



San Bernardino County Employees'
Retirement Association

2020

Comprehensive Annual Financial Report

A Multiple-Employer Pension Trust Fund | San Bernardino, CA

For the Years Ended June 30, 2020 and 2019

INVESTED IN YOUR FUTURE.



2020

Comprehensive Annual Financial Report

A Multiple-Employer Pension Trust Fund
San Bernardino, California
For the Years Ended June 30, 2020 and 2019

Debby Cherney

Chief Executive Officer

Amy McInerny, CPA

Chief Financial Officer



San Bernardino County Employees'
Retirement Association

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Mission Statement

It is the mission of the San Bernardino County Employees' Retirement Association (SBCERA) to provide the members and their beneficiaries with those retirement and related benefits and services which they have earned and which are commensurate with their years of service and compensation.

It is the responsibility of those charged with administration of SBCERA to:

- Effectively collect contributions to fund liabilities incurred;
- Diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return;
- Administer the benefits impartially, fairly, and in accordance with the applicable law;
- Deliver service to the membership in an accurate, courteous, prompt, professional, and cost-efficient manner;
- Appropriately set employer and member contributions in accordance with responsible funding practices; and
- Strategically plan for the future.

Introductory Section



Letter of Transmittal

November 12, 2020

Board of Retirement
San Bernardino County Employees' Retirement Association
348 West Hospitality Lane, Suite 100
San Bernardino, California 92408

We are pleased to present the San Bernardino County Employees' Retirement Association (SBCERA) Comprehensive Annual Financial Report (CAFR) for the fiscal years ended June 30, 2020 and 2019. This report is created annually to provide a detailed overview of the SBCERA Plan (the Plan) and SBCERA's financial, actuarial, and investment-related activities for the year.

Established effective January 1, 1945 under the County Employees Retirement Law of 1937 following a vote by the people of San Bernardino County on May 16, 1944, SBCERA now administers service retirement, disability retirement, death and survivor benefits for over 43,000 members across 17 different active employers. A listing of participating employers, as of June 30, 2020, can be found on page 34. Fiscal year 2020 marks SBCERA's 75 years of service to our Members and Plan Sponsors. As we pass this historic milestone, we're strategically planning for the future together.

Throughout the past 75 years, our mission has been to provide members and their beneficiaries with secure retirement benefits and services. As technology has advanced, so has our commitment to provide great service. To this end, we've leaned into innovation and technology to provide the best service we can, now and in the future.

The information contained in this CAFR is designed to provide a complete and accurate review of the year's operations. SBCERA's management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal controls that have been established for this purpose. We encourage you to review Management's Discussion and Analysis beginning on page 24, which provides a narrative introduction, overview, and analysis of our financial operations for the years ended June 30, 2020 and June 30, 2019.

As you read the 2020 CAFR, we trust you, the members and participating employers of SBCERA, will appreciate the detailed work of staff in developing the report and find the content helpful in understanding SBCERA's defined benefit plan.

Financial Information

Management of SBCERA is responsible for establishing and maintaining an internal control structure designed to ensure SBCERA's assets are protected from loss, theft, or misuse. Responsibility for the accuracy, completeness, fair presentation of information, and all disclosures rests with SBCERA's management. Brown Armstrong, a firm of licensed certified public accountants, provides financial statement independent audit services to SBCERA. The financial statement audit provides reasonable assurance that SBCERA's Basic Financial Statements are presented in conformity with accounting principles generally accepted in the United States (GAAP) and are free from material misstatements.

The Independent Auditor's Report is presented as the first component of the financial section of this report. Included are all disclosures management believes necessary to enhance your understanding of the financial condition of the Plan.

Letter of Transmittal

(Continued)

Financial Information (Continued)

SBCERA recognizes even sound internal controls have inherent limitations. SBCERA's internal controls are designed to provide reasonable, but not absolute, assurance that SBCERA's operating policies and procedures are sufficient to safeguard SBCERA's assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

This report has been prepared in accordance with GAAP as promulgated by the Government Accounting Standards Board.

Actuarial Funding Status

SBCERA contracts with an independent actuarial firm, Segal Consulting (Segal), to conduct annual actuarial valuations, which are presented to the Board each year. On a triennial basis, the actuarial firm also conducts an experience study and makes recommendations to the Board on all economic and non-economic assumptions, which was last completed for the year ended June 30, 2019. Segal completed the annual valuation for the year ended June 30, 2020 and it is presented annually to the Board.

The funding objective of SBCERA is to maintain a well-funded plan by setting a strategic allocation that has a high probability of achieving the returns necessary to meet the expected liabilities with the lowest level of expected risk. Generally, employer contributions are relatively stable, on a percentage basis, based on Plan member payroll. However, on a five-year smoothed basis, if actual fund returns are below the actuarial hurdle rate of 7.25%, the employer will make up the shortfall on a 20-year amortized basis.

The actuarial accrued liability of the SBCERA Plan on June 30, 2020 and June 30, 2019 amounts to \$14.3 and \$13.3 billion, respectively. The actuarial value of assets increased from \$10.6 billion at June 30, 2019 to \$11.1 billion at June 30, 2020. The funding ratio, on an actuarial basis, decreased to 77.9% at June 30, 2020, from the previous fiscal year's 80.0%. This ratio compares the assets of the Plan to the liabilities of the Plan. High ratios indicate a well-funded plan with assets sufficient to pay most future benefits. Lower ratios may indicate recent change in benefit structures, funding of a plan below actuarial requirements, poor asset performance, or a variety of other changes. For a more in-depth review of the funding of the Plan, see the Actuarial Section of this report (page 99).

Investments

The Board maintains sole and exclusive control of all investments of the Plan, and is responsible for the establishment of investment objectives, strategies, and policies. The Board is authorized to invest in any form or type of investment deemed prudent in the informed opinion of the Board. Members of the Board serve in a fiduciary capacity and must discharge their duties with respect to the interests of the Plan members, their beneficiaries, and the Plan.

External, professional investment management firms manage SBCERA's assets. The investment staff closely monitors the activity of these managers and assists the Board with the implementation of investment policies and long-term investment strategies. SBCERA's *Investment Plan, Policy and Guidelines* establish the investment program goals, asset allocation, policies, performance objectives, investment management policies, and risk controls.

For the year ended June 30, 2020, investments provided a rate of return (net of fees) of negative 3.10%. The Plan's annualized rate of return (net of fees) over the five-year period ended June 30, 2020 was 4.41%. On a fair value basis, the total pension Plan net position available for benefits decreased from \$10.6 billion to \$10.3 billion. Details of the components for this decrease are included in the Statement of Changes in Fiduciary Net Position on page 33 of this report.

Letter of Transmittal

(Continued)

Professional Services

Professional consultants are appointed by the Board to perform professional services that are essential to the effective and efficient operation of the Plan. An opinion from SBCERA's certified public accountants, a certification from the Plan's independent actuary, and a report on investment activity from the Plan's investment consultant are all included in this report. The consultants appointed by the Board are listed on page 17 of this report.

Major Initiatives

During the fiscal year (FY) 2018-19, SBCERA adopted a Triennial Strategic Plan for Fiscal Years 2020 through 2022, the purpose of which was to gain a common understanding for the direction of SBCERA, with informed direction from the Board to the staff. The Triennial Strategic Plan established an agreed-upon set of foundational values, and updated SBCERA's mission statement. Those values included:

Integrity

We will be honest, ethical, respectful, and trustworthy in all aspects in serving our members, employees, and our community.

Accountability & Transparency

We will ensure that the decisions we make and how we conduct business is clearly communicated and understood. We will be accountable for our conduct in all aspects of our service.

Commitment

We will approach our work enthusiastically.

Effectiveness

We will be results-oriented in a cost-effective manner, capitalizing on our strengths and weaknesses.

Professional Excellence

We will be skilled, confident, and capable.

Collaboration

We will work together as a team and with key stakeholders.

The Strategic Plan contains five co-equal strategic pillars, around which all of SBCERA's work is grounded. Under each pillar, SBCERA established strategic priorities: projects, programs and/or initiatives, with specific actionable goals, timing, and lead personnel. These priorities informed the development of the budgets for both FY 2019-20 and FY 2020-21. The Strategic Plan is available at www.sbcera.org/strategic-plan.

Letter of Transmittal

(Continued)

Major Initiatives (Continued)

Operational Excellence and Efficiency

Priorities in this area included realigning the organizational chart to balance skills and oversight, as well as a significant effort to modernize workflows and measurably improve service times to our membership. The latter effort is paired with another priority to document procedures across all areas of SBCERA in order to improve consistency, mitigate risk, reduce training costs, and improve internal controls. Modernizing our technology is key to SBCERA's focus on operational excellence, with two key projects: first, a refresh of our pension administration system, which is our most important enterprise system, and second, a replacement of our aged telephone system to provide a more agile system that can be deployed wherever SBCERA staff is working. Both projects are expected to be significantly advanced in FY 2020-21. Other priorities in this area include replacing accounting systems, payroll systems, and enterprise content management. Lastly, COVID-19 served as a catalyst to accelerate SBCERA's efforts to optimize business continuity plans through technology, which will enable better service capabilities during times of notable disruptions.

Superior Service Experience

Notable priorities in this area including identifying key performance metrics and using them to drive greater accountability to our Members and Plan Sponsors. SBCERA engaged a third party to conduct a Member Engagement Survey as well as an Employer Survey of key personnel at Plan Sponsors. As part of the pension administration system refresh, SBCERA will improve member and employer self-service capabilities, digital signatures, and improve business processes around personally-identifiable information compliance.

Quality Employer and Workplace

SBCERA is committed to being the workplace of choice in our area, and through our adopted Shared Values and Mission Statement, SBCERA seeks to have a happy, engaged workforce who are empowered to serve our members and our community. This includes developing and delivering training on technical as well as personal growth areas. The SBCERA office space has been renovated, and member services reception areas were relocated to provide better access for members and visitors.

Prudent Fiscal Management

In FY 2019-20, SBCERA transformed its budget and reporting transparency, including an initiative to make information on travel and expense reporting available to the public both on our public agendas as well as on our website for compliance reporting. SBCERA unwound an unnecessarily complex offshore investment platform, which has reduced costs and administrative overhead, at a savings of nearly \$1 million per year in fees.

Effective Communications

In May 2020, the Board approved a Strategic Communications Plan, which captured specific actionable projects and initiatives to improve stakeholder communications. SBCERA launched its refreshed brand, new website with enhanced functionality, and deployed our new online member portal, "mySBCERA" with improved self-service capabilities.

Letter of Transmittal

(Continued)

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to SBCERA for its CAFR for the year ended June 30, 2019. This is the 23rd consecutive year that SBCERA has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily reasonable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

SBCERA also received an Award for Outstanding Achievement in Popular Annual Financial Reporting from the GFOA for its Popular Annual Financial Report (PAFR) for the year ended June 30, 2019, which is short summary version of the CAFR.

In addition, the Public Pension Coordinating Council (PPCC) awarded a Public Pension Standards Award for Funding and Administration to SBCERA for the year ended June 30, 2019. This is the fifth consecutive year that SBCERA has applied for and received this prestigious award. In order to be awarded a Public Pension Standards Award, a public pension program must meet professional standards for plan design, administration, and funding, as set forth in the Public Pension Standards. The PPCC (a coalition of three national associations that represent public retirement systems and administrators) established the Public Pension Standards to reflect minimum expectations for public retirement system management and administration, as well as serve as a benchmark by which all defined benefit public plans should be measured. A Public Pension Standards Award is valid for a period of one year.

Acknowledgments

We express our sincere appreciation to the Board for bestowing their confidence in us. SBCERA has a rich history and is one of the strongest public Plans in California. We are proud to administer such a successful Plan and realize the importance of efficiently managing our resources and responsibly funding the Plan over time.

The successful and timely completion of this CAFR would not be possible without the teamwork of SBCERA's incredible staff and professional providers, along with the support and leadership of the Board, and our esteemed Board Chair, Supervisor Janice Rutherford.

To our Plan Sponsors and Members, thank you for placing your trust in SBCERA. We are fully aware of our duty to you, and we will strive for continual improvement in our service and transparent communication.

Very truly yours,



Debby Cherney
Chief Executive Officer



Amy McInerny, CPA
Chief Financial Officer

2019-20 IN NUMBERS

THE FOUNDATION FOR A SECURE RETIREMENT



\$10.3 BILLION

TOTAL NET POSITION



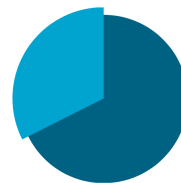
4.41%

5-YEAR NET RATE OF RETURN



43,000

MEMBERS



78%

FUNDED (AVA)



17

PARTICIPATING EMPLOYERS



\$3,790

AVERAGE MONTHLY BENEFIT



San Bernardino County Employees'
Retirement Association



Government Finance Officers Association

Certificate of
Achievement
For Excellence
in Financial
Reporting

Presented to

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

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO



Public Pension Coordinating Council

***Recognition Award for Administration
2020***

Presented to

***San Bernardino County Employees'
Retirement Association***

In recognition of meeting professional standards for
plan 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, with the first name "Alan" being more prominent.

Alan H. Winkle
Program Administrator

Members of the Board of Retirement

AS OF JUNE 30, 2020



Janice Rutherford

Board Chair
Administrative Committee
Executive Committee¹
Appointed by Board of Supervisors



Neal Waner

Board Vice Chair
Executive Committee
Investment Committee¹
Appointed by Board of Supervisors



Jean-Rene Basle

Administrative Committee
Appointed by Board of Supervisors



Marc Bracco

Administrative Committee¹
Elected by Safety Members



Louis Fiorino

Executive Committee
Investment Committee
Elected by General Members



Michael Kennedy

Audit Committee¹
Appointed by Board of Supervisors



Ensen Mason

Audit Committee
Investment Committee
County Treasurer/Ex-Officio Member



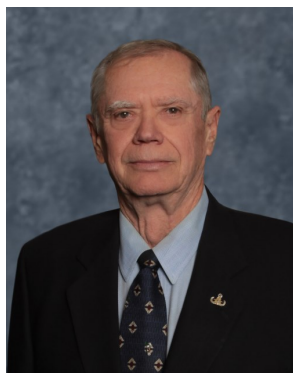
Dawn Stafford

Administrative Committee
Elected by Retired Members



Vere Williams

Audit Committee
Elected by General Members



Harry Hatch

Audit Committee
Alternate Elected by Retired Members



John Johnson

Alternate Ex-Officio

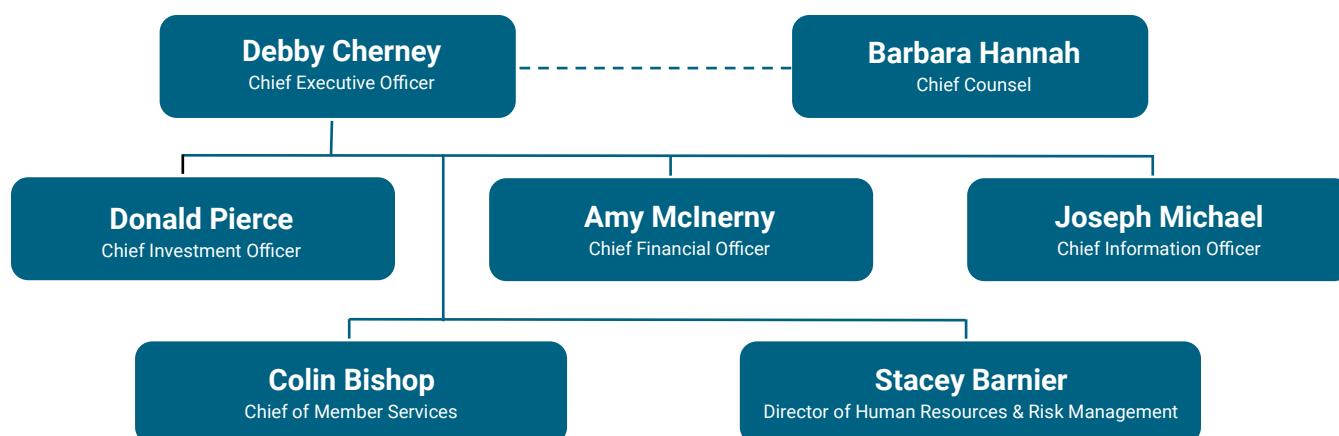


Jared Newcomer

Investment Committee
Alternate Elected by Safety Members

(1) Denotes Committee Chair.

Key Members of the Administrative Staff



Outside Consultants

AS OF JUNE 30, 2020

Actuary

Segal Consulting
Consulting Actuary

Custodial Services¹

State Street Bank and Trust Company
Sacramento, CA

Independent Auditors

Brown Armstrong
Certified Public Accountants
Financial Statement Auditors

Investment Consultants¹

NEPC, LLC
Investment Advisor

Kreischer Miller
Compliance Advisor

Legal Counsel

Nossaman, LLP
General Advisory Counsel

Foley & Lardner
Investment Counsel

Hirschler Fleischer, APC
Investment Counsel

Morgan Lewis, LLP
Investment Counsel

Arias & Lockwood, APLC
Litigation & Disability Counsel

Hanson Bridgett, LLP
Tax & Trust Counsel

(1) See Investment Section, page 88, for more information on Custodial Services and Investment Consultants.

REPORT FROM THE BOARD CHAIR

San Bernardino County Employees' Retirement Association

November 12, 2020

Dear Members:

On behalf of the San Bernardino County Employees' Retirement Association (SBCERA) Board of Retirement, I am pleased to present the June 30, 2020 Comprehensive Annual Financial Report (CAFR).

SBCERA reached a market value of \$10.3 billion and in a five-year period ended June 30, 2020, the Fund's net return was 4.4%.

Last year, our Chief Executive Officer, Debby Cherney worked with the Board and staff to create and adopt a new Triennial Strategic Plan for fiscal years 2020, 2021, and 2022. The SBCERA team has been hard at work, focused on the goals that support this plan's pillars:

- Operational Excellence and Efficiency
- Superior Service Experience
- Quality Employer and Workplace
- Prudent Fiscal Management
- Effective Communications

With these ends in mind, we have undergone a brand refresh and launched both a new website and new online member portal "mySBCERA" in 2020. We are also modernizing our pension software and phone systems and fostering a renewed focus on customer service. You can read more about our strategic plan and implementation progress on our website at www.SBCERA.org.

SBCERA has a skilled, confident, and capable team committed to serving those who serve San Bernardino communities. I'm grateful for the leadership of our senior executive team, for all of our dedicated staff, and for my fellow Board Members. As Chair of the Board, I look forward to the continued focus on superior service our members and plan sponsors are counting on. I'm confident we'll have successful years ahead as we strategically plan for our future.

Sincerely,

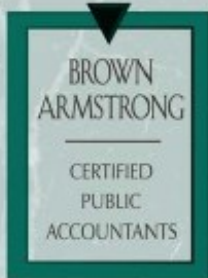


Janice Rutherford, Board Chair
Supervisor, Second District, San Bernardino County

Financial Section



Independent Auditor's Report



BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Retirement
San Bernardino County Employees' Retirement Association
San Bernardino, California

Report on the Financial Statements

We have audited the accompanying Statements of Fiduciary Net Position of the San Bernardino County Employees' Retirement Association (SBCERA) as of June 30, 2020 and 2019, the related Statements of Changes in Fiduciary Net Position for the fiscal years then ended, and the related notes to the financial statements, which collectively comprise SBCERA/s basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is the express and opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to SBCERA's preparation and fair presentation of the financial statements 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 SBCERA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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WWW.BACPAS.COM

REGISTERED with the Public Company
Accounting Oversight Board and
MEMBER of the American Institute of
Certified Public Accountants

Independent Auditor's Report

(Continued)

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the fiduciary net position of SBCERA as of June, 30, 2020 and 2019, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplemental information, as noted in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical content. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidences the express an opinion or provide any assurance.

Other Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The other supplemental information and the introduction, investments, actuarial, and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental information, as noted in the table of contents, 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, investments, actuarial, and statistical sections, as noted in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2020, on our consideration of SBCERA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide and opinion on the 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 SBCERA's internal control over financial reporting and compliance.

Independent Auditor's Report

(Continued)

Restrictions on Use

Our report is intended solely for the information and use of SBCERA management, the Audit Committee of SBCERA, the Board of Retirement of SBCERA, and SBCERA employers and their auditors and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
November 12, 2020

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Management's Discussion and Analysis

June 30, 2020 and 2019

The San Bernardino County Employees' Retirement Association (SBCERA) administers the SBCERA pension plan – a cost-sharing multiple-employer defined benefit pension plan (the Plan). As management of SBCERA, we offer this narrative overview and analysis of the financial activities of SBCERA for the years ended June 30, 2020 and 2019. Readers are encouraged to consider the information presented in this analysis in conjunction with the financial statements as presented in this report.

Financial Highlights

The net position – restricted for pensions of SBCERA as of June 30, 2020 and 2019 was \$10.3 billion and \$10.6 billion, respectively. All of the net position is available to meet SBCERA's ongoing obligations to Plan members (members) and their beneficiaries.

SBCERA's total net position – restricted for pensions decreased by \$301.1 million or 2.8% and increased by \$521.4 million or 5.2% for the years ended June 30, 2020 and 2019, respectively. The changes are primarily a result of fluctuations in investment returns.

Total additions, as reflected in the Statements of Changes in Fiduciary Net Position, for the years ended June 30, 2020 and 2019 were \$335.2 million and \$1.11 billion, respectively. This includes employer and member contributions of \$637.2 million, net investment loss of \$302.3 million, and net securities lending income of \$213 thousand for the year ended June 30, 2020. For the year ended June 30, 2019, it includes employer and member contributions of \$609.85 million, net investment income of \$502.46 million, and net securities lending income of \$292 thousand.

Total deductions as reflected in the Statements of Changes in Fiduciary Net Position are \$636.2 million for the year ended June 30, 2020, an increase of \$45 million over the year ended June 30, 2019, or approximately 7.6%. Total deductions for the year ended June 30, 2019 were \$591.2 million for the year ended June 30, 2019, an increase of \$39.8 million over the year ended June 30, 2018, or approximately 7.2%.

The net pension liability of participating employers as of June 30, 2020 and 2019 were \$4.0 billion and \$2.7 billion, respectively. The Plan fiduciary net position as a percentage of the total pension liability was 72.0% and 79.6% as of June 30, 2020 and 2019, respectively. The net pension liability as a percentage of covered payroll is 259.9% and 183.6% as of June 30, 2020 and 2019, respectively. Refer to Note 4 – Net Pension Liability of Participating Employers, and Required Supplementary Information sections of this report for further information.

Overview of the Financial Statements

The following discussion and analysis are intended to serve as an introduction to SBCERA's Basic Financial Statements. The financial statements and required disclosures are prepared in accordance with pronouncements (accounting principles and reporting guidelines) as set forth by the Governmental Accounting Standards Board (GASB). These pronouncements require certain disclosures and require SBCERA to report using the full accrual method of accounting. SBCERA complies with all material requirements of these pronouncements. SBCERA's Basic Financial Statements are comprised of Statements of Fiduciary Net Position, Statements of Changes in Fiduciary Net Position, and Notes to the Basic Financial Statements.

Management's Discussion and Analysis

June 30, 2020 and 2019

(Continued)

Overview of the Financial Statements *(Continued)*

The **Statements of Fiduciary Net Position** are a snapshot of account balances at year-end, indicating the assets available for future payments to retirees and their beneficiaries, and any current liabilities owed as of year-end.

The **Statements of Changes in Fiduciary Net Position** reflect all the activities that occurred during the year and show the impact of those activities as additions to or deductions from the Plan. The trend of additions versus deductions will indicate the condition of SBCERA's financial position over time.

The **Statements of Fiduciary Net Position** and the **Statements of Changes in Fiduciary Net Position** report information about SBCERA's activities. These statements include all assets and liabilities, using the full accrual method of accounting, which is similar to the accounting used by private sector companies. All of the current year's revenues and expenses are considered regardless of when cash is received or paid. All investment gains and losses are shown at trade date, not settlement date, and both realized and unrealized gains and losses are shown on investments. Refer to Note 2 – Summary of Significant Accounting Policies for further information.

The **Statements of Fiduciary Net Position** and **Statements of Changes in Fiduciary Net Position** report SBCERA's net position – restricted for pensions (net position is the difference between assets and liabilities) as one way to measure the Plan's financial position. Over time, increases and decreases in SBCERA's net position are an indicator of whether its financial health is improving or deteriorating. Other factors, such as investment earnings and SBCERA's actuarial funded status, should also be considered in measuring SBCERA's overall financial health. Refer to SBCERA's Basic Financial Statements following this analysis.

Notes to the Basic Financial Statements (Notes) are an integral part of the financial reports. The Notes provide additional information that is necessary to acquire a full understanding of the data provided in the financial statements, including a detailed discussion of key policies, programs, investments, and activities that occurred during the year. Refer to the Notes to the Basic Financial Statements section of this report.

Other information to supplement SBCERA's Basic Financial Statements is provided as follows:

Required Supplementary Information (RSI) presents historical trend information concerning the changes in net pension liability, employer contributions, and investment returns. RSI includes notes that explain factors that significantly affect trends in the amounts reported, such as changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions over time. The information is based on actuarial valuations and contributes to the understanding of the changes in the net pension liability of participating employers over the past ten years. Refer to the Required Supplementary Information section of this report.

Other Supplementary Information includes the Schedules of Administrative and Other Expenses, Investment Expenses, and Payments to Consultants, which are presented immediately following the Required Supplementary Information section of this report.

Management's Discussion and Analysis

June 30, 2020 and 2019

(Continued)

Financial Analysis—Net Position

Net position may serve as an indication of SBCERA's financial position over time. Refer to Table 1, below, for further information. As of June 30, 2020, SBCERA had \$10.3 billion in net position, which means total assets of \$10.6 billion exceeded total liabilities of \$302 million. All of the net position is available to meet SBCERA's ongoing obligation to members and their beneficiaries.

As of June 30, 2020, net position decreased by \$301 million, accounting for a 2.8% decrease from the prior year. As of June 30, 2019, net position increased by \$521 million, or a 5.2% increase from the prior year. The decrease for 2020 is primarily due to losses from investment activity and the income for 2019 is due primarily to the gains from investment activity.

FIDUCIARY NET POSITION (TABLE 1)

As of June 30, 2020, 2019 and 2018

(Amounts in Thousands)

	2020	2019	2018	Increase (Decrease)	
				Amount	% Change
ASSETS					
Cash	\$12,845	\$14,574	\$15,314	\$(1,749)	(11.86)%
Receivables	148,993	103,300	102,733	45,693	44.23%
Investments, at Fair Value	10,422,472	10,640,653	10,105,671	(218,180)	(2.05)%
Capital Assets, Net	5,268	4,907	5,811	361	7.36%
TOTAL ASSETS	10,589,578	10,763,434	10,229,529	(173,855)	(1.62)%
LIABILITIES					
Securities Lending	6,607	113,695	77,807	(107,088)	(94.19)%
Securities Options Payable	199,075	270	-	198,805	73,631%
Payables for Securities Purchased	76,984	46,696	71,917	30,288	64.86%
Other Liabilities	19,578	14,366	12,815	5,212	36.28%
TOTAL LIABILITIES	302,244	175,027	162,539	127,217	72.68%
NET POSITION—RESTRICTED FOR PENSIONS	\$10,287,334	\$10,588,407	\$10,066,990	\$(301,072)	(2.84)%

In order to determine that the \$10.3 billion in net position will be sufficient to meet future obligations, SBCERA's independent actuary, Segal Consulting, performed an actuarial valuation as of June 30, 2020. The result of the funding valuation determines what future contributions are needed by the participating employers and members to pay all expected future benefits. The valuation takes into account SBCERA's policy to smooth the impact of market volatility by spreading each year's gains or losses over five years.

On the valuation date, the assets available for payment of retirement benefits are appraised. These assets are compared with the actuarial liabilities, which are the actuarial present value of all future benefits expected to be paid with respect to each member. The actuary uses assumptions regarding life expectancy, projected salary increases over time, projected retirement age, and expected rate of return for the investment portfolio (7.25% rate of return was used for the June 30, 2020 and 2019 valuations). The Board of Retirement (Board) reviews all assumptions used by the actuary every three years.

Management's Discussion and Analysis

June 30, 2020 and 2019

(Continued)

Capital Assets

SBCERA's capital assets increased from \$4.9 to \$5.3 million (net of accumulated depreciation and amortization) between the years ended June 30, 2019 and 2020, and from \$5.8 million to \$4.9 million between the years ended June 30, 2018 and 2019. This investment in capital assets includes equipment, furniture, leasehold improvements, software, and technology infrastructure with an initial cost of \$25 thousand or more and a life expectancy over one year. The total increase in SBCERA's investment in capital assets for the year ended June 30, 2020, was \$361 thousand from 2019. The total decrease in SBCERA's investment in capital assets for the year ended June 30, 2019 was \$904 thousand from 2018. Decreases are due to fully depreciated amortization and increases are a result of new assets.

Reserves

SBCERA's reserves are established based upon contributions and the accumulation of investment income, after satisfying investment, administrative, and other expenses. Refer to Table 2, on page 28, for further information.

Investments are stated at fair value, instead of at cost, and include the recognition of unrealized gains and losses in the current period. For actuarial purposes, it is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board has approved an asset valuation method that gradually adjusts to fair value. Under this valuation method, the full value of market fluctuations is not recognized in a single year, rather, they are smoothed over a five-year period. This method results in more stable asset values and therefore, the plan costs are more stable. These gains and losses are shown in the net unrecognized gains/(losses) reserve account.

The total unrecognized net investment loss as of June 30, 2020 was \$845.8 million as compared to an unrecognized net investment loss of \$54 million as of June 30, 2019. This deferred investment loss of \$845.8 million will be recognized in the determination of the Actuarial Value of Assets for funding purposes in the next five years as part of a five-year smoothing technique.

“SBCERA is committed to efficiently and strategically managing our resources and responsibly funding the Plan now and in the future. ”

—Debby Cherney, SBCERA CEO

Management's Discussion and Analysis

June 30, 2020 and 2019

(Continued)

Reserves (Continued)

RESERVES (TABLE 2)

As of June 30, 2020, 2019 and 2018

(Amounts in Thousands)

TYPE OF RESERVE	2020	2019	2018
Member Deposit Reserve	\$1,609,792	\$1,517,088	\$1,418,875
Employer Current Service Reserve	2,972,558	2,762,603	2,558,813
Contra Account	(3,857,261)	(3,303,286)	(2,938,180)
Pension Reserve	5,190,499	4,883,597	4,603,736
Cost of Living Reserve	2,477,844	2,277,979	2,080,398
Annuity Reserve	2,653,421	2,422,029	2,218,705
Supplemental Disability Reserve	6,792	7,439	7,819
Survivor Benefit Reserve	78,998	74,376	70,068
Burial Allowance Reserve ¹	530	576	629
TOTAL RESERVES (SMOOTHED MARKET ACTUARIAL VALUE)	11,133,173	10,642,401	10,020,863
Net Unrecognized Gains (Losses)	(845,839)	(53,994)	46,127
NET POSITION—RESTRICTED FOR PENSIONS INCLUDING NON-VALUATION RESERVES, AT FAIR VALUE	\$10,287,334	\$10,588,407	\$10,066,990

(1) Reserve not included in valuation value of assets.

Additions and Deductions to Fiduciary Net Positions

ADDITIONS

The primary sources of financing SBCERA benefits are through the collection of participating employer and member contributions and through earnings from investment income (net of investment expenses). Additions for the year ended June 30, 2020 totaled \$335.1 million compared to \$1.1 billion for June 30, 2019, and \$1.3 billion for June 30, 2018. Refer to Table 3, on page 29, for further information. Overall, additions decreased by \$777.5 million or a 69.9% decrease between the years ended June 30, 2019 and 2020, due primarily to a \$804.7 million decrease in net investment income compared to the prior year. Employer and member contributions also increased by 4.86% and 3.44%, respectively or 4.5%. Net securities lending income increased by 27.05% compared to the prior year.

