



San Bernardino County Employees'
Retirement Association

2023

Annual Comprehensive Financial Report

A Multiple-Employer Pension Trust Fund | San Bernardino, CA
For the Years Ended June 30, 2023 and 2022

“

**PROUDLY SERVING
THOSE WHO SERVE
SAN BERNARDINO
COMMUNITIES.**

”

2023

Annual Comprehensive Financial Report

A Multiple-Employer Pension Trust Fund

San Bernardino, California

For the Years Ended June 30, 2023 and 2022

Debby Cherney, CPA

Chief Executive Officer

Amy McInerny, CPA

Chief Financial Officer



San Bernardino County Employees'
Retirement Association

348 West Hospitality Lane | Suite 100 | San Bernardino, CA 92408

p. 909.885.7980 | f. 909.885.7446 | www.SBCERA.org

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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



San Bernardino County Sheriff's Department | Aviation Division and Dive Team

Letter of Transmittal

November 3, 2023

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

To the Trustees, Members and Beneficiaries, and Participating Employers of the San Bernardino County Employees' Retirement Association:

We are pleased to present the San Bernardino County Employees' Retirement Association (SBCERA) Annual Comprehensive Financial Report (ACFR) for the fiscal years ended June 30, 2023, and 2022. 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 administers service retirement, disability retirement, death, and survivor benefits for over 48,000 members across 16 different active employers. A list of participating employers, as of June 30, 2023, can be found on page 37. SBCERA is an independent government entity, separate from San Bernardino County.

Providing you with retirement security is central to our mission at SBCERA. One of the ways we're able to provide that security is through long-term and opportunistic investing. In this last year, during a time of global economic stress, our long-term strategy showed resilience.

For the 12-month period that ended June 30, 2023, investments provided a rate of return (net of fees) of 5.0%. The investment return stands in contrast to the prior fiscal year, where we saw significant global economic distress. This reinforces our team's defense of the Plan given the current market conditions. Over the last 40 years, we have earned an average annual return of 8.5% on our investments, a period which includes numerous recessions and other economic disruptions. SBCERA has a long-term investment strategy, focused on income, and we've built an investment portfolio designed to generate positive returns over decades—rather than weeks or months.

We are proud of our Investment Team for their diligence and proactive posture that prepared our fund for today's economic climate. We are also grateful we have a supportive Board that continues to empower our team to work together cohesively, allowing us to be nimble enough to make quick decisions and take advantage of market opportunities.

While our fund is not immune to short-term volatility and extreme market fluctuations, our dependable and versatile strategy helps SBCERA provide retirement security to our members now and well into the future. We will continue to find appropriate opportunities to achieve our investment return goals—no matter what the economic climate brings.

The information contained in this ACFR 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 27, which provides a narrative introduction, overview, and analysis of our financial operations for the years ended June 30, 2023, and June 30, 2022.

Letter of Transmittal

(Continued)

As you read the 2023 ACFR, 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 Accountancy Corporation, 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.

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 Governmental 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. The most recent experience study was approved by the SBCERA Board in June 2023. Segal completes an annual valuation, which is presented annually to the Board, along with the recommended contribution rates for both employers and members.

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, 2023, and June 30, 2022, amounts to \$15.6 billion and \$15 billion, respectively. The actuarial value of assets stood at \$14.1 billion at June 30, 2022. The funding ratio, on an actuarial basis, increased to 86.1% at June 30, 2023, from 84.8% for the previous fiscal year. 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 105).

Letter of Transmittal

(Continued)

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, 2023, investments provided a rate of return (net of fees) of 5.0%. Total fund annualized returns for the 3-year period ending June 30, 2023, stood at 11.9% versus our policy at 4.4% and our 5-year annualized return was also positive, standing at 7.3% and outperforming our policy at 4.6%. (These returns are "net of fees," which means that we've already subtracted all costs associated with the investment—like management or transaction expenses.)

On a fair value basis, the total pension Plan net position available for benefits stood at \$14.1 billion. Details of the components of this increase are included in the Statement of Changes in Fiduciary Net Position on page 36 of this report.

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 accountant, 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 19 of this report.

Major Initiatives

In June 2022, the Board adopted a new Triennial Strategic Plan for fiscal years 2023 through 2025, with a continued focus on the following co-equal strategic pillars:

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

The plan is accompanied by a myriad of strategic priorities, which are actionable programs and/or projects that seek to bring these pillars to life. These priorities informed the development of the Budget for FY 2023-24.

Letter of Transmittal

(Continued)

Major Initiatives (Continued)

The Triennial Strategic Plan reinforces SBCERA's foundational values and mission statement. Our values include:

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 is available at www.sbcera.org/strategic-plan.

Operational Excellence and Efficiency

Priorities in this area include 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 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 a key project at the forefront: a refresh of our pension administration system, which is our most important enterprise system. Our "PensionGold Refresh" project has continued to be the catalyst of positive improvement for SBCERA, and we've made a lot of progress as a team. This project seeks to achieve "operational harmony," by aligning our business processes and software system to maximize organizational efficiency. The final software phase of this project will come early next year, when we will make additional self-service enhancements to our online member portal, mySBCERA.

Superior Service Experience

Notable priorities in this area include identifying key performance metrics and using them to drive greater accountability to our Members and Plan Sponsors. On a biennial basis, we partner with an independent research firm to conduct a member survey, we expect to do our next one in early 2024. The goal of the study is to ensure that we receive valuable feedback that we can use to drive our strategic action priorities in the coming years.

This past year, SBCERA has introduced new member self-service options through mySBCERA, our online member portal. From the comfort of a member's home, day or night, our members can now apply for retirement, make a service purchase request, execute a service purchase contract, and track the progress of their request. Additionally, retirees and beneficiaries can make tax withholding election changes and update their direct deposit information online.

Letter of Transmittal

(Continued)

Major Initiatives (Continued)

We have also been building two additional self-service options that will be available by the end of 2023. These include giving members the opportunity to refund and complete their SBCERA enrollment online. Each of these new options for our members are a big deal for SBCERA and support our commitment to enhancing member experience.

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 providing a safe and healthy workplace, and it also includes developing and delivering training on technical and personal growth areas. SBCERA provides promotional growth opportunities within our organization and continues to do so in our current hybrid-remote work environment.

Prudent Fiscal Management

SBCERA is actively working on Employer reporting improvement changes as part of the pension administration system refresh project and these changes have been added as a companion business process improvement initiative.

Effective Communications

Our updated Strategic Communications Plan for years 2023-25 captures a new set of actionable project and initiatives to improve stakeholder communications. Our Strategic Communications Plan is designed to support the mission, values, and pillars outline in our Triennial Strategic Plan. Its purpose is the identify opportunities where we can effectively enhance trust, credibility, and transparency for our members and stakeholders.

As part of this plan, we will be planning, developing, and implementing a proactive government relations and legislative affairs program. Together, our team will identify more ways to strengthen SBCERA's government and stakeholder relations efforts, with a renewed focus on legislative advocacy.

We will also be focused on expanding multimedia resources for member education and outreach based on frequently asked questions and popular topics.

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 Annual Report for the year ended June 30, 2022. This is the 26th consecutive year that SBCERA has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive 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 Annual Report 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.

Letter of Transmittal

(Continued)

Awards *(Continued)*

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, 2022, which is a short summary version of the Annual Report. SBCERA has applied for the award for the year ended June 30, 2023, and we believe that this award will be conferred.

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, 2023. This is the ninth 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.

SBCERA received top statewide recognition for their commitment to effective communications, one of our strategic pillars, by the California Association of Public Information Officials (CAPIO). The CAPIO EPIC Awards program recognizes the most creative and effective efforts in the areas of communication. EPIC Awards honor work that transcends innovation and craft – work that made a lasting impact. SBCERA’s Factors Used to Calculate Retirement video received an Excellence in Public Information & Communications (EPIC) Award. This award represents the highest standards of performance in government communications throughout California.

SBCERA’s Senior Investment Officers, Amit Thanki and Thomas Kim, were named Chief Investment Officer Magazine’s (CIO) 2023 Class of “NextGens!” Each year, CIO asks for nominations for up-and-coming trailblazers who are exceeding expectations in public and corporate pensions, endowments, foundations, wealth funds, and any other categories of institutional asset allocators. Chief Investment Officer’s 2023 NextGens are allocators who stand to become chief investment officers themselves someday, and are known for their financial knowledge, interpersonal skills, and forward thinking. They have a knack for seeing around corners and are proven leaders within their organizations and communities.

Letter of Transmittal

(Continued)

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 Annual Report 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, Marc Bracco.

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, CPA
Chief Executive Officer



Amy McInerney, CPA
Chief Financial Officer

2022-23 IN NUMBERS



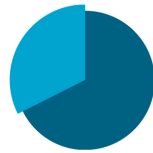
\$14.1 BILLION
TOTAL NET POSITION



48,000
MEMBERS STRONG



5.0%
FISCAL YEAR 22-23
NET RATE OF RETURN



86.1%
FUNDED (Actuarial
Value of Assets)



7.3%
5-YEAR NET RATE OF
RETURN



16
PARTICIPATING EMPLOYERS



\$4,137
AVERAGE MONTHLY BENEFIT

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

—Debby Cherney, SBCERA Chief Executive Officer

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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, 2022

Christopher P. Morill

Executive Director/CEO



Public Pension Coordinating Council

***Recognition Award for Administration
2023***

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".

Alan H. Winkle
Program Administrator

Members of the Board of Retirement

As of June 30, 2023



Marc Bracco

Board Chair
Executive Committee¹
Investment Committee (alternate)

Elected by Safety Members



Jean-Rene Basle

Board Vice Chair
Audit Committee
Executive Committee
Investment Committee¹

Appointed by Board of Supervisors



Louis Fiorino

Administrative Committee

Elected by General Members



Michael Kennedy

Audit Committee¹

Appointed by Board of Supervisors



Ensen Mason

Investment Committee
County Treasurer/Ex-Officio Member



Eric Raley

Audit Committee
Elected by General Members



Dawn Rowe

Administrative Committee
Appointed by Board of Supervisors



Dawn Stafford

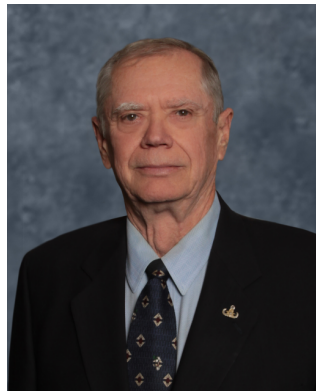
Investment Committee
Elected by Retired Members



Neal Waner

Administrative Committee¹
Audit Committee
Executive Committee

Appointed by Board of Supervisors



Harry Hatch

Administrative Committee

Alternate Elected by Retired Members



John Johnson

Alternate Ex-Officio



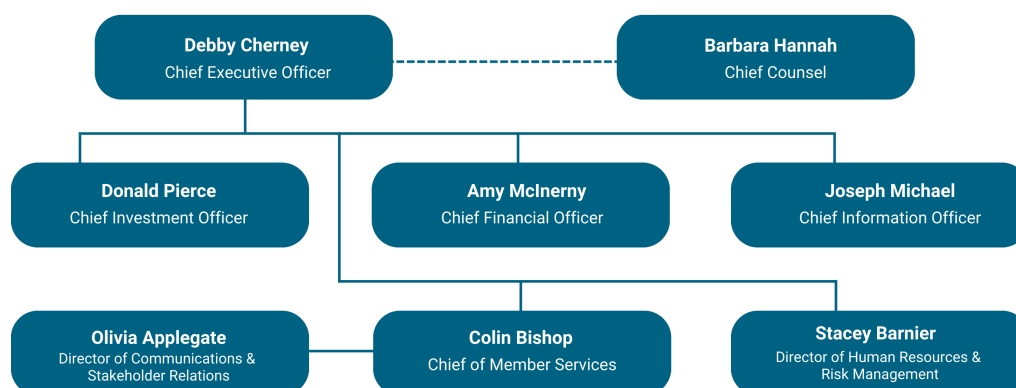
Jared Newcomer

Investment Committee

Alternate Elected by Safety Members

(1) Denotes Committee Chair.

Key Members of the Administrative Staff



Outside Consultants

As of June 30, 2023

Actuary

Segal
Consulting Actuary

Custodial Services

State Street Bank and Trust Company
Custodian

Independent Auditors

Brown Armstrong
Accountancy Corporation
Financial Statement Auditor

Investment Consultants

NEPC, LLC
Investment Advisor

Kreischer Miller
Compliance Advisor

Chantico Global
Asset Allocation Consultant

MCUBE Investment Technologies
Asset Allocation Consultant

Legal Counsel

Liebert Cassidy Whitmore
General Advisory Counsel

Nossaman, LLP
General Advisory Counsel
Investment Counsel

Hirschler Fleischer, APC
Investment Counsel

Morgan, Lewis & Bockius, LLP
Investment Counsel

Arias & Lockwood, APLC
Litigation & Disability Counsel

Hanson Bridgett, LLP
Tax & Trust Counsel

Note: Investment Professionals are listed on page 98, and a schedule of manager fees and commissions is located on page 103, in the Investments section.

REPORT FROM THE BOARD CHAIR

San Bernardino County Employees' Retirement Association

November 3, 2023

Dear Members and Plan Sponsors:

On behalf of the San Bernardino County Employees' Retirement Association (SBCERA) Board of Retirement, I am pleased to present the June 30, 2023, Annual Comprehensive Financial Report.

In this last year, during a time of global economic stress, our long-term strategy continues to show resilience. Our fund is positioned well for both market volatility and long-term investments and this year's results reflect that.

I'm proud of our capable team for both protecting and growing our fund. We have a dependable and versatile strategy in place to provide retirement security to our members now and well into the future.

In June 2022, our Board adopted a new Triennial Strategic Plan for fiscal years 2023, 2024, and 2025, with a continued focus on the following co-equal strategic pillars:

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

This plan is accompanied by a myriad of strategic priorities, which are actionable programs and/or projects that seek to bring the pillars to life. You can read more about our strategic plan and implementation progress on our website at www.SBCERA.org.

This year, we've made significant progress on modernizing our pension software and fostering a renewed focus on member experience, notably through mySBCERA, our member portal.

SBCERA has a skilled 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 our dedicated staff, and for my fellow Board Members. I know we'll have successful years ahead as we strategically plan for the future, together.

To our plan sponsors and members, thank you for placing your trust in SBCERA. We are fully aware of our commitment to you and the promise you are counting on. We will continue to strive for improvement in our service to you.

Sincerely,



Marc Bracco, Board Chair

Financial Section



Arrowhead Regional Medical Center Edward G. Hirschman Burn Center Unit

Independent Auditor's Report



www.ba.cpa
661-324-4971

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying Statements of Fiduciary Net Position of the San Bernardino County Employees' Retirement Association (SBCERA) as of June 30, 2023 and 2022, 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.

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, 2023 and 2022, and the changes in fiduciary net position for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SBCERA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

BAKERSFIELD
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309
661-324-4971

FRESNO
10 River Park Place East, Suite 208
Fresno, CA 93720
559-476-3592

STOCKTON
2423 West March Lane, Suite 202
Stockton, CA 95219
209-451-4833

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

Independent Auditor's Report

(Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SBCERA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SBCERA's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a 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 context. We have applied certain limited procedures to the MD&A and RSI in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Independent Auditor's Report

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise SBCERA's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

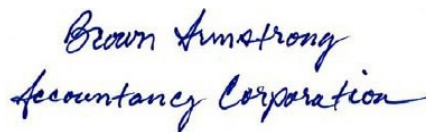
Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory, investments, actuarial, and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 3, 2023, 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 agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SBCERA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering SBCERA's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive style.

Bakersfield, California
November 3, 2023

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Management's Discussion and Analysis

June 30, 2023 and 2022

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, 2023 and 2022. 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, 2023 and 2022 was \$14.1 billion and \$13.3 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 increased by \$768.4 million or 5.8% and decreased by \$333.9 million or 2.4% for the years ended June 30, 2023 and 2022, respectively. The increase for 2023 is primarily due to the gains from investment activity and the decrease for 2022 is primarily due to losses from net investment activity.

Total additions, as reflected in the Statements of Changes in Fiduciary Net Position, for the years ended June 30, 2023 and 2022 were \$1.5 billion and \$408.1 million, respectively. This includes employer and member contributions of \$744.0 million, net investment income of \$802.2 million, and net securities lending income of \$394.0 thousand for the year ended June 30, 2023. For the year ended June 30, 2022, it includes employer and member contributions of \$729.2 million, net investment loss of \$321.3 million, and net securities lending income of \$247.0 thousand.

Total deductions as reflected in the Statements of Changes in Fiduciary Net Position are \$778.1 million for the year ended June 30, 2023, an increase of \$36.1 million over the year ended June 30, 2022, or approximately 4.9%. Total deductions for the year ended June 30, 2022 are \$742.1 million, an increase of \$66.7 million over the year ended June 30, 2021, or approximately 9.9%.

The net pension liability of participating employers as of June 30, 2023 and 2022 is \$2.4 billion and \$2.3 billion, respectively. The Plan fiduciary net position as a percentage of the total pension liability is 85.6% and 85.1% as of June 30, 2023 and 2022, respectively. The net pension liability as a percentage of covered payroll is 142.6% and 142.9% as of June 30, 2023 and 2022, 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, 2023 and 2022

(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, 2023 and 2022

(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, 2023, SBCERA had \$14.1 billion in net position, which means total assets of \$14.4 billion exceed total liabilities of \$342.4 million. All of the net position is available to meet SBCERA's ongoing obligation to members and their beneficiaries.

As of June 30, 2023, net position increased by \$768.4 million, accounting for a 5.8% increase from the prior year. As of June 30, 2022, net position decreased by \$(0.3) billion, for an 2.5% decrease from the prior year. The increase for 2023 is primarily due to the gains from investment activity and the decrease for 2022 is primarily due to losses from net investment activity.

FIDUCIARY NET POSITION (TABLE 1)

As of June 30, 2023, 2022 and 2021

(Amounts in Thousands)

	2023	2022	2021	Increase (Decrease) from 2022 to 2023	
				Amount	% Change
ASSETS					
Cash	\$ 20,675	\$ 18,202	\$ 6,423	\$ 2,473	13.59 %
Receivables	274,270	134,918	160,849	139,352	103.29 %
Investments, at Fair Value	14,108,947	13,386,769	13,672,607	722,178	5.39 %
Capital Assets, Net	9,853	7,522	6,336	2,331	30.99 %
TOTAL ASSETS	14,413,745	13,547,411	13,846,215	866,334	6.39 %
LIABILITIES					
Securities Lending	48,515	29,919	102,597	18,596	62.15 %
Securities Options Payable	35,445	18,082	514	17,363	96.02 %
Payables for Securities Purchased	221,824	156,252	82,436	65,572	41.97 %
Other Liabilities	36,611	40,242	23,815	(3,631)	(9.02)%
TOTAL LIABILITIES	342,395	244,495	209,362	97,900	40.04 %
NET POSITION—RESTRICTED FOR PENSIONS	\$ 14,071,350	\$ 13,302,916	\$ 13,636,853	\$ 768,434	5.78 %

In order to determine that the \$14.1 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, 2023. 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, 2023 and 2022 valuations). The Board of Retirement (Board) reviews all assumptions used by the actuary every three years.

Management's Discussion and Analysis

June 30, 2023 and 2022

(Continued)

Capital Assets

SBCERA's capital assets increased from \$7.5 million to \$9.9 million (net of accumulated depreciation and amortization) between the years ended June 30, 2022 and 2023, and from \$6.3 million to \$7.5 million between the years ended June 30, 2021 and 2022. This investment in capital assets includes equipment, furniture, leasehold improvements, software, and technology infrastructure with an initial cost of \$25.0 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, 2023 was \$2.3 million from 2022. The total increase in SBCERA's investment in capital assets for the year ended June 30, 2022 was \$1.2 million from 2021. SBCERA began a software project in the fiscal year ending June 30, 2021, which continued into the fiscal years ending June 30, 2022 and 2023. Increases in the year ended June 30, 2021 were also a result of a large tenant improvement project.

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 the following page, 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 are 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 and losses line.

The total unrecognized net investment loss as of June 30, 2023 is \$86.0 million as compared to an unrecognized net investment gain of \$42.3 million as of June 30, 2022. This deferred investment loss of \$86.0 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.

Management's Discussion and Analysis

June 30, 2023 and 2022

(Continued)

Reserves (Continued)

RESERVES (TABLE 2)

As of June 30, 2023, 2022 and 2021

(Amounts in Thousands)

TYPE OF RESERVE	2023	2022	2021
Member Deposit Reserve	\$ 1,904,197	\$ 1,791,122	\$ 1,740,041
Employer Current Service Reserve	3,700,223	3,450,294	3,223,886
Contra Account	(4,400,275)	(4,038,275)	(3,848,494)
Pension Reserve	6,193,285	5,846,715	5,481,662
Cost-of-Living Reserve	3,196,433	2,937,531	2,698,301
Annuity Reserve	3,465,737	3,179,169	2,873,163
Supplemental Disability Reserve	3,808	4,915	5,976
Survivor Benefit Reserve	93,637	88,739	83,927
Burial Allowance Reserve ¹	325	386	464
TOTAL RESERVES (SMOOTHED MARKET ACTUARIAL VALUE)	14,157,370	13,260,596	12,258,926
Net Unrecognized Investment Gains (Losses)	(86,020)	42,320	1,377,928
NET POSITION—RESTRICTED FOR PENSIONS INCLUDING NON-VALUATION RESERVES, AT FAIR VALUE	\$ 14,071,350	\$ 13,302,916	\$ 13,636,854

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

Additions and Deductions from Fiduciary Net Position

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, 2023 totaled \$1.5 billion compared to \$408.1 million for June 30, 2022, and \$4.0 billion for June 30, 2021. Refer to Table 3, on the following page, for further information. Overall, additions increased by \$1.1 billion, or a 278.9% increase between the years ended June 30, 2022 and 2023, due primarily to a 349.6% increase in net investment income compared to the prior year. Employer and member contributions increased by 1.0% and 5.1%, respectively, or 2.0% collectively. Net securities lending income increased by 59.5% 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, as recommended by the Plan's independent actuary. Refer to Note 3 – Contribution Requirements for further information.

