



San Joaquin County Employees' Retirement Association
A Pension Trust Fund of San Joaquin County, CA

Popular Annual Financial Report

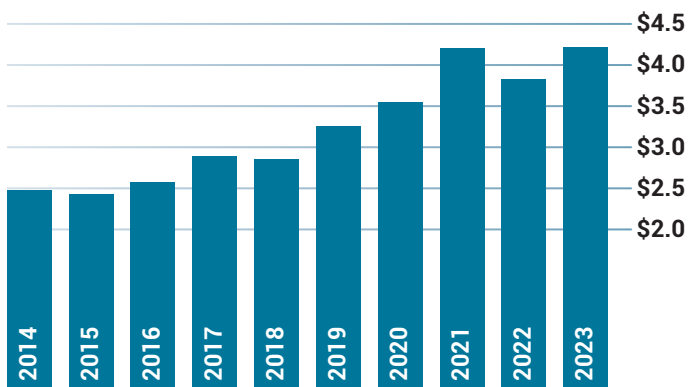
For the Year Ended December 31, 2023



Financial Review

HISTORY OF FIDUCIARY NET POSITION

For the last ten fiscal years ended December 31
(DOLLARS IN BILLIONS)



FIDUCIARY NET POSITION

The statement of Fiduciary Net Position is a snapshot of SJCERA's fund balance at year end. The difference between assets and liabilities is the "net position", which represents the money available to pay retirement benefits. As of December 31, 2023, SJCERA's net position was approximately \$4.2 billion.

SJCERA FIDUCIARY NET POSITION

	2023	2022	2021
Cash and Receivables	\$ 223,216,592	\$ 285,084,691	\$ 469,732,200
Investments	4,064,748,850	3,660,701,904	3,893,690,230
Other Assets	4,660,336	3,256,125	254,019
Total Assets	4,292,625,778	3,949,042,720	4,363,676,449
Total Liabilities	76,927,614	131,289,958	164,888,445
Total Fiduciary Net Position	\$4,215,698,164	\$3,817,752,762	\$4,198,788,004

FUNDING PROGRESS

SJCERA's pension actuary prepares an annual actuarial valuation and Government Accounting Standards Board (GASB) 67/68 Report. The 2023 Report states SJCERA's total pension liability was \$5.9 billion, our Market Value of Assets (MVA) was \$4.2 billion, resulting in net pension liability of \$1.67 billion. We anticipate our funded status to increase to the low 70's percentile based on our gross return exceeding the assumed rate of return. Generally, this means that for every dollar of benefits liability, SJCERA has about 70 cents in assets. The January 1, 2024 actuarial valuation, which reflects the Plan's progress in 2023, will be available in August, after the publication of this report.

CHANGES IN FIDUCIARY NET POSITION

The statement of Changes in Fiduciary Net Position provides information about SJCERA's financial activities during fiscal year 2023 in comparison to 2022 and 2021. For 2023, SJCERA received \$348 million in employer and member contributions, had investment gains of \$348 million and paid \$297 million in benefits and administrative expenses. In summary, SJCERA started the year with \$3.8 billion and ended the year with \$4.2 billion.

	2023	2022	2021
ADDITIONS			
Employers' Contributions	\$ 292,752,311	\$ 269,080,047	\$ 306,662,635
Member Contributions	54,934,141	47,405,308	43,455,640
Net Investment and Miscellaneous Income (Loss)	347,665,956	(412,759,726)	572,291,948
Transfer from Healthcare Agency Fund	-	224,628	270,570
Total Additions	\$ 695,352,408	(\$96,049,743)	\$ 922,680,793
DEDUCTIONS			
Retirement Benefit Payments	\$ 285,617,687	\$ 272,424,374	\$ 261,371,770
Death Benefits	653,960	760,072	608,396
Refund of Contributions	4,266,024	6,179,349	3,985,433
Administrative and Other Expenses	6,649,659	5,621,704	4,639,439
Transfer from Healthcare Agency Fund	219,676	-	-
Total Deductions	\$ 297,407,006	\$ 284,985,499	\$ 270,605,038
Changes in Fiduciary Net Position	\$ 397,945,402	(\$381,035,242)	\$ 652,075,755
FIDUCIARY NET POSITION:			
Beginning of Year	\$3,817,752,762	\$4,198,788,004	\$3,546,712,249
End of Year	\$ 4,215,698,164	\$ 3,817,752,762	\$ 4,198,788,004