Overall, total employer and member contributions continue to rise due to the increases in the average employer and member contribution rates and increased covered payroll, as recommended by the Plan's independent actuary. Refer to Note 3 – Contribution Requirements for further information.

Management's Discussion and Analysis

June 30, 2020 and 2019

(Continued)

Additions and Deductions to Fiduciary Net Positions (Continued)

DEDUCTIONS

SBCERA was created to provide lifetime retirement benefits, survivor benefits, and permanent disability benefits to eligible members and their beneficiaries. The cost of such programs includes recurring Plan designated benefit payments, refunds of contributions to terminated members, and the cost of administering the Plan.

Deductions for the year ended June 30, 2020 totaled \$636.2 million, an increase of \$45 million or 7.6% over the June 30, 2019 total deductions. The increase in deductions for the year ended June 30, 2019, totaled \$521.4 million, an increase of \$39.8 million or 7.2% over the June 30, 2018 amount of \$551.4 million. Refer to Table 3, on the following page, for further information. The increases in all years, related to benefits and refunds, are primarily due to the overall growth in the number of retirees and the average amount of benefits paid to them. Refer to Note 1 – Significant Provisions of the Plan (see section for SBCERA Membership) for further information. Deductions for administrative expenses have remained relatively stable in all years. In addition, deductions for other expenses have remained fairly consistent. Refer to Note 2 – Summary of Significant Accounting Policies (see section for Administrative Expenses), and Other Supplementary Information (see Schedule of Administrative and Other Expenses) for further information.

CHANGES IN FIDUCIARY NET POSITION (TABLE 3)

As of June 30, 2020, 2019 and 2018

(Amounts in Thousands)

	2020	2019	2018	Increase (Decrease)	
				Amount	% Change
ADDITIONS					
Employer Contributions	\$467,985	\$446,295	\$378,668	\$21,691	4.9%
Member Contributions	169,183	163,552	149,478	5,631	3.4%
Net Investment Income ¹	(302,263)	502,461	797,242	(804,724)	(160.2)%
Net Securities Lending Income	213	292	238	(79)	(27.1)%
TOTAL ADDITIONS	335,118	1,112,600	1,329,938	(777,481)	(69.9)%
DEDUCTIONS					
Benefits and Refunds	621,564	578,508	539,297	43,056	7.4%
Administrative Expense	9,019	9,383	8,752	(364)	(3.9)%
Other Expenses	5,608	3,292	3,340	2,316	70.4%
TOTAL DEDUCTIONS	636,191	591,183	551,389	45,008	7.6%
NET INCREASE (DECREASE) IN NET POSITION	(301,073)	521,417	778,549	(822,489)	(157.7)%
NET POSITION—RESTRICTED FOR PENSIONS: BEGINNING OF YEAR	10,588,407	10,066,990	9,288,441	521,417	5.2%
END OF YEAR	\$10,287,334	\$10,588,407	\$10,066,990	\$(301,072)	(2.8)%

(1) Net of investment expenses of \$156,158, \$160,666, and \$163,990 for the years ending June 30, 2020, 2019, and 2018, respectively.

Management's Discussion and Analysis

June 30, 2020 and 2019

(Continued)

Net Pension Liability for Participating Employers

SBCERA is subject to the provisions of GASB Statement No. 67 (GASB 67), Financial Reporting for Pension Plans, and SBCERA's participating employers are subject to the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 25. These standards require governmental employers to recognize their long-term obligation for pension benefits as a liability on their statements of fiduciary net position, to recognize their annual pension expense as a comprehensive measurement of the annual cost of pension benefits, and requires SBCERA to provide note disclosures and required supplementary information related to the Plan's net pension liability (NPL) of participating employers.

NPL represents the excess of the total pension liability (using an entry age cost method, discounted at a discount rate that reflects the expected return on Plan assets) over fiduciary net position (valued at fair value). It is a measurement of pension liabilities using market assets that provides a consistent and standardized methodology allowing comparability of data and increased transparency of the pension liability across all governmental entities. SBCERA has complied with GASB 67 for the years ended June 30, 2020 and 2019.

Based on the June 30, 2020, 2019, and 2018 actuarial valuations, the NPL of participating employers on a fair value basis were \$4.0 billion, \$2.7 billion, and \$2.5 billion, respectively. Refer to Table 4, below, for further information. The increase of \$1.3 billion or 47.8% from 2019 to 2020 was primarily due to the investment return being less than the actuarial rate of 7.25%. The increase of \$178,316 or 7.04% from 2018 to 2019 was primarily due to the investment return being less than the actuarial rate of 7.25%. Refer to Note 4 – Net Pension Liability of Participating Employers, and the Required Supplementary Information sections of this report for further information.

CHANGES IN NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS (TABLE 4)

As of June 30, 2020, 2019, and 2018
(Amounts in Thousands)

	2020	2019	2018	Increase (Decrease)	
				Amount	% Change
Total Pension Liability	\$14,295,742	\$13,300,303	\$12,600,570	\$995,439	7.48%
Less Plan Fiduciary Net Position	10,287,334	10,588,407	10,066,990	(301,073)	(2.84)%
NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS	\$4,008,408	\$2,711,896	\$2,533,580	\$1,296,512	47.81%

Management's Discussion and Analysis

June 30, 2020 and 2019

(Continued)

Overall Analysis

For the year ended June 30, 2020, SBCERA's financial position and results from operations have experienced a decrease from the prior year, as net position decreased by \$301.1 million or 2.8% from the year ended June 30, 2019. For the year ended June 30, 2019, net position increased by \$521.4 million or 5.2% from the year ended June 30, 2018. The overall decrease in net position for June 30, 2020 was primarily attributable to the depreciation in the fair value of the Plan's investment portfolio due to losses incurred from SBCERA's unique asset positioning and a strengthening financial market. Despite the fluctuations in the financial markets, SBCERA remains in a sound financial position to meet its obligations to members and their beneficiaries. The overall financial position of SBCERA results from a very strong and successful investment program, risk management, and strategic planning. As a long-term investor, SBCERA can take advantage of price volatility along with a diversified exposure to domestic and international equities, fixed income investments, natural resources, real estate, infrastructure, private equity, and overlay programs. Overall, this diversification minimizes the risk of loss and maximizes the rate of return for the Plan.

SBCERA's Fiduciary Responsibilities

SBCERA's Board and management are fiduciaries of the pension trust fund. Under the California Constitution, the assets of the Plan can only be used for the exclusive benefit of members and their beneficiaries.

Requests for Information

The Basic Financial Statements are designed to provide the SBCERA Board, its membership, taxpayers, investment managers and creditors with a general overview of SBCERA's finances and to account for the money it received. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

San Bernardino County Employees' Retirement Association (SBCERA)
Attn: Fiscal Services Department
348 West Hospitality Lane,
San Bernardino, CA 92408

Respectfully,



Amy McInerney, CPA
Chief Financial Officer

Statements of Fiduciary Net Position

As of June 30, 2020 and 2019

(Amounts in Thousands)

	2020	2019
ASSETS		
Cash		
Cash in Bank	\$6,375	\$4,093
Cash Pooled with County Treasurer	6,470	10,481
TOTAL CASH	12,845	14,574
Receivables		
Securities Sold	76,895	58,021
Accrued Interest and Dividends	27,235	5,804
Employer and Member Contributions	43,423	37,435
Due from Withdrawn Employers	452	485
Other Receivables	988	1,555
TOTAL RECEIVABLES	148,993	103,300
Investments, at Fair Value		
Short-Term Cash Investment Funds	1,056,304	842,709
Emerging Market Debt	74,384	31,970
United States Government Obligations and Other Municipals	70,739	259,479
Domestic Bonds	597,739	191,754
Foreign Bonds	445,178	218,185
Domestic Common and Preferred Stock	1,208,252	1,443,184
Foreign Common and Preferred Stock	741,915	827,950
Investments of Cash Collateral on Securities Lending	6,607	113,710
Real Estate	458,281	438,658
Domestic Alternatives	4,098,128	4,114,472
Foreign Alternatives	1,664,945	2,158,582
TOTAL INVESTMENTS, AT FAIR VALUE	10,422,472	10,640,653
Capital Assets, Net of Accumulated Depreciation and Amortization	5,268	4,907
TOTAL ASSETS	10,589,578	10,763,434
LIABILITIES		
Securities Lending	6,607	113,695
Securities Options Payable	199,075	270
Payables for Securities Purchased	76,984	46,696
Other Liabilities	19,578	14,366
TOTAL LIABILITIES	302,244	175,027
NET POSITION—RESTRICTED FOR PENSIONS	\$10,287,334	\$10,588,407

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

Statements of Changes in Fiduciary Net Position

For the Years Ended June 30, 2020 and 2019

(Amounts in Thousands)

	2020	2019
ADDITIONS		
Contributions		
Employer Contributions	\$467,985	\$446,295
Member Contributions	169,183	163,552
TOTAL CONTRIBUTIONS	637,168	609,847
Investment Income		
Net Appreciation (Depreciation) in Fair Value of Investments:		
Securities and Alternative Investments	(520,280)	419,930
Real Estate	(5,775)	2,021
TOTAL NET APPRECIATION (DEPRECIATION) IN FAIR VALUE OF INVESTMENTS	(526,055)	421,951
Interest Income on Cash and Securities	265,019	159,378
Other Investment Income		
Dividend Income	63,556	37,921
Net Real Estate Rental Income	22,581	31,370
Other Income	12,056	7,999
TOTAL OTHER INVESTMENT INCOME	98,193	77,290
Less Investment Expenses		
Investment Advisement Fees	(88,495)	(93,010)
Other Investment Expenses	(50,925)	(63,148)
TOTAL INVESTMENT EXPENSES	(139,420)	(156,158)
NET INVESTMENT INCOME	(302,263)	502,461
Securities Lending Income		
Earnings	1,805	2,745
Less Rebates and Bank Charges	(1,592)	(2,453)
NET SECURITIES LENDING INCOME	213	292
TOTAL ADDITIONS	335,118	1,112,600
Deductions		
Benefits and Refunds Paid to Members and Beneficiaries	621,564	578,508
Administrative Expenses	9,019	9,383
Other Expenses	5,608	3,292
TOTAL DEDUCTIONS	636,191	591,183
NET INCREASE (DECREASE) IN NET POSITION	(301,073)	521,417
NET POSITION—RESTRICTED FOR PENSIONS		
Beginning of Year	10,588,407	10,066,990
END OF YEAR	\$10,287,334	\$10,588,407

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

Notes to the Basic Financial Statements

June 30, 2020 and 2019

Note 1 – Significant Provisions of the Plan

The San Bernardino County Employees' Retirement Association (SBCERA) administers the SBCERA pension plan – a cost-sharing multiple-employer defined benefit pension plan (Plan). SBCERA was established in 1945 and operates under the provisions of the California County Employees Retirement Law of 1937 (CERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA) and the regulations, procedures, and policies adopted by SBCERA's Board of Retirement (Board). The Plan's provisions may be amended by the California state legislature and in some cases require approval by the County of San Bernardino Board of Supervisors and/or the SBCERA Board of Retirement (Board).

SBCERA provides retirement, disability, death, and survivor benefits to its members, who are employed by 17 active Plan sponsors (participating employers), and four withdrawn employers.

Active Plan Sponsors

- Barstow Fire Protection District (BFPD)
- Big Bear Fire Authority (BBFA)
- California Electronic Recording Transaction Network Authority (CERTNA)
- California State Association of Counties (CSAC)
- City of Big Bear Lake (CBBL)
- City of Chino Hills (CCH)
- Crestline Sanitation District (CSD)
- Department of Water and Power of the City of Big Bear Lake (DWP)
- Hesperia Recreation and Park District (HRPD)
- Law Library for San Bernardino County (LL)
- Local Agency Formation Commission (LAFCO)
- Mojave Desert Air Quality Management District (MDAQMD)
- San Bernardino County (County)
- San Bernardino County Employees' Retirement Association (SBCERA)
- San Bernardino County Transportation Authority (SBCTA)
- South Coast Air Quality Management District (SCAQMD)
- Superior Court of California, County of San Bernardino (Superior Court)

Withdrawn Employers

Inland Library System (ILS) (withdrew May 31, 2019)*

Inland Valley Development Agency (IVDA) (withdrew June 30, 2012)

Rim of the World Recreation and Park District (Rim) (withdrew May 4, 2013)

San Bernardino International Airport Authority (SBIAA) (withdrew June 30, 2012)

* For actuarial purposes, ILS is considered a withdrawn employer; however, until the irrevocable ILS board resolution is passed, the employer is still considered active for reporting purposes.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 1 – Significant Provisions of the Plan *(Continued)*

Fiduciary oversight of SBCERA is vested with the SBCERA Board, which consists of nine voting members and three alternate members. Four members are appointed by the County of San Bernardino's Board of Supervisors, six members (which include two alternates) are elected by the members of SBCERA (General members elect two members, Safety members elect one member and one alternate, and Retired members elect one member and one alternate), and the County of San Bernardino Treasurer (County Treasurer) is an ex-officio member who has designated one alternate.

Board members serve three-year terms, with the exception of the County Treasurer, who serves during their tenure in office. The Board meets monthly. Appointed and retired members of the Board receive compensation (a stipend for meeting attendance), and all members are reimbursed for necessary business expenses pursuant to California Government Code (GC) section 31521. SBCERA's Chief Executive Officer is appointed by the Board, and implements the policies and direction set by the Board.

Membership and Benefit Eligibility

All benefits established by the CERL and PEPRA, as amended from time to time, are administered by SBCERA for its participating employers. SBCERA administers benefits for two membership classifications, General and Safety, and those benefits are tiered based upon date of SBCERA membership. Safety membership is extended to those involved in active law enforcement and fire suppression. All other members are classified as General members. Generally, those who became members prior to January 1, 2013 (effective date of PEPRA) are Tier 1 members. All other members are Tier 2. Employees become eligible for membership on their first day of regular employment, and members become fully vested after earning five years of service credit or attaining the age of 70. Additional information regarding SBCERA's benefits is included in the Summary Plan Description, also known as The Compass, which is available on SBCERA's website at www.SBCERA.org.

SBCERA Membership

An employee who is appointed to a regular position and whose service is equal to or greater than 50% of the full standard hours required by an SBCERA participating employer must become a member of SBCERA on the first day of employment. However, membership may be delayed in accordance with SBCERA regulations for establishing reciprocity with another public retirement system as described in the CERL, and employees who have attained age 60 prior to employment may waive their membership within 90 days following the initial appointment.

SBCERA membership consists of active members, inactive members, and their beneficiaries as displayed on the following page.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 1 – Significant Provisions of the Plan (Continued)

MEMBERSHIP AND BENEFIT ELIGIBILITY | SBCERA MEMBERSHIP (Continued)

SBCERA MEMBERSHIP

As of June 30, 2020

Membership Type	Tier 1			Tier 2			Total
	General	Safety	Sub-Total	General	Safety	Sub-Total	
Active Members							
Active Members—Vested	9,870	1,474	11,344	1,910	265	2,175	13,519
Active Members—Non-Vested	35	3	38	7,388	869	8,257	8,295
TOTAL ACTIVE MEMBERS	9,905	1,477	11,382	9,298	1,134	10,432	21,814
Inactive Members or Beneficiaries Currently Receiving Benefits							
Retirees Currently Receiving Benefits	10,031	1,908	11,939	44	9	53	11,992
Beneficiaries and Dependents Currently Receiving Benefits	1,437	398	1,835	5	1	6	1,841
TOTAL INACTIVE MEMBERS OR BENEFICIARIES CURRENTLY RECEIVING BENEFITS	11,468	2,306	13,774	49	10	59	13,833
Inactive Members not Receiving Benefits							
Inactive Members Eligible for, but not yet Receiving Benefits	2,548	166	2,714	264	71	335	3,049
Inactive Members Eligible for Refund Value of Account Only ¹	1,802	57	1,859	2,424	162	2,586	4,445
TOTAL INACTIVE MEMBERS NOT RECEIVING BENEFITS	4,350	223	4,573	2,668	233	2,921	7,494
TOTAL SBCERA MEMBERSHIP	25,723	4,006	29,729	12,035	1,377	13,412	43,141

SBCERA MEMBERSHIP

As of June 30, 2019

Membership Type	Tier 1			Tier 2			Total
	General	Safety	Sub-Total	General	Safety	Sub-Total	
Active Members							
Active Members—Vested	10,712	1,568	12,280	1,029	147	1,176	13,456
Active Members—Non-Vested	55	7	62	7,394	911	8,305	8,367
TOTAL ACTIVE MEMBERS	10,767	1,575	12,342	8,423	1,058	9,481	21,823
Inactive Members or Beneficiaries Currently Receiving Benefits							
Retirees Currently Receiving Benefits	9,625	1,829	11,454	21	6	27	11,481
Beneficiaries and Dependents Currently Receiving Benefits	1,390	369	1,759	4	-	4	1,763
TOTAL INACTIVE MEMBERS OR BENEFICIARIES CURRENTLY RECEIVING BENEFITS	11,015	2,198	13,213	25	6	31	13,244
Inactive Members not Receiving Benefits							
Inactive Members Eligible for, but not yet Receiving Benefits	2,401	173	2,574	174	38	212	2,786
Inactive Members Eligible for Refund Value of Account Only ¹	1,820	57	1,877	1,919	144	2,063	3,940
TOTAL INACTIVE MEMBERS NOT RECEIVING BENEFITS	4,221	230	4,451	2,093	182	2,275	6,726
TOTAL SBCERA MEMBERSHIP	26,003	4,003	30,006	10,541	1,246	11,787	41,793

(1) Inactive members with fewer than five years of service credit are entitled to withdraw their refundable member contributions made, together with accumulated interest only.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 1 – Significant Provisions of the Plan *(Continued)*

MEMBERSHIP AND BENEFIT ELIGIBILITY *(Continued)*

Membership Retirement Benefits

General Tier 1 members are eligible for retirement benefits upon completion of 10 years of service credit and attaining age 50, or 30 years of service credit regardless of age, or age 70 regardless of years of service credit. Safety Tier 1 members have the same eligibility requirements as General members except they are required to complete only 20 years of service credit, regardless of age. Retirement benefits are calculated at 2% for General Tier 1 members and 3% for Safety Tier 1 members of the highest 12 consecutive months of compensation earnable, as defined in GC sections 31462.1, 31676.15, and 31664.1 of the CERL, for each completed year of service based on a normal retirement age of 55 for General members and age 50 for Safety members.

For Tier 1 members, the maximum monthly retirement allowance is 100% of final compensation, and final compensation is capped pursuant to Internal Revenue Code (IRC) section 401(a)(17), which is \$280,000 and \$275,000 for fiscal years ending June 30, 2020 and 2019, respectively. Tier 1 members and participating employers are exempt from paying contributions on compensation earnable paid in excess of the annual cap (except for the survivor benefit contribution), and Tier 1 members are exempt from paying contributions on compensation earnable when the member reaches 30 or more years of service credit (except for the survivor benefit contribution). The annual cap, for Tier 1 members, is applied to the fiscal year for the IRC section 401(a)(17) limit in effect at the beginning of the fiscal year.

General Tier 2 members are eligible for retirement benefits upon completion of five years of service credit and attaining age 52 or attaining age 70 regardless of service credit. Safety Tier 2 members are eligible for retirement benefits upon completion of five years of service credit and attaining age 50. Retirement benefits are calculated at 2.5% at age 67 for General Tier 2 members and 2.7% at age 57 for Safety Tier 2 members of the highest 36 consecutive months of pensionable compensation, as defined in GC sections 7522.20(a) and 7522.25(d) of the PEPRA, for each completed year of service. For Tier 2 members, the monthly retirement allowance is not capped. However, pensionable compensation for all Tier 2 members is limited each year by an annual cap per GC section 7522.10, which is \$151,549 and \$149,016 for calendar years 2020 and 2019, respectively. Since pensionable compensation is capped, participating employers and Tier 2 members are exempt from paying contributions on pensionable compensation paid in excess of the annual cap (except for the survivor benefit contribution).

The member may elect an unmodified retirement allowance, or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse/registered domestic partner or eligible child. An eligible surviving spouse or registered domestic partner is one married to or registered with the member one year prior to the effective retirement date. To be considered a post-retirement eligible spouse/registered domestic partner, the member must have been married/legally registered at least two years prior to death, and the spouse/registered domestic partner must be 55 years or older upon the member's death, and no other person may be designated in a court order as a payee. There are four optional retirement allowances the member may choose, each requiring a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse, registered domestic partner, or named beneficiary having an insurable interest in the life of the member.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 1 – Significant Provisions of the Plan *(Continued)*

Terminated Member Benefits

If a member terminates before earning five years of service credit, the member forfeits the right to receive benefits and is entitled to withdraw refundable contributions made, together with accumulated interest. If the member enters a reciprocal retirement system within 180 days of terminating from SBCERA and elects to leave their accumulated contributions on deposit with SBCERA, the member will receive a deferred retirement allowance when eligible. A member with fewer than five years of service credit may elect to leave accumulated contributions in the retirement fund indefinitely pursuant to GC section 31629.5. If a member terminates after five years of service credit, the member may elect to withdraw the refundable contributions, including interest earned, or leave the accumulated deposits in the retirement fund and be granted a deferred retirement allowance at the time the member would have been entitled to the allowance if service had been continued. The acceptance of a refund payment cancels the individual's rights and benefits in SBCERA.

Death and Disability Benefits

The Plan provides death benefits to beneficiaries of members, and these benefits are governed by Articles 12, 15, and 15.6 of the CERL. In accordance with applicable California law, a surviving spouse/registered domestic partner, or minor children, even if not the named beneficiary, may have certain rights superseding the rights of the named beneficiary.

Death Before Retirement with Fewer Than Five Years of Service Credit

If a member with fewer than five years of service credit dies because of a non-work-related incident, the member's designated beneficiary will receive the member's refundable retirement contributions plus accumulated interest earned. In addition, the beneficiary will receive one month's compensation for each completed year the member served to a maximum of 50% of annual compensation pursuant to GC section 31781. If the member established reciprocity with another public pension plan, SBCERA will coordinate benefits with the last public employer, pursuant to GC sections 31839 and 31840.

Death Before Retirement with More Than Five Years of Service Credit

A member who dies after earning at least five years of service credit, but whose death is not job-related, is entitled to leave the eligible spouse/registered domestic partner (or any eligible children) a monthly payment equal to 60% of the amount that would have been paid had the member retired with a non-service connected disability. If the beneficiary is other than a spouse/registered domestic partner or dependent child, the beneficiary receives a lump sum payment of the refundable retirement contributions plus accumulated interest earned. In addition, the beneficiary would receive one month's compensation for each completed year the member served to a maximum of six months pursuant to GC section 31781. If the member established reciprocity with another public pension plan, SBCERA will coordinate benefits with the last public employer, pursuant to GC sections 31839 and 31840.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 1 – Significant Provisions of the Plan *(Continued)*

DEATH AND DISABILITY BENEFITS *(Continued)*

Death Before Retirement Caused by Employment

If a member dies due to injury or disease arising out of or in the course of employment, the surviving spouse/registered domestic partner is eligible for a monthly allowance equal to the amount that would have been paid had the employee retired with a service connected disability at the time of death. This amount is equal to 50% of the individual's final monthly compensation. If a Safety member dies while in the performance of duty, the spouse/registered domestic partner will receive an additional lump-sum payment equal to one year's salary. Furthermore, an additional death benefit of 25% of the annual death allowance may be payable for one eligible child, and increases to 40% for two eligible children, or 50% for three or more eligible children if the death qualifies pursuant to GC section 31787.5. Under GC section 31787.65, the final compensation upon which the additional death payment is calculated may be increased any time current active members, in the same classification as the deceased member, receive a compensation increase. The final compensation will be subject to these increases until the earlier of the death of the surviving spouse or eligible children, or the date that the deceased member would have attained the age of 50 years.

Death After Retirement

If the unmodified retirement option is chosen as part of a service retirement, the eligible spouse/registered domestic partner will receive 60% of the retiree's monthly pay for the remainder of the spouse/registered domestic partner's life. The continuance is 100% if the member retired with a service-connected disability. The spouse/registered domestic partner's eligibility in the case of a service retirement is determined by whether the marriage/registered domestic partnership occurred at least one year prior to retirement. In the event the member was unmarried at retirement, under GC section 31760.2, the eligibility is determined based on whether the marriage/registered domestic partnership occurred at least two years prior to the date of death of the member and the spouse/registered domestic partner has attained the age of 55 years on or prior to the date of death of the member. However, in the case of a service-connected disability, the spouse/registered domestic partner must have been married/registered at least one day prior to retirement pursuant to GC section 31786. A burial allowance of \$1,000 is also payable to the deceased retiree's beneficiary or estate (\$250 of this amount is discretionary, subject to the availability of funds in the burial allowance reserve).

If there is no eligible surviving spouse, any minor children are eligible and the unmodified option was selected at retirement, the total benefit received is 60% of the retiree's monthly compensation, which would be divided amongst the unmarried children (if more than one). The benefit continues until the unmarried child/children reach age 18 or marry, whichever comes first. If the child/children remain unmarried and are enrolled as full-time students in an accredited school, the benefit will continue up to the age of 22.

If one of the four modified retirement options are chosen by the member as part of a service retirement, the monthly allowance is reduced for the retiree's lifetime. The type of reduction is dependent on the election made by the member and is approved by the Board, upon the advice of SBCERA's independent actuary.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 1 – Significant Provisions of the Plan *(Continued)*

DEATH AND DISABILITY BENEFITS *(Continued)*

Survivor Benefits

The Plan provides a General member survivor benefit to an eligible spouse/registered domestic partner, eligible dependent children, and eligible dependent parents, if the active General member had been a member continuously for at least 18 months immediately prior to death, pursuant to GC section 31855.12.

Disability Benefits

The Plan provides disability benefits to eligible members and Article 10 of the CERL governs these benefits.

An active member, who is found by the Board to be permanently incapacitated as a result of a service connected injury or illness, arising out of or in the course of the member's employment, is paid an annual disability allowance equal to the greater of 50% of the employee's final average compensation or the normal service retirement benefits accumulated by the member as of the date of the disability retirement. A member, who is found by the Board to be permanently incapacitated as a result of a non-service connected injury or illness, which does not arise out of or in the course of the member's employment, is paid a monthly allowance determined by their entry date. If the member entered the system on or after January 1, 1981, pursuant to GC section 31727.7, the benefit is 20% of final average compensation for five years of service credit and 2% for each additional whole year of service credit thereafter, up to a maximum of 40% of final average compensation. For members who entered the system prior to January 1, 1981, the non-service connected monthly disability benefit is one-third of the member's final average compensation. For all members, regardless of when they entered the system, if the service retirement benefit is higher, the member would be paid that amount.

Cost-Of-Living Adjustments

Pursuant to GC section 31870, an automatic cost-of-living adjustment is provided based on changes in the local region Consumer Price Index (CPI) up to a maximum of 2% per year. Any increase greater than 2% is "banked" and may be used in years when the CPI is less than 2%. In addition, there is a one-time 7% increase at retirement for members hired before August 19, 1975, pursuant to Article 16.6 of the CERL.

Participating Employers

A district may become a participating employer in SBCERA pursuant to GC section 31557. A participating employer is eligible to withdraw from SBCERA pursuant to GC section 31564. The terminating employer remains liable to SBCERA for the employer's share of any unfunded actuarial liability of the Plan, which is attributable to the employees of the withdrawing employer who either have retired or will retire from the Plan. The liability is determined by SBCERA's actuary pursuant to GC section 31564.2.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 1 – Significant Provisions of the Plan (Continued)

PARTICIPATING EMPLOYERS (Continued)

Four employers have withdrawn from SBCERA, one remains liable for their unfunded actuarial liability at June 30, 2020 and at June 30, 2019, and one (ILS) has not completely withdrawn. On June 30, 2012, San Bernardino International Airport Authority (SBIAA) and the Inland Valley Development Agency (IVDA) withdrew from SBCERA and subsequently entered into a payment agreement with SBCERA in September 2013, to pay their unfunded actuarial liability of \$3.6 million and \$4.4 million, respectively. SBIAA and IVDA requested the payments be first applied to SBIAA until their liability was paid in full in August 2015. On May 4, 2013, Rim of the World Recreation and Park District (Rim) withdrew from SBCERA and subsequently entered into a payment agreement with SBCERA in February 2014 to pay their unfunded actuarial liability of \$669 thousand.

On May 31, 2019, Inland Library System's (ILS) last employee retired; however, the participating employer will not be considered fully withdrawn until the ILS board issues an irrevocable resolution to withdraw. At that time, ILS will agree to a withdrawal liability and payment plan according the SBCERA General Policy No. 020 (Issue 1.0). For the purpose of actuarial valuations, the employer is considered withdrawn.

See below for a summary of the amounts due from withdrawn employers as of June 30, 2020 and 2019.

DUE FROM WITHDRAWN EMPLOYERS

As of June 30, 2020 and 2019

(Amounts in Thousands)

Employer	Balance at July 1, 2019	Additions	Deductions	Balance at June 30, 2020
Rim	\$485	\$ -	\$(33)	\$452
TOTAL	\$485	\$ -	\$(33)	\$452

Employer	Balance at	Additions	Deductions	Balance at
Rim	\$519	\$ -	\$(34)	\$485
TOTAL	\$519	\$ -	\$(34)	\$485

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 2 – Summary of Significant Accounting Policies

The following are the significant accounting policies followed by SBCERA.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (U.S.) known as Generally Accepted Accounting Principles (GAAP), under which revenues are recognized when earned and deductions are recorded when the liability is incurred. Employer and member contributions are recognized as revenues when due, pursuant to statutory requirements. Contributions are recorded in the period the related salaries are earned and become measurable pursuant to statutory or contractual requirements. Investment income is recognized as revenue when earned. The net appreciation/(depreciation) in fair value of investments held by SBCERA is recorded as an increase/(decrease) to investment income based on the valuation of investments at year-end, which includes both realized and unrealized gains and losses on investments. Retirement benefits and refunds are recognized when currently due and payable in accordance with the terms of the Plan. Other expenses are recognized when the corresponding liabilities are incurred.

Cash

Cash includes cash on hand (petty cash), deposits with a financial institution and deposits with a pooled account managed by the San Bernardino County Treasurer. Refer to Note 7 – Deposits and Investments (see section for Cash and Deposits) for further information.

Investments

SBCERA is authorized by GC sections 31594 and 31595 to invest in any form or type of investment deemed prudent by the Board and does so through the *Investment Plan, Policy and Guidelines* established by the Board. The assets of the Plan are held for the exclusive purpose to provide benefits to members and their beneficiaries and to defray reasonable expenses of administering SBCERA. The Board is required by statute to use care, skill, prudence, and diligence to diversify the investments of the Plan 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. Refer to Note 7 – Deposits and Investments (see section for Investments) for further information.

Plan investments are reported at fair value. 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. Fair value for investments of publicly traded securities is based upon closing sales prices reported on recognized securities exchanges on the last business day of the period or for listed securities having no sales reported and for unlisted securities, based upon last reported bid prices. All purchases and sales of securities are accounted for on a trade date basis and dividends declared but not received are accrued on the ex-dividend date. Realized gains or losses of securities are determined based on average cost.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

BASIS OF ACCOUNTING | INVESTMENTS (Continued)

Fair value for investments in limited partnerships and/or commingled funds of debt securities, equity securities, real estate, private equity, commodities, infrastructure, and other alternatives is based on fund share price or percentage of ownership, provided by the fund manager or general partner, which is based on net asset value as determined by the fund manager or general partner. Fair value for these investments is reported by the fund manager and/or general partner on a monthly and/or quarterly basis and is supported by annual financial statements that are audited by an independent third party accountant. Where fair value information as of June 30, 2020 and 2019, was not available at the time of these financial statements, SBCERA has estimated fair value by using the most recent fair value information available from the fund manager/general partner and adding any contributions and/or deducting any distributions to/from the investment from the date of the most recent fair value information.

Fair value for investments in separately owned real estate is based on independent appraisals obtained every three years along with quarterly valuations performed by SBCERA's individual real estate advisors in accordance with the Real Estate Information Standards of the National Council of Real Estate Investment Fiduciaries.