Management's Discussion and Analysis

June 30, 2023 and 2022

(Continued)

Additions to and Deductions from Fiduciary Net Position (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, 2023 totaled \$778.1 million, an increase of \$36.1 million or 4.9% over the June 30, 2022 total deductions. The increase in deductions for the year ended June 30, 2022 totaled \$66.7 million or 9.9% over the June 30, 2021 amount of \$675.3 million. Refer to Table 3 below 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, 2023, 2022 and 2021

(Amounts in Thousands)

	2023	2022	2021	Increase (Decrease) from 2022 to 2023		
				Amount	% Change	
ADDITIONS						
Employer Contributions	\$ 555,892	\$ 550,346	\$ 498,747	\$ 5,546	1.01 %	
Member Contributions	188,091	178,893	172,953	9,198	5.14 %	
Net Investment Income (Loss) ¹	802,201	(321,340)	3,353,009	1,123,541	349.64 %	
Net Securities Lending Income	394	247	144	147	59.51 %	
TOTAL ADDITIONS	1,546,578	408,146	4,024,853	1,138,432	278.93 %	
DEDUCTIONS						
Benefits and Refunds	760,785	726,448	660,822	34,337	4.73 %	
Administrative Expenses	11,779	10,454	9,720	1,325	12.67 %	
Other Expenses	5,580	5,181	4,792	399	7.70 %	
TOTAL DEDUCTIONS	778,144	742,083	675,334	36,061	4.86 %	
INCREASE (DECREASE) IN NET POSITION	768,434	(333,937)	3,349,519	1,102,371	330.11 %	
NET POSITION—RESTRICTED FOR PENSIONS: BEGINNING OF YEAR	13,302,916	13,636,853	10,287,334	(333,937)	(2.45)%	
END OF YEAR	\$ 14,071,350	\$ 13,302,916	\$ 13,636,853	\$ 768,434	5.78 %	

(1) Net of investment expenses of \$160,570, \$201,345, and \$139,830 for the years ending June 30, 2023, 2022, and 2021, respectively.

Management's Discussion and Analysis

June 30, 2023 and 2022

(Continued)

Net Pension Liability of 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, 2023, 2022, and 2021.

Based on the June 30, 2023, 2022, and 2021 actuarial valuations, the NPL of participating employers on a fair value basis was \$2.4 billion, \$2.3 billion, and \$1.3 billion, respectively. Refer to Table 4, below, for further information. The increase of \$48.1 million or 2.1% from 2022 to 2023 is primarily due to the investment return being less than the actuarial rate of 7.25%. The increase of \$1.0 billion or 76.4% from 2021 to 2022 is primarily a result of 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, 2023, 2022, and 2021

(Amounts in Thousands)

	2023	2022	2021	Increase (Decrease) from 2022 to 2023	
				Amount	% Change
Total Pension Liability	\$ 16,444,145	\$ 15,627,644	\$ 14,954,950	\$ 816,501	5.22 %
Less Plan Fiduciary Net Position	14,071,350	13,302,916	13,636,853	768,434	5.78 %
NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS	\$ 2,372,795	\$ 2,324,728	\$ 1,318,097	\$ 48,067	2.07 %

Management's Discussion and Analysis

June 30, 2023 and 2022

(Continued)

Overall Analysis

For the year ended June 30, 2023, SBCERA's financial position and results from operations have experienced an increase from the prior year, as net position increased by \$768.4 million or 5.8% from the year ended June 30, 2022. For the year ended June 30, 2022, net position decreased by \$333.9 million or 2.5% from the year ended June 30, 2021. The overall increase in net position for June 30, 2023 is primarily attributable to the appreciation in the fair value of the Plan's investment portfolio due to investment gains. 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, Suite 100
San Bernardino, CA 92408

Respectfully,



Amy McInerny, CPA

Chief Financial Officer

Statements of Fiduciary Net Position

As of June 30, 2023 and 2022

(Amounts in Thousands)

	2023	2022
ASSETS		
Cash		
Cash in Bank	\$ 20,675	\$ 18,202
TOTAL CASH	20,675	18,202
Receivables		
Securities Sold	211,472	60,776
Accrued Interest and Dividends	28,068	16,880
Employer and Member Contributions	32,748	29,902
Due from Withdrawn Employers	351	1,082
Other Receivables	1,631	26,278
TOTAL RECEIVABLES	274,270	134,918
Investments, at Fair Value		
Short-Term Cash Investment Funds	1,568,081	2,208,935
Emerging Market Debt	71,070	85,475
United States Government Obligations and Other Municipals	290,233	363,101
Domestic Bonds	576,748	489,103
Foreign Bonds	733,414	548,970
Domestic Common and Preferred Stock	1,997,866	1,560,002
Foreign Common and Preferred Stock	922,431	740,458
Investments of Cash Collateral Received on Securities Lending	48,515	29,919
Real Estate	8,522	7,251
Domestic Alternatives	6,071,585	5,562,766
Foreign Alternatives	1,820,482	1,790,789
TOTAL INVESTMENTS, AT FAIR VALUE	14,108,947	13,386,769
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION AND AMORTIZATION		
	9,853	7,522
TOTAL ASSETS	14,413,745	13,547,411
LIABILITIES		
Securities Lending	48,515	29,919
Securities Options Payable	35,445	18,082
Payables for Securities Purchased	221,824	156,252
Other Liabilities	36,611	40,242
TOTAL LIABILITIES	342,395	244,495
NET POSITION—RESTRICTED FOR PENSIONS	\$14,071,350	\$13,302,916

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

Statements of Changes in Fiduciary Net Position

For the Years Ended June 30, 2023 and 2022

(Amounts in Thousands)

	2023	2022
ADDITIONS		
Contributions		
Employer Contributions	\$ 555,892	\$ 550,346
Member Contributions	188,091	178,893
TOTAL CONTRIBUTIONS	743,983	729,239
Investment Income (Loss)		
Net Appreciation (Depreciation) in Fair Value of Investments:		
Securities and Alternative Investments	576,872	(448,254)
TOTAL NET APPRECIATION (DEPRECIATION) IN FAIR VALUE OF INVESTMENTS	576,872	(448,254)
Interest Income on Cash and Securities	329,344	246,640
Other Investment Income		
Dividend Income	43,236	58,320
Net Real Estate Rental Income	289	105
Other Income	13,030	23,194
TOTAL OTHER INVESTMENT INCOME	56,555	81,619
Less Investment Expenses		
Investment Advisement Fees	(111,134)	(154,605)
Other Investment Expenses	(49,436)	(46,740)
TOTAL INVESTMENT EXPENSES	(160,570)	(201,345)
NET INVESTMENT INCOME (LOSS)	802,201	(321,340)
Securities Lending Income		
Earnings	5,336	508
Less Rebates and Bank Charges	(4,942)	(261)
NET SECURITIES LENDING INCOME	394	247
TOTAL ADDITIONS	1,546,578	408,146
DEDUCTIONS		
Benefits and Refunds Paid to Members and Beneficiaries	760,785	726,448
Administrative Expenses	11,779	10,454
Other Expenses	5,580	5,181
TOTAL DEDUCTIONS	778,144	742,083
NET INCREASE (DECREASE) IN NET POSITION	768,434	(333,937)
NET POSITION—RESTRICTED FOR PENSIONS		
Beginning of Year	13,302,916	13,636,853
END OF YEAR	\$ 14,071,350	\$ 13,302,916

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

Notes to the Basic Financial Statements

June 30, 2023 and 2022

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 pursuant to 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 San Bernardino County Board of Supervisors and/or the SBCERA Board.

SBCERA provides retirement, disability, death, and survivor benefits to its members, who are employed by 16 active Plan sponsors (participating employers), and five withdrawn employers.

Active Plan Sponsors

- Barstow Fire Protection District (BFPD)
- Big Bear Fire Authority (BBFA)
- 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

- California Electronic Recording Transaction Network Authority (CERTNA) (withdrew June 30, 2021)
- 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)

Notes to the Basic Financial Statements

June 30, 2023 and 2022 *(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 San Bernardino County 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 San Bernardino County Treasurer (County Treasurer) is an ex-officio member, elected by the residents of San Bernardino County, 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 PEPRAs, 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 PEPRAs) 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 Member Guide, 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 of 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, 2023 and 2022 (Continued)

Note 1 – Significant Provisions of the Plan (Continued)

MEMBERSHIP AND BENEFIT ELIGIBILITY | SBCERA MEMBERSHIP (Continued)

SBCERA MEMBERSHIP

As of June 30, 2023

Membership Type	Tier 1			Tier 2			Total
	General	Safety	Sub-Total	General	Safety	Sub-Total	
Active Members							
Active Members—Vested	7,739	1,160	8,899	4,138	758	4,896	13,795
Active Members—Non-Vested	21	2	23	7,572	694	8,266	8,289
TOTAL ACTIVE MEMBERS	7,760	1,162	8,922	11,710	1,452	13,162	22,084
Inactive Members or Beneficiaries Currently Receiving Benefits							
Retirees Currently Receiving Benefits	10,996	2,044	13,040	152	34	186	13,226
Beneficiaries and Dependents Currently Receiving Benefits	1,648	500	2,148	14	1	15	2,163
TOTAL INACTIVE MEMBERS OR BENEFICIARIES CURRENTLY RECEIVING BENEFITS	12,644	2,544	15,188	166	35	201	15,389
Inactive Members not Receiving Benefits							
Inactive Members Eligible for, but not yet Receiving Benefits	2,678	187	2,865	905	136	1,041	3,906
Inactive Members Eligible for Refund Value of Account Only ¹	1,727	47	1,774	4,425	219	4,644	6,418
TOTAL INACTIVE MEMBERS NOT RECEIVING BENEFITS	4,405	234	4,639	5,330	355	5,685	10,324
TOTAL SBCERA MEMBERSHIP	24,809	3,940	28,749	17,206	1,842	19,048	47,797

SBCERA MEMBERSHIP

As of June 30, 2022

Membership Type	Tier 1			Tier 2			Total
	General	Safety	Sub-Total	General	Safety	Sub-Total	
Active Members							
Active Members—Vested	8,392	1,263	9,655	3,646	603	4,249	13,904
Active Members—Non-Vested	28	2	30	6,702	640	7,342	7,372
TOTAL ACTIVE MEMBERS	8,420	1,265	9,685	10,348	1,243	11,591	21,276
Inactive Members or Beneficiaries Currently Receiving Benefits							
Retirees Currently Receiving Benefits	10,705	1,992	12,697	104	20	124	12,821
Beneficiaries and Dependents Currently Receiving Benefits	1,583	466	2,049	7	1	8	2,057
TOTAL INACTIVE MEMBERS OR BENEFICIARIES CURRENTLY RECEIVING BENEFITS	12,288	2,458	14,746	111	21	132	14,878
Inactive Members not Receiving Benefits							
Inactive Members Eligible for, but not yet Receiving Benefits	2,614	177	2,791	635	110	745	3,536
Inactive Members Eligible for Refund Value of Account Only ¹	1,743	52	1,795	3,660	197	3,857	5,652
TOTAL INACTIVE MEMBERS NOT RECEIVING BENEFITS	4,357	229	4,586	4,295	307	4,602	9,188
TOTAL SBCERA MEMBERSHIP	25,065	3,952	29,017	14,754	1,571	16,325	45,342

(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, 2023 and 2022 *(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 \$305,000 and \$290,000 for the fiscal years ending June 30, 2023 and 2022, 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 pursuant to GC section 7522.10, which is \$161,969 and \$153,671 for calendar years 2023 and 2022, 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 or 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, 2023 and 2022 (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 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 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, with five years of service credit, dies while on deferred status, SBCERA will pay to the member's designated beneficiary or estate, the member's accumulated contributions on deposit. 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, 2023 and 2022 *(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), pursuant to GC sections 31789 and 31789.13.

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 three 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, 2023 and 2022 *(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.

A 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. 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, 2023 and 2022 (Continued)

Note 1 – Significant Provisions of the Plan (Continued)

PARTICIPATING EMPLOYERS (Continued)

Five employers have withdrawn from SBCERA; one remains liable for a portion of their unfunded actuarial liability at June 30, 2023.

On June 30, 2012, San Bernardino International Airport Authority (SBIAA) and the Inland Valley Development Agency (IVDA) withdrew from SBCERA, all liabilities have been fully paid. 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.

On May 31, 2019, Inland Library System's (ILS) last employee retired, effectively withdrawing membership from SBCERA as a participating employer. On June 30, 2021, CERTNA withdrew membership from SBCERA. All liabilities for both employers have been fully paid.

See below for a summary of the amounts due from withdrawn employers as of June 30, 2023 and 2022.

DUE FROM WITHDRAWN EMPLOYERS

As of June 30, 2023 and 2022

(Amounts in Thousands)

Employer	Balance		Additions	Deductions	Balance	
	July 1, 2022				June 30, 2023	
CERTNA	\$	–	\$	–	\$	–
ILS		697		(697)		–
Rim		385		(34)		351
TOTAL	\$	1,082	\$	(731)	\$	351

Employer	Balance		Additions	Deductions	Balance	
	July 1, 2021				June 30, 2022	
CERTNA	\$	2,528	\$	(2,528)	\$	–
ILS		2,506	19	(1,828)		697
Rim		424		(39)		385
TOTAL	\$	5,458	\$	(4,395)	\$	1,082

Notes to the Basic Financial Statements

June 30, 2023 and 2022 (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 deposits with a financial institution.

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, 2023 and 2022 (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, 2023 and 2022 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 targets as of June 30, 2023 and 2022. The Board further authorizes SBCERA investment staff to invest within approved ranges surrounding each policy target.

ASSET ALLOCATION POLICY TARGETS

As of June 30, 2023 and 2022

Asset Class	June 30, 2023	June 30, 2022
Domestic Equity	17.00 %	13.00 %
International Equity	13.00 %	15.00 %
Domestic Fixed Income	15.00 %	15.00 %
International Fixed Income	17.00 %	19.00 %
Private Equity	18.00 %	18.00 %
Real Estate	5.00 %	5.00 %
Absolute Return	7.00 %	7.00 %
Infrastructure	2.00 %	2.00 %
Commodities	4.00 %	4.00 %
Short-Term Cash	2.00 %	2.00 %
TOTAL	100.00 %	100.00 %

Notes to the Basic Financial Statements

June 30, 2023 and 2022 (Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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, 2023 and 2022 (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, 2023 and 2022 (Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

BASIS OF ACCOUNTING | ADMINISTRATIVE EXPENSES (Continued)

STATUTORY LIMITATION FOR ADMINISTRATIVE EXPENSES

For the Years Ended June 30, 2023 and 2022

(Amounts in Thousands)

		2023	2022
Actuarial Accrued Liability (AAL) ¹	a	\$ 14,957,435	\$ 14,298,196
Statutory Limit for Administrative Expenses (AAL x 0.21%)		31,411	30,026
Actual Administrative Expenses Subject to Statutory Limit	b	11,779	10,454
EXCESS OF LIMITATION OVER ACTUAL ADMINISTRATIVE EXPENSES		\$ 19,632	\$ 19,572
ACTUAL ADMINISTRATIVE EXPENSES AS A PERCENTAGE OF AAL	b/a	0.08%	0.07%

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, less depreciation, 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 is provided using the straight-line method over the useful life of the assets, with a five-year life for furniture, a four-to-five-year life for equipment, and fifteen-to-thirty-nine-year life for leasehold improvements. Amortization is provided using the straight-line method over the useful life of the intangible assets, including computer software, with a three-to-seven-year life. SBCERA's capital assets are summarized on the following page as of June 30, 2023 and 2022.

(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, 2021 was approved by the Board in December 2021, and was used to establish the statutory limitation for administrative expenses for the year ended June 30, 2023.

Notes to the Basic Financial Statements

June 30, 2023 and 2022 (Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

BASIS OF ACCOUNTING | CAPITAL ASSETS (Continued)

CAPITAL ASSETS

For the Years Ended June 30, 2023 and 2022
(Amounts in Thousands)

	2023			2022		
	Beginning	Additions	Ending	Beginning	Additions	Ending
Furniture, Equipment & Leaseholds	\$ 13,419	\$ 525	\$ 13,944	\$ 13,218	\$ 201	\$ 13,419
Computer Software	6,458	2,261	8,719	5,068	1,390	6,458
Accumulated Depreciation ¹	(8,078)	(306)	(8,384)	(7,760)	(318)	(8,078)
Accumulated Amortization ¹	(4,277)	(149)	(4,426)	(4,190)	(87)	(4,277)
TOTAL	\$ 7,522	\$ 2,331	\$ 9,853	\$ 6,336	\$ 1,186	\$ 7,522

EFFECT OF NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENT

SBCERA implemented all applicable new GASB pronouncements in the years ended June 30, 2023 and June 30, 2022, as required by each statement. The most recent applicable pronouncements which have a material impact on SBCERA's financial statements are provided below.

GASB Statement No. 84 (GASB 84), *Fiduciary Activities* establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on whether a government is controlling the assets of the fiduciary activity and whether the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post employment benefit arrangements that are fiduciary activities. SBCERA is a fiduciary component unit of San Bernardino County. This standard was implemented beginning on June 30, 2022.

RECLASSIFICATION OF FINANCIAL STATEMENTS PRESENTATION

Certain amounts presented in the year ended June 30, 2022, 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

As of the report date, there were no subsequent events that require an adjustment or disclosure other than the information described within these Notes.

(1) Depreciation and amortization expense totaled \$455 thousand and \$405 thousand for the years ended June 30, 2023 and 2022, respectively.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023 and 2022 *(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. 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, 2023 establishes the contribution rates for the year ended June 30, 2025. 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 over funding 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, 2023 and 2022 (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, 2023 and 2022 are \$0.92 and \$0.91 per biweekly employer pay period, respectively.

The tables below provide a summary of the employer and member contributions received for the years ended June 30, 2023 and 2022. Participating employers satisfied 100% of the contribution requirements for the years ended June 30, 2023 and 2022.

EMPLOYER CONTRIBUTIONS

For the Years Ended June 30, 2023 and 2022

(Amounts in Thousands)

Contribution Type	2023	2022
Actuarially Determined Contributions - Employer Paid	\$ 555,447	\$ 549,780
Actuarially Determined Contributions - Member Paid	—	131
Survivor Benefit Contributions	445	435
TOTAL EMPLOYER CONTRIBUTIONS	\$ 555,892	\$ 550,346

MEMBER CONTRIBUTIONS

For the Years Ended June 30, 2023 and 2022

(Amounts in Thousands)

Contribution Type	2023	2022
Actuarially Determined Contributions - Member Paid	\$ 183,473	\$ 171,586
Actuarially Determined Contributions - Employer Paid	2,205	2,368
Survivor Benefit Contributions	438	436
Purchase of Eligible Service Credit	1,975	4,503
TOTAL MEMBER CONTRIBUTIONS	\$ 188,091	\$ 178,893

Note: 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 \$2.3 million and \$2.0 million, for the years ended June 30, 2023 and 2022, respectively.

Notes to the Basic Financial Statements

June 30, 2023 and 2022 (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, 2023 and 2022. Contribution rates are expressed as a percentage of covered payroll.

EMPLOYER CONTRIBUTION RATES

For the Year Ended June 30, 2023

Actuarial Cost Group	Tier 1 Members ¹			Tier 2 Members ¹		
	Normal Cost	Unfunded Actuarial		Normal Cost	Unfunded Actuarial	
		Accrued Liability	Total		Accrued Liability	Total
County General Members	12.18 %	14.99 %	27.17 %	9.04 %	14.99 %	24.03 %
Safety Members	24.38 %	35.37 %	59.75 %	15.84 %	35.37 %	51.21 %
Superior Court Members	12.18 %	17.49 %	29.67 %	9.04 %	17.49 %	26.53 %
SCAQMD Members	14.20 %	33.24 %	47.44 %	8.12 %	33.24 %	41.36 %
LAFCO Members	14.12 %	21.18 %	35.30 %	9.12 %	21.18 %	30.30 %
Other General Members	14.12 %	26.36 %	40.48 %	9.12 %	26.36 %	35.48 %

EMPLOYER CONTRIBUTION RATES

For the Year Ended June 30, 2022

Actuarial Cost Group	Tier 1 Members ²			Tier 2 Members ²		
	Normal Cost	Unfunded Actuarial		Normal Cost	Unfunded Actuarial	
		Accrued Liability	Total		Accrued Liability	Total
County General Members	12.24 %	16.25 %	28.49 %	9.09 %	16.25 %	25.34 %
Safety Members	24.38 %	37.28 %	61.66 %	16.06 %	37.28 %	53.34 %
Superior Court Members	12.24 %	18.94 %	31.18 %	9.09 %	18.94 %	28.03 %
SCAQMD Members	14.34 %	35.22 %	49.56 %	7.98 %	35.22 %	43.20 %
Other General Members	14.03 %	25.89 %	39.92 %	9.10 %	25.89 %	34.99 %

MEMBER CONTRIBUTION RATES

For the Years Ended June 30, 2023 and 2022

Actuarial Cost Group	2023 ¹		2022 ²	
	Lowest ³	Highest ³	Lowest ³	Highest ³
General Members - Tier 1	9.51 %	15.78 %	9.50 %	15.77 %
Safety Members - Tier 1	12.70 %	18.50 %	12.69 %	18.48 %
County General and Superior Court Members - Tier 2	9.04 %	9.04 %	9.09 %	9.09 %
Safety Members - Tier 2	15.84 %	15.84 %	16.06 %	16.06 %
SCAQMD Members - Tier 2	8.12 %	8.12 %	7.98 %	7.98 %
Other General Members - Tier 2	9.12 %	9.12 %	9.10 %	9.10 %

(1) Rates are in accordance with the June 30, 2021 valuation.

