



# COUNTY OF TULARE

## BOARD OF RETIREMENT

**Leanne Malison**  
Retirement Administrator

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**AGENDA OF THE BOARD OF RETIREMENT**  
**REGULAR RETIREMENT BOARD MEETING**  
**Wednesday, December 14, 2022 at 8:30 a.m.**  
TCERA Board Room, 136 N. Akers Street, Visalia, CA 93291

### NOTICE TO THE PUBLIC

Documents related to the items on this agenda are available for public inspection at the Retirement Office, 136 N Akers Street, Visalia, CA, during normal business hours. Such documents are also available on TCERA's website, [www.tcera.org](http://www.tcera.org), subject to staff's ability to post the documents before the meeting.

Persons wishing to listen to the meeting in progress may access a live stream link located on TCERA's website [www.tcera.org](http://www.tcera.org).

### **PUBLIC COMMENTS:**

Any person addressing the Board will be limited to a maximum of five (5) minutes. A total of 15 minutes will be allotted for the Public Comment period unless otherwise extended by the Board Chair. If you are part of a large group that would like to comment on an agenda item, please consider commenting in writing or sending one spokesperson to speak on behalf of the group. Public comments are limited to any item of interest to the public that is within the subject matter jurisdiction of the Board of Retirement. (Gov't Code Section 54954.3(a).)

**In Person:** Persons who wish to address the Board of Retirement during public comment or regarding an item that is on the agenda may address the Board of Retirement in person at the meeting.

**Zoom:** Persons wishing to participate in public comment remotely may call the TCERA Office during regular business hours (Monday through Friday, 8:00 a.m. to 5:00 p.m.) within 48 hours of the meeting at 559-713-2900 for access information. In an effort to assist the Board Secretary in identifying the agenda item relating to your public comment, please indicate the agenda item number in the chat feature.

**Email:** Members of the public may also submit public comment via U.S. mail or via email to [BORPublicComment@tularecounty.ca.gov](mailto:BORPublicComment@tularecounty.ca.gov) before the meeting. The comments received via U.S. mail or email before the meeting will be read to the Board of Retirement in open session during the meeting as long as the comments meet the requirements for Public Comments as posted in the agenda.

***As a courtesy to those in attendance, all individuals are requested to place cell phones and other electronic devices in the non-audible alert mode.***

## **I. CALL TO ORDER**

## **II. ROLL CALL**

## **III. PLEDGE OF ALLEGIANCE**

## **IV. PUBLIC COMMENT**

At this time, members of the public may comment on any item not appearing on the agenda. Under state law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public is invited to make comments at the time the item comes up for Board consideration. Any person addressing the Board will be limited to a maximum of five (5) minutes. Please state your name for the record.

## **V. X-AGENDA ITEMS**

## **VI. DISABILITIES**

1. Closed session to be held regarding disability matters listed on this agenda.
2. In the matter of the disability application of Julia Zuniga, consider and take action regarding the application for a disability retirement.
3. Accept as filed the Disability Status Report Overview.

## **VII. LEGAL REPORT**

1. Closed Session – CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Government Code Section 54956.9(d)(1)): Teresa Johnson re: John Stanley v. Michelle Stanley, Tulare County Superior Court Case No. 270380

## **VIII. CONSENT CALENDAR**

1. Approve Minutes of the following meetings:
  - a. Retirement Board Minutes of November 16, 2022.
2. Approve payments to:
  - a. Brown Armstrong – invoice for work in progress on audit processes in the amount of \$14,381.56.
  - b. Nossaman – invoice for legal services to the Board of Retirement in the amount of \$5,756.77 for the period ending October 31, 2022.
  - c. Nossaman – invoice for investment legal services to the Board of Retirement in the amount of \$8,519.40 for the period ending October 31, 2022.
  - d. Nossaman – invoice for legal services for the period ending November 30, 2022 in the amount of \$238.40.
  - e. Nossaman – invoice for legal services for the period ending November 30, 2022 in the amount of \$13,832.43.
  - f. County Counsel – invoice for legal services to the Board of Retirement in the amount of \$2,913.80 for the period ending October 31, 2022.
  - g. Verus – invoice for investment consulting services for the period ending November 30, 2022 in the amount of \$22,500.00.
3. Administrative Financial Reports and Actions
  - a. TCERA and TCERA Property, Inc. Preliminary Financial Statements – September 30, 2022.
  - b. TCERA and TCERA Property, Inc. Preliminary Financial Statements – October 31, 2022.
4. Pension Board Reports and Actions
  - a. Ratify Retirement Administrator actions regarding Retirement Application approvals and Option Selections for the month of November 2022.
  - b. Approve Reports regarding Retirement Applications, Option Selections and Deceased

## **IX. INVESTMENTS**

1. Discussion and possible action regarding TCERA's strategic investment allocation and investment managers, including performance, contracts, and fees.

## **X. NEW BUSINESS**

1. Presentation from Brown Armstrong Accountancy regarding results of TCERA's June 30, 2022, audit. Discussion and possible action.
2. Discussion and possible action regarding TCERA's June 30, 2022, Annual Comprehensive Financial Report (ACFR).
3. Discussion and possible action regarding revision to Performance Evaluation of TCERA Executive Staff Policy.

## **XI. EDUCATION ITEMS**

1. Discussion and possible action regarding Summary Education Reports as filed:
  - a. Leanne Malison -SACRS Fall Conference, Nov. 8-11, 2022, 15 hours
  - b. George Finney – SACRS Fall Conference, Nov. 8-11, 2022, 8.50 hours
  - c. Dave Vasquez – SACRS Fall Conference, Nov. 8-11, 2022, 10.50 hours
2. Discussion and possible action regarding available educational events.

## **XII. COMMUNICATIONS**

1. Treasurer's Quarterly Investment Report for the quarter ending September 30, 2022.
2. SACRS Legislative Update – December 2022.

## **XIII. UPCOMING MEETINGS**

1. Investment Committee Meeting, December 14, 2022, 10:00 a.m.
2. Board of Retirement Meeting January 11, 2023, 8:30 a.m.
3. Board of Retirement Meeting January 25, 2023, 8:30 a.m.

## **XIV. TRUSTEE/STAFF COMMENTS**

Under state law, matters presented under this item cannot be discussed or acted upon by the Board at this time.

## **XV. ADJOURNMENT**

*In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Secretary of the Board of Retirement at (559) 713-2900. Notification 48 hours prior to the meeting will help enable staff to make reasonable arrangements to ensure meaningful access. Documents related to the items on this Agenda submitted after distribution of the Agenda packet are available for public inspection at TCERA, 136 N. Akers Street, Visalia, CA. during normal business hours.*

**DISABILITY STATUS REPORT**  
*Status as of December 5, 2022*  
*(26 Active Disability Applications)*

02 - Pending Receipt of Medical Records

<b>10/6/22 Smith, Ronald (Rebecca Cardenas)</b> <b>Presumptive Indicator: N</b> <b>Retired</b>	<b>Sher-Dt-Main Jail/Safety Member Orthopedic/ Service Connected Disability</b>  <b>Eligible for Service Retirement = Yes</b>
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10/6/22 Disability Application Packet Received and Reviewed  
10/6/22 DMS Notified of Disability Application Filing  
10/21/22 Disability Application Documents Scanned  
10/21/22 Disability File Folder Created  
10/21/22 Disability Findings Summary Prepared  
10/21/22 Employment Records Requested  
10/21/22 Infolinx Setup  
11/30/22 HR & D Records Received

<b>9/21/22 Martinez, Alexander (Darcy Nunes)</b> <b>Presumptive Indicator: N</b> <b>Active</b>	<b>Prob-Juvenile Detention/Safety Member Orthopedic/Service Connected Disability</b>  <b>Eligible for Service Retirement = No</b>
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9/21/22 DMS Notified of Disability Application Filing  
9/21/22 Disability Application Packet Received and Reviewed  
9/21/22 Benefit Estimate Sent to DMS  
9/27/22 Disability Application Documents Scanned  
9/27/22 Disability File Folder Created  
9/27/22 Infolinx Setup  
9/27/22 Disability Findings Summary Prepared  
9/27/22 Employment Records Requested  
10/24/22 Tulare County Health Centers Records Received  
11/29/22 County Department Records Received  
11/29/22 HR & D Records Received

<b>10/21/22 Corazzini, Tracie (Darcy Nunes)</b>	<b>Tulare County Fire Dept/Safety Member</b>
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**DISABILITY STATUS REPORT**  
*Status as of December 5, 2022*  
(26 Active Disability Applications)

**Presumptive Indicator: N**  
**Deferred Vested**

**Eligible for Service Retirement = No**

10/21/22 Disability Application Documents Scanned  
10/21/22 Disability File Folder Created  
10/21/22 Disability Findings Summary Prepared  
10/21/22 Employment Records Requested  
10/21/22 Infolinx Setup  
11/16/22 HR & D Records Received  
11/17/22 Tulare County Health Centers Records Received  
11/30/22 County Department Records Received

**8/23/22 Negrete, Stephanie (Rebecca Cardenas)**

**Sher-Dt-Pre-Trial/Safety Member Service Connected Disability**

**Presumptive Indicator: N**  
**Active**

**Eligible for Service Retirement = No**

8/24/22 DMS Notified of Disability Application Filing  
8/24/22 Disability Application Packet Received and Reviewed  
8/24/22 Employment Records Requested  
9/1/22 Disability Application Documents Scanned  
9/1/22 Disability File Folder Created  
9/1/22 Disability Findings Summary Prepared  
9/1/22 Infolinx Setup  
9/20/22 HR & D Records Received  
10/26/22 County Department Records Received

**6/9/22 Marino, Thomas (Darcy Nunes)**

**Tulare County Fire Dept/Safety Member Orthopedic**

**Presumptive Indicator: N**  
**Active**

**Eligible for Service Retirement = No**

6/9/22 DMS Notified of Disability Application Filing  
6/9/22 Disability Application Documents Scanned  
6/9/22 Disability Application Packet Received and Reviewed  
6/9/22 Employment Records Requested  
6/30/22 Disability File Folder Created  
6/30/22 Disability Findings Summary Prepared

**DISABILITY STATUS REPORT**  
*Status as of December 5, 2022*  
*(26 Active Disability Applications)*

6/30/22 Infolinx Setup  
7/20/22 County Department Records Received  
7/20/22 Tulare County Health Centers Records Received  
10/17/22 HR & D Records Received  
10/17/22 Medical Records Received from Applicant  
10/17/22 Record Summarization Requested  
10/17/22 Risk Management Records Received  
10/25/22 Employment Records Reviewed  
11/10/22 Record Summarization Received

**3/10/22 McPhetridge, Amber (Christene Brown)**

**HHS-HLTH-Tulare Public CCS/General Member**

**Retired**

**Eligible for Service Retirement = Yes**

3/11/22 Disability Application Documents Scanned  
3/11/22 Disability File Folder Created  
3/11/22 Disability Findings Summary Prepared  
3/11/22 Infolinx Setup

**3/10/22 LoGrasso, Jeanette (Rebecca Cardenas)**

**Prob-Juvenile Detention/Safety Member**

**Presumptive Indicator: N  
Active**

**Eligible for Service Retirement = No**

3/11/22 Disability Application Documents Scanned  
3/11/22 Disability File Folder Created  
3/11/22 Disability Findings Summary Prepared  
3/11/22 Infolinx Setup  
6/13/22 Disability Application Packet Received and Reviewed  
6/13/22 Employment Records Requested  
10/17/22 County Department Records Received  
10/17/22 HR & D Records Received  
10/17/22 Medical Records Received from Applicant  
10/17/22 Record Summarization Requested  
10/17/22 Risk Management Records Received

**DISABILITY STATUS REPORT**  
*Status as of December 5, 2022*  
*(26 Active Disability Applications)*

**6/17/22 Gutierrez, Jesse (Rebecca Cardenas)**      **Sher-Dt-Pre-Trial/Safety Member    Orthopedic/**  
**Service Connected Disability**

**Presumptive Indicator: N**  
**Active**

**Eligible for Service Retirement = No**

6/17/22 DMS Notified of Disability Application Filing  
6/17/22 Disability Application Documents Scanned  
6/17/22 Disability Application Packet Received and Reviewed  
6/17/22 Employment Records Requested  
6/29/22 Infolinx Setup  
6/30/22 Disability File Folder Created  
6/30/22 Disability Findings Summary Prepared  
10/17/22 County Department Records Received  
10/17/22 HR & D Records Received  
10/17/22 Medical Records Received from Applicant  
10/17/22 Record Summarization Requested  
10/17/22 Risk Management Records Received  
10/17/22 Tulare County Health Centers Records Received  
11/10/22 Record Summarization Received

**8/25/22 Woods, Shamika (Darcy Nunes)**      **Prob-Admin-Visalia/Safety Member**

**Presumptive Indicator: N**  
**Active**

**Eligible for Service Retirement = No**

8/25/22 Disability Application Packet Received and Reviewed  
8/30/22 Employment Records Requested  
8/31/22 Disability Application Documents Scanned  
8/31/22 Disability File Folder Created  
8/31/22 Infolinx Setup  
8/31/22 Disability Findings Summary Prepared  
9/7/22 Tulare County Health Centers Records Received  
9/20/22 HR & D Records Received  
10/26/22 County Department Records Received  
10/26/22 DMS Notified of Disability Application Filing  
10/26/22 Risk Management Records Received

## DISABILITY STATUS REPORT

*Status as of December 5, 2022  
(26 Active Disability Applications)*

**9/2/22 Hileman, Brian (Rebecca Cardenas)** **RMA-TR-Porterville Rd Yd 1/General Member  
Orthopedic/Service Connected Disability**

**Retired**

**Eligible for Service Retirement = Yes**

9/2/22 DMS Notified of Disability Application Filing  
9/2/22 Disability Application Packet Received and Reviewed  
9/7/22 Disability Application Documents Scanned  
9/7/22 Disability File Folder Created  
9/7/22 Disability Findings Summary Prepared  
9/7/22 Employment Records Requested  
9/7/22 Infolinx Setup  
9/9/22 Tulare County Health Centers Records Received  
10/26/22 County Department Records Received  
10/26/22 HR & D Records Received  
11/16/22 Risk Management Records Received

**8/9/22 Arroyo, Rosemary (Christene Brown)** **Prob-Juvenile Detention/Safety Member**  
**Presumptive Indicator: N**  
**Active** **Eligible for Service Retirement = No**

8/17/22 Disability Application Packet Received and Reviewed  
9/1/22 Disability Application Documents Scanned  
9/1/22 Disability File Folder Created  
9/1/22 Disability Findings Summary Prepared  
9/1/22 Employment Records Requested  
9/1/22 Infolinx Setup  
9/7/22 County Department Records Received  
9/7/22 HR & D Records Received  
9/7/22 Tulare County Health Centers Records Received

**8/12/22 Florez, Diana (Christene Brown)** **Prob-Juvenile Detention/Safety Member**  
**Presumptive Indicator: N**  
**Active** **Eligible for Service Retirement = Yes**

8/12/22 Disability Application Packet Received and Reviewed  
8/30/22 Employment Records Requested  
9/1/22 Disability Application Documents Scanned  
9/1/22 Disability File Folder Created

**DISABILITY STATUS REPORT**  
*Status as of December 5, 2022*  
*(26 Active Disability Applications)*

9/1/22 Disability Findings Summary Prepared  
9/1/22 Infolinx Setup  
9/7/22 Tulare County Health Centers Records Received  
9/7/22 Medical Records Received from Applicant  
9/27/22 HR & D Records Received  
9/27/22 Risk Management Records Received

**11/17/22 Xiong, Ying (Rebecca Cardenas)**      **HHS-HS-Visalia District Off/General Member  
Orthopedic/Service Connected Disability**

**Active**

**Eligible for Service Retirement = Yes**

11/17/22 DMS Notified of Disability Application Filing  
11/17/22 Disability Application Packet Received and Reviewed  
11/18/22 Disability Application Documents Scanned  
11/18/22 Disability File Folder Created  
11/18/22 Disability Findings Summary Prepared  
11/18/22 Employment Records Requested  
11/18/22 Infolinx Setup  
11/28/22 Tulare County Health Centers Records Received

**9/7/22 Vera, Raychel (Christene Brown)**  
**Presumptive Indicator: N**  
**Retired**

**Sher-CS-Visalia Superior/Safety Member**

**Eligible for Service Retirement = Yes**

12/5/22 Benefit Estimate Sent to DMS  
12/5/22 County Department Records Received  
12/5/22 DMS Notified of Disability Application Filing  
12/5/22 Disability Application Documents Scanned  
12/5/22 Disability Application Packet Received and Reviewed  
12/5/22 Disability File Folder Created  
12/5/22 Employment Records Requested  
12/5/22 HR & D Records Received  
12/5/22 Infolinx Setup  
12/5/22 Risk Management Records Received  
12/5/22 Tulare County Health Centers Records Received

**DISABILITY STATUS REPORT**  
*Status as of December 5, 2022*  
(26 Active Disability Applications)

**10/12/22 Godwin, Teresa (Rebecca Cardenas) Prob-Juvenile Detention/Safety Member**  
**Presumptive Indicator: N**  
**Active** **Eligible for Service Retirement = Yes**

10/24/22 Disability Application Documents Scanned  
10/24/22 Disability File Folder Created  
10/24/22 Disability Findings Summary Prepared  
10/24/22 Employment Records Requested  
10/24/22 Infolinx Setup  
10/24/22 Medical Records Received from Applicant  
10/24/22 Tulare County Health Centers Records Received  
11/29/22 County Department Records Received  
11/29/22 HR & D Records Received

**11/14/22 Arroyo, Veronica (Rebecca Cardenas) HHS-HS-Dinuba District Off/General Member**  
**Active** **Eligible for Service Retirement = No**

11/14/22 Disability Application Packet Received and Reviewed  
11/18/22 Disability Application Documents Scanned  
11/18/22 Disability File Folder Created  
11/18/22 Disability Findings Summary Prepared  
11/18/22 Employment Records Requested  
11/18/22 Infolinx Setup  
11/28/22 Tulare County Health Centers Records Received

**7/13/22 Heiden, Lance (Christene Brown) Sher-Dt-Main Jail/Safety Member**  
**Presumptive Indicator: N**  
**Retired** **Eligible for Service Retirement = Yes**

7/5/22 Disability Application Packet Received and Reviewed  
Additional Remarks : Member taking TPS back to doctor for clarification on number 11C  
7/14/22 Disability Application Documents Scanned  
7/14/22 Disability File Folder Created  
7/14/22 Disability Findings Summary Prepared

**DISABILITY STATUS REPORT**  
*Status as of December 5, 2022*  
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7/14/22 Infolinx Setup  
9/27/22 HR & D Records Received  
9/27/22 Risk Management Records Received  
9/27/22 Tulare County Health Centers Records Received

**10/20/22 Nix, Brian (Darcy Nunes)**

**Sher-Op-Porterville/Safety Member Cardiac/  
Service Connected Disability**

**Presumptive Indicator: Y  
Retired**

**Eligible for Service Retirement = Yes**

10/20/22 DMS Notified of Disability Application Filing  
10/20/22 Disability Application Packet Received and Reviewed  
10/25/22 Disability Application Documents Scanned  
10/25/22 Disability File Folder Created  
10/25/22 Disability Findings Summary Prepared  
10/25/22 Employment Records Requested  
10/25/22 Infolinx Setup  
11/17/22 Tulare County Health Centers Records Received  
11/29/22 HR & D Records Received

**11/17/21 Greenwood, Richard (Rebecca Cardenas)**

**Sher-CS-Visalia Superior/Safety Member  
Orthopedic/Service Connected Disability**

**Presumptive Indicator: N  
Retired**

**Eligible for Service Retirement = Yes**

11/17/21 Supplemental IME Requested  
11/17/21 Disability Application Packet Received and Reviewed  
11/17/21 Disability Application Documents Scanned  
11/17/21 Disability File Folder Created  
11/17/21 Employment Records Requested  
Additional Remarks : dept recs due 12/17/21, med recs due 12/29/21; dept recs rec'd, one outstanding med rec due, 1st reminder sent to member via cert mail on 1/24/2022, record due 2/28/2022.  
11/17/21 Infolinx Setup  
11/18/21 Tulare County Health Centers Records Received  
8/8/22 IME Appointment Letter to Member Sent  
8/8/22 IME Appointment Scheduled  
Additional Remarks : Appt on 8/19/22 i@ 12PM in CLovis w/ Dr. Michael A Quacinella  
10/25/22 Accommodation Memo Sent

**DISABILITY STATUS REPORT**  
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*(26 Active Disability Applications)*

10/25/22 Benefit Estimate Sent to DMS  
10/25/22 County Department Records Received  
10/25/22 DMS Notified of Disability Application Filing  
10/25/22 Employment Records Reviewed  
10/25/22 HR & D Records Received  
10/25/22 IME Reports Received  
10/25/22 IME Requested  
10/25/22 Medical Records Received from Applicant  
10/25/22 Record Summarization Received  
10/25/22 Record Summarization Requested  
10/25/22 Risk Management Records Received  
10/26/22 Accommodation Response Received

**9/21/22 Garcia, Francis (Rebecca Cardenas)**

**Prob-Admin-Visalia/Safety Member  
Orthopedic/Service Connected Disability**

**Presumptive Indicator: N  
Retired**

**Eligible for Service Retirement = Yes**

9/21/22 DMS Notified of Disability Application Filing  
9/21/22 Disability Application Packet Received and Reviewed  
9/29/22 Disability Application Documents Scanned  
9/29/22 Disability File Folder Created  
9/29/22 Disability Findings Summary Prepared  
9/29/22 Infolinx Setup  
9/29/22 Employment Records Requested  
10/17/22 Tulare County Health Centers Records Received  
Additional Remarks : Certification of No Records  
11/28/22 HR & D Records Received  
11/28/22 County Department Records Received

**6/9/22 Wheeler, Joshua (Darcy Nunes)**

**Sher-Dt-Main Jail/Safety Member Service  
Connected Disability**

**Presumptive Indicator: N  
Retired**

**Eligible for Service Retirement = Yes**

6/9/22 DMS Notified of Disability Application Filing  
6/9/22 Disability Application Documents Scanned  
6/9/22 Disability Application Packet Received and Reviewed



**DISABILITY STATUS REPORT**  
*Status as of December 5, 2022*  
*(26 Active Disability Applications)*

6/9/22 Employment Records Requested  
6/30/22 Disability File Folder Created  
6/30/22 Disability Findings Summary Prepared  
6/30/22 Infolinx Setup  
10/25/22 County Department Records Received  
10/25/22 HR & D Records Received  
10/25/22 Medical Records Received from Applicant  
10/25/22 Record Summarization Requested  
10/25/22 Tulare County Health Centers Records Received

**4/25/22 Burnitzki, Sandra (Christene Brown)**      **HHS-Admin Human Resources/General Member  
Orthopedic/Service Connected Disability**

**Retired**      **Eligible for Service Retirement = Yes**

6/9/22 DMS Notified of Disability Application Filing  
6/9/22 Disability Application Documents Scanned  
6/9/22 Disability Application Packet Received and Reviewed  
6/9/22 Employment Records Requested  
6/30/22 Disability File Folder Created  
6/30/22 Disability Findings Summary Prepared  
6/30/22 Infolinx Setup  
10/25/22 County Department Records Received  
10/25/22 HR & D Records Received  
10/25/22 Medical Records Received from Applicant  
10/25/22 Record Summarization Requested  
10/25/22 Risk Management Records Received  
10/25/22 Tulare County Health Centers Records Received