HISTORY OF FUNDING PROGRESS

Funded ratio based on Market Value of Assets

Actuarial Valuation Date	MVA Funded Ratio
January 1, 2023	66.6%
January 1, 2022	78.0%
January 1, 2021	68.1%
January 1, 2020	64.7%
January 1, 2019	60.2%

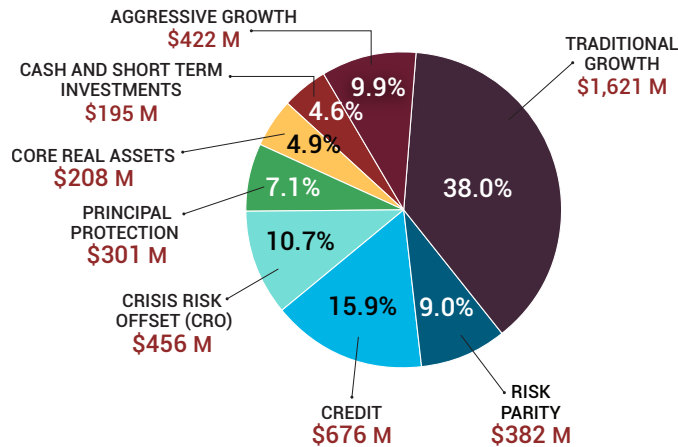
Investments

For calendar year 2023, the portfolio generated a 9.5% gross return. This is 2.75% higher than the actuarial assumption of 6.75%.

SJCERA's strategic asset allocation is designed to ensure diversification across asset classes and achieve SJCERA's long-term objective of earning a long-term return that coupled with projected contributions, is projected to sufficiently fund the benefits over the long term.

ACTUAL ASSET ALLOCATION

As of December 31, 2023



INVESTMENT PORTFOLIO PERFORMANCE

As of December 31, 2023

	ANNUALIZED			
	CURRENT YEAR	3-YEAR	5-YEAR	10-YEAR
Traditional Growth	23.0%	6.9%	10.7%	7.3%
Principal Protection	7.4	-0.9	1.7	3.0
Stabilized Growth	2.0	3.0	6.0	5.2
Aggressive Growth	2.3	20.8	16.0	14.4
Crisis Risk Offset	-2.0	3.0	3.8	5.7
Short Term Investments/Cash/Cash Equivalents	3.3	1.6	1.4	1.0
Total Fund (Gross of Fees)	9.5%	5.3%	7.7%	6.1%
Total Fund (Net of Fees)	9.1%	4.8%	7.2%	5.3%
Policy Benchmark	12.6%	4.5%	7.3%	6.2%

**TOTAL ASSETS UNDER MANAGEMENT:
\$4.26 Billion**

Dear SJCERA Members:

As Chief Executive Officer, I am pleased to issue the *Popular Annual Financial Report* (PAFR) for the fiscal year ended December 31, 2023. The information contained in the PAFR provides a brief summary of the more detailed *Annual Comprehensive Financial Report* (ACFR) and the financial data are consistent with generally accepted accounting principles and guidelines established by the Governmental Accounting Standards Board. Both the PAFR and the ACFR are available on the Reports page at www.sjcera.org.

SJCERA's diversified strategic asset allocation is designed to achieve a long-term return, which (when coupled with expected contributions) is projected to sufficiently fund the benefits over the long term. SJCERA hires external expert management firms, and on a regular basis monitors each firm's strategy, philosophy, personnel, fees and performance. The results of the monitoring are reported to the Board quarterly. 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 ten-year periods respectively.