(2) Rates are in accordance with the June 30, 2020 valuation.

(3) Tier 1 rates are based on age at entry: Lowest rate shown represents entry age of 16, the highest rate shown represents the highest entry age rate.

Notes to the Basic Financial Statements

June 30, 2023 and 2022 (Continued)

Note 4 – Net Pension Liability of Participating Employers

The components of the net pension liability of participating employers as of June 30, 2023 and 2022 are below.

NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS

As of June 30, 2023 and 2022

(Amounts in Thousands)

		As of June 30, 2023	As of June 30, 2022
Total Pension Liability	a \$	16,444,145	\$ 15,627,644
Plan Fiduciary Net Position	b	14,071,350	13,302,916
NET PENSION LIABILITY	a-b \$	2,372,795	\$ 2,324,728

PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY

b/a	85.57 %	85.12 %
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The net pension liability of participating employers was measured as of June 30, 2023 and 2022 and determined based upon the total pension liability from actuarial valuations as of June 30, 2023 and 2022, respectively.

ACTUARIAL ASSUMPTIONS

The actuarial assumptions used to determine the total pension liability as of June 30, 2023 and 2022 were based on the results of the June 30, 2020 Actuarial Experience Study (experience study), which covered the periods from July 1, 2016 through June 30, 2019. They are the same assumptions used in the June 30, 2023 and 2022 actuarial valuations, which are used to determine future contribution rates for funding purposes. The key assumptions used in the actuarial valuations include the following items:

Discount Rate	7.25%
Inflation	2.50%
Projected Salary Increases	General: 4.30% to 9.50%; Safety: 4.75% to 10.00%; Includes inflation at 2.50% plus real across-the-board salary increases of 0.50% plus merit and promotion increases that vary by service.
Cost-of-Living Adjustments	Contingent upon consumer price index with a 2.00% maximum
Administrative Expenses	0.90% of payroll

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

MORTALITY RATES

Mortality rates used in the June 30, 2023 and 2022 actuarial valuations 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.

Notes to the Basic Financial Statements

June 30, 2023 and 2022 (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, 2023 and 2022, are summarized in the table below. 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, 2023

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	14.50 %	6.00 %
Small Cap U.S. Equity	Domestic Common and Preferred Stock	2.50 %	6.65 %
Developed International Equity	Foreign Common and Preferred Stock	7.00 %	7.01 %
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 %	1.97 %
High Yield/Credit Strategies	Domestic Bonds/Foreign Bonds	13.00 %	6.48 %
Emerging Market Debt	Emerging Market Debt	6.00 %	4.76 %
Real Estate Core	Real Estate	2.50 %	3.86 %
Real Estate Non Core	Real Estate	2.50 %	5.40 %
International Credit	Foreign Alternatives	11.00 %	7.10 %
Absolute Return	Domestic Alternatives/Foreign Alternatives	7.00 %	7.10 %
Real Assets	Domestic Alternatives/Foreign Alternatives	6.00 %	10.10 %
Private Equity	Domestic Alternatives/Foreign Alternatives	18.00 %	9.84 %
Cash and Equivalents	Short-Term Cash Investment Funds	2.00 %	0.63 %
TOTAL		100.00 %	

(1) Based on the 2023 triennial experience study.

Notes to the Basic Financial Statements

June 30, 2023 and 2022 (Continued)

LONG-TERM EXPECTED REAL RATE OF RETURN

As of June 30, 2022

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 Core	Real Estate	3.50 %	4.57 %
Real Estate Non Core	Real Estate	3.50 %	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, 2023 and 2022 (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, 2023 and 2022. 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, 2023 and 2022.

The table below presents the net pension liability of participating employers calculated using the discount rate of 7.25% as of June 30, 2023 and 2022, 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, 2023 and 2022

(Amounts in Thousands)

Net Pension Liability	1.00% Decrease 6.25%	Current Discount Rate 7.25%	1.00% Increase 8.25%
June 30, 2023	\$ 4,567,767	\$ 2,372,795	\$ 577,723
June 30, 2022	\$ 4,423,368	\$ 2,324,728	\$ 608,206

Notes to the Basic Financial Statements

June 30, 2023 and 2022 *(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 has 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, 2023 and 2022 (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, 2023 and 2022

(Amounts in Thousands)

	2023	2022
Valuation Reserves		
Member Deposit Reserve	\$ 1,904,197	\$ 1,791,122
Employer Current Service Reserve	3,700,223	3,450,294
Contra Account	(4,400,275)	(4,038,275)
Pension Reserve	6,193,285	5,846,715
Cost-of-Living Reserve	3,196,433	2,937,531
Annuity Reserve	3,465,737	3,179,169
Supplemental Disability Reserve	3,808	4,915
Survivor Benefit Reserve	93,637	88,739
TOTAL RESERVED FOR PENSIONS	14,157,045	13,260,210
Non-Valuation Reserves		
Burial Allowance Reserve	325	386
TOTAL - NON-VALUATION RESERVES	325	386
TOTAL RESERVES (SMOOTHED MARKET ACTUARIAL VALUE)	14,157,370	13,260,596
Net Unrecognized Gains/(Losses)	(86,020)	42,320
NET POSITION - RESTRICTED FOR PENSIONS INCLUDING NON-VALUATION RESERVES, AT FAIR VALUE	\$ 14,071,350	\$ 13,302,916

Notes to the Basic Financial Statements

June 30, 2023 and 2022 (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, 2023 and 2022.

SBCERA did not impose any restrictions during the two-year period ended June 30, 2023 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, 2023 and 2022, 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, 2023, the liquidity pool had an average duration of 7 days, and a weighted average final maturity of 107 days. As of June 30, 2022, the liquidity pool had an average duration of 4 days, and a weighted average final maturity of 77 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, 2023 and 2022, SBCERA had no credit risk exposure to borrowers. As of June 30, 2023, the fair value of securities on loan was \$85.1 million, with the fair value of cash collateral received for the securities on loan of \$48.5 million, and non-cash collateral of \$39.4 million. As of June 30, 2022, the fair value of securities on loan was \$42.1 million, with the fair value of cash collateral received for the securities on loan of \$29.9 million, and non-cash collateral of \$13.5 million.

Notes to the Basic Financial Statements

June 30, 2023 and 2022 *(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 \$20.7 million and \$18.2 million at June 30, 2023 and 2022, 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.

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, 2023 and 2022 (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, 2023.

DERIVATIVE INSTRUMENTS OUTSTANDING

As of June 30, 2023

(Amounts in Thousands)

Investment Derivatives	Change ¹	Fair Value at June 30, 2023		
		Classification	Amount ²	Notional ³
Credit Default Swaps Bought	\$ (1,148)	Domestic & Foreign Alternatives	\$ 189	\$ 25,069
Credit Default Swaps Written	66	Domestic & Foreign Alternatives	–	–
Equity Options Bought	(527)	Domestic & Foreign Alternatives	10	255
Equity Options Written	(240)	Securities Options Payable	(424)	(59)
Fixed Income Futures Long	(50,634)	Domestic & Foreign Alternatives	–	915,152
Fixed Income Futures Short	1,278	Domestic & Foreign Alternatives	–	(26,500)
Fixed Income Options Bought	(2,058)	Domestic & Foreign Alternatives	11,854	350,000
FX Forwards	(50,909)	Foreign Common and Preferred Stock	(8,815)	\$ 601,273
Index Futures Long	45,306	Domestic & Foreign Alternatives	–	3,965
Index Futures Short	(2,424)	Domestic & Foreign Alternatives	–	(23)
Index Options Bought	(19,155)	Domestic & Foreign Alternatives	17,323	199
Index Options Written	7,109	Securities Options Payable	(35,021)	(398)
Pay Fixed Interest Rate Swaps	601	Domestic & Foreign Alternatives	1,025	\$ 25,837
Receive Fixed Interest Rate Swaps	(1,024)	Domestic & Foreign Alternatives	–	\$ 7,708
Total Return Swaps Bond	1,966	Domestic & Foreign Alternatives	(19)	\$ 2,531
Total Return Swaps Equity	(572)	Domestic & Foreign Alternatives	(815)	\$ (10,319)
Warrants	846	Domestic & Foreign Alternatives	4,873	\$ 14,919
TOTAL	\$ (71,519)		\$ (9,820)	

(1) Negative values refer to losses; change reflected in the net appreciation (depreciation) 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, 2023 and 2022 (Continued)

NOTE 7 – Deposits and Investments (Continued)

DERIVATIVES (Continued)

The following table provides a summary of the derivative instruments outstanding as of June 30, 2022.

DERIVATIVE INSTRUMENTS OUTSTANDING

As of June 30, 2022

(Amounts in Thousands)

Investment Derivatives	Change ¹	Fair Value at June 30, 2022		
		Classification	Amount ²	Notional ³
Credit Default Swaps Bought	\$ 4,832	Domestic & Foreign Alternatives	\$ 879	\$ 54,467
Credit Default Swaps Written	(260)	Domestic & Foreign Alternatives	(403)	700
Equity Options Bought	(1,377)	Domestic & Foreign Alternatives	–	–
Equity Options Written	394	Securities Options Payable	(184)	(59)
Fixed Income Futures Long	(78,877)	Domestic & Foreign Alternatives	–	890,657
Fixed Income Futures Short	(423)	Domestic & Foreign Alternatives	–	(86,803)
Fixed Income Options Bought	7,802	Domestic & Foreign Alternatives	13,912	375,000
Futures Options Bought	(153)	Domestic & Foreign Alternatives	–	–
Futures Options Written	(145)	Domestic & Foreign Alternatives	–	–
FX Forwards	(31,936)	Foreign Common and Preferred Stock	(12,548)	\$ 806,675
Index Futures Long	(280,150)	Domestic & Foreign Alternatives	–	11,000
Index Futures Short	515	Domestic & Foreign Alternatives	–	(1)
Index Options Bought	61,162	Domestic & Foreign Alternatives	2,163	55
Index Options Written	(3,141)	Securities Options Payable	(17,898)	(75)
Pay Fixed Interest Rate Swaps	7,227	Domestic & Foreign Alternatives	1,914	\$ 85,921
Receive Fixed Interest Rate Swaps	114	Domestic & Foreign Alternatives	–	\$ 9,330
Total Return Swaps Bond	630	Domestic & Foreign Alternatives	(1,279)	\$ 3,771
Total Return Swaps Equity	3,216	Domestic & Foreign Alternatives	2,817	\$ (4,155)
Warrants	802	Domestic & Foreign Alternatives	4,028	\$ 11,555
TOTAL	\$ (309,768)		\$ (6,599)	

(1) Negative values refer to losses; change reflected in the net appreciation (depreciation) 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, 2023 and 2022 (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, 2023 and 2022 are displayed below.

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

As of June 30, 2023 and 2022

(Amounts in Thousands)

Counterparty Name	2023		2022		S&P Credit Rating
	Total Fair Value	Total Fair Value	Total Fair Value	Total Fair Value	
Bank of New York	\$ 44	\$	–		A
Barclays Bank	13		–		A+
BNP Paribas	116		170		A+
Citibank N.A.	–		44		A+
Conversion	349		1,908		N/A
Conversion Non Cash	–		19		N/A
Goldman Sachs + Co LLC	359		1,737		BBB+
Goldman Sachs ICE	53		4		BBB+
Goldman Sachs International	1		336		A+
Goldman Sachs London LCH UK	635		263		BBB+
HSBC Bank	64		–		A+
JP Morgan Securities Inc.	176		719		A-
JP Morgan Securities PLC	–		75		A-
JP Morgan ICE	–		265		A-
JP Morgan LCH	79		437		A-
JP Morgan Chase Bank NA London	–		3		A+
JP Morgan Chase Bank, N.A.	133		241		A+
Merrill Lynch	113		39		A-
Morgan Stanley ICE	–		117		A-
Morgan Stanley LCH	–		15		A-
State Street Bank And Trust Company	689		1,759		AA-
State Street Bank London	–		261		A
UBS AG	–		310		A+
TOTAL	\$ 2,824	\$	8,722		

The maximum exposure SBCERA would face in case of default of all counterparties is \$2.8 million and \$8.7 million as of June 30, 2023 and 2022, respectively. At June 30, 2023 and 2022, 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, 2023 and 2022 (Continued)

NOTE 7 – Deposits and Investments (Continued)

DERIVATIVES (Continued)

As of June 30, 2023 and 2022, SBCERA is 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 following tables describe the maturity periods of these derivative instruments.

INVESTMENT MATURITIES

As of June 30, 2023

(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	\$ 189	\$ 12	\$ 177	\$ —	\$ —
Fixed Income Options Bought	11,854	—	11,377	—	477
Pay Fixed Interest Rate Swaps	1,025	138	582	237	68
Total Return Swaps Bond	(19)	(19)	—	—	—
Total Return Swaps Equity	(815)	—	—	—	(815)
TOTAL	\$ 12,234	\$ 131	\$ 12,136	\$ 237	\$ (270)

INVESTMENT MATURITIES

As of June 30, 2022

(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	\$ 879	\$ (54)	\$ 933	\$ —	\$ —
Credit Default Swaps Written	(403)	—	(403)	—	—
Fixed Income Options Bought	13,912	460	9,416	—	4,036
Pay Fixed Interest Rate Swaps	1,914	—	249	1,697	(32)
Total Return Swaps Bond	(1,279)	(1,275)	—	—	(4)
Total Return Swaps Equity	2,817	—	600	—	2,217
TOTAL	\$ 17,840	\$ (869)	\$ 10,795	\$ 1,697	\$ 6,217

Notes to the Basic Financial Statements

June 30, 2023 and 2022 (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, 2023

(Amounts in Thousands)

Currency	Fair Value	Options	Swaps	Forward Contracts	
				Net Receivables	Net Payables
Canadian Dollar	(47)	—	—	—	(47)
Euro Currency	(989)	(958)	312	852	(1,195)
Japanese Yen	(7,503)	—	—	—	(7,503)
Pound Sterling	(1,901)	—	(985)	—	(916)
Saudi Riyal	(55)	—	—	116	(171)
South African Rand	(1)	—	—	—	(1)
Swiss Franc	(13)	—	—	—	(13)
Yuan Renminbi	63	—	—	67	(4)
TOTAL	\$ (10,446)	\$ (958)	\$ (673)	\$ 1,035	\$ (9,850)

NET EXPOSURE TO FOREIGN CURRENCY RISK FOR DERIVATIVE INSTRUMENTS

As of June 30, 2022

(Amounts in Thousands)

Currency	Fair Value	Options	Swaps	Forward Contracts	
				Net Receivables	Net Payables
Brazilian Real	\$ 62	\$ —	\$ —	\$ 64	\$ (2)
Canadian Dollar	144	—	—	144	—
Euro Currency	(21,247)	(17,183)	1,269	1,313	(6,646)
Japanese Yen	(4,039)	—	—	11	(4,050)
Pound Sterling	(1,758)	1,264	398	899	(4,319)
Saudi Riyal	29	—	—	392	(363)
South African Rand	17	—	—	17	—
Swiss Franc	(8)	—	—	—	(8)
TOTAL	\$ (26,800)	\$ (15,919)	\$ 1,667	\$ 2,840	\$ (15,388)

At June 30, 2023 and 2022, SBCERA did not hold any positions in derivatives containing contingent features.

Notes to the Basic Financial Statements

June 30, 2023 and 2022 *(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.

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. Private placement investments considered fixed income investments are displayed as "NA" in the following tables, and amount to \$43.9 million and \$42.5 million as of June 30, 2023 and 2022, respectively. 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. 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 \$277.3 million and \$335.1 million as of June 30, 2023 and 2022, 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 (S&P) as of June 30, 2023 and 2022 follow.

Notes to the Basic Financial Statements

June 30, 2023 and 2022 (Continued)

Note 7 – Deposits and Investments (Continued)

Credit Risk (Continued)

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

As of June 30, 2023

(Amounts in Thousands)

S&P Rating	Asset Backed	Corporate Bonds	Collateralized Mortgage Obligations	Emerging Market Debt	Foreign Bonds	Municipals	Short-Term Cash Investment Funds	Total
AAA	\$ —	\$ —	\$ 209	\$ —	\$ —	\$ —	\$ —	209
AA	—	79	70,801	—	480	63	—	71,423
A	970	—	18	—	2,813	—	—	3,801
BBB	1,148	7,277	1,872	11,272	13,347	—	—	34,916
BB	3,061	17,319	13,816	—	117,265	—	—	151,461
B	2,132	67,932	15,927	3,350	87,379	—	—	176,720
CCC	6,843	50,721	3,526	29,896	21,005	—	—	111,991
CC	2	309	292	—	—	—	—	603
D	718	170	1,765	—	361	—	—	3,014
NR	67,125	93,623	121,764	12,707	488,340	12,543	1,568,081	2,364,183
NA ¹	3,289	20,718	3,322	13,845	2,424	306	—	43,904
TOTAL	\$ 85,288	\$ 258,148	\$ 233,312	\$ 71,070	\$ 733,414	\$ 12,912	\$ 1,568,081	\$ 2,962,225

(1) Private placements listed as NA.

Note: Table above does not include U.S. Treasury obligations, which amount to \$277,321 as these obligations are not subject to credit risk.

Notes to the Basic Financial Statements

June 30, 2023 and 2022 (Continued)

Note 7 – Deposits and Investments (Continued)

Credit Risk (Continued)

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

As of June 30, 2022

(Amounts in Thousands)

S&P Rating	Asset Backed	Corporate Bonds	Collateralized Mortgage Obligations	Emerging Market Debt	Foreign Bonds	Municipals	Short-Term Cash Investment Funds	Total
AAA	\$ —	\$ 10	\$ 358	\$ —	\$ —	\$ —	\$ —	368
AA	—	1,591	51,645	—	1,360	1,678	—	56,274
A	—	—	—	—	1,529	—	—	1,529
BBB	1,459	2,188	324	25,779	7,034	1,071	—	37,855
BB	—	41,457	4,974	—	25,127	—	—	71,558
B	1,213	37,599	2,897	1,625	46,511	—	—	89,845
CCC	6,313	23,441	4,498	30,379	12,755	—	—	77,386
CC	65	413	365	—	—	—	—	843
C	—	386	—	—	2,700	—	—	3,086
D	1,014	—	—	—	—	—	—	1,014
NR	62,818	107,677	109,053	13,207	451,954	24,641	2,208,935	2,978,285
NA ¹	4,571	22,774	—	14,485	—	639	—	42,469
TOTAL	\$ 77,453	\$ 237,536	\$ 174,114	\$ 85,475	\$ 548,971	\$ 28,029	\$ 2,208,935	\$ 3,360,512

(1) Private placements listed as NA.

Note: Table above does not include U.S. Treasury obligations, which amount to \$335,072 as these obligations are not subject to credit risk.

Notes to the Basic Financial Statements

June 30, 2023 and 2022 *(Continued)*

Note 7 – Deposits and Investments *(Continued)*

CREDIT RISK *(Continued)*

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, 2023 and 2022, SBCERA's deposits with a financial institution are 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 San Bernardino County Treasurer's Investment Pool 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, 2023 and 2022, SBCERA did not hold any positions in derivatives containing contingent features.

Concentration Risk

Concentration risk is the risk of loss that may be attributed to the magnitude of an investment in a single issuer. As of June 30, 2023 and 2022, 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, 2023 and 2022 (Continued)

Note 7 – Deposits and Investments (Continued)

INTEREST RATE RISK (Continued)

As of June 30, 2023 and 2022, 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, 2023
(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	\$ 85,287	\$ 16,138	\$ —	\$ 11,461	\$ 57,688
Corporate Bonds	258,149	23,123	4,553	81,567	148,906
Collateralized Mortgage Obligations	233,312	5,864	727	9,567	217,154
Emerging Market Debt	71,070	8,608	4,024	1,852	56,586
Foreign Bonds	733,414	33,671	5,076	114,759	579,908
Municipals	12,912	4,724	—	964	7,224
Short-Term Cash Investment Funds	1,568,081	1,568,081	—	—	—
U.S. Treasury Obligations	277,321	247,515	34,093	(855)	(3,432)
TOTAL	\$ 3,239,546	\$ 1,907,724	\$ 48,473	\$ 219,315	\$ 1,064,034

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

As of June 30, 2022
(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	\$ 77,452	\$ 727	\$ —	\$ 40,804	\$ 35,921
Corporate Bonds	237,536	475	330	65,839	170,892
Collateralized Mortgage Obligations	174,115	1,261	—	5,580	167,274
Emerging Market Debt	85,475	3,455	4,117	12,460	65,443
Foreign Bonds	548,970	53,430	11,418	104,539	379,583
Municipals	28,029	6,376	—	3,427	18,226
Short-Term Cash Investment Funds	2,208,935	2,208,935	—	—	—
U.S. Treasury Obligations	335,072	240,427	94,433	—	212
TOTAL	\$ 3,695,584	\$ 2,515,086	\$ 110,298	\$ 232,649	\$ 837,551

Notes to the Basic Financial Statements

June 30, 2023 and 2022 (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, 2023 and 2022 is displayed below.