The allocation of investment assets within SBCERA's portfolio is approved by the Board as outlined in the *Investment Plan, Policy and Guidelines*. 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 Plan. The table below provides the Board's adopted *Asset Allocation* policy as of June 30, 2020 and 2019, respectively.

ASSET ALLOCATION POLICY

As of June 30, 2020 and 2019

Asset Class	Target Allocation
Domestic Equity	13.00%
International Equity	15.00%
Domestic Fixed Income	15.00%
International Fixed Income	20.00%
Private Equity	16.00%
Real Estate	7.00%
Absolute Return	7.00%
Timber	2.00%
Infrastructure	1.00%
Commodities	2.00%
Short-Term Cash	2.00%
TOTAL	100.00%

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Notes 2 – Summary of Significant Accounting Policies

BASIS OF ACCOUNTING (Continued)

Derivatives

The Plan uses financial instruments such as derivatives and similar transactions to gain exposure to various financial markets and reduce its exposure to certain financial market risks for purposes of investments only. The financial instruments are valued at fair value and, as such, gains and losses are recognized daily, based on changes in their fair value. These changes are reflected as net appreciation/(depreciation) in fair value of investments on the Statements of Changes in Fiduciary Net Position. The use of these financial instruments exposes the Plan to counter-party credit risk and to market risk associated with a possible adverse change in interest rates, equity values, and currency movement. The Plan may have additional exposure to derivative instruments through investments in commingled funds whose strategies may include the use of derivatives to gain exposure to various financial markets and reduce its exposure to certain financial market risks. Refer to Note 7 – Deposits and Investments (see section for Derivatives) for further information.

Reserves

Employer and member contributions are allocated to various reserve accounts based on actuarial determinations. Pursuant to the Board's *Interest Crediting Procedures and Undesignated Excess Earnings Allocation* policy, funds in excess of reserve requirements are allocated first to prior year shortfalls (the Contra Account), then 3% of the fair value of assets are set aside as a contingency reserve for future losses, and any excess is then allocated to the employer current service reserve, maintained as an additional contingency reserve, or held as undesignated excess earnings. Refer to Note 5 – Reserves for further information.

Income Taxes

SBCERA is a qualified plan under IRC section 401(a) and is exempt from federal income taxes under IRC section 501(a). Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Administrative Expenses

The Board adopts the annual operating budget for the administration of SBCERA. The administrative expenses are charged against the earnings of the Plan. Pursuant to GC section 31580.2, administrative expenses incurred in any one year are not to exceed twenty-one hundredths of one percent or 0.21% of SBCERA's actuarial accrued liabilities. Actual administrative expenses did not exceed this limitation for the years ended June 30, 2020 and 2019 (see table on next page).

Pursuant to GC sections 31522.5, 31522.7, 31580.2, 31529.9, 31596.1, and 31699.9, certain expenses are excluded from the limits described above for investment costs, actuarial service costs, legal service costs, and technology costs. Therefore, investment costs were offset against investment income, and actuarial service costs, technology costs, and non-investment legal service costs are all reported on the Statements of Changes in Fiduciary Net Position as Other Expenses. A Schedule of Administrative and Other Expenses subject to the statutory limitation described above is also included in the Other Supplementary Information section of this report.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Notes 2 – Summary of Significant Accounting Policies (Continued)

BASIS OF ACCOUNTING | ADMINISTRATIVE EXPENSES (Continued)

STATUTORY LIMITATION FOR ADMINISTRATIVE EXPENSES

For the Years Ended June 30, 2020 and 2019

(Amounts in Thousands)

		2020	2019
Actuarial Accrued Liability (AAL) ¹	a	\$12,604,942	\$11,928,310
Statutory Limit for Administrative Expenses (AAL x 0.21%)		26,470	25,049
Actual Administrative Expenses Subject to Statutory Limit	b	9,019	9,383
EXCESS OF LIMITATION OVER ACTUAL ADMINISTRATIVE EXPENSES		\$17,451	\$15,666
ACTUAL ADMINISTRATIVE EXPENSES AS A PERCENTAGE OF AAL	b/a	0.07%	0.08%

Management's Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions. These affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Capital Assets

Capital assets are recorded at cost and consist of furniture, equipment, intangible assets, including computer software, and leasehold improvements with an initial cost of \$25 thousand or more and an estimated useful life in excess of one year. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the assets, which range from three to thirty-nine years. SBCERA's capital assets are summarized on the following page as of June 30, 2020 and 2019.

(1) The AAL, as determined by the Plan's actuary each year, is used to calculate the statutory limitation for administrative expenses for the year after next. For example, the AAL as of June 30, 2018 was approved by the Board in December 2018, and was used to establish the statutory limitation for administrative expenses for the year ended June 30, 2020.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

BASIS OF ACCOUNTING | CAPITAL ASSETS (Continued)

CAPITAL ASSETS

For the Years Ended June 30, 2020 and 2019
(Amounts in Thousands)

	2019			2020		
	Beginning	Additions	Ending	Beginning	Additions	Ending
Furniture, Equipment & Leaseholds	\$10,887	\$7	\$10,894	\$10,894	\$1,108	\$12,002
Computer Software	4,395	34	4,429	4,429	161	4,590
Accumulated Depreciation ¹	(6,520)	(458)	(6,978)	(6,978)	(430)	(7,408)
Accumulated Amortization ¹	(2,951)	(487)	(3,438)	(3,438)	(478)	(3,916)
TOTAL	\$5,811	\$(904)	\$4,907	\$4,907	\$361	\$5,268

Reclassification of Financial Statements Presentation

Certain amounts presented in the year ended June 30, 2019, financial statements were reclassified to be consistent with the current year's presentation. Such reclassifications have no effect on the net increase in fiduciary net position as previously reported.

Subsequent Events

There were no subsequent events that require an adjustment or disclosure other than the information described within these Notes.

Due to the COVID-19 pandemic, market conditions have changed significantly during 2020. While SBCERA is a long-term investor, it is impossible to determine how the pandemic may affect investment values in the future. There have been no correlations between the pandemic and SBCERA membership through its participating employers. It is impossible to determine how the pandemic may affect participating employers' employment levels in the future, and any resulting impact on the actuarial valuation and assumptions.

On July 30, 2020, the California Supreme court filed its decision in Alameda County Deputy Sheriff's Assn. v Alameda County Employees' Retirement Assn., Cal. Supreme Court Case No. S247095, which became final on August 30, 2020 (the "Alameda Decision"). The Alameda Decision overturns certain legal and equitable determinations in the First DCA in Alameda and concludes that all amendments to the definition of Compensation Earnable in Government Code section 31641, enacted as a result of the Public Employees' Pension Reform Act of 2013 and related statutory changes to CERL ("PEPRA"), effective January 1, 2013 are constitutional, and that CERL retirement boards may not be contractually bound or estopped by settlement agreements, board resolutions, or other similar actions, from implementing those amendments. The Alameda Decision further determines that CERL retirement boards may not include items in compensation earnable that section 31461 requires them to exclude. SBCERA's implementation of the Alameda Decision has not been completed, and is being directed by Board resolution. Affected members will have their benefits adjusted based on new Compensation Earnable amounts that do not include the amounts that the Alameda Decision has determined must be excluded. Affected members who have not yet retired, or still have contributions on deposit with SBCERA will receive a corrective distribution that includes a return of the member contributions made for those items excluded pursuant to the Alameda Decision.

(1) Depreciation and amortization expense totaled \$908 thousand and \$945 thousand for the years ended June 30, 2020 and 2019, respectively.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 3 – Contribution Requirements

Participating employers and active members are required by statute to contribute a percentage of covered payroll to the Plan. This requirement is pursuant to GC sections 31453.5 and 31454 for participating employers, and GC sections 31621.6, 31639.25, and 7522.30 for active members. The contribution requirements are established and may be amended by the Board pursuant to Article 1 of the CERL, which is consistent with the Plan's actuarial funding policy. The contribution rates are adopted yearly, based on an annual actuarial valuation, conducted by an independent actuary, that considers the mortality, service (including age at entry into the Plan, if applicable, and tier), and compensation experience of the members and their beneficiaries, and also includes an evaluation of the Plan's assets and liabilities. Participating employers may pay a portion of the active member contributions, and active members may pay a portion of the participating employer contributions, through negotiations and bargaining agreements.

One of the funding objectives of the Plan is to establish contribution rates that, over time, will remain level as a percentage of payroll unless the Plan benefit provisions are changed. Actuarial funding is based on the Entry Age Cost method. The employer contribution rate provides for current cost (normal cost) plus a level percentage of payroll to amortize the Unfunded Actuarial Accrued Liability (UAAL). Normal cost is the annual contribution rate that, if paid annually from a member's first year of membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement benefit if all underlying assumptions are met. The UAAL is the difference between the Actuarial Accrued Liability and the Actuarial Value of Assets. The amortization period for the UAAL is 20 years for all combined UAAL existing through June 30, 2002, with two years of amortization remaining at June 30, 2020. Any new UAAL after June 30, 2002 is amortized over a closed 20-year period effective with that valuation.

SBCERA's actuarial valuation for funding purposes is completed as of June 30 of each year. The rates recommended in the actuarial valuation apply to the year beginning 12 months after the valuation date. For example, the actuarial valuation dated June 30, 2020 establishes the contribution rates for the year ended June 30, 2022. Any shortfall or excess contributions, because of this implementation lag, are amortized as part of SBCERA's UAAL in the following valuation. Commencing with the June 30, 2012 valuation, any increase in UAAL resulting from Plan amendments will be amortized over its own declining 15-year period; temporary retirement incentives, including the impact of benefits resulting from additional service permitted in GC section 31641.04 (Golden Handshake) will be amortized over a declining period of up to five years. If an overfunding exists (i.e., the total of all UAAL becomes negative so that there is a surplus), such surplus and any subsequent surpluses will be amortized over an "open" amortization period of 30 years. Any prior UAAL amortization layers will be considered fully amortized, and any subsequent UAAL will be amortized over 20 years as the first of a new series of amortization layers. The amortization policy components apply separately to each of SBCERA's UAAL cost sharing groups.

For funding purposes, SBCERA's actuarial valuation values the Plan's assets at fair value of assets less unrecognized gains and losses from each of the last five years. Under this method, the assets used to determine employer contribution rates consider fair value by recognizing the differences between the actual market return and the expected market return over a five-year period.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 3 – Contribution Requirements (Continued)

Separate contribution rates are established by the Board for the General member survivor benefit provided by the Plan. The costs of survivor benefits are based on an annual valuation conducted by an independent actuary, and are equally shared between the participating employers and the active General members. The contribution rates are calculated to provide for the ongoing cost of this benefit, plus any amounts necessary to recognize any shortfall of reserves to the actuarial accrued liabilities associated with this benefit. For the survivor benefit valuation, the same amortization policy components as described on the previous page and above apply, except that a level dollar methodology is used instead of a level percent of payroll. Survivor benefit contribution rates, for the years ended June 30, 2020 and 2019 were \$1.35 and \$1.36, respectively, per biweekly employer pay period.

The tables below provide a summary of the employer and member contributions received for the years ended June 30, 2020 and 2019. Participating employers satisfied 100% of the contribution requirements for the years ended June 30, 2020 and 2019.

EMPLOYER CONTRIBUTIONS

For the Years Ended June 30, 2020 and 2019

(Amounts in Thousands)

Contribution Type	2020	2019
Actuarially Determined Contributions - Employer Paid	\$467,180	\$445,426
Actuarially Determined Contributions - Member Paid	142	221
Survivor Benefit Contributions	663	648
TOTAL EMPLOYER CONTRIBUTIONS	\$467,985	\$446,295

MEMBER CONTRIBUTIONS

For the Years Ended June 30, 2020 and 2019

(Amounts in Thousands)

Contribution Type	2020	2019
Actuarially Determined Contributions - Member Paid	\$161,834	\$156,533
Actuarially Determined Contributions - Employer Paid	3,077	3,274
Survivor Benefit Contributions	663	648
Purchase of Eligible Service Credit	3,609	3,097
TOTAL MEMBER CONTRIBUTIONS	\$169,183	\$163,552

SBCERA is also a participating employer and all SBCERA employees are eligible for membership in the Plan. The employer contributions paid by SBCERA, on behalf of these employees, are funded by earnings of the Plan, pursuant to GC section 31580.2. SBCERA paid 100% of the actuarially determined contributions, including survivor benefit contributions, in the amounts of \$1.5 million and \$1.4 million, for the years ended June 30, 2020 and 2019, respectively.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 3 – Contribution Requirements (Continued)

The tables below summarize the actuarially determined, Board approved, required employer and member contribution rates in effect for the years ended June 30, 2020 and 2019. Contribution rates are expressed as a percentage of covered payroll.

EMPLOYER CONTRIBUTION RATES

For the Year Ended June 30, 2020

Actuarial Cost Group	Tier 1 Members ¹			Tier 2 Members ¹		
	Normal Cost	Unfunded Actuarial Accrued Liability	Total	Normal Cost	Unfunded Actuarial Accrued Liability	Total
County General Members	11.63%	13.76%	25.39%	9.10%	13.76%	22.86%
Safety Members	21.66%	33.42%	55.08%	16.19%	33.42%	49.61%
Superior Court Members	11.63%	16.73%	28.36%	9.10%	16.73%	25.83%
SCAQMD Members	12.45%	29.86%	42.31%	8.18%	29.86%	38.04%
Other General Members	11.48%	26.54%	38.02%	9.07%	26.54%	35.61%

For the Year Ended June 30, 2019

Actuarial Cost Group	Tier 1 Members ²			Tier 2 Members ²		
	Normal Cost	Unfunded Actuarial Accrued Liability	Total	Normal Cost	Unfunded Actuarial Accrued Liability	Total
County General Members	11.70%	13.57%	25.27%	9.16%	13.57%	22.73%
Safety Members	21.81%	33.76%	55.57%	16.54%	33.76%	50.30%
Superior Court Members	11.70%	16.47%	28.17%	9.16%	16.47%	25.63%
SCAQMD Members	11.84%	28.50%	40.34%	8.39%	28.50%	36.89%
Other General Members	11.78%	25.25%	37.03%	9.05%	25.25%	34.30%

MEMBER CONTRIBUTION RATES

For the Years Ended June 30, 2020 and 2019

Actuarial Cost Group	2020 ¹		2019 ²	
	Lowest ³	Highest ³	Lowest ³	Highest ³
General Members - Tier 1	9.14%	15.53%	9.13%	15.50%
Safety Members - Tier 1	11.80%	17.99%	11.79%	17.98%
County General and Superior Court Members - Tier 2	9.10%	9.10%	9.16%	9.16%
Safety Members - Tier 2	16.19%	16.19%	16.54%	16.54%
SCAQMD Members - Tier 2	8.18%	8.18%	8.39%	8.39%
Other General Members - Tier 2	9.07%	9.07%	9.05%	9.05%

(1) Rates are in accordance with the June 30, 2018 valuation.

(2) Rates are in accordance with the June 30, 2017 valuation.

(3) Tier 1 rates are based on age at entry: Lowest rate shown represents entry age of 16, and the highest rate shown represents the highest entry age rate. All Tier 2 members contributed using a single refundable rate (50% of normal cost).

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 4 – Net Pension Liability of Participating Employers

The components of the net pension liability of participating employers as of June 30, 2020 and 2019 are below.

NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS

As of June 30, 2020 and 2019

(Amounts in Thousands)

		2020	2019
Total Pension Liability	a	\$14,295,742	\$12,600,570
Plan Fiduciary Net Position	b	10,287,334	10,066,990
NET PENSION LIABILITY	a-b	\$4,008,408	\$2,533,580
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	b/a	71.96%	79.89%

The net pension liability of participating employers was measured as of June 30, 2020 and 2019 and determined based upon the total pension liability from actuarial valuations as of June 30, 2020 and 2019, respectively.

Actuarial Assumptions

The actuarial assumptions used to determine the total pension liability as of June 30, 2020 and 2019 were based on the results of the June 30, 2020 and June 30, 2017 Actuarial Experience Studies, respectively (experience study), which covered the periods from July 1, 2016 through June 30, 2019 and July 1, 2013 through June 30, 2016, respectively. They are the same assumptions used in the June 30, 2020 and 2019 actuarial valuations, respectively, which are used to determine future contribution rates for funding purposes. The key assumptions used in the actuarial valuations include the following items:

Actuarial Experience Study	3 Year Period Ending June 30, 2019	3 Year Period Ending June 30, 2016
Discount Rate	7.25% - net of Plan investment expense	7.25% - net of Plan investment expense
Inflation	2.75%	3.00%
Projected Salary Increases	General: 4.55% to 12.75%; Safety: 4.75% to 12.25% - Includes real "across the board" salary increases of 0.50% and merit and promotional increases	General: 4.50% to 14.50%; Safety: 4.70% to 14.50% - Includes real "across the board" salary increases of 0.50% and merit and promotional increases
Cost-of-Living Adjustments	Contingent upon consumer price index with a 2.00% maximum	Contingent upon consumer price index with a 2.00% maximum
Administrative Expenses	0.85% of payroll	0.70% of payroll

The notes to the required supplementary information present multiyear information for changes made to actuarial assumptions.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 4 – Net Pension Liability of Participating Employers *(Continued)*

Mortality Rates

Mortality rates used in the June 30, 2020 actuarial valuation were based on Pub-2010 Amount-Weighted Above-Median Mortality Table projected generationally with the two-dimensional MP-2019 projection scale. For healthy General members, the General Healthy Retiree rates increased by 10% were used. For healthy Safety members, the Safety Healthy Retiree rates were used. For disabled General members, the Non-Safety Disabled Retiree rates were used. For disabled Safety members, the Safety Disabled Retiree rates were used. For beneficiaries, Contingent Survivor rates increased by 10% were used.

Mortality rates used in the June 30, 2019 actuarial valuation are based on the RP-2014 Healthy Annuitant Mortality Table projected generationally with the two-dimensional MP-2016 projection scale. For healthy General male members, the ages are set forward one year. No adjustment is made for healthy General female members. For all healthy and disabled Safety members, the ages are set back one year. For all General members that are disabled, the ages are set forward seven years. Beneficiaries are assumed to have the same mortality as a General member of the opposite sex who is receiving a service (non-disability) retirement.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 4 – Net Pension Liability of Participating Employers (Continued)

Long-Term Expected Real Rate of Return

The long-term expected rate of return on Plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. This information is 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, and by adding expected inflation and subtracting expected investment expenses and a risk margin.

The target allocations approved by the Board, and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumptions as of June 30, 2020 and 2019, are summarized in the table on the next page. This information will change every three years based on the triennial actuarial experience study.

LONG-TERM EXPECTED REAL RATE OF RETURN

As of June 30, 2020¹

Asset Class	Investment Classification	Target Allocation ¹	Long-Term Expected Real Rate of Return (Arithmetic)
Large Cap U.S. Equity	Domestic Common and Preferred Stock	11.00%	5.42%
Small Cap U.S. Equity	Domestic Common and Preferred Stock	2.00%	6.21%
Developed International Equity	Foreign Common and Preferred Stock	9.00%	6.50%
Emerging Market Equity	Foreign Common and Preferred Stock	6.00%	8.80%
U.S. Core Fixed Income	U.S. Government and Municipals/Domestic Bonds	2.00%	1.13%
High Yield/Credit Strategies	Domestic Bonds/Foreign Bonds	13.00%	3.40%
International Core Fixed Income	Foreign Bonds	1.00%	(0.04)%
Emerging Market Debt	Emerging Market Debt	8.00%	3.44%
Real Estate	Real Estate	3.00%	4.57%
Value Added Real Estate	Real Estate	3.00%	6.53%
International Credit	Foreign Alternatives	11.00%	5.89%
Absolute Return	Domestic Alternatives/Foreign Alternatives	7.00%	3.69%
Real Assets	Domestic Alternatives/Foreign Alternatives	5.00%	10.64%
Private Equity	Domestic Alternatives/Foreign Alternatives	16.00%	10.70%
Cash and Equivalents	Short-Term Cash Investment Funds	2.00%	(0.03)%
TOTAL		100.00%	

(1) Based on the 2020 triennial experience study.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 4 – Net Pension Liability of Participating Employers (Continued)

LONG-TERM EXPECTED REAL RATE OF RETURN (Continued)

LONG-TERM EXPECTED REAL RATE OF RETURN

As of June 30, 2019¹

Asset Class	Investment Classification	Target Allocation ¹	Long-Term Expected Real Rate of Return (Arithmetic)
Large Cap U.S. Equity	Domestic Common and Preferred Stock	8.00%	5.61%
Small Cap U.S. Equity	Domestic Common and Preferred Stock	2.00%	6.37%
Developed International Equity	Foreign Common and Preferred Stock	6.00%	6.96%
Emerging Market Equity	Foreign Common and Preferred Stock	6.00%	9.28%
U.S. Core Fixed Income	U.S. Government and Municipals/Domestic Bonds	2.00%	1.06%
High Yield/Credit Strategies	Domestic Bonds/Foreign Bonds	13.00%	3.65%
International Core Fixed Income	Foreign Bonds	1.00%	0.07%
Emerging Market Debt	Emerging Market Debt	6.00%	3.85%
Real Estate	Real Estate	9.00%	4.37%
International Credit	Foreign Alternatives	11.00%	6.75%
Absolute Return	Domestic Alternatives/Foreign Alternatives	13.00%	3.56%
Real Assets	Domestic Alternatives/Foreign Alternatives	5.00%	6.35%
Private Equity	Domestic Alternatives/Foreign Alternatives	16.00%	8.47%
Cash and Equivalent	Short-Term Cash Investment Funds	2.00%	(0.17)%
TOTAL		100.00%	

(1) Based on the 2017 triennial experience study.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 4 – Net Pension Liability of Participating Employers (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.25% for the years ended June 30, 2020 and 2019. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers and active members are made at the actuarially determined contribution rate. For this purpose, only employer and member contributions that are intended to fund benefits of current members and their beneficiaries are included.

Projected employer contributions that are intended to fund the service costs of future members and their beneficiaries, as well as projected contributions from future members, are not included. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on Plan investments of 7.25% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020 and 2019.

The table below presents the net pension liability of participating employers calculated using the discount rate of 7.25% as of June 30, 2020 and 2019, as well as what the net pension liability of participating employers would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate.

SENSITIVITY OF NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

As of June 30, 2020 and 2019

(Amounts in Thousands)

Net Pension Liability	1.00% Decrease 6.25%	Current Discount Rate 7.25%	1.00% Increase 8.25%
June 30, 2020	\$5,949,945	\$4,008,408	\$2,418,610
June 30, 2019	4,531,326	2,711,896	1,220,254

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 5 – Reserves

All employer and member contributions are allocated to various reserve accounts based on the recommendation of the Plan's actuary, as approved by the Board, and where applicable, as required by the CERL. SBCERA currently does not set aside a separate reserve for purposes of benefit increases or reduced employer contributions. All of the current reserves are available to pay for existing pensions or for Plan administration. All reserves, except the burial allowance reserve, are expected to be fully funded based on actuarially determined contributions. Set forth below are descriptions of the purpose of each reserve account.

Member Deposit Reserve

The reserve represents the total accumulated contributions of members.

Employer Current Service Reserve

The reserve includes the total accumulated contributions of the employers held for the benefit of non-retired General and Safety members on account of service rendered as a member of the Plan.

Contra Account

The contra account represents the amount of interest credited to the reserve accounts that have not been paid for out of current or excess earnings. A balance in this account is the result of applying the full interest crediting policy of the Board and will be replenished in subsequent periods as sufficient earnings allow.

Pension Reserve

The reserve represents total accumulated contributions of the employer held for the benefit of retired members for service rendered as a member of the retirement system less the pension payments made to retired members.

Cost-of-Living Reserve

The reserve represents the accumulated contributions of the employer to be used to pay cost-of-living payments.

Annuity Reserve

The reserve includes the total accumulated contributions of retired members less the annuity payments made to the members.

Supplemental Disability Reserve

The reserve represents the accumulated contributions of the employer to pay supplemental disability payments.

Survivor Benefit Reserve

The reserve represents the accumulated contributions of the employer and members to be used to pay retirees' survivor benefit allowances.

Burial Allowance Reserve

The reserve represents the excess earnings allocated by the Board to pay retirees' discretionary burial allowance. In 1985, the Board adopted GC section 31789.13 that provides an additional \$250 burial allowance to retired SBCERA members.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 5 – Reserves (Continued)

For funding purposes, the various reserve accounts comprise net position - restricted for pensions under the five-year smoothed market asset valuation method as displayed below.

RESERVES

As of June 30, 2020 and 2019

(Amounts in Thousands)

	2020	2019
Valuation Reserves		
Member Deposit Reserve	\$1,609,792	\$1,517,088
Employer Current Service Reserve	2,972,558	2,762,603
Contra Account	(3,857,261)	(3,303,286)
Pension Reserve	5,190,499	4,883,597
Cost-of-Living Reserve	2,477,844	2,277,979
Annuity Reserve	2,653,421	2,422,029
Supplemental Disability Reserve	6,792	7,439
Survivor Benefit Reserve	78,998	74,376
TOTAL RESERVED FOR PENSIONS	11,132,643	10,641,825
Non-Valuation Reserves		
Burial Allowance Reserve	530	576
TOTAL - NON-VALUATION RESERVES	530	576
TOTAL RESERVES (SMOOTHED MARKET ACTUARIAL VALUE)	11,133,173	10,642,401
Net Unrecognized Gains/(Losses)	(845,839)	(53,994)
NET POSITION - RESTRICTED FOR PENSIONS INCLUDING NON-VALUATION RESERVES, AT FAIR VALUE	\$10,287,334	\$10,588,407

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 6 – Securities Lending

SBCERA, pursuant to a Securities Lending Authorization Agreement (Agreement), has authorized State Street Bank and Trust Company (State Street) to act as SBCERA's agent in lending the Plan's securities to approved borrowers. State Street, as agent, enters into Securities Loan Agreements with borrowers.

State Street lent, on behalf of SBCERA, certain securities of the Plan held by State Street as custodian and received cash or other collateral including securities issued or guaranteed by the U.S. Government. The types of securities loaned are U.S. Government obligations and other municipals, domestic equity, domestic fixed income, international equity, and international fixed income securities. State Street does not have the ability to pledge or sell collateral securities delivered absent a borrower default. Borrowers are required to deliver collateral for each loan equal to 102% for domestic loans and 105% for international loans, of the fair value of the loaned securities plus accrued income, for the years ended June 30, 2020 and 2019.

SBCERA did not impose any restrictions during the two-year period ended June 30, 2020 on the amount of loans that State Street made on its behalf. Pursuant to the Agreement, State Street had an obligation to indemnify SBCERA in the event of default by a borrower. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the same two-year period that resulted in a declaration or notice of default of the borrower.

During the years ended June 30, 2020 and 2019, SBCERA and the borrowers maintained the right to terminate securities lending transactions upon notice. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment fund comprised of a liquidity pool. The pool is not rated. All securities in this pool with maturities of 13 months or less are rated at least "A1," "P1," or "F1," and maturities in excess of 13 months are rated at least "A-" or "A3," by at least two nationally recognized statistical rating organizations, or if unrated, have been determined by the bank to be of comparable quality. As of June 30, 2020, the liquidity pool had an average duration of 27 days, and a weighted average final maturity of 70 days. As of June 30, 2019, the liquidity pool had an average duration of 23 days, and a weighted average final maturity of 105 days. Because the securities lending transactions were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral received from the borrower.

On June 30, 2020, SBCERA had no credit risk exposure to borrowers. As of June 30, 2020, the fair value of securities on loan was \$10.13 million, with the fair value of cash collateral received for the securities on loan of \$6.61 million, and non-cash collateral of \$779 thousand. As of June 30, 2019, the fair value of securities on loan was \$131.30 million, with the fair value of cash collateral received for the securities on loan of \$113.71 million, and non-cash collateral of \$16.83 million.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 7 – Deposits and Investments

Cash and Deposits

The Board is authorized by the CERL to deposit monies to pay benefits and administrative costs. Operational cash accounts are held with a financial institution in the amount of \$6.37 million and \$4.09 million at June 30, 2020 and 2019, respectively. Except for a nominal balance, operational cash accounts held with a financial institution are swept into a pooled money market fund that invests in repurchase agreements and U.S. Treasuries. Operational cash accounts are also held with the County of San Bernardino Treasurer's Investment Pool (SBCIP) in the amount of \$6.47 million and \$10.48 million at June 30, 2020 and 2019, respectively. The SBCIP is an external investment pool and is not registered with the Securities and Exchange Commission. At June 30, 2020 and 2019, the SBCIP has a weighted average maturity of 553 and 424 days, respectively. The SBCIP is rated AA Af/S1 by Fitch. The deposits in the SBCIP are reported at fair value. For further information regarding the SBCIP, refer to the County of San Bernardino CAFR.

Investments

The Board is authorized by the CERL to invest in any form or type of investment deemed prudent in the informed opinion of the Board. The CERL vests the Board with exclusive control over SBCERA's investment portfolio. The Board has adopted its *Investment Plan, Policy and Guidelines*, which provide the framework for the management of SBCERA's investments, in accordance with applicable local, state, and federal laws. The Board members exercise authority and control over the management of SBCERA's assets by setting policy, which the Investment Staff executes either internally or through the use of external prudent experts. SBCERA retains investment managers specializing in specific strategies and/or investments within a particular asset class. Investment managers are subject to the guidelines and controls established in SBCERA's *Investment Plan, Policy and Guidelines*, various types of investment manager agreements, and other applicable policies and documents.

The *Investment Plan, Policy and Guidelines* encompass the following:

- Purpose and Core Beliefs
- Governing Law
- Functional Organization and Responsibilities
- General Objectives and Plan Policies
- Asset Allocation Plan and Objectives
- Investment Structure
- Investment Program Implementation
- Review and Modification of Investment Plan
- Emergency Actions

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 7 – Deposits and Investments (Continued)

Derivatives

SBCERA invests in investment derivative instruments, and did not enter into any synthetic guaranteed investment contracts or hedging derivative instruments. SBCERA does post collateral for investment derivatives for speculation purposes pursuant to clearing requirements or swap agreements.

The following table provides a summary of the derivative instruments outstanding as of June 30, 2020.

DERIVATIVE INSTRUMENTS OUTSTANDING

As of June 30, 2020

(Amounts in Thousands)

Investment Derivatives	Fair Value at June 30, 2020			
	Change ¹	Classification	Amount ²	Notional ³
Commodity Futures Short	\$640	Short-Term Cash Investment Funds	\$ -	-
Commodity Futures Long	(795)	Short-Term Cash Investment Funds	-	-
Credit Default Swaps Bought	121,256	Domestic Alternatives	(1,874)	\$ 202,047
Credit Default Swaps Written	(180)	Domestic Alternatives	144	\$ 14,157
Equity Options Bought	26,174	Domestic Alternatives	48,047	5,359
Equity Options Written	(18,095)	Securities Options Payable	(39,121)	(8,659)
Fixed Income Futures Long	7,043	Domestic Alternatives	-	80,100
Fixed Income Futures Short	(17,100)	Domestic Alternatives	-	(458,775)
Fixed Income Options Bought	(5,437)	Domestic Alternatives	4,539	524,553
Foreign Currency Futures Short	(96)	Domestic Alternatives	-	(18,750)
Foreign Currency Options Bought	(175)	Domestic Alternatives	-	-
Futures Options Bought	(690)	Domestic Alternatives	-	-
Futures Options Written	911	Securities Options Payable	-	-
Fx Forwards	17,603	Foreign Common and Preferred Stock	2,291	\$ 813,415
Index Futures Long	(84,532)	Domestic Alternatives	-	20,018
Index Futures Short	3,536	Domestic Alternatives	-	-
Index Options Bought	122,393	Domestic Alternatives	206,836	437
Index Options Written	(89,293)	Securities Options Payable	(159,954)	(659)
Pay Fixed Interest Rate Swaps	(3,912)	Domestic Alternatives	(25)	\$9,689
Receive Fixed Interest Rate Swaps	(3,538)	Domestic Alternatives	(4,717)	\$5,745
Total Return Swaps Bond	4,326	Domestic Alternatives	-	\$1,482
Total Return Swaps Equity	(5,668)	Domestic Alternatives	(2,193)	\$(9,432)
Warrants	(1,884)	Foreign Alternatives	332	\$11,674
Warrants	316	Domestic Alternatives	24	\$33
TOTAL	\$72,171		\$54,329	

(1) Negative values refer to losses; change reflected in the net appreciation in fair value of investments for securities and alternative investments.

