are used for comparisons. When calculating the time-weighted rate of return, the effect of varying cash inflows is eliminated by assuming a single investment at the beginning of a period and measuring the growth or loss of fair value to the end of that period.

## Note to Required Supplementary Information

FOR THE YEAR ENDED DECEMBER 31, 2023

### NOTE 1 – KEY METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

The following actuarial methods and assumptions were used for the year ended December 31, 2023, in the Schedule of Contributions from the Employers and Other Contributing Sources:

Valuation Date	January 1, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll with Separate Amortization Periods for Extraordinary Actuarial Gains or Losses.
Remaining Amortization Period	2008 Extraordinary Actuarial Loss – 17 years Remaining UAL as of January 1, 2014 – 11 years Subsequent Unexpected Changes in UAL after January 1, 2014 – 15 years Single Equivalent Period as of January 1, 2022 – 12 year
Asset Valuation Method	Smoothed Actuarial Value (5 years) 80%–120% Asset Corridor
<b>ACTUARIAL ASSUMPTIONS:</b>	
Discount Rate	6.75%, Net of Pension Plan Investment Expenses, Including Inflation
Projected Salary Increases	3.00%, Plus Service-Based Rates
General Inflation Rate	2.75%
Cost-of-Living Adjustments (COLA)	2.60% Per Year Assumed
Healthy Mortality	<p>Mortality rates for General active members are based on the sex distinct Public General 2010 Above-Median Income Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2018, and a partial credibility adjustment of 1.05 for females and no adjustment for males.</p> <p>Mortality rates for Safety active members are based on the sex distinct Public Safety 2010 Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2018, and a partial credibility adjustment of 0.98 for males and 1.06 for females. 10% of Safety member active deaths are assumed to occur in the line of duty.</p> <p>Mortality rates for healthy General annuitants and General beneficiaries are based on the sex distinct Public General 2010 Above-Median Income Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2018, and a partial credibility adjustment of 1.04 for females and no adjustment for males.</p> <p>Mortality rates for Safety annuitants and Safety beneficiaries are based on the sex distinct Public Safety 2010 Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2018, and a partial credibility adjustment of 1.02 for males and 1.05 for females.</p>
Disabled Mortality	<p>Mortality rates for General disabled annuitants are based on the sex distinct Public General Disabled Annuitant 2010 Mortality Table, with a generational mortality improvements projected from 2010 using Projection Scale MP-2018, with a partial credibility adjustment of 1.04 for males and 1.07 for females.</p> <p>Mortality rates for Safety disabled annuitants are based on the sex distinct Public Safety Disabled Annuitant 2010 Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2018, with a partial credibility adjustment of 1.04 for males and 0.98 for females.</p>

A complete description of the methods and assumptions used to determine contribution rates for the year ending December 31, 2023, can be found in the January 1, 2022 actuarial valuation report.

# Financial

## Other Supplementary Information

### Schedule of Administrative Expenses FOR THE YEAR ENDED DECEMBER 31

	2023
General Administrative Expenses (Expenses Subject to the Statutory Limit)	
<b>PERSONNEL SERVICES</b>	
Staff Salaries	\$ 1,930,740
Cafeteria Benefits	77,227
Insurance	339,013
Social Security	134,373
Retirement	837,427
TOTAL PERSONNEL SERVICES	\$ 3,318,780
<b>PROFESSIONAL SERVICES</b>	
Professional and Specialized Services	\$ 1,385,452
Allocated Department Costs	(40,949)
TOTAL PROFESSIONAL SERVICES	\$ 1,344,503
<b>COMMUNICATIONS</b>	
Postage	\$ 29,157
Telephone	17,720
Travel	74,327
TOTAL COMMUNICATIONS	\$ 121,204
<b>RENTALS / EQUIPMENT</b>	
Office Space and Equipment	\$ 224,294
TOTAL RENTALS/EQUIPMENT	\$ 224,294
<b>MISCELLANEOUS</b>	
Office Supplies / Expense	\$ 41,031
Subscriptions and Periodicals	10,935
Memberships	8,772
Maintenance	6,354
Insurance	214,928
TOTAL MISCELLANEOUS	\$ 282,020
TOTAL GENERAL ADMINISTRATIVE EXPENSES	\$ 5,290,801
<b>Other Expenses (Expenses Not Subject to the Statutory Limit)</b>	
Information Technology Expenses	\$ 732,915
Actuary Fees	188,416
Fund Legal Fees	437,527
TOTAL OTHER EXPENSES	\$ 1,358,858
TOTAL GENERAL ADMINISTRATIVE AND OTHER EXPENSES	\$ 6,649,659

## Other Supplementary Information

### Schedule of Investment Expenses FOR THE YEAR ENDED DECEMBER 31, 2023

	2023
<b>Investment Management Fees</b>	
Aggressive Growth	\$ 7,811,954
Traditional Growth	1,242,228
Risk Parity	1,440,499
Credit	5,373,447
Credit Risk Offset (CRO)	2,833,122
Principal Protection	419,056
Core Real Assets	(426,479)
<b>TOTAL INVESTMENT MANAGEMENT FEES</b>	<b>\$ 18,693,827</b>
<b>Other Investment Fees and Expenses</b>	
Custodian Fees	\$ 66,659
Investment Consultant Fees	380,949
Investment Legal Fees	-
Miscellaneous Fees	1,982,882
Notional Interest Expense	188,176
<b>TOTAL OTHER INVESTMENT FEES AND EXPENSES</b>	<b>\$ 2,618,666</b>
<b>TOTAL INVESTMENT EXPENSE</b>	<b>\$ 21,312,493</b>
<b>Securities Lending Fees</b>	
Securities Lending Fees and Rebates	\$ 4,466,565
<b>TOTAL INVESTMENT FEES AND EXPENSES</b>	<b>\$ 25,779,058</b>

### Schedule of Payments to Consultants FOR THE YEAR ENDED DECEMBER 31

	2023
<b>Nature of Service</b>	
Actuarial-Retainer and Valuation	\$ 188,416
Audit	60,670
Fund Legal Fees	437,527
Business Technology Services	732,915
<b>TOTAL PAYMENTS TO CONSULTANTS</b>	<b>\$ 1,419,528</b>

## Other Information

### Schedule of Cost Sharing Employer Allocations AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023\*

EMPLOYER	PROPORTIONATE SHARE <sup>(1)</sup>	NET PENSION LIABILITY <sup>(2)</sup>
County of San Joaquin	92.8660%	\$ 1,551,421,281
SJC Superior Court	3.6015%	60,166,972
Lathrop-Manteca Rural Fire Protection District	1.5486%	25,870,835
Waterloo-Morada Rural Fire Protection District	0.6754%	11,282,707
Tracy Public Cemetery District	0.0509%	851,165
SJC Mosquito and Vector Control District	0.5180%	8,653,032
SJC Historical Society and Museum	0.0540%	902,693
Mountain House Community Services District	0.6353%	10,612,844
San Joaquin County Law Library	0.0355%	593,525
Local Agency Formation Commission	0.0147%	246,189
<b>TOTAL</b>	<b>100.0000%</b>	<b>\$ 1,670,601,243</b>

\* Numbers may not sum to total due to rounding.

<sup>(1)</sup> As SJCERA is a cost sharing multiple-employer pension plan, each employer participating in SJCERA must reflect a portion of the collective net pension liability and pension expense in their financial statements. The calculation for the proportionate share for each employer allocates net pension liability and pension expense based on each employer's share of the unfunded liability amortization payment. The proportionate shares are then adjusted to account for the additional contributions made by the County of San Joaquin, the SJC Mosquito and Vector Control District, and SJC Superior Court for the year ended December 31, 2023.

<sup>(2)</sup> Proportionate share of net pension liability is based on the actuarial valuation.

## Other Information

### Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan FOR THE YEAR ENDED DECEMBER 31, 2023

EMPLOYER	NET PENSION LIABILITY	DEFERRED OUTFLOWS OF RESOURCES					DEFERRED INFLOWS OF RESOURCES					PENSION EXPENSE		
		DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE	DIFFERENCES BETWEEN PROJECTED AND ACTUAL INVESTMENT EARNINGS	CHANGES OF ASSUMPTIONS	CHANGES IN PROPORTION AND DIFFERENCES BETWEEN CONTRIBUTIONS AND SHARE OF PENSION EXPENSE	TOTAL DEFERRED OUTFLOWS OF RESOURCES	DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE	CHANGES OF ASSUMPTIONS	CHANGES IN PROPORTION AND DIFFERENCES BETWEEN CONTRIBUTIONS AND SHARE OF PENSION EXPENSE	TOTAL DEFERRED INFLOWS OF RESOURCES	PROPORTIONATE SHARE OF PLAN PENSION EXPENSE	NET AMORTIZATION OF DEFERRED AMOUNTS FROM PROPORTIONATE SHARE OF PENSION EXPENSE	TOTAL PENSION EXPENSE	
County of San Joaquin	\$1,551,421,281	\$ 117,117,939	\$ 194,442,281	\$25,075,933	\$ 6,606,344	\$ 343,242,497	\$ 38,297,946	\$ 32,730,367	\$ 3,206,870	\$ 74,235,183	\$ 219,033,192	\$ 395,396	\$ 219,428,588	
SJC Superior Court	60,166,972	4,542,049	7,540,829	972,491	2,140,426	15,195,795	1,485,265	1,269,344	4,918,155	7,672,764	8,494,510	(916,921)	7,574,589	
Manteca-Lathrop Rural Fire Protection District	25,870,835	1,953,008	3,242,436	418,156	1,087,263	6,700,863	638,640	545,798	2,462,711	3,647,149	3,652,503	(368,102)	3,284,401	
Waterloo-Morada Rural Fire Protection District	11,282,707	851,740	1,414,081	182,365	1,336,619	3,784,805	278,522	238,032	1,193,786	1,710,340	1,592,918	316,964	1,909,882	
Tracy Public Cemetery District	851,165	64,255	106,678	13,758	66,099	250,790	21,012	17,957	309,557	348,526	120,169	(52,338)	67,831	
SJC Mosquito and Vector Control District	8,653,032	653,224	1,084,499	139,861	267,882	2,145,466	213,606	182,553	595,919	992,078	1,221,655	(9,573)	1,212,082	
SJC Historical Society and Museum	902,693	68,145	113,136	14,590	120,254	316,125	22,284	19,044	103,161	144,489	127,444	71,739	199,183	
Mountain House Community Services District	10,612,844	801,171	1,330,126	171,538	1,575,363	3,878,198	261,986	223,899	717,239	1,203,124	1,498,346	445,483	1,943,829	
San Joaquin County Law Library	593,525	44,806	74,388	9,593	377,234	506,021	14,652	12,522	18,567	45,741	83,795	120,560	204,355	
Local Agency Formation Commission	246,189	18,585	30,855	3,979	9,512	62,931	6,077	5,194	61,030	72,301	34,758	(208)	34,550	
<b>TOTALS</b>	<b>\$1,670,601,243</b>	<b>\$126,114,922</b>	<b>\$ 209,379,309</b>	<b>\$27,002,864</b>	<b>\$13,586,996</b>	<b>\$376,083,491</b>	<b>\$41,239,990</b>	<b>\$35,244,710</b>	<b>\$13,586,995</b>	<b>\$90,071,695</b>	<b>\$236,859,290</b>	<b>\$ -</b>	<b>\$235,859,290</b>	

## NOTES TO THE OTHER INFORMATION

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FOR THE YEAR ENDED DECEMBER 31, 2023

### NOTE 1 – BASIS OF PRESENTATION AND BASIS OF ACCOUNTING

Because San Joaquin County Employees' Retirement Association (SJCERA) is a cost sharing multiple-employer pension plan, employers participating in SJCERA are required to report a portion of the collective Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. GASB Statement No. 68 requires that the proportionate share for each employer be determined based on the employer's projected long-term contribution effort to the pension.

SJCERA's actuary prepared the following documents, (1) the Schedule of Cost Sharing Employer Allocations and (2) the Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan, in accordance with accounting principles generally accepted in the United States of America as applicable to governmental organizations based on information provided by SJCERA. These documents provide the required information for financial reporting related to SJCERA that employers may use in their financial statements. The measurement date for SJCERA is December 31, 2023. Measurements are based on the fair value of assets as of December 31, 2023, and the Total Pension Liability of \$5,886,299,407 as of December 31, 2023, was measured as of a valuation date of January 1, 2023, and projected to December 31, 2023.

### NOTE 2 – AMORTIZATION OF DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

The difference between projected and actual investment earnings on pension plan investments is amortized over five years on a straight-line basis. One-fifth is recognized in Total Pension Expense for each of the five years. The changes in assumptions and differences between expected and actual experience are recognized over the average of the expected remaining service lives of all active and inactive members of SJCERA, which is also five years. The net effect of the change in the employer's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources is recognized over the average expected remaining service lives of all active and inactive members of SJCERA.



Investment





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May 8, 2024

Board of Trustees  
San Joaquin County Employees' Retirement Association  
220 E. Channel Street  
Stockton, CA 95202

Dear Trustees:

Enclosed is our report on the investment activity for the San Joaquin County Employees' Retirement Association (SJCERA) for the period ending December 31, 2023.

### SJCERA - Total Fund Performance

As of December 31, 2023, the SJCERA Portfolio had approximately \$4.2 billion in total assets, an increase of roughly \$372 million for the calendar year due to positive investment results<sup>1</sup> and continued contributions from SJCERA's employers and members.

The SJCERA Total Fund generated a gross of fees return of 9.5% for the calendar year, exceeding its 6.75% assumed rate of return. The portfolio also bested its assumed rate for the last five-year period. Traditional Growth, which includes public equity and REITS, provided positive returns and outperformed its benchmark over the latest one- and three-year periods. With a positive 7.4% return in 2023, Principal Protection provided significant outperformance relative to its benchmark. Aggressive Growth, which includes Private Equity and Real Estate provided positive performance in 2023 underperformed its benchmark by 2.3%. Performance for all of the strategic classes were positive over the five- and ten-year periods.

Each quarter, the Pension Plan reviews the performance of the total fund along with the underlying strategic classes and individual managers versus their appropriate benchmarks.

### Market Review

Coming into the year many were calling for a recession in 2023, following the aggressive monetary policy tightening by the Federal Reserve in 2022 (they increased rates by over 4%). Despite concerns over slowing growth, optimism was building that interest rates could peak in 2023 given slowing inflation. The continued strength of the US consumer due to a strong labor market, rising wages, and pandemic related savings also had many thinking that if the US economy did hit a recession, it would be mild.

The first quarter of 2023, however, was a volatile one driven by investors continuing to adjust their interest rate and inflation expectations, coinciding with the failure of Silicon Valley Bank and a few other regional banks. Ultimately, however, the swift emergency actions taken by the Federal Reserve, the Treasury, and other government agencies, helped alleviate some of the concerns connected to the banking sector. This, and a focus on slowing inflation and potentially peaking rates, led to most asset classes experiencing positive results for the first quarter of 2023, with riskier assets leading the way.

<sup>1</sup> Aggressive Growth and Private Credit data is lagged one quarter.



May 8, 2024

In the first quarter of 2023, the US equity market (Russell 3000) returned 7.2%<sup>1</sup>, while international developed market equities (MSCI EAFE) had the best quarterly results returning 8.5%. Emerging market equities (MSCI Emerging Markets) were also positive for the quarter, returning 4.0%. Chinese equities (MSCI China) rose 4.7% but generally lagged developed markets as optimism over the reopening of the economy from the pandemic was tempered by increased tensions with the US.

Fixed income markets also posted gains for the first quarter, in a volatile period for interest rates, particularly for shorter maturities. Overall, the change in monetary policy expectations and flight-to-safety flows during the height of the concerns surrounding the banking sector drove most interest rates lower. The two-year Treasury fell from 4.4% to 4.0% while the ten-year Treasury fell from 3.9% to 3.5%. The yield curve remained inverted at the end of March. The broad US investment grade bond market (Bloomberg US Aggregate) and high yield bonds (Bloomberg High Yield) rose 3.0% and 3.6%<sup>1</sup> during the first quarter, respectively. High yield bonds particularly benefited from the positive risk sentiment.