NET EXPOSURE TO FOREIGN CURRENCY RISK

As of June 30, 2023 and 2022

(Amounts in Thousands)

Currency	2023				2022			
	Fair Value	Fixed Income	Equity	Cash	Fair Value	Fixed Income	Equity	Cash
Argentine Peso	\$ 3	\$ –	\$ –	\$ 3	\$ 7	\$ –	\$ –	\$ 7
Australian Dollar	20,551	–	16,038	4,513	36,803	–	36,803	–
Brazilian Real	1,139	–	1,015	124	1,047	–	1,047	–
Canadian Dollar	18,567	–	18,261	306	19,850	–	18,853	997
Euro Currency	834,965	387,209	430,245	17,511	626,984	224,983	402,001	–
Hong Kong Dollar	71	–	–	71	1,291	–	–	1,291
Indonesian Rupiah	74	–	74	–	74	–	74	–
Japanese Yen	1,894	43	–	1,851	3,335	73	–	3,262
Pound Sterling	227,659	27,311	180,516	19,832	154,163	17,671	109,210	27,282
Swedish Krona	209	–	–	209	–	–	–	–
Swiss Franc	28	–	11	17	17	–	1	16
Yuan Renminbi	18	–	–	18	19	–	–	19
TOTAL	\$1,105,178	\$ 414,563	\$ 646,160	\$ 44,455	\$ 843,590	\$ 242,727	\$ 567,989	\$ 32,874

Notes to the Basic Financial Statements

June 30, 2023 and 2022 (Continued)

Note 7 – Deposits and Investments (Continued)

Rate of Return

For the years ended June 30, 2023 and 2022, the annual money-weighted rate of return on the assets of the Plan, net of investment expense, was 5.0% and 0.0%, 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, 2023 and 2022, the total capital commitments to fund partnerships were \$6.2 billion and \$5.7 billion, respectively. Of this amount, \$1.5 billion and \$1.4 billion, respectively, remained unfunded and is not recorded on the SBCERA Statements of Fiduciary Net Position as of June 30, 2023 and 2022. The following tables depict the total commitments and unfunded commitments, respectively.

TOTAL COMMITMENTS AND UNFUNDED COMMITMENTS TO FUND PARTNERSHIPS BY ASSET CLASS

As of June 30, 2023 and 2022
(Amounts in Thousands)

2023		2022	
Total Commitments	Unfunded Commitments	Total Commitments	Unfunded Commitments
\$ 6,198,431	\$ 1,546,581	\$ 5,662,071	\$ 1,436,362

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, 2023 and 2022.

Notes to the Basic Financial Statements

June 30, 2023 and 2022 (Continued)

Note 7 – Deposits and Investments (Continued)

FAIR VALUE MEASUREMENTS (Continued)

INVESTMENTS AND DERIVATIVE INSTRUMENTS MEASURED AT FAIR VALUE

As of June 30, 2023

(Amounts in Thousands)

Investment Type	June 30, 2023	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	\$ 1,568,081	\$ 454,525	\$ 1,113,556	\$ –
Emerging Market Debt	57,225	–	55,084	2,141
United States Government Obligations and Other Municipals:				
U.S. Treasury	277,321	65,052	212,269	–
Municipals	12,912	–	12,912	–
Total US Government Obligations and Other Municipals:	290,233	65,052	225,181	–
Domestic Bonds:				
Asset Backed	85,288	–	50,080	35,208
Collateralized Mortgage Obligations	233,312	–	113,537	119,775
Corporate Bonds	258,148	–	206,315	51,833
Total Domestic Bonds	576,748	–	369,932	206,816
Foreign Bonds	733,414	–	520,330	213,084
Domestic Common and Preferred Stock	1,779,708	1,735,514	5,166	39,028
Foreign Common and Preferred Stock	811,747	763,562	21,167	27,018
Investments of Cash Collateral Received on Securities Lending	48,515	–	48,515	–
Domestic Alternatives	130,016	461	54,117	75,438
Foreign Alternatives	514,457	–	182,536	331,921
TOTAL INVESTMENTS BY FAIR VALUE LEVEL	\$ 6,510,144	\$ 3,019,114	\$ 2,595,584	\$ 895,446
Investment Derivative Instruments				
Swaps	\$ 380	\$ –	\$ 380	\$ –
Options	29,187	10	29,177	–
Forward Contracts	(8,815)	(8,815)	–	–
Warrants	4,873	95	86	4,692
TOTAL INVESTMENT DERIVATIVE INSTRUMENTS	\$ 25,625	\$ (8,710)	\$ 29,643	\$ 4,692
Investments Measured at the Net Asset Value (NAV)				
Emerging Market Debt	\$ 13,845			
Domestic Common and Preferred Stock	218,158			
Foreign Common and Preferred Stock	119,499			
Real Estate	8,522			
Domestic Alternatives:				
Absolute Return Composite	1,248,430			
Non-U.S. Developed Credit	288,615			
Private Equity - Commodities	635,583			
Private Equity - Composite	2,612,246			
Private Equity - Real Assets	861			
Private Equity - Real Estate	541,227			
U.S. Credit Strategies	588,213			
Total Domestic Alternatives	5,915,175			
Foreign Alternatives:				
Absolute Return Composite	230			
Non-U.S. Developed Credit	634,269			
Private Equity - Composite	634,291			
Private Equity - Real Estate	29,189			
Total Foreign Alternatives	1,297,979			
TOTAL INVESTMENTS MEASURED AT THE NAV	\$ 7,573,178			
TOTAL INVESTMENTS MEASURED AT FAIR VALUE	\$ 14,108,947			

Notes to the Basic Financial Statements

June 30, 2023 and 2022 (Continued)

Note 7 – Deposits and Investments (Continued)

FAIR VALUE MEASUREMENTS (Continued)

INVESTMENTS AND DERIVATIVE INSTRUMENTS MEASURED AT FAIR VALUE

As of June 30, 2022

(Amounts in Thousands)

Investment Type	Fair Value Measurements Using			
	June 30, 2022	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	\$ 2,208,935	\$ 448,415	\$ 1,760,520	\$ –
Emerging Market Debt	70,990	–	70,895	95
United States Government Obligations and Other Municipals:				
U.S. Treasury	335,072	–	335,072	–
Municipals	28,029	–	28,029	–
Total US Government Obligations and Other Municipals	363,101	–	363,101	–
Domestic Bonds:				
Asset Backed	77,453	–	44,550	32,903
Collateralized Mortgage Obligations	174,114	–	107,799	66,315
Corporate Bonds	237,536	–	205,064	32,472
Total Domestic Bonds	489,103	–	357,413	131,690
Foreign Bonds	548,970	–	399,841	149,129
Domestic Common and Preferred Stock	1,560,002	1,541,527	5,952	12,523
Foreign Common and Preferred Stock	643,268	596,462	30,520	16,286
Investments of Cash Collateral Received on Securities Lending	29,919	–	29,919	–
Domestic Alternatives	157,087	578	49,967	106,542
Foreign Alternatives	448,503	567	231,183	216,753
TOTAL INVESTMENTS BY FAIR VALUE LEVEL	\$ 6,519,878	\$ 2,587,549	\$ 3,299,311	\$ 633,018
Investment Derivative Instruments				
Swaps	\$ 3,928	\$ 454	\$ 3,474	\$ –
Options	16,075	–	16,075	–
Forward Contracts	(12,548)	(12,548)	–	–
Warrants	4,028	40	2,302	1,686
TOTAL INVESTMENT DERIVATIVE INSTRUMENTS	\$ 11,483	\$ (12,054)	\$ 21,851	\$ 1,686
Investments Measured at the Net Asset Value (NAV)				
Emerging Market Debt	\$ 14,485			
Foreign Common and Preferred Stock	109,738			
Real Estate	7,251			
Domestic Alternatives:				
Absolute Return Composite	1,081,855			
Non-U.S. Developed Credit	213,225			
Private Equity - Commodities	524,545			
Private Equity - Composite	2,524,785			
Private Equity - Infrastructure	1			
Private Equity - Real Assets	18,781			
Private Equity - Real Estate	569,659			
U.S. Credit Strategies	456,492			
Total Domestic Alternatives	5,389,343			
Foreign Alternatives:				
Absolute Return Composite	243			
Non-U.S. Developed Credit	814,959			
Private Equity - Composite	497,205			
Private Equity - Real Estate	22,184			
Total Foreign Alternatives	1,334,591			
TOTAL INVESTMENTS MEASURED AT THE NAV	\$ 6,855,408			
TOTAL INVESTMENTS MEASURED AT FAIR VALUE	\$ 13,386,769			

Notes to the Basic Financial Statements

June 30, 2023 and 2022 *(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, 2023 and 2022.

Notes to the Basic Financial Statements

June 30, 2023 and 2022 (Continued)

Note 7 – Deposits and Investments (Continued)

FAIR VALUE MEASUREMENTS (Continued)

INVESTMENTS MEASURED AT THE NET ASSET VALUE (NAV)

As of June 30, 2023

(Amounts in Thousands)

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency ¹	Redemption Notice Period
Emerging Market Debt	\$ 13,845	\$ —	NA	NA
Domestic Common and Preferred Stock	218,158	—	D	5-10 days
Foreign Common and Preferred Stock	119,499	—	Q,NA	60 days, NA
Real Estate	8,522	—	NA	NA
Domestic Alternatives:				
Absolute Return Composite	1,248,430	52,266	Q,NA	65-180 days, NA
Non-U.S. Developed Credit	288,615	—	M, NA	5 days, NA
Private Equity - Commodities	635,583	6,424	A,NA	180 days, NA
Private Equity - Composite	2,612,246	1,005,929	Q,SA,NA	30-185 days, NA
Private Equity - Infrastructure	—	—	NA	NA
Private Equity - Real Assets	861	—	NA	NA
Private Equity - Real Estate	541,227	169,213	Q,SA,NA	45-180 days, NA
U.S. Credit Strategies	588,213	—	D,Q,NA	30-180 days, NA
Total Domestic Alternatives	5,915,175	1,233,832		
Foreign Alternatives:				
Absolute Return Composite	230	7,812	NA	NA
Non-U.S. Developed Credit	634,269	—	D,Q,NA	D, 180 days, NA
Private Equity - Composite	634,291	256,169	NA	NA
Private Equity - Real Estate	29,189	48,768	NA	NA
Total Foreign Alternatives	1,297,979	312,749		
TOTAL INVESTMENTS MEASURED AT THE NAV	\$ 7,573,178	\$ 1,546,581		

(1) D= Daily, M= Monthly, Q= Quarterly, SA= Semi-Annually, A= Annually, NA= Not Applicable

Notes to the Basic Financial Statements

June 30, 2023 and 2022 (Continued)

Note 7 – Deposits and Investments (Continued)

FAIR VALUE MEASUREMENTS (Continued)

INVESTMENTS MEASURED AT THE NET ASSET VALUE (NAV)

As of June 30, 2022

(Amounts in Thousands)

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency ¹	Redemption Notice Period
Emerging Market Debt	\$ 14,485	\$ –	NA	NA
Foreign Common and Preferred Stock	109,738	–	Q,NA	60 days, NA
Real Estate	7,251	–	NA	NA
Domestic Alternatives:				
Absolute Return Composite	1,081,855	52,266	Q,NA	65-180 days, NA
Non-U.S. Developed Credit	213,225	–	NA	NA
Private Equity - Commodities	524,545	17,671	A,NA	180 days, NA
Private Equity - Composite	2,524,785	886,338	M,Q,SA,NA	15-185 days, NA
Private Equity - Infrastructure	1	881	NA	NA
Private Equity - Real Assets	18,781	–	NA	NA
Private Equity - Real Estate	569,659	184,880	Q,SA,NA	45-180 days, NA
U.S. Credit Strategies	456,492	–	D,Q,NA	30-180 days, NA
Total Domestic Alternatives	5,389,343	1,142,036		
Foreign Alternatives:				
Absolute Return Composite	243	7,537	NA	NA
Non-U.S. Developed Credit	814,959	–	D,Q,NA	D,180 days, NA
Private Equity - Composite	497,205	235,008	NA	NA
Private Equity - Real Estate	22,184	51,781	NA	NA
Total Foreign Alternatives	1,334,591	294,326		
TOTAL INVESTMENTS MEASURED AT THE NAV	\$ 6,855,408	\$ 1,436,362		

(1) D= Daily, M= Monthly, Q= Quarterly, SA= Semi-Annually, A= Annually, NA= Not Applicable

Notes to the Basic Financial Statements

June 30, 2023 and 2022 (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, 2023 and 2022.

Domestic 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, 2023, 100% of investments in this category are redeemable with a 60 day notice.

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, 2023 and 2022, 89% and 89%, respectively, of investments in this category are redeemable with a 60 day notice.

Real estate investments provide stable income and participation in broad economic growth. 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 in this category are not redeemable as of June 30, 2023 and 2022.

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. As of June 30, 2023 and 2022, 80% and 77%, respectively, of investments in this category are redeemable with a 65-180 day notice. It is expected that the underlying assets of the funds will be liquidated over the next seven years, unless the partnership agreement allows for an indefinite continuance.

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. As of June 30, 2023 and 2022, 39% and 0%, respectively, of investments in this category are redeemable with a 5 day notice.

Domestic alternatives: Private equity – commodities provide 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. As of June 30, 2023 and 2022, 93% and 93%, respectively, of investments in this category are redeemable with a 180 day notice. It is expected that the underlying assets of the funds will be liquidated over the next six 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. As of June 30, 2023 and 2022, 26% and 25%, respectively, of investments in this category are redeemable with a 30-185 day notice. 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.

Note 7 – Deposits and Investments (Continued)

Notes to the Basic Financial Statements

June 30, 2023 and 2022 (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 included investments in partnerships that focused on infrastructure in highly regulated markets. The underlying assets were in liquidation as of June 30, 2022 and were fully liquidated as of June 30, 2023.

Domestic alternatives: Private equity – real assets provide 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 in this category are not redeemable as of June 30, 2023 and 2022. The underlying assets of the funds are currently in liquidation.

Domestic alternatives: Private equity - 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. As of June 30, 2023 and 2022, 67% and 70%, respectively, of investments in this category are redeemable with a daily or 45-180 day notice. It is expected that the underlying assets of the funds will be liquidated over the next thirteen years, unless the partnership agreement allows for an indefinite continuance.

Domestic alternatives: U.S. credit strategies include 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. As of June 30, 2023 and 2022, 79% and 98%, respectively, of investments in this category are redeemable with a 30-180 day notice. It is expected that the underlying assets of the funds will be liquidated over the next five years, unless the partnership agreement allows for an indefinite continuance.

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. Investments in this category are not redeemable as of June 30, 2023 and 2022. It is expected that the underlying assets of the funds will be liquidated over the next year.

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. As of June 30, 2023 and 2022, 41% and 35%, respectively, of investments in this category are redeemable with a daily or 180 day notice. It is expected that the underlying assets of the funds will be liquidated over the next seven years, unless the partnership agreement allows for an indefinite continuance.

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 in this category are not redeemable as of June 30, 2023 and 2022. It is expected that the underlying assets of the funds will be liquidated over the next nine years, unless the partnership agreement allows for an indefinite continuance.

Foreign alternatives: Private equity - 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 in this category are not redeemable as of June 30, 2023 and 2022.

Notes to the Basic Financial Statements

June 30, 2023 and 2022 *(Continued)*

Note 8 – Related Party Transactions

SBCERA does not have any related party transactions with the County. However, SBCERA continues to procure its employee benefits through the County’s contract with various providers to obtain favorable rates.

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
2014	\$ 278,352	\$ 278,352	\$—	\$ 1,262,752	22.04%
2015	303,243	303,243	—	1,267,669	23.92%
2016	340,512	340,512	—	1,309,095	26.01%
2017	360,478	360,478	—	1,346,408	26.77%
2018	378,667	378,667	—	1,406,470	26.92%
2019	446,110	446,295	(185)	1,477,131	30.21%
2020	467,943	467,986	(43)	1,542,495	30.34%
2021	493,672	493,716	(44)	1,587,324	31.10%
2022	550,295	550,346	(51)	1,626,449	33.84%
2023	555,742	555,892	(150)	1,663,991	33.41%

SCHEDULE OF INVESTMENT RETURNS

Years Ended June 30	Annual Money-Weighted Rate of Return, Net of Investment Expense
2014	12.25%
2015	3.49%
2016	(0.97)%
2017	13.47%
2018	8.64%
2019	5.01%
2020	(2.87)%
2021	33.17%
2022	0.03%
2023	5.02%

- (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.

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, 2023	June 30, 2022	June 30, 2021
Total Pension Liability				
Service Cost		\$ 370,325	\$ 366,076	\$ 362,445
Interest		1,132,274	1,084,886	1,038,764
Differences Between Expected and Actual Experience		197,315	(64,113)	51,632
Changes of Assumptions		(122,628)	—	—
Changes in Benefit Terms		—	—	(132,810)
Benefit Payments, Including Refunds of Member Contributions		(760,785)	(714,155)	(660,822)
NET CHANGE IN TOTAL PENSION LIABILITY		816,501	672,694	659,209
Total Pension Liability - Beginning		15,627,644	14,954,950	14,295,742
TOTAL PENSION LIABILITY - ENDING	a	\$ 16,444,145	\$ 15,627,644	\$ 14,954,950
Plan Fiduciary Net Position				
Contributions - Employers ¹		\$ 555,892	\$ 550,346	\$ 498,747
Contributions - Members ¹		188,091	178,893	172,953
Transfer from an Outside Plan		—	—	—
Net Investment Income/(Loss)		802,596	(322,404)	3,353,152
Benefit Payments, Including Refunds of Member Contributions		(760,785)	(714,155)	(660,822)
Administrative Expenses		(11,780)	(10,454)	(9,720)
Other Expenses		(5,580)	(3,870)	(4,791)
Other ³		—	(12,293)	—
NET CHANGE IN PLAN FIDUCIARY NET POSITION		768,434	(333,937)	3,349,519
Plan Fiduciary Net Position - Beginning		13,302,916	13,636,853	10,287,334
PLAN FIDUCIARY NET POSITION - ENDING	b	\$ 14,071,350	\$ 13,302,916	\$ 13,636,853
NET PENSION LIABILITY	a-b=c	\$ 2,372,795	\$ 2,324,728	\$ 1,318,097
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	b/a	85.57 %	85.12 %	91.19 %
COVERED PAYROLL²	d	\$ 1,663,991	\$ 1,626,449	\$ 1,587,324
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	c/d	142.60 %	142.93 %	83.04 %

- (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.
- (3) On July 30, 2020, the California Supreme Court issued a decision in the Alameda County Deputy Sheriff's Assn. et al., v. Alameda County Employees' Retirement Assn. litigation that clarified what should be considered compensation earnable for tier 1 members and pensionable compensation for Tier 2 members for that and other similarly situated 1937 Act county employees' retirement systems.

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, 2020	June 30, 2019	June 30, 2018
Total Pension Liability				
Service Cost		\$ 343,547	\$ 334,062	\$ 321,931
Interest		966,648	916,790	868,277
Differences Between Expected and Actual Experience		24,948	27,389	25,714
Changes of Assumptions		281,860	—	—
Changes in Benefit Terms		—	—	—
Benefit Payments, Including Refunds of Member Contributions		(621,564)	(578,508)	(539,297)
NET CHANGE IN TOTAL PENSION LIABILITY		995,439	699,733	676,625
Total Pension Liability - Beginning		13,300,303	12,600,570	11,923,945
TOTAL PENSION LIABILITY - ENDING	a	\$ 14,295,742	\$ 13,300,303	\$ 12,600,570
Plan Fiduciary Net Position				
Contributions - Employers ¹		\$ 467,985	\$ 446,295	\$ 378,668
Contributions - Members ¹		169,183	163,552	149,478
Transfer from an Outside Plan		—	—	4,312
Net Investment Income/(Loss)		(302,050)	502,753	797,480
Benefit Payments, Including Refunds of Member Contributions		(621,564)	(578,508)	(539,297)
Administrative Expenses		(9,019)	(9,383)	(8,752)
Other Expenses		(5,608)	(3,292)	(3,340)
NET CHANGE IN PLAN FIDUCIARY NET POSITION		(301,073)	521,417	778,549
Plan Fiduciary Net Position - Beginning		10,588,407	10,066,990	9,288,441
PLAN FIDUCIARY NET POSITION - ENDING	b	\$ 10,287,334	\$ 10,588,407	\$ 10,066,990
NET PENSION LIABILITY	a-b=c	\$ 4,008,408	\$ 2,711,896	\$ 2,533,580
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	b/a	71.96 %	79.61 %	79.89 %
COVERED PAYROLL²	d	\$ 1,542,495	\$ 1,477,131	\$ 1,406,470
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	c/d	259.87 %	183.59 %	180.14 %

(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.