**04 - IME Scheduled/Pending Report**

**5/6/21 Mahler, Tina (Christene Brown)**      **County Counsel/General Member**

**Retired**      **Eligible for Service Retirement = Yes**

5/6/21 Supplemental IME Requested  
5/18/21 Disability Application Documents Scanned  
5/18/21 Disability File Folder Created

**DISABILITY STATUS REPORT**  
*Status as of December 5, 2022*  
(26 Active Disability Applications)

5/18/21 Infolinx Setup

5/25/21 Employment Records Requested

Additional Remarks : All County records received. 1/19/22 - Mailed 1st reminder re pending med recs, due 3/2/22

7/6/21 HR & D Records Received

7/6/21 Risk Management Records Received

Additional Remarks : Dept records received, pending workers comp records; 7/9/21 Workers Comp recs received

1/19/22 County Department Records Received

Additional Remarks : County Counsel

1/19/22 Tulare County Health Centers Records Received

7/13/22 Employment Records Reviewed

7/13/22 IME Requested

7/13/22 Record Summarization Received

7/13/22 Record Summarization Requested

8/8/22 IME Appointment Letter to Member Sent

8/8/22 IME Appointment Scheduled

**05 - Accommodation Request/Pending Response**

**9/3/21 Zuniga, Julia (Christene Brown)**

**HHS-HS-Dinuba District Off/General Member  
Psychiatric/Psychological/Service Connected  
Disability**

**Retired**

**Eligible for Service Retirement = Yes**

9/7/21 Disability Application Documents Scanned

9/7/21 Disability File Folder Created

9/7/21 Infolinx Setup

9/7/21 Disability Application Packet Received and Reviewed

9/7/21 Employment Records Requested

Additional Remarks : Due 10/7/21; 12/21/21 1st reminder for pending med recs sent, also pending response from workers comp; 12/23/21 all county records received, pending medical records due 2/1/22

9/9/21 Tulare County Health Centers Records Received

9/16/21 Disability Findings Summary Prepared

12/21/21 County Department Records Received

12/21/21 HR & D Records Received

12/23/21 Risk Management Records Received

**DISABILITY STATUS REPORT**  
*Status as of December 5, 2022*  
(26 Active Disability Applications)

5/17/22 IME Appointment Letter to Member Sent  
5/17/22 IME Appointment Scheduled  
5/17/22 IME Requested  
8/3/22 IME Reports Received  
8/3/22 Accommodation Memo Sent

**06 - Additional Information Pending**

**10/5/21 Flores, Doris (Christene Brown)**      **HHS-HS-Visalia District Off/General Member  
Neurological/Non-Service Connected Disability**

**Retired**      **Eligible for Service Retirement = Yes**

10/7/21 Disability Application Documents Scanned  
10/7/21 Disability File Folder Created  
10/7/21 Infolinx Setup  
10/8/21 Disability Application Packet Received and Reviewed  
10/8/21 Employment Records Requested  
Additional Remarks : Dept recs due 11/8/21, Med recs due 11/16/21; 12/16/21 - second request  
for dept recs sent to Risk and TCHC, due 1/5/22; 1/19/21 - All County and Med recs rcvd.  
Summarization ordered today, due 2/8/22  
1/4/22 County Department Records Received  
Additional Remarks : HHS Dept  
1/4/22 HR & D Records Received  
1/4/22 Tulare County Health Centers Records Received  
1/19/22 Risk Management Records Received  
3/9/22 IME Requested  
3/9/22 Record Summarization Received  
3/9/22 Record Summarization Requested  
3/9/22 IME Appointment Scheduled  
Additional Remarks : 05-17-2022 Dr. Schreiber  
5/17/22 IME Appointment Letter to Member Sent  
6/7/22 IME Reports Received  
6/7/22 IRC Meeting Scheduled

**08 - Board Agenda/Pending Decision**

**10/29/20 Lack, Tonnya (Christene Brown)**      **Prob-Juvenile Detention/Safety Member**

**DISABILITY STATUS REPORT**  
*Status as of December 5, 2022*  
*(26 Active Disability Applications)*

**Presumptive Indicator: N**  
**Active**

**Eligible for Service Retirement = Yes**

11/18/20 Disability Application Documents Scanned

11/18/20 Disability File Folder Created

11/18/20 Infolinx Setup

12/2/20 Employment Records Requested

Additional Remarks : 7/6/21 mailed reminder for medical records, due 8/17/21; 9/22/21 second reminder for med recs mailed, due 11/3/21; 1/20/22 - Final reminder for med recs mailed, due 3/3/22

1/8/21 County Department Records Received

Additional Remarks : Probation Dept

1/8/21 Disability Findings Summary Prepared

1/8/21 HR & D Records Received

1/8/21 Tulare County Health Centers Records Received

Additional Remarks : No records

6/10/21 Risk Management Records Received

6/1/22 IME Requested

6/1/22 Record Summarization Received

6/1/22 Record Summarization Requested

8/3/22 IME Reports Received

8/3/22 Accommodation Memo Sent

11/4/22 Added to Board Meeting Agenda

11/4/22 Board Decision Letter Sent to Applicant

11/4/22 Board Meeting Notification Letter Sent

11/4/22 Disability Packet Sent to Board Members



# COUNTY OF TULARE BOARD OF RETIREMENT

**Leanne Malison**  
Retirement Administrator

136 N AKERS STREET  
VISALIA, CALIFORNIA 93291

TELEPHONE (559) 713-2900  
FAX (559) 730-2631  
[www.tcera.org](http://www.tcera.org)

## **MINUTES OF THE BOARD OF RETIREMENT REGULAR RETIREMENT BOARD MEETING Wednesday, November 16, 2022, at 8:30 a.m. TCERA Board Room, 136 N. Akers Street, Visalia, CA 93291**

### **I. CALL TO ORDER**

The meeting was called to order at 8:30 a.m. by Wayne Ross, Chair

### **II. ROLL CALL**

Voting Trustees Present:	Cass Cook (arrived at 8:32 a.m.), Gary Reed, Jim Young, Dave Kehler, Nathan Polk, Ty Inman, Laura Hernandez, Wayne Ross
Trustees Absent:	Pete Vander Poel
Alternate Trustees Present:	David Vasquez, George Finney
Staff Members Present:	Leanne Malison, Retirement Administrator Paul Sampietro, Assistant Retirement Administrator Rogelio Corona-Ventura, Accountant, Ashlee Compton, Office Assistant
Board Counsel Present:	Mackenzie Dunkel, Deputy County Counsel

### **III. PLEDGE OF ALLEGIANCE**

### **IV. PUBLIC COMMENT**

At this time, members of the public may comment on any item not appearing on the agenda. Under state law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public is invited to make comments at the time the item comes up for Board consideration. Any person addressing the Board will be limited to a maximum of five (5) minutes. Please state your name for the record.

Public comment received via email from Bill Lee was read in open session. The comment was regarding TCERA's investment portfolio and ESG investing.

### **V. X-AGENDA ITEMS**

None

### **VI. DISABILITIES**

1. In the matter of the disability application of Sheryl Milton, discussion and possible action regarding the timing and process for the Board of Retirement's hearing on the record as authorized under California Government Code Section 31534.

Ms. Malison requested that the Board provide direction regarding the date and time for the review of the records. The Board instructed Ms. Malison to place the matter on the January 25, 2023 agenda for discussion and possible action. Staff

will place time-sensitive matters only on this agenda to ensure that there is sufficient time allocated for the review process and discussion.

Ms. Malison requested that the Board provide direction regarding the desired process for the review of the materials. The Board directed Staff to provide the materials in advance of the meeting. Each trustee will be responsible for reviewing the materials in order to be prepared for discussion. Questions can be directed to Ms. Malison in advance of the meeting to ensure that Staff and Counsel will be ready to provide answers and other clarification as necessary. Counsel will prepare a memo that provides guidance regarding the steps trustees should take to ensure that trustees are fully prepared for the review and discussion.

## **VII. CONSENT CALENDAR**

1. Approve Minutes of the following meetings:
  - a. Retirement Board Minutes of October 26, 2022.
  - b. Retirement Board Minutes of November 2, 2022.
2. Approve payments to:
  - a. State Street Global Advisors – invoice for US Ext Mkt Index SL Fund investment management services in the amount of \$4,490.65 for the quarter ended September 30, 2022.
  - b. State Street Global Advisors – invoice for S&P 500 Flagship SL Fund investment management services in the amount of \$6,009.67 for the quarter ended September 30, 2022.
  - c. State Street Global Advisors – invoice for US REIT Index NL Fund investment management services in the amount of \$1,559.14 for the quarter ended September 30, 2022.
  - d. State Street Global Advisors – invoice for MSCI ACWI Ex US SL Fund investment management services in the amount of \$10,944.10 for the quarter ended September 30, 2022.
  - e. Verus – invoice for investment consulting services in the amount of \$22,500.00 for the month ended October 2022.
3. Pension Board Reports and Actions
  - a. Ratify Retirement Administrator actions regarding Retirement Application approvals and Option Selections for the month of October 2022.
  - b. Approve Reports regarding Retirement Applications, Option Selections and Deceased Pensioners and 30-Year Members for the month of October 2022.

Motion to approve the Consent Calendar as presented.

Motion: Hernandez

Second: Young

Motion passed unanimously

## **VIII. INVESTMENT COMMITTEE REPORT**

1. Update by Gary Reed regarding the Investment Committee meeting of November 2, 2022. Discussion and possible action regarding the following items:
  - a. Asset Allocation Status  
  
No Action
  - b. 2022 Investment Committee Goals and Objectives Timeline and 2022 Education Calendar  
  
The calendar and timeline are current. Next year's calendar will be adjusted to reflect the Board's guidance regarding Committee meetings.
  - c. Review of Investment Managers Annual Presentation Format

Mr. Reed reviewed the Committee's suggestions for improving manager presentations. The Board directed Staff to provide a paper copy of the approved format to the presenter and the Board Chair on the day of the meeting. In addition, Staff is to arrange education for the Board regarding Roberts Rules of Order to ensure that the trustees are aware of meeting protocol. Staff will work with County Counsel to develop the presentation for a future Board meeting.

d. Annual Manager Fee and AB2833 Reports

Mr. Reed reported that the information was reviewed and approved as required.

e. Investment Managers

- 1) Verus Flash Report – All Managers
- 2) Managers of Interest

No Action

## **IX. INVESTMENTS**

1. Presentation from Verus regarding Private Credit. Discussion and possible action.

Mr. Kamell from Verus provided a presentation on TCERA's investment in Private Credit.

No Action

2. Presentation from Verus regarding TCERA's September 30, 2022, Investment Performance Report. Discussion and possible action.

Mr. Kamell from Verus provided a presentation on TCERA's September 30, 2022, Investment Report.

No Action

3. Discussion and possible action regarding TCERA's strategic investment allocation and investment managers, including performance, contracts, and fees.

No Action

Chair authorized 1 hour and fifteen minutes of education.

## **X. NEW BUSINESS**

1. Discussion and possible action regarding Minor Child Eligibility Policy.

Ms. Malison reviewed the updated policy and noted that the title has changed to better reflect the content.

Motion to approve the policy as presented.

Motion: Hernandez

Second: Polk

Motion passed unanimously

## **XI. EDUCATION ITEMS**

1. Discussion and possible action regarding available educational events.

None.

## **XII. UPCOMING MEETINGS**

1. Administrative Committee Meeting November 16, 2022, 10:00 a.m.-CANCELLED
2. Board of Retirement Meeting December 14, 2022, 8:30 a.m.
3. Investment Committee Meeting December 14, 2022, 10:00 a.m.
4. Board of Retirement Meeting January 10, 2024, 8:30 a.m.

## **XIII. TRUSTEE/STAFF COMMENTS**

Mr. Reed asked about the TCREA Christmas Luncheon. Mr. Kehler indicated that the luncheon is to be held on December 15, 2022, at the Lamp Liter in Visalia, CA and all trustees are welcome. Trustees who wish to attend should make reservations. Mr. Young mentioned the passing of Hearing Officer Dale Bruder.

## **XVI. ADJOURNMENT**

The meeting was adjourned at 10:29 a.m.

---

Wayne Ross, Chair



# Brown Armstrong Accountancy Corporation

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

RECEIVED  
NOV 10 2022  
TULARE COUNTY EMPLOYEES'  
RETIREMENT ASSOCIATION

TULARE COUNTY EMPLOYEES' RETIREMENT ASSN.  
136 N. AKERS STREET  
VISALIA, CA 93291

Invoice No. 266847

Date Sunday, October 30, 2022

Client No. 82150.001

Work in process on the June 30, 2022 audit:

(Billed to date/Contract: \$39,316.09/\$44,570.00)

Current Invoice Amount

\$ 14,381.56

Within  
Contract RCV

Beginning Balance as of 10/01/2022

3,499.75

10/18/2022 Payment

(3,499.75)

Balance Due

\$ 14,381.56

0 - 30	31 - 60	61 - 90	91 - 120	Over 120	Balance
14,381.56	0.00	0.00	0.00	0.00	14,381.56

Please remit by: November 25, 2022

Credit Card and ACH Payments Accepted on BA Payment Portal, [www.ba.cpa](http://www.ba.cpa)

Click on "Make a Payment"

(3.5% Convenience Fee will Apply on Credit Cards)

Make checks payable to: **Brown Armstrong**

E-mail billing inquiries to: Sherry Stewart

[sstewart@ba.cpa](mailto:ssstewart@ba.cpa)



ATTORNEYS AT LAW

777 South Figueroa Street  
34<sup>th</sup> Floor  
Los Angeles, CA 90017  
T 213.612.7800  
F 213.612.7801

Tax Identification No.  
95-2219542

**INVOICE**

November 7, 2022

Leanne Malison  
Retirement Administrator  
Tulare County Employees' Retirement Association  
136 North Akers Street  
Visalia, CA 93291

Client: 501693  
Matter: 0026  
Invoice: 541094  
AKD

Re: Estate of Stanley

Fees for Professional Services Rendered through  
10/31/22:

4,554.70

Disbursements made to your Account through  
10/31/22:

1,202.07

**Total Due on Bill:**

**\$5,756.77**

\*\*\* Remittance Address: \*\*\*  
Nossaman LLP \*\*\*  
777 South Figueroa Street  
34<sup>th</sup> Floor  
Los Angeles, CA 90017

Wire/ACH Instructions:  
Wells Fargo Bank  
420 Montgomery Street  
San Francisco, CA 94104  
Routing Number (Wire Transfer): 121000248  
Routing Number (ACH): 122000247  
Account Number: 4123806820  
Swift Code (for international wires): WFBIUS6S  
Beneficiary: Nossaman, LLP  
Client Name & File Number: (Invoice Number)

nossaman.com



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777 South Figueroa Street  
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Los Angeles, CA 90017  
T 213.612.7800  
F 213.612.7801

**INVOICE**

Tax Identification No.  
95-2219542

November 11, 2022

Leanne Malison  
Retirement Administrator  
Tulare County Employees' Retirement Association  
136 North Akers Street  
Visalia, CA 93291

Client: 501693  
Matter: 0027  
Invoice: 541444  
YAO

Re: Sixth Street CLO Equity Fund IV

Fees for Professional Services Rendered through  
10/31/22: 9,466.00

10% Discount: -946.60

Total Fees: 8,519.40

Disbursements made to your Account through  
10/31/22: 0.00

**Total Due on Bill: \$8,519.40**

**NOTE: Fees split with ImperialCERS and San Luis ObispoCPT.**

\*\*\* Remittance Address: \*\*\*  
Nossaman LLP \*\*\*  
777 South Figueroa Street  
34<sup>th</sup> Floor  
Los Angeles, CA 90017

Wire/ACH Instructions:  
Wells Fargo Bank  
420 Montgomery Street  
San Francisco, CA 94104  
Routing Number (Wire Transfer): 121000248  
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Account Number: 4123806820  
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Los Angeles, CA 90017  
T 213.612.7800  
F 213.612.7801

Tax Identification No.  
95-2219542

December 6, 2022

Leanne Malison  
Retirement Administrator  
Tulare County Employees' Retirement Association  
136 North Akers Street  
Visalia, CA 93291

Client: 501693  
Matter: 0001  
Invoice: 542183  
AKD

Re: General Advice and Counsel

Fees for Professional Services Rendered through  
11/30/22:

238.40

Disbursements made to your Account through  
11/30/22:

0.00

**Total Due on Bill:**

**\$238.40**

\*\*\* Remittance Address: \*\*\*  
Nossaman LLP \*\*\*  
777 South Figueroa Street  
34<sup>th</sup> Floor  
Los Angeles, CA 90017

Wire/ACH Instructions:  
Wells Fargo Bank  
420 Montgomery Street  
San Francisco, CA 94104  
Routing Number (Wire Transfer): 121000248  
Routing Number (ACH): 122000247  
Account Number: 4123806820  
Swift Code (for international wires): WFBUIUS6S  
Beneficiary: Nossaman, LLP  
Client Name & File Number: (Invoice Number)

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**INVOICE**

ATTORNEYS AT LAW

777 South Figueroa Street  
34<sup>th</sup> Floor  
Los Angeles, CA 90017  
T 213.612.7800  
F 213.612.7801

Tax Identification No.  
95-2219542

December 6, 2022

Leanne Malison  
Retirement Administrator  
Tulare County Employees' Retirement Association  
136 North Akers Street  
Visalia, CA 93291

Client: 501693  
Matter: 0026  
Invoice: 542195  
AKD

Re: Estate of Stanley

Fees for Professional Services Rendered through  
11/30/22:

12,422.60

Disbursements made to your Account through  
11/30/22:

1,409.83

**Total Due on Bill:****\$13,832.43****OUTSTANDING INVOICES**

Date	Invoice No	Amount	Payments Received	Remaining Balance
11/07/22	541094	5,756.77	0.00	5,756.77
<b>TOTAL OF PRIOR OUTSTANDING INVOICES</b>				<b>5,756.77</b>
<b>TOTAL NOW DUE</b>				<b>19,589.20</b>

\*\*\* Remittance Address: \*\*\*  
Nossaman LLP \*\*\*  
777 South Figueroa Street  
34<sup>th</sup> Floor  
Los Angeles, CA 90017

Wire/ACH Instructions:  
Wells Fargo Bank  
420 Montgomery Street  
San Francisco, CA 94104  
Routing Number (Wire Transfer): 121000248  
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Account Number: 4123806820  
Swift Code (for international wires): WFBUS6S  
Beneficiary: Nossaman, LLP  
Client Name & File Number: (Invoice Number)

nossaman.com

**TULARE COUNTY COUNSEL**

*Meeting the legal and risk management challenges facing the County  
of Tulare in partnership with you*

Invoice No. RET1022

**INVOICE****Customer**

Name Board of Retirement  
Address 136 North Akers Street  
City Visalia State CA ZIP 93291  
Phone (559) 713-2900

**Misc**

Date 11/5/2022  
Exp Cat. \_\_\_\_\_

Statement Number	Matter ID	Description	TOTAL
	RETBD-General	10/01/22-10/31/22 Legal Services	\$ 2,202.30
	RETBD-General2	10/01/22-10/31/22 Legal Services	\$ 276.40
	RETDIS-General	10/01/22-10/31/22 Legal Services	\$ 512.10
		Credit for September 2022 Invoice	\$ (77.00)
Other Expenses:			
		<u>Mail payment to:</u>	
		<u>County Counsel</u>	
		<u>Attn: Billing Clerk</u>	
		<u>2900 W. Burrel Ave.</u>	
		<u>Visalia, CA 93291</u>	

SubTotal \$ 2,913.80  
Shipping \$ -  
Tax Rate(s) 0.00% \$ -

**Payment**

☐ Other ☐ Journal Voucher

Comments Call or e-mail if questions  
Name Angela Rose  
Phone 559-636-4956  
E-mail ARose@tularecounty.ca.gov  
Deposit to: 001-080-2150-5415

**TOTAL \$ 2,913.80**

Office Use Only



800 Fifth Avenue, Suite 3900  
Seattle, WA 98104  
(206) 622-3700 www.verusinvestments.com

# Invoice

Date	Invoice#
11/30/2022	INV033434
Due Date	Terms
12/30/2022	Net 30

## Bill To

Ms. Mary Warner  
Tulare County Employees' Retirement Association  
136 N. Akers Street  
Visalia, CA 93291

Services Provided to: Tulare County Employees' Retirement Association

Service Dates: November 2022

Services Rendered	Amount
Monthly Billing	\$22,500.00

SubTotal	\$22,500.00
Past Due Balance	\$0.00
<b>Total</b>	<b>\$22,500.00</b>

*We accept wire and EFT payments. Call us to learn more.*

*Thank you for choosing Verus Advisory, Inc. We sincerely appreciate your business.*

Please let us know if you would like to receive a copy of our disclosure brochure Form ADV Part II.