Financial markets were mixed in the second quarter, as investors continued to contend with the track of inflation, the path of monetary policy, lingering fears from the regional banking crisis, and an uncertain economic outlook. Most equity markets posted strong positive returns for the quarter as the Fed kept interest rates unchanged at their June meeting for the first time since early 2022. Hopes were also growing that the Fed could reduce inflation without widespread disruptions to equity markets and the economy. Fixed income markets did not fare as well, falling slightly for the quarter, as rates rose, with bond investors more focused on the continuing tightening policy of the Federal Reserve.

Of the major asset classes, the US equity market (Russell 3000) led the way, returning 8.4%<sup>1</sup> for the second quarter with most of the gains (6.8%) coming just in the month of June 2023. Notably, relatively few stocks (mainly large technology companies) accounted for most of the gains in the first and second quarters of 2023 driven by optimism over artificial intelligence ("AI") technology. Looking at the S&P 500, the index was up 16.9% in the first two quarters of the year. Without the top performing 44 stocks, the index would have been negative over the same period.<sup>2</sup>

Developed international equities (MSCI EAFE) returned 3.0% for the second quarter, while emerging market equities (MSCI Emerging Markets) lagged, returning just 0.9%. On-going signaling from the central banks in Europe and the UK to continue increasing interest rates along with an overall stronger US dollar weighed on relative results in developed markets. Chinese equities weighed heavily on overall results in emerging markets with the MSCI China index falling -9.7% for the second quarter. Chinese equities suffered due to a lackluster economic reopening, weak economic data, concerns over the property market, and heightened tensions with the US.

Treasuries reversed course in the second quarter as the Federal Reserve indicated additional rate hikes were needed to combat persistent inflation. The policy sensitive two-year Treasury increased significantly from 4.0% up to 4.9% while the ten-year Treasury rose more modestly from 3.5% to 3.8%. The yield curve inverted further given these dynamics. The broad US investment grade bond market (Bloomberg US Aggregate) fell 0.8%<sup>1</sup> in the second quarter in this environment. High yield bonds (Bloomberg High Yield) benefited from the "risk-on" sentiment, returning 1.7%<sup>1</sup> in the second quarter<sup>1</sup>. Commodities (Bloomberg Commodity Index) continued to soften on weakening global growth expectations and developments with China, declining -2.6% for the second quarter.<sup>1</sup>

The second half of calendar year 2023 began with a continuation of the positive sentiment from June, as economic activity and corporate data came in above expectations. However, once the Federal Reserve increased interest



May 8, 2024

rates 25 basis points to a range of 5.25% - 5.5%, sentiment began to shift. This came after a pause at their June meeting on the pretext of waiting for further data to assess the impact of their rate hikes on the economy.

Given the Fed's comments and above expectations economic data, it was around this time investors started to recognize that rates could stay higher for longer. Combined with a downgrade in US debt and weakening economic data out of Europe and China, equity markets began to decline. Of the major asset classes, the US equity market (Russell 3000) fell by -3.3% in the third quarter. Outside the US, developed markets (MSCI EAFE) lost -4.1% and emerging market equities (MSCI Emerging Markets) were down -2.9%. Within emerging markets, Chinese equities (MSCI China) were down -1.9% in the third quarter of 2023.

Rates continued to drift upward in the third quarter with longer dated maturities increasing the most, this time driving a flattening of the yield curve. The two-year Treasury rose slightly from 4.9% to 5.1% while the ten-year Treasury increased from 3.8% to 4.6%. Higher rates resulted in negative returns for investment grade bonds. The broad US investment grade bond market (Bloomberg US Aggregate) fell -3.2%.<sup>3</sup> Returns for High Yield bonds (Bloomberg High Yield) remained robust on few signs of distress and increased by 0.5% over the period.

As the fourth calendar quarter of 2023 began, futures markets were still pricing in a small chance of an additional rate hike in the cycle, with two to three potential rate decreases in 2024. Markets continued searching for overall direction though, on the path of inflation, growth, and interest rates both here in the US and abroad. As the quarter progressed, economic data started to come in below expectations and optimism built that major central banks could start cutting rates in 2024. This shift in sentiment rekindled the broad risk-on environment experienced earlier in 2023.

Among equity asset classes, the US equity market (Russell 3000) returned an impressive 12.1% in the final three months of the year. Outside the US, developed markets (MSCI EAFE) increased by 10.4% in the fourth quarter with more than half the gains coming from a depreciating US dollar. Emerging market equities (MSCI Emerging Markets) were up 7.9% over the same period. Within emerging markets, Chinese equities (MSCI China) were still down -4.2%, despite the enthusiasm around the globe.

Following a softening in inflation and expectations of lower policy rates, interest rates fell significantly in the fourth quarter, resulting in positive returns for investment grade asset classes. The two-year Treasury fell from 5.1% to 4.3% while the ten-year Treasury declined from 4.6% to 3.9%. The broad US investment grade bond market (Bloomberg US Aggregate) was up 6.8%<sup>1</sup>, the strongest quarterly performance on record for that benchmark. Returns for high yield bonds (Bloomberg High Yield) continued the positive trend and increased by 7.2% over the fourth quarter.

Remarkably, despite a calendar year in which a recession was the consensus forecast, GDP growth and unemployment remained unexpectedly robust, and inflation continued to decline closer to the Federal Reserve's target. GDP growth in the US was 2.2%<sup>4</sup>, 2.1%<sup>4</sup>, 4.9%<sup>4</sup> and 3.2%<sup>4</sup> for the first, second, third, and fourth quarters, respectively, for calendar year 2023. Unemployment increased slightly over the calendar year, starting at 3.5% and ending at 3.7%<sup>5</sup> but remained remarkably low. All of this occurred while the headline year-over-year inflation number decreased from 6.5% in December 2022 to 3.4%<sup>5</sup> by year-end.

Outside the US, unemployment and inflation painted a more mixed picture. The Eurozone ended calendar year 2023 with unemployment numbers at 6.5%<sup>1</sup>, down from 6.7%<sup>1</sup> at the beginning of the calendar year.<sup>1</sup> Japan ended with an unemployment figure of 2.5%, right where it started for the year. Inflation in the Eurozone ended the calendar year at 2.9%<sup>6</sup>, down from 9.2%<sup>6</sup> a year earlier. Inflation in Japan ended calendar year 2023 at 2.6% versus



May 8, 2024

4.0%<sup>1</sup> at the beginning of the calendar year. China notably had inflation levels during calendar year 2023 close to 0% or below, given a disappointing reopening after Covid, issues in the property sector, geopolitical tensions, and capital flight out of the country.

### Asset Liability Study

In 2023, SJCERA continued to review several of its strategic classes and various pacing studies for its Private Market classes. As a result of these reviews, SJCERA continued to invest in several new managers. In addition, SJCERA continued to review the portfolio's current manager line-up. SJCERA also reviewed its benchmarks and Principal Protection class. The current targets should improve the likelihood of the plan accomplishing its primary financial objective: to earn a long-term return of 6.75%.

Gross of Fees Investment Performance as of December 31, 2023\*:

Asset Class	Fair Value (\$000)	Annualized %**	Annualized			
			1 Year	3 Years	5 Years	10 Years
SJCERA Total Plan	4,189,064	100.0	9.5	5.3	7.7	6.1
<i>Policy Benchmark</i>			12.6	4.5	7.3	6.2
Broad Growth	3,315,279	79.1	11.5	6.7	9.3	7.1
Aggressive Growth	427,448	10.2	2.3	20.8	16.0	14.4
<i>Aggressive Growth Blend</i>			4.8	8.9	7.4	8.2
Traditional Growth	1,621,481	38.7	23.0	6.9	10.7	7.3
<i>MSCI ACWI IMI Net</i>			21.6	5.5	12.0	8.3
Stabilized Growth	1,266,351	30.2	2.0	3.0	6.0	5.2
<i>SJCERA Stabilized Growth Benchmark</i>			7.2	5.3	5.9	5.5
Diversifying Strategies	768,324	18.3	1.6	1.2	2.9	3.7
Principal Protection	305,369	7.3	7.4	-0.9	1.7	3.0
<i>Bloomberg US Aggregate TR</i>			5.5	-3.3	1.1	1.8
Crisis Risk Offset	462,955	11.1	-2.0	3.0	3.8	5.7
<i>CRO Benchmark</i>			2.7	0.5	3.9	3.9
Cash	75,733	1.8	3.3	1.6	1.4	1.0
<i>ICE BofA 91 Days T-Bills TR</i>			5.0	2.2	1.9	1.2

\*Rates of return are represented using a time-weighted rate of return methodology based upon market values.

\*\*Actual % allocation as of December 31, 2023

Sincerely,

David Sancewich, Managing Principal, Meketa Investment Group



May 8, 2024

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- 1 Source: Bloomberg.  
 2 Source: S&P Dow Jones Indices.  
 3 Source: OECD.  
 4 Source: Bureau of Economic Analysis.  
 5 Source: Bureau of Labor Statistics.  
 6 Source: Eurostat.  
 7 Source: Federal Reserve of St. Louis, "K. Engermann, "A Soft Landing for the Economy: What it Means and What Data to Look at," October 11, 2023. The Fed was not able to tame inflation in the late 1970s and early 1980s without triggering economic recessions and raising unemployment.  
 8 Source: Federal Reserve of St. Louis, "K. Engermann, "A Soft Landing for the Economy: What it Means and What Data to Look at," October 11, 2023.  
 9 Source: IMF, "World Economic Outlook," January 2024 has forecast US growth to be 1.5% in 2024. See also Federal Reserve, "Summary of Economic Projections," December 2023. Real GDP for US in 2024 range from 0.8% to 2.5%.  
 10 Source: Wall Street Journal, H. Troy et al., "A Recession is No Longer the Consensus," October 15, 2023. Wall Street Journal survey of economists estimate probability of recession below fifty percent. There are economists who have included a "no landing" outcome where growth remains strong and labor markets are tight with falling inflation.  
 11 Source: Federal Reserve of Cleveland, M. Gordon, "Impacts of Supply Chain Disruption on Inflation," May 2023. European Central Bank, S. Tenreyro, "Monetary Policy in the Face of Supply Shocks: The Role of Inflation Expectations," June 26-28, 2023.  
 12 Source: Bloomberg, C. Mutua, "US Corporate Bonds Sales Hit \$188 Billion in January," January 29, 2024.  
 13 Source: Federal Reserve of New York, "Corporate Bond Market Distress Index", January 31, 2024.  
 14 Source: Federal Reserve, "Summary of Economic Projections," December 2023. Unemployment forecast 4.1% for 2024. In September 2022, the FOMC forecast unemployment to rise to 4.4% in 2023.  
 15 Source: BLS as of January 2024. FOMC, "Summary of Economic Projections," September 2022.  
 16 Source: Bureau of Labor Statistics, January 2024.  
 17 Source: BLS, February 2024. In 2022 the US economy added 4.8 million jobs at an average monthly pace of 399,000.  
 18 Source: Employment Cost Index, December 31, 2023.  
 19 Source: Federal Reserve Bank of Cleveland, M. Bryan, "Are Some Prices More Forward Looking than Others? We Think So", May 19, 2010. Sticky prices are the prices for goods and services that do not respond quickly to aggregate demand. Medical care, personal services, insurance, and education are some examples of sticky-price services and goods. About 70% of headline CPI includes goods and services with another 30% of the index reflecting goods and services that change prices more quickly in response to consumer demand.  
 20 Source: Bureau of Labor Statistics as of February 13, 2024.  
 21 Source: Bureau of Labor Statistics as of February 13, 2024. In January 2024, shelter costs accounted for two-thirds of inflation.  
 22 Source: BLS, January 2024.  
 23 Source: FRED, data as of September 2023. Student loans reached \$1.7 T dollars. Revolving consumer credit for all commercial banks was \$1.0 T as of January 2024. The Commercial Bank Interest Rate of Credit Card Plans reached 21.5% as of November 2023.  
 24 Source: FRED, data as of September 2023. Household Debt Service Payments as a Percent of Disposable Personal Income is at pre-pandemic levels at 9.8%.  
 25 Source: Federal Reserve, "Summary of Economic Projections," December 2023. The Fed dot plot shows the range of policy rate forecasts of each of the FOMC members where the mid-point is established. Observers can see the range for each forecast in a dot-plot layout where each dot is a voting member's forecast.  
 26 Source: Chicago Mercantile Exchange, February 27, 2024.  
 27 Source: Center for Strategic and International Studies, B. Hart et al., "Taiwan's 2024 Elections: Results, and Implications," January 19, 2024. China has issued diplomatic communications to the US, Japan, and the EU for sending delegations to Taiwan.  
 28 Source: Financial Times, C. Miller, "Active Defense [sic]: How Ukraine Plans to Survive in 2024," January 18, 2024.  
 29 Source: Council on Foreign Relations, N. Berman, "How Houthi Attack in the Red Sea Threaten Global Shipping," January 12, 2024.  
 30 Source: Brookings, P. Kim, "The US- China Relationship is Stabilized but Precarious," January 12, 2024.  
 31 Source: Peterson Institute for International Economics (PIIE), N. Lardy, "Foreign Direct Investment is Exiting China, New Data Show," November 17, 2023.

# Investment

## Asset Allocation as of December 31, 2023

	INVESTMENT	ACTUAL ALLOCATION	TARGET ALLOCATION
Aggressive Growth	\$ 422,255,956	9.9%	16.0%
Traditional Growth	1,620,830,779	38.0%	34.0%
Risk Parity	381,698,273	9.0%	6.0%
Credit	676,177,727	15.9%	15.0%
Crisis Risk Offset (CRO)	455,595,676	10.7%	13.0%
Principal Protection	300,556,811	7.1%	7.0%
Core Real Assets	207,633,628	4.9%	9.0%
Cash and Short Term Investments	195,297,256*	4.6%	0.0%
<b>TOTAL</b>	<b>\$ 4,260,046,106</b>	<b>100.0%</b>	<b>100.0%</b>

\* Includes Custodial Fund

## List of Largest Assets Held

### Largest Stock Holdings (By Fair Value) DECEMBER 31, 2023

RANK	STOCKS	SHAR	FAIR VALUE
1	SJC-NT Collective MSCI World I	9,882,737	\$ 1,408,912,635
2	*SJC Panagora Diversified Risk	1,444,389	180,093,484
3	*SJC Stone Hrbr Absolute	14,488	22,086,820
4	*SJC Invesco Real Estate	19,511	4,212,035
5	*SJC Invesco Real Estate	35,417	3,193,551
6	*SJC Invesco Real Estate	39,526	2,217,409
7	*SJC Invesco Real Estate	15,390	2,071,186
8	*SJC Invesco Real Estate	7,862	1,994,511
9	*SJC Invesco Real Estate	14,439	1,924,719
10	*SJC Invesco Real Estate	49,438	1,892,981

A complete list of the bond holdings is available upon request.

### Largest Bond Holdings (By Fair Value) DECEMBER 31, 2023

RANK	BONDS	PAR	FAIR VALUE
1	*SJC Loomis Sayles-SL	8,636,874	\$ 95,610,195
2	SJC Neuberger Berman	3,581,973	33,670,544
3	*SJC-Dodge & Cox Long Durat-SL	20,000,000	16,522,656
4	SJC Neuberger Berman	280,222	16,222,026
5	*SJC-Dodge & Cox Long Durat-SL	18,000,000	13,564,688
6	*SJC Stone Hrbr Absolute	1,862,833	13,449,656
7	*SJC-Dodge & Cox Long Durat-SL	10,900,000	9,513,656
8	*SJC-Dodge & Cox Long Durat-SL	9,100,000	9,413,168
9	*SJC-Dodge & Cox Long Durat-SL	18,000,000	9,397,682
10	*SJC-Dodge & Cox Long Durat-SL	8,857,000	8,995,391

A complete list of the bond holdings is available upon request.