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, 2017	June 30, 2016	June 30, 2015
Total Pension Liability				
Service Cost	\$	300,779	\$ 295,458	\$ 290,642
Interest		803,778	770,842	732,842
Differences Between Expected and Actual Experience		(10,634)	(151,493)	(75,362)
Changes of Assumptions		662,714	—	—
Changes in Benefit Terms		—	—	—
Benefit Payments, Including Refunds of Member Contributions		(497,904)	(464,068)	(428,475)
NET CHANGE IN TOTAL PENSION LIABILITY		1,258,733	450,739	519,647
Total Pension Liability - Beginning		10,665,212	10,214,473	9,694,826
TOTAL PENSION LIABILITY - ENDING	a	\$ 11,923,945	\$ 10,665,212	\$ 10,214,473
Plan Fiduciary Net Position				
Contributions - Employers ¹	\$	360,478	\$ 340,512	\$ 303,244
Contributions - Members ¹		143,858	139,132	129,895
Transfer from an Outside Plan		—	—	—
Net Investment Income/(Loss)		1,098,198	(80,028)	280,842
Benefit Payments, Including Refunds of Member Contributions		(497,904)	(464,068)	(428,475)
Administrative Expenses		(9,961)	(7,569)	(6,710)
Other Expenses		(3,202)	(2,664)	(2,208)
NET CHANGE IN PLAN FIDUCIARY NET POSITION		1,091,467	(74,685)	276,588
Plan Fiduciary Net Position - Beginning		8,196,974	\$ 8,271,659	\$ 7,995,071
PLAN FIDUCIARY NET POSITION - ENDING	b	\$ 9,288,441	\$ 8,196,974	\$ 8,271,659
NET PENSION LIABILITY	a-b=c	\$ 2,635,504	\$ 2,468,238	\$ 1,942,814
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	b/a	77.90 %	76.86 %	80.98 %
COVERED PAYROLL²	d	\$ 1,346,408	\$ 1,309,095	\$ 1,267,667
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	c/d	195.74 %	188.55 %	153.26 %

(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.

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, 2014	
Total Pension Liability		
Service Cost	\$	271,473
Interest		709,993
Differences Between Expected and Actual Experience		(306,201)
Changes of Assumptions		328,748
Changes in Benefit Terms		—
Benefit Payments, Including Refunds of Member Contributions		(397,823)
NET CHANGE IN TOTAL PENSION LIABILITY		606,190
Total Pension Liability - Beginning		9,088,636
TOTAL PENSION LIABILITY - ENDING	a	\$ 9,694,826
Plan Fiduciary Net Position		
Contributions - Employers ¹	\$	330,330
Contributions - Members ¹		89,861
Transfer from an Outside Plan		—
Net Investment Income/(Loss)		877,018
Benefit Payments, Including Refunds of Member Contributions		(397,823)
Administrative Expenses		(6,386)
Other Expenses		(2,483)
NET CHANGE IN PLAN FIDUCIARY NET POSITION		890,517
Plan Fiduciary Net Position - Beginning	\$	7,104,554
PLAN FIDUCIARY NET POSITION - ENDING	b	\$ 7,995,071
NET PENSION LIABILITY	a-b=c	\$ 1,699,755
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	b/a	82.47 %
COVERED PAYROLL²	d	\$ 1,262,752
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	c/d	134.61 %

(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.

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 net pension liability (NPL) of participating employers was measured as of June 30, 2013 through 2023 and determined based upon the total pension liability from actuarial valuations as of June 30, 2013 through 2023, 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 2023.

Changes of Methods and Assumptions

The actuarial methods and assumptions used in actuarial valuations, for the years ended June 30, 2014 through 2023, 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, 2014 through 2023. 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, 2014 through 2023. Note: The discount rate of return used for the years ended June 30, 2014 through 2023 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 (Continued)

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, 2014 through 2023 (adjustments were made to more closely reflect actual experience unless indicated otherwise).

SCHEDULE OF ACTUARIAL EXPERIENCE STUDIES

For the Years Ended June 30, 2014 through 2023

Years Ended June 30	Date of Actuarial Experience Study	Periods Covered in Actuarial Experience Study
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
2023 to 2025	June 30, 2023	3 Year Period Ended 6/30/2022

SCHEDULE OF CHANGES TO ACTUARIAL ECONOMIC ASSUMPTIONS

For the Years Ended June 30, 2014 through 2023

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
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
2023 to 2025	7.25%	4.30% to 9.50%	4.75% to 10.00%	2.50%	3.00%	2.00%	0.90% of payroll ²

SCHEDULE OF CHANGES TO AMORTIZATION METHODS

For the Years Ended June 30, 2014 through 2023

Years Ended June 30	Actuarial Cost Method	Amortization Method ³	Remaining Amortization Period ⁴	Asset Valuation Method
2014 to 2023	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
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 generationally 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
2023	Male members 65% Female members 50%	Pub-2010 Amount-Weighted Above-Median Mortality Table projected generationally 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 52

(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, 2023 and 2022

(Amounts in Thousands)

Type of Investment Expense	2023	2022
Investment Manager's Advisement Fees		
Equity Managers		
Domestic	\$ 4,650	\$ 6,241
International	4,807	5,255
TOTAL EQUITY MANAGERS	9,457	11,496
Fixed Income Managers		
Domestic	8,373	15,236
International	7,958	21,177
TOTAL FIXED INCOME MANAGERS	16,331	36,413
Alternative Managers	81,271	102,644
TOTAL INVESTMENT MANAGER'S ADVISEMENT FEES	107,059	150,553
Other Investment Advisement Fees		
Consultant Fees	2,472	2,489
Custodian Fees	1,402	1,413
Legal Fees	201	150
TOTAL INVESTMENT ADVISEMENT FEES¹	111,134	154,605
Other Investment Expenses		
Other Investment Expenses ²	46,606	44,306
Investment Department Expenses	2,830	2,434
TOTAL OTHER INVESTMENT EXPENSES	49,436	46,740
SECURITIES LENDING REBATES AND BANK CHARGES	4,942	261
TOTAL INVESTMENT EXPENSES	\$ 165,512	\$ 201,606

(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, 2023 and 2022

(Amounts in Thousands)

	2023	2022
Actuarial Accrued Liability (AAL)¹	\$ 14,957,435	\$ 14,298,196
Statutory Limit for Administrative Expenses (AAL x 0.21%)	31,411	30,026
Administrative Expenses Subject to Statutory Limit		
Personnel Services	8,742	8,036
Professional Services	974	759
Operational Miscellaneous	2,063	1,659
TOTAL ADMINISTRATIVE EXPENSES SUBJECT TO STATUTORY LIMIT	11,779	10,454
Other Expenses Not Subject to Statutory Limit		
Actuarial Services	122	177
Legal Services (Non-Investment)	1,921	1,790
Technology Infrastructure	3,537	3,214
TOTAL OTHER EXPENSES NOT SUBJECT TO STATUTORY LIMIT	5,580	5,181
TOTAL ADMINISTRATIVE AND OTHER EXPENSES²	\$ 17,359	\$ 15,635

(1) Refer to Note 2 - Summary of Significant Accounting Policies (see section for Administrative Expenses) 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, 2023 and 2022

(Amounts in Thousands)

Type of Service	2023	2022
Payments to Consultants Subject to the Statutory Limit		
Actuarial Services	\$ 9	\$ 9
Agreed Upon Procedures	—	11
Audit Services	60	60
Communication Services	—	21
Human Resource Services	20	18
Medical/Disability Services	613	446
TOTAL PAYMENTS TO CONSULTANTS SUBJECT TO THE STATUTORY LIMIT¹	702	565
Payments to Consultants Not Subject to the Statutory Limit		
Actuarial Services	122	137
Custodian Services	1,402	1,413
Information Technology Services	211	147
Investment Services	2,472	2,489
Legal Services	570	469
TOTAL PAYMENTS TO CONSULTANTS NOT SUBJECT TO THE STATUTORY LIMIT	4,777	4,655
TOTAL PAYMENTS TO CONSULTANTS	\$ 5,479	\$ 5,220

(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



San Bernardino County Project Management Division

Report on Investment Activity



Samuel M. Austin, III Partner
September 1, 2023

Board of Retirement
San Bernardino County Employees' Retirement Association
348 West Hospitality Lane, Third Floor
San Bernardino, CA 92415-0014

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 carefully 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, 2023 with background on the underlying capital market environment.

Market Review for the Year Ended June 30, 2023

Fiscal Year ('FY') 2023 was one characterized by strong returns in risky assets like stocks while interest sensitive fixed income, inflation-sensitive assets, commodities and real estate declined in value. The U.S. economy showed its resilience in the face of rapidly rising interest rates and posted moderate GDP growth and showed signs of a healthy labor market. The fiscal year ended with inflation levels increasing 3% on a year-over-year basis, which is a notable deceleration from last year's 9.1% increase though still above the Federal Reserve's target inflation rate of 2.0%. In its efforts to combat inflation, over the past fiscal year, the Federal Reserve raised the Fed Funds rate eight times, from a range of 1.50% - 1.75% ending FY 2022 to 5.00% - 5.25% ending FY 2023. Similar actions were taken by central banks globally. With the resilient U.S. economy and decelerating inflation as the backdrop, U.S. stocks posted strong returns of 16.1% as measured by the S&P 500 Index. International stocks also had a strong year, with a return of 18.8% as measured by the MSCI EAFE Index. Emerging markets stocks underperformed both U.S. and international-developed markets posting an anemic 1.8% return as measured by the MSCI Emerging Markets Index. Typically considered a safe-haven asset, U.S. high quality fixed income returns posted a second consecutive negative yearly return as the pace of interest rate hikes eroded value in the Bloomberg U.S. Aggregate Bond Index which posted a decline of -0.9%.

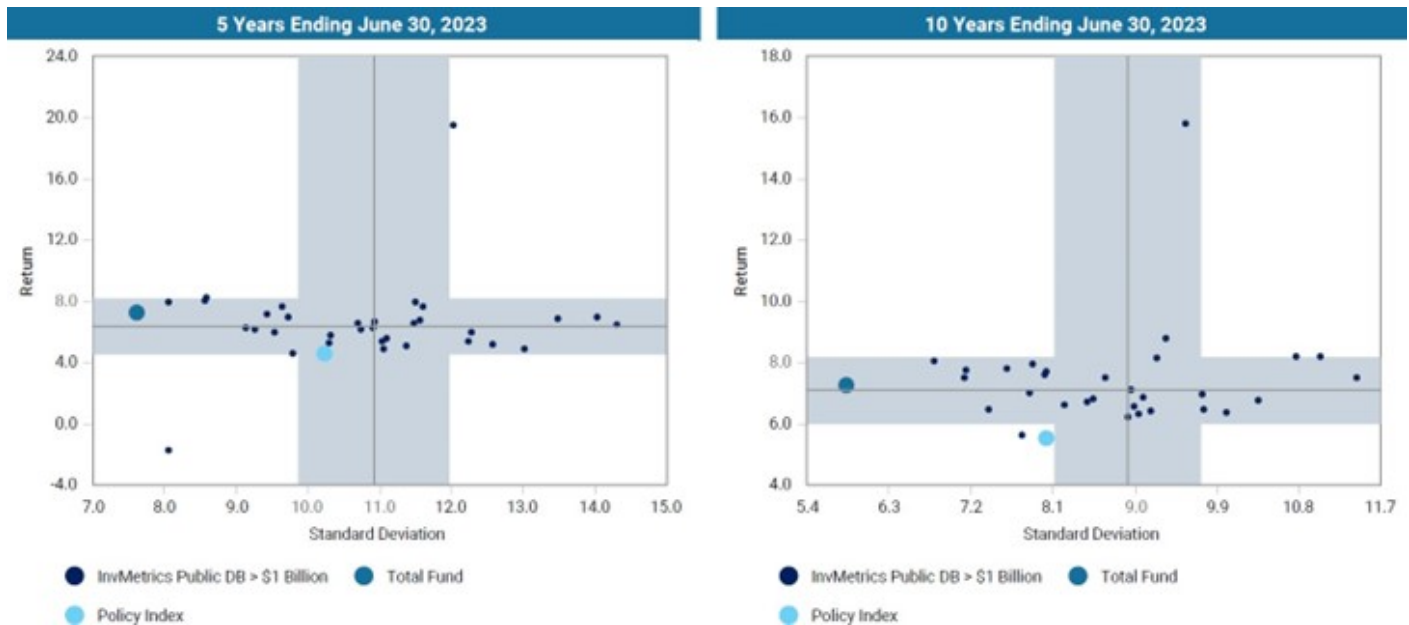
The SBCERA Investment Portfolio

The SBCERA total investment portfolio return, net of fees was 5.0% for the year ended June 30, 2023 and underperformed its benchmark return by 2.2%. The median fund in the InvMetrics peer group universe of large Public Funds returned 7.5% in the same period. The Fund's five-year return net-of-fees for the period ended June 30, 2023 outperformed its policy benchmark by 2.7% and returned 7.3% while ranking in the 22nd percentile in its peer group. That is, in the past five years, SBCERA's returns are higher than 78% of its peer group. Over the past 10 years, the Fund's return of 7.3% outperformed the actuarial rate of return of 7.25% and ranked in the 47th percentile in its peer group. Assessing SBCERA's risk profile, the 5-year and 10-year standard deviation ranked in the first percentile in its peer group (least variable), resulting in risk-adjusted returns (as measured by the Sharpe Ratio) that rank in the 13th percentile over 5-years and 4th percentile over 10-years.

Report on Investment Activity

(Continued)

InvMetrics Public Funds Greater than \$1 Billion Universe Risk-Return Comparison (Net of Fees)



As strong capital market returns were realized across risky assets like stocks in the past fiscal year, as expected, SBCERA returns trailed plans with a greater allocation to stocks. NEPC continues to be supportive in SBCERA's chosen asset allocation which reduces the Fund's volatility risk to more consistently meet its actuarial targets. Lower public equity exposure and broader diversification can help protect portfolios from significant declines. SBCERA's portfolio continues to be positioned to take advantage of contractual income-based investments which have often produced superior risk-adjusted returns over the last decade.

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 June 30, 2023. At that time a significant portion of SBCERA's assets were invested in Private market instruments, which reflected 3/31/2023 valuations.

Sincerely,

Samuel M. Austin, III, Partner

Outline of Investment Policies

As of June 30, 2023

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 San Bernardino County 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, 2023

(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 1, 2022, 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, 2023

Investment Managers

Domestic Equity

Russell Investment Group
State Street Global Advisors
TOBAM

International Equity

Russell Investment Group
State Street Global Advisors
TOBAM
Wasatch Global Investors
William Blair Investment Management

Domestic Fixed Income

Apollo Global Management, LLC
Bardin Hill Investment Partners
Beach Point Capital Mgmt, LP
GoldenTree Asset Mgmt, LP
Kayne Anderson Capital Advisors, LP
Manulife Investment Management
Waterfall Asset Management, LLC

Global Fixed Income

Alcentra Ltd
Ashmore Investment Mgmt Ltd
BNY Alcentra Group Holdings, Inc.
Gramercy Funds Mgmt, LLC
Marathon Asset Mgmt, LP
Polus Capital Management Ltd
Principal Global Investors, LLC
Prudential Investment Mgmt

Private Equity

Aberdeen Asset Management, PLC
Adams Street Partners, LLC
Apollo Global Management, LLC
Ares Management, LLC
Aurora Capital Group
Crestline Management, LP
Industry Ventures, LLC
Irradiant Partners, LP
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
State Street Global Advisors
ZAIS Group, LLC

Timber

Domain Timber Advisors
Manulife Investment Management

Infrastructure

Kayne Anderson Cap Advisors, LP

Commodities

Energy Spectrum Capital
Pinnacle Asset Management, LP
Starwood Energy Group Global, LLC

Real Estate

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
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
MCUBE Investment Technologies
NEPC, LLC

Custodial Services

State Street Bank & Trust Company

Legal Counsel

Hirschler Fleischer, PC
Morgan, Lewis & Bockius, LLP
Nossaman LLP

Investment Results

As of June 30, 2023

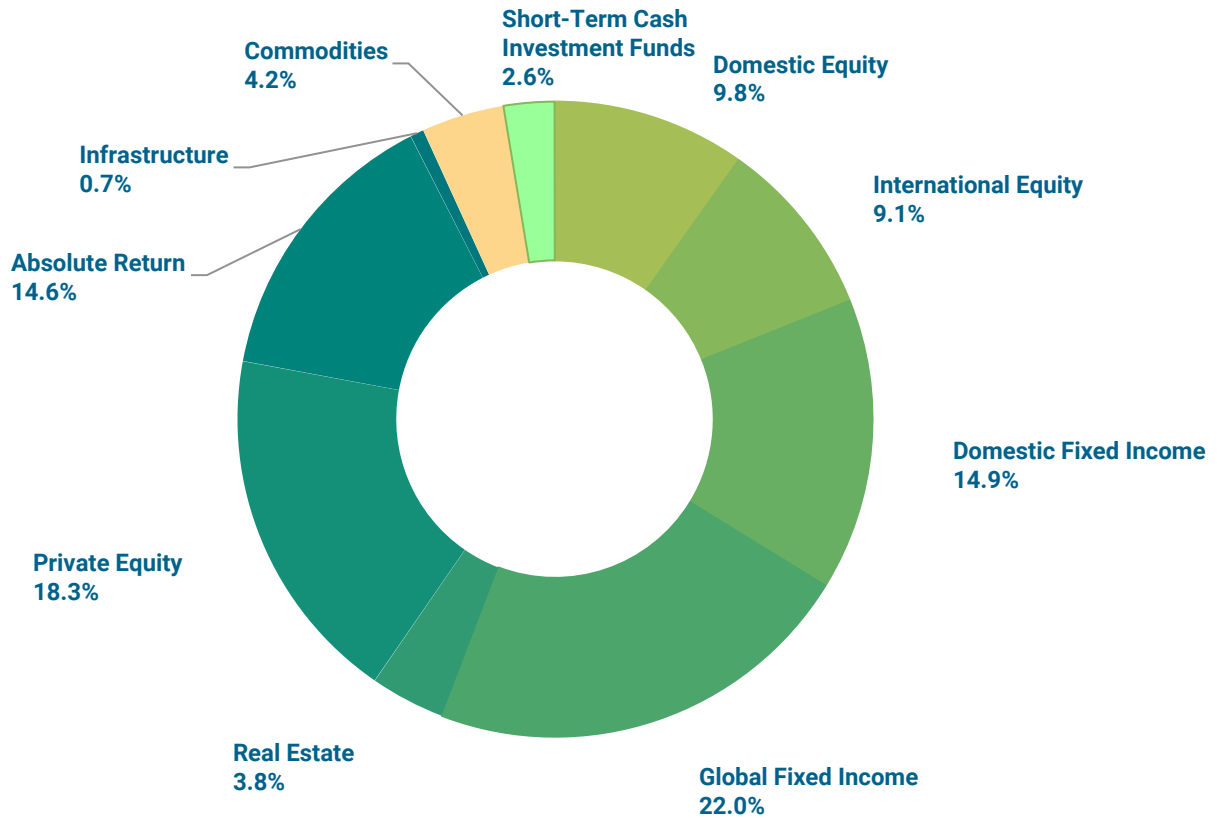
	Current Year 2023	Annualized 3 year	Annualized 5 year
Total Portfolio	5.0%	11.9%	7.3%
<i>SB Policy Benchmark</i>	7.2%	4.4%	4.6%
Cash Equivalents	4.6%	1.5%	1.6%
<i>BofA ML 3-Month T-Bill Benchmark</i>	3.6%	1.3%	1.6%
Equity Segment			
Domestic Equity	14.5%	11.5%	9.4%
<i>Russell 3000 Benchmark</i>	19.0%	13.9%	11.4%
Emerging Markets Equity	(1.2)%	(0.2)%	(1.4)%
<i>MSCI Emerging Markets Benchmark</i>	1.7%	2.3%	0.9%
International Equity	13.8%	2.7%	0.7%
<i>MSCI EAFE Benchmark</i>	18.8%	8.9%	4.4%
Fixed Income Segment			
Domestic Fixed Income	6.1%	10.3%	6.6%
<i>CS Leveraged Loan/ICE BofA US High Yield Benchmark</i>	9.4%	4.4%	3.7%
Global and Emerging Market Fixed Income	7.4%	8.4%	3.4%
<i>Bloomberg Global Aggregate ex US Benchmark</i>	(1.8)%	(5.9)%	(2.7)%
Real Asset Segment			
Real Estate	(1.4)%	9.2%	7.6%
<i>NCREIF Property Benchmark</i>	(1.6)%	7.2%	6.7%
Infrastructure	17.0%	31.2%	9.9%
<i>Real Assets Custom Blend Benchmark</i>	(10.0)%	10.6%	3.7%
Commodities	7.0%	13.6%	12.0%
<i>S&P GSCI Composite Benchmark</i>	(14.2)%	25.1%	2.8%
Other Alternative Segment			
Private Equity/Venture Capital	(1.7)%	23.3%	16.4%
<i>Cambridge Associates Global PE Benchmark</i>	(3.9)%	21.4%	14.7%
Absolute Return	7.9%	8.1%	4.0%
<i>91 Day T-Bill + 3% Benchmark</i>	6.7%	4.3%	4.6%