(2) Negative values refer to liabilities.

(3) Notional may be a dollar amount or quantity of underlying investment; negative values refer to short positions.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 7 – Deposits and Investments (Continued)

DERIVATIVES (Continued)

The following table provides a summary of the derivative instruments outstanding as of June 30, 2019.

DERIVATIVE INSTRUMENTS OUTSTANDING

As of June 30, 2019

(Amounts in Thousands)

Investment Derivatives	Fair Value at June 30, 2019			Notional ³
	Change ¹	Classification	Amount ²	
Commodity Futures Short	\$(973)	Short-Term Cash Investment Funds	\$-	213
Commodity Futures Long	2,757	Short-Term Cash Investment Funds	-	(213)
Credit Default Swaps Bought	(13,877)	Domestic Alternatives	(53,287)	\$968,360
Credit Default Swaps Written	(464)	Domestic Alternatives	-	\$-
Equity Options Written	(29)	Securities Options Payable	(29)	51,957
Fixed Income Futures Long	2,192	Domestic Alternatives	-	210,300
Fixed Income Futures Short	(48,409)	Domestic Alternatives	-	(551,590)
Fixed Income Options Bought	(12,842)	Domestic Alternatives	9,976	1,075,982
Foreign Currency Futures Short	669	Domestic Alternatives	-	(10,375)
Futures Options Bought	554	Domestic Alternatives	82	907
Futures Options Written	455	Securities Options Payable	(241)	(106)
Fx Forwards	12,492	Foreign Common and Preferred Stock	(1,710)	\$ 244,863
Index Futures Long	8,977	Domestic Alternatives	-	18,999
Index Futures Short	(7,008)	Domestic Alternatives	-	(97)
Index Options Bought	27,363	Domestic Alternatives	-	-
Index Options Written	4,773	Securities Options Payable	-	-
Total Return Swaps Bond	(7,171)	Domestic Alternatives	-	\$-
Warrants	40	Domestic Alternatives	2,537	\$11,451
TOTAL	\$(30,501)		\$(42,672)	

(1) Negative values refer to losses; change reflected in the net appreciation in fair value of investments for securities and alternative investments.

(2) Negative values refer to liabilities.

(3) Notional may be a dollar amount or quantity of underlying investment; negative values refer to short positions.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 7 – Deposits and Investments (Continued)

DERIVATIVES (Continued)

The counterparty credit ratings of SBCERA's non-exchange traded investment derivative instruments outstanding and subject to loss as of June 30, 2020 and 2019 are displayed below.

CREDIT QUALITY RATINGS (S&P) OF COUNTERPARTIES FOR INVESTMENT DERIVATIVES

As of June 30, 2020 and 2019

(Amounts in Thousands)

Counterparty Name	2020	2019	S&P Credit Rating
	Total Fair Value	Total Fair Value	
Bank of America	\$605	\$-	A+
Bank of New York	-	8	A
Barclays Bank	-	340	A
BNP Paribas	180	-	A+
Citigroup Prime Broker	36	-	BBB+
Commonwealth Bank of Australia Sydney	232	29	AA-
Conversion Non Cash	159	-	N/A
Goldman Sachs + Co LLC	223	4,490	BBB+
Goldman Sachs International	276	-	A+
JP Morgan Securities Inc.	849	-	A-
JP Morgan FX	2	-	N/A
JP Morgan Chase Bank NA London	603	-	A+
JP Morgan Chase Bank, N.A.	391	1	A+
Merrill Lynch	43	-	N/A
Morgan Stanley LCH	8	-	BBB+
Royal Bank of Canada	604	27	AA-
State Street Bank and Trust Company	690	30	AA-
UBS AG	315	37	A+
TOTAL	\$5,216	\$4,962	

The maximum exposure SBCERA would face in case of default of all counterparties is \$5.2 million and \$5.0 million as of June 30, 2020 and 2019, respectively. At June 30, 2020 and 2019, SBCERA did not have any significant exposure to counterparty credit risk with any single party. SBCERA does not have any specific policies relating to the posting of collateral or master netting agreements.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 7 – Deposits and Investments (Continued)

DERIVATIVES (Continued)

As of June 30, 2020, and 2019, SBCERA was exposed to interest rate risk on its investments in various swap arrangements and fixed income options based on daily interest rates for LIBOR (London Interbank Offered Rate), EURIBOR (Euro Interbank Offered Rate), and federal funds rate. The tables below describe the maturity periods of these derivative instruments.

INVESTMENT MATURITIES

As of June 30, 2020

(Amounts in Thousands)

Investment Type	Fair Value	Investment Maturities			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Credit Default Swaps Bought	\$(1,874)	\$ -	\$(1,874)	\$ -	\$ -
Credit Default Swaps Written	144	-	144	-	-
Fixed Income Options Bought	4,539	-	139	3,254	1,146
Pay Fixed Interest Rate Swaps	(25)	-	(27)	-	2
Receive Fixed Interest Rate	(4,717)	-	(4,717)	-	-
Total Return Swaps Equity	(2,193)	-	-	-	(2,193)
TOTAL	\$(4,126)	\$ -	\$(6,335)	\$3,254	\$(1,045)

As of June 30, 2019

(Amounts in Thousands)

Investment Type	Fair Value	Investment Maturities			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Credit Default Swaps Bought	\$(53,287)	\$ -	\$(53,287)	\$ -	\$ -
Fixed Income Options Bought	9,976	1	408	6,550	3,017
TOTAL	\$(43,311)	\$1	\$(52,879)	\$6,550	\$3,017

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 7 – Deposits and Investments (Continued)

DERIVATIVES (Continued)

SBCERA is exposed to foreign currency risk for its investments in derivative instruments denominated in foreign currencies that may be adversely affected by changes in the currency exchange rates as displayed below.

NET EXPOSURE TO FOREIGN CURRENCY RISK FOR DERIVATIVE INSTRUMENTS

As of June 30, 2020

(Amounts in Thousands)

Currency	Fair Value	Forward Contracts			
		Options	Swaps	Net Receivables	Net Payables
Brazilian Real	\$163	\$ -	\$ -	\$163	\$ -
Canadian Dollar	(67)	-	-	-	(67)
Euro Currency	(5,370)	7	(5,103)	-	(274)
Japanese Yen	13	-	-	13	-
Pound Sterling	2,623	-	312	2,317	(6)
Saudi Riyal	140	-	-	788	(648)
South African Rand	10	-	-	10	-
Swiss Franc	(5)	-	-	-	(5)
TOTAL	\$(2,493)	\$7	\$(4,791)	\$3,291	\$(1,000)

As of June 30, 2019

(Amounts in Thousands)

Currency	Fair Value	Forward Contracts	
		Net Receivables	Net Payables
Brazilian Real	\$(6)	\$ -	\$(6)
Canadian Dollar	(282)	1	(283)
Euro Currency	(1,396)	-	(1,396)
Japanese Yen	1	1	-
Norwegian Krone	(1)	-	(1)
Pound Sterling	116	116	-
Russian Ruble	(8)	-	(8)
South African Rand	(31)	-	(31)
Swiss Franc	(103)	-	(103)
TOTAL	\$(1,710)	\$ 118	\$(1,828)

At June 30, 2020 and 2019, SBCERA did not hold any positions in derivatives containing contingent features.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 7 – Deposits and Investments (Continued)

Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. SBCERA seeks to maintain a diversified portfolio of debt investments in order to obtain the highest total return for the fund at an acceptable level of risk within this asset class. To mitigate credit risk, investment guidelines have been established for each manager investing on behalf of SBCERA.

Emerging market debt and private placement investments' credit risk is controlled through limited partnership agreements and other applicable commingled fund documents. These investments are not rated by nationally recognized statistical rating organizations although they may be partly or wholly made up of individual securities rated by nationally recognized statistical rating organizations. The emerging market debt is shown as "Not Rated" in the following tables. The short-term cash investment funds consist primarily of open-ended mutual funds and external investment pools. These investments are not rated by a nationally recognized statistical rating organization. Therefore, they are disclosed as such in the aforementioned tables. Private placement investments considered fixed income investments are not shown in the following tables, but amount to \$95.6 million and \$26.1 million as of June 30, 2020 and 2019, respectively. U.S. Treasury obligations are considered obligations of the U.S. Government, are explicitly guaranteed by the U.S. Government, are not considered to have credit risk, and are not shown in the following tables, but amount to \$29.4 million and \$257 million as of June 30, 2020 and 2019, respectively.

The credit quality ratings of investments in fixed income securities and short-term cash investments by a nationally recognized statistical rating organization (Standard and Poor's) as of June 30, 2020 and 2019 are as follows:

CREDIT QUALITY RATINGS (S&P) OF FIXED INCOME AND SHORT-TERM CASH INVESTMENTS

As of June 30, 2020

S&P Rating	Asset Backed	Corporate Bonds	Collateralized Mortgage Obligations	Emerging Market Debt	Foreign Bonds	Municipals	Short-Term Cash Investment Funds	Total
AAA	\$18	\$69	\$1,409	\$ -	\$ -	\$ -	\$ -	\$1,496
AA	-	15,178	31,748	-	-	1,363	-	48,289
A	18	-	-	-	-	-	-	31,766
BBB	944	14,941	584	5,805	13,542	-	-	35,816
BB	295	63,740	2,828	1,556	42,426	-	-	110,845
B	1,158	62,408	8,751	-	40,700	-	-	113,017
CCC	3,025	19,969	9,119	2,599	19,129	-	-	53,841
CC	12,419	4,214	2,009	18,147	-	-	-	36,789
D	2,954	8,143	106	17,608	1,570	-	-	30,381
NR	46,078	118,377	87,647	14,675	326,415	39,421	1,056,304	1,688,917
NA ¹	-	79,590	-	13,994	1,396	588	-	95,568
TOTAL	\$66,909	\$386,629	\$144,201	\$74,384	\$445,178	\$41,372	\$1,056,304	\$2,214,977

(1) Private placements listed as NA.

Note: Table above does not include U.S. Treasury obligations of \$29,367, as these obligations are not subject to credit risk.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 7 – Deposits and Investments (Continued)

CREDIT RISK (Continued)

CREDIT QUALITY RATINGS (S&P) OF FIXED INCOME AND SHORT-TERM CASH INVESTMENTS (Continued)

As of June 30, 2019

S&P Rating	Asset Backed	Corporate Bonds	Collateralized Mortgage Obligations	Emerging Market Debt	Foreign Bonds	Municipals	Short-Term Cash Investment Funds	Total
AA	\$ -	\$ -	\$10,819	\$ -	\$ -	\$79	\$ -	\$10,898
BB	-	-	1,068	-	15,303	-	-	16,371
B	1,007	31,663	2,986	-	21,898	-	-	57,554
CCC	-	10,734	2,264	-	4,775	-	-	17,773
CC	3	-	12	-	-	-	-	15
D	1	11,493	-	-	1,880	-	-	13,374
NR	24,309	29,742	39,580	31,970	174,329	2,361	842,709	1,145,000
NA ¹	-	26,073	-	-	-	-	-	26,073
TOTAL	\$25,320	\$109,705	\$56,729	\$31,970	\$218,185	\$2,440	\$842,709	\$1,287,058

(1) Private placements listed as NA.

Note: Table above does not include U.S. Treasury obligations of \$257,039, as these obligations are not subject to credit risk.

Custodial Credit Risk

Custodial Credit Risk for deposits is the risk that in the event of a financial institution's failure, SBCERA would not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not insured or not collateralized. As of June 30, 2020 and 2019, SBCERA's deposits with a financial institution were insured up to \$250 thousand by the Federal Deposit Insurance Corporation (FDIC) with the remaining balance exposed to custodial credit risk as it is not insured. However, the financial institution does collateralize the deposit of monies in excess of the FDIC insurance amount with eligible securities held by the pledging financial institution, but not in SBCERA's name. Deposits with the SBCIP are not exposed to custodial credit risk as they are held in a trust fund in SBCERA's name. SBCERA does not have a general policy relating to custodial credit risk.

Custodial Credit Risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, SBCERA would not be able to recover the value of the investment or collateral securities that are in possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in SBCERA's name, and held by the counterparty.

SBCERA's investment securities and collateral received through securities lending are not exposed to custodial credit risk because all securities are held by SBCERA's custodial bank in SBCERA's name or by other qualified third party administrator trust accounts.

At June 30, 2020 and 2019, SBCERA did not hold any positions in derivatives containing contingent features.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 7 – Deposits and Investments *(Continued)*

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of an investment in a single issuer. As of June 30, 2020, and 2019, SBCERA did not hold any investments in any one issuer that would represent 5% or more of total investments. Investments issued or explicitly guaranteed by the U.S. Government and pooled investments are excluded from this requirement.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, an investment with a longer maturity date has a greater sensitivity of its fair value to changes in market interest rates. One of the ways that SBCERA manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments, and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time, as necessary, to provide the cash flow and liquidity needed for operations.

To mitigate interest rate risk, the managers investing on behalf of SBCERA have applicable investment guidelines. Interest rate risk for emerging market and private placement debt investments is managed through limited partnership agreements and applicable fund documents.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 7 – Deposits and Investments (Continued)

INTEREST RATE RISK (Continued)

As of June 30, 2020, and 2019, SBCERA had the following Fixed Income and Short-Term Cash Investments as displayed below.

INTEREST RATE RISK OF FIXED INCOME AND SHORT-TERM CASH INVESTMENTS

As of June 30, 2020

(Amounts in Thousands)

Investment Type	Fair Value	Investment Maturities			
		Less than 6 Months	6 Months to 1 Year	1-5 Years	More than 5 Years
Asset Backed	\$66,909	\$857	\$ -	\$13,616	\$52,436
Corporate Bonds	386,629	16,851	25,069	131,000	213,709
Collateralized Mortgage Obligations	144,201	867	62	4,990	138,282
Emerging Market Debt	74,384	2,143	7,205	22,048	42,988
Foreign Bonds	445,178	4,222	21,854	97,824	321,278
Municipals	41,372	4,508	163	4,201	32,500
Short-Term Cash Investment Funds	1,056,304	1,056,304	-	-	-
U.S. Treasury Obligations	29,367	6,222	24,973	-	(1,828)
TOTAL	\$2,244,344	\$1,091,974	\$79,326	\$273,679	\$799,365

As of June 30, 2019

(Amounts in Thousands)

Investment Type	Fair Value	Investment Maturities			
		Less than 6 Months	6 Months to 1 Year	1-5 Years	More than 5 Years
Asset Backed	\$25,320	\$ -	\$ -	\$2,445	\$22,875
Corporate Bonds	109,705	9,534	9,200	57,564	33,407
Collateralized Mortgage Obligations	56,729	9,471	-	-	47,258
Emerging Market Debt	31,970	211	3,006	11,498	17,255
Foreign Bonds	218,185	7,035	224	19,451	191,475
Municipals	2,440	8	-	789	1,643
Short-Term Cash Investment Funds	842,709	842,709	-	-	-
U.S. Treasury Obligations	257,039	220,765	36,274	-	-
TOTAL	\$1,544,097	\$1,089,733	\$48,704	\$91,747	\$313,913

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 7 – Deposits and Investments (Continued)

Foreign Currency Risk

SBCERA's exposure to foreign currency risk primarily derives from its positions in foreign currency denominated international equity, fixed income investments, and foreign currency overlay exposure. SBCERA's investment policy allows international managers to enter into foreign exchange contracts provided the contracts have a maturity of one year or less and are limited to hedging currency exposure existing in the portfolio. Specific managers in international equities or fixed income may engage in the active management of currencies, per individual investment agreements approved by the Board.

SBCERA's net exposure to foreign currency risk in U.S. dollars as of June 30, 2020 and 2019 is displayed below.

NET EXPOSURE TO FOREIGN CURRENCY RISK

As of June 30, 2020 and 2019

(Amounts in Thousands)

Currency	2020				2019			
	Fair Value	Fixed Income	Equity	Cash	Fair Value	Fixed Income	Equity	Cash
Argentine Peso	\$1,633	\$1,624	\$ -	\$ 9	\$ -	\$ -	\$ -	\$ -
Australian Dollar	23,674	-	21,903	1,771	23,591	-	21,028	2,563
Brazilian Real	2,330	-	2,330	-	10,744	-	10,741	3
Canadian Dollar	8,610	-	8,560	50	21,699	-	21,608	91
Danish Krone	-	-	-	-	1	-	1	-
Egyptian Pound	-	-	-	-	1,639	1,639	-	-
Euro Currency	579,290	187,472	350,769	41,049	943,263	238,208	665,096	39,959
Hong Kong Dollar	3,331	-	-	3,331	2,663	-	-	2,663
Indonesian Rupiah	77	-	77	-	78	-	78	-
Japanese Yen	13,813	-	-	13,813	5,409	-	-	5,409
Mexican Peso	-	-	-	-	2,470	2,470	-	-
Norwegian Krone	-	-	-	-	42	-	42	-
Pound Sterling	122,689	12,523	95,979	14,187	158,383	102,398	45,870	10,115
Russian Ruble	-	-	-	-	1,330	1,330	-	-
Swedish Krona	-	-	-	-	1,840	-	-	1,840
Swiss Franc	16	-	1	15	10	-	10	-
TOTAL	\$755,463	\$ 201,619	\$479,619	\$ 74,225	\$1,173,162	\$ 346,045	\$764,474	\$ 62,643

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 7 – Deposits and Investments (Continued)

Rate of Return

For the years ended June 30, 2020 and 2019, the annual money-weighted rate of return on the assets of the Plan, net of investment expense, was (2.87)% and 5.01%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the timing of cash flows and the changing amounts actually invested.

Commitments to Fund Partnerships

As of June 30, 2020 and 2019, the total capital commitments to fund partnerships were \$5.1 billion and \$4.8 billion, respectively. Of this amount, \$1.1 billion and \$1.0 billion, respectively, remained unfunded and is not recorded on the SBCERA Statements of Fiduciary Net Position as of June 30, 2020 and 2019. The following table depicts the total commitments and unfunded commitments, respectively, by asset class.

TOTAL COMMITMENTS AND UNFUNDED COMMITMENTS TO FUND PARTNERSHIPS BY ASSET CLASS

As of June 30, 2020 and 2019

(Amounts in Thousands)

Asset Class	2020		2019	
	Total Commitments	Unfunded Commitments	Total Commitments	Unfunded Commitments
Real Estate	\$752,024	\$131,732	\$875,120	\$179,893
Alternatives	4,324,082	937,117	3,963,531	831,284
TOTAL	\$5,076,106	\$1,068,849	\$4,838,651	\$1,011,177

Fair Value Measurements

SBCERA categorizes its fair value measurements of its investments based on the fair value hierarchy established by GAAP. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. Level 1 inputs are unadjusted quoted prices in active markets for identical assets. Level 2 inputs are quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs are observable. Level 3 inputs are valuations derived from valuation techniques in which significant inputs are unobservable.

The tables on the next two pages depict the fair value measurements as of June 30, 2020 and 2019, respectively.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 7 – Deposits and Investments (Continued)

FAIR VALUE MEASUREMENTS (Continued)

INVESTMENTS AND DERIVATIVE INSTRUMENTS MEASURED AT FAIR VALUE

As of June 30, 2020

(Amounts in Thousands)

Investment Type	June 30, 2020	Fair Value Measurements Using		
		Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Short-Term Cash Investment Funds	\$1,056,304	\$489,007	\$567,297	\$ -
Emerging Market Debt	60,390	-	60,282	108
United States Government Obligations and Other Municipals:				
U.S. Treasury	29,367	-	29,367	-
Municipals	41,372	-	41,372	-
Total US Government Obligations and Other Municipals	70,739	-	70,739	-
Domestic Bonds:				
Asset Backed	66,909	-	66,575	334
Collateralized Mortgage Obligations	144,201	-	144,201	-
Corporate Bonds	386,629	-	382,613	4,016
Total Domestic Bonds	597,739	-	593,389	4,350
Foreign Bonds	445,178	-	438,196	6,982
Domestic Common and Preferred Stock	1,203,528	1,196,686	2,800	4,042
Foreign Common and Preferred Stock	628,297	628,297	-	-
Investments of Cash Collateral Received on Securities Lending	6,607	-	6,607	-
Domestic Alternatives	134,102	2,654	7,991	123,457
Foreign Alternatives	404,746	7	290,980	113,759
TOTAL INVESTMENTS BY FAIR VALUE LEVEL	\$4,607,630	\$2,316,651	\$2,038,282	\$252,698
Investment Derivative Instruments				
Swaps	\$(8,665)	\$ -	\$(8,665)	\$ -
Options	259,422	-	259,422	-
Forward Contracts	2,291	2,291	-	-
Warrants	356	-	39	317
TOTAL INVESTMENT DERIVATIVE INSTRUMENTS	\$253,404	\$2,291	\$250,796	\$317
Investments Measured at the Net Asset Value (NAV)				
Emerging Market Debt	\$13,994			
Domestic Common and Preferred Stock	4,724			
Foreign Common and Preferred Stock	111,327			
Real Estate	458,281			
Domestic Alternatives:				
Absolute Return Composite	952,057			
Non-U.S. Developed Credit	188,741			
Private Equity - Commodities	302,299			
Private Equity - Composite	1,885,932			
Private Equity - Infrastructure	417			
Private Equity - Real Assets	34,176			
U.S. Credit Strategies	349,623			
Total Domestic Alternatives	3,713,245			
Foreign Alternatives:				
Absolute Return Composite	1,082			
Non-U.S. Developed Credit	848,136			
Private Equity - Composite	410,649			
Total Foreign Alternatives	1,259,867			
TOTAL INVESTMENTS MEASURED AT THE NAV	\$5,561,438			
TOTAL INVESTMENTS MEASURED AT FAIR VALUE	\$10,422,472			

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 7 – Deposits and Investments (Continued)

FAIR VALUE MEASUREMENTS (Continued)

INVESTMENTS AND DERIVATIVE INSTRUMENTS MEASURED AT FAIR VALUE

As of June 30, 2019

(Amounts in Thousands)

Investment Type	June 30, 2019	Fair Value Measurements Using		
		Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Short-Term Cash Investment Funds	\$842,709	\$17,738	\$824,971	\$-
Emerging Market Debt	17,802	-	17,517	285
United States Government Obligations and Other Municipals:				
U.S. Treasury	257,039	-	257,039	-
Municipals	2,440	-	2,440	-
Total US Government Obligations and Other Municipals	259,479	-	259,479	-
Domestic Bonds:				
Asset Backed	25,320	-	24,617	703
Collateralized Mortgage Obligations	56,729	-	56,729	-
Corporate Bonds	109,705	-	89,582	20,123
Total Domestic Bonds	191,754	-	170,928	20,826
Foreign Bonds	218,185	-	205,468	12,717
Domestic Common and Preferred Stock	1,443,184	1,439,421	-	3,763
Foreign Common and Preferred Stock	709,895	708,179	-	1,716
Investments of Cash Collateral Received on Securities Lending	113,710	-	113,710	-
Domestic Alternatives	118,284	-	4,913	113,371
Foreign Alternatives	49,656	-	6,373	43,283
TOTAL INVESTMENTS BY FAIR VALUE LEVEL	\$3,964,658	\$2,165,338	\$1,603,359	\$195,961
Investment Derivative Instruments				
Swaps	\$(53,287)	\$-	\$(53,287)	\$-
Options	12,595	-	10,056	2,539
Forward Contracts	(1,710)	(1,710)	-	-
TOTAL INVESTMENT DERIVATIVE INSTRUMENTS	\$(42,402)	\$(1,710)	\$(43,321)	\$2,539
Investments Measured at the Net Asset Value (NAV)				
Emerging Market Debt	\$ 14,168			
Foreign Common and Preferred Stock	119,765			
Real Estate	-			
Domestic Alternatives:				
Absolute Return Composite	1,010,399			
Non-U.S. Developed Credit	334,378			
Private Equity - Commodities	238,271			
Private Equity - Composite	1,499,975			
Private Equity - Infrastructure	12,236			
Private Equity - Real Assets	70,123			
U.S. Credit Strategies	873,712			
Total Domestic Alternatives	4,039,094			
Foreign Alternatives:				
Absolute Return Composite	1,935			
Non-U.S. Developed Credit	1,764,974			
Private Equity - Composite	339,803			
Total Foreign Alternatives	2,094,703			
TOTAL INVESTMENTS MEASURED AT THE NAV	\$ 6,718,397			
TOTAL INVESTMENTS MEASURED AT FAIR VALUE	\$ 10,640,653			

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 7 – Deposits and Investments *(Continued)*

FAIR VALUE MEASUREMENTS *(Continued)*

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements, in their entirety, are categorized based on the lowest level input that is significant to the valuation. SBCERA's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. Investments are measured by type of investment as follows:

Short-term cash investments generally include investments in currency, classified in Level 1 of the fair value hierarchy at fair value, and money market-type securities and other short-term investment funds, classified in Level 2 of the fair value hierarchy at fair value.

Debt securities includes emerging market debt, U.S. Government obligations and other municipals, domestic bonds, and foreign bonds. Debt securities classified in Level 2 of the fair value hierarchy are valued using the matrix pricing technique or the discounted cash flow method. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Debt securities classified in Level 3 of the fair value hierarchy are valued using the discounted cash flow method or proprietary pricing information.

Equity securities includes domestic and foreign common and preferred stock. Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Equity securities classified in Level 2 of the fair value hierarchy are valued using prices quoted in active markets for similar securities. Equity securities classified in Level 3 of the fair value hierarchy are valued with last trade data having limited trading volume.

Cash collateral received on securities lending consists primarily of U.S. Government debt obligations, and also includes domestic equity, domestic fixed income, international equity, and international fixed income securities classified in Level 2 of the fair value hierarchy using prices quoted in active markets for similar securities.

Alternative securities include domestic and foreign alternatives. Alternative securities classified at Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Alternative securities classified in Level 2 of the fair value hierarchy are valued using prices quoted in active markets for similar securities. Alternative securities classified in Level 3 of the fair value hierarchy are valued using the discounted cash flow method or proprietary pricing information.

Derivative instruments classified in Level 1 of the fair value hierarchy are valued using a market approach using prices quoted in active markets for those securities. Derivative instruments classified in Level 2 of the fair value hierarchy are valued using a market approach that considers benchmark interest rates and foreign exchange rates.

The fair value of investments in certain equity, fixed income, real estate, and marketable alternatives are based on the investment's net asset value (NAV) per share (or its equivalent) provided by the investee. The fair values of investments in certain private equity funds have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments. Such fair value measurements are shown in the tables on the next two pages as of June 30, 2020 and 2019.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 7 – Deposits and Investments (Continued)

FAIR VALUE MEASUREMENTS (Continued)

INVESTMENTS MEASURED AT THE NAV

As of June 30, 2020

(Amounts in Thousands)

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency ¹	Redemption Notice Period
Emerging Market Debt	\$13,994	\$-	N/A	N/A
Domestic Common and Preferred Stock	4,724	-	N/A	N/A
Foreign Common and Preferred Stock	111,327	-	D	30 Days
Real Estate	458,281	131,732	D,Q	30-90 days
Domestic Alternatives:				
Absolute Return Composite	952,057	26,792	D,Q	65 days
Non-U.S. Developed Credit	188,741	-	D,M	20-30 days
Private Equity - Commodities	302,299	20,306	A	180 days
Private Equity - Composite	1,885,932	653,787	SA	185 days
Private Equity - Infrastructure	417	881	D	3 days
Private Equity - Real Assets	34,176	-	N/A	N/A
U.S. Credit Strategies	349,623	-	D,Q,SA	30-180 days
Total Domestic Alternatives	3,713,245	701,766		
Foreign Alternatives:				
Absolute Return Composite	1,802	8,041	N/A	N/A
Non-U.S. Developed Credit	848,136	-	D,Q	30-90 days
Private Equity - Composite	410,649	227,310	N/A	N/A
Total Foreign Alternatives	1,259,867	235,351		
TOTAL INVESTMENTS MEASURED AT THE NAV	\$5,561,438	\$1,068,849		

As of June 30, 2019

(Amounts in Thousands)

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency ¹	Redemption Notice Period
Emerging Market Debt	\$14,168	\$-	N/A	N/A
Foreign Common and Preferred Stock	131,773	-	N/A	N/A
Real Estate	438,658	179,893	D,Q	30-90 days
Domestic Alternatives:				
Absolute Return Composite	1,010,399	65,327	D,Q	65 days
Non-U.S. Developed Credit	334,378	-	D,M	20-30 days
Private Equity - Commodities	238,271	21,088	A	180 days
Private Equity - Composite	1,499,975	538,982	SA	185 days
Private Equity - Infrastructure	12,236	881	D	3 days
Private Equity - Real Assets	70,123	-	N/A	N/A
U.S. Credit Strategies	873,712	-	D,Q,SA	30-180 days
Total Domestic Alternatives	4,039,094	626,278		
Foreign Alternatives:				
Absolute Return Composite	1,935	8,194	N/A	N/A
Non-U.S. Developed Credit	1,752,965	-	D,Q	30-90 days
Private Equity - Composite	339,803	196,812	N/A	N/A
Total Foreign Alternatives	2,094,703	205,006		
TOTAL INVESTMENTS MEASURED AT THE NAV	\$6,718,396	\$1,011,177		

(1) D= Daily, M= Monthly, Q= Quarterly, SA= Semi-Annually, A= Annually

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 7 – Deposits and Investments (Continued)

FAIR VALUE MEASUREMENTS (Continued)

The investment types listed in the tables above were measured at the NAV as follows:

Emerging market debt includes investments in alternative funds that invest primarily in debt in emerging markets to access income from a broader global pool of assets. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investments in this category are not redeemable as of June 30, 2020 and 2019.

Foreign common and preferred stock includes investments in equities that invest in assets that focus on global credit strategies to provide an income-focus by utilizing credit dislocation opportunities. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. As of June 30, 2020 and 2019, 12% and 11%, respectively, of investments in this category are redeemable with a 30-day notice to be redeemed; the remaining investments include restrictions that do not allow for redemption.

Real estate investments provide stable income and participation in broad economic growth. This type includes real estate funds that invest in global commercial real estate and commingled funds. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. Investments representing approximately 33% and 31% of the value of the investments as of June 30, 2020 and 2019, respectively, cannot be redeemed with the funds. It is expected that the underlying assets of the funds will be liquidated over the next ten years.

Domestic alternatives: Absolute return composite provides income and diversification through below investment grade credit and distressed debt strategies. This type includes credit and debt securities. Investments representing approximately 65% and 60% of the value of the investments as of June 30, 2020 and 2019, respectively, may be redeemed. The remaining investments will liquidate in the next four to twelve years.

Domestic alternatives: Non-U.S. developed credit provides access to income from a broader pool of assets in Europe. This type includes investments in funds that focus on corporate and sovereign bonds of developed economies issued in U.S. dollars. Investments may not be redeemed according to the provisions of the investments.

Domestic alternatives: Private equity – commodities provides exposure to inflation related assets and includes investments in partnerships that focus on natural resources and energy. The fair values of this investment type have been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. Investments of this type cannot be redeemed with the funds. It is expected that the underlying assets of the funds will be liquidated over the next ten years, unless the partnership agreement allows for an indefinite continuance.