Tax ID Number: 91-1320111

**TCERA and TCERA Property, Inc.**  
**Combined Balance Sheet Comparison**  
**As of September 30, 2022**

	Sep 30, 22	Aug 31, 22	\$ Change	% Change	Sep 30, 21	\$ Change	% Change
<b>ASSETS</b>							
<b>Current Assets</b>							
<b>Checking/Savings</b>							
1110 · Cash in County Treasury	34,471,112.29	41,092,213.54	-6,621,101.25	-16.11%	31,270,141.49	3,200,970.80	10.24%
(Note 1) 1120 · Cash in Custodial Account	36,856,269.54	34,687,154.89	2,169,114.65	6.25%	9,730,175.47	27,126,094.07	278.78%
(Note 2) 1130 · Short Term Investments	6,940,151.27	6,101,115.12	839,036.15	13.75%	34,602,350.33	-27,662,199.06	-79.94%
1140 · Securities Lending Collateral	0.00	0.00	0.00	0.00%	0.00	0.00	0.00%
<b>Total Checking/Savings</b>	<b>78,267,533.10</b>	<b>81,880,483.55</b>	<b>-3,612,950.45</b>	<b>-4.41%</b>	<b>75,602,667.29</b>	<b>2,664,865.81</b>	<b>3.53%</b>
<b>Other Current Assets</b>							
1310 · Fixed Income - Market	346,866,355.26	361,936,392.44	-15,070,037.18	-4.16%	559,911,114.87	-213,044,759.61	-38.05%
1340 · Equities - Market	756,708,631.17	828,537,855.43	-71,829,224.26	-8.67%	946,395,269.33	-189,686,638.16	-20.04%
(Note 3) 1375 · Real Assets	369,153,393.06	371,100,407.68	-1,947,014.62	-0.53%	218,640,575.51	150,512,817.55	68.84%
1386 · Private Equity	133,500,673.16	135,013,464.26	-1,512,791.10	-1.12%	116,197,379.12	17,303,294.04	14.89%
1388 · Private Credit	110,953,695.00	111,610,767.00	-657,072.00	-0.59%	104,820,951.00	6,132,744.00	5.85%
<b>Total Other Current Assets</b>	<b>1,717,182,747.65</b>	<b>1,808,198,886.81</b>	<b>-91,016,139.16</b>	<b>-5.03%</b>	<b>1,945,965,289.83</b>	<b>-228,782,542.18</b>	<b>-11.76%</b>
<b>Total Current Assets</b>	<b>1,795,450,280.75</b>	<b>1,890,079,370.36</b>	<b>-94,629,089.61</b>	<b>-5.01%</b>	<b>2,021,567,957.12</b>	<b>-226,117,676.37</b>	<b>-11.19%</b>
<b>Fixed Assets</b>							
1501 · Building and Improvements	1,278,288.95	1,278,288.95	0.00	0.00%	1,178,366.03	99,922.92	8.48%
1505 · Office Equipment & Computer System	175,264.64	175,264.64	0.00	0.00%	178,552.49	-3,287.85	-1.84%
1506 · Project in Process CPAS	2,755,095.55	2,755,095.55	0.00	0.00%	2,755,095.55	0.00	0.00%
1511 · Accumulated Depreciation	-3,462,787.44	-3,462,787.44	0.00	0.00%	-3,109,385.42	-353,402.02	-11.37%
1512 · Land	370,345.69	370,345.69	0.00	0.00%	370,345.69	0.00	0.00%
<b>Total Fixed Assets</b>	<b>1,116,207.39</b>	<b>1,116,207.39</b>	<b>0.00</b>	<b>0.00%</b>	<b>1,372,974.34</b>	<b>-256,766.95</b>	<b>-18.70%</b>
<b>Other Assets</b>							
(Note 4) 1710 · Open Trades Sales	14,430,191.48	13,525,677.69	904,513.79	6.69%	19,275,868.19	-4,845,676.71	-25.14%
1730 · Investment Income Receivable	933,931.15	1,071,043.65	-137,112.50	-12.80%	816,641.37	117,289.78	14.36%
1735 · Real Assets Income Receivable	0.00	0.00	0.00	0.00%	0.00	0.00	0.00%
1750 · Members Contribution Receivable	0.00	0.00	0.00	0.00%	0.00	0.00	0.00%
1770 · Employer Contribution Receivable	0.00	0.00	0.00	0.00%	0.00	0.00	0.00%
1780 · Advances Rec- Holding Corp	347,230.00	356,230.00	-9,000.00	-2.53%	455,230.00	-108,000.00	-23.72%
(Note 5) 1785 · Pension Deaths Receivables	0.00	-97.96	97.96	100.00%	-65.16	65.16	100.00%
(Note 5) 1790 · Other Receivables	0.00	0.00	0.00	0.00%	6,138.03	-6,138.03	-100.00%
<b>Total Other Assets</b>	<b>15,711,352.63</b>	<b>14,952,853.38</b>	<b>758,499.25</b>	<b>5.07%</b>	<b>20,553,812.43</b>	<b>-4,842,459.80</b>	<b>-23.56%</b>
<b>TOTAL ASSETS</b>	<b>1,812,277,840.77</b>	<b>1,906,148,431.13</b>	<b>-93,870,590.36</b>	<b>-4.93%</b>	<b>2,043,494,743.89</b>	<b>-231,216,903.12</b>	<b>-11.32%</b>



**TCERA and TCERA Property, Inc.**  
**Combined Balance Sheet Comparison**  
**As of September 30, 2022**

	Sep 30, 22	Aug 31, 22	\$ Change	% Change	Sep 30, 21	\$ Change	% Change	
LIABILITIES & EQUITY								
Liabilities								
Current Liabilities								
	2010 · Sec Lending Collateral Payable	0.00	0.00	0.00	0.00%	0.00	0.00	0.00%
(Note 6)	2020 · Open Trades - Purchases	21,366,414.32	19,099,728.52	2,266,685.80	11.87%	52,192,055.83	-30,825,641.51	-59.06%
(Note 7)	2030 · Accounts Payable - Inv	0.00	5,011.00	-5,011.00	-100.00%	62,766.00	-62,766.00	-100.00%
	2040 · Refunds Payable	4,102,418.01	4,102,418.01	0.00	0.00%	4,098,875.89	3,542.12	0.09%
(Note 8)	2050 · Other Payables	0.00	85,845.25	-85,845.25	-100.00%	78,917.05	-78,917.05	-100.00%
	2100 · Payroll Liabilities	0.00	0.00	0.00	0.00%	0.00	0.00	0.00%
	Total Other Current Liabilities	25,468,832.33	23,293,002.78	2,175,829.55	9.34%	56,432,614.77	-30,963,782.44	-54.87%
	Total Current Liabilities	25,468,832.33	23,293,002.78	2,175,829.55	9.34%	56,432,614.77	-30,963,782.44	-54.87%
Long Term Liabilities								
	2060 · Accrual-Benefits at Termination	106,256.43	106,256.43	0.00	0.00%	115,302.68	-9,046.25	-7.85%
	2070 · Advances Payable - TCERA	347,230.00	356,230.00	-9,000.00	-2.53%	455,230.00	-108,000.00	-23.72%
	Total Long Term Liabilities	453,486.43	462,486.43	-9,000.00	-1.95%	570,532.68	-117,046.25	-20.52%
	Total Liabilities	25,922,318.76	23,755,489.21	2,166,829.55	9.12%	57,003,147.45	-31,080,828.69	-54.53%
Equity								
	3110 · Member Deposit Reserve	355,064,930.06	356,783,223.17	-1,718,293.11	-0.48%	333,749,411.78	21,315,518.28	6.39%
(Note 9)	3120 · Other Reserves - Unapportioned	-2,519,523.85	-2,499,822.51	-19,701.34	-0.79%	2,550,693.48	-5,070,217.33	-198.78%
	3210 · Employer Advance Reserves	956,814,093.13	960,264,573.12	-3,450,479.99	-0.36%	898,029,606.93	58,784,486.20	6.55%
	3310 · Retiree Reserves	474,155,101.07	468,966,626.63	5,188,474.44	1.11%	463,019,470.27	11,135,630.80	2.41%
	3320 · Supp. Retiree Benefit Reserve	113,701,856.85	113,701,856.85	0.00	0.00%	108,446,851.09	5,255,005.76	4.85%
	3410 · Contingency Reserve	55,608,454.13	55,608,454.13	0.00	0.00%	60,735,602.01	-5,127,147.88	-8.44%
	3510 · Market Stabilization	-134,802,290.00	-134,802,290.00	0.00	0.00%	108,713,808.00	-243,516,098.00	-224.00%
	3810 · Income Summary Account	0.00	0.00	0.00	0.00%	0.00	0.00	0.00%
	3900 · Retained Earnings	987,677.06	987,677.06	0.00	0.00%	939,409.13	48,267.93	5.14%
	Net Income	-32,654,776.44	63,382,643.47	-96,037,419.91	-151.52%	10,306,743.75	-42,961,520.19	-416.83%
	Total Equity	1,786,355,522.01	1,882,392,941.92	-96,037,419.91	-5.10%	1,986,491,596.44	-200,136,074.43	-10.08%
	TOTAL LIABILITIES & EQUITY	1,812,277,840.77	1,906,148,431.13	-93,870,590.36	-4.93%	2,043,494,743.89	-231,216,903.12	-11.32%

**Notes:**

- Note 1 Increase in Cash Reserve over last mo. from Distributions; Increase over last yr. from less Capital Calls
- Note 2 Timing of manager short term positions
- Note 3 Increase over last year due to 3 new Real Asset managers: SSGA US REIT, Invesco, and ARA
- Note 4 Increase in Open Trade Sales over last mo.; decrease over last year
- Note 5 Timing of payments
- Note 6 Increase in Open Trade Purchases over last mo.; decrease over last year
- Note 7 Decrease over last mo. and last year from the timing of Fiscal Year-End 21/22 Accruals
- Note 8 Timing of Accruals
- Note 9 Interim interest payments/adjustments and equity adjustments prior to period close

**TCERA and TCERA Property, Inc.**  
**Combined Comparative Profit and Loss**  
**September 30, 2022**

	Sep 22	Aug 22	\$ Change	% Change	Jul - Sep 22	Jul - Sep 21	\$ Change	% Change
<b>Ordinary Income/Expense</b>								
<b>Income</b>								
(Note 1) 4110 · Interest Income	498,928.15	377,412.20	121,515.95	32.2%	1,196,704.02	833,974.76	362,729.26	43.49%
4120 · Dividend Income	379,660.97	409,097.19	-29,436.22	-7.2%	983,439.25	847,977.45	135,461.80	15.98%
(Note 2) 4130 · Real Assets Income	0.00	0.00	0.00	0.0%	2,775,949.31	0.00	2,775,949.31	100.0%
(Note 3) 4140 · Other Investment Income	121,641.04	60,622.73	61,018.31	100.65%	467,507.53	526,725.07	-59,217.54	-11.24%
4200 · Lease Payments from TCERA	15,640.00	15,640.00	0.00	0.0%	46,920.00	46,920.00	0.00	0.0%
4310 · Commission Rebates	0.00	0.00	0.00	0.0%	33.23	0.00	33.23	100.0%
(Note 4) 4410 · Securities Lending Income	14,974.31	17,270.04	-2,295.73	-13.29%	41,094.81	15,797.01	25,297.80	160.14%
(Note 5) 4510 · Realized Gains/Losses	1,549,010.00	7,959,531.16	-6,410,521.16	-80.54%	9,558,740.62	56,170,948.12	-46,612,207.50	-82.98%
4530 · Gn/Ls Disposal of Fixed Asset	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
4610 · Employee Contributions	2,132,900.66	2,124,235.51	8,665.15	0.41%	5,426,058.17	5,144,088.74	281,969.43	5.48%
4620 · Employer Contributions	250,883.35	245,411.61	5,471.74	2.23%	44,131,540.24	39,884,214.76	4,247,325.48	10.65%
<b>Total Income</b>	<b>4,963,638.48</b>	<b>11,209,220.44</b>	<b>-6,245,581.96</b>	<b>-55.72%</b>	<b>64,627,987.18</b>	<b>103,470,645.91</b>	<b>-38,842,658.73</b>	<b>-37.54%</b>
<b>Expense</b>								
5110 · Benefit Payments	8,459,731.20	8,432,093.96	27,637.24	0.33%	25,311,184.04	23,974,675.86	1,336,508.18	5.58%
(Note 6) 5120 · Refunds	269,957.58	573,533.77	-303,576.19	-52.93%	1,068,689.56	987,217.63	81,471.93	8.25%
(Note 7) 5130 · Death Retiree ROC	206,212.87	0.00	206,212.87	100.0%	348,020.68	0.00	348,020.68	100.0%
5140 · SDA Payments	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
(Note 8) 5210 · Investment Management Fees	236,863.18	110,208.10	126,655.08	114.92%	468,731.28	790,762.97	-322,031.69	-40.72%
(Note 8) 5250 · Inv. Consultant/Custodial Fees	22,583.43	22,500.00	83.43	0.37%	45,083.43	20,729.08	24,354.35	117.49%
(Note 4) 5270 · Securities Lending Expense	618.91	546.00	72.91	13.35%	1,164.91	1,855.02	-690.11	-37.2%
5275 · Real Assets Investment Expense	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
(Note 8) 5276 · Real Assets Mgr Fees	473,373.17	0.00	473,373.17	100.0%	473,373.17	416,832.64	56,540.53	13.56%
(Note 9) 5280 · Other Investment Expense	-7,668.00	609.09	-8,277.09	-1,358.93%	-6,568.92	124,163.97	-130,732.89	-105.29%
(Note 8) 5410 · Actuarial Study Fees	0.00	0.00	0.00	0.0%	0.00	970.00	-970.00	-100.0%
5450 · Compensated Benefit Expense	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
* 5500 · Administrative Expense	176,762.44	160,272.16	16,490.28	10.29%	498,205.42	525,103.90	-26,898.48	-5.12%
* 5750 · TCERA Property Admin Expense	1,248.36	9,883.80	-8,635.44	-87.37%	12,132.56	18,601.70	-6,469.14	-34.78%
5910 · Deprec/Amort of Fixed Assets	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
<b>Total Expense</b>	<b>9,839,683.14</b>	<b>9,309,646.88</b>	<b>530,036.26</b>	<b>5.69%</b>	<b>28,220,016.13</b>	<b>26,860,912.77</b>	<b>1,359,103.36</b>	<b>5.06%</b>
<b>Net Ordinary Income</b>	<b>-4,876,044.66</b>	<b>1,899,573.56</b>	<b>-6,775,618.22</b>	<b>-356.69%</b>	<b>36,407,971.05</b>	<b>76,609,733.14</b>	<b>-40,201,762.09</b>	<b>-52.48%</b>

**TCERA and TCERA Property, Inc.**  
**Combined Comparative Profit and Loss**  
**September 30, 2022**

	<u>Sep 22</u>	<u>Aug 22</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Jul - Sep 22</u>	<u>Jul - Sep 21</u>	<u>\$ Change</u>	<u>% Change</u>
Other Income/Expense								
Other Income								
4520 · Unrealized Gains/Losses	-91,161,375.25	-46,263,463.65	-44,897,911.60	-97.05%	-69,062,747.49	-66,302,989.39	-2,759,758.10	-4.16%
4525 · Unrealized Gns/Ls Building/Land	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
5000 · Other Income	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
Total Other Income	-91,161,375.25	-46,263,463.65	-44,897,911.60	-97.05%	-69,062,747.49	-66,302,989.39	-2,759,758.10	-4.16%
Other Expense	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
Net Other Income	-91,161,375.25	-46,263,463.65	-44,897,911.60	-97.05%	-69,062,747.49	-66,302,989.39	-2,759,758.10	-4.16%
Net Income	<u>-96,037,419.91</u>	<u>-44,363,890.09</u>	<u>-51,673,529.82</u>	<u>-116.48%</u>	<u>-32,654,776.44</u>	<u>10,306,743.75</u>	<u>-42,961,520.19</u>	<u>-416.83%</u>

**Notes:**

- Note 1 Increase in Interest Income over last mo. and last year
- Note 2 Real Assets Investment Income reported quarterly and one-two month in arrears
- Note 3 Increase in Other Investment Income over last mo. in Private Equity; decrease over last yr. in Fixed Income and Private Credit
- Note 4 Increase in Securities Lending Income over last year in Total Equity
- Note 5 Decrease in Realized Gains over last mo. from DSW RREEF; decrease over last yr. from Accrual in Public Equity
- Note 6 Decrease in the # of Refunds over last mo.; increase in the \$ over last year
- Note 7 Timing of Retiree deaths with remaining contributions, increase over last mo. and last year
- Note 8 Timing of payments
- Note 9 Decrease in Other Investment Expenses over last mo. and last yr. in Private Equity
- \* See Budget report for detail of Administrative expenses (5500 and 5750)

**TCERA and TCERA Property, Inc.**  
**BUDGET VS ACTUAL**  
**September 2022**  
Accounting Period 3  
25.00% of the Current Fiscal Year Budget

	Sep 22	Jul - Sep 21	Jul - Sep 22	Annual Budget	Remaining Budget	% Annual Budget
<b>5500 · Administrative Expense</b>						
5505 · (6001) Allocated Salaries	73,768.77	162,165.76	186,673.03	1,158,174.00	971,500.97	16.12%
5510 · (6002) Overtime	0.00	0.00	0.00	1,000.00	1,000.00	0.00%
5515 · (6003) Other Pay	460.52	6,133.50	1,196.71	34,700.00	33,503.29	3.45%
5520 · (6004) Benefits	10,415.27	29,180.49	29,185.69	153,495.00	124,309.31	19.01%
5525 · (6005) Extra-Help	0.00	0.00	0.00	500.00	500.00	0.00%
5535 · (6011) Retirement- Co. Port.	9,632.64	22,497.10	24,958.19	153,802.00	128,843.81	16.23%
5540 · (6012) Social Security	5,685.21	12,925.66	14,510.69	86,230.00	71,719.31	16.83%
5545 · (1024) POB Cost	6,198.43	11,080.41	12,538.48	98,100.00	85,561.52	12.78%
5550 · (6008) Board Fees-Per Diem Pmts	0.00	4,844.25	4,900.25	20,000.00	15,099.75	24.50%
<b>5551 · Communications</b>						
5552 · (7005) Communications	520.82	1,005.54	1,041.64	8,700.00	7,658.36	11.97%
5640 · (7005) Co. Telecommunication	0.00	2,106.00	595.04	15,250.00	14,654.96	3.90%
<b>Total 5551 · Communications</b>	<b>520.82</b>	<b>3,111.54</b>	<b>1,636.68</b>	<b>23,950.00</b>	<b>22,313.32</b>	<b>6.83%</b>
<b>5553 · Data Processing</b>						
5650 · (7044) ICT Qtrly - Data Process	0.00	6,884.77	2,754.12	100,830.00	98,075.88	2.73%
5697 · (7044) Computer Exp Hdwr/Sftwr	8,204.96	6,278.27	8,204.96	39,360.00	31,155.04	20.85%
5698 · (7044) WSI/Q2 Digital	0.00	0.00	0.00	3,000.00	3,000.00	0.00%
<b>Total 5553 · Data Processing</b>	<b>8,204.96</b>	<b>13,163.04</b>	<b>10,959.08</b>	<b>143,190.00</b>	<b>132,230.92</b>	<b>7.65%</b>
5555 · (7009) Household Expense	1,413.59	4,022.48	4,019.67	18,928.00	14,908.33	21.24%
(Note 1) 5560 · (7010) Insurance	0.00	58,624.00	65,971.00	67,113.00	1,142.00	98.30%
5565 · (7011) Unemployment Insurance	0.00	0.00	0.00	6,000.00	6,000.00	0.00%
5570 · (7021) Maintenance-Equipment	147.07	342.48	323.47	4,100.00	3,776.53	7.89%
(Note 2) 5575 · (7027) Memberships	0.00	4,000.00	4,000.00	8,075.00	4,075.00	49.54%
5580 · (7030) Due Diligence Expense	0.00	2,521.92	0.00	15,000.00	15,000.00	0.00%
5585 · (7036) Office Expense	1,476.93	15,057.74	3,810.96	72,276.00	68,465.04	5.27%
5586 · (7040) Courier	0.00	117.97	124.32	1,550.00	1,425.68	8.02%
<b>5590 · Prof &amp; Specialized Exp</b>						
5591 · (7043) Prof & Special Gen Exp	0.00	0.00	0.00	500.00	500.00	0.00%
(Note 3) 5592 · (7043) Prof & Spec - Audit	21,434.78	23,895.50	21,434.78	47,600.00	26,165.22	45.03%
5593 · (7043) Prof Sr -Outside Counsel	0.00	0.00	0.00	75,000.00	75,000.00	0.00%
<b>Total 5590 · Prof &amp; Specialized Exp</b>	<b>21,434.78</b>	<b>23,895.50</b>	<b>21,434.78</b>	<b>123,100.00</b>	<b>101,665.22</b>	<b>17.41%</b>
<b>5594 · County Counsel Charges</b>						
5661 · (7046) Co Counsel - General Exp	0.00	1,327.20	1,897.20	40,000.00	38,102.80	4.74%
5662 · (7046) Co Counsel - Disability	0.00	5,738.00	2,299.10	93,000.00	90,700.90	2.47%
<b>Total 5594 · County Counsel Charges</b>	<b>0.00</b>	<b>7,065.20</b>	<b>4,196.30</b>	<b>133,000.00</b>	<b>128,803.70</b>	<b>3.16%</b>
5595 · (7049) Prof Exp-Disabilities	5,962.95	8,672.01	8,962.95	172,500.00	163,537.05	5.20%
5600 · (7059) Publications	0.00	0.00	0.00	25,000.00	25,000.00	0.00%
5675 · (7059) Co. Print Services	0.00	0.00	679.41	16,000.00	15,320.59	4.25%
<b>Total 5600 · (7059) Publications</b>	<b>0.00</b>	<b>0.00</b>	<b>679.41</b>	<b>41,000.00</b>	<b>40,320.59</b>	<b>1.66%</b>

**TCERA and TCERA Property, Inc.**  
**BUDGET VS ACTUAL**  
**September 2022**  
Accounting Period 3  
25.00% of the Current Fiscal Year Budget

	Sep 22	Jul - Sep 21	Jul - Sep 22	Annual Budget	Remaining Budget	% Annual Budget
5605 · (7062) Rent & Lease -Building	15,640.00	46,920.00	46,920.00	187,680.00	140,760.00	25.00%
5610 · (7066) Spec Dept Exp - RIS	7,941.00	23,881.19	23,823.00	321,835.00	298,012.00	7.40%
5615 · (7073) Training	1,180.00	1,710.00	2,680.00	32,975.00	30,295.00	8.13%
5620 · (7074) Transportation & Travel	0.00	354.20	464.50	35,000.00	34,535.50	1.33%
(Note 4) 5625 · (7081) Utilities	3,042.65	6,792.15	8,107.86	22,400.00	14,292.14	36.20%
5627 · (7116) Postage - Co. Mail	3,636.85	3,511.31	3,636.85	50,000.00	46,363.15	7.27%
5630 · (7128) Co. Workers Comp Insurance	0.00	52,514.00	0.00	55,000.00	55,000.00	0.00%
5695 · Co. Admin. Services						
(Note 5) 5666 · (7719) HR/Risk Services	0.00	0.00	12,491.55	14,200.00	1,708.45	87.97%
5699 · (7719) Auditors Services	0.00	0.00	0.00	7,500.00	7,500.00	0.00%
Total 5695 · Co. Admin. Services	0.00	0.00	12,491.55	21,700.00	9,208.45	57.56%
5720 · (7421) Interest Expense	0.00	0.00	0.00	1.00	1.00	0.00%
5450 · Compensated Benefit Expense	0.00	0.00	0.00	30,688.00	30,688.00	0.00%
5911 · Depreciation - TCERA	0.00	0.00	0.00	19,200.00	19,200.00	0.00%
Total TCERA Administrative Expense	176,762.44	525,103.90	498,205.42	3,312,262.00	2,814,056.58	15.04%
5750 · TCERA Property Administrative Expense						
5755 · Fees and Taxes	0.00	0.00	0.00	200.00	200.00	0.00%
(Note 1) 5760 · Insurance	0.00	7,909.00	8,461.00	9,500.00	1,039.00	89.06%
5765 · Professional & Spec Services	0.00	0.00	0.00	2,000.00	2,000.00	0.00%
5780 · Courtyards Property Assn Dues	0.00	1,707.67	0.00	8,000.00	8,000.00	0.00%
5785 · Landscape Service	375.00	800.00	815.00	8,550.00	7,735.00	9.53%
5790 · Security Monitoring	350.00	463.58	1,050.00	8,500.00	7,450.00	12.35%
5795 · Maintenance & Improve - Bldg	105.00	6,030.00	487.50	16,280.00	15,792.50	2.99%
5797 · Utilities	418.36	1,691.45	1,319.06	7,000.00	5,680.94	18.84%
5912 · Depreciation - TCERA Property	0.00	0.00	0.00	37,100.00	37,100.00	0.00%
Total TCERA Property, Inc. Administrative Expense	1,248.36	18,601.70	12,132.56	97,130.00	84,997.44	12.49%
Total TCERA & TCERA Property Administrative Expense	178,010.80	543,705.60	510,337.98	3,409,392.00	2,899,054.02	14.97%

**Notes:**

- Note 1 Annual Insurance premiums paid
- Note 2 Annual membership paid: SACRS
- Note 3 Annual Expense: 2022 Audit
- Note 4 Increased electricity costs during summer months
- Note 5 Annual HR&D expense paid