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

Asset Allocation

As of June 30, 2023

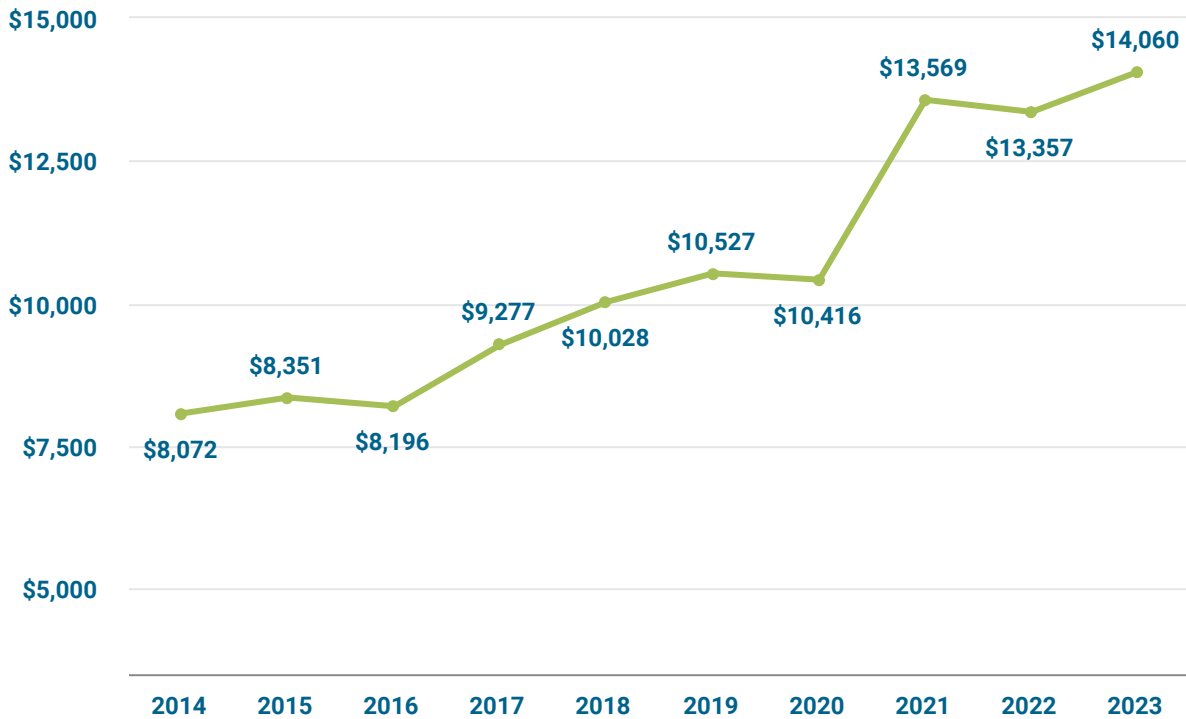
TARGET VS. ACTUAL ASSET ALLOCATION PERCENTAGES



	Actual	Target	Target Ranges	
			Minimum	Maximum
Domestic Equity	9.8%	17%	10%	27%
International Equity	9.1%	13%	8%	18%
Domestic Fixed Income	14.9%	15%	10%	20%
Global Fixed Income	22.0%	17%	11%	21%
Real Estate	3.8%	5%	—%	10%
Private Equity	18.3%	18%	6%	23%
Absolute Return	14.6%	7%	—%	12%
Infrastructure	0.7%	2%	—%	6%
Commodities	4.2%	4%	(1)%	7%
Short-Term Cash Investment Funds	2.6%	2%	—%	10%

FAIR VALUE GROWTH OF PLAN ASSETS HELD FOR INVESTMENTS

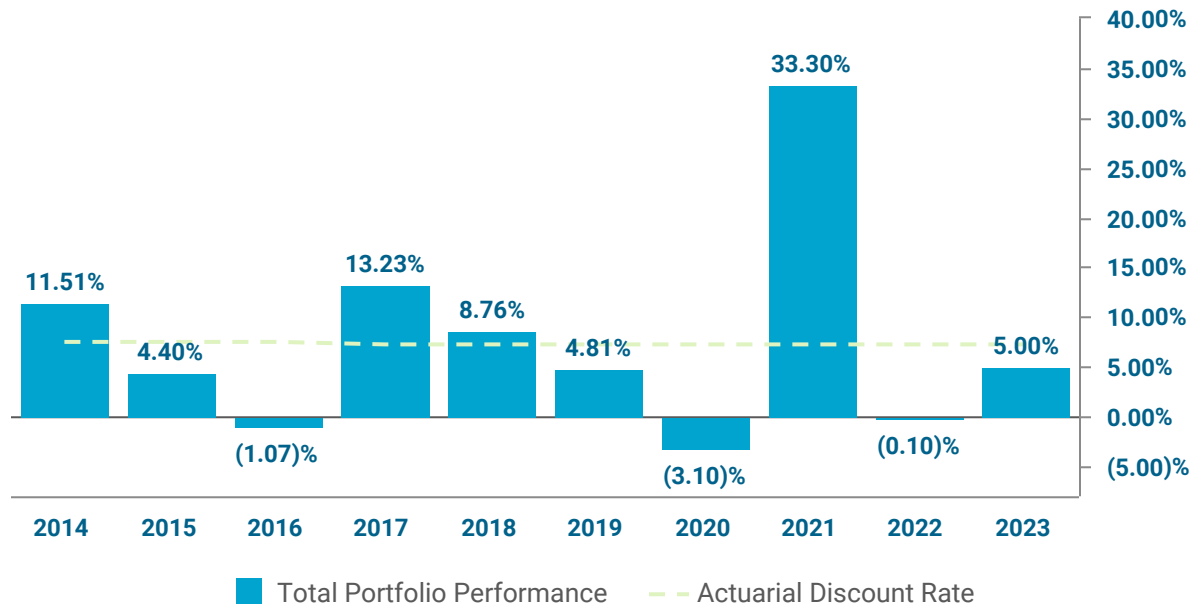
For the Years Ended June 30, 2014 through 2023 (Amounts in Millions)



Note: This chart depicts growth of 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, 2014 through 2023 (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, 2023

(Amounts in Thousands) (By Fair Value)

EQUITY HOLDINGS

Description	Shares	Fair Value
Pierre + Vacances Common Stock	26,093	\$ 45,947
Ready Capital Corp	3,909	44,093
Expro Group Holdings Nv Common Stock	921	16,327
Frontera Energy Corp Common Stock	1,754	14,593
Global Garden Stock A3 Shares	2,271	13,162
LTBI Holdings	9	13,144
Williams Cos Inc Common Stock	345	11,260
Targa Resources Corp Common Stock	143	10,859
MPLX LP MLP	313	10,633
Enterprise Products Partners MLP	402	10,595
TOTAL OF LARGEST EQUITY HOLDINGS		\$ 190,613
TOTAL EQUITY HOLDINGS		\$ 2,920,297

FIXED INCOME HOLDINGS

Description	Par	Fair Value
Treasury Bill 09/23	\$ 70,000	\$ 69,339
Treasury Bill 11/23	40,000	39,294
Treasury Bill 11/23	40,000	39,254
Treasury Bill 11/23	40,000	39,134
Treasury Bill 12/23	35,000	34,166
Treasury Bill 12/23	35,000	34,093
Treasury Bill 12/23	27,000	26,328
GP Holdings SA II Peruchim Peruvian Agrarian Land Reform	5	13,845
Teseo 01/51	18,917	10,732
Republic Of Argentina Sr Unsecured 07/30	31,983	10,620
TOTAL OF LARGEST FIXED INCOME HOLDINGS		\$ 316,805
TOTAL FIXED INCOME HOLDINGS		\$ 1,671,465

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, 2023

(Amounts in Thousands)

FEES

Type of Fees	Assets Under Management at Fair Value	Fees ¹
Investment Managers' Advisement Fees		
Equity Managers	\$2,920,297	\$ 9,457
Fixed Income Managers	1,671,465	16,331
Real Estate Managers	8,522	—
Alternative Managers	7,892,067	81,271
Short-Term Cash & Securities Lending Collateral	1,616,596	—
TOTAL INVESTMENT MANAGERS' ADVISEMENT FEES	\$ 14,108,947	\$ 107,059
Other Investment Advisement Fees		
Consultant Fees		\$ 2,472
Custodian Fees		1,402
Legal Services		201
TOTAL INVESTMENT ADVISEMENT FEES		\$ 111,134
SECURITIES LENDING FEES		\$ 4,942
TOTAL FEES		\$ 116,076

COMMISSIONS

Brokerage Firm	Total Shares Traded (Actual Shares)	Commissions Per Share (Actual Dollars)	Total Commissions	% of Total Commissions ³
Morgan Stanley	1,302,713	\$ 0.376	\$ 490	68.63 %
Goldman Sachs	1,112,377	0.044	49	6.86 %
National Financial	1,465,977	0.020	29	4.06 %
Barclays	1,171,860	0.025	30	4.20 %
Jefferies	3,510,663	0.011	40	5.60 %
Other ²	4,786,916	Various ²	76	10.65 %
TOTAL	13,350,506		\$ 714	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 31 additional firms, each with less than 2.00% of total commissions. The average commission per share is \$0.0287.

(3) Results are adjusted for rounding.

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

Investment Summary

As of June 30, 2023

(Amounts in Thousands)

Type of Investment	Fair Value	Percent of Total Fair Value
Short-Term Cash Investment Funds	\$ 1,568,081	11.12%
Emerging Market Debt	71,070	0.50%
U.S. Government Obligations and Other Municipals	290,233	2.06%
Domestic Bonds	576,748	4.09%
Foreign Bonds	733,414	5.20%
Domestic Common and Preferred Stock	1,997,866	14.16%
Foreign Common and Preferred Stock	922,431	6.54%
Investments of Cash Collateral Received on Securities Lending	48,515	0.34%
Real Estate	8,522	0.06%
Domestic Alternatives	6,071,585	43.03%
Foreign Alternatives	1,820,482	12.90%
TOTAL INVESTMENTS, AT FAIR VALUE	\$ 14,108,947	100.00%

Actuarial Section



San Bernardino County Auditor-Controller/Treasurer/Tax Collector Team

Actuary's Certification Letter



November 3, 2023

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 (SBCERA)
June 30, 2023 Actuarial Valuation for Funding Purposes**

Dear Members of the Board:

Segal prepared the June 30, 2023 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 2022. In particular, it is our understanding that the assumptions and methods used for funding purposes meet the guidance provided by the Actuarial Standards of Practice (ASOPs).

As part of the June 30, 2023 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 accuracy of 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)

Actuary's Certification Letter

(Continued)

Board of Retirement
San Bernardino County Employees' Retirement Association
November 3, 2023
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period of up to 5 years). The progress being made towards meeting the funding objective through June 30, 2023 is illustrated in the Schedule of Funding Progress.¹

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) Statement No. 67 actuarial valuation as of June 30, 2023 prepared by Segal. For the Financial Section of the Annual Comprehensive Financial Report (ACFR), 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, 2023 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 and 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

¹ 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.

Actuary's Certification Letter

(Continued)

Board of Retirement
San Bernardino County Employees' Retirement Association
November 3, 2023
Page 3

The valuation assumptions included in the Actuarial Section were adopted by the Board of Retirement based on the 2023 Actuarial Experience Study (for both the economic and non-economic assumptions). It is our opinion that the assumptions used in the June 30, 2023 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 2026.

In the June 30, 2023 valuation, the ratio of the actuarial value of assets to actuarial accrued liabilities (funded percentage) increased from 84.8% to 86.1%. The average employer contribution rate has decreased from 31.43% of payroll to 30.22% of payroll, while the average member contribution rate has decreased from 10.95% of payroll to 10.44% of payroll.

Under the asset smoothing method, the total unrecognized investment loss is about \$86 million as of June 30, 2023. This investment gain will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years. The deferred loss of \$86 million represents about 0.6% of the market value of assets as of June 30, 2023. Unless offset by future investment gains or other favorable experience, the recognition of the \$86 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 and entirely in the actuarial value of assets, the funded ratio would decrease from 86.1% to 85.6%.
- If the net deferred losses were recognized immediately and entirely in the actuarial value of assets, the average employer contribution rate would decrease from 30.22% to 30.57% of payroll.

The actuarial calculations were directed under the supervision of Molly Calcagno, ASA, Enrolled Actuary, MAAA. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Sincerely,



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



Molly Calcagno, ASA, MAAA, EA
Senior Actuary

Schedule of Funding Progress

For the Years Ended June 30, 2014 through 2023

(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)
6/30/2014	\$ 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%
6/30/2021	12,258,925	14,957,436	2,698,511	81.96%	1,626,449	165.91%
6/30/2022	13,260,596	15,630,124	2,369,528	84.84%	1,663,991	142.40%
6/30/2023	14,157,370	16,446,672	2,289,302	86.08%	1,812,216	126.33%

- (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 San Bernardino County to SBCERA related to the Crest Forest Fire District 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 Valuation Methods & Assumptions

As of June 30, 2023

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	2.50% (Actual rate is based on six-month Treasury rate)
Inflation	2.50% per annum
Salary Scale	As shown in Table on page 118.
Asset Valuation	Smoothed market (five year average); See Development of Actuarial Value of Assets on page 111 which shows the development of the assets. As of June 30, 2023, the net unrecognized deferred loss is \$(86) million.
Gains and Losses	Gains and losses are reflected in the UAAL. They 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, with female (or male) spouses assumed two (three) years younger (or older) than their spouses, respectively.
Rates of Termination of Employment	As shown in Table on page 119.
Years of Life Expectancy After Retirement	As shown in Table on page 121
Years of Life Expectancy After Disability	As shown in Table on page 121.
Mortality Rate:	Healthy - Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) 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 tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019.
General	
Safety	Healthy - Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019. Disabled - Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females), 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 4.55% and 4.75% compensation increases per annum, respectively.
Deferral Age for Vested Terminations	Age 59 for General members; Age 53 for Safety
Cost-of-Living Adjustment	Contingent upon consumer price index with a 2.00% maximum
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).

Note: The above methods and assumptions were selected by the Plan's actuary as being appropriate for the Plan and are adopted for the year ended June 30, 2023.

Development of Actuarial Value of Assets

As of June 30, 2023

(Amounts in Thousands)

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 and, as a result, the asset value and the plan costs are more stable. The amount of the adjustment to recognize fair value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

1.	Fair Value of Assets		\$ 14,071,350
2.	Calculation of Unrecognized Return		
		<u>Original Amount</u>	<u>Unrecognized Return</u>
	Year Ended June 30, 2023 ¹	\$ (160,626)	\$ (128,501)
	Year Ended June 30, 2022 ¹	(1,311,435)	(786,861)
	Year Ended June 30, 2021 ¹	2,608,242	1,043,297
	Year Ended June 30, 2020 ¹	(1,069,778)	(213,956)
	Year Ended June 30, 2019 ¹	(227,826)	—
	TOTAL UNRECOGNIZED RETURN²		(86,020)
3.	Actuarial Value of Assets (1) - (2)		14,157,370
4.	Actuarial Value as a Percentage of Market Value (3) / (1)		100.6%
5.	Non-Valuation Reserves		
	Burial Allowance Reserve		325
	TOTAL		325
6.	PRELIMINARY VALUATION VALUE OF ASSETS (3) - (5)		\$ 14,157,045
7.	VALUATION VALUE OF ASSETS		\$ 14,163,143

(1) Recognized at 20% per year over five years.

(2) Deferred (unrecognized) return amount as of June 30, 2023 recognized in each of the next four years as follows:

(b) Amount recognized during 2023/2024	\$	13,281
(c) Amount recognized during 2024/2025		227,236
(d) Amount recognized during 2025/2026		(294,412)
(d) Amount recognized during 2026/2027		(32,125)
Total	<u>\$</u>	<u>(86,020)</u>

(3) Includes \$6.1 million that represents the present value of additional future contributions payable from San Bernardino County to SBCERA related to the Crest Forest Fire District transfer, the City of Big Bear Lake, and the Big Bear Fire Authority to SBCERA for their transfers.

Schedule of Active Member Valuation Data

For the Years Ended June 30, 2014 through 2023

Valuation Date	Number of Participating Employers ¹	Number of Active Members	Annual Payroll	Annual Average Payroll	% Increase/ (Decrease) in Average Payroll
6/30/2014					
General	16	17,314	\$ 1,067,502,671	\$ 61,655	(0.37)%
Safety	3	2,183	200,164,139	91,692	(0.75)%
TOTAL	17	19,497	\$ 1,267,666,810	\$ 65,019	(0.40)%
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	\$ 1,342,864,773	\$ 69,977	8.03%
Safety	3	2,633	283,584,004	107,704	10.68%
TOTAL	17	21,823	\$ 1,626,448,777	\$ 74,529	8.30%
6/30/2020					
General	16	19,203	\$ 1,312,194,815	\$ 68,333	(2.35)%
Safety	3	2,611	275,129,614	105,373	(2.16)%
TOTAL	17	21,814	\$ 1,587,324,429	\$ 72,766	(2.37)%
6/30/2021					
General	15	18,971	\$ 1,342,864,773	\$ 70,785	3.59%
Safety	3	2,529	283,584,004	112,133	6.42%
TOTAL	16	21,500	\$ 1,626,448,777	\$ 75,649	3.96%
6/30/2022					
General	15	18,768	\$ 1,370,336,398	\$ 73,015	3.15%
Safety	3	2,508	293,654,474	117,087	4.42%
TOTAL	16	21,276	\$ 1,663,990,872	\$ 78,210	3.39%
6/30/2023					
General	15	19,470	\$ 1,487,138,487	\$ 76,381	4.61%
Safety	3	2,614	325,077,451	124,360	6.21%
TOTAL	16	22,084	\$ 1,812,215,938	\$ 82,060	4.92%

(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, 2014 through 2023

Number of Members					Annual Allowances						
Year ¹	Start of Year	Added	Removed	End of Year	Beginning	Added During Year	Removed	Annual Allowance ²	% Increase	Average	Average
		During Year	During Year		Annual Allowance		During Year		In Annual Allowance	Monthly Allowance ²	Annual Allowance ²
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
7/20 to 6/21	13,833	884	(425)	14,292	629,157,000	54,314,000	(15,218,000)	668,253,000	6.21 %	3,896	46,757
7/21 to 6/22	14,292	1,032	(446)	14,878	668,253,000	66,541,000	(16,056,000)	718,738,000	7.55 %	4,026	48,309
7/22 to 6/23	14,878	917	(406)	15,389	718,738,000	60,869,000	(15,648,000)	763,959,000	6.29 %	4,137	49,643

	Retired 7/1/22 to 6/30/23		Total Retirees	
	General	Safety	General	Safety
Average Age at Retirement	62.16	53.58	59.57	51.29
Average Years of Credited Service at Retirement	21.81	22.37	19.36	21.45
Average Final Average Salary	\$ 7,145	\$ 11,498	\$ 5,584	\$ 7,848
Average Monthly Benefit	\$ 4,701	\$ 8,369	\$ 3,929	\$ 7,108

(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, 2023

	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).</p> <p><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, 2023

(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	<p>After five years of service. Must leave contributions on deposit.</p>	<p>After five years of service. Must leave contributions on deposit.</p>
Member's Contributions	<p>Percentage of compensation earnable based on entry age.</p>	<p>Fixed, flat-rate percentage of pensionable compensation.</p>
Cost-of-Living Adjustment (COLA)	<p>"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.</p>	<p>"Automatic" not to exceed 2% compounding COLA.</p>
Current Year Changes in Plan Provisions	<p>None</p>	<p>None</p>

(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, 2014 through 2023

(Amounts in Thousands)

The following are the gains and losses in accrued liabilities during the years ended June 30, 2014 through 2023 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
6/30/2014 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) ⁵	28,311	(25,827)	(17,763)	(111,271)	(126,550)
6/30/2019 Gain/(Loss)	(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)
6/30/2021 Gain/(Loss)	17,236	322,548	15,938	(6,355)	349,367
6/30/2022 Gain/(Loss)	29,044	124,789	13,962	19,980	187,775
6/30/2023 Gain/(Loss)	(195,214)	(29,191)	6,071	153,087	(65,247)

(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) The June 30, 2018 actuarial valuation was audited by independent actuary, Cheiron. The valuation was 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. The June 30, 2023 actuarial valuation will be audited by Cavanaugh Macdonald, an independent actuary, results will be disclosed in the next Annual Comprehensive Financial Report.

Schedule of Funded Liabilities by Type

For the Years Ended June 30, 2014 through 2023

(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)				
6/30/2014	\$ 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	1,151,640	7,211,256	4,242,046	11,133,173	100%	100%	65.31%
6/30/2021	1,301,481	8,747,726	4,908,229	12,258,925	100%	100%	45.02%
6/30/2022	1,303,134	9,371,648	4,955,342	13,260,596	100%	100%	52.18%
6/30/2023	1,356,943	9,931,469	5,158,260	14,157,370	100%	100%	55.62%

Ratio of Current Compensation to Compensation Anticipated at Retirement

As of June 30, 2023

Age	General Members	Safety Members
20	0.3973	0.3601
25	0.5046	0.4508
30	0.5878	0.5380
35	0.6363	0.5942
40	0.6788	0.6481
45	0.7240	0.7068
50	0.7723	0.7099
55	0.8239	0.8407
60	0.8788	0.9160
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, 2023

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
			<30 Years of Service	>=30 Years of Service	Service Retirement (All Years of Service)
General Members - Male					
20	0.0004	0.0003	0.0000	0.0000	0.0000
30	0.0003	0.0004	0.0000	0.0000	0.0000
40	0.0006	0.0009	0.0000	0.0000	0.0000
50	0.0013	0.0023	0.0250	0.0250	0.0000
60	0.0028	0.0050	0.1100	0.2750	0.0800
70	0.0061	0.0100	0.2600	0.3500	0.3500
General Members - Female					
20	0.0001	0.0003	0.0000	0.0000	0.0000
30	0.0001	0.0004	0.0000	0.0000	0.0000
40	0.0003	0.0009	0.0000	0.0000	0.0000
50	0.0008	0.0023	0.0250	0.0250	0.0000
60	0.0017	0.0050	0.1100	0.2750	0.0800
70	0.0044	0.0100	0.2600	0.3500	0.3500
Safety Members - Male					
20	0.0004	0.0015	0.0000	0.0000	0.0000
30	0.0004	0.0031	0.0000	0.0000	0.0000
40	0.0005	0.0076	0.0000	0.0000	0.0000
50	0.0010	0.0258	0.1300	0.3750	0.0500
60	0.0023	0.0700	0.2500	0.3750	0.2500
Safety Members - Female					
20	0.0002	0.0015	0.0000	0.0000	0.0000
30	0.0002	0.0031	0.0000	0.0000	0.0000
40	0.0004	0.0076	0.0000	0.0000	0.0000
50	0.0008	0.0258	0.1300	0.3500	0.0500
60	0.0014	0.0700	0.2500	0.4500	0.2500

(1) All pre-retirement deaths are assumed to be non-service connected. Note that generational projections beyond the base year (2010) 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, 2023

(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	0.0800
1-2	0.1200	0.0750
2-3	0.1100	0.0650
3-4	0.0900	0.0600
4-5	0.0750	0.0500
5-6	0.0700	0.0400
5-7	0.0650	0.0300
7-8	0.0550	0.0200
8-9	0.0500	0.0190
9-10	0.0500	0.0180
10-11	0.0500	0.0160
11-12	0.0500	0.0140
12-13	0.0450	0.0120
13-14	0.0450	0.0120
14-15	0.0425	0.0120
15-16	0.0400	0.0110
16-17	0.0375	0.0110
17-18	0.0350	0.0110
18-19	0.0325	0.0110
19-20	0.0325	0.0110
20 & More	0.0325	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 Contributions ¹	Elected Refundable Contributions	Elected Non-Refundable Contributions ¹
Less than 5	1.0000	1.0000	1.0000	1.0000
5	0.3500	0.1750	0.1500	0.0750
10	0.3000	0.1500	0.1500	0.0750
15	0.1500	0.0750	0.1000	0.0500
20 or More	0.1500	0.0750	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.