# Investment

## Schedule of Investment Fees

	2023 ASSETS MANAGED	2023 FEES
<b>INVESTMENT MANAGEMENT FEES</b>		
Aggressive Growth	\$ 422,255,956	\$ 7,811,954
Traditional Growth	1,620,830,779	1,242,228
Risk Parity	381,698,273	1,440,499
Credit	676,177,727	5,373,447
Credit Risk Offset	455,595,676	2,833,122
Principal Protection	300,556,811	419,056
Core Real Assets – Short Term Investments / Cash / Cash Equivalents	402,930,884*	(426,479)
<b>TOTAL ASSETS MANAGED AND INVESTMENT MANAGEMENT FEES</b>	<b>\$ 4,260,046,106</b>	<b>\$ 18,693,827</b>

\* Includes Custodial Fund

## Schedule of Commissions

FOR THE YEAR ENDED DECEMBER 31, 2023

RANK	BROKER	COMMISSION PAID	SHARE PAR VALUE TRADED	COMMISSION PER SHARE**
1	J.P. Morgan Securities, LLC / JPMC	\$ 7,743	\$ 307,551	\$0.03
2	Bank of America Corporation	5,032	268,390	\$0.02
3	RBC Capital Markets, LLC	2,964	123,551	\$0.02
4	Pershing LLC	2,662	88,749	\$0.03
5	Barclays Capital, Inc. / LE	2,489	88,562	\$0.03
6	Liquidnet, Inc.	2,120	96,308	\$0.02
7	ISI Group, Inc.	1,317	45,055	\$0.03
8	Goldman, Sachs & Co.	1,312	62,304	\$0.02
9	Citigroup Global Markets, Inc. CP and CD	925	47,689	\$0.02
10	BofA Securities, Inc.	917	50,400	\$0.02
11	Others*	1,102	45,980	\$0.02
	<b>TOTAL BROKERAGE COMMISSIONS</b>	<b>\$ 28,583</b>	<b>\$ 1,224,539</b>	

\* Includes approximately 16 additional firms each with less than 0.29% of total commissions.

\*\* Annual Average Commission per Share

# Investment

## Investment Summary

	FAIR VALUE DECEMBER 31, 2023	PERCENTAGE OF MARKET VALUE
<b>AGGRESSIVE GROWTH – PRIVATE EQUITY &amp; OPPORTUNISTIC REAL ESTATE</b>		
Almanac Realty	\$ 3,436,232	0.1%
Angelo Gordon & Co.	7,340,287	0.2%
BVP Forge	6,371,070	0.1%
Berkeley Partners V	33,438,513	0.8%
Berkeley Partners VI	944,088	0.0%
Blackrock Global Energy & Power	43,726,800	1.0%
Blackrock Global Infrastructure Fund IV	13,900,999	0.3%
Grandview fka Greenfield VIII	12,914,068	0.3%
Greenfield V, VI, and VII	1,343,405	0.0%
Lightspeed Venture Ptr Select V	19,314,955	0.5%
Long Arc Capital I	23,245,088	0.5%
Morgan Creek III	4,848,671	0.1%
Morgan Creek V	5,557,161	0.1%
Morgan Creek VI	21,761,859	0.5%
Ocean Avenue II	33,142,089	0.8%
Ocean Avenue III	50,182,111	1.2%
Ocean Avenue IV	53,019,156	1.2%
Ocean Avenue V	6,498,007	0.2%
Ridgemont	20,030,805	0.5%
Stellex Capital Partners II	35,483,511	0.8%
Stockbridge Value Fund II	18,744,289	0.4%
Walton Street Fund V	623,011	0.0%
Walton Street Fund VI	6,389,780	0.1%
<b>TOTAL AGGRESSIVE GROWTH</b>	<b>\$ 422,255,956</b>	<b>9.9%</b>
<b>TRADITIONAL GROWTH</b>		
NT Collective MSCI World IMI	\$ 1,408,915,806	33.1%
GQG Partners	72,674,462	1.7%
Invesco REIT	45,748,771	1.0%
PIMCO RAE Emerging Markets Fund	93,491,740	2.2%
<b>TOTAL TRADITIONAL GROWTH</b>	<b>\$ 1,620,830,779</b>	<b>38.0%</b>
<b>RISK PARITY</b>		
Bridgewater All-Weather	\$ 201,604,788	4.8%
PanAgora Diversified Risk	180,093,485	4.2%
<b>TOTAL RISK PARITY</b>	<b>\$ 381,698,273</b>	<b>9.0%</b>
<b>CREDIT</b>		
ARES Pathfinder II	\$ 5,104,937	0.1%
Blackrock Direct Lending	87,944,029	2.1%
Crestline – Opportunity Fund II	10,609,060	0.2%
Davidson Kempner	51,002,059	1.2%

(Continued on page 70)



# Investment

## Investment Summary (cont.)

	FAIR VALUE DECEMBER 31, 2023	PERCENTAGE OF MARKET VALUE
HPS Investment Partners	\$ 38,235,270	0.9%
Medley Opportunity Fund II	606,826	0.0%
Mesa West IV	28,617,926	0.7%
Neuberger Berman	104,230,420	2.4%
Oaktree Middle Market	35,919,981	0.8%
Oaktree Special Situations III	10,201,983	0.2%
Raven Capital – Fund III	45,746,425	1.1%
Silver Point Specialty Credit III	19,327,349	0.5%
Silver Rock Onshore Tactical Allocation - Vintage 2022	38,109,251	0.9%
Stone Harbor – Absolute Return	133,412,409	3.1%
White Oak Summit	25,460,253	0.6%
White Oak Yield Spectrum	41,649,550	1.0%
<b>TOTAL CREDIT</b>	<b>\$ 676,177,727</b>	<b>15.9%</b>
<b>CRISIS RISK OFFSET (CRO)</b>		
AQR Style Premia	\$ 62,524,112	1.5%
Almond Global/PE Diversified Global Macro	59,940,449	1.4%
Dodge & Cox Long Duration	115,674,175	2.7%
Graham Tactical Trend	105,264,872	2.5%
Mount Lucas – Managed Futures	112,192,068	2.6%
<b>TOTAL CRISIS RISK OFFSET (CRO)</b>	<b>\$ 455,595,676</b>	<b>10.7%</b>
<b>PRINCIPAL PROTECTION</b>		
Dodge & Cox – Fixed	\$ 204,946,559	4.8%
Loomis Sayles	95,610,195	2.2%
Double Line	57	0.0%
<b>TOTAL PRINCIPAL PROTECTION</b>	<b>\$ 300,556,811</b>	<b>7.1%</b>
<b>CORE REAL ASSETS</b>		
AEW Essential Housing	\$ 589,398	0.0%
Principal U.S. Property	39,037,005	0.9%
Prologis / AMB Property	115,761,160	2.7%
RREEF America II	52,119,201	1.2%
Parametric PIOS	126,864	0.0%
<b>TOTAL SHORT TERM INVESTMENTS</b>	<b>\$ 207,633,628</b>	<b>4.9%</b>
<b>TOTAL INVESTMENT AT FAIR VALUE</b>	<b>\$ 4,064,748,850</b>	
<b>CASH AND SHORT TERM INVESTMENTS</b>		
Cash - Bank of the West	\$ 215,747	0.0%
STIF – Northern Trust	127,024,658	3.0%
Security Lending Cash	65,283,825	1.5%
Parametric PIOS	1,007,243	0.0%
Stone Harbor Absolute & Nueberger Berman	1,765,783	0.0%
<b>TOTAL CASH AND SHORT TERM INVESTMENTS</b>	<b>\$ 195,297,256*</b>	<b>4.6%</b>
<b>TOTAL</b>	<b>\$ 4,260,046,106</b>	<b>100.0%</b>

\* Includes Custodial Fund

# Investment

## List of Investment Managers

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### **AGGRESSIVE GROWTH**

Almanac Realty  
Angelo Gordon & Co.  
BVP Forge Institutional  
Berkeley Partners V  
Berkeley Partners VI  
Blackrock Global Energy & Power  
Blackrock Global Infrastructure Fund IV  
Grandview I-A  
Greenfield V  
Greenfield VI  
Greenfield VII  
Lightspeed Venture Partners Select V  
Long Arc Capital I  
Morgan Creek III  
Morgan Creek V  
Morgan Creek VI  
Ocean Avenue II  
Ocean Avenue III  
Ocean Avenue IV  
Ocean Avenue V  
Ridgemont Equity Partners IV  
Stellex Capital Partners II  
Stockbridge Value Fund II  
Walton Street Fund V  
Walton Street Fund VI

### **TRADITIONAL GROWTH**

GQG Partners  
Invesco REIT  
NT Collective MSCI World IMI  
PIMCO RAE Emerging Markets

### **RISK PARITY**

Bridgewater All Weather  
PanAgora Diversified Risk

### **CREDIT**

ARES Pathfinder II  
Blackrock Direct Lending

Crestline – Opportunity Fund II  
Davidson Kempner  
HPS Investment Partners  
Medley Opportunity Fund II  
Mesa West IV  
Neuberger Berman  
Oaktree Middle Market  
Oaktree Special Situations III  
Raven Capital – Fund III  
Silver Point Specialty Credit III  
Silver Rock Onshore Tactical  
Allocation - Vintage 2022  
Stone Harbor – Absolute Return  
White Oak Summit  
White Oak Yield Spectrum

### **CRISIS RISK OFFSET (CRO)**

AQR Style Premia  
Almond Global/PE Diversified Global Macro  
Dodge & Cox Long Duration  
Graham Tactical Trend  
Mount Lucas

### **PRINCIPAL PROTECTION**

Dodge & Cox – Fixed  
Loomis Sayles

### **CORE REAL ASSETS**

AEW Essential Housing  
Parametric PIOS  
Principal U.S. Property  
Prologis / AMB Property  
RREEF America II

### **CASH AND SHORT TERM INVESTMENTS**

Cash – Bank of the West  
Neuberger Berman  
Parametric PIOS  
STIF – Northern Trust  
Stone Harbor Absolute Cash



Actuarial



*Classic Values, Innovative Advice*

### ***Via Electronic Mail***

May 21, 2024

Retirement Board of San Joaquin  
County Employees' Retirement Association  
220 East Channel Street  
Stockton, CA 95202

### **Actuarial Certification**

Dear Members of the Board,

This is the Actuary's Certification Letter for the Actuarial Section of the Annual Comprehensive Financial Report for the San Joaquin County Employees' Retirement Association (the Plan) as of December 31, 2023. This letter includes references to two documents produced by Cheiron for the Plan: the Actuarial Valuation Report as of January 1, 2023 (July 7, 2023) and the GASB 67/68 Report as of December 31, 2023 (May 13, 2024).

### **Actuarial Valuation Report as of January 1, 2023**

The purpose of the annual Actuarial Valuation Report as of January 1, 2023 is to determine the actuarial funding status of the Plan on that date and to calculate recommended contribution rates for the participating employers and Plan members for the year 2024. The prior review was conducted as of January 1, 2022 and included recommended contribution rates for the year 2023.

Actuarial funding is based on the Entry Age Normal Cost Method. Under this method, the employer contribution rate provides for current cost (normal cost and expected administrative expenses) plus a level percentage of payroll to amortize the Unfunded Actuarial Liability (UAL). As of the valuation date (January 1, 2022), the amortization period is 16 years for half of the 2008 investment loss and 10 years for the remaining UAL as of January 1, 2014. Any unexpected change in the UAL occurring after January 1, 2014 is amortized over a closed 15-year period. The single equivalent amortization period for the aggregate stream of UAL payments as of January 1, 2023 is approximately 11 years.

The funding objective of the Plan is to accumulate sufficient assets over each Member's working life to provide for Plan benefits after termination of employment or retirement. For actuarial valuation purposes, Plan assets are valued at actuarial value, with adjustments for certain Special Reserves. Under this method, the assets used to determine employer contribution rates take into account market value by spreading all investment gains and losses (returns above or below expected returns) over a period of five years, limited by a corridor that restrains the actuarial value to within 20% of the Market Value of Assets.

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Board Members  
May 21, 2024  
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The Board of Retirement is responsible for establishing and maintaining the funding policy of the Plan.

We prepared the following schedules, which we understand will be included in the Actuarial Section of the Annual Comprehensive Financial Report, based on the January 1, 2023 actuarial valuation.

- Summary of Actuarial Assumptions and Methods
- Schedule of Active Member Valuation Data
- Schedule of Retirees and Beneficiaries Valuation Data
- Retirants and Beneficiaries Added to and Removed from Retiree Payroll
- Schedule of Funded Liabilities by Type
- Actuarial Value of Assets and Reserves
- Summary of Plan Provisions

The assumptions used in this report reflect the results of an Experience Study performed by Cheiron covering the period from January 1, 2019 through December 31, 2021 and approved by the Board at their July 7, 2022 meeting. The assumptions used in the most recent valuation are intended to produce results that, in the aggregate, reasonably approximate the anticipated future experience of the Plan. The next experience analysis is expected to cover the years through 2024.

This actuarial valuation report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. In particular, the assumptions and methods used for funding purposes meet the requirements of the Actuarial Standards of Practice, in particular Standards No. 4, 27, 35, and 44.

### **GASB 67/68 Report as of December 31, 2023**

The purpose of the GASB 67/68 Report as of December 31, 2023 is to provide accounting and financial reporting information under GASB 67 for the Plan and under GASB 68 for the County of San Joaquin and other participating employers. This report is not appropriate for other purposes, including the measurement of funding requirements for the Plan.

For financial reporting purposes, the Total Pension Liability is based on the January 1, 2023 actuarial valuation updated to the measurement date of December 31, 2023. There were no significant events between the valuation date and the measurement date, so the update procedures consisted of updated actuarial assumptions, plus the addition of service cost and interest cost offset by actual benefit payments.



Board Members  
May 21, 2024  
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Beginning of year measurements are based on the actuarial valuation as of January 1, 2022. The December 31, 2022 Total Pension Liability presented in the GASB 67/68 Report was based upon the same data, plan provisions, actuarial methods, and assumptions as were used in the Actuarial Valuation Report as of January 1, 2022. The December 31, 2023 Total Pension Liability presented in the GASB 67/68 Report was based upon the same data, plan provisions, actuarial methods, and assumptions as were used in the Actuarial Valuation Report as of January 1, 2023.

Please refer to our GASB 67 report as of December 31, 2023 for additional information related to the financial reporting of the System. We prepared the following schedules for inclusion in the Financial Section of the Annual Comprehensive Financial Report based on the December 31, 2023 GASB 67/68 report:

- Change in Net Pension Liability
- Sensitivity of Net Pension Liability to Changes in Discount Rate
- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Employer Contributions
- Notes to the Schedule of Employer Contributions

The GASB 67 report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. In particular, the assumptions and methods used for disclosure purposes have been prepared in accordance with our understanding of generally accepted accounting principles as promulgated by the GASB.

### **Disclaimers**

In preparing our reports, we relied on information (some oral and some written) supplied by the San Joaquin County Employees' Retirement Association. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

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

Cheiron utilizes ProVal, an actuarial valuation application leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have a basic understanding of it and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect our reports.

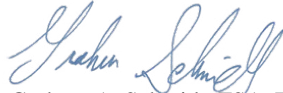


Board Members  
May 21, 2024  
Page 4

Cheiron's reports were prepared for the Plan for the purposes described herein and for the use by the plan auditor and participating employers' auditors in completing an audit related to the matters herein. Other users of these reports are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

As credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinions contained in these reports. These reports do not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

Respectfully Submitted,  
Cheiron



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## Summary of Actuarial Assumptions and Methods

Actuarial assumptions and methods are both recommended by our actuarial consultant, Cheiron, and adopted by the Board of Retirement on an annual basis. The most current Actuarial Valuation was conducted on January 1, 2023, for the period ending December 31, 2022.