Domestic alternatives: Private equity – composite provides participation in equity and debt instruments that provide for a premium on illiquid assets. This type includes investments in partnerships as a limited partner that invest in private equity and private debt. The fair values of this investment type have been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. Investments of this type cannot be redeemed with the funds. It is expected that the underlying assets of the funds will be liquidated over the next fifteen years, unless the partnership agreement allows for an indefinite continuance.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 7 – Deposits and Investments *(Continued)*

FAIR VALUE MEASUREMENTS *(Continued)*

Domestic alternatives: Private equity – infrastructure provides participation in equity and debt instruments that provide for a premium on illiquid assets. This type includes investments in partnerships that focus on infrastructure in highly regulated markets. The fair values of this investment type have been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. The underlying assets of the funds are currently in liquidation.

Domestic alternatives: Private equity – real assets provides exposure to inflation related assets and includes investments in partnerships that focus on real assets including timber and wetlands. The fair values of this investment type have been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. Investments of this type cannot be redeemed with the funds. It is expected that 87% of the underlying assets of the funds, as of June 30, 2020, will be liquidated over the next three years. As of June 30, 2020, 13% of the underlying assets were in liquidation.

Domestic alternatives: U.S. credit strategies includes investments in assets that focus on U.S. credit strategies to provide an income-focus by utilizing credit dislocation. This type includes investments in funds that focus on credit strategies, including direct loans, securitized products, and public-traded debt products. Investments may be redeemed with required notice, ranging from monthly to semi-annually. As of June 30, 2020, 4% of the underlying assets were in liquidation.

Foreign alternatives: Absolute return composite provides income and diversity through below investment grade global credit and distressed debt strategies. This type includes global credit and debt securities. It is expected that 86% the underlying assets of the funds will be eligible for liquidation in one years. As of June 30, 2020, 14% of the underlying assets are currently in liquidation.

Foreign alternatives: Non U.S. developed credit provides access to income from a broader pool of assets in Europe. This type includes investments in funds that focus on corporate and sovereign bonds of developed economies. Only 7% and 4%, for the years ended June 30, 2020 and 2019, respectively, of the investments of this type may be redeemed according to the provisions in the aforementioned tables. The remaining assets may not be redeemed.

Foreign alternatives: Private equity – composite provides participation in equity and debt instruments that provide for a premium on illiquid assets. This type includes investments in partnerships as a limited partner that invest in private equity and private debt. The fair values of this investment type have been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. Investments of this type cannot be redeemed with the funds. It is expected that the underlying assets of the funds will be liquidated over the next eleven years.

Notes to the Basic Financial Statements

June 30, 2020 and 2019

(Continued)

Note 8 – Related Party Transactions

By necessity, SBCERA has entered into a Memorandum of Understanding with the County of San Bernardino (County), a participating employer, to provide administrative services in the areas of information technology, staff payroll, telecommunications, postage and mailing, motor pool services, and Board elections. SBCERA's payments to the County for the years ended June 30, 2020 and 2019 were \$360 thousand and \$389 thousand, respectively.

Note 9 – Litigation

SBCERA is subject to legal proceedings and claims which have arisen in the ordinary course of its business and have not been finally adjudicated. These actions, when finally concluded and determined, will not, in the opinion of the management of SBCERA, have a material adverse effect upon the financial position of SBCERA.

Required Supplementary Information

(Unaudited)

SCHEDULE OF EMPLOYER CONTRIBUTIONS

(Amounts in Thousands)

Years Ended June 30	(a) Actuarially Determined Contributions ¹	(b) Actual Contributions ¹	(a) - (b) Contribution Deficiency (Excess)	(c) Covered Payroll ²	(b) / (c) Contributions as a % of Covered Payroll
2011	180,756	180,756	-	1,250,193	14.46%
2012	210,000	210,000	-	1,244,555	16.87%
2013	248,841	248,841	-	1,260,309	19.74%
2014	278,352	278,352	-	1,262,752	22.04%
2015	303,244	303,244	-	1,267,667	23.92%
2016	340,512	340,512	-	1,309,095	26.01%
2017	360,478	360,478	-	1,346,408	26.77%
2018	378,668	378,668	-	1,406,470	26.92%
2019	446,295	446,295	-	1,477,131	30.21%
2020	467,985	467,985	-	1,542,495	30.34%

SCHEDULE OF INVESTMENT RETURNS

Years Ended June 30 ³	Annual Money Weighted Rate of Return, Net of Investment Expense
2013	14.64%
2014	12.25%
2015	3.49%
2016	(0.97)%
2017	13.47%
2018	8.64%
2019	5.01%
2020	(2.87)%

- (1) The Board has approved all contribution rates recommended by the Plan's actuary. Actuarially determined contributions include contributions required for the survivor benefit, and excludes employer paid member contributions, UAAL prepayments, Golden Handshake payments, funds deposited for purchase of service credit, payments made by withdrawn employers, member paid employer contributions, and member contributions. Commencing with the year ended June 30, 2015, member paid employer contributions are included in actuarially determined contributions.
- (2) Covered payroll represents the collective total of SBCERA eligible wages of all SBCERA participating employers. The covered payroll shown is an estimate based on the prior year's valuation for each date shown.
- (3) Data for the years ended June 30, 2011 through 2012 are not available in a comparable format.

See accompanying notes to the Required Supplementary Information.

Required Supplementary Information

(Unaudited) (Continued)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS AND RELATED RATIOS (Amounts in Thousands)

		June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total Pension Liability					
Service Cost		\$343,547	\$334,062	\$321,931	\$300,779
Interest		966,648	916,790	868,277	803,778
Differences Between Expected and Actual Experience		24,948	27,389	25,714	(10,634)
Changes of Assumptions		281,680	-	-	662,714
Benefit Payments, Including Refunds of Contributions		(621,564)	(578,508)	(539,297)	(497,904)
NET CHANGE IN TOTAL PENSION LIABILITY		995,439	699,733	676,625	1,258,733
Total Pension Liability - Beginning		13,300,303	12,600,570	11,923,945	10,665,212
TOTAL PENSION LIABILITY - ENDING	a	\$14,295,742	\$13,300,303	\$12,600,570	\$11,923,945
Plan Fiduciary Net Position					
Contributions - Employers ¹		\$467,985	\$446,295	\$378,668	\$360,478
Contributions - Members ¹		163,183	163,552	149,478	143,858
Transfer from an Outside Plan		-	-	4,312	-
Net Investment Income/(Loss)		(302,050)	502,753	797,480	1,098,198
Benefit Payments, Including Refunds of Contributions		(621,564)	(578,508)	(539,297)	(497,904)
Administrative Expenses		(9,019)	(9,383)	(8,752)	(9,961)
Other Expenses		(5,608)	(3,292)	(3,340)	(3,202)
NET CHANGE IN PLAN FIDUCIARY NET POSITION		(301,073)	521,417	778,549	1,091,467
Plan Fiduciary Net Position - Beginning		10,588,407	10,066,990	9,288,441	8,196,974
PLAN FIDUCIARY NET POSITION - ENDING	b	\$10,287,334	\$10,588,407	\$10,066,990	\$9,288,441
NET PENSION LIABILITY	a-b=c	\$4,008,408	\$2,711,896	\$2,533,580	\$2,635,504
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	b/a	71.96%	79.61%	79.89%	77.90%
COVERED PAYROLL²	d	\$1,542,495	\$1,477,131	\$1,406,470	\$1,346,408
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	c/d	259.87%	183.59%	180.14%	195.74%

(1) Commencing with the year ended June 30, 2015, member paid employer contributions are included in employer contributions, and employer paid member contributions are included in member contributions.

(2) Covered payroll represents the collective total of SBCERA eligible wages of all SBCERA participating employers. The covered payroll shown is an estimate based on the prior year's valuation for each date shown.

Note: Data as of June 30, 2011 through 2012 is not available in a comparable format.

See accompanying notes to the Required Supplementary Information.

Required Supplementary Information

(Unaudited) (Continued)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS AND RELATED RATIOS (Amounts in Thousands) (Continued)

		June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Total Pension Liability					
Service Cost		\$295,458	\$290,642	\$271,473	\$273,020
Interest		770,842	732,842	709,993	673,932
Differences Between Expected and Actual Experience		(151,493)	(75,362)	(306,201)	(97,497)
Changes of Assumptions		-	-	328,748	-
Benefit Payments, Including Refunds of Contributions		(464,068)	(428,475)	(397,823)	(367,396)
NET CHANGE IN TOTAL PENSION LIABILITY			519,647	606,190	482,059
Total Pension Liability - Beginning		10,214,473	9,694,826	9,088,636	8,606,577
TOTAL PENSION LIABILITY - ENDING	a	\$14,295,742	\$13,300,303	\$12,600,570	\$11,923,945
Plan Fiduciary Net Position					
Contributions - Employers ¹		\$340,512	\$303,244	\$330,330	\$303,080
Contributions - Members ¹		139,132	129,895	89,861	91,056
Transfer from an Outside Plan		-	-	-	-
Net Investment Income/(Loss)		(80,028)	280,842	877,018	912,310
Benefit Payments, Including Refunds of Contributions		(464,068)	(428,475)	(397,823)	(367,396)
Administrative Expenses		(7,569)	(6,710)	(6,386)	(6,258)
Other Expenses		(2,664)	(2,208)	(2,483)	(1,572)
NET CHANGE IN PLAN FIDUCIARY NET POSITION			276,588	890,517	931,220
Plan Fiduciary Net Position - Beginning			7,995,071	7,104,554	6,173,334
PLAN FIDUCIARY NET POSITION - ENDING	b	\$8,196,974	\$8,271,659	\$7,995,071	\$7,104,554
NET PENSION LIABILITY	a-b=c	\$2,468,238	\$1,942,814	\$1,699,755	\$1,984,082
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	b/a	76.86%	80.98%	82.47%	78.17%
COVERED PAYROLL²	d	\$1,309,095	\$1,267,667	\$1,262,752	\$1,260,309
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	c/d	188.55%	153.26%	134.61%	157.43%

(1) Commencing with the year ended June 30, 2015, member paid employer contributions are included in employer contributions, and employer paid member contributions are included in member contributions.

(2) Covered payroll represents the collective total of SBCERA eligible wages of all SBCERA participating employers. The covered payroll shown is an estimate based on the prior year's valuation for each date shown.

Note: Data as of June 30, 2010 through 2012 is not available in a comparable format.

See accompanying notes to the Required Supplementary Information.

Notes to the Required Supplementary Information

(Unaudited)

Actuarial Valuation Methods and Assumptions Used in Determining Total Pension Liability

The NPL of participating employers was measured as of June 30, 2013 through 2020 and determined based upon the total pension liability from actuarial valuations as of June 30, 2013 through 2020, respectively.

Changes in Benefit Terms

For the year ended June 30, 2013: In September 2012, Governor Edmund G. Brown, Jr. (Governor Brown) signed the PEPRA, which resulted in the creation of two new benefit formulas for members entering SBCERA on or after January 1, 2013 (and who are not “reciprocal” with another pension system) as follows: 2.5% at age 67 for General members and 2.7% at age 57 for Safety members. PEPRA also caps pensionable compensation, reduces the amount of pay items eligible for pensionable compensation, increases the final average compensation used to calculate benefits from highest one-year average to a highest three-year average, and requires members to pay at least 50% of the total normal cost of the Plan. SBCERA members subject to the provisions of PEPRA are considered Tier 2 members.

For the year ended June 30, 2014: On September 6, 2013, Governor Brown approved Assembly Bill 1380 (AB 1380), which makes various technical corrections and conforming changes that align the CERL with the provisions of the PEPRA. In particular, the bill clarifies that Tier 2 members are eligible to retire at age 70, regardless of years of service, that the Board may, but is not required to, round Tier 2 contribution rates to the nearest quarter of one percent, and that those rates may be adjusted for any change in the normal cost rate. AB 1380 was effective January 1, 2014.

The addition of a new tier of benefits and the subsequent technical corrections stated above did not result in a significant change in the net pension liability of participating employers during the year in which the change was effective.

There were no changes in benefit terms for the years ended June 30, 2015 through 2020.

Changes of Methods and Assumptions

The actuarial methods and assumptions used in actuarial valuations, for the years ended June 30, 2013 through 2020, were based on the results of Board approved triennial actuarial experience studies prepared by the Plan’s independent actuary. The actuarial methods and assumptions used in determining the net pension liability are the same actuarial methods and assumptions used in determining contribution rates, except for the asset valuation method. For purposes of determining net pension liability, the fair value of assets was used for the years ended June 30, 2013 through 2020. See schedules of changes to actuarial methods and assumptions shown on the following page for actuarial methods and assumptions used for the years ended June 30, 2013 through 2020. Note: The discount rate of return used for the years ended June 30, 2013 through 2020 is equal to the investment rate of return shown on the following page.

Notes to the Required Supplementary Information

(Unaudited) (Continued)

Actuarial Valuation Methods and Assumptions Used in Determining Total Pension Liability

Actuarially determined contributions are established and may be amended by the Board, based on an annual actuarial valuation and review, pursuant to Article 1 of the CERL. The actuarially determined contribution rates in the Schedule of Employer Contributions are calculated as of June 30, two years prior to the end of the year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule for the years ended June 30, 2011 through 2020 (adjustments were made to more closely reflect actual experience unless indicated otherwise).

SCHEDULE OF ACTUARIAL EXPERIENCE STUDIES

For the Years Ended June 30, 2011 through 2020

Years Ended June 30	Date of Actuarial Experience Study	Periods Covered in Actuarial Experience Study
2011 to 2013	June 30, 2011	3 Year Period Ended 6/30/2011
2014 to 2016	June 30, 2014	3 Year Period Ended 6/30/2013
2017 to 2019	June 30, 2017	3 Year Period Ended 6/30/2016
2020 to 2022	June 30, 2020	3 Year Period Ended 6/30/2019

SCHEDULE OF CHANGES TO ACTUARIAL ECONOMIC ASSUMPTIONS

For the Years Ended June 30, 2011 through 2020

Years Ended June 30	Investment Rate of Return	Projected Salary Increases (General)	Projected Salary Increases (Safety)	Inflation	Wage Inflation	Cost-of-Living ¹	Administrative Expenses
2011 to 2013	7.75%	4.75% to 14.00%	4.75% to 14.00%	3.50%	4.00%	2.00%	Offset to Investment Return
2014 to 2016	7.50%	4.60% to 13.75%	4.55% to 13.75%	3.25%	3.75%	2.00%	0.60% of payroll ²
2017 to 2019	7.25%	4.50% to 14.50%	4.70% to 14.50%	3.00%	3.50%	2.00%	0.70% of payroll ²
2020 to 2022	7.25%	4.55% to 12.75%	4.75% to 12.25%	2.75%	3.25%	2.00%	0.85% of payroll ²

SCHEDULE OF CHANGES TO AMORTIZATION METHODS

For the Years Ended June 30, 2011 through 2020

Years Ended June 30	Actuarial Cost Method	Amortization Method ³	Remaining Amortization Period ⁴	Asset Valuation Method
2011 to 2020	Entry age	Level percent of payroll	20-year closed period	5-year smoothed market

- (1) Cost-of-living adjustments are contingent upon the consumer price index with a 2.00% maximum.
- (2) Allocated to both the employer and member based on the components of the total contribution rate (before expenses) for the employer and member.
- (3) See Schedule of Changes to Actuarial Economic Assumptions for the wage inflation used.
- (4) Effective June 30, 2012, any temporary change in UAAL that arises due to Plan amendments is amortized over its own declining 15-year period (with exception of a change due to retirement incentives, which is amortized over a declining period of up to five years).

Notes to the Required Supplementary Information

(Unaudited) (Continued)

Actuarial Valuation Methods and Assumptions Used in Determining Total Pension Liability (Continued)

SCHEDULE OF CHANGES TO ACTUARIAL NON-ECONOMIC ASSUMPTIONS

Years Ended June 30	Marriage Assumption ¹	Mortality Rates ² (General)	Mortality Rates ² (Safety)	Reciprocity Assumption	Deferral Age for Vested Terminations
2011 to 2013	Male members 70% Female members 55%	RP-2000 Combined Healthy Mortality Table: M - SB two years DML - SF four years DFL - SF five years	RP-2000 Combined Healthy Mortality Table: M - SB three years DM - SF one year	40%	General members Age 58 Safety members Age 52
2014 to 2016	Male members 70% Female members 55%	RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020: DML - SF seven years DFL - SF eight years	RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020: ML - SB two years FL - SB one year DM - SF two years	General members 40% Safety members 50%	General members Age 58 Safety members Age 52
2017 to 2019	Male members 65% Female members 55%	RP-2014 Healthy Annuitant Mortality Table projected generationally with two-dimensional MP-2016 projection scale: ML - SF one year DM - SF seven years	RP-2014 Healthy Annuitant Mortality Table projected generationally with two-dimensional MP- 2016 projection scale: M - SB one year DM - SB one year	General members 40% Safety members 60%	General members Age 59 Safety members Age 53
2020 to 2022	Male members 65% Female members 55%	Pub-2010 Amount-Weighted Above-Median Mortality Table projected generation- ally with two-dimensional MP-2019 projection scale: General Retirees - 10% increase Beneficiaries—General Contingent -10% increase	Pub-2010 Amount- Weighted Above-Median Mortality Table projected generationally with two-dimensional MP-2019 projection scale	General members 40% Safety members 65%	General members Age 59 Safety members Age 53

(1) Assumed married at retirement or pre-retirement death.

(2) Type of Member: M = Member; ML = Male Member; FL = Female Member; DM = Disabled Member; DML = Disabled Male Member; DFL = Disabled Female Member. Mortality Table Type: SB = Set Back; SF = Set Forward.

Note: The probabilities of separation from active service and expectation of life are adjusted every three years with the actuarial experience study.

Other Supplementary Information

SCHEDULE OF INVESTMENT EXPENSES

For the Years Ended June 30, 2020 and 2019

(Amounts in Thousands)

Type of Investment Expense	2020	2019
Investment Manager Advisement Fees		
Equity Managers		
Domestic	\$1,087	\$2,477
International	5,065	4,126
TOTAL EQUITY MANAGERS	6,152	6,603
Fixed Income Managers		
Domestic	13,158	3,588
International	8,362	2,824
TOTAL FIXED INCOME MANAGERS	21,520	6,412
Alternative Managers	53,220	70,308
Real Estate Managers	4,437	6,477
TOTAL INVESTMENT MANAGER ADVISEMENT FEES	85,329	89,800
Other Investment Advisement Fees		
Consultant Fees	1,925	2,296
Custodian Fees	1,058	763
Legal Fees	183	151
TOTAL INVESTMENT ADVISEMENT FEES¹	88,495	93,010
Other Investment Expenses		
Other Investment Expenses ²	48,147	60,453
Investment Department Expenses	2,778	2,695
TOTAL OTHER INVESTMENT EXPENSES	50,925	63,148
SECURITIES LENDING REBATES & BANK CHARGES	1,592	2,453
TOTAL INVESTMENT EXPENSES	\$141,012	\$158,611

(1) Advisement fees include amounts for investment management fees and performance fees. It does not include unrealized carried interest allocations.

(2) These costs include, but are not limited to, foreign income tax and other indirect flow-through investment expenses such as organizational expenses in limited partnership structures.

Other Supplementary Information

(Continued)

SCHEDULE OF ADMINISTRATIVE AND OTHER EXPENSES

For the Years Ended June 30, 2020 and 2019

(Amounts in Thousands)

	2020	2019
Actuarial Accrued Liability (AAL)¹	\$12,604,942	\$11,928,310
Statutory Limit for Administrative Expenses (AAL x 0.21%)	26,470	25,049
Administrative Expenses Subject to Statutory Limit		
Personnel Services	\$6,374	\$6,859
Professional Services	1,125	883
Operational Miscellaneous	1,520	1,641
TOTAL ADMINISTRATIVE EXPENSES SUBJECT TO STATUTORY LIMIT	9,019	9,383
Other Expenses Not Subject to Statutory Limit		
Actuarial Services	253	256
Legal Services (Non-Investment)	1,547	1,239
Technology Infrastructure	3,808	1,797
TOTAL OTHER EXPENSES NOT SUBJECT TO STATUTORY LIMIT	5,608	3,292
TOTAL ADMINISTRATIVE AND OTHER EXPENSES²	\$14,627	\$12,675

(1) Refer to Note 2—Summary of Significant Accounting Policies for further information.

(2) Does not include investment expenses, see Schedule of Investment Expenses for further information.

Other Supplementary Information

(Continued)

SCHEDULE OF PAYMENTS TO CONSULTANTS

For the Years Ended June 30, 2020 and 2019

(Amounts in Thousands)

Type of Service	2020	2019
Payments to Consultants Subject to the Statutory Limit		
Actuarial Services	\$ -	\$8
Agreed Upon Procedures	-	39
Audit Services	65	69
Communication Services	67	64
Human Resource Services	48	97
Medical/Disability Services	719	347
TOTAL PAYMENTS TO CONSULTANTS SUBJECT TO THE STATUTORY LIMIT¹	899	624
Payments to Consultants Not Subject to the Statutory Limit		
Actuarial Services	253	256
Custodian Services	1,058	763
Human Resource Services	-	16
Information Technology Services	104	25
Investment Services	1,925	2,296
Legal Services	447	412
TOTAL PAYMENTS TO CONSULTANTS NOT SUBJECT TO THE STATUTORY LIMIT	3,787	3,768
TOTAL PAYMENTS TO CONSULTANTS	\$4,686	\$4,392

(1) Pursuant to GC section 31580.2, administrative expenses incurred in any one year are not to exceed twenty-one hundredths of one percent (0.21%) of SBCERA's actuarial accrued liabilities. Refer to Note 2—Summary of Significant Accounting Policies for further information.

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Investments

Section



Report on Investment Activity



NEPC, LLC

Allan Martin
Partner

September 17, 2020

Board of Retirement
San Bernardino County Employees' Retirement Association
348 West Hospitality Lane, Suite 100
San Bernardino, CA 92408

Dear Board Members:

The overall objective of the San Bernardino County Employees' Retirement Association (SBCERA) is to ensure continued access to retirement, disability, and survivor benefits for current and future SBCERA participants. To ensure a solid foundation for the future of the Fund, SBCERA strategically plans and implements an investment program designed to produce superior long-term investment returns, while prudently managing the risk in the portfolio. Investment policy and asset allocation are reviewed and revised by the Board of Retirement, at least annually, to reflect the Fund's actuarial assumptions, accrued liabilities, and economic and investment outlook. The following is a report on the performance of the Fund for the year ended June 30, 2020 with background on the underlying capital market environment.

Market Review for the Year Ended June 30, 2020

The fiscal year ended June 30, 2020 saw the end of the longest U.S. economic expansion on record. Economies around the world were disrupted because of the Coronavirus (COVID-19) and markets reacted with historically fast-paced declines. Governments and central banks from around the world took extraordinary measures to stimulate shuttered economies. In the U.S., fiscal stimulus reached over 12% of GDP while Germany, Japan, France, and the U.K. had materially larger stimulus packages. The Federal Reserve provided additional support to the U.S. economy by reducing the Fed Funds Rate to a targeted range of 0.00% to 0.25%, resumed quantitative easing by purchasing Government Bonds, and flooded markets with cheap liquidity. Similar actions were taken by central banks globally. These stimulus measures, along with optimism around a potential vaccine for COVID-19 and easing of lockdown restrictions resulted in a historically dramatic reversal in risk assets in the fourth fiscal quarter. Despite a historic decline in GDP (-39.6% annualized in the final quarter of 2020 fiscal year, U.S. stocks posted their eleventh consecutive year of positive returns and outperformed international equities, returning 7.5% as measured by the S&P 500 Index. International developed-markets equities (-5.1% for the year) lagged domestic equities by 12.6%. U.S. equity outperformance was driven in large part by big technology stocks that benefitted from a demand surge in the wake of the pandemic. Emerging markets equities returned -3.4%, underperforming U.S. equities but outperforming international-developed markets equities. Driven by declining interest rates and demand for safe-haven assets, U.S. high quality fixed income investments generated a positive 8.7% return in the fiscal year as measured by the Bloomberg Barclays U.S. Aggregate Bond Index.

The SBCERA Investment Portfolio

The SBCERA total investment portfolio return, net of fees was -3.1% for the year ended June 30, 2020. The median fund in the Investor Force peer group universe of large Public Funds returned 1.0% in the same period. The Fund's five-year net-of-fees return for the period ended June 30, 2020 was 4.4% annualized which underperformed the fund's actuarial assumed rate of 7.25%. SBCERA has chosen an asset allocation policy which reduces the Fund's volatility risk to more consistently meet its actuarial targets. Over the past 10 years, the Fund's return of 7.4% outperforms the fund's actuarial rate of return and ranks in the 70th percentile in its peer group based on return. Based on risk, the plan's 10-year standard deviation, a measure of risk, ranked in the second percentile in its peer group (second from the least variable), resulting in a risk-adjusted return (as measured by the Sharpe Ratio) of 1.33, which ranked first in its peer group.

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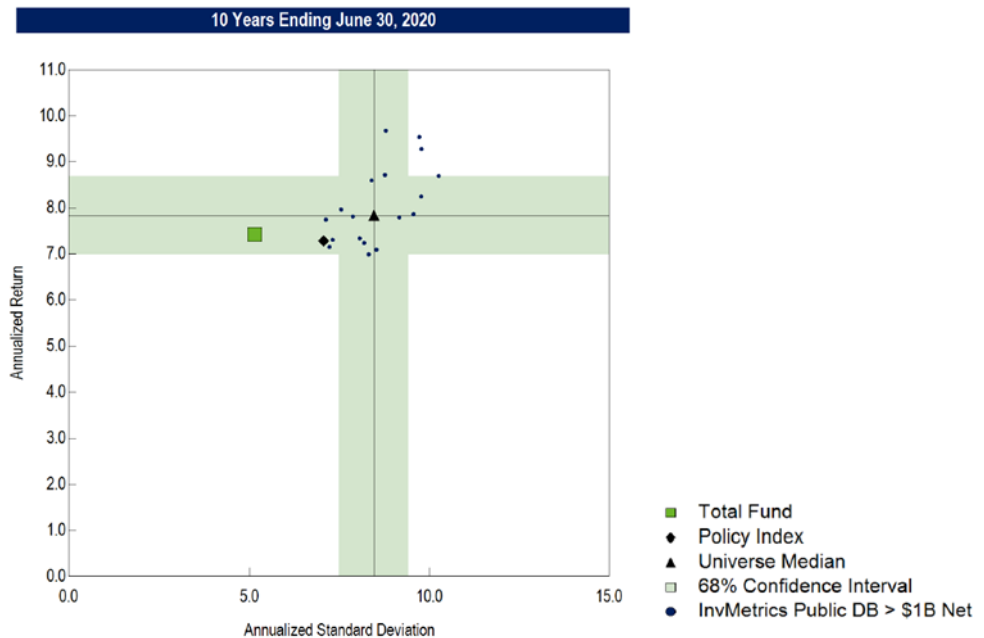
Report on Investment Activity

(Continued)



NEPC, LLC

InvMetrics Public Funds Greater than \$1 Billion Universe¹ Risk-Return Comparison (Net of Fees) 10 Years Ended June 30, 2020



We continue to believe that lower equity exposure and diversification across asset classes can help protect portfolios from significant declines, which is particularly important in today's economic and capital market environments. SBCERA's portfolio continues to be positioned to take advantage of contractual income-based investments, which have proven to produce superior risk-adjusted returns in the long-run.

NEPC, LLC serves as SBCERA's independent investment consultant and provides SBCERA with asset allocation guidance, quarterly economic and investment market updates and performance reviews, together with investment manager monitoring and selection advice. SBCERA's custodian, State Street Bank and Trust Company, independently prepared the underlying performance data used in this report. Rates of return are represented using a time-weighted rate of return methodology based upon reported market values as of 6/30/2020. At that time a significant portion of SBCERA's assets were invested in Private market instruments, which reflected 3/31/2020 valuations.

Sincerely,

Allan Martin, Partner

Universe rankings are based on gross of fee performance unless otherwise noted.

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Outline of Investment Policies

As of June 30, 2020

General

The overall goal of SBCERA's investment program is to provide members with retirement benefits as required by the California County Employees Retirement Law of 1937 (CERL). This is accomplished by employer and member contributions and the implementation of a carefully planned and executed long-term investment program.

The Board has exclusive control of all investments of the Plan and is responsible for the establishment of investment objectives, strategies, and policies. The Board is composed of nine members and three alternates.

- The County of San Bernardino Treasurer who serves in the capacity of ex-officio member (along with one alternate).
- Four members are appointed by the San Bernardino County Board of Supervisors.
- Two members are elected by active General members.
- One member is elected by active Safety members (along with one alternate).
- One member is elected by retired members (along with one alternate).

The Board is authorized to invest in any form or type of investment deemed prudent in the informed opinion of the Board. Members of the Board serve in a fiduciary capacity and must discharge their duties with respect to SBCERA and the investment portfolio in the following manner.

- Solely in the interest of and for the exclusive purpose of providing benefits to members and their beneficiaries; minimizing contributions thereto; and defraying reasonable expenses of administering the Plan.
- With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.
- To diversify the investments of the Plan so as to minimize the risk of loss and to maximize the rate of return, unless under circumstances it is clearly prudent not to do so.

Summary of Investment Objectives

The Board has adopted the *Investment Plan, Policy, and Guidelines*, which provide the framework for the management of SBCERA's investments. The *Investment Plan, Policy, and Guidelines* establishes investment program goals, asset allocation policies, performance objectives, investment management policies, and risk controls. It also defines the principal duties of the Board and investment staff.

SBCERA's primary investment objective is to efficiently allocate and manage the assets on behalf of the members and their beneficiaries. These assets are managed on a total return basis. While recognizing the importance of the "preservation of capital," SBCERA also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns in the long term.

The total investment portfolio return, over the long term, is directed toward achieving and maintaining a fully-funded status for the Plan. Prudent risk-taking is warranted within the context of overall portfolio diversification to meet this objective. These activities are executed in a manner that serves the best interests of SBCERA's members and their beneficiaries.

Outline of Investment Policies

As of June 30, 2020

(Continued)

Asset Allocation

A pension trust fund's strategic asset allocation policy, implemented in a consistent and timely manner, is generally recognized to be the largest determinant of investment performance. The asset allocation process determines an optimal long-term asset class mix (target allocation), which is expected to achieve a specific set of investment objectives.

Effective July 12, 2018, the Board adopted a new asset allocation plan. The following factors were used to determine this new plan:

- Projected actuarial assets, liabilities, benefit payments, and contributions
- Historical and expected long-term capital market risk and return behavior
- Future economic conditions, including inflation and interest rate levels
- SBCERA's current and projected funding status

Over time, the Board implements the asset allocation plan by hiring investment managers to invest assets on SBCERA's behalf.

Use of Proxies

SBCERA has adopted a proxy voting policy which best serves the economic interest of its beneficiaries. Investments in equity securities in particular are best viewed within the context of a long-term time horizon. The resolution of management and shareholder issues must be directed towards maximizing equity value; not to entrench the current management team or alternatively, to subject the company to excessive outside influences. SBCERA will support management if management's position appears reasonable, is not detrimental to the value of equity ownership and reflects consideration of the impact of societal values and attitudes on the long-term viability of the corporation.

SBCERA shall support requests for additional disclosure if the requested information is on a subject relevant to the corporation's business, if it is of value to a majority of shareholders in evaluating the corporation or its managers, if the costs of disclosure are reasonable, and if the information to be disclosed will not disadvantage the corporation either competitively or economically.