<b>Accrued Actuarial Liability</b>	<b>2,047,350.00</b>
June 30, 2022	
.21% of AAL	4,299,435.00
25.00%	1,074,858.75
Expenses to date	(510,337.98)
(Over)/Under	564,520.77

**TCERA and TCERA Property, Inc.**  
**BUDGET VS ACTUAL**  
**October 2022**  
Accounting Period 4  
33.33% of the Current Fiscal Year Budget

	Oct 22	Jul - Oct 21	Jul - Oct 22	Annual Budget	Remaining Budget	% Annual Budget
<b>5500 · Administrative Expense</b>						
5505 · (6001) Allocated Salaries	71,315.98	223,928.47	257,989.01	1,158,174.00	900,184.99	22.28%
5510 · (6002) Overtime	0.00	0.00	0.00	1,000.00	1,000.00	0.00%
5515 · (6003) Other Pay	454.00	18,779.67	1,650.71	34,700.00	33,049.29	4.76%
5520 · (6004) Benefits	10,257.72	40,367.09	39,443.41	153,495.00	114,051.59	25.70%
5525 · (6005) Extra-Help	0.00	1,901.80	0.00	500.00	500.00	0.00%
5535 · (6011) Retirement- Co. Port.	9,475.10	31,113.79	34,433.29	153,802.00	119,368.71	22.39%
5540 · (6012) Social Security	4,558.07	17,747.22	19,068.76	86,230.00	67,161.24	22.11%
5545 · (1024) POB Cost	6,093.94	16,575.17	18,632.42	98,100.00	79,467.58	18.99%
(Note 1) 5550 · (6008) Board Fees-Per Diem Pmts	4,800.00	10,119.10	9,700.25	20,000.00	10,299.75	48.50%
5551 · Communications						
5552 · (7005) Communications	520.67	1,526.31	1,562.31	8,700.00	7,137.69	17.96%
5640 · (7005) Co. Telecommunication	1,283.54	2,106.00	1,878.58	15,250.00	13,371.42	12.32%
Total 5551 · Communications	1,804.21	3,632.31	3,440.89	23,950.00	20,509.11	14.37%
5553 · Data Processing						
5650 · (7044) ICT Qtrly - Data Process	13,648.13	6,884.77	16,402.25	100,830.00	84,427.75	16.27%
(Note 2) 5697 · (7044) Computer Exp Hdw/Sftwr	11,360.52	6,278.27	19,565.48	39,360.00	19,794.52	49.71%
5698 · (7044) WSI/Q2 Digital	0.00	0.00	0.00	3,000.00	3,000.00	0.00%
Total 5553 · Data Processing	25,008.65	13,163.04	35,967.73	143,190.00	107,222.27	25.12%
5555 · (7009) Household Expense	1,413.59	4,081.33	5,433.26	18,928.00	13,494.74	28.70%
(Note 3) 5560 · (7010) Insurance	0.00	58,624.00	65,971.00	67,113.00	1,142.00	98.30%
5565 · (7011) Unemployment Insurance	0.00	0.00	0.00	6,000.00	6,000.00	0.00%
5570 · (7021) Maintenance-Equipment	138.80	487.28	462.27	4,100.00	3,637.73	11.27%
(Note 4) 5575 · (7027) Memberships	580.00	4,550.00	4,580.00	8,075.00	3,495.00	56.72%
5580 · (7030) Due Diligence Expense	0.00	2,521.92	0.00	15,000.00	15,000.00	0.00%
5585 · (7036) Office Expense	2,553.88	19,354.31	6,364.84	72,276.00	65,911.16	8.81%
5586 · (7040) Courier	247.91	235.95	372.23	1,550.00	1,177.77	24.01%
5590 · Prof & Specialized Exp						
5591 · (7043) Prof & Special Gen Exp	0.00	0.00	0.00	500.00	500.00	0.00%
(Note 5) 5592 · (7043) Prof & Spec - Audit	3,499.75	23,895.50	24,934.53	47,600.00	22,665.47	52.38%
5593 · (7043) Prof Sr -Outside Counsel	15,132.88	0.00	15,132.88	75,000.00	59,867.12	20.18%
Total 5590 · Prof & Specialized Exp	18,632.63	23,895.50	40,067.41	123,100.00	83,032.59	32.55%
5594 · County Counsel Charges						
5661 · (7046) Co Counsel - General Exp	4,736.60	3,041.20	6,633.80	40,000.00	33,366.20	16.58%
5662 · (7046) Co Counsel - Disability	12,136.80	12,091.10	14,435.90	93,000.00	78,564.10	15.52%
Total 5594 · County Counsel Charges	16,873.40	15,132.30	21,069.70	133,000.00	111,930.30	15.84%
5595 · (7049) Prof Exp-Disabilities	7,175.00	8,746.26	16,137.95	172,500.00	156,362.05	9.36%
5600 · (7059) Publications	4,712.05	0.00	4,712.05	25,000.00	20,287.95	18.85%
5675 · (7059) Co. Print Services	1,376.00	0.00	2,055.41	16,000.00	13,944.59	12.85%
Total 5600 · (7059) Publications	6,088.05	0.00	6,767.46	41,000.00	34,232.54	16.51%

**TCERA and TCERA Property, Inc.**  
**BUDGET VS ACTUAL**  
**October 2022**  
Accounting Period 4  
33.33% of the Current Fiscal Year Budget

	Oct 22	Jul - Oct 21	Jul - Oct 22	Annual Budget	Remaining Budget	% Annual Budget
5605 · (7062) Rent & Lease -Building	15,640.00	62,560.00	62,560.00	187,680.00	125,120.00	33.33%
5610 · (7066) Spec Dept Exp - RIS	0.00	23,881.19	23,823.00	321,835.00	298,012.00	7.40%
5615 · (7073) Training	0.00	1,830.00	2,680.00	32,975.00	30,295.00	8.13%
5620 · (7074) Transportation & Travel	1,725.96	778.40	2,190.46	35,000.00	32,809.54	6.26%
(Note 6) 5625 · (7081) Utilities	2,290.55	8,858.05	10,398.41	22,400.00	12,001.59	46.42%
5627 · (7116) Postage - Co. Mail	12,593.06	7,174.89	16,229.91	50,000.00	33,770.09	32.46%
(Note 7) 5630 · (7128) Co. Workers Comp Insurance	53,544.00	52,514.00	53,544.00	55,000.00	1,456.00	97.35%
5695 · Co. Admin. Services						
(Note 8) 5666 · (7719) HR/Risk Services	0.00	0.00	12,491.55	14,200.00	1,708.45	87.97%
5699 · (7719) Auditors Services	624.64	0.00	624.64	7,500.00	6,875.36	8.33%
Total 5695 · Co. Admin. Services	624.64	0.00	13,116.19	21,700.00	8,583.81	60.44%
5720 · (7421) Interest Expense	0.00	0.00	0.00	1.00	1.00	0.00%
5450 · Compensated Benefit Expense	0.00	0.00	0.00	30,688.00	30,688.00	0.00%
5911 · Depreciation - TCERA	0.00	0.00	0.00	19,200.00	19,200.00	0.00%
Total TCERA Administrative Expense	273,889.14	672,553.04	772,094.56	3,312,262.00	2,540,167.44	23.31%
5750 · TCERA Property Administrative Expense						
5755 · Fees and Taxes	0.00	25.00	0.00	200.00	200.00	0.00%
(Note 3) 5760 · Insurance	0.00	7,909.00	8,461.00	9,500.00	1,039.00	89.06%
5765 · Professional & Spec Services	0.00	0.00	0.00	2,000.00	2,000.00	0.00%
5780 · Courtyards Property Assn Dues	0.00	1,707.67	0.00	8,000.00	8,000.00	0.00%
5785 · Landscape Service	440.00	1,175.00	1,255.00	8,550.00	7,295.00	14.68%
5790 · Security Monitoring	350.00	463.58	1,400.00	8,500.00	7,100.00	16.47%
5795 · Maintenance & Improve - Bldg	805.00	6,130.00	1,292.50	16,280.00	14,987.50	7.94%
5797 · Utilities	436.61	2,122.07	1,755.67	7,000.00	5,244.33	25.08%
5912 · Depreciation - TCERA Property	0.00	0.00	0.00	37,100.00	37,100.00	0.00%
Total TCERA Property, Inc. Administrative Expense	2,031.61	19,532.32	14,164.17	97,130.00	82,965.83	14.58%
Total TCERA & TCERA Property Administrative Expense	275,920.75	692,085.36	786,258.73	3,409,392.00	2,623,133.27	23.06%

**Notes:**

- Note 1 Quarter-3 Per Diems paid  
Note 2 Purchase: 4-Laptops to replace mini-towers, 7-Replacement Monitors, 1-Office Printer for new office personnel  
Note 3 TCERA and TCERA Property Insurance premiums paid in the beginning of the Fiscal Year  
Note 4 Annual memberships paid: SACRS and NCPERS  
Note 5 Brown Armstrong 2022 Audit and Year-End preparation  
Note 6 Increased Electricity costs during summer months  
Note 7 Annual Expense: County Counsel Workers Comp. Insurance premium paid  
Note 8 Annual HR&D expense paid in the beginning of the Fiscal Year

Accrued Actuarial Liability	2,047,350.00
June 30, 2022	
.21% of AAL	4,299,435.00
33.33%	1,433,145.00
Expenses to date	(786,258.73)
(Over)/Under	646,886.27

**TCERA and TCERA Property, Inc.**  
**Combined Balance Sheet Comparison**  
**As of October 31, 2022**

	Oct 31, 22	Sep 30, 22	\$ Change	% Change	Oct 31, 21	\$ Change	% Change
<b>ASSETS</b>							
<b>Current Assets</b>							
<b>Checking/Savings</b>							
1110 · Cash in County Treasury	27,649,394.88	34,471,112.29	-6,821,717.41	-19.79%	24,874,095.91	2,775,298.97	11.16%
(Note 1) 1120 · Cash in Custodial Account	38,973,819.03	36,856,269.54	2,117,549.49	5.75%	26,146,326.63	12,827,492.40	49.06%
(Note 2) 1130 · Short Term Investments	6,965,831.51	6,940,151.27	25,680.24	0.37%	37,219,779.70	-30,253,948.19	-81.29%
1140 · Securities Lending Collateral	0.00	0.00	0.00	0.00%	0.00	0.00	0.00%
<b>Total Checking/Savings</b>	<b>73,589,045.42</b>	<b>78,267,533.10</b>	<b>-4,678,487.68</b>	<b>-5.98%</b>	<b>88,240,202.24</b>	<b>-14,651,156.82</b>	<b>-16.60%</b>
<b>Other Current Assets</b>							
(Note 3) 1310 · Fixed Income - Market	345,557,866.65	346,866,355.26	-1,308,488.61	-0.38%	542,344,275.73	-196,786,409.08	-36.28%
1340 · Equities - Market	797,888,737.80	756,708,631.17	41,180,106.63	5.44%	987,799,854.38	-189,911,116.58	-19.23%
(Note 4) 1375 · Real Assets	372,886,583.10	369,153,393.06	3,733,190.04	1.01%	228,626,712.96	144,259,870.14	63.10%
1386 · Private Equity	124,839,385.42	133,500,673.16	-8,661,287.74	-6.49%	118,649,391.98	6,189,993.44	5.22%
1388 · Private Credit	110,953,695.00	110,953,695.00	0.00	0.00%	104,953,514.00	6,000,181.00	5.72%
<b>Total Other Current Assets</b>	<b>1,752,126,267.97</b>	<b>1,717,182,747.65</b>	<b>34,943,520.32</b>	<b>2.04%</b>	<b>1,982,373,749.05</b>	<b>-230,247,481.08</b>	<b>-11.62%</b>
<b>Total Current Assets</b>	<b>1,825,715,313.39</b>	<b>1,795,450,280.75</b>	<b>30,265,032.64</b>	<b>1.69%</b>	<b>2,070,613,951.29</b>	<b>-244,898,637.90</b>	<b>-11.83%</b>
<b>Fixed Assets</b>							
1501 · Building and Improvements	1,278,288.95	1,278,288.95	0.00	0.00%	1,178,366.03	99,922.92	8.48%
1505 · Office Equipment & Computer System	175,264.64	175,264.64	0.00	0.00%	178,552.49	-3,287.85	-1.84%
1506 · Project in Process CPAS	2,755,095.55	2,755,095.55	0.00	0.00%	2,755,095.55	0.00	0.00%
1511 · Accumulated Depreciation	-3,462,787.44	-3,462,787.44	0.00	0.00%	-3,109,385.42	-353,402.02	-11.37%
1512 · Land	370,345.69	370,345.69	0.00	0.00%	370,345.69	0.00	0.00%
<b>Total Fixed Assets</b>	<b>1,116,207.39</b>	<b>1,116,207.39</b>	<b>0.00</b>	<b>0.00%</b>	<b>1,372,974.34</b>	<b>-256,766.95</b>	<b>-18.70%</b>
<b>Other Assets</b>							
1710 · Open Trades Sales	16,454,793.07	14,430,191.48	2,024,601.59	14.03%	15,689,723.16	765,069.91	4.88%
1730 · Investment Income Receivable	1,000,524.70	933,931.15	66,593.55	7.13%	843,721.23	156,803.47	18.59%
1735 · Real Assets Income Receivable	0.00	0.00	0.00	0.00%	0.00	0.00	0.00%
1750 · Members Contribution Receivable	0.00	0.00	0.00	0.00%	0.00	0.00	0.00%
1770 · Employer Contribution Receivable	0.00	0.00	0.00	0.00%	0.00	0.00	0.00%
1780 · Advances Rec- Holding Corp	338,230.00	347,230.00	-9,000.00	-2.59%	446,230.00	-108,000.00	-24.20%
1785 · Pension Deaths Receivables	0.00	0.00	0.00	0.00%	0.00	0.00	0.00%
(Note 5) 1790 · Other Receivables	0.00	0.00	0.00	0.00%	5,847.02	-5,847.02	-100.00%
<b>Total Other Assets</b>	<b>17,793,547.77</b>	<b>15,711,352.63</b>	<b>2,082,195.14</b>	<b>13.25%</b>	<b>16,985,521.41</b>	<b>808,026.36</b>	<b>4.76%</b>
<b>TOTAL ASSETS</b>	<b>1,844,625,068.55</b>	<b>1,812,277,840.77</b>	<b>32,347,227.78</b>	<b>1.79%</b>	<b>2,088,972,447.04</b>	<b>-244,347,378.49</b>	<b>-11.70%</b>



**TCERA and TCERA Property, Inc.**  
**Combined Balance Sheet Comparison**  
**As of October 31, 2022**

	Oct 31, 22	Sep 30, 22	\$ Change	% Change	Oct 31, 21	\$ Change	% Change	
LIABILITIES & EQUITY								
Liabilities								
Current Liabilities								
	2010 · Sec Lending Collateral Payable	0.00	0.00	0.00%	0.00	0.00	0.00%	
(Note 6)	2020 · Open Trades - Purchases	27,935,410.80	21,366,414.32	6,568,996.48	30.74%	49,656,971.36	-21,721,560.56	-43.74%
(Note 7)	2030 · Accounts Payable - Inv	0.00	0.00	0.00	0.00%	62,766.00	-62,766.00	-100.00%
	2040 · Refunds Payable	4,102,418.01	4,102,418.01	0.00	0.00%	4,098,875.89	3,542.12	0.09%
(Note 8)	2050 · Other Payables	0.00	0.00	0.00	0.00%	78,917.05	-78,917.05	-100.00%
	2100 · Payroll Liabilities	0.00	0.00	0.00	0.00%	0.00	0.00	0.00%
	Total Other Current Liabilities	32,037,828.81	25,468,832.33	6,568,996.48	25.79%	53,897,530.30	-21,859,701.49	-40.56%
	Total Current Liabilities	32,037,828.81	25,468,832.33	6,568,996.48	25.79%	53,897,530.30	-21,859,701.49	-40.56%
Long Term Liabilities								
	2060 · Accrual-Benefits at Termination	106,256.43	106,256.43	0.00	0.00%	115,302.68	-9,046.25	-7.85%
	2070 · Advances Payable - TCERA	338,230.00	347,230.00	-9,000.00	-2.59%	446,230.00	-108,000.00	-24.20%
	Total Long Term Liabilities	444,486.43	453,486.43	-9,000.00	-1.99%	561,532.68	-117,046.25	-20.84%
	Total Liabilities	32,482,315.24	25,922,318.76	6,559,996.48	25.31%	54,459,062.98	-21,976,747.74	-40.36%
Equity								
	3110 · Member Deposit Reserve	353,070,265.95	355,064,930.06	-1,994,664.11	-0.56%	332,562,421.95	20,507,844.00	6.17%
(Note 9)	3120 · Other Reserves - Unapportioned	-2,510,127.05	-2,519,523.85	9,396.80	0.37%	2,550,693.48	-5,060,820.53	-198.41%
	3210 · Employer Advance Reserves	952,838,117.53	956,814,093.13	-3,975,975.60	-0.42%	895,833,343.52	57,004,774.01	6.36%
	3310 · Retiree Reserves	480,116,343.98	474,155,101.07	5,961,242.91	1.26%	466,402,723.51	13,713,620.47	2.94%
	3320 · Supp. Retiree Benefit Reserve	113,701,856.85	113,701,856.85	0.00	0.00%	108,446,851.09	5,255,005.76	4.85%
	3410 · Contingency Reserve	55,608,454.13	55,608,454.13	0.00	0.00%	60,735,602.01	-5,127,147.88	-8.44%
	3510 · Market Stabilization	-134,802,290.00	-134,802,290.00	0.00	0.00%	108,713,808.00	-243,516,098.00	-224.00%
	3810 · Income Summary Account	0.00	0.00	0.00	0.00%	0.00	0.00	0.00%
	3900 · Retained Earnings	987,677.06	987,677.06	0.00	0.00%	939,409.13	48,267.93	5.14%
	Net Income	-6,867,545.14	-32,654,776.44	25,787,231.30	-78.97%	58,328,531.37	-65,196,076.51	-111.77%
	Total Equity	1,812,142,753.31	1,786,355,522.01	25,787,231.30	1.44%	2,034,513,384.06	-222,370,630.75	-10.93%
	TOTAL LIABILITIES & EQUITY	1,844,625,068.55	1,812,277,840.77	32,347,227.78	1.79%	2,088,972,447.04	-244,347,378.49	-11.70%

**Notes:**

- Note 1 Increase in Cash Reserve over last mo. from a Redemption by DWS RREEF; increase over last yr. due to a Closing Redemption from Franklin Templeton
- Note 2 Timing of manager short term positions
- Note 3 Decrease in Fixed Income over last mo. and last year due to market fluctuations
- Note 4 Increase over last year due to 3 new Real Asset managers: SSGA US REIT, Invesco, and ARA
- Note 5 Timing of payments as a result from overpayments
- Note 6 Increase in Open Trade Purchases over last mo. in Fixed Income; decrease over last year in Fixed Income
- Note 7 Decrease over last year from the timing of Fiscal Year-End 21/22 Accruals
- Note 8 Timing of Accruals
- Note 9 Interim interest payments/adjustments and equity adjustments prior to period close

**TCERA and TCERA Property, Inc.**  
**Combined Comparative Profit and Loss**  
**October 31, 2022**

	<u>Oct 22</u>	<u>Sep 22</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Jul - Oct 22</u>	<u>Jul - Oct 21</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Ordinary Income/Expense</b>								
<b>Income</b>								
(Note 1) 4110 · Interest Income	389,228.03	498,928.15	-109,700.12	-21.99%	1,585,932.05	1,080,292.54	505,639.51	46.81%
4120 · Dividend Income	271,521.64	379,660.97	-108,139.33	-28.48%	1,254,960.89	1,049,608.38	205,352.51	19.57%
(Note 2) * 4130 · Real Assets Income	3,306,316.10	0.00	3,306,316.10	100.0%	6,082,265.41	1,846,891.34	4,235,374.07	229.32%
(Note 3) 4140 · Other Investment Income	20,620.59	121,641.04	-101,020.45	-83.05%	488,128.12	617,075.19	-128,947.07	-20.9%
4200 · Lease Payments from TCERA	15,640.00	15,640.00	0.00	0.0%	62,560.00	62,560.00	0.00	0.0%
4310 · Commission Rebates	108.60	0.00	108.60	100.0%	141.83	217.82	-75.99	-34.89%
(Note 4) 4410 · Securities Lending Income	11,367.16	14,974.31	-3,607.15	-24.09%	52,461.97	26,751.85	25,710.12	96.11%
(Note 5) 4510 · Realized Gains/Losses	6,569,505.61	1,549,010.00	5,020,495.61	324.11%	16,128,246.23	60,458,096.31	-44,329,850.08	-73.32%
4530 · Gn/Ls Disposal of Fixed Asset	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
4610 · Employee Contributions	2,121,913.86	2,132,900.66	-10,986.80	-0.52%	7,547,972.03	7,275,854.82	272,117.21	3.74%
4620 · Employer Contributions	252,305.10	250,883.35	1,421.75	0.57%	44,383,845.34	40,115,163.91	4,268,681.43	10.64%
<b>Total Income</b>	<b>12,958,526.69</b>	<b>4,963,638.48</b>	<b>7,994,888.21</b>	<b>161.07%</b>	<b>77,586,513.87</b>	<b>112,532,512.16</b>	<b>-34,945,998.29</b>	<b>-31.05%</b>
<b>Expense</b>								
5110 · Benefit Payments	8,489,407.86	8,459,731.20	29,676.66	0.35%	33,800,591.90	32,050,118.36	1,750,473.54	5.46%
5120 · Refunds	347,856.36	269,957.58	77,898.78	28.86%	1,416,545.92	1,492,206.93	-75,661.01	-5.07%
(Note 6) 5130 · Death Retiree ROC	0.00	206,212.87	-206,212.87	-100.0%	348,020.68	13,508.23	334,512.45	2,476.36%
5140 · SDA Payments	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
(Note 7) 5210 · Investment Management Fees	175,843.81	236,863.18	-61,019.37	-25.76%	644,575.09	1,339,361.76	-694,786.67	-51.87%
(Note 7) 5250 · Inv. Consultant/Custodial Fees	98,687.24	22,583.43	76,103.81	336.99%	143,770.67	65,820.08	77,950.59	118.43%
(Note 4) 5270 · Securities Lending Expense	503.20	618.91	-115.71	-18.7%	1,668.11	2,602.90	-934.79	-35.91%
5275 · Real Assets Investment Expense	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
(Note 7) 5276 · Real Assets Mgr Fees	362,293.69	473,373.17	-111,079.48	-23.47%	835,666.86	489,010.19	346,656.67	70.89%
(Note 8) 5280 · Other Investment Expense	8,269.49	-7,668.00	15,937.49	207.84%	1,700.57	124,321.68	-122,621.11	-98.63%
(Note 7) 5410 · Actuarial Study Fees	0.00	0.00	0.00	0.0%	0.00	970.00	-970.00	-100.0%
5450 · Compensated Benefit Expense	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
** 5500 · Administrative Expense	273,889.14	176,762.44	97,126.70	54.95%	772,094.56	672,553.04	99,541.52	14.8%
** 5750 · TCERA Property Admin Expense	2,031.61	1,248.36	783.25	62.74%	14,164.17	19,532.32	-5,368.15	-27.48%
5910 · Deprec/Amort of Fixed Assets	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
<b>Total Expense</b>	<b>9,758,782.40</b>	<b>9,839,683.14</b>	<b>-80,900.74</b>	<b>-0.82%</b>	<b>37,978,798.53</b>	<b>36,270,005.49</b>	<b>1,708,793.04</b>	<b>4.71%</b>
<b>Net Ordinary Income</b>	<b>3,199,744.29</b>	<b>-4,876,044.66</b>	<b>8,075,788.95</b>	<b>165.62%</b>	<b>39,607,715.34</b>	<b>76,262,506.67</b>	<b>-36,654,791.33</b>	<b>-48.06%</b>