An Experience Analysis is completed once every three years. The most recent Experience Analysis was conducted on August 10, 2022, for the years 2019 through 2020.

<b>ACTUARIAL COST METHOD</b>	Entry Age Normal Cost Method
<b>UNFUNDED LIABILITY</b>	The excess of the Actuarial Liability over Plan assets is the Unfunded Actuarial Liability (UAL). The UAL is amortized as a percentage of the projected salaries of present and future members of SJCERA. Effective with the January 1, 2015 valuation, the UAL as of January 1, 2014 is amortized over a closed 19-year period, with 10 years remaining as of January 1, 2023, except for the additional UAL attributable to the extraordinary loss from 2008, which is being amortized over a separate closed period, 16 years remaining as of January 1, 2023. Any subsequent unexpected change in the UAL after January 1, 2014, is amortized over 15 years. The UAL payment for the 2020 assumption change was phased in over a three-year period.
<b>VALUATION INTEREST RATE</b>	The annual rate of return on all Plan assets is assumed to be 6.75% net of investment expenses.
<b>INFLATION ASSUMPTION</b>	2.60% per annum
<b>ADMINISTRATIVE EXPENSES</b>	Administrative expenses are assumed to be \$5,315,922 for the next year to be split between employees and employers based on their share of the overall contributions. Expenses are expected to grow with the cost of living (by 2.75% per year).
<b>POST RETIREMENT COLA</b>	For those with the 3% COLA benefit (i.e., 100% of CPI up to 3% annually with banking), 2.60% annual increases are assumed. Increases are assumed to occur on April 1. Higher COLA annual increases of 2.75% are assumed for members in pay status. This is not considered an assumption change, but rather is used as a proxy to estimate the value of the increases in COLA banks which have occurred since the adoption of the 2.60% assumption based on recent experience.
<b>INCREASES IN PAY</b>	Assumed pay increases for active members consist of increases due to base salary adjustments plus service-based increases due to longevity and promotion. Rates vary by years of service and classification (See <i>Salary Scale Schedule</i> ).
<b>ASSET VALUATION METHOD</b>	The Plan uses a modified market-related value method called the Actuarial Value of Plan Assets. The fair value of assets is adjusted to recognize, over a five-year period, differences between actual investment earnings and the assumed investment return. Accordingly, only 20% of this difference is being recognized in any one year (See <i>Actuarial Value of Assets Schedule</i> ).

(Continued on page 78)



## Summary of Actuarial Assumptions and Methods

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Mortality rates for General active members are based on the sex distinct 2021 CalPERS Pre-Retirement Non-Industrial Mortality Table, with generational mortality improvements projected from 2017 using 80% Projection Scale MP-2020.

Mortality rates for Safety active members are based on the sum of the rates from 2021 CalPERS Industrial and Non-Industrial Mortality tables, with generational mortality improvements projected from 2017 using 80% of Projection Scale MP-2020. 10% of Safety member active deaths are assumed to occur in the line of duty.

### HEALTHY MEMBER MORTALITY

Mortality rates for healthy General annuitants are based on the sex distinct 2021 CalPERS Healthy Annuitant Mortality Tables, with generational mortality improvements projected from 2017 using 80% of Projection Scale MP-2020, and a partial credibility adjustment of 1.05 for males and no adjustment for females.

Mortality rates for Safety annuitants are based on the sex distinct 2021 CalPERS Healthy Annuitant Mortality Table, with generational mortality improvements projected from 2017 using 80% of Projection Scale MP-2020, and a partial credibility adjustment of 1.05 for males and no adjustment for females.

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### DISABLED MEMBER MORTALITY

Mortality rates for General disabled annuitants are based on status. Rates for General disabled annuitants with a service-related disability are based on the sex distinct 2021 CalPERS Industrial Disabled Annuitant Mortality Table, with generational mortality improvements projected from 2017 using 80% of Projection Scale MP-2020. Rates for General disabled annuitants with a non-service-related disability are based on the sex distinct 2021 CalPERS Non-Industrial Disabled Annuitant Mortality Table, with a generational mortality improvement asset projected from 2017 using 80% of Projection Scale MP-2020.

Mortality rates for Safety disabled annuitants are based on the sex distinct 2021 CalPERS Industrially Disabled Mortality Table, with generational mortality improvements projected from 2017 using Projection 80% of Scale MP-2020.

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### VESTED TERMINATION RATES

Rates vary by service and classification (See *Probabilities of Separation Schedule*).

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### WITHDRAWAL RATES

Rates vary by service and classification (See *Probabilities of Separation Schedule*).

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### DISABILITY RATES

Rates vary by age, gender, and classification (See *Probabilities of Separation Schedule*).

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### DUTY DISABILITY RATES

Rates vary by age, gender, and classification (See *Probabilities of Separation Schedule*).

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(Continued on page 79)

## Summary of Actuarial Assumptions and Methods

<b>SERVICE RETIREMENT RATES</b>	Rates vary by age, service, gender, and classification (See <i>Probabilities of Separation Schedule</i> ).
<b>FAMILY COMPOSITION</b>	Male members are assumed to be three years older than their spouses, and female members are assumed to be two years younger than their spouses. It is assumed that 90% of participants with eligible beneficiaries who do not have a service-related disability elect the 60% Joint and Survivor allowance. 55% of female members and 75% of male members who retire, become disabled, or die during active service are assumed to be married.
<b>WITHDRAWALS</b>	<p>Rates of withdrawal apply to active Members who terminate their employment and withdraw their member contributions, forfeiting entitlement to future Plan benefits.</p> <p>50% of all General Member terminations with less than five years of service, 25% of those with five to 14 years of service, and 10% of those with 15 or more years of service, are assumed to take a refund of contributions.</p> <p>50% of all Safety Member terminations with less than five years of service, 20% of those with five to 14 years of services, and 15% of those with 15 or more years of service, are assumed to take a refund of contributions.</p>
<b>VESTED TERMINATIONS</b>	<p>75% of vested terminated General Members with less than five years of service, 25% of those with five to 14 years of service, and 40% of those with 15 or more years of service, are assumed to be reciprocal.</p> <p>67% of vested terminated Safety Members with less than five years of service, and 50% of those with five or more years of service, are assumed to be reciprocal.</p>
<b>DEFERRAL AGE FOR VESTED TERMINATORS</b>	Vested terminated General Members are assumed to begin receiving benefits at age 58. Vested terminated Safety Members are assumed to begin receiving benefits at age 50, unless they have outgoing reciprocity, in which case they are assumed to begin receiving benefits at age 53.
<b>EMPLOYMENT STATUS</b>	No future transfers among member groups are assumed.

# Actuarial

## Schedule of Active Member Valuation Data

FISCAL YEAR	PLAN TYPE	MEMBERS	ANNUAL PAYROLL	AVERAGE ANNUAL SALARY	AVERAGE SALARY INCREASE
2022	General	5,420	\$ 447,145,524	\$ 82,499	6.81%
	Safety	824	87,240,416	105,874	13.67%
	TOTAL	6,244	\$ 534,385,940	\$ 85,584	7.87%
2021	General	5,492	424,197,359	77,239	2.89%
	Safety	837	77,959,639	93,142	2.99%
	TOTAL	6,329	\$ 502,156,998	\$ 79,342	2.93%
2020	General	5,518	414,244,475	75,071	2.50%
	Safety	832	75,245,783	90,440	3.38%
	TOTAL	6,350	\$ 489,490,258	\$ 77,085	2.61%
2019	General	5,526	404,710,743	73,238	-0.03%
	Safety	843	73,747,564	87,482	3.51%
	TOTAL	6,369	\$ 478,458,307	\$ 75,123	0.45%
2018	General	5,485	401,820,940	73,258	3.86%
	Safety	860	72,680,957	84,513	1.40%
	TOTAL	6,345	\$ 474,501,897	\$ 74,784	3.52%
2017	General	5,370	381,151,442	70,978	0.63%
	Safety	848	70,776,611	83,463	0.14%
	TOTAL	6,218	\$ 451,928,053	\$ 72,681	0.61%
2016	General	5,291	373,202,798	70,535	6.22%
	Safety	811	67,593,920	83,346	-0.55%
	TOTAL	6,102	\$ 440,796,718	\$ 72,238	5.10%
2015	General	5,131	340,731,847	66,407	0.36%
	Safety	793	66,456,278	83,804	1.19%
	TOTAL	5,924	\$ 407,188,125	\$ 68,735	0.22%
2014	General	4,879	322,836,680	66,169	-0.86%
	Safety	827	68,491,483	82,819	1.57%
	TOTAL	5,706	\$ 391,328,163	\$ 68,582	-0.44%
2013	General	4,748	316,885,044	66,741	-0.57%
	Safety	805	65,640,055	81,540	1.69%
	TOTAL	5,553	\$ 382,525,099	\$ 68,886	-0.31%

Payroll figures represent active member's annualized pay rates on December 31. The most current Actuarial Valuation was conducted on January 1, 2023 for the period ending December 31, 2022. The information in subsequent year is currently not available.

## Schedule of Retirees and Beneficiaries Valuation Data

FISCAL YEAR	PLAN TYPE	MEMBER RETIREMENTS	BENEFICIARY CONTINUANCE	MEMBERS AND BENEFICIARIES REMOVED	TOTAL RETIREES ON PAYROLL	ANNUAL RETIREMENT PAYROLL	AVERAGE ANNUAL ALLOWANCE	AVERAGE ALLOWANCE % INCREASE
2022	General	236	48	156	5,523	\$ 202,648,699	\$ 36,692	3.0%
	Safety	35	3	16	1,169	75,687,232	64,745	3.1%
	<b>TOTAL</b>	<b>271</b>	<b>51</b>	<b>172</b>	<b>6,692</b>	<b>\$ 278,335,931</b>	<b>\$ 41,592</b>	<b>3.0%</b>
2021	General	246	58	159	5,395	\$ 192,121,249	\$ 35,611	2.3%
	Safety	48	24	36	1,147	71,998,606	62,771	0.8%
	<b>TOTAL</b>	<b>294</b>	<b>82</b>	<b>195</b>	<b>6,542</b>	<b>\$ 264,119,855</b>	<b>\$ 40,373</b>	<b>1.9%</b>
2020	General	237	47	159	5,250	\$ 182,786,202	\$ 34,816	3.9%
	Safety	37	10	19	1,111	69,214,609	62,299	2.5%
	<b>TOTAL</b>	<b>274</b>	<b>57</b>	<b>178</b>	<b>6,361</b>	<b>\$ 252,000,811</b>	<b>\$ 39,617</b>	<b>3.5%</b>
2019	General	237	57	179	5,125	\$ 171,791,597	\$ 33,520	3.9%
	Safety	49	13	22	1,083	65,822,764	60,778	3.3%
	<b>TOTAL</b>	<b>286</b>	<b>70</b>	<b>201</b>	<b>6,208</b>	<b>\$ 237,614,361</b>	<b>\$ 38,276</b>	<b>3.9%</b>
2018	General	290	47	133	5,010	\$ 161,602,326	\$ 32,256	3.9%
	Safety	39	8	20	1,043	61,364,472	58,835	3.4%
	<b>TOTAL</b>	<b>329</b>	<b>55</b>	<b>153</b>	<b>6,053</b>	<b>\$ 222,966,798</b>	<b>\$ 36,836</b>	<b>3.6%</b>
2017	General	249	49	149	4,806	\$ 149,183,295	\$ 31,041	3.6%
	Safety	46	12	13	1,016	57,837,517	56,927	1.4%
	<b>TOTAL</b>	<b>295</b>	<b>61</b>	<b>162</b>	<b>5,822</b>	<b>\$ 207,020,812</b>	<b>\$ 35,558</b>	<b>3.1%</b>
2016	General	251	40	128	4,657	\$ 139,511,334	\$ 29,957	3.6%
	Safety	40	12	22	971	54,508,607	56,137	4.0%
	<b>TOTAL</b>	<b>291</b>	<b>52</b>	<b>150</b>	<b>5,628</b>	<b>\$ 194,019,941</b>	<b>\$ 34,474</b>	<b>3.7%</b>
2015	General	228	45	136	4,494	\$ 129,928,957	\$ 28,912	4.4%
	Safety	54	15	19	941	50,813,875	54,000	4.9%
	<b>TOTAL</b>	<b>282</b>	<b>60</b>	<b>155</b>	<b>5,435</b>	<b>\$ 180,742,832</b>	<b>\$ 33,255</b>	<b>4.8%</b>
2014	General	247	51	112	4,358	\$ 120,722,240	\$ 27,701	5.2%
	Safety	29	14	21	891	45,889,472	51,503	2.8%
	<b>TOTAL</b>	<b>276</b>	<b>65</b>	<b>133</b>	<b>5,249</b>	<b>\$ 166,611,712</b>	<b>\$ 31,742</b>	<b>4.3%</b>
2013	General	213	52	134	4,172	\$ 109,864,971	\$ 26,334	4.3%
	Safety	22	11	20	869	43,546,661	50,111	2.1%
	<b>TOTAL</b>	<b>235</b>	<b>63</b>	<b>154</b>	<b>5,041</b>	<b>\$ 153,411,632</b>	<b>\$ 30,433</b>	<b>3.5%</b>

Payroll figures represent year end monthly retirement benefits annualized and exclude Post-Employment Healthcare benefits and benefits. The most current Actuarial Valuation was conducted on January 1, 2023 for the period ending December 31, 2022. The information in subsequent year is currently not available.

# Actuarial

## Retirees and Beneficiaries Added to and Removed from Retiree Payroll

FISCAL YEAR	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS AT YEAR END		% INCREASE IN RETIREE ALLOWANCE	AVERAGE ANNUAL ALLOWANCE
	MEMBER COUNT	ANNUAL ALLOWANCE (IN 000'S)*	MEMBER COUNT	ANNUAL ALLOWANCE (IN 000'S)	MEMBER COUNT	ANNUAL ALLOWANCE (IN 000'S)		
2022	322	\$ 19,736	(172)	\$ (5,520)	6,692	\$ 278,336	3.02%	\$ 41,592
2021	376	19,519	(195)	(7,400)	6,542	264,120	1.91%	40,373
2020	333	19,967	(180)	(5,580)	6,361	252,001	3.50%	39,617
2019	355	20,574	(200)	(5,927)	6,208	237,614	3.91%	38,276
2018	382	19,839	(151)	(3,893)	6,053	222,967	3.59%	36,836
2017	355	17,288	(161)	(4,287)	5,822	207,021	3.15%	35,558
2016	343	17,151	(150)	(3,868)	5,628	194,020	3.66%	34,474
2015	341	17,766	(155)	(3,651)	5,435	180,737	4.77%	33,255
2014	340	16,230	(132)	(3,030)	5,249	166,612	4.30%	31,742
2013	297	\$ 12,908	(153)	\$ (3,530)	\$ 5,041	\$ 153,412	3.47%	\$ 30,433

\* Includes COLA amounts not included in previous year's Annual Allowance totals.