Investment Professionals

As of June 30, 2020

Investment Managers

Domestic Equity

Russell Investment Group
State Street Global Advisors
TOBAM

International Equity

Mondrian Investment Partners Ltd
Russell Investment Group
TOBAM

Domestic Fixed Income

Angelo Gordon & Co., LP
Apollo Global Management, LLC
Beach Point Capital Mgmt, LP
GoldenTree Asset Mgmt, LP
King Street Capital Mgmt, LLC
MacKay Shields, LLC
Manulife Investment Management
Waterfall Asset Management, LLC

Global Fixed Income

Alcentra Ltd
Ashmore Investment Mgmt Ltd
Bardin Hill Investment Partners
BNY Alcentra Group Holdings, Inc
Cairn Capital Ltd
Gramercy Funds Mgmt, LLC
Marathon Asset Mgmt, LP
Prudential Investment Mgmt

Private Equity

Aberdeen Asset Management, PLC
Apollo Global Management, LLC
Ares Management, LLC
Aurora Capital Group

Private Equity (Continued)

Crescent Capital Group, LP
Crestline Management, LP
Industry Ventures, LLC
Kayne Anderson Cap Advisors, LP
Lexington Partners
Partners Group
Pathway Capital Management, LLC
Siguler Guff Advisers, LLC
TCW Asset Management Company
Tennenbaum Capital Partners, LLC
The Catalyst Capital Group, Inc
Waterfall Asset Management, LLC

Absolute Return

Apollo Global Management, LLC
Ares Management, LLC
Birch Grove Capital, LP
Corrum Capital
Four Corners Capital Mgmt, LLC
State Street Global Advisors
ZAIS Group, LLC

Timber

Domain Timber Advisors
Hancock Timber Resources Group

Infrastructure

Fortress Investment Group, LLC
Kayne Anderson Cap Advisors, LP
Oaktree Capital Management, LP

Commodities

Energy Spectrum Capital
Pinnacle Asset Management, LP
Starwood Energy Partners

Real Estate

American Realty Advisors
Apollo Global Management, LLC
Bryanston Realty Partners, LLC
Fortress Investment Group, LLC
Invesco Real Estate Management
Kayne Anderson Cap Advisors, LP
Morgan Stanley Real Estate Fund
Oaktree Capital Management, LP
Partners Group
PGIM Fund Management Ltd
PGIM Real Estate
Square Mile Capital Mgmt, LP
Starwood Cap Group Global, LLC
Tricon Capital Group, Inc
Walton Street Capital, LLC

Short-Term Cash

Investment Funds

State Street Global Advisors

Consultants

Chantico Global, LLC
Kreischer Miller
NEPC, LLC

Custodial Services

State Street Bank & Trust Company

Legal Counsel

Foley & Lardner, LLP
Hirschler Fleischer, PC
Morgan Lewis, LLP

Investment Results

As of June 30, 2020

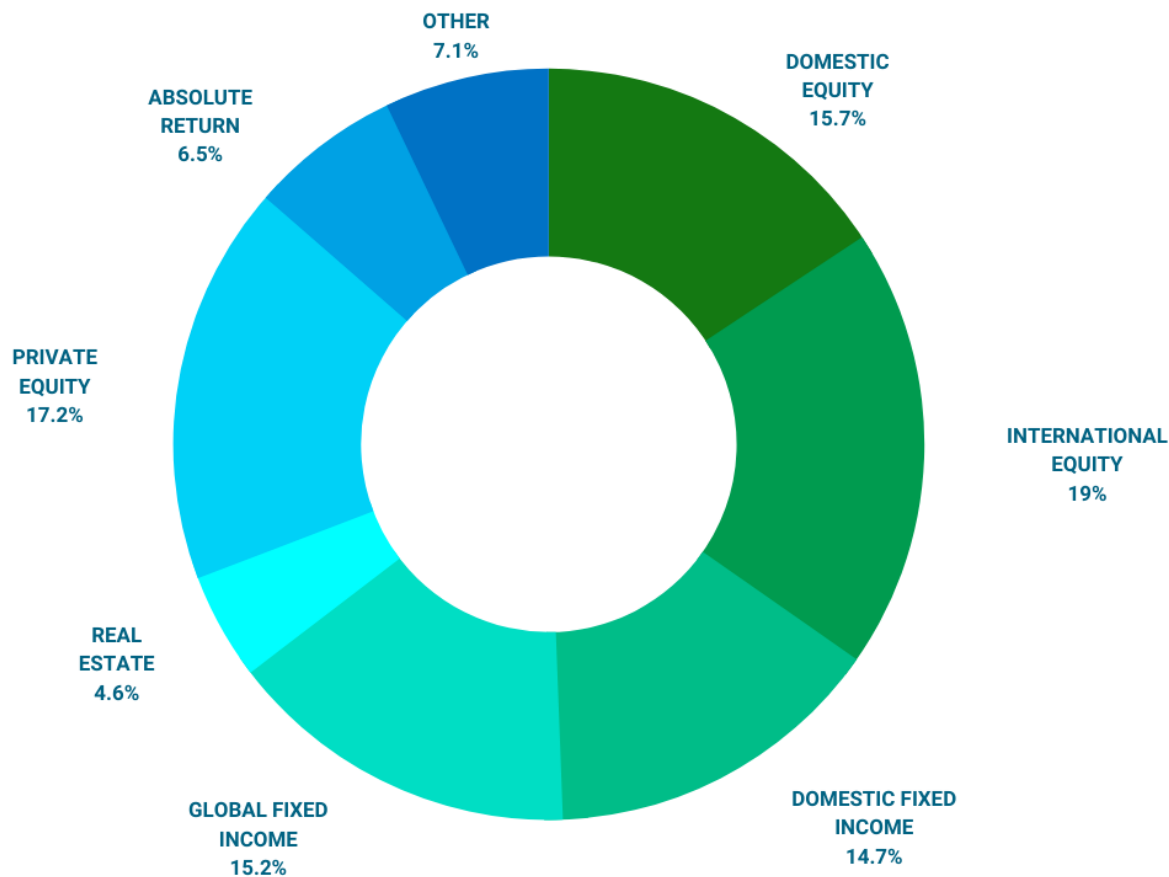
	Current Year 2020	Annualized 3 year	Annualized 5 year
Total Portfolio	(3.10)%	3.37%	4.41%
<i>SB Policy Benchmark</i>	3.78%	5.64%	5.64%
Cash Equivalents	1.09%	1.45%	0.54%
<i>91-Day T-Bill Benchmark</i>	1.63%	1.77%	1.19%
Equity Segment			
Domestic Equity	5.88%	6.31%	4.66%
<i>Russell 3000 Benchmark</i>	6.53%	10.04%	10.03%
Emerging Markets Equity	(6.27)%	0.94%	0.84%
<i>MSCI Emerging Markets Benchmark</i>	(3.39)%	1.90%	2.86%
International Equity	(3.23)%	(1.11)%	(0.40)%
<i>MSCI EAFE Benchmark</i>	(5.13)%	0.81%	2.05%
Fixed Income Segment			
Domestic Fixed Income	(0.60)%	4.36%	4.87%
<i>BofAML High Yield Master II Benchmark</i>	(1.10)%	2.94%	4.58%
Global and Emerging Market Fixed Income	(10.08)%	(0.69)%	2.98%
<i>SBCERA Custom BC Global Benchmark</i>	0.71%	2.52%	2.89%
Real Asset Segment			
Real Estate	3.72%	6.26%	7.49%
<i>NCREIF Property Benchmark</i>	5.28%	6.41%	7.65%
Timber	(2.89)%	(3.14)%	(2.22)%
<i>NCREIF Timberland Benchmark</i>	1.30%	2.48%	2.80%
Infrastructure	(26.77)%	(8.01)%	(4.95)%
<i>CPI + 600BPS Benchmark</i>	6.68%	7.81%	7.64%
Commodities	14.41%	10.67%	5.44%
<i>Bloomberg Commodity Benchmark</i>	(17.38)%	(6.14)%	(7.69)%
Other Alternative Segment			
Private Equity/Venture Capital	(0.33)%	9.30%	9.92%
<i>State Street Private Equity Benchmark</i>	(1.94)%	8.00%	8.41%
Absolute Return	(8.21)%	1.03%	2.19%
<i>HFRI Fund of Funds Composite Benchmark</i>	0.00%	2.10%	1.40%

Note: Calculations were prepared using a time-weighted rate of return and are net of fees.

Asset Allocation

As of June 30, 2020

TARGET VS. ACTUAL ASSET ALLOCATION PERCENTAGES

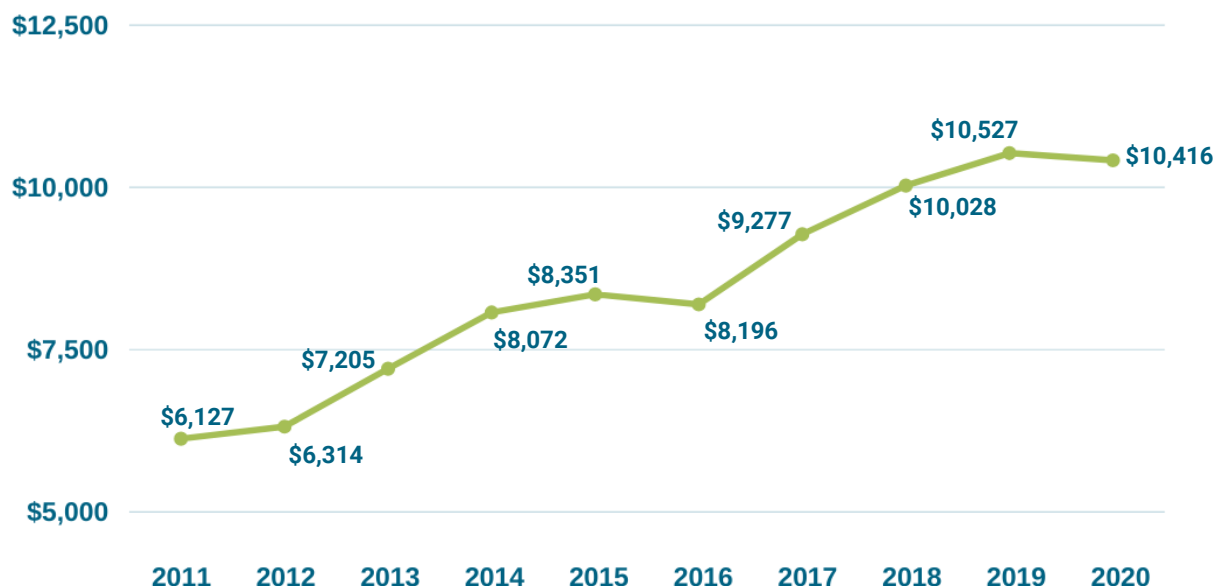


	Actual	Target	Target Ranges	
			Minimum	Maximum
Domestic Equity	15.7%	13.0%	8.0%	18.0%
International Equity	19.0%	15.0%	10.0%	20.0%
Domestic Fixed Income	14.7%	15.0%	10.0%	20.0%
Global Fixed Income	15.2%	20.0%	13.0%	23.0%
Real Estate	4.6%	7.0%	0.0%	14.0%
Private Equity	17.2%	16.0%	6.0%	21.0%
Absolute Return	6.5%	7.0%	0.0%	12.0%
Timber ¹	0.5%	2.0%	0.0%	7.0%
Infrastructure ¹	1.4%	1.0%	0.0%	6.0%
Commodities ¹	2.6%	2.0%	(1.0)%	7.0%
Short-Term Cash Investment Funds ¹	2.6%	2.0%	0.0%	10.0%

(1) The "other" category includes percentages 2% and below. These are combined for visual representation purposes.

FAIR VALUE GROWTH OF PLAN ASSETS HELD FOR INVESTMENTS

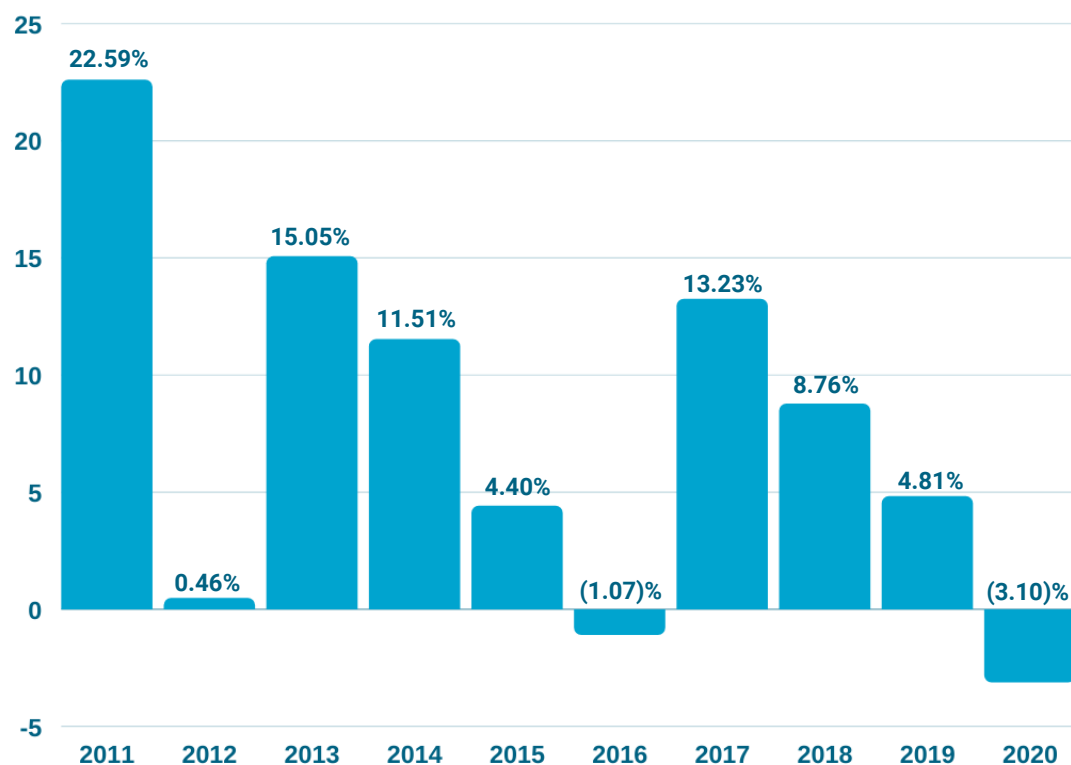
For the Years Ended June 30, 2011 through 2020 (Amounts in Millions)



Note: This chart depicts growth plan assets held for investment excluding investments of cash collateral received on securities lending transactions.

HISTORY OF INVESTMENT PERFORMANCE

For the Years Ended June 30, 2011 through 2020 (Based on Fair Value)



Note: Calculations were prepared using a time-weighted rate of return and are net of fees.

List of Largest Assets Held

As of June 30, 2020

(Amounts in Thousands) (By Fair Value)

EQUITY HOLDINGS

Description	Shares	Fair Value
S&P Flagship Fund	849	\$666,260
TOBAM Anti Benchmark US Equity Fund	30	336,232
TOBAM Anti-Benchmark Emerging Markets Equity Fund	32	288,582
Pramerica Emerging Market Debt Opportunities Fund	80,000	98,180
Ashmore SICAV Emerging Markets Short Duration Fund	552	63,160
Ashmore SICAV Emerging Markets Sovereign Debt Fund	421	55,055
Ashmore SICAV Emerging Markets Local Currency Bond Fund	468	50,193
Ashmore SICAV Emerging Markets Debt Fund	351	45,421
TOBAM Anti-Benchmark World ex USA Equity	5	45,231
Fortress Transportation and Infrastructure LLC	2,671	34,694
TOTAL OF LARGEST EQUITY HOLDINGS		\$1,683,007
TOTAL EQUITY HOLDINGS		\$1,950,167

FIXED INCOME HOLDINGS

Description	Par	Fair Value
BAC Loan—2nd Lien 092619	\$26,761	\$29,495
Apollo Craft Mid Cap Trade Note	25,000	26,008
U.S. Treasury N.B. 2/21	25,000	24,973
BAC Loan—2nd Lien 0218	17,762	22,333
Sunnova Entergy International Inc 04/25	12,000	19,141
Colouroz Investment LLC 2nd Lien Term Loan B2	18,864	15,425
NFE Atlantic Holdings LLC 2020 Term Loan	14,625	14,663
GP Holdings SA II Peruchim Peruvian Agrarian Land Reform	17,125	13,994
BAC Loan—2nd Lien 092619 SPS	11,179	12,411
Arch Keystone Funding LLC	37,327	12,385
TOTAL OF LARGEST FIXED INCOME HOLDINGS		\$190,829
TOTAL FIXED INCOME HOLDINGS		\$1,188,040

Note: The holdings presented above pertain to holdings of equity interests or individual securities. They do not reflect SBCERA's investments in commingled funds and may not be publicly traded. A complete list of portfolio holdings is available upon request.

Schedule of Fees and Commissions

For the Year Ended June 30, 2020

(Amounts in Thousands)

FEES

Type of Fees	Assets Under Management at Fair Value	Fees ¹
Investment Manager Advisement Fees		
Equity Managers	\$1,950,167	\$6,152
Fixed Income Managers	1,188,040	21,520
Real Estate Managers	458,281	4,437
Alternative Managers	5,763,073	53,220
Short-Term Cash & Securities Lending Collateral	1,062,911	-
TOTAL INVESTMENT MANAGER ADVISEMENT FEES	\$10,422,472	\$85,329
Other Investment Advisement Fees		
Consultant Fees		1,925
Custodian Fees		1,058
Legal Services		183
TOTAL INVESTMENT ADVISEMENT FEES		88,495
Securities Lending Fees		1,592
TOTAL FEES		\$90,087

COMMISSIONS

Brokerage Firm	Total Shares Traded (Actual Shares)	Commissions Per Share (Actual Dollars)	Total Commissions	% of Total Commissions ³
Morgan Stanley	840,914	\$1.1849	\$996	62.48%
The Goldman Sachs Group, Inc	6,878,805	0.0190	131	8.22%
National Financial Services LLC	8,116,928	0.0155	126	7.90%
Royal Bank of Canada	5,451,602	0.0101	55	3.45%
Citigroup Inc	1,784,388	0.0296	53	3.32%
Credit Suisse	2,140,131	0.0171	37	2.32%
Other ²	41,710,299	Various ²	196	12.31%
TOTAL	66,923,067		\$1,594	100.00%

(1) Fees include amounts for investment management fees and performance fees. It does not include unrealized carried interest allocations and other indirect flow-through investment expenses such as organizational expenses in limited partnership structures.

(2) Includes approximately 28 additional firms, each with less than 2% of total commissions. The average commission per share is 0.0190.

(3) Results are adjusted for rounding.

Note: SBCERA has commission recapture arrangements with Russell Investment Group.

Investment Summary

As of June 30, 2020

(Amounts in Thousands)

Type of Investment	Fair Value	Percent of Total Fair Value
Short-Term Cash Investment Funds	\$1,056,304	10.13%
Emerging Market Debt	74,384	0.71%
U.S. Government Obligations and Other Municipals	70,739	0.68%
Domestic Bonds	597,739	5.74%
Foreign Bonds	445,178	4.27%
Domestic Common and Preferred Stock	1,208,252	11.59%
Foreign Common and Preferred Stock	741,915	7.12%
Investments of Cash Collateral Received—Securities Lending	6,607	0.06%
Real Estate	458,281	4.40%
Domestic Alternatives	4,098,128	39.32%
Foreign Alternatives	1,664,945	15.98%
TOTAL INVESTMENTS, AT FAIR VALUE	\$ 10,422,472	100.00%

Actuarial Section



Actuary's Certification Letter



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415.263.8200
F 415.263.8290
segalco.com

November 12, 2020

Board of Retirement
San Bernardino County Employees' Retirement Association
348 West Hospitality Lane, Suite 100
San Bernardino, CA 92408

**Re: San Bernardino County Employees' Retirement Association June 30, 2020
Actuarial Valuation for Funding Purposes**

Dear Members of the Board:

Segal Consulting (Segal) prepared the June 30, 2020 annual actuarial valuation of the San Bernardino County Employees' Retirement Association (SBCERA). We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices and SBCERA's funding policy that was last reviewed with the Board of Retirement in 2014. In particular, it is our understanding that the assumptions and methods used for funding purposes meet the parameters set by Actuarial Standards of Practice (ASOPs).

As part of the June 30, 2020 actuarial valuation, Segal conducted an examination of all participant data for reasonableness. However, the scope of this examination does not qualify as an audit. Summaries of the employee data used in performing the actuarial valuations over the past several years are provided in our valuation report. We did not audit the Association's financial statements, however, the Association's auditor attested to the Association's financial statements. For actuarial valuation purposes, retirement plan assets are valued at Actuarial Value. Under this method, the assets used to determine employer contribution rates take into account market value by recognizing the differences between the total return at market value and the expected investment return over a five-year period.

One of the general goals of an actuarial valuation is to establish contribution rates, which, over time, will remain level as a percentage of payroll for each generation of active members. Actuarial funding is based on the Entry Age Cost Method. Under this method, the employer contribution rate provides for current cost (Normal Cost) plus a level percentage of payroll to amortize any unfunded actuarial accrued liability (UAAL).

In 2002, the Board of Retirement elected to amortize the Association's UAAL as of June 30, 2002 over a declining (or closed) 20-year period. Any change in UAAL that arises due to actuarial gains or losses or due to changes in actuarial assumptions or methods at each valuation after June 30, 2002 is amortized over its own declining (or closed) 20-year period. Effective with the June 30, 2012 valuation, any change in UAAL that arises due to plan amendments is amortized over its own declining (or closed) 15-year period (with the exception of a change due to retirement incentives, which is amortized over its own declining (or closed) period of up to 5 years). The progress being made towards meeting the funding through June 30, 2020 is illustrated in the Schedule of Funding Progress.

Actuary's Certification Letter

(Continued)

Board of Retirement
San Bernardino County Employees' Retirement Association
November 2, 2020
Page 2

Effective with the June 30, 2020 valuation, the Board approved an adjustment to the remaining amortization period for the 2003 amortization layer in order to minimize the contribution rate tail volatility associated with that UAAL layer that was to be fully amortized in the 2023 valuation. This is done by changing the amortization period for the 2003 UAAL amortization layer from three to four years in the June 30, 2020 valuation.

Certain information found in the Notes to the Basic Financial Statements and the Required Supplementary Information (RSI) included in the Financial Section was prepared by the Association based on the results of the Governmental Accounting Standards (GAS) 67 actuarial valuation as of June 30, 2020 prepared by Segal. For the Financial Section of the Comprehensive Annual Financial Report (CAFR), Segal provided the Schedule of Changes in Net Pension Liability of Participating Employers and Related Ratios and Schedule of Employer Contributions as shown in the RSI. A listing of the other supporting schedules prepared by the Association based on additional information provided by Segal and the results of the actuarial valuation as of June 30, 2020 for funding purposes is listed below.

- Schedule of Funding Progress
- Development of Actuarial Value of Assets
- Schedule of Active Member Valuation Data
- Schedule of Retirees & Beneficiaries
- Schedule of Funded Liabilities by Type
- Analysis of Financial Experience
- Ratio of Current Compensation-to-Compensation Anticipated at Retirement
- Probabilities of Separation from Active Service
- Expectation of Life
- Retirees and Beneficiaries Added to and Removed from Rolls
- Retired Members by Type of Benefit
- Average Benefit Payments
- Membership History
- Average Monthly Retirement Benefits

Actuary's Certification Letter

(Continued)

Board of Retirement
San Bernardino County Employees' Retirement Association
November 2, 2020

Page 3

The valuation assumptions included in the Actuarial Section were adopted by the Board of Retirement based on the 2020 Actuarial Experience Study (for both the economic and noneconomic assumptions). It is our opinion that the assumptions used in the June 30, 2020 valuation produce results, which, in aggregate, reflect the future experience of the retirement plan. Actuarial valuations are performed on an annual basis. An experience analysis is performed every three years and the next experience analysis is due to be performed in 2023.

In the June 30, 2020 valuation, the ratio of the actuarial value of assets to actuarial accrued liabilities (funded percentage) decreased from 80.0% to 77.9%. The average employer contribution rate has increased from 31.60% of payroll to 34.33% of payroll, while the average member contribution rate has increased from 10.99% of payroll to 11.12% of payroll.

Under the asset smoothing method, the total unrecognized investment loss is \$846 million as of June 30, 2020. This investment loss will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years. The deferred loss of \$846 million represents about 8.2% of the market value of assets as of June 30, 2020. Unless offset by future investment gains or other favorable experience, the recognition of the \$846 million market loss is expected to have an impact on the Association's future funded percentage and contribution rate requirements. This potential impact may be illustrated as follows:

- If the net deferred losses were recognized immediately in the actuarial value of assets, the funded ratio would decrease from 79.99% to 71.9%.
- If the net deferred losses were recognized immediately in the actuarial value of assets, the average employer contribution rate would increase from 34.33% to 38.21% of payroll.

The actuarial valuations were directed under the supervision of Tammy Dixon, FSA, MAAA, FCA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render to actuarial opinion contained herein.

Sincerely,



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



Molly Calcagno, ASA, MAAA, EA
Actuary



Schedule of Funding Progress

For the Year Ended June 30, 2011 through 2020

(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets ^{(1),(2)} (a)	Actuarial Accrued Liability (AAL) ³ (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Projected Total Compensation (c)	UAAL as a Percentage of Projected Total Compensation ((b-a)/c)
6/30/2011	\$6,484,507	\$8,189,646	\$1,705,139	79.18%	\$1,244,555	137.01%
6/30/2012	6,789,492	8,606,577	1,817,085	78.89%	1,260,309	144.18%
6/30/2013	7,204,918	9,088,636	1,883,718	79.27%	1,262,752	149.18%
6/30/2014	7,751,309	9,694,825	1,943,516	79.95%	1,267,667	153.31%
6/30/2015	8,255,353	10,214,473	1,959,120	80.82%	1,309,095	149.65%
6/30/2016	8,736,959	10,669,688	1,932,729	81.89%	1,346,408	143.55%
6/30/2017	9,385,977	11,928,310	2,542,333	78.69%	1,406,470	180.76%
6/30/2018	10,020,863	12,604,942	2,584,079	79.50%	1,477,131	174.94%
6/30/2019	10,642,401	13,304,683	2,662,282	79.99%	1,542,495	172.60%
6/30/2020	11,133,173	14,298,196	3,165,023	77.86%	1,587,324	199.39%

- (1) Includes assets held for survivor benefits, burial allowance, general retiree subsidy (GRS), and excess earnings (EE) reserves. Some years may not include the GRS and EE reserves.
- (2) Excludes present value of additional future contributions payable from the County of San Bernardino to SBCERA related to the Crest Forest Fire transfer.
- (3) Includes liabilities held for survivor benefits, burial allowance, general retiree subsidy (GRS), and excess earnings (EE) reserves. Some years may not include the GRS and EE reserves.

Note: Refer to the Required Supplementary Information section (see Schedule of Employer Contributions), and Note 3—Contribution Requirements, for further information.

Latest Actuarial Valuations Methods & Assumptions

As of June 30, 2020

The Entry Age Actuarial Cost Method was used in conjunction with the following actuarial assumptions. The Unfunded Actuarial Accrued Liability (UAAL) is funded over 20 years for all UAAL prior to June 30, 2002. Any changes in UAAL after June 30, 2002 are amortized over a 20-year closed period effective with each valuation. Effective June 30, 2012, any changes in UAAL due to actuarial gains or losses or due to changes in actuarial assumptions or methods will be amortized over a 20-year closed period effective with each valuation. Any change in UAAL that arises due to plan amendments is amortized over its own declining 15-year period. (with exception of a change due to retirement incentives, which is amortized over a declining period of up to 5 years). An analysis of the Plan's non-economic experience was last performed as of June 30, 2020 to establish the validity of these assumptions. An actuarial valuation is performed annually. The actuarial assumptions and methods listed below were recommended by the Plan's independent actuary, Segal Consulting, and were approved by the Board.

Investment Rate of Return	7.25% net of pension plan investment expense, including inflation
Interest Credited to Member Accounts	3.00% (Actual rate is based on six-month Treasury rate)
Inflation	2.75% per annum
Salary Scale	As shown in Table on page 112
Asset Valuation	Smoothed market (five year average); See Development of Actuarial Value of Assets on page 105, which shows the development of the assets. As of June 30, 2020, the net unrecognized deferred loss is \$845,839 thousand.
Gains and Losses	Gains and losses are reflected in the UAAL and are funded over the period described above.
Spouses and Dependents	65% of male members and 55% of female members assumed married at retirement or pre-retirement death
Rates of Termination of Employment	As shown in Table on page 113
Years of Life Expectancy After Retirement	As shown in Table on page 115
Years of Life Expectancy After Disability	As shown in Table on page 115
Mortality Rate:	
General	Healthy—Pub-210 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate for male and female) with rates increased by 10%, projected generationally with the two-dimensional mortality improvement scale MP-2019. Disabled—Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate for male and female), projected generationally with the two-dimensional mortality improvement scale MP-2019.
Safety	Healthy—Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate for male and female), projected generationally with the two-dimensional mortality improvement scale MP-2019. Disabled—Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate for male and female), projected generationally with the two-dimensional mortality improvement scale MP-2019.
Reciprocity Assumption	40% of General members and 60% of Safety members who terminate with a vested benefit are assumed to enter a reciprocal system. Assume 4.50% and 4.70% compensation increases per annum, respectively.
Deferral Age for Vested Terminations	Age 59 for General members; Age 53 for Safety members
Cost-of-Living Adjustments	Contingent upon consumer price index with a 2.00% maximum per annum
Administrative Expense Assumption Load	0.85% of payroll allocated to both the employer and member based on the components of the total average contribution rate (before expenses).

Schedule of Active Member Valuation Data

For the Years Ended June 30, 2011 through 2020

Valuation Date	Number of Participating Employers ¹	Number of Active Members	Annual Payroll	Annual Average Payroll	% Increase/ (Decrease) in Average Payroll
6/30/2011					
General	19	17,070	\$1,045,601,554	\$61,254	0.24%
Safety	4	2,188	198,953,186	90,929	5.18%
TOTAL	20	19,258	\$1,244,554,740	\$64,625	0.90%
6/30/2012					
General	18	17,155	\$1,061,588,530	\$61,882	1.03%
Safety	4	2,151	198,720,507	92,385	1.60%
TOTAL	19	19,306	\$1,260,309,037	\$65,281	1.01%
6/30/2013					
General	16	17,241	\$1,061,419,963	\$61,564	(0.51)%
Safety	3	2,160	201,332,001	93,209	0.89%
TOTAL	17	19,401	\$1,262,751,964	\$65,087	(0.30)%
6/30/2014					
General	16	17,314	\$1,067,502,671	\$61,655	0.15%
Safety	3	2,183	200,164,139	91,692	(1.63)%
TOTAL	17	19,497	\$1,267,666,810	\$65,019	(0.11)%
6/30/2015					
General	16	17,726	\$1,099,968,966	\$62,054	0.65%
Safety	3	2,212	209,126,288	94,542	3.11%
TOTAL	17	19,938	\$1,309,095,254	\$65,658	0.98%
6/30/2016					
General	16	18,165	\$1,120,811,245	\$61,702	(0.57)%
Safety	3	2,373	225,596,956	95,068	0.56%
TOTAL	17	20,538	\$1,346,408,201	\$65,557	(0.15)%
6/30/2017					
General	16	18,619	\$1,170,058,184	\$62,842	1.85%
Safety	3	2,491	236,411,926	94,906	(0.17)%
TOTAL	17	21,110	\$1,406,470,110	\$66,626	1.63%
6/30/2018					
General	16	18,798	\$1,217,602,722	\$64,773	3.07%
Safety	4	2,667	259,528,542	97,311	2.53%
TOTAL	18	21,465	\$1,477,131,264	\$68,816	3.29%
6/30/2019					
General	16	19,190	\$1,278,447,863	\$66,621	2.85%
Safety	3	2,633	264,047,375	100,284	3.05%
TOTAL	17	21,823	\$1,542,495,238	\$70,682	2.71%
6/30/2020					
General	16	19,203	\$1,312,194,815	\$68,333	2.64%
Safety	3	2,611	275,128,614	105,373	4.20%
TOTAL	17	21,814	\$1,587,324,429	\$72,766	2.95%

(1) Participating employers may have both General and Safety members.

Note: Refer to the Latest Actuarial Valuation Methods and Assumptions, in this section, for information on recent changes to actuarial methods and assumptions.