Note: Ratios provided by SBCERA's independent actuary, Segal. Refer to Segal's letter in the Actuarial section for further information.

Expectation of Life

As of June 30, 2023

(Amounts in Years)

General Service Retirees¹

Age	Male	Female
50	34.90	37.36
60	25.29	27.54
70	16.51	18.34
80	9.08	10.35

Safety Service Retirees²

Age	Male	Female
50	36.37	38.05
60	26.36	27.99
70	17.33	18.84
80	9.75	10.98

General Disabled Retirees³

Age	Male	Female
20	52.70	57.47
30	42.67	46.93
40	33.71	37.60
50	25.79	29.38
60	19.12	22.35
70	13.38	15.59
80	8.03	9.25

Safety Disabled Retirees⁴

Age	Male	Female
20	63.88	66.56
30	53.57	56.01
40	43.56	45.87
50	33.67	35.85
60	24.12	26.32
70	15.72	17.84
80	8.77	10.35

- (1) Determined by SBCERA's independent actuary, Segal, using the Pub-2010 General Healthy Amount-Weighted Above-Median Mortality Tables with rates increased by 10%, projected generationally with the two-dimensional mortality improvement scale MP-2019.
- (2) Determined using the Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table projected generationally with the two-dimensional mortality improvement scale MP-2019.
- (3) Determined by Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table projected generationally with the two-dimensional mortality improvement scale MP-2019.
- (4) Determined by Pub-2010 Disabled Retiree Amount-Weighted Mortality Table projected generationally with the two-dimensional mortality improvement scale MP-2019.

History of the Total Employer Contribution Rates

For Actuarial Valuation Years Ended June 30, 2014 through 2023

	Valuation Date				
	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
County General - Tier 1					
Normal Cost	11.38%	12.09%	12.18%	12.24%	11.63%
UAAL	12.83%	13.45%	14.99%	16.25%	14.21%
Total	24.21%	25.54%	27.17%	28.49%	25.84%
County General - Tier 2					
Normal Cost	8.74%	9.08%	9.04%	9.09%	9.11%
UAAL	12.83%	13.45%	14.99%	16.25%	14.21%
Total	21.57%	22.53%	24.03%	25.34%	23.32%
Safety - Tier 1'					
Normal Cost	23.65%	24.12%	24.38%	24.38%	21.73%
UAAL	37.76%	37.81%	35.37%	37.28%	35.38%
Total	61.41%	61.93%	59.75%	61.66%	57.11%
Safety - Tier 2'					
Normal Cost	15.06%	15.77%	15.84%	16.06%	16.13%
UAAL	37.76%	37.81%	35.37%	37.28%	35.38%
Total	52.82%	53.58%	51.21%	53.34%	51.51%
SCAQMD - Tier 1					
Normal Cost	12.39%	13.60%	14.20%	14.34%	13.02%
UAAL	29.61%	30.58%	33.24%	35.22%	31.20%
Total	42.00%	44.18%	47.44%	49.56%	44.22%
SCAQMD - Tier 2					
Normal Cost	8.23%	8.23%	8.12%	7.98%	8.16%
UAAL	30.58%	30.58%	33.24%	35.22%	31.20%
Total	38.81%	38.81%	41.36%	43.20%	39.36%
Superior Court - Tier 1					
Normal Cost	11.38%	12.09%	12.18%	12.24%	11.63%
UAAL	14.68%	15.63%	17.49%	18.94%	16.92%
Total	26.06%	27.72%	29.67%	31.18%	28.55%
Superior Court - Tier 2					
Normal Cost	8.74%	9.08%	9.04%	9.09%	9.11%
UAAL	14.68%	15.63%	17.49%	18.94%	16.92%
Total	23.42%	24.71%	26.53%	28.03%	26.03%
Other General - Tier 1					
Normal Cost	13.79%	13.96%	14.12%	14.03%	11.58%
UAAL	21.19%	21.94%	26.36%	29.04%	26.80%
Total	34.98%	35.90%	40.48%	43.07%	38.38%
Other General - Tier 2					
Normal Cost	8.61%	9.09%	9.12%	9.10%	9.06%
UAAL	21.19%	21.94%	26.36%	29.04%	26.80%
Total	29.80%	31.03%	35.48%	38.14%	35.86%
LAFCO - Tier 1					
Normal Cost	13.79%	13.96%	14.12%	14.03%	11.58%
UAAL	14.55%	16.23%	21.18%	25.89%	24.18%
Total	28.34%	30.19%	35.30%	39.92%	35.76%
LAFCO - Tier 2					
Normal Cost	8.61%	9.09%	9.12%	9.10%	9.06%
UAAL	14.55%	16.23%	21.18%	25.89%	24.18%
Total	23.16%	25.32%	30.30%	34.99%	33.24%
Law Library - Tier 1					
Normal Cost	13.79%				
UAAL	19.27%				
Total	33.06%				
Law Library - Tier 2					
Normal Cost	8.61%				
UAAL	19.27%				
Total	27.88%				

Note: These are recommended rates and include a 2-year lag. For example, the rates recommended in the actuarial valuation dated June 30, 2023, will go into effect for the year ending June 30, 2025.

History of the Total Employer Contribution Rates

For Actuarial Valuation Years Ended June 30, 2014 through 2023

(Continued)

	Valuation Date				
	6/30/2018	6/30/2017 ²	6/30/2016	6/30/2015	6/30/2014
County General - Tier 1					
Normal Cost	11.63%	11.70%	11.50%	11.50%	11.50%
UAAL	13.76%	13.57%	10.91%	10.83%	10.99%
Total	25.39%	25.27%	22.41%	22.33%	22.49%
County General - Tier 2					
Normal Cost	9.10%	9.16%	8.45%	8.37%	8.40%
UAAL	13.76%	13.57%	10.91%	10.83%	10.99%
Total	22.86%	22.73%	19.36%	19.20%	19.39%
County Safety - Tier 1²					
Normal Cost	21.66%	21.81%	22.14%	22.10%	22.06%
UAAL	33.42%	33.76%	28.06%	28.88%	27.03%
Total	55.08%	55.57%	50.20%	50.98%	49.09%
County Safety - Tier 2²					
Normal Cost	16.19%	16.54%	15.15%	14.03%	15.22%
UAAL	33.42%	33.76%	28.06%	28.88%	27.03%
Total	49.61%	50.30%	43.21%	42.91%	42.25%
SCAQMD - Tier 1					
Normal Cost	12.45%	11.84%	11.68%	11.69%	11.73%
UAAL	29.86%	28.50%	23.25%	21.24%	18.46%
Total	42.31%	40.34%	34.93%	32.93%	30.19%
SCAQMD - Tier 2					
Normal Cost	8.18%	8.39%	7.66%	7.66%	7.97%
UAAL	29.86%	28.50%	23.25%	21.24%	18.46%
Total	38.04%	36.89%	30.91%	28.90%	26.43%
Superior Court - Tier 1					
Normal Cost	11.63%	11.70%	11.50%	11.50%	11.50%
UAAL	16.73%	16.47%	13.20%	12.40%	12.39%
Total	28.36%	28.17%	24.70%	23.90%	23.89%
Superior Court - Tier 2					
Normal Cost	9.10%	9.16%	8.45%	8.37%	8.40%
UAAL	16.73%	16.47%	13.20%	12.40%	12.39%
Total	25.83%	25.63%	21.65%	20.77%	20.79%
Other General - Tier 1					
Normal Cost	11.48%	11.78%	13.18%	12.88%	12.83%
UAAL	26.54%	25.25%	21.35%	20.17%	20.48%
Total	38.02%	37.03%	34.53%	33.05%	33.31%
Other General - Tier 2					
Normal Cost	9.07%	9.05%	8.74%	9.33%	9.29%
UAAL	26.54%	25.25%	21.35%	20.17%	20.48%
Total	35.61%	34.30%	30.09%	29.50%	29.77%
Other Safety - Tier 1²					
Normal Cost			22.52%	22.35%	23.22%
UAAL			60.67%	49.96%	45.79%
Total			83.19%	72.31%	69.01%
Other Safety - Tier 2²					
Normal Cost			13.06%	13.21%	12.82%
UAAL			60.67%	49.96%	45.79%
Total			73.73%	63.17%	58.61%

Note: See Note on page 122 for further information.

Retirees and Beneficiaries

Added to and Removed from Rolls for the Years Ended June 30, 2014 through 2023
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			
6/30/2014											
General	620	\$ 26,034	286	\$ 6,575	334	\$ 19,459	8,571	\$ 273,632	7.66%	\$ 31,925	
Safety	136	9,220	25	832	111	8,388	1,610	94,038	9.79%	58,409	
TOTAL	756	\$ 35,254	311	\$ 7,407	445	\$ 27,847	10,181	\$ 367,670	8.19%	\$ 36,113	
6/30/2015											
General	632	\$ 28,114	259	\$ 5,744	373	\$ 22,370	8,944	\$ 296,002	8.18%	\$ 33,095	
Safety	164	11,338	27	1,312	137	10,026	1,747	104,064	10.66%	59,567	
TOTAL	796	\$ 39,452	286	\$ 7,056	510	\$ 32,396	10,691	\$ 400,066	8.81%	\$ 37,421	
6/30/2016											
General	681	\$ 31,597	269	\$ 6,759	412	\$ 24,838	9,356	\$ 320,840	8.39%	\$ 34,292	
Safety	122	10,665	32	1,637	90	9,028	1,837	113,092	8.68%	61,563	
TOTAL	803	\$ 42,262	301	\$ 8,396	502	\$ 33,866	11,193	\$ 433,932	8.47%	\$ 38,768	
6/30/2017											
General	740	\$ 38,025	289	\$ 7,774	451	\$ 30,251	9,807	\$ 351,091	9.43%	\$ 35,800	
Safety	129	11,774	31	1,436	98	10,338	1,935	123,430	9.14%	63,788	
TOTAL	869	\$ 49,799	320	\$ 9,210	549	\$ 40,589	11,742	\$ 474,521	9.35%	\$ 40,412	
6/30/2018											
General	720	\$ 37,229	289	\$ 8,619	431	\$ 28,610	10,238	\$ 379,701	8.15%	\$ 37,087	
Safety	130	11,895	24	1,069	106	10,826	2,041	134,256	8.77%	65,780	
TOTAL	850	\$ 49,124	313	\$ 9,688	537	\$ 39,436	12,279	\$ 513,957	8.31%	\$ 41,857	
6/30/2019											
General	743	\$ 37,774	296	\$ 8,033	447	\$ 29,741	10,685	\$ 409,442	7.83%	\$ 38,319	
Safety	116	11,846	35	1,822	81	10,024	2,122	144,280	7.47%	67,992	
TOTAL	859	\$ 49,620	331	\$ 9,855	528	\$ 39,765	12,807	\$ 553,722	7.74%	\$ 43,236	
6/30/2020											
General	786	\$ 43,047	309	\$ 9,713	477	\$ 33,334	11,517	\$ 464,891	13.54%	\$ 40,366	
Safety	148	13,394	36	2,234	112	11,160	2,316	164,266	13.85%	70,927	
TOTAL	934	\$ 56,441	345	\$ 11,947	589	\$ 44,494	13,833	\$ 629,157	13.62%	\$ 45,482	
6/30/2021											
General	763	\$ 41,916	369	\$ 11,930	394	\$ 29,986	11,911	\$ 494,877	6.45%	\$ 41,548	
Safety	121	12,398	56	3,288	65	9,110	2,381	173,376	5.55%	72,816	
TOTAL	884	\$ 54,314	425	\$ 15,218	459	\$ 39,096	14,292	\$ 668,253	6.21%	\$ 46,757	
6/30/2022											
General	863	\$ 49,695	375	\$ 11,652	488	\$ 38,043	12,399	\$ 532,920	7.69%	\$ 42,981	
Safety	169	16,846	71	4,404	98	12,442	2,479	185,818	7.18%	74,957	
TOTAL	1,032	\$ 66,541	446	\$ 16,056	586	\$ 50,485	14,878	\$ 718,738	7.55%	\$ 48,309	
6/30/2023											
General	766	\$ 45,580	355	\$ 12,451	411	\$ 33,129	12,810	\$ 566,049	6.22%	\$ 44,188	
Safety	151	15,289	51	3,197	100	12,092	2,579	197,910	6.51%	76,739	
TOTAL	917	\$ 60,869	406	\$ 15,648	511	\$ 45,221	15,389	\$ 763,959	6.29%	\$ 49,643	

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

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Statistical Section



Department of Water & Power
City of Big Bear Lake

Statistical Section Overview

The objective of the Statistical Section is to clearly present historical, financial, and demographic information for the Plan. This supplemental information is meant to provide additional context to users of the Basic Financial Statements, Notes to the Basic Financial Statements, and Required Supplementary Information and assist in analyzing the Plan's current financial position. Unless otherwise noted, the detailed data contained in this section is presented as a ten-year trend and is derived from a combination of sources including the general ledger, member database, and reports produced by the Plan's actuary.

As outlined below, the tables on the following pages provide information on financial trends and demographic trends.

Financial Trends - Contains historical data pertaining to Changes in Fiduciary Net Position at a more detailed level than what is presented in the Basic Financial Statements.

- Statistical Changes in Fiduciary Net Position
- Additions by Source
- Deductions by Type
- Benefit Expenses by Type

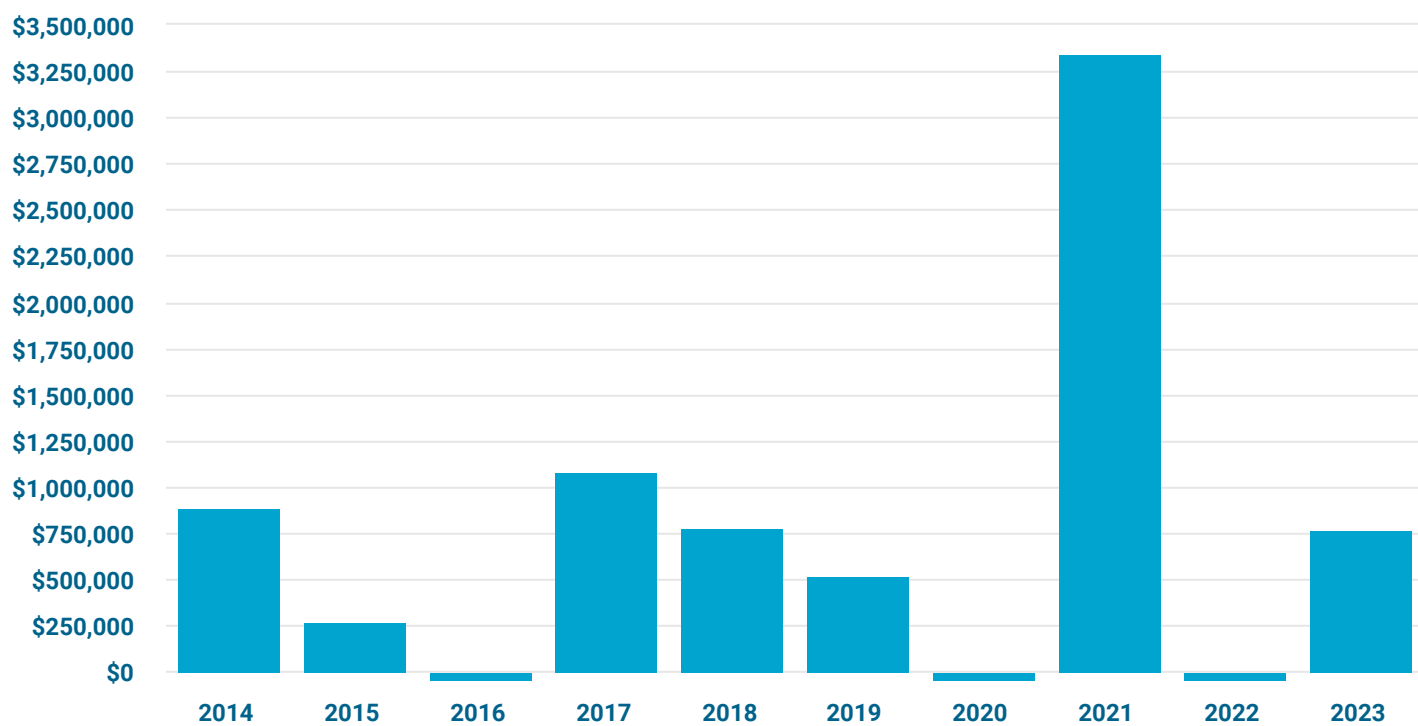
Demographic & Operating Trends - Contains historical data pertaining to the Plan's membership.

- Retired Members by Type of Benefit
- Average Benefit Payments
- History of Membership by Participating Employer
- Statistical Membership Information

Statistical Changes in Fiduciary Net Position

For the Years Ended June 30, 2014 through 2023

(Amounts in Thousands)



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
ADDITIONS										
Employer Contributions ¹	\$ 330,330	\$ 303,244	\$ 340,512	\$ 360,478	\$ 381,452	\$ 446,295	\$ 467,985	\$ 498,747	\$ 550,346	\$ 555,892
Member Contributions ²	89,861	129,895	139,132	143,858	151,006	163,552	169,183	172,953	178,893	188,091
Investment Income/(Loss) ³	877,018	280,842	(80,028)	1,098,198	797,480	502,753	(302,050)	3,353,153	(321,093)	802,595
TOTAL ADDITIONS	\$ 1,297,209	\$ 713,981	\$ 399,616	\$ 1,602,534	\$ 1,329,938	\$ 1,112,600	\$ 335,118	\$ 4,024,853	\$ 408,146	\$ 1,546,578
DEDUCTIONS										
Benefits and Refunds	\$ 397,823	\$ 428,475	\$ 464,068	\$ 497,904	\$ 539,297	\$ 578,508	\$ 621,564	\$ 660,822	\$ 726,448	\$ 760,785
Administrative Expenses	6,386	6,710	7,569	9,961	8,752	9,383	9,019	9,720	10,454	11,779
Other Expenses	2,483	2,208	2,664	3,202	3,340	3,292	5,608	4,792	5,181	5,580
TOTAL DEDUCTIONS	\$ 406,692	\$ 437,393	\$ 474,301	\$ 511,067	\$ 551,389	\$ 591,183	\$ 636,191	\$ 675,334	\$ 742,083	\$ 778,144
TOTAL CHANGE IN FIDUCIARY NET POSITION	\$ 890,517	\$ 276,588	\$ (74,685)	\$ 1,091,467	\$ 778,549	\$ 521,417	\$ (301,073)	\$ 3,349,519	\$ (333,937)	\$ 768,434

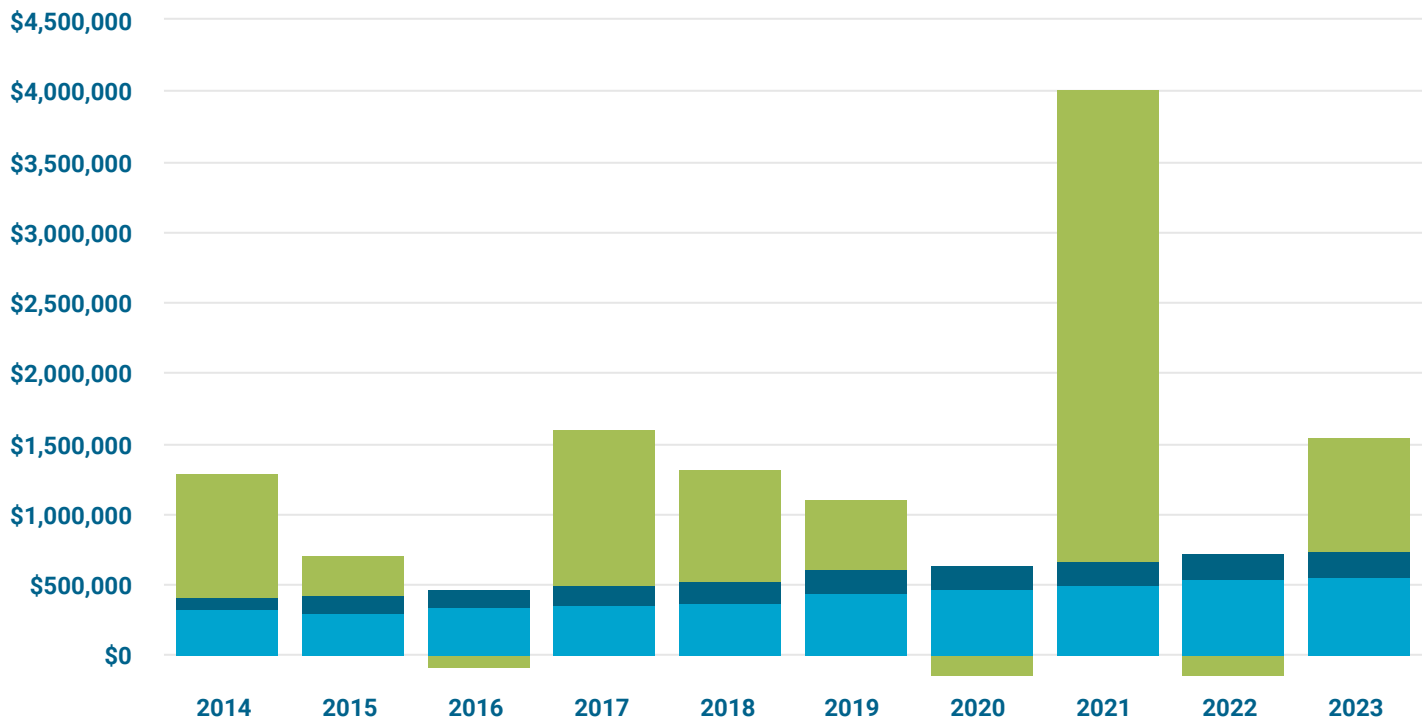
(1) For the year ended June 30, 2018: Includes \$2,784 thousand in Employer Contributions for a Plan Asset transfer from an outside plan.