## Schedule of Funded Liabilities by Type

(DOLLARS IN THOUSANDS)									
FISCAL YEAR	ACTUARIAL ACCRUED LIABILITY			TOTAL ACTUARIAL ACCRUED LIABILITY	ACTUARIAL VALUE OF ASSETS	PORTION OF ACCRUED LIABILITIES COVERED BY REPORTED ASSETS			
	(1) ACTIVE MEMBERS CONTRIBUTIONS	(2) RETIREES AND BENEFICIARIES	(3) ACTIVE MEMBERS (EMPLOYER FINANCED PORTION)			(1)	(2)	(3)	
	2022	\$ 494,247	\$ 3,647,845			\$ 1,532,571	\$ 5,674,663	\$ 4,084,688	100%
2021	457,136	3,436,812	1,429,840	5,323,789	3,852,266	100%	99%	0.0%	
2020	426,570	3,328,307	1,452,792	5,207,669	3,487,424	100%	92%	0.0%	
2019	396,549	3,162,983	1,454,101	5,013,632	3,226,099	100%	89%	0.0%	
2018	368,550	2,910,061	1,442,676	4,721,287	3,044,898	100%	92%	0.0%	
2017	344,504	2,706,791	1,445,681	4,496,976	2,913,161	100%	95%	0.0%	
2016	318,021	2,513,640	1,403,433	4,235,094	2,733,852	100%	96%	0.0%	
2015	297,179	2,347,908	1,361,303	4,006,390	2,604,473	100%	98%	0.0%	
2014	276,818	2,117,010	1,337,806	3,731,634	2,471,291	100%	100%	6.0%	
2013	258,198	1,956,931	1,346,730	3,561,859	2,285,166	100%	100%	5.0%	

This schedule excludes, POST 4/1/82 Retiree Class Action Settlement Reserve and Unapportioned Earnings Reserve. The most current Actuarial Valuation was conducted on January 1, 2023 for the period ending December 31, 2022. The information in subsequent year is currently not available.

# Actuarial

## Schedule of Funding Progress Defined Benefit Pension Plan

FOR THE LAST TEN FISCAL YEARS ENDED DECEMBER 31

(DOLLARS IN THOUSANDS)						
FISCAL YEAR	ACTUARIAL VALUE OF ASSETS <sup>1</sup> (A)	ACTUARIAL LIABILITY (AL) (B)	UNFUNDED ACTUARIAL LIABILITY (UAL) (B-A)	FUNDED RATIO (A/B)	COVERED PAYROLL <sup>2</sup> (C)	UAL AS A PERCENTAGE OF ANNUAL COVERED PAYROLL ((B-A)/C)
2022	\$ 4,084,688	\$ 5,674,663	\$ 1,589,974	72.0%	\$ 534,386	297.5%
2021	3,852,266	5,323,789	1,471,523	72.4%	502,157	293.0%
2020	3,487,424	5,207,669	1,720,245	67.0%	496,778	346.3%
2019	3,226,099	5,013,632	1,787,533	64.3%	485,582	368.1%
2018	3,044,897	4,721,287	1,676,390	64.5%	481,917	347.9%
2017	2,913,161	4,496,976	1,583,815	64.8%	458,991	345.1%
2016	2,733,852	4,235,094	1,501,242	64.6%	447,685	335.3%
2015	2,604,473	4,006,390	1,401,917	65.0%	413,552	339.0%
2014	2,471,291	3,731,634	1,260,343	66.2%	397,636	317.0%
2013	2,285,166	3,561,859	1,276,693	64.2%	388,691	328.5%

<sup>1</sup> The actuarial value of assets reflects the smoothing method that adjusts market value differences between the assumed and the actual investment return over a 5-year period.

<sup>2</sup> Represents the annualization of active members' pay rates on December 31 as determined by the actuarial study.

## Assumed Probabilities of Separation from Active Membership (General)

AGE	NON-DUTY DEATH	ORDINARY DISABILITY	SERVICE RETIREMENT <sup>1</sup>	DUTY DEATH	DUTY DISABILITY
<b>General Members – Male</b>					
20	0.0004	0.000	0.000	0.000	0.001
25	0.0004	0.000	0.000	0.000	0.001
30	0.0005	0.000	0.000	0.000	0.001
35	0.0007	0.000	0.000	0.000	0.001
40	0.0009	0.001	0.000	0.000	0.004
45	0.0010	0.001	0.000	0.000	0.004
50	0.0013	0.001	0.030	0.000	0.003
55	0.0019	0.001	0.065	0.000	0.004
60	0.0029	0.001	0.090	0.000	0.004
65	0.0041	0.001	0.250	0.000	0.005
<b>General Members – Female</b>					
20	0.0001	0.000	0.000	0.000	0.000
25	0.0001	0.000	0.000	0.000	0.000
30	0.0002	0.000	0.000	0.000	0.000
35	0.0003	0.000	0.000	0.000	0.000
40	0.0004	0.001	0.000	0.000	0.000
45	0.0005	0.002	0.000	0.000	0.001
50	0.0008	0.002	0.035	0.000	0.001
55	0.0012	0.002	0.035	0.000	0.001
60	0.0018	0.001	0.125	0.000	0.000
65	0.0025	0.002	0.300	0.000	0.001

<sup>1</sup> Lower rates assumed for members with less than 10 years of service, and higher rates assumed for members with at least 30 years of service.

The probabilities for each cause of separation represent the likelihood that a given member will separate at a particular age for the indicated reason. As an example, if the probability of separation of a male general member at age 20 is 0.036, that indicates that 3.6% of active general members are expected to separate from service during the year. Rates of Duty and Non-Duty Death are for active members who reach the given age during 2022.



# Actuarial

## Assumed Probabilities of Separation from Active Membership (Safety)

AGE	NON-DUTY DEATH	ORDINARY DISABILITY	SERVICE RETIREMENT <sup>1</sup>	DUTY DEATH	DUTY DISABILITY
<b>Safety Members – Male</b>					
20	0.0004	0.000	0.050	0.0004	0.000
25	0.0004	0.000	0.050	0.0004	0.001
30	0.0005	0.000	0.050	0.0005	0.001
35	0.0006	0.000	0.050	0.0006	0.002
40	0.0007	0.000	0.050	0.0007	0.004
45	0.0008	0.000	0.050	0.0008	0.008
50	0.0010	0.001	0.175	0.0010	0.014
55	0.0015	0.001	0.175	0.0015	0.014
<b>Safety Members – Female</b>					
20	0.0002	0.000	0.050	0.0002	0.000
25	0.0002	0.000	0.050	0.0002	0.001
30	0.0003	0.000	0.050	0.0003	0.001
35	0.0004	0.000	0.050	0.0004	0.002
40	0.0005	0.000	0.050	0.0005	0.004
45	0.0006	0.000	0.050	0.0006	0.009
50	0.0008	0.001	0.175	0.0008	0.014
55	0.0012	0.001	0.175	0.0012	0.014

<sup>1</sup> Lower rates assumed for members with less than 20 years of service.

## Salary Increase, Termination, and Withdrawal Assumptions

YEARS OF SERVICE	SALARY INCREASE		WITHDRAWAL		TERMINATION	
	GENERAL	SAFETY	GENERAL	SAFETY	GENERAL <sup>1</sup>	SAFETY <sup>2</sup>
0	0.1124	0.1330	0.100	0.060	0.100	0.060
1	0.1021	0.1330	0.065	0.035	0.065	0.035
2	0.0712	0.0815	0.050	0.025	0.050	0.025
3	0.0712	0.0815	0.039	0.025	0.039	0.025
4	0.0506	0.0815	0.039	0.025	0.039	0.025
5	0.0506	0.0532	0.019	0.010	0.058	0.040
6	0.0506	0.0429	0.019	0.006	0.058	0.024
7	0.0506	0.0429	0.011	0.004	0.034	0.016
8	0.0429	0.0429	0.011	0.004	0.034	0.016
9	0.0429	0.0429	0.009	0.004	0.028	0.016
10	0.0403	0.0429	0.009	0.004	0.028	0.016
11	0.0403	0.0429	0.007	0.004	0.021	0.016
12	0.0403	0.0429	0.007	0.004	0.021	0.016
13	0.0403	0.0429	0.006	0.004	0.019	0.016
14	0.0403	0.0429	0.006	0.004	0.019	0.016
15	0.0352	0.0429	0.003	0.002	0.023	0.011
16	0.0352	0.0429	0.003	0.002	0.023	0.011
17	0.0352	0.0429	0.003	0.002	0.023	0.011
18	0.0352	0.0429	0.003	0.002	0.023	0.011
19	0.0352	0.0429	0.003	0.002	0.023	0.011
20	0.0352	0.0429	0.001	0.000	0.009	0.000
21	0.0352	0.0429	0.001	0.000	0.009	0.000
22	0.0352	0.0429	0.001	0.000	0.009	0.000
23	0.0352	0.0429	0.001	0.000	0.009	0.000
24	0.0352	0.0429	0.001	0.000	0.009	0.000
25	0.0352	0.0429	0.001	0.000	0.009	0.000
26	0.0352	0.0429	0.001	0.000	0.009	0.000
27	0.0352	0.0429	0.001	0.000	0.009	0.000
28	0.0352	0.0429	0.001	0.000	0.009	0.000
29	0.0352	0.0429	0.001	0.000	0.009	0.000
30+	0.0352	0.0429	0.000	0.000	0.000	0.000

<sup>1</sup> 75% of vested terminated General Members with less than five years of service, 25% of those with five to 14 years of service, and 40% of those with more than 15 years of service, are assumed to be reciprocal.

<sup>2</sup> 67% of vested terminated Safety Members with less than five years of service, and 50% of those with more than five years of service, are assumed to be reciprocal.

# Actuarial

## Actuarial Value of Assets and Reserves

The Actuarial Value of Assets represents a “smoothed” value developed by the actuary to reduce contribution volatility, which could develop due to short-term fluctuations in the Market Value of Assets. For this System, the Actuarial Value of Assets is calculated by recognizing the deviation of actual investment returns compared to the expected return over a five-year period.

The dollar amount of the expected return on the Market Value of Assets is determined using the actual contributions, administrative expense, and benefit payments during the year. Any difference between this amount and the actual investment earnings is considered a gain or loss. However, in no event will the Actuarial Value of Assets be less than 80% or more than 120% of market value on the valuation date. The following table shows the development of the actuarial asset value.

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS AS OF JANUARY 1, 2023									
YEAR	(A) CONTRIBUTIONS	(B) BENEFITS	(C) ADMIN. EXPENSE	(D) HEALTHCARE FUND TRANSFER	(E) EXPECTED RETURN	(F) ACTUAL RETURN	(G)=(F)-(E) ADDITIONAL EARNINGS	(H) NOT RECOGNIZED	(I)=(G)X(H) UNRECOGNIZED EARNINGS
2019	\$ 263,627,444	\$ 236,350,072	\$ 4,931,163	\$ 299,014	\$ 206,793,106	\$ 380,674,528	\$ 173,881,422	20%	\$ 34,776,284
2020	281,269,983	251,551,677	4,536,455	172,041	227,983,829	276,996,530	49,012,701	40%	19,605,080
2021	350,118,275	265,965,599	4,639,439	270,570	251,024,692	572,291,948	321,267,256	60%	192,760,354
2022	316,485,355	279,363,795	5,621,704	224,628	284,479,114	(412,759,726)	(697,238,840)	80%	(557,791,072)
(1)	Total Unrecognized Dollars								(310,649,354)
(2)	Market Value of Assets as of December 31, 2022								3,817,752,762
(3)	Preliminary Actuarial Value of Assets as of December 31, 2022: [(2) – (1)]								4,128,402,116
(4)	Corridor Limits								
	a. 80% of Net Fair Value								3,054,202,210
	b. 120% of Net Fair Value								4,581,303,314
(5)	Actuarial Value of Assets after Corridor								4,128,402,116
(6)	Ratio of Actuarial Value to Market Value [(5) ÷ (2)]								108.14%
(7)	Market Stabilization Designation [(2) – (5)]								(310,649,354)
(8)	Special (Non Valuation) Reserves:								
	Class Action Settlement – Post 4/1/1982								80,451
	Contingency								43,633,169
	Total Special Reserves								43,713,620
(9)	ACTUARIAL VALUE OF ASSETS FOR THE FUNDING RATIO: [(5) – (8)]								\$ 4,084,688,496
(10)	ADDITIONAL COUNTY CONTRIBUTION RESERVES								\$ 193,406,243
(11)	ACTUARIAL VALUE OF ASSETS USED FOR CALCULATING THE EMPLOYER CONTRIBUTION RATES: [(9) – (10)]								\$ 3,891,282,253

### MEMBERSHIP

Membership is mandatory upon appointment to a full-time, permanent position with the County and other participating employer. Elected officials and persons who are age 60 or older at the time of employment in a position requiring membership in SJCERA may choose not to participate.

**Tier 1** – Employees who established and maintain membership in SJCERA prior to January 1, 2013, and other eligible employees as defined by law, participate in the defined benefit formula that was in place before January 1, 2013, termed “SJCERA Tier I.”

**Tier 2** – Employees who establish membership in SJCERA on or after January 1, 2013, who are subject to the provisions of the Public Employees’ Pension Reform Act of 2013, with members hired after January 1, 2022 being members of Tier 2B (Article 4 (commencing with Section 7522, et seq.) of Chapter 21 of Division 7 of Title 1 of the Government Code), also known as “PEPRA,” participate in the defined benefit formula prescribed by PEPRA for these employees, termed “SJCERA Tier II.”

### FINAL COMPENSATION

For Tier 1 Members, Final Compensation means the highest average Compensation earned during any 12 consecutive months of the Member's employment. In addition to base salary, final compensation may include other items defined as compensation earnable for retirement purpose. Overtime pay is excluded.

For Tier 2 and 2B Members, highest average Compensation will be based on the highest 36 consecutive months, rather than 12 months. In addition to base salary, final compensation may include other items defined as pensionable compensation. Allowances, incentives, employer contributions to deferred compensation, annual leave cash outs and overtime pay are excluded.

### CONTRIBUTIONS

Member contributions are based upon membership category, General or Safety, are expressed as a percentage of covered payroll, and are deducted from employees’ earnings on a biweekly basis. Collective bargaining agreements and employment resolutions may also specify terms that affect members’ retirement contributions.

Tier 1 members pay contributions based upon the age at which the employee entered SJCERA membership. Members of Tier 1 employed prior to March 7, 1973, and all Safety members of Tier 1 stop paying member contributions when they have 30 years of service credit, but continue to accrue retirement service credit for subsequent active employment subject to membership.

Tier 2/2B members pay contributions equal to one-half of the normal cost of their applicable benefits. General and Safety members pay different rates.

## Summary of Major Plan Provisions

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Member contributions are credited with interest semi-annually. Upon termination of employment prior to retirement, a member may elect to withdraw his or her accumulated member contributions and interest, terminating SJCERA membership and forfeiting all related rights and benefits.

### DEFERRED VESTED BENEFIT

A Member is eligible for a Deferred Vested Benefit upon termination of employment after earning five years of Credited Service, including reciprocity service from another system. The Member must leave his or her Member Contributions with interest on deposit with the Plan.

### SERVICE RETIREMENT

#### TIER 1

For retirements effective January 1, 2001 and later, retirement benefits are as provided under Sections 31676.14 and 31664.1 of the County Employees' Retirement Law.

A Tier 1 Member may retire for service at age 50 or older with five years of service credit, and at least ten years has elapsed since the date of membership. Alternatively, General Members may retire at any age with 30 or more years of service and Safety Members may retire at any age with 20 or more years of service.

The benefit formula for General Tier 1 members is 2.6% of final compensation for each year of service credit at age 62. The formula for Safety Tier 1 members is 3% of final compensation for each year of service credit at age 50. Social Security integration reduces benefits by one-third on the first \$350 of monthly final average salary. The maximum benefit payable is the lesser of 100% of final average salary or the federal annual compensation limit under Internal Revenue Code Section 401(a)(17), if applicable.

#### TIER 2

Tier 2/2B Members – Retirement benefits are as provided under Sections 7522.20 and 7522.25(d) of PEPRA.

A Tier 2/2B Member may retire for service with five years of service credit upon attaining the minimum retirement age: Age 52 for General Members, and Age 50 for Safety Members.

The benefit formula for General Tier 2 members is up to 2.5% of final compensation for each year of service credit at age 67. The formula for Safety Tier 2 members is up to 2.7% of final compensation for each year of service credit at age 57. PEPRA specifies the maximum annual compensation that may be used to calculate retirement benefits. A lower limit applies to members whose service under SJCERA is also covered by Social Security, and a higher limit applies to members whose service under SJCERA is not covered by Social Security. These limits are adjusted annually based on changes in the Consumer Price Index.

Any member of SJCERA, regardless of benefit tier, may retire at age 70 with no minimum service credit requirement.