Schedule of Retirees and Beneficiaries

For the Years Ended June 30, 2011 through 2020

Year ¹	Number of Members				Annual Allowances						
	Start of Year	Added During Year	Removed During Year	End of Year	Beginning Annual Allowance	Added During Year	Removed During Year	Annual Allowance ²	% Increase In Annual Allowance	Average Monthly Allowance ²	Average Annual Allowance ²
7/10 to 6/11	8,843	694	(272)	9,265	\$278,832,000	\$35,099,000	\$(5,375,000)	\$308,556,000	10.66%	\$2,775	\$33,303
7/11 to 6/12	9,265	690	(219)	9,736	308,556,000	35,576,000	(4,309,000)	339,823,000	10.13%	2,909	34,904
7/12 to 6/13	9,736	755	(318)	10,173	339,823,000	38,851,000	(7,910,000)	370,764,000	9.11%	3,037	36,446
7/13 to 6/14	10,173	756	(311)	10,618	370,764,000	35,254,000	(7,407,000)	398,611,000	7.51%	3,128	37,541
7/14 to 6/15	10,618	796	(286)	11,128	398,611,000	39,452,000	(7,056,000)	431,007,000	8.13%	3,228	38,732
7/15 to 6/16	11,128	803	(301)	11,630	431,007,000	42,262,000	(8,396,000)	464,873,000	7.86%	3,331	39,972
7/16 to 6/17	11,630	869	(320)	12,179	464,873,000	49,799,000	(9,210,000)	505,462,000	8.73%	3,459	41,503
7/17 to 6/18	12,179	850	(313)	12,716	505,462,000	49,124,000	(9,688,000)	544,898,000	7.80%	3,571	42,851
7/18 to 6/19	12,716	859	(331)	13,244	544,898,000	49,620,000	(9,855,000)	584,663,000	7.30%	3,679	44,145
7/19 to 6/20	13,244	934	(345)	13,833	584,663,000	56,441,000	(11,947,000)	629,157,000	7.61%	3,790	45,482

	Retired 7/1/19 to 6/30/20		Total Retirees	
	General	Safety	General	Safety
Average Age at Retirement	61.62	52.48	59.23	50.98
Average Years of Credited Service at Retirement	22.59	21.54	19.08	21.25
Average Final Average Salary	\$6,470	\$9,631	\$5,209	\$7,241
Average Monthly Benefit	\$4,466	\$7,456	\$3,587	\$6,525

(1) Amounts listed are as of the actuarial valuation date.

(2) Excludes monthly benefits for Supplemental Disability, Survivor Benefits, General Retiree Subsidy, and beneficiaries that are only receiving a Survivor Benefit.

SUMMARY OF MAJOR PLAN PROVISIONS

As of June 30, 2020

	TIER 1 (SBCERA membership date is prior to January 1, 2013)	TIER 2 (SBCERA membership date is on or after January 1, 2013)
Eligibility	First day of employment ¹ .	First day of employment ¹ .
Definition of Salary	Highest twelve consecutive months of compensation earnable.	Highest thirty-six consecutive months of pensionable compensation.
Service Retirement	<p>Normal Retirement Age The later of: (1) age 55 for General members or (2) age 50 for Safety members or (3) the age at which the member vests in his/her benefits under the CERL, but not later than age 70.</p> <p>Early Retirement Age 70 (regardless of service credit) or age 50 and 10 years of service credit or 30 years of service credit for General members and 20 years of service credit for Safety members (regardless of age). Active part-time employees at age 55 with a minimum of 10 years of membership and five years of service credit.</p> <p>Benefit At normal retirement age, 2% times final average compensation for every year of "General" service credit for benefit and 3% times final average compensation for every year of "Safety" service credit for benefit.</p> <p>Benefit Adjustments Reduced for retirement before age 55 for General members (age 50 for Safety members). Increased for retirement after age 55 up to age 65 (General members only).</p>	<p>Normal Retirement Age The later of: (1) age 55 for General members or (2) age 50 for Safety members or (3) the age at which the member vests in his/her benefits under the CERL, but not later than age 70.</p> <p>Early Retirement Age 70 (regardless of service credit) or age 52 and five years of service credit for General members or age 50 and five years of service credit for Safety members.</p> <p>Benefit At age 67, 2.5% times final average compensation for every year of "General" service credit for benefit. At age 57, 2.7% times final average compensation for every year of "Safety" service credit for benefit.</p> <p>Benefit Adjustments Reduced for retirement before age 67 for General members (age 57 for Safety members).</p>
Disability Retirement	<p>Non-Service Connected (must have five years of service credit to be eligible) <i>Members entering on or before December 31, 1980:</i> Greater of 1.8% of final average compensation per year of service, with a maximum of 33-1/3% if projected service is used or service retirement benefit (if eligible). <i>Members entering on or after January 1, 1981:</i> 20% of final average compensation for the first five years plus 2% of final average compensation per year of service in excess of five, with a maximum of 40% of compensation or service retirement benefit (if eligible).</p> <p>Service Connected Greater of 50% of final average compensation or service retirement benefit (if eligible).</p>	<p>Non-Service Connected (must have five years of service credit to be eligible) <i>Members entering on or after January 1, 2013:</i> 20% of final average compensation for the first five years plus 2% of final average compensation per year of service in excess of five, with a maximum of 40% of compensation or service retirement benefit (if eligible).</p> <p>Service Connected Greater of 50% of final average compensation or service retirement benefit (if eligible).</p>

(1) Membership may be delayed for the purpose of establishing reciprocity with another public retirement system as described in the CERL. Employees who have attained age 60 prior to employment may waive membership within 90 days following initial appointment to an eligible position.

Note: SBCERA is a cost-sharing multiple-employer defined pension plan. Refer to Note 1—Significant Provisions of the Plan for further information. For funding and accounting purposes, SBCERA uses the same actuarial assumptions, except there is a 2-year lag in the assumptions for funding purposes versus the current year assumptions used to calculate total pension liability. Refer to Note 3—Contribution Requirements for further information.

SUMMARY OF MAJOR PLAN PROVISIONS

As of June 30, 2020

(Continued)

	TIER 1 (SBCERA membership date is prior to January 1, 2013)	TIER 2 (SBCERA membership date is on or after January 1, 2013)
Death Before Retirement¹	<p>Less Than 5-Years of Service Credit Refund of contributions plus 1/12 of compensation per year of service credit up to 50% of annual compensation.</p> <p>5 or More Years of Service Credit Lump sum refund of contributions plus 1/12 of compensation per year of service up to six months compensation.</p> <p>Optional Death Allowance (If eligible for disability or service retirement): Monthly payment equal to 60% of member's accrued allowance.</p> <p>Modified Optional Death Allowance Lump sum of 1/12 of compensation per year of service up to six months compensation plus a reduced monthly benefit depending on the age of beneficiary.</p> <p>If Service-Connected Monthly payment equal to 50% of final monthly compensation.</p> <p>If Service-Connected and Safety Member Additional lump-sum payment of one-year compensation plus a monthly benefit for minor children.</p>	<p>Less Than 5-Years of Service Credit Refund of contributions plus 1/12 of compensation per year of service credit up to 50% of annual compensation.</p> <p>5 or More Years of Service Credit Lump sum refund of contributions plus 1/12 of compensation per year of service up to six months compensation.</p> <p>Optional Death Allowance (If eligible for disability or service retirement): Monthly payment equal to 60% of member's accrued allowance.</p> <p>Modified Optional Death Allowance Lump sum of 1/12 of compensation per year of service up to six months compensation plus a reduced monthly benefit depending on the age of beneficiary.</p> <p>If Service-Connected Monthly payment equal to 50% of final monthly compensation.</p> <p>If Service-Connected and Safety Member Additional lump-sum payment of one-year compensation plus a monthly benefit for minor children.</p>
Death After Retirement¹	<p>\$1,000 lump sum burial allowance (\$250 is discretionary, funded from undesignated excess earnings and is subject at all times to the availability of funds in the Burial Allowance reserve).</p> <p>Service Retirement or Non-Service Disability² Monthly payment equal to 60% of member's allowance.</p> <p>Service Disability² Monthly payment equal to 100% of member's allowance.</p>	<p>\$1,000 lump sum burial allowance (\$250 is discretionary, funded from undesignated excess earnings and is subject at all times to the availability of funds in the Burial Allowance reserve).</p> <p>Service Retirement or Non-Service Disability² Monthly payment equal to 60% of member's allowance.</p> <p>Service Disability² Monthly payment equal to 100% of member's allowance.</p>
Survivor Benefits	<p>General Members Only Monthly survivor benefit if General member completed at least 18 months of continuous membership with SBCERA including a one-time burial allowance of \$255.</p>	<p>General Members Only Monthly survivor benefit if General member completed at least 18 months of continuous membership with SBCERA including a one-time burial allowance of \$255.</p>
Vesting	After five years of service. Must leave contributions on deposit.	After five years of service. Must leave contributions on deposit.
Member's Contributions	Percentage of compensation earnable based on entry age.	Fixed, flat-rate percentage of pensionable compensation.
Cost-of-Living	"Automatic" not to exceed 2% compounding COLA. A non-compounding 7% increase is payable at retirement for members hired on or before August 18, 1975.	"Automatic" not to exceed 2% compounding COLA.
Current Year Changes in Plan Provisions	None	None

(1) Payments are made payable to an eligible spouse, registered domestic partner, and/or eligible minor children.

(2) Payment may be adjusted depending on the payment option selected at time of retirement.

Note: A more detailed description of the Plan provisions is available upon request.

Analysis of Financial Experience

For the Years Ended June 30, 2011 through 2020
(Amounts in Thousands)

The following are the gains and losses in accrued liabilities during the years ended June 30, 2011 through 2019 resulting from the differences between assumed experience and actual experience.

Year Ended	Pay Increases ¹	Investment Income ²	Death After Retirement ³	Other ⁴	Composite Gain (Loss) During the Year
6/30/2011 Gain/(Loss)	\$86,082	\$(394,003)	\$(6,413)	\$(6,804)	\$(321,138)
6/30/2012 Gain/(Loss)	119,172	(132,274)	(12,372)	(96,438)	(121,912)
6/30/2013 Gain/(Loss) ⁵	159,490	(138,466)	5,019	(105,908)	(79,865)
6/30/2014 Gain/(Loss)	227,699	(35,160)	8,550	(291,340)	(90,251)
6/30/2015 Gain/(Loss)	(19,400)	(72,831)	14,950	18,580	(58,701)
6/30/2016 Gain/(Loss)	135,705	(143,031)	(10,824)	(5,849)	(23,999)
6/30/2017 Gain/(Loss)	15,781	781	(9,835)	(665,842)	(659,115)
6/30/2018 Gain/(Loss)	28,311	(25,827)	(17,763)	(111,271)	(126,550)
6/30/2019 Gain/(Loss) ⁵	(3,688)	(124,316)	(46,603)	2,351	(172,256)
6/30/2020 Gain/(Loss)	18,947	(281,808)	(50,361)	(303,618)	(616,840)

(1) If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.

(2) If there is greater investment income than assumed, there is a gain. If less income, a loss.

(3) If retirees live longer than assumed, there is a loss. If not as long, a gain.

(4) Actual contributions less than expected, retiree subsidy reserve transfer and miscellaneous gains and losses resulting primarily from employee turnover, retirement incidence and data variances, and actuarial assumption changes.

(5) Actuarial valuations were audited by independent actuaries, Milliman and Cheiron, respectively. The valuations were found to be complete, accurate, and prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Actuarial Standards of Practice promulgated by the Actuarial Standards Board and the applicable Guides to Professional Conduct, amplifying Opinions, and supporting Recommendations of the American Academy of Actuaries.

Schedule of Fund Liabilities by Type

For the Years Ended June 30, 2011 through 2020
(Amounts in Thousands)

Actuarial Valuation Date	Aggregate Accrued Liabilities For			Actuarial Value of Assets	Portion of Accrued Liability Covered by Valuation Assets		
	(1)	(2)	(3)		(1)	(2)	(3)
	Active Member Contributions	Retirees, Beneficiaries & Vested Participants	Active Members (Employer Financed Portion)				
6/30/2011	\$969,913	\$4,033,102	\$3,186,631	\$6,484,507	100%	100%	46.49%
6/30/2012	1,004,751	4,330,245	3,271,581	6,789,492	100%	100%	44.46%
6/30/2013	1,037,767	4,699,518	3,351,351	7,204,918	100%	100%	43.79%
6/30/2014	1,048,914	5,231,227	3,414,684	7,751,309	100%	100%	43.08%
6/30/2015	1,059,688	5,587,189	3,567,596	8,255,353	100%	100%	45.09%
6/30/2016	1,084,761	5,992,772	3,592,155	8,736,959	100%	100%	46.20%
6/30/2017	1,110,149	6,714,830	4,103,331	9,385,977	100%	100%	38.04%
6/30/2018	1,151,640	7,211,256	4,242,046	10,020,863	100%	100%	39.08%
6/30/2019	1,212,740	7,717,959	4,373,984	10,642,401	100%	100%	39.13%
6/30/2020	1,262,325	8,277,430	4,758,441	11,133,173	100%	100%	33.49%

Ratio of Current Compensation to Compensation Anticipated at Retirement

As of June 30, 2020

Age	General Members	Safety Members
20	0.3859	0.3821
25	0.5135	0.4919
30	0.5910	0.5763
35	0.6363	0.6351
40	0.6788	0.6892
45	0.7240	0.7425
50	0.7723	0.7999
55	0.8239	0.8617
60	0.8788	0.9283
65	0.9375	1.0000
70	1.0000	

Note: Merit and promotional increases only (excludes inflation); assumes age at entry is 20. Refer to the Actuary Certification Letter for further information.

Probabilities of Separation from Active Service

As of June 30, 2020

The following tables indicate the probability of separation from active service for each of the following sources of termination:

Withdrawal: Member terminates and either elects refunds of member contributions or contributions are left on deposit.

Death: Member dies prior to retirement.

Disability: Member receives a disability retirement. Non-service connected disability is when a disability is not employment-related. Service connected disability is when a disability is employment-related.

Service Retirement: Member retires after satisfaction of requirements of age and/or service for reasons other than disability.

The probabilities shown for each cause of termination represent the likelihood that a given member will terminate at a particular age for the indicated reason.

Age	Death ¹	Disability ²	Tier 1 Service Retirement	Tier 2 Service Retirement
General Members - Male				
20	0.0002	0.0002	0.0000	0.0000
30	0.0003	0.0003	0.0000	0.0000
40	0.0006	0.0008	0.0000	0.0000
50	0.0013	0.0026	0.0275	0.0000
60	0.0028	0.0058	0.1200	0.0900
70	0.0061	0.0112	0.2500	0.4000
General Members - Female				
20	0.0001	0.0002	0.0000	0.0000
30	0.0001	0.0003	0.0000	0.0000
40	0.0003	0.0008	0.0000	0.0000
50	0.0008	0.0026	0.0275	0.0000
60	0.0017	0.0058	0.1200	0.0900
70	0.0044	0.0112	0.2500	0.4000
Safety Members - Male				
20	0.0003	0.0020	0.0000	0.0000
30	0.0004	0.0034	0.0000	0.0000
40	0.0005	0.0066	0.0000	0.0000
50	0.0010	0.0228	0.1500	0.0500
60	0.0023	0.0710	0.2500	0.2500
Safety Members - Female				
20	0.0002	0.0020	0.0000	0.0000
30	0.0002	0.0034	0.0000	0.0000
40	0.0004	0.0066	0.0000	0.0000
50	0.0012	0.0228	0.1500	0.0500
60	0.0027	0.0710	0.2500	0.2500

(1) All pre-retirement deaths are assumed to be non-service connected. Note that generational projections beyond the base year (2014) are not reflected in the above mortality rates.

(2) 55% of General member disabilities are assumed to be service connected and the other 45% are assumed to be non-service connected. 100% of Safety member disabilities are assumed to be service connected.

Probabilities of Separation from Active Service

As of June 30, 2020

(Continued)

The withdrawal rates below apply based on years of service. No withdrawal is assumed after a member is first assumed to retire.

Years of Service	General Members	Safety Members
Less than 1	0.1500	0.0700
1	0.1100	0.0650
5	0.0650	0.0300
10	0.0450	0.0140
15	0.0375	0.0110
20 or More	0.0300	0.0110

Below are the probabilities of electing a refund of member contributions upon withdrawal.

Years of Service	General Members		Safety Members	
	Elected Refundable Contributions	Elected Non-Refundable Contributions¹	Elected Refundable Contributions	Elected Non-Refundable Contributions¹
Less than 5	1.0000	1.0000	1.0000	1.0000
5	0.4000	0.2000	0.2000	0.1000
10	0.3500	0.1750	0.2000	0.1000
15	0.2000	0.1000	0.1500	0.0750
20 or More	0.2000	0.1000	0.0000	0.0000

(1) Assumes member made both refundable and non-refundable contributions during the course of employment. Only the portion attributable to the refundable contributions may be withdrawn.

Expectation of Life

As of June 30, 2020
(Amounts in Years)

General Service Retirees¹

Age	Male	Female
50	34.91	37.37
60	25.29	27.56
70	16.51	18.34
80	9.05	10.33

Safety Service Retirees²

Age	Male	Female
50	36.45	37.60
60	26.41	27.55
70	17.35	18.44
80	9.73	10.65

General Disabled Retirees³

Age	Male	Female
20	51.72	55.47
30	42.07	45.19
40	33.38	36.10
50	25.47	28.14
60	18.94	21.57
70	13.30	15.05
80	7.98	8.87

Safety Disabled Retirees⁴

Age	Male	Female
20	61.03	65.05
30	52.31	56.07
40	43.64	47.08
50	34.58	37.77
60	25.46	28.31
70	17.16	19.37
80	9.99	11.56

The expectation of life was determined by SBCERA's independent actuary, Segal Consulting, using the following tables and methods:

- (1) Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 10%, projected generationally with the two-dimensional mortality improvement scale MP-2019
- (2) Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table projected generationally with the two-dimensional mortality improvement scale MP-2019
- (3) Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table projected generationally with the two-dimensional mortality improvement scale MP-2019
- (4) Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table projected generationally with the two-dimensional mortality improvement scale MP-2019

History of Total Employer Contribution Rates

For Actuarial Valuation Years Ended June 30, 2011 through 2020

Valuation Date - 6/30/2011

County General	
Normal Cost	9.41%
UAAL	7.71%
Total	17.12%

County Safety	
Normal Cost	19.24%
UAAL	17.15%
Total	36.39%

SCAQMD	
Normal Cost	9.98%
UAAL	13.17%
Total	23.15%

Superior Court	
Normal Cost	9.41%
UAAL	9.15%
Total	18.56%

Other General	
Normal Cost	10.66%
UAAL	15.11%
Total	25.77%

Other Safety	
Normal Cost	20.35%
UAAL	31.38%
Total	51.73%

Valuation Date - 6/30/2012

County General	
Normal Cost	9.94%
UAAL	9.02%
Total	18.96%

County Safety	
Normal Cost	19.73%
UAAL	20.26%
Total	39.99%

SCAQMD	
Normal Cost	9.87%
UAAL	15.35%
Total	25.22%

Superior Court	
Normal Cost	9.94%
UAAL	9.93%
Total	19.87%

Other General	
Normal Cost	11.37%
UAAL	16.32%
Total	27.69%

Other Safety	
Normal Cost	19.59%
UAAL	38.23%
Total	57.82%

Valuation Date - 6/30/2013

County General - Tier 1	
Normal Cost	10.10%
UAAL	10.14%
Total	20.24%

County General - Tier 2	
Normal Cost	7.88%
UAAL	10.14%
Total	18.02%

County Safety - Tier 1	
Normal Cost	19.88%
UAAL	23.27%
Total	43.15%

County Safety - Tier 2	
Normal Cost	13.75%
UAAL	23.27%
Total	37.02%

SCAQMD - Tier 1	
Normal Cost	10.23%
UAAL	17.53%
Total	27.76%

SCAQMD - Tier 2	
Normal Cost	7.83%
UAAL	17.53%
Total	25.36%

Superior Court - Tier 1	
Normal Cost	10.10%
UAAL	11.65%
Total	21.75%

Superior Court - Tier 2	
Normal Cost	7.88%
UAAL	11.65%
Total	19.53%

Other General - Tier 1	
Normal Cost	11.67%
UAAL	18.24%
Total	29.91%

Other General - Tier 2	
Normal Cost	7.20%
UAAL	18.24%
Total	25.44%

Other Safety - Tier 1	
Normal Cost	20.48%
UAAL	39.17%
Total	59.65%

Other Safety - Tier 2	
Normal Cost	11.56%
UAAL	39.17%
Total	50.73%

Note: These are the recommended rates and include a 2-year lag. For example, the rates recommended in the actuarial valuation dated June 30, 2020 will go into effect for the year ending June 30, 2022.

For June 30, 2011 and 2012, contribution rates reflect a three-year phase in, which was approved by the Board on August 15, 2011.

Beginning June 30, 2013, Tier 2 rates added pursuant to PEPRA.

For June 30, 2017, the members in the Other Safety and County Safety cost groups were combined into the Safety cost group.

For June 30, 2019, LAFCO members were transferred to a separate cost group to reflect additional UAAL payments.

History of Total Employer Contribution Rates

For the Actuarial Valuation Years Ended June 30, 2011 through 2020
(Continued)

Valuation Date - 6/30/2014

County General - Tier 1	
Normal Cost	11.50%
UAAL	10.99%
Total	22.49%

County General - Tier 2	
Normal Cost	8.40%
UAAL	10.99%
Total	19.39%

County Safety - Tier 1	
Normal Cost	22.06%
UAAL	27.03%
Total	49.09%

County Safety - Tier 2	
Normal Cost	15.22%
UAAL	27.03%
Total	42.25%

SCAQMD - Tier 1	
Normal Cost	11.73%
UAAL	18.46%
Total	30.19%

SCAQMD - Tier 2	
Normal Cost	7.97%
UAAL	18.46%
Total	26.43%

Superior Court - Tier 1	
Normal Cost	11.50%
UAAL	12.39%
Total	23.89%

Superior Court - Tier 2	
Normal Cost	8.40%
UAAL	12.39%
Total	20.79%

Other General - Tier 1	
Normal Cost	12.83%
UAAL	20.48%
Total	33.31%

Other General - Tier 2	
Normal Cost	9.29%
UAAL	20.48%
Total	29.77%

Other Safety - Tier 1	
Normal Cost	23.22%
UAAL	45.79%
Total	69.01%

Other Safety - Tier 2	
Normal Cost	12.82%
UAAL	45.79%
Total	58.61%

Valuation Date - 6/30/2015

County General - Tier 1	
Normal Cost	11.50%
UAAL	10.83%
Total	22.33%

County General - Tier 2	
Normal Cost	8.37%
UAAL	10.83%
Total	19.20%

County Safety - Tier 1	
Normal Cost	22.10%
UAAL	28.88%
Total	50.98%

County Safety - Tier 2	
Normal Cost	14.03%
UAAL	28.88%
Total	42.91%

SCAQMD - Tier 1	
Normal Cost	11.69%
UAAL	21.24%
Total	32.93%

SCAQMD - Tier 2	
Normal Cost	7.66%
UAAL	21.24%
Total	28.90%

Superior Court - Tier 1	
Normal Cost	11.50%
UAAL	12.40%
Total	23.90%

Superior Court - Tier 2	
Normal Cost	8.37%
UAAL	12.40%
Total	20.77%

Other General - Tier 1	
Normal Cost	12.88%
UAAL	20.17%
Total	33.05%

Other General - Tier 2	
Normal Cost	9.33%
UAAL	20.17%
Total	29.50%

Other Safety - Tier 1	
Normal Cost	22.35%
UAAL	49.96%
Total	72.31%

Other Safety - Tier 2	
Normal Cost	13.21%
UAAL	49.96%
Total	63.17%

Valuation Date - 6/30/2016

County General - Tier 1	
Normal Cost	11.50%
UAAL	10.91%
Total	22.41%

County General - Tier 2	
Normal Cost	8.45%
UAAL	10.91%
Total	19.36%

County Safety - Tier 1	
Normal Cost	22.14%
UAAL	28.06%
Total	50.20%

County Safety - Tier 2	
Normal Cost	15.15%
UAAL	28.06%
Total	43.21%

SCAQMD - Tier 1	
Normal Cost	11.68%
UAAL	23.25%
Total	34.93%

SCAQMD - Tier 2	
Normal Cost	7.66%
UAAL	23.25%
Total	30.91%

Superior Court - Tier 1	
Normal Cost	11.50%
UAAL	13.20%
Total	24.70%

Superior Court - Tier 2	
Normal Cost	8.45%
UAAL	13.20%
Total	21.65%

Other General - Tier 1	
Normal Cost	13.18%
UAAL	21.35%
Total	34.53%

Other General - Tier 2	
Normal Cost	8.74%
UAAL	21.35%
Total	30.09%

Other Safety - Tier 1	
Normal Cost	22.52%
UAAL	60.67%
Total	83.19%

Other Safety - Tier 2	
Normal Cost	13.06%
UAAL	60.67%
Total	73.73%

Note: See Note on page 116 for further information.

History of Total Employer Contribution Rates

For the Actuarial Valuation Years Ended June 30, 2011 through 2020

(Continued)

Valuation Date - 6/30/2017		Valuation Date - 6/30/2018		Valuation Date - 6/30/2019		Valuation Date - 6/30/2020	
County General - Tier 1		County General - Tier 1		County General - Tier 1		County General - Tier 1	
Normal Cost	11.70%	Normal Cost	11.63%	Normal Cost	11.63%	Normal Cost	12.24%
UAAL	13.57%	UAAL	13.76%	UAAL	14.21%	UAAL	16.25%
Total	25.27%	Total	25.39%	Total	25.84%	Total	28.49%
County General - Tier 2		County General - Tier 2		County General - Tier 2		County General - Tier 2	
Normal Cost	9.16%	Normal Cost	9.10%	Normal Cost	9.11%	Normal Cost	9.09%
UAAL	13.57%	UAAL	13.76%	UAAL	14.21%	UAAL	16.25%
Total	22.73%	Total	22.86%	Total	23.32%	Total	25.34%
Safety - Tier 1		Safety - Tier 1		Safety - Tier 1		Safety - Tier 1	
Normal Cost	21.81%	Normal Cost	21.66%	Normal Cost	21.73%	Normal Cost	24.38%
UAAL	33.76%	UAAL	33.42%	UAAL	35.38%	UAAL	37.28%
Total	55.57%	Total	55.08%	Total	57.11%	Total	61.66%
Safety - Tier 2		Safety - Tier 2		Safety - Tier 2		Safety - Tier 2	
Normal Cost	16.54%	Normal Cost	16.19%	Normal Cost	16.13%	Normal Cost	16.06%
UAAL	33.76%	UAAL	33.42%	UAAL	35.38%	UAAL	37.28%
Total	50.30%	Total	49.61%	Total	51.51%	Total	53.34%
SCAQMD - Tier 1		SCAQMD - Tier 1		SCAQMD - Tier 1		SCAQMD - Tier 1	
Normal Cost	11.84%	Normal Cost	12.45%	Normal Cost	13.02%	Normal Cost	14.34%
UAAL	28.50%	UAAL	29.86%	UAAL	31.20%	UAAL	35.22%
Total	40.34%	Total	42.31%	Total	44.22%	Total	49.56%
SCAQMD - Tier 2		SCAQMD - Tier 2		SCAQMD - Tier 2		SCAQMD - Tier 2	
Normal Cost	8.39%	Normal Cost	8.18%	Normal Cost	8.16%	Normal Cost	7.98%
UAAL	28.50%	UAAL	29.86%	UAAL	31.20%	UAAL	35.22%
Total	36.89%	Total	38.04%	Total	39.36%	Total	43.20%
Superior Court - Tier 1		Superior Court - Tier 1		Superior Court - Tier 1		Superior Court - Tier 1	
Normal Cost	11.70%	Normal Cost	11.63%	Normal Cost	11.63%	Normal Cost	12.24%
UAAL	16.47%	UAAL	16.73%	UAAL	16.92%	UAAL	18.94%
Total	28.17%	Total	28.36%	Total	28.55%	Total	31.18%
Superior Court - Tier 2		Superior Court - Tier 2		Superior Court - Tier 2		Superior Court - Tier 2	
Normal Cost	9.16%	Normal Cost	9.10%	Normal Cost	9.11%	Normal Cost	9.09%
UAAL	16.47%	UAAL	16.73%	UAAL	16.92%	UAAL	18.94%
Total	25.63%	Total	25.83%	Total	26.03%	Total	28.03%
Other General - Tier 1		Other General - Tier 1		Other General - Tier 1		Other General - Tier 1	
Normal Cost	11.78%	Normal Cost	11.48%	Normal Cost	11.58%	Normal Cost	14.03%
UAAL	25.25%	UAAL	26.54%	UAAL	26.80%	UAAL	29.04%
Total	37.03%	Total	38.02%	Total	38.38%	Total	43.07%
Other General - Tier 2		Other General - Tier 2		Other General - Tier 2		Other General - Tier 2	
Normal Cost	9.05%	Normal Cost	9.07%	Normal Cost	9.06%	Normal Cost	9.10%
UAAL	25.25%	UAAL	26.54%	UAAL	26.80%	UAAL	29.04%
Total	34.30%	Total	35.61%	Total	35.86%	Total	38.14%
		LAFCO - Tier 1		LAFCO - Tier 1			
		Normal Cost	11.58%	Normal Cost	14.03%		
		UAAL	24.18%	UAAL	25.89%		
		Total	35.76%	Total	39.92%		
		LAFCO - Tier 2		LAFCO - Tier 2			
		Normal Cost	9.06%	Normal Cost	9.10%		
		UAAL	24.18%	UAAL	25.89%		
		Total	33.24%	Total	34.99%		

Note: See Note on page 116 for further information.

Retirees and Beneficiaries

Added to and Removed from Rolls for the Years Ended June 30, 2011 through 2020
For General and Safety Members (Dollars in Thousands)

Year Ended	Added to Rolls		Removed from Rolls		Net Added/Removed from Rolls		Rolls-End of Year		% Increase in Annual Allowances	Average Annual Allowances (Actual Dollars)
	No.	Annual Allowances ¹	No.	Annual Allowances	No.	Annual Allowances	No.	Annual Allowances		
6/30/2011										
General	598	\$25,397	250	\$4,605	348	\$20,792	7,855	\$231,572	9.86%	\$29,481
Safety	96	9,702	22	770	74	8,932	1,410	76,984	13.13%	54,599
TOTAL	694	\$35,099	272	\$5,375	422	\$29,724	9,265	\$308,556	10.66%	\$33,303
6/30/2012										
General	586	\$26,342	204	\$3,741	382	\$22,601	8,237	\$254,173	9.76%	\$30,857
Safety	104	9,234	15	568	89	8,666	1,499	85,650	11.26%	57,138
TOTAL	690	\$35,576	219	\$4,309	471	\$31,267	9,736	\$339,823	10.13%	\$34,904
6/30/2013										
General	638	\$28,585	283	\$6,470	355	\$22,115	5,592	\$276,288	8.70%	\$32,156
Safety	117	10,266	35	1,440	82	8,826	1,581	94,476	10.30%	59,757
TOTAL	755	\$38,851	318	\$7,910	437	\$30,941	10,173	\$370,764	9.11%	\$36,446
6/30/2014										
General	620	\$26,034	286	\$6,575	334	\$19,459	8,926	\$295,747	7.04%	\$33,133
Safety	136	9,220	25	832	111	8,388	1,692	102,864	8.88%	60,794
TOTAL	756	\$35,254	311	\$7,407	445	\$27,847	10,618	\$398,611	7.51%	\$37,541
6/30/2015										
General	632	\$28,114	259	\$5,744	373	\$22,370	9,299	\$318,117	7.56%	\$34,210
Safety	164	11,338	27	1,312	137	10,026	1,829	112,890	9.75%	61,722
TOTAL	796	\$39,452	286	\$7,056	510	\$32,396	11,128	\$431,007	8.13%	\$38,732
6/30/2016										
General	681	\$31,597	269	\$6,759	412	\$24,838	9,711	\$342,955	7.81%	\$35,316
Safety	122	10,665	32	1,637	90	9,028	1,919	121,918	8.00%	63,532
TOTAL	803	\$42,262	301	\$8,396	502	\$33,866	11,630	\$464,873	7.86%	\$39,972
6/30/2017										
General	740	\$38,025	289	\$7,774	451	\$30,251	10,162	\$373,206	8.82%	\$36,726
Safety	129	11,774	31	1,436	98	10,338	2,017	132,256	8.48%	65,571
TOTAL	869	\$49,799	320	\$9,210	549	\$40,589	12,179	\$505,462	8.73%	\$41,503
6/30/2018										
General	720	\$37,229	289	\$8,619	431	\$28,610	10,593	\$401,816	7.67%	\$37,932
Safety	130	11,895	24	1,069	106	10,826	2,123	143,082	8.19%	67,396
TOTAL	850	\$49,124	313	\$9,688	537	\$39,436	12,716	\$544,898	7.80%	\$42,851
6/30/2019										
General	743	\$37,774	296	\$8,033	447	\$29,741	11,040	\$431,557	7.40%	\$39,090
Safety	116	11,846	35	1,822	81	10,024	2,204	153,106	7.01%	69,467
TOTAL	859	\$49,620	331	\$9,855	528	\$39,765	13,244	\$584,663	7.30%	\$44,145
6/30/2020										
General	786	\$43,047	309	\$9,713	477	\$33,334	11,517	\$464,891	7.72%	\$40,366
Safety	148	13,394	36	2,234	112	11,160	2,316	164,266	7.29%	70,927
TOTAL	934	\$56,441	345	\$11,947	589	\$44,494	13,833	\$629,157	7.61%	\$45,482

(1) Includes automatic cost-of-living adjustments granted annually on April 1.