**TCERA and TCERA Property, Inc.  
Combined Comparative Profit and Loss  
October 31, 2022**

	<u>Oct 22</u>	<u>Sep 22</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Jul - Oct 22</u>	<u>Jul - Oct 21</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Other Income/Expense</b>								
<b>Other Income</b>								
<b>4520 · Unrealized Gains/Losses</b>	22,587,487.01	-91,161,375.25	113,748,862.26	124.78%	-46,475,260.48	-17,933,975.30	-28,541,285.18	-159.15%
<b>4525 · Unrealized Gns/Ls Building/Land</b>	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
<b>5000 · Other Income</b>	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
<b>Total Other Income</b>	22,587,487.01	-91,161,375.25	113,748,862.26	124.78%	-46,475,260.48	-17,933,975.30	-28,541,285.18	-159.15%
<b>Other Expense</b>	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
<b>Net Other Income</b>	22,587,487.01	-91,161,375.25	113,748,862.26	124.78%	-46,475,260.48	-17,933,975.30	-28,541,285.18	-159.15%
<b>Net Income</b>	<u>25,787,231.30</u>	<u>-96,037,419.91</u>	<u>121,824,651.21</u>	<u>126.85%</u>	<u>-6,867,545.14</u>	<u>58,328,531.37</u>	<u>-65,196,076.51</u>	<u>-111.77%</u>

**Notes:**

- Note 1 Decrease in Interest Income over last mo. from Quarterly Interest applied by the County for p.e. 9/30; increase over last year from Fixed Income
- Note 2 Increase in Real Asset Income over last mo. from a distribution by RREEF and p.e. 9/30 dividends by Invesco; increase over last yr. from 3 new managers: SSGA US REIT, Invesco, and ARA
- Note 3 Decrease in Other Investment Income over last mo. and last yr. in Total Equity
- Note 4 Increase in Securities Lending Income over last year in Total Equity
- Note 5 Increase in Realized Gains over last mo. from an Ocean Ave IV distribution and a RREEF redemption; decrease over last yr. from an Accrual in Public Equity
- Note 6 Timing of Retiree deaths with remaining contributions, decrease over last mo.; increase over last year
- Note 7 Timing of payments for Fees
- Note 8 Increase in Other Investment Expenses over last mo. In Private Equity from an Ocean Ave III Distribution Tax Adjustment; decrease over last year in Private Equity

\* Real Asset Investment Income reported quarterly and one-two months in arrears

\*\* See Budget report for detail of Administrative expenses (5500 and 5750)

**TULARE COUNTY EMPLOYEES'  
APPLICATIONS AND DEATHS  
November 30, 2022  
RETIREMENT APPLICATIONS**

Name Department Status - Tier	Option Type Govt. Code	Date of Retirement Age at Retirement	Length of Service Continuance From
BEHUNIN JEFF RMA-TR-Porterville Rd Yd 1 General - Tier III	Unmodified Option Service §31760.1	10/07/2022 62	22.9633 years N/A
BONWELL MICHELLE Prob-Admin-Visalia Safety - Tier III	Unmodified Option Service §31760.1	10/08/2022 48	28.3080 years N/A
BRAMER RICHARD Ag Commissioner/Sealer General - Tier III	Option 2 Service §31762	10/22/2022 69	15.3129 years N/A
BRITTON JUDY A HHS-HS-Veteran Services General - Tier III	Unmodified Option §31760.1	09/14/2022 69	7.3617 years BRITTON DANNY
BURG TED HHS-HS-Visalia Kitchen General - Tier III	Unmodified Option §31760.1	07/16/2022 80	6.4231 years BURG LINDA
CARO MONICA Sher-Dt-Main Jail Safety - Tier III	Unmodified Option Service §31760.1	10/29/2022 53	19.9239 years N/A
DOUGHERTY LISA CAO-GS-Printing Services General - Tier II	Unmodified Option Service §31760.1	10/08/2022 63	38.2658 years N/A
FLORES DORIS HHS-HS-Visalia District Off General - Tier III	Unmodified Option Service §31760.1	10/19/2022 54	16.7313 years N/A
FULLER DEBORAH Sher-Dt-Correctional Center Safety - Tier I	Unmodified Option §31760.1	10/09/2022 72	30.0972 years FULLER DAVID
HASKILL RICHARD DA-Visalia Courthouse Safety - Tier IV	Unmodified Option Service §31760.1	10/08/2022 58	5.3077 years N/A
HAWKINS HERBERT W General - Tier I	Unmodified Option §31760.1	10/18/2022 95	1.2500 years HAWKINS ELEANOR
HENDRIX DELANO Tulare County Fire Dept Safety - Tier III	Unmodified Option Service §31760.1	10/14/2022 50	4.8846 years N/A
MENDOZA PATRICIA HHS-HS-CWS Creekside General - Tier II	Unmodified Option Service §31760.1	10/22/2022 62	37.8139 years N/A
NIX BRIAN Sher-Op-Porterville Safety - Tier III	Unmodified Option Service §31760.1	10/22/2022 53	12.0385 years N/A

PETERSON CARRIE Aud-General Accounting General - Tier IV	Unmodified Option Service §31760.1	10/15/2022 65	5.0385 years N/A
SCHWENDENER STEVEN  Information Technology General - Tier III	Unmodified Option Service §31760.1	10/21/2022 66	28.1812 years N/A
SMITH RONALD Sher-Dt-Main Jail Safety - Tier III	Unmodified Option Service §31760.1	10/22/2022 59	22.9494 years N/A

**TULARE COUNTY EMPLOYEES'  
APPLICATIONS AND DEATHS  
November 30, 2022  
DECEASED PENSIONERS**

Name Department Status - Tier	Option Type Govt. Code	Date of Retirement Date of Death Age at Death	Length of Service Paid Continuance to Age at Retirement
BRITTON DANNY HHS-HS-Veteran Services General - Tier III	Unmodified Option Service §31760.1	10/15/2010 09/13/2022 73	7.3617 years BRITTON JUDY A 62
BURG LINDA HHS-HS-Visalia Kitchen General - Tier III	Unmodified Option Service §31760.1	06/24/2013 07/15/2022 73	6.4231 years BURG TED 64
FULLER DAVID Sher-Dt-Correctional Center Safety - Tier I	Unmodified Option Service §31760.1	02/02/2002 10/08/2022 75	30.0972 years FULLER DEBORAH 55
GOATES MAXINE  General - Tier I	Unmodified Option Service §31760.1	10/08/1989 10/04/2022 93	19.8750 years  60
HAWKINS ELEANOR  General - Tier I	Unmodified Option Service §31760.1	07/01/1990 10/17/2022 93	1.2500 years HAWKINS HERBERT W 61

**TULARE COUNTY EMPLOYEES'  
APPLICATIONS AND DEATHS  
November 30, 2022  
DECEASED ACTIVE EMPLOYEES**

Name	Type	Date of Death	Length of Service
Department		Age at Death	Paid Continuance
Status - Tier			Death Benefit

Report: **30-Year Board Report As November 2022**

Created on: 12/1/2022

<u>First Name</u>	<u>Last Name</u>	<u>Effective Date</u>	<u>Department</u>	<u>New 30-Year Member?</u>
Craig	Anderson	2/14/2021	RMA-MG#2-Design,Const,Develop	No
Karen	Baldwin	7/5/2020	HHS-FISCAL-ACCT/REC	No
Nora	Barrera	11/27/2005	Assessor-Clerk/Recorder	No
Mike	Betzinger	10/15/2017	Solid Waste Visalia	No
Bruce	Bigham	10/11/2020	Ag Commissioner/Sealer	No
Steffany	Bischel	3/4/2018	HHS-HS-MCal Proc Center	No
Anita	Bivian	9/11/2022	HHS-MH-Pville Adult Clinic	No
Anthony	Boland	12/10/2017	RMA-TR-Operations	No
Michael	Boudreaux	5/28/2017	Sher-Op-Sheriff's Office	No
Steven	Brown	6/20/2021	Ag Commissioner/Sealer	No
Linda	Cantu	3/29/2020	Assessor-Clerk/Recorder	No
Lori	Catuto	6/24/2018	HHS-Admin-Project Management	No
Rachel	Cazares	10/11/2020	HHS-HS-Dinuba District Off	No
Nancy	Chavira	3/28/2021	County Counsel	No
Ana	Cruz	10/23/2022	HHS-HLTH-Tulare Public CCS	No
MARTINA	DELGADO	11/10/2019	Ab 1058 Commissioner	No
SUSAN	EMBREY	9/3/2017	Collections Division	No
Carlene	Estes	7/18/2021	WID-Administration	No
Samantha	Franks	9/29/2019	RMA-LP-Geographic Info Systems	No
Judith	Garcia	7/18/2021	HHS-HLTH-Visalia Hlth Ctr	No
Rebecca	Garcia	11/8/2020	HHS-HS-Ben Elg Sup Team	No
Helen	Gonzalez	2/4/2018	HHS-HLTH-Fville WIC	No
Eric	Grant	4/16/2017	DA-Visalia Courthouse	No
Maria	Gutierrez	12/22/2019	HHS-WC-TPC-C	No
Robert	Haines	10/12/2008	Ag Commissioner/Sealer	No
Kimberly	Hernandez	9/27/2020	Child Support Services Dept	No
Laurel	Hernandez	10/9/2022	WID-Administration	No
CINDY	HOLWAY	10/25/2020	Court Reporters	No
Ursula	Ihl	9/29/2019	DA-Visalia Courthouse	No
Keith	Jahnke	4/28/2019	HHS-HLTH-Environmental Health	No
Jay	Jones	1/19/2020	Information Technology	No
Cleopatra	Juarez	12/9/2007	Child Support Services Dept	No
Rodger	Keller	4/10/2022	Prob-Juvenile Justice	No
Phillip	Kelly	3/1/2020	Prob-Admin-Visalia	No
Melodee	Krenk	5/10/2020	Prob-Admin-Visalia	No
Rebecca	Lopez	3/8/2015	HHS-HS-Visalia District Off	No
Sandra	Maldonado	2/2/2020	HHS-HLTH-Visalia Hlth Ctr	No
PATRICIA	MARTENS	10/27/2019	Visalia Division	No
Raul	Martin	7/24/2016	Solid Waste Visalia	No
AMBER	MATTHEWS	2/18/2018	Pre Trial Facility	No
John	Mauro	4/17/2016	HHS-HS-HUMAN SERVICES	No
Thomas	McCoy	5/22/2022	Solid Waste Teapot Dome	No
Patricia	McCurry	10/11/2020	HHS-Admin Human Resources	No



<u>First Name</u>	<u>Last Name</u>	<u>Effective Date</u>	<u>Department</u>	<u>New 30-Year Member?</u>
David	McMunn	3/27/2022	WID-Administration	No
LESIA	MERVIN	5/3/2015	Court Reporters	No
SUSAN	MILLER	1/31/2021	Research Attorneys	No
Socorro	Munoz	4/26/2020	HHS-HLTH-Visalia Hlth Ctr	No
Sylvia	Munoz	9/15/2019	HHS-HS-Dinuba District Off	No
Patricia	Myers	5/8/2022	Child Support Services Dept	No
Martina	Navarro	10/11/2020	HHS-MH-Trans Liv Ctr	No
LOUISE	NELSON	11/12/2017	Family Court Services	No
Steven	Noland	4/1/2018	RMA-TR-Fleet Central Shop	No
Jane	Nystrem	2/16/2020	TCSO-Inmate Programs Unit	No
Scott	O'Neill	6/11/2017	Sher-Op-Porterville	No
Andrew	Pacheco	7/28/2013	RMA-Project Processing	No
Rhonda	Pack	10/12/2022	Sher-Op-Civil	No
Rodney	Parker	4/16/2017	Sher-Op-Action Grant	No
Maria	Pasillas	1/31/2021	HHS-MH-Training Svs	No
Eric	Petersen	3/14/2021	Information Technology	No
Andy	Phetsada	7/8/2018	HHS-MH-Visalia Adult Clinic	No
Julie	Poochigian	6/22/2008	Assessor-Clerk/Recorder	No
Vickie	Rabago	1/15/2012	DA-Visalia Courthouse	No
Katherine	Reim	10/13/2019	Prob-Admin-Visalia	No
Lupe	Renteria	6/19/2022	HHS-HS-PDO	No
Angela	Rose	11/22/2020	County Counsel	No
Sharon	Rowton	11/18/2012	RMA-TR-Fleet Central Shop	No
John	Rozum	3/31/2019	County Counsel	No
Tina	Salmon	6/20/2021	HHS-HS-Ben Elg Sup Team	No
Judith	Sanchez-Duran	3/1/2020	HHS-HLTH-Hillman Lab	No
Gregory	Scroggins	6/24/2018	Prob-Admin-Visalia	No
Nelda	Sell	8/19/2007	RMA-TR-Visalia Rd Yd 2	No
Veronica	Silva Stalis	12/5/2021	HHS-HLTH-Visalia Hlth Ctr	No
Bernice	Soto	8/2/2020	HHS-HS-IMAGING UNIT	No
Angelina	Stanfill	5/28/2017	HHS-HS-Dinuba District Off	No
Karen	Trevino	5/26/2019	HHS-HS-Hyde Adopt/Special	No
Brenda	Tyler	6/20/2021	HHS-HLTH-Tulare Public CCS	No
Jesusita	Vasquez	1/31/2021	HHS-HLTH-Environmental Health	No
Stella	Velasquez	2/9/2014	Sher-Op-Communications	No
Mark	Webb	8/14/2022	Sher-Op-Coroner	No
Christopher	Wenzinger	9/11/2022	Sher-Op-Sheriff's Office	No
Johnny	Wong	6/10/2018	RMA-TR-Operations	No
DAVID	WOOTEN	10/14/2018	Judicial Officers	No

# Tulare County Employees' Retirement Association

## Results of the Financial Statement Audit for the Fiscal Year Ended June 30, 2022

**Brown Armstrong**

**Accountancy Corporation**

4200 Truxtun Avenue, Suite 300 | Bakersfield, CA 93309 | 661.324.4971 | Fax 661.324.4997

[www.ba.cpa](http://www.ba.cpa)

Presented By: Andrew Paulden, CPA  
Partner



**BROWN  
ARMSTRONG**  
CERTIFIED PUBLIC ACCOUNTANTS

December 14, 2022

Board of Retirement  
Tulare County Employees' Retirement Association  
136 N. Akers Street  
Visalia, California 93291

We are pleased to have the opportunity to present to you the results of our audit of the Tulare County Employees' Retirement Association (TCERA) financial statements for the fiscal year ended June 30, 2022.

We look forward to presenting this information and addressing your questions.

Sincerely,

Andrew Paulden, *Partner*  
Brown Armstrong Accountancy Corporation



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# Agenda

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# Scope of Services Recap

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- ❖ Audit of TCERA's financial statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States
- ❖ Other reports and communications required by professional standards including:
  - Report on Internal Control Over Financial Reporting and on Compliance and Other Matters (Yellow Book)
  - Required Communication to the Board of Retirement (AKA –SAS 114)

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# Audit Timeline/Critical Dates

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- Planning/Population and Information Requests – April 2022
- Interim Procedures – Fieldwork – week of June 27, 2022
  - Walkthroughs and Understanding of Key Accounting Areas
  - Update Minutes and Agreements
  - Participant Testing– Active & Retired
- Final Procedures – Fieldwork – week of October 3, 2022
  - Substantiate all Accounts and Balances
  - Review Confirmation Responses
  - Exit Meeting with TCERA Management
- Funding Valuation and GASB Statement No. 67 Reports Review – November 2022
- Draft Reports and Recommendations and Assist Management with Review of the Annual Comprehensive Financial Report – November 2022
- Audit Opinions Issued – November 29, 2022 – Issued Timely

# Audit Areas of Focus

Significant Risk Areas	Brown Armstrong's Response
Revenue Recognition	<ul style="list-style-type: none"><li>•Test of controls was performed over contribution amounts as part of participant data</li><li>•Substantive analytics were performed</li></ul>
Management Override of Controls	<ul style="list-style-type: none"><li>•Performed walkthroughs of significant areas</li><li>•Test a sample of journal entries to ensure no inappropriate or unusual entries</li></ul>
Information Technology (IT)	<ul style="list-style-type: none"><li>•Walkthrough performed over General Controls</li><li>•Limited scope was performed</li></ul>

# Audit Areas of Focus (Continued)

Significant Audit Areas	Brown Armstrong's Response
Investments and Related Earnings	<ul style="list-style-type: none"><li>•Walkthrough of controls performed</li><li>•High level analytics performed on investment income</li><li>•Confirmation with custodian, managers, and consultants</li><li>•Reviewed GASB Statement No. 72 valuation inputs and level determinations</li><li>•Obtained audited financial statements and SOC reports for traditional investments and valuation methodologies, appraisals, for private equity and real estate</li></ul>
Participant Data and Actuary	<ul style="list-style-type: none"><li>•Walkthrough and test of controls</li><li>•Confirmed with participants and actuary</li><li>•Testing of participant data, including active and terminated members, and employer payroll</li><li>•GASB Statement No. 67</li></ul>
Employer and Employee Contributions	<ul style="list-style-type: none"><li>•Walkthrough and test of controls</li><li>•High level analytics</li></ul>
Benefit Payments	<ul style="list-style-type: none"><li>•Walkthrough and test of controls</li><li>•High level analytics</li></ul>



# Results of the Audit

Report	Summary of Opinion / Required Communication
Report on Financial Statements (Opinion)	Unmodified ( Clean)
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	<ul style="list-style-type: none"> <li>•No noncompliance noted</li> <li>•No material weaknesses, significant deficiencies, or control deficiencies identified</li> </ul>
Required Communication to the Audit Committee and Board of Administration in Accordance with Statement on Auditing Standards (SAS) 114	<ul style="list-style-type: none"> <li>•Significant Estimates and Sensitive Disclosures Reviewed               <ul style="list-style-type: none"> <li>• Fair Value of Investments</li> <li>• Contributions and NPL Estimates                   <ul style="list-style-type: none"> <li>✓ Based on actuary assumptions</li> </ul> </li> </ul> </li> <li>•Proposed Audit Adjustments - None</li> <li>•Disagreements with Management - None</li> <li>•New Accounting Standards - No material impact</li> </ul>

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# Financial Statement Review Process

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- Review Process
- Quality Control
- GFOA Award

# Thank Staff/Questions?

**Andrew Paulden, CPA, Partner**

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Bakersfield, California 93309  
Phone (661) 324-4971  
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**BROWN  
ARMSTRONG**  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

Board of Retirement  
Tulare County Employees' Retirement Association  
Visalia, California

### Report on the Audit of the Basic Financial Statements and the Other Information

#### Opinions

We have audited the accompanying Statement of Fiduciary Net Position of Tulare County Employees' Retirement Association (TCERA), a pension trust fund of the County of Tulare, as of June 30, 2022, the Statement of Changes in Fiduciary Net Position for the fiscal year then ended, and the related notes to the basic financial statements, which collectively comprise TCERA's basic financial statements as listed in the table of contents. We have also audited the Schedule of Cost Sharing Employer Allocations of TCERA and the Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan totals for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions, specified column totals, as of and for the fiscal year ended June 30, 2022, listed as other information in the table of contents.

In our opinion, the basic financial statements and the other information referred to above present fairly, in all material respects, the fiduciary net position of TCERA as of June 30, 2022, and the respective changes in fiduciary net position for the fiscal year then ended; the Schedule of Cost Sharing Employer Allocations of TCERA for the fiscal year ended June 30, 2022; and the Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan totals for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions, specified column totals, as of and for the fiscal year ended June 30, 2022, listed as other information in the table of contents, in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Basic Financial Statements and the Other Information section of our report. We are required to be independent of TCERA 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 Basic Financial Statements and the Other Information

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the basic financial statements and the other information as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 basic financial statements and other information.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the basic financial statements and other information, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the basic financial statements and other information.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TCERA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the basic financial statements and other information.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TCERA'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 the required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, is the responsibility of management and, although not a part of the basic financial statements, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for

consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise TCERA's basic financial statements. The other supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 auditing standards generally accepted in the United States of America. In our opinion, other 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.

### **Additional Information**

Management is responsible for the additional information included in the annual comprehensive financial report. The additional information comprises the introductory, investment, actuarial, and statistical sections, as listed in the table of contents, 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 additional information, and we do not express an opinion or any form of assurance thereon.

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

### **Report on Summarized Comparative Information**

We have previously audited TCERA's June 30, 2021, basic financial statements, and our reported dated November 29, 2021, expressed an unmodified opinion on those audited basic financial statements. In our opinion, the summarized comparative information presentation herein as of June 30, 2021, is consistent in all material respects, with the audited basic financial statements from which it has been derived.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2022, on our consideration of TCERA'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 TCERA'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 TCERA's internal control over financial reporting and compliance.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
November 29, 2022

**TULARE COUNTY EMPLOYEES'  
RETIREMENT ASSOCIATION**

**REPORT TO THE BOARD OF RETIREMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**TULARE COUNTY EMPLOYEES'  
RETIREMENT ASSOCIATION**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Retirement  
Tulare County Employees' Retirement Association  
Visalia, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Tulare County Employees' Retirement Association (TCERA), a pension trust fund of the County of Tulare, as of and for the fiscal year ended June 30, 2022, and the related notes to the basic financial statements, which collectively comprise TCERA's basic financial statements, and the Schedule of Cost Sharing Employer Allocations of TCERA, and the Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan totals for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions, specified column totals (other information), as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated November 29, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the basic financial statements and other information, we considered TCERA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements and other information, but not for the purpose of expressing an opinion on the effectiveness of TCERA's internal control. Accordingly, we do not express an opinion on the effectiveness of TCERA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of TCERA's basic financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether TCERA's basic financial statements and other information are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the basic financial statements and other information. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of TCERA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TCERA's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
November 29, 2022

**REQUIRED COMMUNICATION TO THE MEMBERS OF THE BOARD OF  
RETIREMENT IN ACCORDANCE WITH PROFESSIONAL STANDARDS (SAS 114)**

Board of Retirement  
Tulare County Employees' Retirement Association  
Visalia, California

We have audited the basic financial statements, and the Schedule of Cost Sharing Employer Allocations and the Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan totals for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions, specified column totals (other information) of Tulare County Employees' Retirement Association (TCERA), a pension trust fund of the County of Tulare, for the fiscal year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 20, 2022. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Matters*****Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by TCERA are described in Note 1, Summary of Significant Accounting Policies, to the basic financial statements. As described in Note 1 to the basic financial statements, TCERA implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, Statement No. 91, *Conduit Debt Obligations*, and Statement No. 93, *Replacement of Interbank Offered Rates*, during fiscal year 2022. We noted no transactions entered into by TCERA during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the basic financial statements in the proper period.