### DISABILITY RETIREMENT

Members with five years of service credit, regardless of age, are eligible to apply for a non-service connected disability retirement. If granted, the benefit is the greater of:

- 1) 1.5%, for General Members, of final average salary at disability multiplied by years of Credited Service at disability. 1.8% for final average salary for Safety Members.
- 2) 1.5%, for General Members, 1.8% for Safety Members, of final average salary at disability multiplied by years of Credited Service projected to age 65 for General Members, and age 55 for Safety Members, but not to exceed one-third of final compensation.
- 3) If the Member is eligible at disability for a Service Retirement Benefit, the Service Retirement Benefit accrued on the date of disability.

Any active member, regardless of years of service credit, is eligible to apply for a service-connected disability retirement. If granted, the benefit is the greater of:

- 4) 50% of the member's final average salary, or
- 5) If the member is eligible for a disability for a Service Retirement Benefit – the Service Retirement Benefit accrued on the date of disability.

### DEATH BENEFITS

**Basic Death Benefit** – The beneficiary of a member who dies prior to attaining five years of credited service receives a refund of the member's accumulated contributions and interest plus one month's salary for each full year of service, up to a maximum of six months' salary.

If the death occurs after the member attained five years of credited service and is not the result of a service-related injury or disease, the surviving spouse or minor children may elect to receive, in lieu of the Basic Death Benefit, either 60% of the retirement allowance to which the deceased member would have been entitled had the member retired for service or non-service-connected disability on the date of death, or a lump sum payment of six months' salary and a reduced monthly retirement benefit. The monthly allowance payable to a minor child is discontinued when the child marries or attains age 18, or age 22 if a full-time student.

Upon the death of a retiree, the beneficiary may receive a continuance of 100%, 60%, or 50% of the deceased member's retirement benefit as determined by the type of retirement and optional settlement elected by the member. The beneficiary also receives a \$5,000 lump-sum death benefit.

### COST-OF-LIVING BENEFITS

All monthly allowances are eligible for an annual cost-of-living adjustment (COLA) based on the change in the Consumer Price Index (CPI) for the San Francisco Bay Area. Annual adjustments may not exceed 3%. When the CPI exceeds 3% in any year, the difference between the actual change in CPI (rounded to the nearest one-half percent) and the 3% ceiling is "banked" for future adjustments when change in CPI is less than 3%.



Statistical

## Summary of Statistical Data

This section of the Annual Comprehensive Financial Report provides additional historical perspective, context, and detail in order to provide a more comprehensive understanding of this year's financial statements, note disclosures, and supplementary information.

This section provides supplementary information according to Governmental Accounting Standards Board (GASB) Statement No. 44, which establishes and modifies required data by providing multi-year trend information to provide an understanding of how the organization's financial activities and positions have changed over time. The Statistical Information is presented to include two main categories required by pension plans: Financial Trends Information and Operating Information.

### FINANCIAL TRENDS

Ten-year trend information is presented to assist readers in understanding how the Plan's financial position has changed over time and provides historical information as to total plan net position and total changes in plan net position, the Plan's additions by source, deductions by type, benefits and refunds by type (service retirement, disability retirement, survivors/beneficiaries benefits, refunds and death benefits).

- *Schedule of Fiduciary Net Position* (page 94)
- *Schedule of Changes in Fiduciary Net Position* (page 95)
- *Schedule of Revenues by Source* (page 96)
- *Schedule of Expenses by Type* (page 96)
- *Schedule of Benefit and Refund Expenses by Type* (page 97)
- *Schedule of Retired Members by Type* (page 98)

### OPERATING INFORMATION

Operating Information is intended to provide information about operations and resources to assist readers in using financial statement information to understand and assess a government's economic condition. The following schedules present the average monthly benefit, and average final salary, organized in five-year increments of credit service and since retirement, as well as the participating employers and their corresponding covered employees.

- *Schedule of Average Monthly Benefit Payments by Number of Years of Credited Service* (pages 99-103)
- *Schedule of Average Monthly Benefit Payments by Number of Years Since Retirement* (pages 104-106)
- *Schedule of Participating Employers* (page 107)



# Statistical

## Schedule of Fiduciary Net Position

FOR THE LAST TEN FISCAL YEARS ENDED DECEMBER 31

	(DOLLARS IN THOUSANDS)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>ASSETS</b>										
Cash and Cash Equivalents	\$ 195,065	\$ 266,916	\$ 408,412	\$ 230,045	\$ 118,801	\$ 210,876	\$ 185,216	\$ 225,343	\$ 226,912	\$ 250,500
Receivables	28,152	18,169	61,320	14,581	17,193	13,747	8,862	10,524	8,930	12,081
Investments	4,064,749	3,660,702	3,893,690	3,389,474	3,158,399	2,701,519	2,773,701	2,463,816	2,328,265	2,371,380
Prepaid Expenses	127	113	100	141	82	85	90	127	112	86
Equipment and Fixtures, Net	4,533	3,143	154	136	180	212	74	116	192	315
<b>TOTAL ASSETS</b>	<b>\$4,292,626</b>	<b>\$3,949,042</b>	<b>\$4,363,676</b>	<b>\$3,634,377</b>	<b>\$3,294,655</b>	<b>\$2,926,439</b>	<b>\$2,967,943</b>	<b>\$2,699,926</b>	<b>\$2,564,411</b>	<b>\$2,634,362</b>
<b>LIABILITIES</b>										
Securities Lending – Cash Collateral	\$ 9,035	\$ 2,354	\$ 78,776	\$ 83,589	\$ 46,038	\$ 81,063	\$ 86,901	\$ 141,349	\$ 147,106	\$ 164,195
Securities Purchased, Not Paid	65,284	125,565	84,977	2,987	3,402	2,418	173	2,542	2,739	1,671
Accrued Expenses and Other Payables	2,238	2,910	1,127	1,076	762	1,723	1,475	1,170	1,306	2,138
Securities Lending Interest and Other Expense	371	461	8	13	91	193	105	63	17	8
<b>TOTAL LIABILITIES</b>	<b>\$ 76,928</b>	<b>\$ 131,290</b>	<b>\$ 164,888</b>	<b>\$ 87,665</b>	<b>\$ 50,293</b>	<b>\$ 85,397</b>	<b>\$ 88,654</b>	<b>\$ 145,124</b>	<b>\$ 151,168</b>	<b>\$ 168,012</b>
<b>FIDUCIARY NET POSITION RESTRICTED FOR PENSION BENEFITS</b>	<b>\$4,215,698</b>	<b>\$3,817,752</b>	<b>\$4,198,788</b>	<b>\$3,546,712</b>	<b>\$3,244,362</b>	<b>\$2,841,042</b>	<b>\$2,879,289</b>	<b>\$2,554,802</b>	<b>\$2,413,243</b>	<b>\$2,466,350</b>

## Schedule of Changes in Fiduciary Net Position

FOR THE LAST TEN FISCAL YEARS ENDED DECEMBER 31

	(DOLLARS IN THOUSANDS)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>ADDITIONS</b>										
Member Contributions	\$ 54,934	\$ 47,405	\$ 43,456	\$ 40,569	\$ 38,099	\$ 35,378	\$ 33,635	\$ 30,117	\$ 29,027	\$ 27,368
Employer Contributions	292,752	269,080	306,662	240,701	225,529	208,758	200,052	159,123	150,372	136,686
Investment Income	347,583	(412,841)	571,306	276,853	380,600	(56,466)	299,882	151,031	(47,449)	110,651
Miscellaneous	83	82	986	143	74	68	78	84	109	77
Transfers Between Plans	-	225	271	172	299	324	365	294	379	19,969
<b>TOTAL ADDITIONS</b>	<b>\$ 695,352</b>	<b>\$ (96,050)</b>	<b>\$ 922,681</b>	<b>\$ 558,438</b>	<b>\$ 644,601</b>	<b>\$ 188,062</b>	<b>\$ 534,012</b>	<b>\$ 340,649</b>	<b>\$ 132,438</b>	<b>\$ 294,751</b>
<b>DEDUCTIONS</b>										
Benefits	\$ 286,272	\$ 273,184	\$ 261,980	\$ 248,063	\$ 233,405	\$ 219,079	\$ 203,109	\$ 192,732	\$ 179,585	\$ 164,335
Refunds	4,266	6,179	3,985	3,489	2,945	2,365	2,298	1,987	1,884	1,536
Administrative Expenses	6,649	5,622	4,640	4,536	4,931	4,865	4,119	4,370	4,076	4,043
Transfers Between Plans	220	-	-	-	-	-	-	-	-	-
<b>TOTAL DEDUCTIONS</b>	<b>\$ 297,407</b>	<b>\$ 284,985</b>	<b>\$ 270,605</b>	<b>\$ 256,088</b>	<b>\$ 241,281</b>	<b>\$ 226,309</b>	<b>\$ 209,526</b>	<b>\$ 199,089</b>	<b>\$ 185,545</b>	<b>\$ 169,914</b>
<b>CHANGE IN FIDUCIARY NET POSITION</b>	<b>\$ 397,945</b>	<b>\$ (381,035)</b>	<b>\$ 652,076</b>	<b>\$ 302,350</b>	<b>\$ 403,320</b>	<b>\$ (38,247)</b>	<b>\$ 324,486</b>	<b>\$ 141,560</b>	<b>\$ (53,107)</b>	<b>\$ 124,837</b>

# Statistical

## Schedules of Revenues by Source and Expenses by Type

### SCHEDULE OF REVENUES BY SOURCE

YEAR ENDED	MEMBER CONTRIBUTIONS	EMPLOYER CONTRIBUTIONS	INVESTMENT INCOME	MISCELLANEOUS	TRANSFER BETWEEN PLANS	TOTAL
2023	\$ 54,934,141	\$ 292,752,311	\$ 347,583,196	\$ 82,760	\$ 0	\$ 695,352,408
2022	47,405,308	269,080,047	(412,841,266)	81,540	224,628	(96,049,743)
2021	43,455,640	306,662,635	571,305,566	986,382	270,570	922,680,793
2020	40,568,995	240,700,988	276,853,178	143,352	172,041	558,438,554
2019	38,098,688	225,528,756	380,600,341	74,187	299,014	644,600,986
2018	35,377,951	208,757,572	(56,465,738)	68,140	324,269	188,062,194
2017	33,634,906	200,051,742	299,882,451	78,242	364,714	534,012,055
2016	30,117,408	159,122,523	151,031,174	83,614	293,779	340,648,498
2015	29,026,901	150,371,556	(47,449,240)	109,490	378,969	132,437,676
2014	27,367,908	136,686,133	110,651,111	77,192	19,968,779	294,751,123

### SCHEDULE OF EXPENSES BY TYPE

YEAR ENDED	BENEFITS	REFUNDS	ADMINISTRATIVE EXPENSES	TRANSFER BETWEEN PLANS	TOTAL
2023	\$ 286,271,647	\$ 4,266,024	\$ 6,649,659	\$ 219,676	\$ 297,407,006
2022	273,184,446	6,179,349	5,621,704	-	284,985,499
2021	261,980,166	3,985,433	4,639,439	-	270,605,038
2020	248,063,135	3,488,542	4,536,455	-	256,088,132
2019	233,405,209	2,944,863	4,931,163	-	241,281,235
2018	219,078,954	2,364,713	4,865,082	-	226,308,749
2017	203,109,466	2,297,504	4,118,578	-	209,525,548
2016	192,732,311	1,986,866	4,369,744	-	199,088,921
2015	179,585,136	1,883,777	4,075,745	-	185,544,658
2014	164,335,273	1,535,698	4,042,986	-	169,913,957

## Schedule of Benefit and Refund Expenses by Type

YEAR END	PLAN TYPE	SERVICE RETIREMENT PAYROLL	DISABILITY RETIREMENT PAYROLL	SURVIVORS AND BENEFICIARIES	REFUNDS OF MEMBERS' CONTRIBUTIONS	DEATH BENEFITS	TOTAL
2023	General	\$ 182,438,675	\$ 10,358,999	\$ 15,221,954	\$ 3,843,307	\$ 591,543	\$ 212,454,478
	Safety	56,072,357	13,770,089	7,755,613	422,717	62,417	78,083,193
	TOTAL	\$ 238,511,032	\$ 24,129,088	\$ 22,977,567	\$ 4,266,024	\$ 653,960	\$ 290,537,671
2022	General	\$ 174,221,213	\$ 10,233,815	\$ 14,231,986	\$ 5,918,057	\$ 697,572	\$ 205,302,643
	Safety	53,070,783	12,945,381	7,721,196	261,292	62,500	74,061,152
	TOTAL	\$ 227,291,996	\$ 23,179,196	\$ 21,953,182	\$ 6,179,349	\$ 760,072	\$ 279,363,795
2021	General	\$ 166,538,591	\$ 9,970,090	\$ 13,610,293	\$ 3,346,955	\$ 523,168	\$ 193,989,097
	Safety	51,442,541	12,692,566	7,117,689	638,478	85,228	71,976,502
	TOTAL	\$ 217,981,132	\$ 22,662,656	\$ 20,727,982	\$ 3,985,433	\$ 608,396	\$ 265,965,599
2020	General	\$ 156,370,175	\$ 10,131,890	\$ 12,767,095	\$ 3,097,776	\$ 723,834	\$ 183,090,770
	Safety	49,041,768	12,478,296	6,465,761	390,766	84,316	68,460,907
	TOTAL	\$ 205,411,943	\$ 22,610,186	\$ 19,232,856	\$ 3,488,542	\$ 808,150	\$ 251,551,677
2019	General	\$ 146,798,807	\$ 9,654,798	\$ 11,818,934	\$ 2,756,097	\$ 583,768	\$ 171,612,404
	Safety	46,270,186	12,185,339	6,008,377	188,766	85,000	64,737,668
	TOTAL	\$ 193,068,993	\$ 21,840,137	\$ 17,827,311	\$ 2,944,863	\$ 668,768	\$ 236,350,072
2018	General	\$ 137,812,569	\$ 9,134,223	\$ 11,265,536	\$ 1,975,078	\$ 565,401	\$ 160,752,807
	Safety	42,762,050	11,814,374	5,667,301	389,635	57,500	60,690,860
	TOTAL	\$ 180,574,619	\$ 20,948,597	\$ 16,932,837	\$ 2,364,713	\$ 622,901	\$ 221,443,667
2017	General	\$ 126,046,097	\$ 8,807,111	\$ 10,729,415	\$ 2,108,790	\$ 656,206	\$ 148,347,619
	Safety	40,336,132	11,088,325	5,401,180	188,714	45,000	57,059,351
	TOTAL	\$ 166,382,229	\$ 19,895,436	\$ 16,130,595	\$ 2,297,504	\$ 701,206	\$ 205,406,970
2016	General	\$ 118,912,565	\$ 8,650,277	\$ 10,544,504	\$ 1,840,117	\$ 563,769	\$ 140,511,232
	Safety	38,262,562	10,660,155	5,083,479	146,749	55,000	54,207,945
	TOTAL	\$ 157,175,127	\$ 19,310,432	\$ 15,627,983	\$ 1,986,866	\$ 618,769	\$ 194,719,177
2015	General	\$ 110,694,430	\$ 8,608,271	\$ 9,864,262	\$ 1,584,403	\$ 449,742	\$ 131,201,108
	Safety	35,096,063	10,179,970	4,580,169	299,374	112,229	50,267,805
	TOTAL	\$ 145,790,493	\$ 18,788,241	\$ 14,444,431	\$ 1,883,777	\$ 561,971	\$ 181,468,913
2014	General	\$ 100,668,155	\$ 8,493,931	\$ 9,401,576	\$ 1,427,885	\$ 548,606	\$ 120,540,152
	Safety	31,407,516	9,555,857	4,184,681	107,813	74,951	45,330,819
	TOTAL	\$ 132,075,671	\$ 18,049,788	\$ 13,586,257	\$ 1,535,698	\$ 623,557	\$ 165,870,971

# Statistical

## Schedule of Retired Members by Type

ACTUARIAL VALUATION DATE	PLAN TYPE	MEMBERS WITH SERVICE RETIREMENTS	MEMBERS WITH DISABILITY RETIREMENTS	SURVIVORS AND BENEFICIARIES	TOTAL
01/01/2023	General	4,401	408	714	5,523
	Safety	716	227	226	1,169
	TOTAL	5,117	635	940	6,692
01/01/2022	General	4,289	411	695	5,395
	Safety	695	223	229	1,147
	TOTAL	4,984	634	924	6,542
01/01/2021	General	4,171	415	664	5,250
	Safety	674	225	212	1,111
	TOTAL	4,845	640	876	6,361
01/01/2020	General	4,056	416	653	5,125
	Safety	647	229	207	1,083
	TOTAL	4,703	645	860	6,208
01/01/2019	General	3,969	406	635	5,010
	Safety	619	227	197	1,043
	TOTAL	4,588	633	832	6,053
01/01/2018	General	3,789	402	615	4,806
	Safety	600	221	195	1,016
	TOTAL	4,389	623	810	5,822
01/01/2017	General	3,655	399	603	4,657
	Safety	572	215	184	971
	TOTAL	4,227	614	787	5,628
01/01/2016	General	3,506	390	598	4,494
	Safety	554	210	177	941
	TOTAL	4,060	600	775	5,435
01/01/2015	General	3,385	393	580	4,358
	Safety	524	205	162	891
	TOTAL	3,909	598	742	5,249
01/01/2014	General	3,227	388	557	4,172
	Safety	516	199	154	869
	TOTAL	3,743	587	711	5,041

Figures are extracted from actuarial reports which include individuals receiving divorce settlement payments. The most current Actuarial Valuation was conducted as of January 1, 2023 for the period ending December 31, 2022. The information in subsequent years is currently not available.