(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, 2014 through 2023
(Amounts in Thousands)



ADDITIONS	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Employer Contributions ¹	\$330,330	\$303,244	\$340,512	\$360,478	\$381,452	\$446,295	\$467,985	\$498,747	\$550,346	\$555,892
Member Contributions ²	89,861	129,895	139,132	143,858	151,006	163,552	169,183	172,953	178,893	188,091
Investment Income/(Loss) ³	877,018	280,842	(80,028)	1,098,198	797,480	502,753	(302,050)	3,353,153	(321,093)	802,595
TOTAL ADDITIONS	\$1,297,209	\$713,981	\$399,616	\$1,602,534	\$1,329,938	\$1,112,600	\$335,118	\$4,024,853	\$408,146	\$1,546,578
COVERED PAYROLL⁴	\$1,267,667	\$1,309,095	\$1,346,408	\$1,406,470	\$1,477,131	\$1,542,495	\$1,587,324	\$1,626,449	\$1,663,991	\$1,812,216
EMPLOYER CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	26.06%	23.16%	25.29%	25.63%	25.82%	28.93%	29.48%	30.66%	33.07%	30.67%

(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.

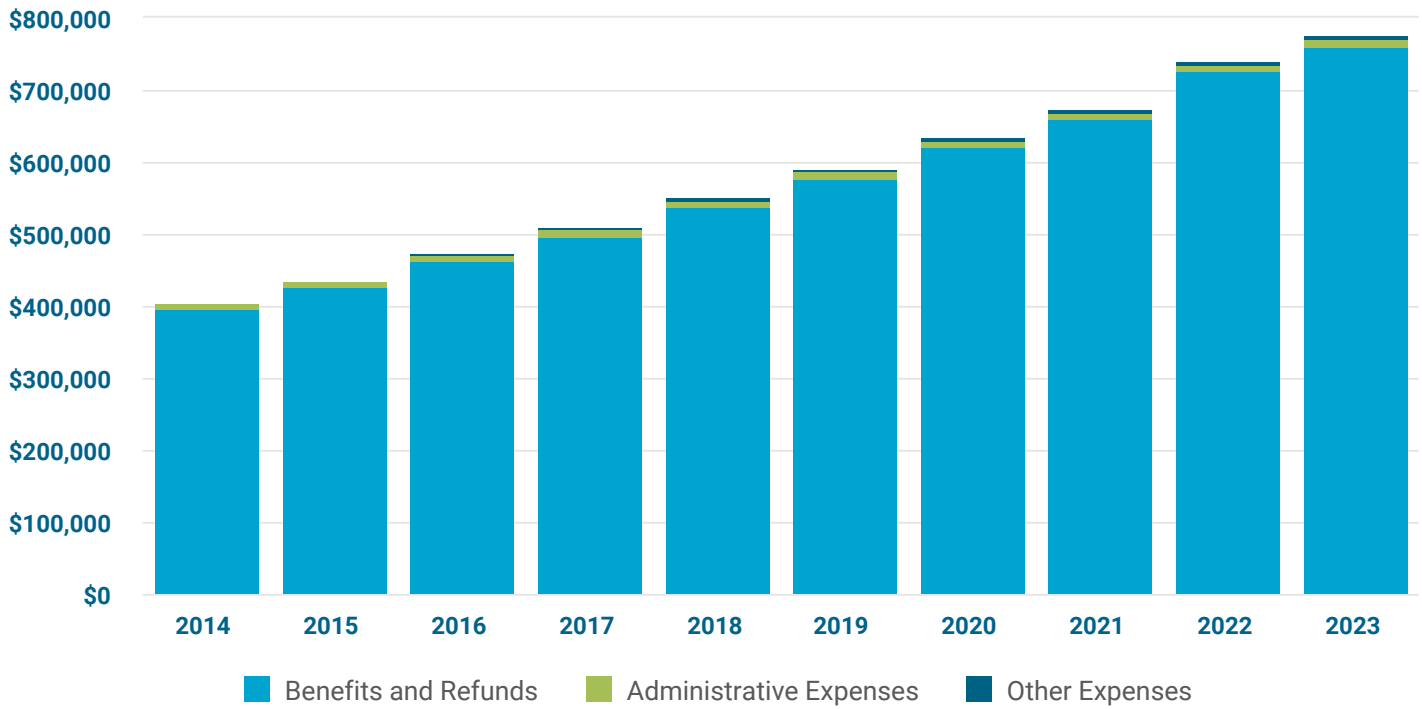
(3) Net of investment expenses and includes net securities lending income.

(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, 2014 through 2023

(Amounts in Thousands)



DEDUCTIONS	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Benefits and Refunds	\$397,823	\$428,475	\$464,068	\$497,904	\$539,297	\$578,508	\$621,564	\$660,822	\$726,448	\$760,785
Administrative Expenses	6,386	6,710	7,569	9,961	8,752	9,383	9,019	9,720	10,454	11,779
Other Expenses	2,483	2,208	2,664	3,202	3,340	3,292	5,608	4,792	5,181	5,580
TOTAL DEDUCTIONS	\$406,692	\$437,393	\$474,301	\$511,067	\$551,389	\$591,183	\$636,191	\$675,334	\$742,083	\$778,144

Benefit Expenses by Type

For the Years Ended June 30, 2014 through 2023

(Amounts in Thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Age & Service Benefits										
Retirees	\$300,482	\$327,541	\$354,650	\$384,184	\$418,274	\$450,480	\$483,085	\$515,309	\$565,791	\$592,801
Survivors	14,293	15,314	16,817	18,428	20,151	21,549	23,318	26,513	29,649	31,651
Death in Service Benefits	424	247	590	421	466	290	690	716	637	637
Disability Benefits										
Duty	50,325	52,722	55,037	58,519	61,904	65,824	71,290	74,849	77,616	81,321
Non-Duty	10,911	11,431	11,933	12,688	13,422	14,272	15,457	16,229	16,829	17,632
Survivor	9,265	9,927	10,902	11,946	13,064	13,971	15,117	17,188	19,221	20,519
TOTAL BENEFIT PAYMENTS	385,700	417,182	449,929	486,186	527,281	566,386	608,957	650,804	709,743	744,561
Refunds										
Death	1,016	1,106	1,678	1,563	1,463	1,312	1,988	2,220	2,377	2,367
Separation	11,107	10,187	12,461	10,155	10,553	10,811	10,619	7,798	14,328	13,857
TOTAL REFUNDS	12,123	11,293	14,139	11,718	12,016	12,123	12,607	10,018	16,705	16,224
TOTAL BENEFIT AND REFUND PAYMENTS	\$397,823	\$428,475	\$464,068	\$497,904	\$539,297	\$578,509	\$621,564	\$660,822	\$726,448	\$760,785

Retired Members by Type of Benefit

For the Year Ended June 30, 2023

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	1,849	1,256	66	527	\$0 - \$999	128	38	16	74
\$1,000 - \$1,999	2,761	2,039	230	492	\$1,000 - \$1,999	200	61	30	109
\$2,000 - \$2,999	2,338	1,747	285	306	\$2,000 - \$2,999	230	75	63	92
\$3,000 - \$3,999	1,637	1,323	144	170	\$3,000 - \$3,999	351	78	206	67
\$4,000 - \$4,999	1,240	1,113	58	69	\$4,000 - \$4,999	329	80	193	56
\$5,000 - \$5,999	769	702	26	41	\$5,000 - \$5,999	193	101	56	36
\$6,000 - \$6,999	572	541	13	18	\$6,000 - \$6,999	180	122	41	17
\$7,000 - \$7,999	404	381	7	16	\$7,000 - \$7,999	199	138	45	16
\$8,000 - \$8,999	349	333	5	11	\$8,000 - \$8,999	160	119	31	10
\$9,000 - \$9,999	243	238	4	1	\$9,000 - \$9,999	141	100	36	5
\$10,000 - \$10,999	181	177	2	2	\$10,000 - \$10,999	118	78	35	5
\$11,000 - 11,999	132	129	—	3	\$11,000 - 11,999	96	69	21	6
Over \$12,000	335	328	1	6	Over \$12,000	254	160	86	8
TOTAL	12,810	10,307	841	1,662	TOTAL	2,579	1,219	859	501

	Number of Retirees	Type of Retirement ¹		
		A	B	C
GRAND TOTAL	15,389	11,526	1,700	2,163

(1) Type of Retirement: A = Service Retirement; 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, 2013 through June 30, 2023

	Service Years Credited						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
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 6/30/2020							
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
Period 7/1/20 to 6/30/21							
Average Monthly Benefit	\$ 2,052	\$ 1,567	\$ 2,605	\$ 3,499	\$ 4,397	\$ 6,524	\$ 8,074
Monthly Final Average Salary	\$ 10,854	\$ 6,972	\$ 6,212	\$ 6,712	\$ 6,794	\$ 8,291	\$ 8,874
Number of Active Retirees	3	26	82	91	122	86	144
Period 7/1/21 to 6/30/22							
Average Monthly Benefit	\$ 2,332	\$ 1,269	\$ 2,587	\$ 3,204	\$ 4,968	\$ 6,345	\$ 8,346
Monthly Final Average Salary	\$ 6,715	\$ 5,631	\$ 6,513	\$ 6,167	\$ 7,501	\$ 8,113	\$ 8,733
Number of Active Retirees	4	52	95	102	152	87	190
Period 7/1/22 to 6/30/23							
Average Monthly Benefit	\$ 1,658	\$ 1,561	\$ 2,490	\$ 3,762	\$ 4,927	\$ 7,689	\$ 8,667
Monthly Final Average Salary	\$ 11,783	\$ 7,000	\$ 6,638	\$ 7,110	\$ 7,351	\$ 9,447	\$ 8,783
Number of Active Retirees	7	66	77	77	127	80	141

Note: Active Retiree count does not include beneficiary payments. See page 136 for further information.

History of Membership by Participating Employer

For the Years Ended June 30, 2014 through 2023

Employer	2023		2022		2021		2020		2019	
	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	27	0.12%	27	0.13%	27	0.13%	26	0.12%	23	0.12%
BBFA ¹	66	0.30%	65	0.31%	61	0.28%	58	0.27%	58	0.27%
CERTNA ²	—	—%	—	—%	—	—%	2	0.01%	2	0.01%
CSAC	117	0.53%	108	0.51%	108	0.50%	106	0.49%	114	0.52%
CBBL	64	0.29%	58	0.27%	55	0.26%	53	0.24%	50	0.23%
CCH	156	0.71%	153	0.72%	154	0.72%	154	0.71%	157	0.72%
County	19,472	88.16%	18,778	88.26%	19,054	88.62%	19,308	88.51%	19,338	88.61%
CFFPD ³	—	—%	—	—%	—	—%	—	—%	—	—%
CSD ⁴	24	0.11%	22	0.10%	19	0.09%	20	0.09%	20	0.09%
DWP ⁵	39	0.18%	38	0.18%	35	0.16%	37	0.17%	38	0.17%
HRPD	22	0.10%	17	0.08%	18	0.08%	17	0.08%	24	0.11%
ILS ⁶	—	—%	—	—%	—	—%	—	—%	—	—%
LL	6	0.03%	8	0.04%	6	0.03%	6	0.03%	7	0.03%
LAFCO	4	0.02%	4	0.02%	4	0.02%	5	0.02%	5	0.02%
MDAQMD	33	0.15%	46	0.21%	42	0.20%	41	0.19%	42	0.19%
RIM ⁷	—	—%	—	—%	—	—%	—	—%	—	—%
SBCTA ⁸	75	0.34%	74	0.34%	61	0.28%	60	0.27%	62	0.28%
SBCERA	80	0.36%	75	0.35%	71	0.33%	66	0.30%	64	0.29%
SCAQMD	798	3.61%	770	3.62%	775	3.60%	795	3.64%	759	3.48%
Superior Court	1,101	4.99%	1,033	4.86%	1,010	4.70%	1,060	4.86%	1,060	4.86%
TOTAL EMPLOYEES	22,084	100.00%	21,276	100.00%	21,500	100.00%	21,814	100.00%	21,823	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 June 30, 2021, CERTNA withdrew from SBCERA.

(3) On July 13, 2013, CFFPD transferred all members to the County. For actuarial purposes, the transfer of the associated accrued liabilities occurred as of June 30, 2013.

(4) CSD previously reported under the County. On October 7, 2010, CSD requested to be treated as a separate employer.

(5) As of July 2, 2011, DWP requested to be treated as a separate employer. Prior to that, members were reported as CBBL employees.

(6) On May 31, 2019, ILS withdrew from SBCERA.

(7) On May 4, 2013, RIM withdrew from SBCERA.

(8) 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, 2014 through 2023

(Continued)

2018		2017		2016		2015		2014	
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
23	0.11%	20	0.09%	18	0.09%	28	0.14%	27	0.14%
32	0.15%	—	0.00%	—	0.00%	—	0.00%	—	0.00%
2	0.01%	2	0.01%	2	0.01%	2	0.01%	1	0.01%
106	0.49%	100	0.47%	94	0.46%	94	0.47%	83	0.43%
51	0.24%	67	0.32%	67	0.33%	65	0.33%	66	0.34%
152	0.71%	153	0.72%	153	0.74%	152	0.76%	148	0.76%
19,096	88.96%	18,797	89.05%	18,319	89.19%	17,718	88.87%	17,341	88.93%
—	0.00%	—	0.00%	—	0.00%	—	0.00%	—	0.00%
19	0.09%	19	0.09%	19	0.09%	20	0.10%	19	0.10%
35	0.16%	31	0.15%	31	0.15%	32	0.16%	32	0.16%
24	0.11%	24	0.11%	40	0.19%	49	0.24%	44	0.23%
1	0.00%	1	0.01%	1	0.01%	1	0.01%	1	0.01%
6	0.03%	6	0.03%	8	0.04%	8	0.04%	8	0.04%
5	0.02%	5	0.02%	5	0.02%	5	0.02%	5	0.03%
42	0.20%	39	0.18%	39	0.19%	41	0.21%	41	0.21%
—	0.00%	—	0.00%	—	0.00%	—	0.00%	—	0.00%
57	0.27%	60	0.28%	55	0.27%	50	0.25%	45	0.23%
60	0.28%	64	0.30%	55	0.27%	48	0.24%	50	0.26%
723	3.37%	702	3.33%	682	3.32%	695	3.49%	697	3.57%
1,031	4.80%	1,020	4.84%	950	4.63%	930	4.66%	889	4.55%
21,465	100.00%	21,110	100.00%	20,538	100.00%	19,938	100.00%	19,497	100.00%

Note: See Note on page 134 for further information.

Statistical Membership Information

For the Years Ended June 30, 2014 through 2023

ACTIVE MEMBERSHIP CLASSIFICATION

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General	17,314	17,726	18,165	18,619	18,798	19,190	19,203	18,971	18,768	19,470
Safety	2,183	2,212	2,373	2,491	2,667	2,633	2,611	2,529	2,508	2,614
TOTAL	19,497	19,938	20,538	21,110	21,465	21,823	21,814	21,500	21,276	22,084

MEMBERSHIP HISTORY (ACTIVE AND DEFERRED)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Active	19,497	19,938	20,538	21,110	21,465	21,823	21,814	21,500	21,276	22,084
Deferred	4,356	4,804	5,136	5,547	6,211	6,726	7,494	8,197	9,188	10,324
TOTAL	23,853	24,742	25,674	26,657	27,676	28,549	29,308	29,697	30,464	32,408

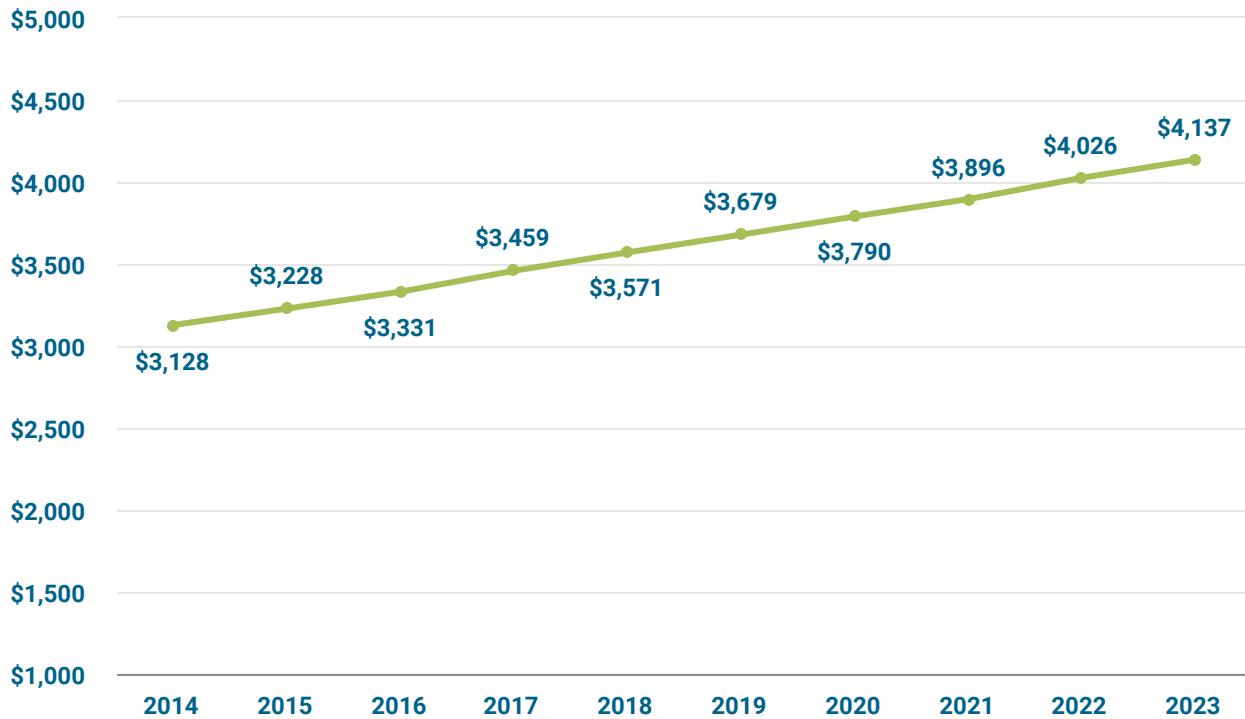
MEMBERSHIP HISTORY (RETIRED)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Service Retirement	7,681	8,115	8,542	8,983	9,417	9,861	10,308	10,639	11,140	11,526
Service Connected Disability	1,124	1,148	1,168	1,207	1,242	1,281	1,351	1,362	1,358	1,380
Non-Service Connected Disability	350	355	352	363	351	339	333	325	323	320
Survivors	1,463	1,510	1,568	1,626	1,706	1,763	1,841	1,966	2,057	2,163
TOTAL	10,618	11,128	11,630	12,179	12,716	13,244	13,833	14,292	14,878	15,389

Statistical Membership Information

For the Years Ended June 30, 2014 through 2023
(Continued)

AVERAGE MONTHLY RETIREMENT BENEFITS



Note: Amounts above include those payments made to members who have service retired, disability retired, and their beneficiaries.

BENEFITS AND REFUNDS PAID

(Amounts in Thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Benefits	\$385,700	\$417,182	\$449,929	\$486,186	\$527,281	\$566,385	\$608,957	\$650,804	\$697,452	\$744,561
Refunds	12,123	11,293	14,139	11,718	12,016	12,123	12,607	10,018	28,996	16,224
Total	\$397,823	\$428,475	\$464,068	\$497,904	\$539,297	\$578,508	\$621,564	\$660,822	\$726,448	\$760,785

2023

Annual Comprehensive Financial Report

A Multiple-Employer Pension Trust Fund
San Bernardino, California

For the Years Ended June 30, 2023 and 2022



San Bernardino County Employees'
Retirement Association

348 West Hospitality Lane, Suite 100 | San Bernardino, CA 92408

P. 909.885.7980 | f. 909.885.7446 | www.SBCERA.org