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting TCERA's basic financial statements were:

Management's estimate of the fair value of investments was derived by various methods as detailed in Note 1, Summary of Significant Accounting Policies, Note 3, Deposit and Investment Risk Disclosures, and Note 4, Fair Value Measurement. We evaluated the key factors and assumptions used to develop the estimate of the fair value of investments in determining that it is reasonable in relation to the basic financial statements taken as a whole.

The contribution amounts and net pension liability as detailed in Note 1, Summary of Significant Accounting Policies, and Note 10, Net Pension Liability, which are based on the actuarially presumed interest rate and assumptions. We evaluated the key factors and assumptions used to develop the estimates of the contribution amounts and net pension liability in determining that they are reasonable in relation to the basic financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the basic financial statements were:

The disclosures for deposits and investments in Notes 1, 3, and 4 to the basic financial statements, Summary of Significant Accounting Policies, Deposit and Investment Risk Disclosures, and Fair Value Measurement, respectively, were derived from TCERA's investment policy. Management's estimate of the fair value of investments was derived by various methods as detailed in the notes to the basic financial statements.

Additionally, the disclosure related to the funding policies, net pension liability, and actuarial methods and assumptions in Notes 2 and 10, Plan Description and Net Pension Liability, respectively, were derived from actuarial valuations, which involved estimates of the value of reported amounts and probabilities about the occurrence of future events.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No such misstatements were noted during our audit.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 29, 2022.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to TCERA's basic financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as TCERA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Contributions, and Schedule of Investment Returns, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Administrative Expenses, Fees, Other Investment Expenses and Payments to Consultants, and Schedule of Net Position Restricted for Pension Benefits, which accompany the basic financial statements but are not RSI. With respect to this supplemental information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplemental information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves. In our opinion, the other supplementary information is fairly stated, in all material respects to the basic financial statements as a whole.

We were not engaged to report on introductory, investment, actuarial, and statistical sections, which accompany the basic financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

### Restriction on Use

This communication is intended solely for the use of the Board of Retirement and management of TCERA and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
November 29, 2022

# ***Tulare County Employees' Retirement Association***

*A Pension Trust Fund of the County of Tulare, California*

## ***Annual Comprehensive Financial Report***

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

***Prepared by:***

***The Accounting Department  
Tulare County Employees' Retirement Association***

***Leanne Malison  
Retirement Administrator***

***Mary Warner  
Assistant Retirement Administrator***

***Tulare County Employees' Retirement Association  
136 N Akers Street  
Visalia, California 93291  
(559) 713-2900 FAX (559) 730-2631***

## **TULARE COUNTY EMPLOYEES' RETIREMENT ASSOCIATION "TCERA"**

***TCERA** is a retirement system, organized under the County Employees Retirement Law of 1937, which provides retirement, disability, and death benefits to the employees, retirees, and former employees of the County of Tulare, the Tulare County Superior Court, and the Strathmore Public Utility District.*

*TCERA's principal responsibilities include: management of the trust fund; delivery of retirement, disability, and death benefits to eligible members; administration of cost-of-living programs; and general assistance in retirement and related benefits.*

### **Mission Statement**

To provide retirement compensation, death and disability benefits to Tulare County and outside district retirees and their beneficiaries. To provide services for plan members to assist them in planning for their retirement. To preserve and maintain the assets of the system through prudent investment of employee and employer contributions, while maintaining a sound funded status for the system.



### **TCERA Commitment**

TCERA is committed to providing excellent service for its plan participants. The Mission is achieved through a competent, professional, impartial and open decision making process. Investments are managed to decrease risk while increasing returns. TCERA exists for the sole purpose of providing benefits to our members with the goals of maximizing member service, enhancing member communication to increase awareness of available benefits, and minimizing employer contributions.



### **Goals**

- To enhance communications with members and employers.
- To develop an environment which improves the Retirement Board's ability to fulfill its fiduciary responsibilities.
- To improve the level and delivery of services provided to plan participants.
- To achieve and sustain top quartile investment performance as measured by the Public Fund Universe.
- To attract, develop and retain competent and professional staff.

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# *introductory section*

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## COUNTY OF TULARE BOARD OF RETIREMENT

**Leanne Malison**  
**Retirement Administrator**

136 N AKERS STREET  
VISALIA, CALIFORNIA 93291

TELEPHONE (559) 713-2900  
FAX (559) 730-2631  
[www.tcera.org](http://www.tcera.org)

### ***Letter of Transmittal***

November 29, 2022

Board of Retirement  
Tulare County Employees' Retirement Association  
136 N. Akers Street  
Visalia, CA 93291-5121

Dear Board Members:

The Tulare County Employees' Retirement Association (TCERA) staff is submitting for your review the Annual Comprehensive Financial Report of the Tulare County Employees' Retirement Association for the fiscal year ended June 30, 2022, TCERA's 77th year of operation. The information contained in this report is designed to provide a complete and accurate review of the year's operations. The required financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Brown Armstrong Accountancy Corporation, independent auditor, has audited the financial statements. Management is responsible for the contents of this report and believes that internal controls are adequate and that the accompanying statements, schedules, and tables are fairly presented.

### **TCERA AND ITS SERVICES**

Currently, TCERA (also referred to as the Association or the Plan) has three plan sponsors. The Plan was established on July 1, 1945, to provide retirement allowances and other benefits to the safety and general members employed by the County of Tulare (the County). On July 1, 1968, the Strathmore Public Utility District joined the members of TCERA under the Association's provisions. Effective January 1, 2004, the Tulare County Superior Court (TCSC) separated from the County. TCERA established TCSC as a separate plan sponsor, which provides inclusion in membership for new employees while retaining the prior County employees with continuing membership.

TCERA is governed by the California Constitution, the County Employees Retirement Law of 1937, the California Public Employees' Pension Reform Act of 2013, other California Government Code sections applicable to TCERA, applicable sections and regulations of the United States Internal Revenue Code, and the bylaws, procedures and policies adopted by TCERA's Board of Retirement (the Board). The Tulare County Board of Supervisors may also adopt resolutions, as permitted by the County Employees Retirement Law of 1937, which may affect benefits of TCERA members.

The Board is responsible for determining TCERA's investment objectives, strategies, policies, and general management of TCERA. The Retirement Administrator is accountable for TCERA's operations and is an advisor to the nine member Board.

### MAJOR INITIATIVES, SERVICE EFFORTS AND ACCOMPLISHMENTS

During this fiscal year our initiatives, service efforts and accomplishments have continued to reflect the five stated goals of TCERA:

#### Enhance Communications with Members and Employers

- TCERA continues to focus on opportunities provided to members to increase their knowledge regarding TCERA and retirement benefits by continually evaluating and updating its educational seminars presented to members. Due to the COVID pandemic, TCERA started offering its many seminars through a web meeting platform. This change has been successful in ensuring the continuation of the numerous retirement seminars and the ability for each seminar to accommodate a larger group of members.
- Member benefit statements distributed annually provide not only contribution balance information, but also projected benefit estimates for vested members. This gives members an additional tool for their retirement planning. Because these statements are generated directly from TCERA's pension administration system, TCERA is able to distribute these statements quickly without relying on a third party for printing and distribution.
- *Pension Progress*, TCERA's quarterly newsletter, continues to provide up to date information for all members. Electronic distribution for active members ensures timely delivery and easy access for employees. The newsletter is also available on TCERA's website.
- TCERA maintains member web services called *My TCERA*. *My TCERA* provides active members access to their demographic and balance information as well as the ability to calculate preliminary retirement benefit estimates using their current data. Retired members have access to payment acknowledgments and 1099R information and can submit updates to certain pension information. The My TCERA Retirement Modeler gives members the opportunity to use "what if" scenarios to assist with achieving their retirement goals. After enrolling in web services, *My TCERA* is accessible to members through a link available on TCERA's website.
- TCERA updates Facebook and Twitter communications with relevant news and information for its members. The use of social media provides yet another means of reaching TCERA members with important information.
- New audio-visual equipment installed in TCERA's Board room offers improved in-room sound quality and features for remote access. These enhancements were essential in continuing to provide access to public meetings during the COVID pandemic. The implementation of new technology now provides a live stream of Board of Retirement meetings via You Tube to allow the public to see and hear the information presented to the Board and the resulting actions.

#### Develop an Environment which Improves the Retirement Board's Ability to Fulfill its Fiduciary Responsibilities

- The Board trustees continue their focus on Board education. Trustees are encouraged to attend seminars and conferences offered through qualified outside organizations. In addition, the Board has ramped up its internal education, offering on-site education on various administrative and investment topics. The educational opportunities in this fiscal year's education calendar covered private markets review, risk/standard deviation, and investments in China. The presentations from TCERA's investment managers returned to an in-person format to provide better interaction between the trustees vendors. These presentations from consultants and investment managers have provided multiple web-based conferences and seminars for trustees, providing another means of obtaining valuable education.
- The Board continued discussion regarding TCERA's interest rate assumption. The Board elected to maintain the current compounded rate of 7.00%. This was the result of the Board's continued analysis of projected investment returns, associated risk, and the recommendations of TCERA's actuary regarding the interest rate assumption. The Board acknowledged that maintaining the rate at its current level will place the plan in a favorable position for reaching its long-term investment return goals and achieving full funding status.

- The Board initiated a special study on the Supplemental Retiree Benefit Reserve (SRBR) to gain a thorough understanding of the viability of the supplemental benefits and receive education on options that may be considered in the future.
- The Board acknowledged its fiduciary responsibility in administrative matters through the periodic review of Board policies and resolutions, including an approval of reviewed disability procedures that govern the disability application process. The Board also updated resolutions regarding compensable pay codes.
- The Board contracted with Roeder Financial for an actuarial audit to ensure that TCERA's long-term actuary, Cheiron, was using appropriate assumptions and methodology for TCERA's annual actuarial valuation. The results of the audit were presented to the Board in January of 2022. With some minor suggestions, the auditor was in agreement with Cheiron's process and results.

### Improve the Level and Delivery of Services Provided to Plan Participants

- TCERA continued to enhance its Pension Administration System and develop improved processes and workflow through expanded use of the system's capabilities. Staff worked to gain efficiencies in the use of the CPAS system and to refine procedures to make the best use of the system's features.
- The COVID pandemic was the impetus for expanding the available ways for members to receive counseling regarding retirement and other TCERA benefits. TCERA now offers in-person, phone, email, and on-line meetings via Zoom and Microsoft Teams for discussing benefits and receiving assistance with the completion of required paperwork. Providing choices ensures that members can receive important information and assistance using the medium that works best for their situation.
- The Board of Retirement approved the addition of a Retirement Specialist in recognition of the need to maintain staffing at a level that can provide excellent customer service. This additional staff member will ensure that TCERA can meet the needs of its members and be prepared for growth without compromising TCERA's level of service.

### Achieve and Sustain Top Quartile Investment Performance as Measured by the Public Fund Universe

- The Board conducted its annual review of its investment policy including TCERA's strategic asset allocation. The trustees took action to update the investment targets in its strategic investment allocation, increasing Domestic Equity from 25% to 26%, increasing International Equity from 15% to 16%, decreasing Fixed Income from 27% to 20%, decreasing real assets from 20% to 18%, and increasing Private Markets from 10% to 17%. These changes included the addition of two new asset classes, Opportunistic Real Estate and Infrastructure, and the elimination of Global Fixed Income. This asset mix provided a slightly higher long-term forecasted return than the previous policy while maintaining an acceptable level of risk in the portfolio.
- The increase to the target percentage for investments in Private Markets led the Board to discuss in detail the options for implementing the larger allocation. After considering the current Fund of Funds investment model, Fund of One, and Direct Investing, the Board determined that it would be beneficial to use Direct Investing for its Private Markets portfolio and updated the investment policy accordingly. TCERA contracted with Verus Advisory, Inc. as its Private Markets consultant with discretionary authority to build out the Private Markets portfolio.
- The trustees also directed staff to make the following changes to TCERA's investment managers: Selection of William Blair to replace Ivy as the large cap growth equity manager, transition from LMCG to Leeward in response to the carve-out of the investment team to a new entity, the departure of Franklin Templeton due to the elimination of the global credit allocation, and the selection of IFM for TCERA's infrastructure allocation. These changes are in line with the strategic asset allocation and the Board's evaluation of its managers.
- TCERA's investments returned -5.9% net of fees for the fiscal year ending June 30, 2022, ranking in the 35th percentile of its peer group. While the return was disappointing on an absolute return basis, this represents a significant improvement in TCERA's performance as compared to peers, moving from the bottom quartile to well above the median peer. The return also performed better than the Plan's policy benchmark of -6.2%. While missing the mark for TCERA's investment rate assumption of 7% for the fiscal year, the ten-year portfolio return is 6.8%, just under the



assumption. TCERA's fixed income portfolio compared to peers continued to be a detractor to the peer ranking as was TCERA's real estate investment performance. The primary driver of TCERA's negative return was the market turmoil in global markets caused by the pandemic, supply chain disruption, global conflicts, inflation, and most significantly by the rate increases initiated by the Federal Reserve to bring rising inflation under control. As in previous challenging investment environments, TCERA is focused on the future and expects the markets to recover in time. TCERA hopes to achieve progress in the future with both its absolute return and its peer ranking through the implementation of the changes the Board has made to its strategic investment allocation. TCERA continues to be optimistic in its ability to achieve its long-term investment goals as well as improve TCERA's position in comparison to peers.

- TCERA's policy of smoothing asset returns allowed the Board to authorize the posting of positive interest for both December 31, 2021 and June 30, 2022 in spite of the negative current fiscal year returns. That return along with the recognition of previous gains and losses caused the smoothed rate to fall short of the interest assumption rate of 7.00% in effect for the fiscal year. The Board is confident that, barring unforeseen market turmoil, the implementation of its asset allocation combined with positive market environments will produce future investment performance in line with TCERA's goals. Member accounts and applicable reserves were credited with interest as follows:

December 31, 2021	Tiers 1-3 – 3.7845% Tier 4 – 3.441%
June 30, 2022	Tiers 1-3 – 3.1612% Tier 4 – 3.0844%

Attract, Develop, and Retain Competent and Professional Staff

- The Board authorized the addition of two new staff members. A new Retirement Specialist and new Administrative Services Officer will be hired next fiscal year. This additional staffing will allow TCERA to continue to meet its goals for customer service in light of increased retirements and regulatory requirements.
- TCERA continued its focus on cross-training and professional development for all staff members. Weekly staff meetings provide an environment for exchange of information and training in various aspects of pension administration.
- Staff members participated in on-site training and off-site seminars and roundtables to bolster their understanding of retirement principles as available. The COVID pandemic has limited access to off-site seminars, but the availability of web-based programs has helped fill in that gap.

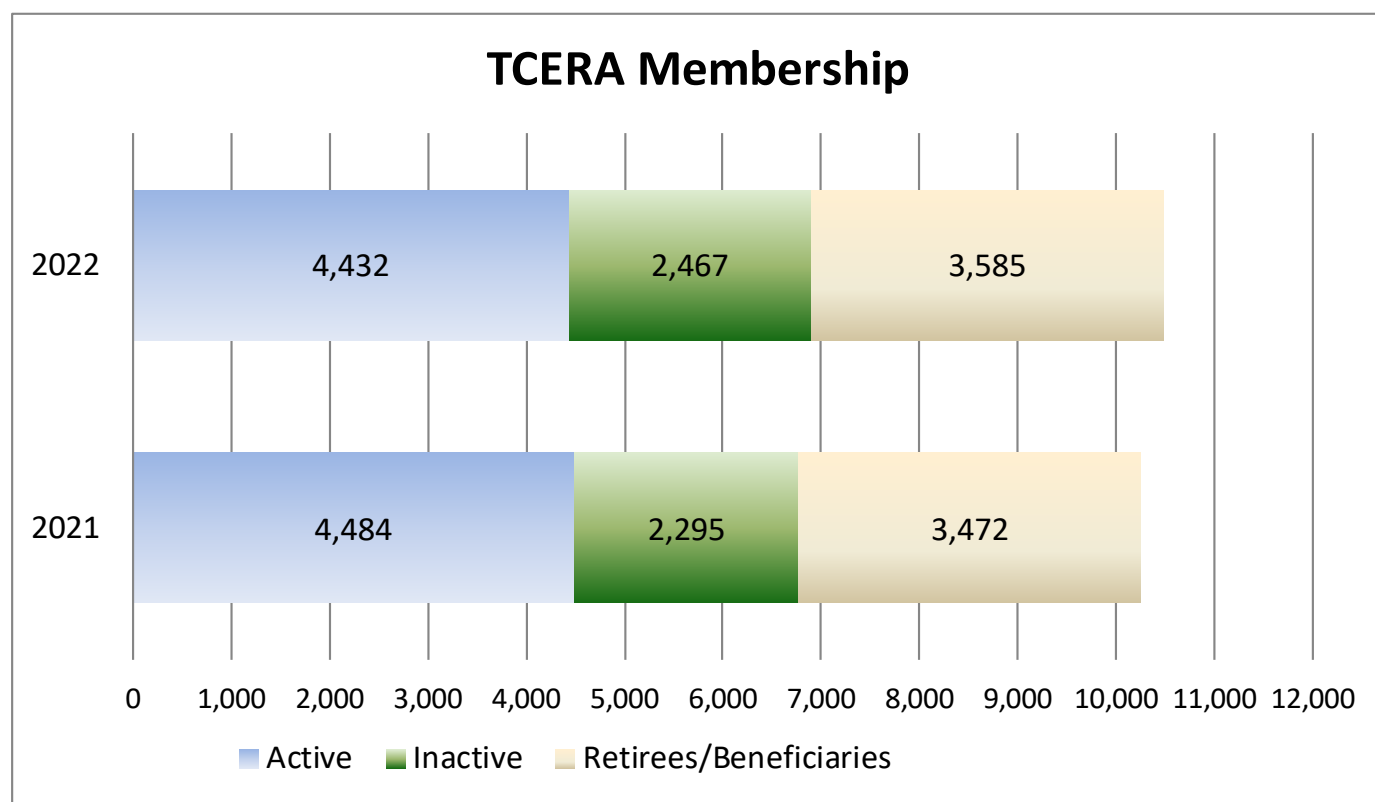
## MEMBERSHIP

All permanent County, Strathmore Public Utility District, and TCSC employees working 50% or more in a regular allocated position are members of the Association.

### TCERA's Membership

*As of June 30, 2022 and 2021*

	<b>2022</b>	<b>2021</b>
Active Plan Participants (vested/non-vested)	4,432	4,484
Inactive Participants (vested/non-vested)	2,467	2,295
Service Retirees	2,711	2,619
Disability Retirees	345	342
Survivors/Beneficiaries	529	511
Total Retirees/Beneficiaries	3,585	3,472
<b>Total Members</b>	<b>10,484</b>	<b>10,251</b>



The Association's membership consists of General and Safety members who participate in one of the following four tiers:

**Tier 1** – Includes all members who have a membership date on or before December 31, 1979. The County pays one-half of Tier 1 members' normal contributions. Benefits are calculated using the highest average one-year salary. Tier 1 members receive a maximum of 3% cost-of-living adjustment annually after retirement. Tier 1 general members with service earned on or after July 1, 2005 are now subject to IRS Section 415 limits due to the implementation of a new benefit formula. Only Tier 1 general members who entered deferred status prior to the implementation of the new benefit formula are exempt from these limits. All Tier 1 members are subject to Article 5.5 Alternative Financial Provisions of the California Government Code.

**Tier 2** – Includes all members who have a membership date from January 1, 1980 through December 31, 1989. Benefits are calculated using the highest average three-year salary. Tier 2 members receive a maximum of 2% cost-of-living adjustment annually after retirement. Tier 2 general members with service earned on or after July 1, 2005 are now subject to IRS Section 415 limits due to the implementation of a new benefit formula. Only Tier 2 general members who entered deferred status prior to the implementation of the new benefit formula are exempt from these limits. All Tier 2 members are subject to Article 5.5 Alternative Financial Provisions of the California Government Code.

**Tier 3** – Includes all members who have a membership date from January 1, 1990 through December 31, 2012. Benefits are calculated using the highest average three-year salary. Tier 3 members receive a maximum of 2% cost-of-living adjustment annually after retirement. All employees who joined TCERA on or after January 1, 1990 are subject to IRS Section 415 limits. All Tier 3 members are subject to Article 5.5 Alternative Financial Provisions of the California Government Code.

**Tier 4** – Includes all members who have a membership date on or after January 1, 2013 and are not eligible for reciprocal membership with another qualified retirement system. Tier 4 was established in response to the provisions of the California Public Employees' Pension Reform Act of 2012 (PEPRA). Benefits are calculated using the highest average three-year salary. Tier 4 members receive a maximum of 2% cost-of-living adjustment annually after retirement. All employees who joined TCERA on or after January 1, 1990 are subject to IRS Section 415 limits. Tier 4 members are not subject to Article 5.5 Alternative Financial Provisions of the California Government Code.

The covered payroll for all tiers for fiscal years ended June 30, 2022 and 2021 as reported in the most recent actuarial Governmental Accounting Standards Board (GASB) Statement No. 67/68 report dated June 30, 2022 was \$288.63 million and \$276.13 million, respectively.

### INVESTMENTS - General Authority

Article XVI, Section 17 of the Constitution of the State of California provides that “Notwithstanding any other provisions of law or this Constitution, the Retirement Board of a public pension or retirement system shall have plenary authority and fiduciary responsibility for the investment of moneys and administration of the system...”

Article XVI, Section 17(a) of the Constitution of the State of California provides that “the Retirement Board of a public pension or retirement system shall have sole and exclusive fiduciary responsibility over the assets...”

Article XVI, Section 17(c) of the Constitution of the State of California provides that “the members of the Retirement Board of a public pension or retirement system shall discharge their duties... with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aim.” By permitting further diversification of investments within a fund, the prudent expert standard may enable a fund to reduce overall risk and increase returns. A summary of TCERA's asset allocation can be found in the Investment Section of this report.

The prudent expert rule permits the Board to establish investment policy based upon professional advice and counsel and allows for the delegation of investment authority to professional advisors. TCERA's Investment Policy outlines the responsibility for the investments of the fund and the degree of risk that is deemed appropriate for the fund. Investment advisors are to carry out their responsibilities in accordance with the Board's policies and guidelines.

TCERA's investment return calculations are time-weighted and market value based. For the fiscal years ended June 30, 2022 and June 30, 2021, TCERA's investments provided a -5.9% and 24.0% time-weighted rate of return, respectively. TCERA's annualized rate of return over the last three years was 5.4%. For the 5-year and 10-year periods, the fund returned 5.9% and 6.8% annualized, respectively. Details regarding investment performance are included in the Investment Section of this report.