## Schedule of Average Monthly Benefit Payments by Number of Years of Credited Service

RETIREMENT EFFECTIVE DATE	NUMBER OF YEARS OF COUNTY SERVICE CREDIT						
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER
<b>2023</b>							
<b>Retirees</b>							
<b>GENERAL MEMBERS</b>							
Average Benefits	\$ 579	\$ 1,132	\$ 2,560	\$ 3,488	\$ 3,805	\$ 4,621	\$ 5,849
Average Final Compensation	\$ 9,010	\$ 6,864	\$ 7,930	\$ 7,786	\$ 6,740	\$ 7,202	\$ 7,270
Count	34	43	20	27	31	17	24
<b>SAFETY MEMBERS</b>							
Average Benefits	\$ 481	\$ 1,635	\$ 2,006	\$ 5,283	\$ 6,299	\$ 7,929	\$ 0
Average Final Compensation	\$ 7,084	\$ 9,162	\$ 6,236	\$ 9,260	\$ 9,121	\$ 10,553	\$ 0
Count	2	4	3	8	11	2	0
<b>Survivors / QDROs</b>							
<b>GENERAL MEMBERS</b>							
Average Benefits	\$ 940	\$ 1,757	\$ 1,280	\$ 1,414	\$ 1,393	\$ 2,630	\$ 4,157
Average Final Compensation	\$ 5,952	\$ 7,098	\$ 3,455	\$ 4,585	\$ 3,647	\$ 5,066	\$ 5,609
Count	4	6	6	12	8	12	7
<b>SAFETY MEMBERS</b>							
Average Benefits	\$ 0	\$ 0	\$ 0	\$ 6,678	\$ 4,707	\$ 6,776	\$ 5,577
Average Final Compensation	\$ 0	\$ 0	\$ 0	\$ 12,787	\$ 4,341	\$ 7,552	\$ 5,871
Count	0	0	0	1	1	2	1
<b>2022</b>							
<b>Retirees</b>							
<b>GENERAL MEMBERS</b>							
Average Benefits	\$ 516	\$ 1,091	\$ 1,657	\$ 2,604	\$ 3,439	\$ 4,984	\$ 6,980
Average Final Compensation	\$ 9,320	\$ 6,761	\$ 5,780	\$ 7,167	\$ 6,615	\$ 7,384	\$ 8,606
Count	20	53	22	28	44	28	36
<b>SAFETY MEMBERS</b>							
Average Benefits	\$ 1,497	\$ 2,207	\$ 2,639	\$ 4,947	\$ 5,063	\$ 6,651	\$ 12,981
Average Final Compensation	\$ 7,765	\$ 6,699	\$ 7,528	\$ 9,283	\$ 8,414	\$ 8,760	\$ 13,277
Count	3	3	6	5	9	4	3
<b>Survivors / QDROs</b>							
<b>GENERAL MEMBERS</b>							
Average Benefits	\$ 675	\$ 890	\$ 931	\$ 1,311	\$ 3,104	\$ 1,389	\$ 3,323
Average Final Compensation	\$ 0	\$ 4,735	\$ 3,621	\$ 3,319	\$ 7,709	\$ 2,896	\$ 4,286
Count	1	12	5	6	6	2	6
<b>SAFETY MEMBERS</b>							
Average Benefits	\$ 2,642	\$ 2,099	\$ 0	\$ 408	\$ 2,356	\$ 0	\$ 0
Average Final Compensation	\$ 2,560	\$ 8,335	\$ 0	\$ 700	\$ 3,823	\$ 0	\$ 0
Count	1	1	0	1	1	0	0

# Statistical

## Schedule of Average Monthly Benefit Payments by Number of Years of Credited Service

RETIREMENT EFFECTIVE DATE	NUMBER OF YEARS OF COUNTY SERVICE CREDIT						
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER
<b>2021</b>							
<b>Retirees</b>							
<b>GENERAL MEMBERS</b>							
Average Benefits	\$ 215	\$ 1,150	\$ 2,109	\$ 2,548	\$ 3,599	\$ 4,735	\$ 5,977
Average Final Compensation	\$ 8,113	\$ 6,542	\$ 7,236	\$ 6,571	\$ 6,677	\$ 7,645	\$ 7,427
Count	21	30	37	38	43	28	45
<b>SAFETY MEMBERS</b>							
Average Benefits	\$ 857	\$ 2,288	\$ 2,916	\$ 3,799	\$ 5,049	\$ 6,749	\$ 7,937
Average Final Compensation	\$ 9,706	\$ 11,850	\$ 7,852	\$ 6,954	\$ 7,814	\$ 9,398	\$ 8,663
Count	5	6	2	9	20	4	1
<b>Survivors / QDROs</b>							
<b>GENERAL MEMBERS</b>							
Average Benefits	\$ 995	\$ 505	\$ 1,203	\$ 1,561	\$ 1,902	\$ 3,872	\$ 2,573
Average Final Compensation	\$ 3,852	\$ 3,789	\$ 5,463	\$ 4,495	\$ 3,647	\$ 6,175	\$ 4,831
Count	7	8	6	9	6	9	6
<b>SAFETY MEMBERS</b>							
Average Benefits	\$ 1,312	\$ 1,366	\$ 2,295	\$ 3,103	\$ 0	\$ 5,702	\$ 6,523
Average Final Compensation	\$ 9,117	\$ 5,396	\$ 4,830	\$ 4,585	\$ 0	\$ 7,451	\$ 6,523
Count	3	1	3	3	0	3	8
<b>2020</b>							
<b>Retirees</b>							
<b>GENERAL MEMBERS</b>							
Average Benefits	\$ 344	\$ 1,373	\$ 1,926	\$ 3,086	\$ 3,108	\$ 4,527	\$ 6,734
Average Final Compensation	\$ 7,961	\$ 9,038	\$ 6,637	\$ 6,948	\$ 5,859	\$ 6,790	\$ 7,968
Count	21	32	36	34	33	26	50
<b>SAFETY MEMBERS</b>							
Average Benefits	\$ 430	\$ 1,750	\$ 2,749	\$ 3,265	\$ 4,763	\$ 7,209	\$ 13,386
Average Final Compensation	\$ 9,072	\$ 6,259	\$ 6,672	\$ 6,689	\$ 7,515	\$ 9,083	\$ 13,811
Count	3	2	4	4	12	11	3
<b>Survivors / QDROs</b>							
<b>GENERAL MEMBERS</b>							
Average Benefits	\$ 505	\$ 735	\$ 990	\$ 1,096	\$ 1,547	\$ 1,904	\$ 3,690
Average Final Compensation	\$ 5,989	\$ 6,865	\$ 3,653	\$ 3,254	\$ 3,428	\$ 3,781	\$ 4,974
Count	4	4	8	5	5	6	8
<b>SAFETY MEMBERS</b>							
Average Benefits	\$ 1,246	\$ 0	\$ 1,622	\$ 4,494	\$ 0	\$ 5,142	\$ 6,753
Average Final Compensation	\$ 6,483	\$ 0	\$ 2,296	\$ 9,747	\$ 0	\$ 5,684	\$ 7,710
Count	2	0	2	2	0	1	2

## Schedule of Average Monthly Benefit Payments by Number of Years of Credited Service

RETIREMENT EFFECTIVE DATE	NUMBER OF YEARS OF COUNTY SERVICE CREDIT						
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER
<b>2019</b>							
<b>Retirees</b>							
<b>GENERAL MEMBERS</b>							
Average Benefits	\$ 345	\$ 1,131	\$ 1,780	\$ 3,030	\$ 3,669	\$ 4,796	\$ 7,232
Average Final Compensation	\$ 8,121	\$ 7,276	\$ 6,189	\$ 6,988	\$ 7,070	\$ 7,062	\$ 8,554
Count	20	35	40	36	29	30	37
<b>SAFETY MEMBERS</b>							
Average Benefits	\$ 596	\$ 2,060	\$ 3,057	\$ 3,965	\$ 4,173	\$ 9,630	\$ 17,094
Average Final Compensation	\$ 9,587	\$ 6,917	\$ 6,658	\$ 7,484	\$ 7,087	\$ 11,287	\$ 17,300
Count	6	5	5	6	11	10	5
<b>Survivors / QDROs</b>							
<b>GENERAL MEMBERS</b>							
Average Benefits	\$ 235	\$ 927	\$ 994	\$ 1,599	\$ 2,453	\$ 2,930	\$ 4,532
Average Final Compensation	\$ 6,898	\$ 5,691	\$ 3,777	\$ 5,652	\$ 4,288	\$ 4,213	\$ 5,778
Count	6	8	12	7	8	6	10
<b>SAFETY MEMBERS</b>							
Average Benefits	\$ 712	\$ 1,280	\$ 1,831	\$ 0	\$ 3,258	\$ 4,435	\$ 6,246
Average Final Compensation	\$ 7,533	\$ 7,809	\$ 5,374	\$ 0	\$ 4,504	\$ 4,987	\$ 6,460
Count	2	2	3	0	3	2	1
<b>2018</b>							
<b>Retirees</b>							
<b>GENERAL MEMBERS</b>							
Average Benefits	\$ 596	\$ 1,166	\$ 1,759	\$ 2,671	\$ 3,522	\$ 5,202	\$ 6,036
Average Final Compensation	\$ 9,601	\$ 6,704	\$ 5,920	\$ 6,603	\$ 6,555	\$ 7,633	\$ 6,975
Count	21	45	47	55	25	33	39
<b>SAFETY MEMBERS</b>							
Average Benefits	\$ 2,721	\$ 2,622	\$ 2,166	\$ 3,313	\$ 3,997	\$ 7,453	\$ 10,935
Average Final Compensation	\$ 5,485	\$ 8,987	\$ 6,168	\$ 6,135	\$ 6,442	\$ 9,615	\$ 11,725
Count	1	3	5	5	8	7	4
<b>Survivors / QDROs</b>							
<b>GENERAL MEMBERS</b>							
Average Benefits	\$ 224	\$ 659	\$ 1,201	\$ 1,204	\$ 2,150	\$ 2,590	\$ 2,759
Average Final Compensation	\$ 4,220	\$ 3,482	\$ 5,324	\$ 4,292	\$ 3,513	\$ 3,538	\$ 4,382
Count	3	5	10	10	1	5	9
<b>SAFETY MEMBERS</b>							
Average Benefits	\$ 0	\$ 1,724	\$ 3,203	\$ 0	\$ 1,201	\$ 0	\$ 6,213
Average Final Compensation	\$ 0	\$ 6,376	\$ 4,065	\$ 0	\$ 3,140	\$ 0	\$ 4,768
Count	0	3	1	0	1	0	3



# Statistical

## Schedule of Average Monthly Benefit Payments by Number of Years of Credited Service

RETIREMENT EFFECTIVE DATE	NUMBER OF YEARS OF COUNTY SERVICE CREDIT						
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER
<b>2017</b>							
<b>Retirees</b>							
<b>GENERAL MEMBERS</b>							
Average Benefits	\$ 377	\$ 1,420	\$ 2,070	\$ 2,325	\$ 3,951	\$ 4,678	\$ 6,187
Average Final Compensation	\$ 9,793	\$ 6,878	\$ 6,534	\$ 5,719	\$ 6,851	\$ 6,763	\$ 7,391
Count	23	36	42	48	22	31	33
<b>SAFETY MEMBERS</b>							
Average Benefits	\$ 787	\$ 1,223	\$ 2,529	\$ 3,318	\$ 5,973	\$ 7,370	\$ 9,169
Average Final Compensation	\$ 9,859	\$ 5,688	\$ 6,385	\$ 6,311	\$ 9,021	\$ 9,265	\$ 9,050
Count	5	4	7	8	6	8	1
<b>Survivors / QDROs</b>							
<b>GENERAL MEMBERS</b>							
Average Benefits	\$ 678	\$ 1,055	\$ 1,622	\$ 1,126	\$ 1,850	\$ 1,779	\$ 5,139
Average Final Compensation	\$ 5,110	\$ 4,344	\$ 4,225	\$ 3,696	\$ 4,288	\$ 1,841	\$ 6,188
Count	12	9	10	6	5	2	3
<b>SAFETY MEMBERS</b>							
Average Benefits	\$ 667	\$ 2,413	\$ 1,292	\$ 0	\$ 0	\$ 3,922	\$ 6,511
Average Final Compensation	\$ 5,605	\$ 6,311	\$ 3,454	\$ 0	\$ 0	\$ 4,565	\$ 2,765
Count	2	3	2	0	0	2	2
<b>2016</b>							
<b>Retirees</b>							
<b>GENERAL MEMBERS</b>							
Average Benefits	\$ 310	\$ 1,410	\$ 1,816	\$ 2,607	\$ 3,457	\$ 4,047	\$ 5,986
Average Final Compensation	\$ 6,616	\$ 6,159	\$ 6,368	\$ 6,088	\$ 6,269	\$ 5,888	\$ 7,069
Count	21	27	52	50	22	31	41
<b>SAFETY MEMBERS</b>							
Average Benefits	\$ 3,817	\$ 1,759	\$ 2,546	\$ 6,290	\$ 5,510	\$ 10,275	\$ 10,494
Average Final Compensation	\$ 7,634	\$ 5,986	\$ 6,353	\$ 11,453	\$ 8,566	\$ 12,432	\$ 11,081
Count	1	6	6	3	7	14	2
<b>Survivors / QDROs</b>							
<b>GENERAL MEMBERS</b>							
Average Benefits	\$ 313	\$ 858	\$ 1,065	\$ 1,877	\$ 2,207	\$ 1,763	\$ 2,769
Average Final Compensation	\$ 5,727	\$ 4,674	\$ 4,527	\$ 3,984	\$ 7,223	\$ 4,176	\$ 3,314
Count	5	7	11	7	2	4	1
<b>SAFETY MEMBERS</b>							
Average Benefits	\$ 495	\$ 2,235	\$ 1,253	\$ 1,661	\$ 4,086	\$ 5,943	\$ 4,712
Average Final Compensation	\$ 7,339	\$ 9,643	\$ 3,843	\$ 2,755	\$ 5,646	\$ 8,004	\$ 4,804
Count	2	4	1	1	1	1	2