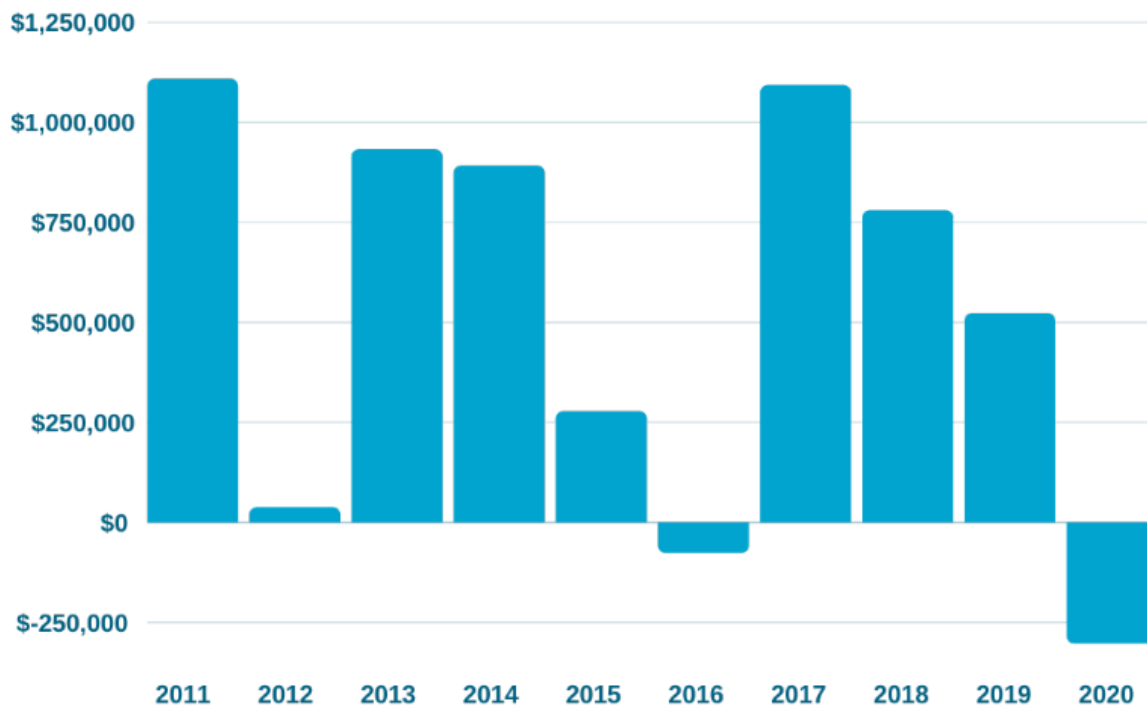
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Statistical Section



Statistical Changes in Fiduciary Net Position

For the Years Ended June 30, 2011 through 2020
(Amounts in Thousands)



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
ADDITIONS										
Employer Contributions ¹	\$258,128	\$278,091	\$303,080	\$330,330	\$303,244	\$340,512	\$360,478	\$381,452	\$446,295	\$467,985
Member Contributions ²	59,612	68,630	91,056	89,861	129,895	139,132	143,858	151,006	163,552	169,183
Investment Income/(Loss) ³	1,117,138	39,786	912,310	877,018	280,842	(80,028)	1,098,198	797,480	502,753	(302,050)
TOTAL ADDITIONS	\$1,434,878	\$386,507	\$1,306,446	\$1,297,209	\$713,981	\$399,616	\$1,602,534	\$1,329,938	\$1,112,600	\$335,118
DEDUCTIONS										
Benefits and Refunds	\$320,514	\$341,728	\$367,396	\$397,823	\$428,475	\$464,068	\$497,904	\$539,297	\$578,508	\$621,564
Administrative Expenses	5,599	6,205	6,258	6,386	6,710	7,569	9,961	8,752	9,383	9,019
Other Expenses	1,665	1,814	1,572	2,483	2,208	2,664	3,202	3,340	3,292	5,608
TOTAL DEDUCTIONS	\$327,778	\$349,747	\$375,226	\$406,692	\$437,393	\$474,301	\$511,067	\$551,389	\$591,183	\$636,191
TOTAL CHANGE IN FIDUCIARY NET POSITION	\$1,107,100	\$36,760	\$931,220	\$890,517	\$276,588	\$(74,685)	\$1,091,467	\$778,549	\$521,417	\$(301,073)

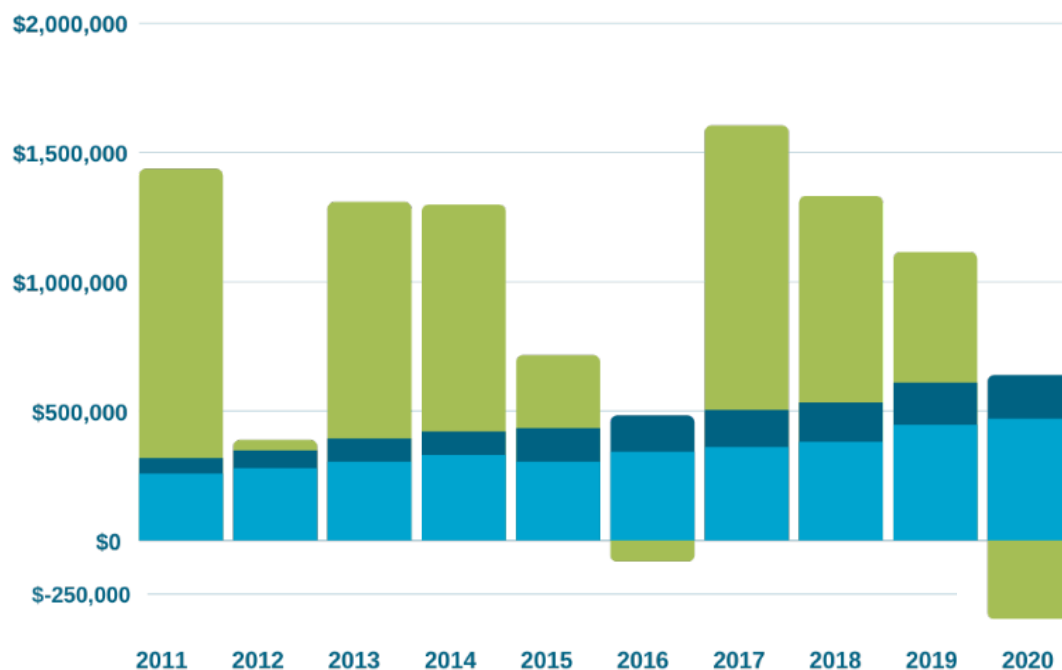
(1) For the year ended June 30, 2018: Includes \$2,784 thousand in Employer Contributions for a Plan Asset transfer from an outside plan.

(2) For the year ended June 30, 2018: Includes \$1,528 thousand in Member Contributions for a Plan Asset transfer from an outside plan.

(3) Net of investment expenses and includes net securities lending income.

Additions by Source

For the Years Ended June 30, 2011 through 2020
(Amounts in Thousands)



ADDITIONS	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Employer Contributions ¹	\$258,128	\$278,091	\$303,080	\$330,330	\$303,244	\$340,512	\$360,478	\$381,452	\$446,295	\$467,985
Member Contributions ²	59,612	68,630	91,056	89,861	129,895	139,132	143,858	151,006	163,552	169,183
Investment Income/(Loss) ³	1,117,138	39,786	912,310	877,018	280,842	(80,028)	1,098,198	797,480	502,753	(302,050)
TOTAL ADDITIONS	\$1,434,878	\$386,507	\$1,306,446	\$1,297,209	\$713,981	\$399,616	\$1,602,534	\$1,329,938	\$1,112,600	\$335,118
COVERED PAYROLL⁴	\$1,250,193	\$1,244,555	\$1,260,309	\$1,262,752	\$1,267,667	\$1,309,095	\$1,346,408	\$1,406,470	\$1,477,131	\$1,542,495
EMPLOYER CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL⁴	20.65%	22.34%	24.05%	26.16%	23.92%	26.01%	26.77%	27.12%	30.21%	30.34%

(1) For the year ended June 30, 2018: Includes \$2,784 thousand in Employer Contributions for a Plan Asset transfer from an outside plan.

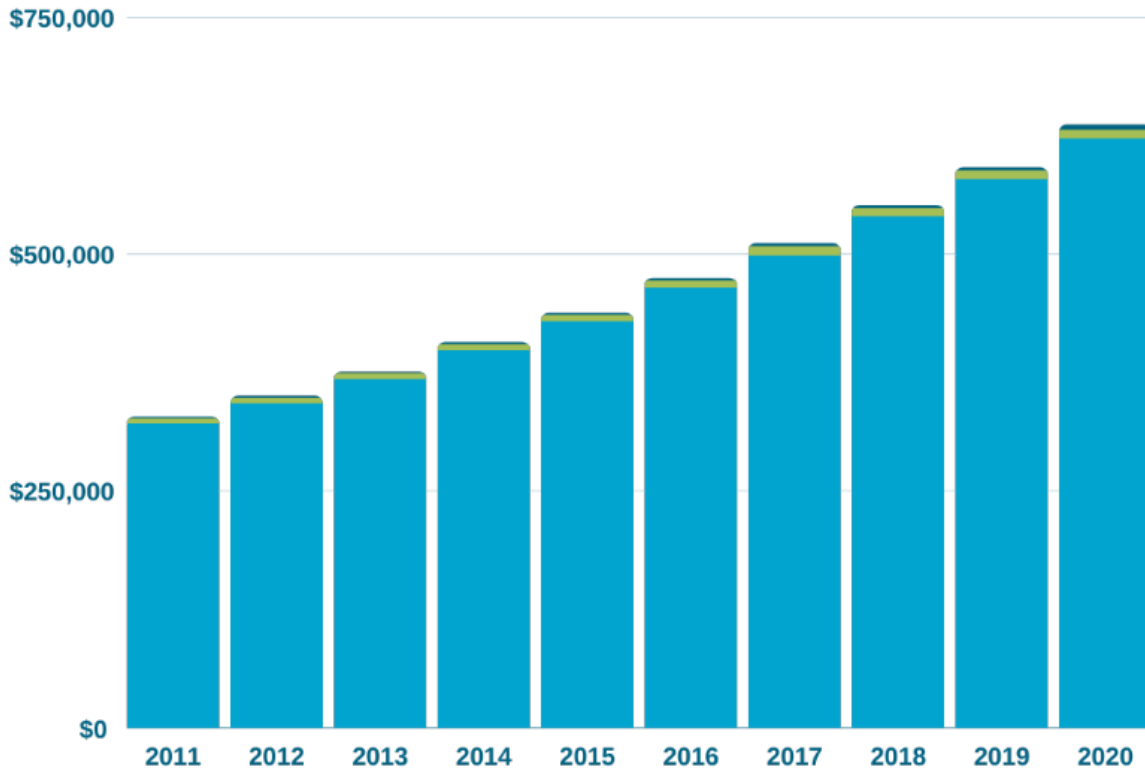
(2) For the year ended June 30, 2018: Includes \$1,528 thousand in Member Contributions for a Plan Asset transfer from an outside plan.

(3) Net of investment expenses and includes net securities lending income.

(4) Covered payroll represents the collective total of the SBCERA eligible wages of all participating employers. The covered payroll shown is based on the prior year's valuation for each year shown.

Deductions by Type

For the Years Ended June 30, 2011 through 2020
(Amounts in Thousands)



DEDUCTIONS	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Benefits and Refunds	\$320,514	\$341,728	\$367,396	\$397,823	\$428,475	\$464,068	\$497,904	\$539,297	\$578,508	\$621,564
Administrative Expenses	5,599	6,205	6,258	6,386	6,710	7,569	9,961	8,752	9,383	9,019
Other Expenses	1,665	1,814	1,572	2,483	2,208	2,664	3,202	3,340	3,292	5,608
TOTAL DEDUCTIONS	\$327,778	\$349,747	\$375,226	\$406,692	\$437,393	\$474,301	\$511,067	\$551,389	\$591,183	\$636,191

Benefit Expenses by Type

For the Years Ended June 30, 2011 through 2020
(Amounts in Thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Age & Service Benefits										
Retirees	\$238,775	\$256,160	\$276,360	\$300,482	\$327,541	\$354,650	\$384,184	\$418,274	\$450,480	\$483,085
Survivors	11,427	12,259	13,230	14,293	15,314	16,817	18,428	20,151	21,549	23,318
Death in Service Benefits	388	341	315	424	247	590	421	466	290	690
Disability Benefits										
Duty	42,230	44,080	47,137	50,325	52,722	55,037	58,519	61,904	65,824	71,290
Non-Duty	9,156	9,557	10,220	10,911	11,431	11,933	12,688	13,422	14,272	15,457
Survivor	7,613	7,947	8,576	9,265	9,927	10,902	11,946	13,064	13,971	15,117
TOTAL BENEFIT PAYMENTS	309,589	330,344	355,838	385,700	417,182	449,929	486,186	527,281	566,385	608,957
Refunds										
Death	925	717	826	1,016	1,106	1,678	1,563	1,463	1,312	1,988
Separation	10,000	10,667	10,732	11,107	10,187	12,461	10,155	10,553	10,811	10,619
TOTAL REFUNDS	10,925	11,384	11,558	12,123	11,293	14,139	11,718	12,016	12,123	12,607
TOTAL BENEFIT AND REFUND PAYMENTS	\$320,514	\$341,728	\$367,396	\$397,823	\$428,475	\$464,068	\$497,904	\$539,297	\$578,508	\$621,564

Retired Members by Type of Benefit

As of June 30, 2020

General Members					Safety Members				
Amount of Monthly Benefit ²	Number of Retirees	Type of Retirement ¹			Amount of Monthly Benefit ²	Number of Retirees	Type of Retirement ¹		
		A	B	C			A	B	C
\$0 - \$999	1,860	1,269	79	512	\$0 - \$999	123	37	19	67
\$1,000 - \$1,999	2,780	2,047	270	463	\$1,000 - \$1,999	204	50	46	108
\$2,000 - \$2,999	2,099	1,564	295	240	\$2,000 - \$2,999	242	85	85	72
\$3,000 - \$3,999	1,450	1,221	108	121	\$3,000 - \$3,999	408	80	269	59
\$4,000 - \$4,999	1,015	912	55	48	\$4,000 - \$4,999	241	87	119	35
\$5,000 - \$5,999	622	583	19	20	\$5,000 - \$5,999	174	103	50	21
\$6,000 - \$6,999	467	445	8	14	\$6,000 - \$6,999	165	109	42	14
\$7,000 - \$7,999	330	315	5	10	\$7,000 - \$7,999	155	114	34	7
\$8,000 - \$8,999	269	256	7	6	\$8,000 - \$8,999	135	105	26	4
\$9,000 - \$9,999	190	188	1	1	\$9,000 - \$9,999	112	75	35	2
Over \$10,000	435	425	3	7	Over \$10,000	357	238	109	10
TOTAL	11,517	9,225	850	1,442	TOTAL	2,316	1,083	834	399

	Number of Retirees	Type of Retirement ¹		
		A	B	C
GRAND TOTAL	13,833	10,308	1,684	1,841

(1) Type of Retirement: A = Service Retirements; B = Disability Retirement; C = Beneficiary
 (2) Excludes monthly benefits for Supplemental Disability, Survivor Benefit, and Burial Allowance.

Note: Refer to the Actuarial section, Summary of Major Plan Provisions, for further information.

Average Benefit Payments

For the Retirement Effective Dates of July 1, 2010 through June 30, 2020

	Service Years Credited						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
Period 7/1/10 to 6/30/11							
Average Monthly Benefit	\$1,399	\$1,887	\$1,989	\$3,694	\$4,588	\$6,638	\$8,449
Monthly Final Average Salary	\$5,979	\$4,182	\$4,757	\$6,600	\$6,759	\$8,134	\$8,801
Number of Active Retirees	10	27	90	67	86	64	88
Period 7/1/11 to 6/30/12							
Average Monthly Benefit	\$831	\$1,821	\$2,085	\$2,786	\$4,506	\$5,282	\$8,395
Monthly Final Average Salary	\$4,425	\$5,84	\$4,805	\$5,092	\$6,901	\$6,906	\$9,021
Number of Active Retirees	3	45	96	57	107	70	97
Period 7/1/12 to 6/30/13							
Average Monthly Benefit	\$2,696	\$1,871	\$2,006	\$3,405	\$4,119	\$6,005	\$8,223
Monthly Final Average Salary	\$9,857	\$4,645	\$5,369	\$6,426	\$6,479	\$7,969	\$8,771
Number of Active Retirees	6	45	112	72	92	92	93
Period 7/1/13 to 6/30/14							
Average Monthly Benefit	\$1,568	\$1,836	\$2,124	\$2,724	\$4,137	\$5,714	\$6,549
Monthly Final Average Salary	\$3,907	\$5,148	\$5,402	\$5,274	\$6,343	\$7,216	\$6,878
Number of Active Retirees	2	24	129	77	117	90	92
Period 7/1/14 to 6/30/15							
Average Monthly Benefit	\$1,111	\$1,713	\$1,983	\$2,804	\$4,521	\$5,708	\$7,713
Monthly Final Average Salary	\$5,347	\$5,293	\$5,112	\$5,527	\$6,685	\$6,837	\$7,473
Number of Active Retirees	4	46	92	81	96	110	114
Period 7/1/15 to 6/30/16							
Average Monthly Benefit	\$350	\$1,669	\$2,215	\$2,913	\$3,886	\$5,576	\$7,764
Monthly Final Average Salary	\$7,685	\$4,803	\$5,795	\$5,456	\$5,657	\$6,613	\$8,041
Number of Active Retirees	1	54	80	97	91	104	107
Period 7/1/16 to 6/30/17							
Average Monthly Benefit	\$574	\$2,042	\$2,239	\$3,306	\$4,470	\$6,253	\$7,770
Monthly Final Average Salary	\$3,227	\$5,955	\$5,187	\$6,294	\$6,493	\$7,224	\$7,793
Number of Active Retirees	3	63	103	90	86	107	145
Period 7/1/17 to 6/30/18							
Average Monthly Benefit	\$1,591	\$1,742	\$2,273	\$3,236	\$4,228	\$6,692	\$7,852
Monthly Final Average Salary	\$6,706	\$6,122	\$5,675	\$5,840	\$6,237	\$7,196	\$8,069
Number of Active Retirees	11	49	84	110	66	120	128
Period 7/1/18 to 6/30/19							
Average Monthly Benefit	\$2,292	\$1,655	\$2,207	\$2,959	\$4,401	\$6,475	\$7,545
Monthly Final Average Salary	\$5,396	\$6,098	\$5,700	\$5,760	\$6,802	\$7,759	\$7,783
Number of Active Retirees	4	28	94	128	110	89	137
Period 7/1/19 to 6/30/20							
Average Monthly Benefit	\$2,553	\$1,592	\$2,322	\$3,379	\$4,650	\$6,125	\$7,960
Monthly Final Average Salary	\$8,267	\$4,913	\$5,551	\$6,460	\$6,968	\$7,412	\$8,504
Number of Active Retirees	11	35	108	92	121	112	148

Note: Active Retiree count does not include beneficiary payments. See page 130 for further information.

History of Membership by Participating Employer

For the Years Ended June 30, 2011 through 2020

Employer	2020		2019		2018		2017		2016	
	Number of Members	% of Total	Number of Members	% of Total	Number of Members	% of Total	Number of Members	% of Total	Number of Members	% of Total
BFPD	26	0.12%	23	0.12%	23	0.11%	20	0.09%	18	0.09%
BBFA ¹	58	0.27%	58	0.27%	32	0.15%	-	0.00%	-	0.00%
CERTNA	2	0.01%	2	0.01%	2	0.01%	2	0.01%	2	0.01%
CSAC	106	0.49%	114	0.52%	106	0.49%	100	0.47%	94	0.46%
CBBL	53	0.24%	50	0.23%	51	0.24%	67	0.32%	67	0.33%
CCH	154	0.71%	157	0.72%	152	0.71%	153	0.72%	153	0.74%
County	19,308	88.51%	19,338	88.61%	19,096	88.96%	18,797	89.05%	18,319	89.19%
CFFPD ²	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
CSD ³	20	0.09%	20	0.09%	19	0.09%	19	0.09%	19	0.09%
DWP ⁴	37	0.17%	38	0.17%	35	0.16%	31	0.15%	31	0.15%
HRPD	17	0.08%	24	0.11%	24	0.11%	24	0.11%	40	0.19%
ILS	-	0.00%	-	0.00%	1	0.00%	1	0.01%	1	0.01%
IVDA ⁵	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
LL	6	0.03%	7	0.03%	6	0.03%	6	0.03%	8	0.04%
LAFCO	5	0.02%	5	0.02%	5	0.02%	5	0.02%	5	0.02%
MDAQMD	41	0.19%	42	0.19%	42	0.20%	39	0.18%	39	0.19%
RIM ⁶	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
SBCTA ⁷	60	0.27%	62	0.28%	57	0.27%	60	0.28%	55	0.27%
SBCERA	66	0.30%	64	0.29%	60	0.28%	64	0.30%	55	0.27%
SBIAA ⁵	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
SCAQMD	795	3.64%	759	3.48%	723	3.37%	702	3.33%	682	3.32%
Superior Court	1,060	4.86%	1,060	4.86%	1,031	4.80%	1,020	4.84%	950	4.63%
TOTAL EMPLOYEES	21,814	100.00%	21,823	100.00%	21,465	100.00%	21,110	100.00%	20,538	100.00%

- (1) On June 23, 2018, BBFA joined SBCERA as a participating employer. A portion of the new membership resulted from a Plan transfer from an outside plan as if those members were always members of SBCERA.
- (2) On July 13, 2013 Crest Forest Fire Protection District (CFFPD) transferred all members to the County. For actuarial purposes, the transfer of the associated accrued liabilities occurred as of June 30, 2013.
- (3) CSD previously reported under the County. On October 7, 2010, CSD requested to be treated as a separate employer.
- (4) As of July 2, 2011, DWP requested to be treated as a separate employer. Prior to that, members were reported as CBBL employees.
- (5) The Inland Valley Development Agency and San Bernardino International Airport Authority both withdrew from SBCERA on June 30, 2012.
- (6) On May 4, 2013, Rim of the World Recreation and Park District withdrew from SBCERA.
- (7) On June 24, 2017, the San Bernardino Associated Governments members transitioned to SBCTA as if no change of employer had occurred.

History of Membership by Participating Employer

For the Years Ended June 30, 2011 through 2020

(Continued)

2015		2014		2013		2012		2011	
Number of Members	% of Total	Number of Members	% of Total	Number of Members	% of Total	Number of Members	% of Total	Number of Members	% of Total
28	0.14%	27	0.14%	20	0.10%	20	0.10%	21	0.11%
	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
2	0.01%	1	0.01%	1	0.01%	1	0.01%	1	0.01%
94	0.47%	83	0.43%	94	0.47%	105	0.54%	108	0.56%
65	0.33%	66	0.34%	71	0.37%	77	0.40%	83	0.43%
152	0.76%	148	0.76%	161	0.83%	168	0.87%	168	0.87%
17,718	88.87%	17,341	88.93%	17,230	88.81%	16,963	87.87%	16,882	87.66%
-	0.00%	-	0.00%	-	0.00%	29	0.15%	26	0.13%
20	0.10%	19	0.10%	18	0.09%	20	0.10%	20	0.10%
32	0.16%	32	0.16%	33	0.17%	33	0.17%	-	0.00%
49	0.24%	44	0.23%	18	0.09%	18	0.09%	17	0.09%
1	0.01%	1	0.01%	1	0.01%	1	0.01%	1	0.01%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	8	0.04%
8	0.04%	8	0.04%	8	0.04%	8	0.04%	8	0.04%
5	0.02%	5	0.03%	4	0.02%	4	0.02%	4	0.02%
41	0.21%	41	0.21%	42	0.22%	38	0.20%	38	0.20%
-	0.00%	-	0.00%	-	0.00%	1	0.01%	1	0.01%
50	0.25%	45	0.23%	48	0.25%	41	0.21%	39	0.20%
48	0.24%	50	0.26%	47	0.24%	48	0.25%	42	0.22%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	6	0.03%
695	3.49%	697	3.57%	713	3.68%	740	3.83%	767	3.98%
930	4.66%	889	4.55%	892	4.60%	991	5.13%	1,018	5.29%
19,938	100.00%	19,497	100.00%	19,401	100.00%	19,306	100.00%	19,258	100.00%

Note: See Note on page 128 for further information.

Statistical Membership Information

For the Years Ended June 30, 2011 through 2020

ACTIVE MEMBERSHIP CLASSIFICATION

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General	17,070	17,155	17,241	17,314	17,726	18,165	18,619	18,798	19,190	19,203
Safety	2,265	2,188	2,151	2,160	2,183	2,212	2,373	2,491	2,667	2,611
TOTAL	19,520	19,258	19,306	19,401	19,497	19,938	20,538	21,110	21,465	21,814

MEMBERSHIP HISTORY (ACTIVE AND DEFERRED)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Active	19,258	19,306	19,401	19,497	19,938	20,538	21,110	21,465	21,823	21,814
Deferred	3,723	3,782	3,921	4,356	4,804	5,136	5,547	6,211	6,726	7,494
TOTAL	22,981	23,088	23,322	23,853	24,742	25,674	26,657	27,676	28,549	29,308

MEMBERSHIP HISTORY (RETIRED)

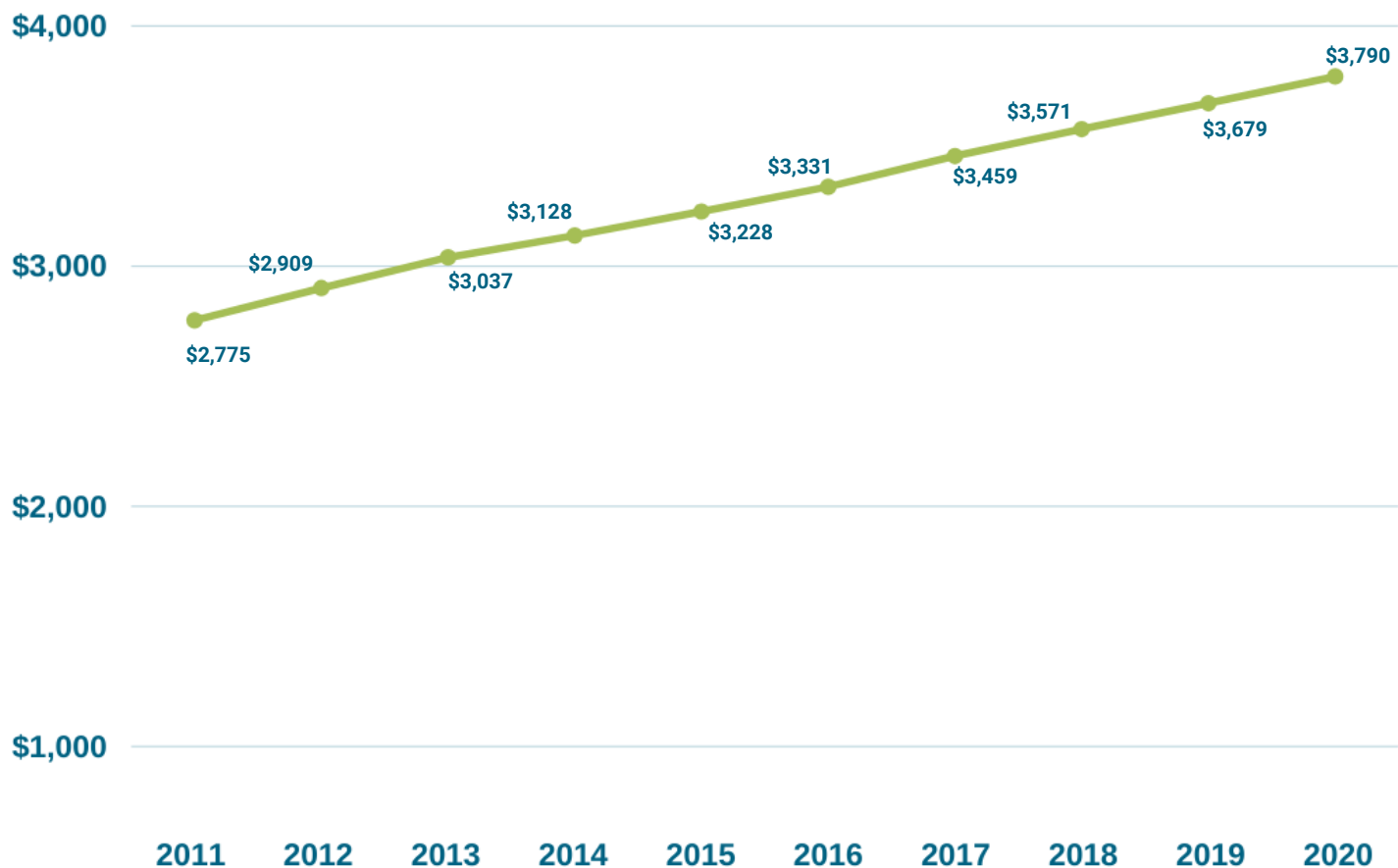
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Service Retirement	6,571	6,957	7,296	7,681	8,115	8,542	8,983	9,417	9,861	10,308
Service Connected Disability	1,011	1,047	1,093	1,124	1,148	1,168	1,207	1,242	1,281	1,351
Non-Service Connected Disability	345	350	351	350	355	352	363	351	339	333
Survivors	1,338	1,382	1,433	1,463	1,510	1,568	1,626	1,706	1,763	1,841
TOTAL	9,265	9,736	10,173	10,618	11,128	11,630	12,179	12,716	13,244	13,833

Statistical Membership Information

For the Years Ended June 30, 2011 through 2020

(Continued)

AVERAGE MONTHLY RETIREMENT BENEFITS



BENEFITS AND REFUNDS PAID

(Amounts in Thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Benefits	\$309,589	\$330,344	\$355,838	\$385,700	\$417,182	\$449,929	\$486,186	\$527,281	\$566,385	\$608,957
Refunds	10,925	11,384	11,558	12,123	11,293	14,139	11,718	12,016	12,123	12,607
Total	\$320,514	\$341,728	\$367,396	\$397,823	\$428,475	\$464,068	\$497,904	\$539,297	\$578,508	\$621,564

2020

Comprehensive Annual Financial Report

A Multiple-Employer Pension Trust Fund

San Bernardino, California

For the Years Ended June 30, 2020 and 2019



San Bernardino County Employees'
Retirement Association

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