## FINANCIAL INFORMATION

### Internal Control

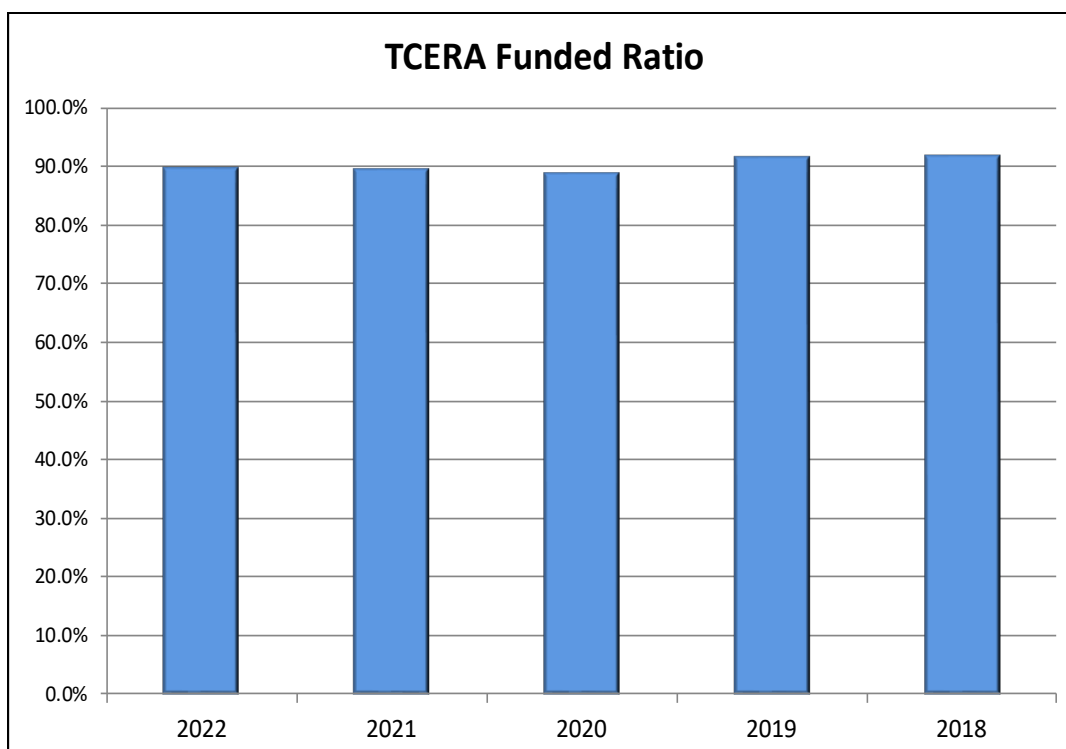
TCERA's management is responsible for implementing and sustaining internal controls designed to provide prudent assurance regarding the protection of assets and the reliability of financial records.

In developing and maintaining TCERA's accounting system, consideration is given to the adequacy of internal controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. TCERA recognizes that even sound internal controls have inherent limitations. We believe that TCERA's internal accounting controls adequately safeguard assets and provide reasonable assurance that all financial transactions are properly recorded and they are designed to provide reasonable, but not absolute, assurance that these objectives are met. These controls have been improved with the implementation of an integrated pension administration system.

### Funding Status and Objective

The policy of the Board is to provide for an actuarial valuation on an annual basis, with an experience study to be conducted every three years. As of June 30, 2022, the date of the last actuarial evaluation, the actuarial value basis funded ratio for TCERA was 89.9%. Over time, TCERA seeks to reach full funding status. To further that end, TCERA has adopted a 19-year layered amortization of the unfunded actuarial liability to ensure that liabilities are fully paid over the amortization period. TCERA's primary funding objective, however, is to maintain a funded status that will allow for the payment of its long-term benefit obligations through contributions and investment income. TCERA will establish contribution rates that, to the extent possible, will remain as a level percentage of payroll over time and will fully fund the liability for each participant by the participant's retirement date. Toward that end, the following chart displays TCERA's healthy and relatively stable funded ratio over recent years:



Not displayed in the chart is the substantial increase in the in the funded status as of June 30, 2017 as compared to prior periods, primarily due to the issuance of \$250 million in Pension Obligation Bonds by the County. TCERA's independent actuary, Cheiron, was authorized to produce a revised valuation for June 30, 2017 that included a receivable for the expected \$250 million contribution. The bond proceeds were received by TCERA on June 30, 2018.

### **Additional Discussion and Analysis of Fiscal Operations for the Fiscal Year**

An overview of TCERA's fiscal operations is presented in the Management's Discussion and Analysis (MD&A) preceding the financial statements. This transmittal letter, when taken into consideration with the MD&A, provides an enhanced picture of the activities of the pension fund.

### **CERTIFICATES OF ACHIEVEMENT AND AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to TCERA for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial 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.

TCERA's Popular Annual Financial Report (PAFR), designed to provide the public with an understanding of TCERA's overall financial condition and enhanced services, achieved the Award for Outstanding Achievement in Popular Annual Financial Reporting from the GFOA for the fiscal year ended June 30, 2021.

In addition, TCERA applied for and was awarded the Public Pension Standards Award for Funding and Administration for 2022. This award is presented by the Public Pension Coordinating Council in recognition of meeting professional standards for plan funding and administration as set forth in the Public Pension Standards. The Public Pension Coordinating Council is a confederation of the National Association of State Retirement Administrators (NASRA), the National Conference on Public Employee Retirement Systems (NCPERS), and the National Council on Teacher Retirement (NCTR).

### **ACKNOWLEDGMENTS**

The preparation of the annual report on a timely basis is made possible by the effective teamwork of TCERA staff. It is intended to provide concise and reliable information reflecting the Board's management of its fiduciary responsibility to TCERA's trust fund and participants. I would like to thank our contract auditor, Brown Armstrong Accountancy Corporation, for their guidance and assistance.

On behalf of TCERA Board of Retirement and staff, I would like to take this opportunity to express our appreciation to the advisors, consultants, and to the many people who have worked so diligently to ensure the success of TCERA.

Respectfully submitted,



Leanne Malison  
Retirement Administrator

***GFOA Certificate of Achievement***



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Tulare County Employees' Retirement Association  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO

***Public Pension Standards Award***



Public Pension Coordinating Council

***Public Pension Standards Award  
For Funding and Administration  
2022***

Presented to

**Tulare County Employees' Retirement Association**

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

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

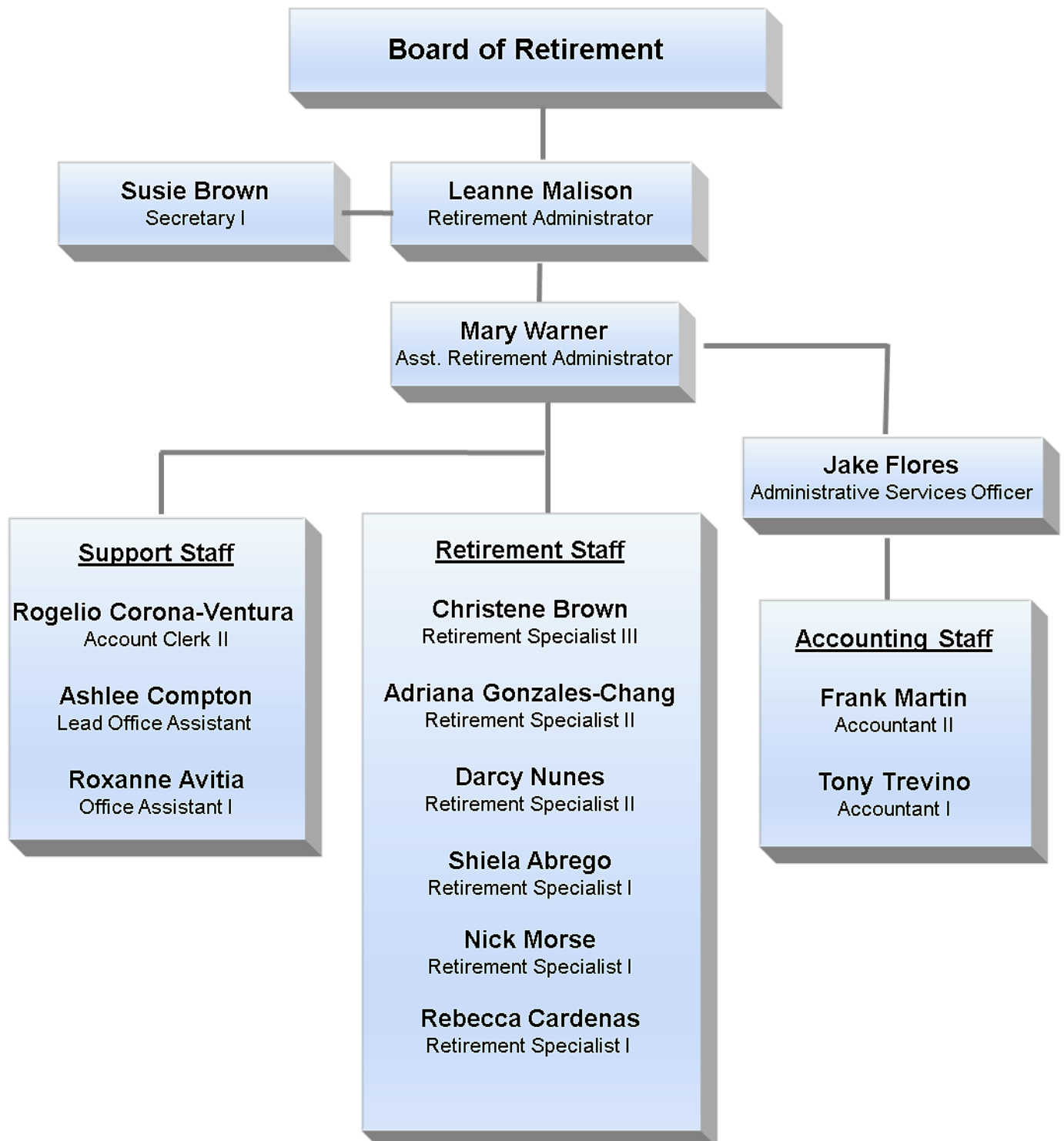
National Association of State Retirement Administrators (NASRA)  
National Conference on Public Employee Retirement Systems (NCPERS)  
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink, reading 'Alan H. Winkle'. The signature is written in a cursive, flowing style.

Alan H. Winkle  
Program Administrator

## ***TCERA Organizational Chart***

**As of June 30, 2022**





***Members of the Board of Retirement***  
**At June 30, 2022**



**Wayne Ross, Chair**  
**Appointed by the**  
**Board of Supervisors**  
Present term expires 12/31/2024



**Pete Vander Poel, Vice Chair**  
**Appointed by the**  
**Board of Supervisors**  
Present term expires 12/31/2022



**Nathan Polk**  
**Safety Membership Representative**  
**Elected by Safety Members**  
Present term expires 12/31/2024



**B. Ty Inman**  
**General Membership Representative**  
**Elected by General Members**  
Present term expires 12/31/2024



**James Young, Member**  
**Appointed by the**  
**Board of Supervisors**  
Present term expires 12/31/2024



**Laura Hernandez**  
**General Membership Representative**  
**Elected by General Members**  
Present term expires 12/31/2022

***Members of the Board of Retirement (Cont.)***



**Gary Reed, Member**  
**Appointed by the**  
**Board of Supervisors**  
Present term expires 12/31/2022



**Cass Cook, Member**  
**Auditor-Controller/Treasurer-Tax**  
**Collector**  
**Ex-Officio Member**



**David Vasquez, Alternate**  
**Safety Membership Representative**  
**Elected by Safety Members**  
Present Term expires 12/31/2024



**Paul Sampietro, Alternate**  
**Ex-Officio Alternate**  
**For Auditor/Controller/Treasurer-Tax**  
**Collector**



**David Kehler, Member**  
**Retired**  
**Elected by Retired Members**  
Present term expires 12/31/2022



**George Finney, Alternate**  
**Retired**  
**Elected by Retired Members**  
Present term expires 12/31/2022

***List of Professional Consultants***

**AUDITOR**

Brown Armstrong Accountancy Corporation

**ACTUARY**

Cheiron, Inc.

**CUSTODIAN/SECURITIES LENDING**

BNY Mellon Global Securities Services

**DATA PROCESSING**

Tulare County Information & Communications Technology

**CUSTODIAL BANK**

BNY Mellon

**LEGAL COUNSEL**

Tulare County Counsel  
Nossaman LLP  
Hanson Bridget LLP

**INVESTMENT CONSULTANT**

Verus Advisory, Inc.

## ***List of Professional Investment Managers***

Additional information regarding investment managers, including asset allocation and performance, can be found in the Investment Section of this report. The Schedule of Investment Management Fees and the Brokerage Policy/Commission Recapture can be found on pages 77-78 of the Investment Section.

### **EQUITY: DOMESTIC**

Boston Partners  
State Street Global Advisors  
William Blair Investment Management  
PGIM Quantitative Solutions  
Leeward Investments, LLC

### **REAL ASSETS**

RREEF America, LLC  
Invesco Commercial Mortgage  
American Realty Advisors  
State Street Global Advisors  
IFM Global Infrastructure, LLC

### **EQUITY: INTERNATIONAL**

PIMCO RAE  
State Street Global Advisors  
SG Advisers LP

### **PRIVATE EQUITY**

Pantheon Ventures, Inc.  
BlackRock Alternative Advisors  
StepStone Group  
Ocean Avenue Capital Partners  
Pathway Capital Mgmt.  
Verus Advisory, Inc.

### **EQUITY: GLOBAL**

Kleinwort Benson Investors (KBI)

### **FIXED INCOME: DOMESTIC**

BlackRock Financial Mgmt., Inc.  
MacKay Shields, LLC  
DoubleLine Capital LP  
State Street Global Advisors

### **PRIVATE CREDIT**

Sixth Street Partners

### **FIXED INCOME: GLOBAL**

PGIM, Inc.

### **OPPORTUNISTIC**

KKR Capital Markets, LLC  
PIMCO Investments, LLC  
Sixth Street Partners

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# *financial section*

Independent Auditor’s Report



www.ba.cpa  
661-324-4971

INDEPENDENT AUDITOR’S REPORT

Board of Retirement  
Tulare County Employees’ Retirement Association  
Visalia, California

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

Opinions

We have audited the accompanying Statement of Fiduciary Net Position of Tulare County Employees’ Retirement Association (TCERA), a pension trust fund of the County of Tulare, as of June 30, 2022, the Statement of Changes in Fiduciary Net Position for the fiscal year then ended, and the related notes to the basic financial statements, which collectively comprise TCERA’s basic financial statements as listed in the table of contents. We have also audited the Schedule of Cost Sharing Employer Allocations of TCERA and the Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan totals for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions, specified column totals, as of and for the fiscal year ended June 30, 2022, listed as other information in the table of contents.

In our opinion, the basic financial statements and the other information referred to above present fairly, in all material respects, the fiduciary net position of TCERA as of June 30, 2022, and the respective changes in fiduciary net position for the fiscal year then ended; the Schedule of Cost Sharing Employer Allocations of TCERA for the fiscal year ended June 30, 2022; and the Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan totals for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions, specified column totals, as of and for the fiscal year ended June 30, 2022, listed as other information in the table of contents, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Basic Financial Statements and the Other Information section of our report. We are required to be independent of TCERA 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 Basic Financial Statements and the Other Information

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

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



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

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

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

Our objectives are to obtain reasonable assurance about whether the basic financial statements and the other information as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 basic financial statements and other information.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the basic financial statements and other information, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the basic financial statements and other information.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TCERA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the basic financial statements and other information.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TCERA'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 the required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, is the responsibility of management and, although not a part of the basic financial statements, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for



consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise TCERA's basic financial statements. The other supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 auditing standards generally accepted in the United States of America. In our opinion, other 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.

#### **Additional Information**

Management is responsible for the additional information included in the annual comprehensive financial report. The additional information comprises the introductory, investment, actuarial, and statistical sections, as listed in the table of contents, 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 additional information, and we do not express an opinion or any form of assurance thereon.

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

#### **Report on Summarized Comparative Information**

We have previously audited TCERA's June 30, 2021, basic financial statements, and our reported dated November 29, 2021, expressed an unmodified opinion on those audited basic financial statements. In our opinion, the summarized comparative information presentation herein as of June 30, 2021, is consistent in all material respects, with the audited basic financial statements from which it has been derived.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2022, on our consideration of TCERA'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 TCERA'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 TCERA's internal control over financial reporting and compliance.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
November 29, 2022

## ***Management's Discussion and Analysis***

We are pleased to provide this overview and analysis of the financial activities of the Tulare County Employees' Retirement Association (TCERA, the Association, or the Plan) for the fiscal year ended June 30, 2022. We encourage readers to take into account the information presented here in conjunction with additional information that we have furnished in the Letter of Transmittal beginning on page 1 in this Annual Comprehensive Financial Report.

### **Financial Highlights**

- At the close of the fiscal year 2022, TCERA's Fiduciary Net Position restricted for pension benefits was \$1.82 billion. The Fiduciary Net Position is held in trust for the payment of pension benefits to participants and their beneficiaries and is available to meet TCERA's ongoing obligations.
- TCERA's total Fiduciary Net Position restricted for pension benefits decreased by 157.2 million, or 7.95%, primarily as a result of a decrease in the fair value of investments.
- TCERA's primary funding objective is to maintain a funded status that will allow for the payment of its long-term benefit obligations through contributions and investment income. TCERA will establish contribution rates that, over time, will remain as a level percentage of payroll and will fully fund the liability for each participant by the participant's retirement date. As of June 30, 2022, the date of the last actuarial valuation, the funded ratio for TCERA was 89.9%. In general, this indicates that for every dollar of benefits due TCERA had approximately \$0.899 of assets available for payment as of that date.
- Revenues (additions to Fiduciary Net Position) for the fiscal year ended June 30, 2022 totaled (51.5) million, which includes employer contributions of \$40.4 million, Plan member contributions of \$25.9 million, net investment loss of \$118 million, and lease and other income of \$0.2 million.
- Expenses (deductions from Fiduciary Net Position) for the fiscal year ended June 30, 2022 totaled \$105.7 million, which includes retiree benefits of \$97.8 million, member refunds of \$4.9 million, and administrative expenses of \$3 million.

### **Overview of the Financial Statements**

This management's discussion and analysis introduces the readers to TCERA's basic financial statements, the **Statement of Fiduciary Net Position** and the **Statement of Changes in Fiduciary Net Position**.

**The Statement of Fiduciary Net Position** is a snapshot of account balances at year-end. It indicates the assets available for future payments to retirees and any current liabilities.

**The Statement of Changes in Fiduciary Net Position**, conversely, provides a view of the current year additions to and deductions from the fund.

TCERA's basic financial statements and the note disclosures to the basic financial statements are in compliance with accounting principles generally accepted in the United States of America for governments (GAAP) as established by the Governmental Accounting Standards Board (GASB). GAAP requires certain disclosures and also requires entities such as TCERA to report using the full accrual method of accounting. The full accrual method of accounting is similar to a for-profit pension system's accounting as revenues are recognized when earned and expenses when incurred, regardless of when cash is transferred. TCERA complies with all material requirements of GAAP.

## Management's Discussion and Analysis

The Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position report information about TCERA's balances as of the end of the fiscal year and its activities during the year. All investment gains and losses are shown at trade date, not settlement date. In addition, both realized gains and losses are shown on investments, and all Capital Assets are depreciated over their useful lives.

These two statements summarize TCERA's Fiduciary Net Position restricted for pension benefits. Net Position restricted for pension benefits is the difference between assets and liabilities and is one way to measure the Plan's financial position. Over time, increases and decreases in TCERA's Fiduciary Net Position restricted for pension benefits serve as one indicator of whether the Plan's financial health is improving or deteriorating. Other factors, such as market conditions and funded ratio, should also be considered in measuring TCERA's overall health. (See TCERA's financial statements on pages 27-28 of this report.)

Supporting the disclosures in the financial statements are the notes to the basic financial statements. Also included in this Annual Comprehensive Financial Report, in addition to this discussion and analysis, are the introductory section, required supplemental information, other supplemental information, and investment, actuarial and statistical sections. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. (See Notes to Basic Financial Statements on pages 29-51 of this report.)

**Required and Other Supplemental Information** is included in addition to the basic financial statements and accompanying notes on pages 52-56. Required supplemental information is presented due to the provisions of the Governmental Accounting Standards Board (GASB). Other supplemental information enhances the reader's understanding of TCERA's operations, as do the supporting schedules. Contained within the required supplemental information is information regarding TCERA's progress in funding its obligations to members. Page 89 of the actuarial section includes a Schedule of Funding Progress.

The Schedule of Administrative Expenses, Fees, Other Investment Expenses and Payments to Consultants, and the Schedule of Net Position Restricted for Pension Benefits are other supplemental information and are presented on pages 57-59 immediately following the required supplemental information on pensions of this report.

**Other Information**, which includes two schedules pertaining to GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The two schedules include the Schedule of Cost Sharing Employer Allocations and the Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan, is provided on pages 60-62.

## Financial Analysis

As previously noted, the Fiduciary Net Position may serve over time as a useful indication of TCERA's financial position (see Table 1 on the following page). The assets of TCERA exceeded its liabilities at the close of the fiscal year June 30, 2022. As of June 30, 2022, \$1.82 billion in Fiduciary Net Position was restricted for pension benefits. All of the Net Position is available to meet TCERA's ongoing obligation to plan participants and their beneficiaries.

As of June 30, 2022, Fiduciary Net Position decreased by 7.95% over the prior fiscal year primarily due to a decrease in the fair value of investments. A decrease in liabilities slightly offset the decrease in assets resulting in the overall decrease in Fiduciary Net Position. The changes in total assets and total liabilities were the result of decreased cash, decreases in receivables and payables for purchases of investments, and decreased collateral and obligations under TCERA's securities lending program during the fiscal year.

Despite any challenging short-term variations in the stock market, TCERA remains in a financial position that will enable the Plan to meet its future obligations to participants and beneficiaries. TCERA remains focused on the long-term performance of the fund, dependent on a strong and successful investment program, risk management, and strategic planning.

## Management's Discussion and Analysis

## TCERA'S FIDUCIARY NET POSITION (Table 1)

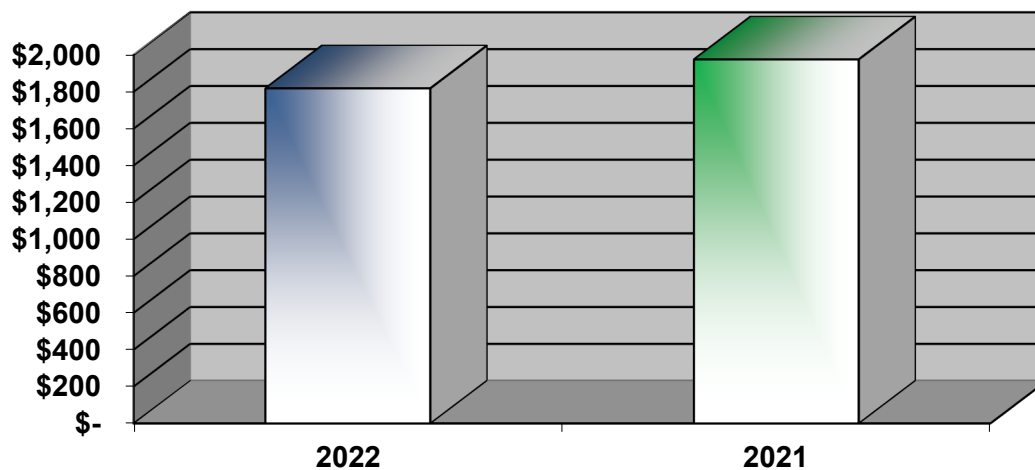
As of June 30

(dollars in thousands)

	2022	2021	Amount Increase/ (Decrease)	Percent Increase/ (Decrease)
Current and Other Assets	\$ 47,436	\$ 94,885	\$ (47,449)	-50.01%
Investments at Fair Value	1,824,016	1,994,998	(170,982)	-8.57%
Capital Assets, Net	1,116	1,372	(256)	-18.66%
Total Assets	1,872,568	2,091,255	(218,687)	-10.46%
Total Liabilities	53,559	115,070	(61,511)	-53.46%
Fiduciary Net Position	\$ 1,819,009	\$ 1,976,185	\$ (157,176)	-7.95%

## TCERA'S FIDUCIARY NET POSITION

(Dollars in Thousands)



## Capital Assets

As of June 30, 2022, TCERA's investment in capital assets decreased slightly over the last fiscal year with a total of \$1.1 million (net of accumulated depreciation and amortization) compared to \$1.4 million for the prior year. This investment in capital assets includes equipment, furniture, pension administration system, and TCERA's office building. The decrease in TCERA's investment in capital assets for the current year on a percentage basis was 18.66% less than fiscal year ended June 30, 2021, reflecting a decrease in both tangible and intangible assets associated with the accumulated depreciation and amortization of those assets.