## Schedule of Average Monthly Benefit Payments by Number of Years of Credited Service

RETIREMENT EFFECTIVE DATE	NUMBER OF YEARS OF COUNTY SERVICE CREDIT						
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER
<b>2015</b>							
<b>Retirees</b>							
<b>GENERAL MEMBERS</b>							
Average Benefits	\$ 319	\$ 969	\$ 1,877	\$ 2,334	\$ 3,290	\$ 4,418	\$ 5,705
Average Final Compensation	\$ 5,983	\$ 5,857	\$ 6,166	\$ 5,409	\$ 5,854	\$ 6,614	\$ 6,691
Count	14	26	40	43	26	27	38
<b>SAFETY MEMBERS</b>							
Average Benefits	\$ 585	\$ 2,212	\$ 3,041	\$ 3,959	\$ 6,341	\$ 8,438	\$ 10,290
Average Final Compensation	\$ 7,403	\$ 6,103	\$ 6,469	\$ 6,943	\$ 8,580	\$ 9,869	\$ 11,511
Count	2	3	6	3	11	23	2
<b>Survivors / QDROs</b>							
<b>GENERAL MEMBERS</b>							
Average Benefits	\$ 576	\$ 989	\$ 1,002	\$ 1,803	\$ 3,042	\$ 2,827	\$ 5,276
Average Final Compensation	\$ 3,420	\$ 6,179	\$ 3,344	\$ 4,974	\$ 7,108	\$ 6,234	\$ 5,851
Count	6	10	11	3	5	2	5
<b>SAFETY MEMBERS</b>							
Average Benefits	\$ 530	\$ 2,019	\$ 2,184	\$ 1,970	\$ 2,767	\$ 5,547	\$ 5,026
Average Final Compensation	\$ 6,053	\$ 11,396	\$ 9,909	\$ 3,888	\$ 3,983	\$ 8,256	\$ 5,406
Count	2	1	2	1	3	3	3
<b>2014</b>							
<b>Retirees</b>							
<b>GENERAL MEMBERS</b>							
Average Benefits	\$ 461	\$ 1,237	\$ 1,775	\$ 2,567	\$ 4,363	\$ 4,570	\$ 6,392
Average Final Compensation	\$ 8,494	\$ 6,593	\$ 5,772	\$ 6,380	\$ 7,652	\$ 6,782	\$ 7,760
Count	13	28	50	46	26	43	39
<b>SAFETY MEMBERS</b>							
Average Benefits	\$ 1,715	\$ 2,429	\$ 3,207	\$ 4,546	\$ 3,993	\$ 7,239	\$ 11,302
Average Final Compensation	\$ 7,439	\$ 6,281	\$ 6,826	\$ 8,863	\$ 6,031	\$ 8,897	\$ 11,762
Count	2	3	5	5	4	7	1
<b>Survivors / DROs</b>							
<b>GENERAL MEMBERS</b>							
Average Benefits	\$ 478	\$ 1,016	\$ 1,007	\$ 935	\$ 2,002	\$ 1,153	\$ 2,941
Average Final Compensation	\$ 5,752	\$ 4,218	\$ 2,698	\$ 2,835	\$ 4,914	\$ 2,966	\$ 8,069
Count	12	6	13	4	6	1	5
<b>SAFETY MEMBERS</b>							
Average Benefits	\$ 2,030	\$ 2,464	\$ 2,890	\$ 3,326	\$ 3,002	\$ 3,282	\$ 0
Average Final Compensation	\$ 9,251	\$ 8,582	\$ 5,516	\$ 4,818	\$ 2,992	\$ 4,429	\$ 0
Count	2	3	4	1	2	2	0

# Statistical

## Schedule of Average Monthly Benefit Payments by Number of Years Since Retirement

### GENERAL AND SAFETY MEMBERS

YEAR ENDED		NUMBER OF YEARS SINCE RETIREMENT						
		0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER
2023	Average Benefit	\$ 3,386	\$ 3,819	\$ 3,850	\$ 3,768	\$ 3,469	\$ 2,647	\$ 2,254
	Number of Retirees	1,617	1,576	1,285	977	732	338	274
2022	Average Benefit	\$ 3,410	\$ 3,728	\$ 3,805	\$ 3,530	\$ 3,282	\$ 2,584	\$ 2,212
	Number of Retirees	1,695	1,497	1,303	940	687	326	237
2021	Average Benefit	\$ 3,341	\$ 3,788	\$ 3,602	\$ 3,401	\$ 2,906	\$ 2,506	\$ 2,131
	Number of Retirees	1,710	1,505	1,231	934	606	320	223
2020	Average Benefit	\$ 3,361	\$ 3,682	\$ 3,457	\$ 3,433	\$ 2,673	\$ 2,410	\$ 2,070
	Number of Retirees	1,693	1,482	1,178	923	563	307	206
2019	Average Benefit	\$ 3,341	\$ 3,456	\$ 3,409	\$ 3,205	\$ 2,526	\$ 2,263	\$ 1,990
	Number of Retirees	1,710	1,508	1,106	870	520	281	213
2018	Average Benefit	\$ 3,259	\$ 3,283	\$ 3,235	\$ 3,050	\$ 2,353	\$ 2,314	\$ 1,838
	Number of Retirees	1,694	1,441	1,101	873	466	271	207
2017	Average Benefit	\$ 3,178	\$ 3,236	\$ 3,023	\$ 2,874	\$ 2,350	\$ 2,084	\$ 1,750
	Number of Retirees	1,605	1,434	1,067	831	452	245	188
2016	Average Benefit	\$ 3,254	\$ 3,057	\$ 2,960	\$ 2,532	\$ 2,285	\$ 2,022	\$ 1,765
	Number of Retirees	1,606	1,351	1,073	742	428	234	194
2015	Average Benefit	\$ 3,139	\$ 2,918	\$ 2,921	\$ 2,333	\$ 2,221	\$ 1,995	\$ 1,566
	Number of Retirees	1,587	1,291	1,046	692	412	212	194
2014	Average Benefit	\$ 2,961	\$ 2,873	\$ 2,706	\$ 2,223	\$ 2,106	\$ 1,899	\$ 1,477
	Number of Retirees	1,609	1,224	987	642	404	209	174

## Schedule of Average Monthly Benefit Payments by Number of Years Since Retirement

### GENERAL MEMBERS

YEAR ENDED		NUMBER OF YEARS SINCE RETIREMENT						
		0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER
2023	Average Benefit	\$ 3,081	\$ 3,435	\$ 3,484	\$ 3,214	\$ 2,675	\$ 2,349	\$ 1,930
	Number of Retirees	1,360	1,329	1,077	793	548	280	221
2022	Average Benefit	\$ 3,111	\$ 3,377	\$ 3,324	\$ 3,084	\$ 2,458	\$ 2,306	\$ 1,832
	Number of Retirees	1,436	1,252	1,078	774	511	275	190
2021	Average Benefit	\$ 3,067	\$ 3,349	\$ 3,213	\$ 2,827	\$ 2,305	\$ 2,256	\$ 1,720
	Number of Retirees	1,444	1,256	1,019	756	467	269	178
2020	Average Benefit	\$ 3,040	\$ 3,294	\$ 3,053	\$ 2,731	\$ 2,241	\$ 2,198	\$ 1,665
	Number of Retirees	1,433	1,256	962	714	451	257	169
2019	Average Benefit	\$ 2,961	\$ 3,135	\$ 3,018	\$ 2,498	\$ 2,137	\$ 2,083	\$ 1,580
	Number of Retirees	1,432	1,274	922	666	423	234	175
2018	Average Benefit	\$ 2,937	\$ 2,967	\$ 2,767	\$ 2,402	\$ 2,081	\$ 2,103	\$ 1,422
	Number of Retirees	1,434	1,222	903	667	392	227	165
2017	Average Benefit	\$ 2,884	\$ 2,836	\$ 2,659	\$ 2,201	\$ 2,112	\$ 1,872	\$ 1,331
	Number of Retirees	1,357	1,195	887	628	384	204	151
2016	Average Benefit	\$ 2,887	\$ 2,721	\$ 2,483	\$ 2,005	\$ 2,085	\$ 1,778	\$ 1,428
	Number of Retirees	1,358	1,125	878	576	360	201	159
2015	Average Benefit	\$ 2,821	\$ 2,577	\$ 2,359	\$ 1,942	\$ 2,036	\$ 1,763	\$ 1,269
	Number of Retirees	1,353	1,066	821	560	345	188	160
2014	Average Benefit	\$ 2,689	\$ 2,566	\$ 2,133	\$ 1,847	\$ 1,950	\$ 1,628	\$ 1,158
	Number of Retirees	1,371	1,030	767	524	342	180	144

# Statistical

## Schedule of Average Monthly Benefit Payments by Number of Years Since Retirement

### SAFETY MEMBERS

YEAR ENDED		NUMBER OF YEARS SINCE RETIREMENT						
		0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER
2023	Average Benefit	\$ 4,991	\$ 5,885	\$ 5,744	\$ 6,161	\$ 5,820	\$ 4,083	\$ 3,606
	Number of Retirees	257	247	208	184	184	58	53
2022	Average Benefit	\$ 5,067	\$ 5,523	\$ 6,109	\$ 5,611	\$ 5,675	\$ 4,085	\$ 3,749
	Number of Retirees	259	245	225	166	176	51	47
2021	Average Benefit	\$ 4,832	\$ 6,001	\$ 5,472	\$ 5,843	\$ 4,926	\$ 3,826	\$ 3,755
	Number of Retirees	266	249	212	178	139	51	45
2020	Average Benefit	\$ 5,133	\$ 5,840	\$ 5,256	\$ 5,832	\$ 4,411	\$ 3,500	\$ 3,919
	Number of Retirees	260	226	216	209	112	50	37
2019	Average Benefit	\$ 5,298	\$ 5,200	\$ 5,371	\$ 5,514	\$ 4,220	\$ 3,162	\$ 3,879
	Number of Retirees	278	234	184	204	97	47	38
2018	Average Benefit	\$ 5,030	\$ 5,047	\$ 5,371	\$ 5,148	\$ 3,795	\$ 3,406	\$ 3,471
	Number of Retirees	260	219	198	206	74	44	42
2017	Average Benefit	\$ 4,788	\$ 5,234	\$ 4,819	\$ 4,956	\$ 3,691	\$ 3,140	\$ 3,459
	Number of Retirees	248	239	180	203	68	41	37
2016	Average Benefit	\$ 5,266	\$ 4,730	\$ 5,104	\$ 4,364	\$ 3,345	\$ 3,506	\$ 3,295
	Number of Retirees	248	226	195	166	68	33	35
2015	Average Benefit	\$ 4,975	\$ 4,531	\$ 4,975	\$ 3,990	\$ 3,171	\$ 3,814	\$ 2,964
	Number of Retirees	234	225	225	132	67	24	34
2014	Average Benefit	\$ 4,526	\$ 4,505	\$ 4,705	\$ 3,896	\$ 2,968	\$ 3,582	\$ 3,013
	Number of Retirees	238	194	220	118	62	29	30

# Statistical

## Schedule of Participating Employers

FOR THE LAST TEN FISCAL YEARS ENDED DECEMBER 31

TIER	2023		2022		2021		2020		2019		2018		2017		2016		2015		2014	
	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2
<b>COUNTY OF SAN JOAQUIN</b>																				
General Members	1,710	3,746	1,852	3,329	2,046	3,089	2,287	2,922	2,483	2,702	2,750	2,473	2,962	2,050	3,205	1,717	4,614	1,416	4,864	918
Safety Members	372	400	398	370	431	345	470	301	509	276	563	235	596	204	622	138	800	85	861	59
<b>TOTAL</b>	<b>2,082</b>	<b>4,146</b>	<b>2,250</b>	<b>3,699</b>	<b>2,477</b>	<b>3,434</b>	<b>2,757</b>	<b>3,223</b>	<b>2,992</b>	<b>2,978</b>	<b>3,313</b>	<b>2,708</b>	<b>3,558</b>	<b>2,254</b>	<b>3,827</b>	<b>1,855</b>	<b>5,414</b>	<b>1,501</b>	<b>5,725</b>	<b>977</b>
<b>SUPERIOR COURT</b>																				
General Members	129	155	139	152	150	146	164	130	177	135	184	114	194	105	202	101	255	66	263	38
Safety Members	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>129</b>	<b>155</b>	<b>139</b>	<b>152</b>	<b>150</b>	<b>146</b>	<b>164</b>	<b>130</b>	<b>177</b>	<b>135</b>	<b>184</b>	<b>114</b>	<b>194</b>	<b>105</b>	<b>202</b>	<b>101</b>	<b>255</b>	<b>66</b>	<b>263</b>	<b>38</b>
<b>LATHROP–MANTECA RURAL FIRE PROTECTION DISTRICT</b>																				
General Members	0	4	0	5	0	3	0	3	1	3	1	3	1	2	1	2	1	1	1	1
Safety Members	19	22	19	21	18	24	21	23	21	23	21	19	25	7	25	8	41	8	42	7
<b>TOTAL</b>	<b>19</b>	<b>26</b>	<b>19</b>	<b>26</b>	<b>18</b>	<b>27</b>	<b>21</b>	<b>26</b>	<b>22</b>	<b>26</b>	<b>22</b>	<b>22</b>	<b>26</b>	<b>9</b>	<b>26</b>	<b>10</b>	<b>42</b>	<b>9</b>	<b>43</b>	<b>8</b>
<b>WATERLOO–MORADA RURAL FIRE PROTECTION DISTRICT</b>																				
General Members	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Safety Members	6	15	6	13	7	12	8	12	8	9	10	6	11	6	12	6	14	7	12	6
<b>TOTAL</b>	<b>6</b>	<b>15</b>	<b>6</b>	<b>13</b>	<b>7</b>	<b>12</b>	<b>8</b>	<b>12</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>6</b>	<b>11</b>	<b>6</b>	<b>12</b>	<b>6</b>	<b>14</b>	<b>7</b>	<b>12</b>	<b>6</b>
<b>OTHER PARTICIPATING EMPLOYERS (GENERAL MEMBERS)</b>																				
SJC Mosquito & Vector Control District	16	21	16	19	17	19	19	16	19	17	21	15	23	11	26	9	30	8	32	7
Mountain House Community Services District	6	29	4	26	4	22	5	22	4	24	4	23	6	17	6	13	10	11	9	9
Tracy Public Cemetery District	0	6	0	5	1	7	2	6	2	5	2	4	2	4	2	4	5	5	5	4
San Joaquin County Law Library	0	1	0	1	0	1	1	1	1	1	1	0	1	1	1	0	1	0	1	0
SJC Historical Society & Museum	1	3	1	4	1	4	1	3	1	3	1	3	1	0	2	0	2	0	2	0
Local Agency Formation Commission	0	2	0	1	0	0	0	0	0	0	0	2	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>23</b>	<b>62</b>	<b>21</b>	<b>56</b>	<b>23</b>	<b>53</b>	<b>28</b>	<b>48</b>	<b>27</b>	<b>50</b>	<b>29</b>	<b>47</b>	<b>33</b>	<b>33</b>	<b>37</b>	<b>26</b>	<b>48</b>	<b>24</b>	<b>49</b>	<b>20</b>
<b>GRAND TOTAL</b>	<b>2,259</b>	<b>4,404</b>	<b>2,435</b>	<b>3,946</b>	<b>2,675</b>	<b>3,672</b>	<b>2,978</b>	<b>3,439</b>	<b>3,226</b>	<b>3,198</b>	<b>3,558</b>	<b>2,897</b>	<b>3,822</b>	<b>2,407</b>	<b>4,104</b>	<b>1,998</b>	<b>5,773</b>	<b>1,607</b>	<b>6,092</b>	<b>1,049</b>

# Acknowledgments

## COMPILATION, EDITING AND REVIEW

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## DESIGN AND LAYOUT

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