SJCERA's pension actuary prepares the annual actuarial valuation and Governmental Accounting Standards Board (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 (MVA) increased from \$3.8 billion to \$4.2 billion, and the net pension liability decreased from \$1.7 billion to \$1.67 billion.

The actuarial valuation determines the progress made in accumulating sufficient assets to pay benefits when due.

The January 1, 2024 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. When the valuation is released later this year, we anticipate our funded status to increase based on our 9.5% gross return, which exceeded the assumed rate of 6.75%.

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.

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.

SJCERA assures you we hold ourselves to the highest of standards. We continue to strive to provide the best service and hold ourselves accountable to continuously improve. With the prudent construction of our diversified portfolio, expert guidance from our dedicated consultants, sound decisions of our Trustees, and the steadfast efforts of the SJCERA staff, the pension fund and our members' retirement benefits are in good hands for a secure future.

Sincerely,

Renee Ostrander, Chief Executive Officer

Member Statistics

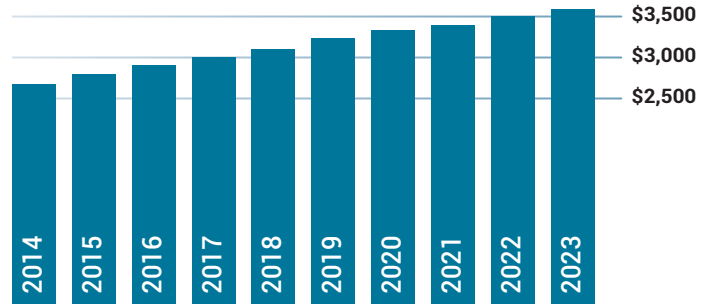
HISTORY OF MEMBERSHIP

Membership over the last five years

MEMBERS	2023	2022	2021	2020	2019
Active	6,663	6,381	6,529	6,350	6,369
Deferred	2,935	2,661	2,487	2,165	1,946
Retired	6,799	6,685	6,347	6,361	6,208
TOTAL	16,397	15,727	15,363	14,876	14,523

AVERAGE MONTHLY BENEFIT

2023 Average monthly benefit: \$3,548



ABOUT SJCERA

SJCERA is a California public retirement system that provides retirement, disability, and survivors' benefits to more than 16,300 current and former eligible General and Safety employees of the County of San Joaquin and nine other participating employers.

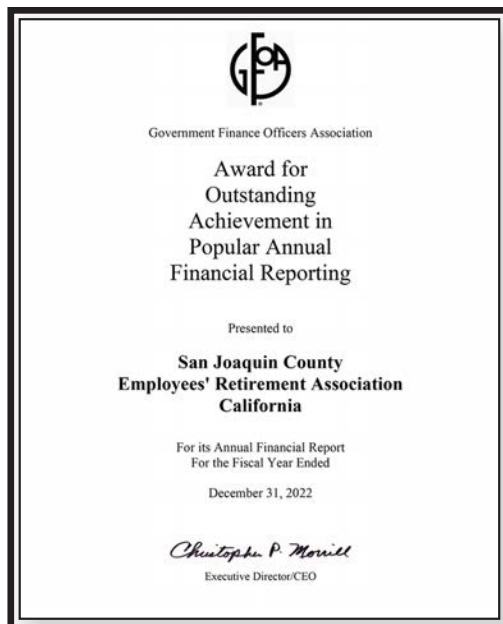
MISSION

Administering pensions to provide members a secure retirement benefit.

2023 BOARD OF RETIREMENT

Michael Restuccia Chair
 Michael Duffy Vice Chair
 Raymond McCray Secretary
 Chanda Bassett
 Steven Ding

Jennifer Goodman
 Phonxay Keokham
 Steve Moore (Alternate)
 Emily Nicholas
 J.C. Weydert



SJCERA was awarded the Certificate of Achievement for Excellence in Financial Reporting—a national award.



The Public Pension Coordinating Council honored SJCERA for meeting the professional standards for plan, design and administration.