## Management's Discussion and Analysis

### Reserves

Reserves are not required, nor recognized, under GAAP. These are not shown separately on the Statement of Fiduciary Net Position, but they equate to, and are accounts within, the Fiduciary Net Position restricted for pension benefits and are vital to TCERA's operations.

TCERA's reserves are established from contributions and the accumulation of investment income, after satisfying investment and administrative expenses (see Table 2 below). Furthermore, TCERA has in place a ten-year smoothing methodology. Under GAAP, investments are stated at fair value instead of cost and include the recognition of the unrealized gains and losses in the current period. The difference between the fair value of assets inclusive of the cumulative unrealized gains and losses and the amounts reported from the ten-year smoothing methodology (or actuarial value) comprises the Market Stabilization Reserve. Under the ten-year smoothing methodology, a portion of these gains and losses is recognized and allocated to all other reserves.

As a result of the ten-year smoothing of investment gains and losses, the Plan credited interest at December 31, 2021 and June 30, 2022 at a rate less than investment returns and less than the actuarial assumption rate. Tiers 1, 2 and 3 were credited interest of 3.7845% for December 31, 2021 and 3.1612% for June 30, 2022. Tier 4 was credited 3.441% for December 31, 2021 and 3.0844% for June 30, 2022. This interest crediting, combined with a decrease to the Plan's contingency reserve and smoothed fair value losses in the fiscal year ended June 30, 2022, resulted in a decrease in the Market Stabilization Reserve equal to \$243.5 million as of June 30, 2022.

### TCERA'S RESERVES AT FAIR VALUE (Table 2)

*As of June 30*

*(dollars in thousands)*

	2022	2021
Employee Reserves	\$ 359,335	\$ 339,547
Employer Reserves	966,012	908,887
Retiree Reserves	460,586	446,256
Supplemental Retirement Benefit Reserves	113,702	108,446
Other Reserves	(2,421)	2,660
Market Stabilization Reserve	(134,802)	108,714
Contingency Reserve	55,609	60,736
TCERA Property, Inc. Retained Earnings (Holding Corporation)	988	939
Total Reserves at Fair Value	<u>\$ 1,819,009</u>	<u>\$ 1,976,185</u>

### Changes in Fiduciary Net Position

The Fiduciary Net Position as of June 30, 2022 was \$1.82 billion compared to \$1.98 billion as of June 30, 2021. This represents a decrease in Fiduciary Net Position of \$157.2 million, a 7.95% decrease over the previous fiscal year. The decrease in the Fiduciary Net Position is due primarily to a decrease in investments at fair value (See Table 3 on the following page).

**Additions to Fiduciary Net Position:** There are three primary sources of funding for TCERA retirement benefits: earnings on investments of assets, employer contributions, and plan member contributions. An increase in employer contributions, an increase in plan member contributions and a large decrease in net investment loss for the fiscal year ended June 30, 2022 combined for a loss in total additions of (51.5) million (see Table 3).

## Management's Discussion and Analysis

**Deductions from Fiduciary Net Position:** TCERA's assets are predominantly used for the payment of benefits to retirees and their beneficiaries and for refunds of contributions to terminated employees. Effective for fiscal year 2011, the County Employees Retirement Law of 1937 (the '37 Act) limits administration cost to the greater of 21/100<sup>ths</sup> of 1 percent of the Association's accrued actuarial liability or \$2 million, as adjusted annually by the amount of an annual cost of living adjustment. The '37 Act also allows for some expenses (such as computer related expenses and actuarial costs) to be excluded from the calculation. TCERA's total administrative expenses for the period ended June 30, 2022 were equal to \$2.97 million, or 14/100<sup>ths</sup> of 1 percent of the Association's accrued actuarial liability of \$2 billion. This represents an increase in administrative expenses of 8.28% over the fiscal year ended June 30, 2021. Of the total expenses, TCERA has identified \$476.7 thousand in computer and actuarial costs that are excluded from the '37 Act administrative limits. As a result, TCERA's administrative expenses were 12/100<sup>ths</sup> of 1 percent of the accrued actuarial liability, well under the statutory limit of 21/100<sup>ths</sup> of 1 percent. Retiree benefits, member refunds, and administrative expenses resulted in total deductions of \$105.7 million, an increase of 6.73% over the prior fiscal year (See Table 3).

### CHANGES IN FIDUCIARY NET POSITION - Condensed (Table 3)

For Fiscal Years Ended June 30

(dollars in thousands)

	2022	2021	Amount Increase/ (Decrease)	Percent Increase/ (Decrease)
<b>Additions</b>				
Employer Contributions	\$ 40,392	\$ 36,766	\$ 3,626	9.86%
Plan Member Contributions	25,880	23,536	2,344	9.96%
Investment Income (Loss)	(107,392)	404,089	(511,481)	-126.58%
Less Investment Expense	(10,569)	(9,198)	(1,371)	-14.91%
Other Income	188	188	-	0.00%
Total Additions	<u>\$ (51,501)</u>	<u>\$ 455,381</u>	<u>\$ (506,882)</u>	<u>-111.31%</u>
<b>Deductions</b>				
Retiree Benefits	\$ 97,762	\$ 92,690	\$ 5,072	5.47%
Member Refunds of Contributions	4,946	3,586	1,360	37.93%
Administrative Expenses	2,967	2,740	227	8.28%
Total Deductions	<u>\$ 105,675</u>	<u>\$ 99,016</u>	<u>\$ 6,659</u>	<u>6.73%</u>
<b>Changes in Fiduciary Net Position</b>				
Beginning of Fiscal Year	1,976,185	1,619,820	356,365	22.00%
Changes in Fiduciary Net Position	(157,176)	356,365	(513,541)	-144.11%
End of Fiscal Year	<u>\$ 1,819,009</u>	<u>\$ 1,976,185</u>	<u>\$ (157,176)</u>	<u>-7.95%</u>

### Actuarial Funding Status

TCERA retains an independent actuarial firm, Cheiron, Inc., to conduct annual actuarial valuations to monitor the Plan's funding status. The June 30, 2022 actuarial valuation established TCERA's funding status to be 89.9% using the entry age normal method with a ten-year smoothing to determine the actuarial value of assets. The funded ratio of the Plan increased by approximately 0.1% from 89.8% in 2021 to 89.9% in 2022 and the actuarial value of assets (excluding the Supplemental Retiree Benefit Reserve (SRBR)) increased by 4.6% from \$1.76 billion in 2021 to \$1.84 billion in 2022. During the year, the value of actuarial liabilities increased by 4.6% to \$2.05 billion. As of June 30, 2022, the Unfunded Actuarial Liability (UAL) for TCERA increased by \$8 million, from \$199 million to \$207 million. It should be noted that the actuarial funding status of the plan was significantly improved in 2017 due to the issuance of Pension Obligation Bonds by the County of Tulare (the County). The 19-year bonds were issued at coupons ranging from 3.909% to 4.445% and will require level debt service payments through the bond maturity date of June 1, 2037. Details of the bond issuance are available in the Tulare County Annual Comprehensive Financial Report available on the County's website (<https://tularecounty.ca.gov/county/>).

## Management's Discussion and Analysis

### Economic Factors

Multiple factors affected market conditions and performance during the fiscal year including supply chain disruption, the pandemic, global conflict and instability, inflation, and the rate increases instituted by the Federal Reserve to try to curb that inflation. These changes combined to create a reversal of the favorable conditions seen in recent years, with heightened volatility occurring in across capital markets. Additional analysis of economic conditions can be found in the Investment Section. The Board of Retirement (the Board) will continue to monitor and respond to changes in economic factors in relation to its investment portfolio.

### New Pension Accounting and Financial Reporting Standards

Governmental Accounting Standards Board (GASB) issued the following standards for implementation during the fiscal year ended June 30, 2022. *Statement No. 91, Conduit Debt Obligations* objective is to provide a single method or reporting by issuers and eliminate diversity in practice associated with commitments extended, arrangements associated, and related note disclosures. This is not applicable to TCERA. *Statement No. 92, Omnibus 2020* objective is to improve the consistency of several prior GASB statements. This is not applicable to TCERA. *Statement No. 93, Replacement of Interbank Offered Rates* primary objective is to address implications that result from the replacement of an Interbank Offer Rate (IBOR). This is not applicable to TCERA. And *Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 57 Deferred Compensation Plans – an amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32* primary objective is consistency in financial reporting of defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and other employee benefit plans. This is also not applicable to TCERA.

### Requests for Information

The financial report is designed to provide the Board, our membership, taxpayers, investment managers and others with a general overview of TCERA's finances and to account for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

TCERA  
136 N. Akers Street  
Visalia, CA 93291-5121

Respectfully submitted,



Leanne Malison  
Retirement Administrator



## Statement of Fiduciary Net Position

As of June 30, 2022, with Comparative Totals  
(dollars in thousands)

	2022	2021
<b>ASSETS</b>		
Cash, Short-Term Investments		
Cash	\$ 27,725	\$ 36,976
Short-Term Investments	8,299	30,731
<b>Total Cash, Short-Term Investments</b>	<b>36,024</b>	<b>67,707</b>
Receivables		
Sales of Investments	9,575	23,884
Interest and Dividends	839	2,273
Employee and Employer Contributions	998	1,014
Other Receivables	-	7
<b>Total Receivables</b>	<b>11,412</b>	<b>27,178</b>
Investments, at Fair Value		
U.S. Government Obligations	56,832	88,100
Municipal Bonds	521	435
Global Bonds	8,031	94,274
Domestic Corporate Bonds	298,025	378,767
Domestic Stocks	484,974	548,504
International Stocks	312,591	401,644
Real Assets	393,078	195,568
Alternative Investments (Private Equity, Private Credit)	241,242	230,977
Collateral on Loaned Securities	28,722	56,729
<b>Total Investments, at Fair Value</b>	<b>1,824,016</b>	<b>1,994,998</b>
Capital Assets		
Land	370	370
Building, Office Equipment & Furniture, net of accumulated depreciation of \$745 and \$657, respectively	746	699
Pension Administration System, net of accumulated amortization of \$2,755 and \$2,451, respectively	-	303
<b>Total Capital Assets, net</b>	<b>1,116</b>	<b>1,372</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,872,568</b>	<b>\$ 2,091,255</b>
<b>LIABILITIES</b>		
Current Liabilities		
Purchase of Investments	\$ 17,507	\$ 51,172
Obligations under Securities Lending Program	28,722	56,729
Refunds Payable	4,102	4,099
Accounts Payable	3,122	2,955
<b>Total Current Liabilities</b>	<b>53,453</b>	<b>114,955</b>
Long-Term Liabilities		
Compensated Absences	106	115
<b>Total Long-Term Liabilities</b>	<b>106</b>	<b>115</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 53,559</b>	<b>\$ 115,070</b>
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>	<b>\$ 1,819,009</b>	<b>\$ 1,976,185</b>

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



**Statement of Changes in Fiduciary Net Position**

For the Fiscal Year Ended June 30, 2022 with Comparative Totals

(dollars in thousands)

	2022	2021
<b>ADDITIONS</b>		
Contributions		
Employer	\$ 40,392	\$ 36,766
Plan Member	25,880	23,536
<b>Total Contributions</b>	<b>66,272</b>	<b>60,302</b>
Investment Activity Income (Loss)		
Net Appreciation in Fair Value of Investments	(127,368)	381,705
Interest	3,296	3,649
Dividends	3,616	4,153
Real Asset Operating Income	7,493	6,015
Other Investment Income	5,392	8,446
<b>Total Investment Activity Income (Loss)</b>	<b>(107,571)</b>	<b>403,968</b>
Less Expenses from Investing Activities	10,488	9,145
<b>Net Investing Activity Income (Loss)</b>	<b>(118,059)</b>	<b>394,823</b>
From Securities Lending Activities		
<b>Securities Lending Income</b>	179	121
Less Expenses from Securities Lending Income		
Management Fee	8	12
Borrower Rebate	73	41
<b>Net Securities Lending Income</b>	<b>98</b>	<b>68</b>
<b>Total Net Investment Activity Income (Loss)</b>	<b>(117,961)</b>	<b>394,891</b>
Other Income	188	188
<b>TOTAL ADDITIONS</b>	<b>\$ (51,501)</b>	<b>\$ 455,381</b>
<b>DEDUCTIONS</b>		
Retiree Benefits	\$ 97,762	\$ 92,690
Member Refunds of Contributions	4,946	3,586
Administrative Expenses	2,967	2,740
<b>TOTAL DEDUCTIONS</b>	<b>\$ 105,675</b>	<b>\$ 99,016</b>
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>		
Changes in Fiduciary Net Position	(157,176)	356,365
Beginning of Fiscal Year	1,976,185	1,619,820
<b>END OF FISCAL YEAR</b>	<b>\$ 1,819,009</b>	<b>\$ 1,976,185</b>

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

## ***Notes to Basic Financial Statements***

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### REPORTING ENTITY

The Tulare County Employees' Retirement Association (TCERA, Association or the Plan) is under the exclusive management and control of the Board of Retirement (the Board) whose authority is granted by Government Code §31450 et seq., and the California Constitution. The Association is an independent department of the County of Tulare (the County). Selected financial statements and disclosures are included in the County's Annual Comprehensive Financial Report as a pension trust fund. The Association has no financial or operational relationships that meet the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statements No. 39, *The Financial Reporting Entity*, and No. 61, the *Financial Reporting Entity: Omnibus* and No. 80, *Blending Requirements for Certain Component Units* for inclusion as a component unit of the Association. *Statement No. 84 - Fiduciary Activities*. This standard is not applicable to TCERA. *Statement No. 90, Majority Equity Interests*. This standard is also not applicable to TCERA.

#### BASIS OF ACCOUNTING

The Association prepares its basic financial statements on the accrual basis of accounting. Investment income is recognized when it is earned and expenses are recognized in the period when they are incurred. Employee and employer contributions are recognized as revenues when due pursuant to formal commitments as well as statutory or contractual agreements. Benefits and refunds of prior contributions are recognized when they are due and payable in accordance with the Plan. All investment purchases and sales are recorded on trade date. The net appreciation (depreciation) in fair value of investments held by TCERA is recorded as an increase (decrease) to investment income based on the valuation of investments monthly.

The Association follows the accounting principles and reporting guidelines as set forth by GASB.

#### COMPENSATED ABSENCES

The liability for accumulated annual leave earned by TCERA employees, included in other liabilities on the *Statement of Fiduciary Net Position*, is recorded when earned by the employee. Upon termination of employment, an employee receives compensation for unused annual leave limited by the contractual agreements established by the County.

#### INVESTMENTS

The Board has exclusive control of the investments of the Association. Statutes authorize the Board to invest, or delegate the authority to invest, the assets of the Association in any investment allowed by statute and considered prudent in the informed opinion of the Board. Investments are stated at fair value, in accordance with accounting principles generally accepted in the United State of America (GAAP). Values for stocks, publicly traded bonds, and issues of the U.S. Government and its agencies are valued according to sale prices of recognized exchanges as of the fiscal year end, with international securities reflecting currency exchange rates in effect at fiscal year end.

#### Private Equity and Real Assets:

Private equity and real asset partnerships are reported based on the fair value provided by the General Partner on a quarterly basis. The General Partner considers the financial conditions and operating results of the portfolio companies, the nature of the investments, marketability, and other relevant factors.

#### Rate of Return:

For the fiscal year ended June 30, 2022, the annual money-weighted rate of return on the Plan's investments, net of investment expense, was -5.79%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**RECEIVABLES

Receivables consist primarily of interest, dividends, and investments in transition, i.e., traded but not settled, and contributions owed by the employing entities as of June 30, 2022.

ESTIMATES

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

CAPITAL ASSETS

Effective fiscal year July 1, 2012 through June 30, 2013, TCERA's Capitalization threshold is five thousand dollars. Capital Assets are recorded at cost. Depreciation and amortization of Capital Assets are computed on a straight-line basis over their estimated useful lives, currently ranging from three to forty years.

SECURITIES LENDING

Cash collateral received in the course of securities lending transactions is recorded as a current asset of the Association, and the obligation to repay the collateral is recorded as a current liability, in accordance with the requirements of GASB Statement No. 28. In addition, gross earnings received on invested cash collateral are reported as Other Investment Income, and borrower rebates and agent fees are recorded as Investment Expenses. In comparison, the Net Securities Income was \$98 thousand and \$68 thousand for the fiscal years ended June 30, 2022 and June 30, 2021, respectively. The increase in net securities lending income was due primarily to an increase in the borrower rebate. Non-cash collateral, and the related repayment obligation, is not recorded on the books of the Association, as there is no ability to pledge or sell the collateral absent borrower default. See Note 3 for additional information on securities lending.

IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENTS

The following standards have been issued by GASB for implementation effective this fiscal year: GASB Statement No. 87 – *Leases*. This statement has been implemented with no material impact. GASB Statement No. 91 – *Conduit Debt Obligations*, GASB Statement No. 92 – *Omnibus 2020*, GASB Statement No. 93 – *Replacement of Interbank Offered Rates*, and GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 57 Deferred Compensation Plans – an amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32*. These standards are not applicable to TCERA.

FUTURE PRONOUNCEMENTS

TCERA has reviewed GASB Statement No. 100 – *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, and GASB Statement No. 101 – *Compensated Absences*, and does believe these pronouncements will have material effect. The effective date for GASB Statement No. 100 is for fiscal years beginning after June 15, 2023, and thereafter. The effective date for GASB Statement No. 101 is for fiscal years beginning after December 15, 2023, and thereafter. TCERA has also reviewed GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*, and GASB Statement No. 99 – *Omnibus 2022* and does not believe these pronouncements will have any material effect.

## Notes to Basic Financial Statements

### COMPARATIVE DATA

The accompanying financial statements include summarized information from the prior year's financial statements for comparative purposes only. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with TCERA's basic financial statements for the fiscal year ended June 30, 2021, from which the summarized information was derived.

### **NOTE 2 - PLAN DESCRIPTION**

TCERA was established July 1, 1945 under the provisions of the County Employees Retirement Law of 1937 (Government Code §31450 et seq.) (the '37 Act). The Association operates as a multiple-employer cost sharing defined benefit plan and provides retirement, disability and death benefits for qualified employees of the County, the Strathmore Public Utility District, and the Tulare County Superior Courts (TCSC). The Association was integrated with Social Security in 1956. A nine-member Board of Retirement (Board) administers the Association. The authority for establishing or amending benefits resides with the Tulare County Board of Supervisors.

#### MEMBERSHIP

All permanent County, Strathmore Public Utility District, and TCSC employees working 50% or more in a regular allocated position are members of the Association. The Association's membership consists of General and Safety members who participate in one of the following four tiers:

Tier 1 – Includes all members who have a membership date on or before December 31, 1979. The County pays one-half of Tier 1 members' normal contributions. Benefits are calculated using the highest average one-year salary. Tier 1 members receive a maximum of 3% cost-of-living adjustment (COLA) annually after retirement. Tier 1 general members with service earned on or after July 1, 2005 are now subject to Internal Revenue Service Section (IRS) 415 limits due to the implementation of a new benefit formula. Only Tier 1 general members who entered deferred status prior to the implementation of the new benefit formula are exempt from these limits. All Tier 1 members are subject to Article 5.5 Alternative Financial Provisions of the California Government Code.

Tier 2 – Includes all members who have a membership date from January 1, 1980 through December 31, 1989. Benefits are calculated using the highest average three-year salary. Tier 2 members receive a maximum of 2% COLA annually after retirement. Tier 2 general members with service earned on or after July 1, 2005 are now subject to IRS Section 415 limits due to the implementation of a new benefit formula. Only Tier 2 general members who entered deferred status prior to the implementation of the new benefit formula are exempt from these limits. All Tier 2 members are subject to Article 5.5 Alternative Financial Provisions of the California Government Code.

Tier 3 – Includes all members who have a membership date from January 1, 1990 through December 31, 2012. Benefits are calculated using the highest average three-year salary. Tier 3 members receive a maximum of 2% COLA annually after retirement. All employees who joined TCERA on or after January 1, 1990 are subject to IRS Section 415 limits. All Tier 3 members are subject to Article 5.5 Alternative Financial Provisions of the California Government Code.

Tier 4 – Includes all members who have a membership date on or after January 1, 2013 and are not eligible for reciprocal membership with another qualified retirement system. Tier 4 was established in response to the provisions of the California Public Employees' Pension Reform Act of 2012 (PEPRA). Benefits are calculated using the highest average three-year salary. Tier 4 members receive a maximum of 2% COLA annually after retirement. All employees who joined TCERA on or after January 1, 1990 are subject to IRS Section 415 limits. Tier 4 members are not subject to Article 5.5 Alternative Financial Provisions of the California Government Code.

The covered payroll for the fiscal years ended June 30, 2022 and June 30, 2021, as calculated according to GASB Statement No. 67, GASB Statement No. 68, and GASB Statement No. 82 requirements, was \$288.63 million and \$276.13 million, respectively.

## Notes to Basic Financial Statements

NOTE 2 - PLAN DESCRIPTION (Cont.)**TCERA's Membership***As of June 30*

	2022	2021
Active Plan Participants (vested/non-vested)	4,432	4,484
Inactive Participants (vested/non-vested)	2,467	2,295
Service Retirees	2,711	2,619
Disability Retirees	345	342
Survivors/Beneficiaries	529	511
Total Retirees/Beneficiaries	3,585	3,472
<b>Total Members</b>	<b>10,484</b>	<b>10,251</b>

SERVICE RETIREMENT BENEFIT

Tiers 1, 2, and 3 benefits partially vest at five years of service. Full vesting requires ten years of service and a minimum age of 50 in order to receive a lifetime monthly retirement benefit. Members with 30 years of service (20 years for safety members), regardless of age, are eligible for retirement benefits, as are members who reach age 70, regardless of years of service. The benefit is a percentage of monthly final average salary per year of service, depending on age at retirement. Because the Plan is integrated with Social Security, the benefit is reduced by 1/3 of the percentage multiplied by the first \$350 of monthly final average salary, per year of service credited after January 1, 1956.

Tier 4 benefits fully vest at five years of service. A minimum age of 52 for general members and 50 for safety members is required in order to receive a lifetime monthly retirement benefit. The benefit is a percentage of monthly final average salary per year of service, depending on age at retirement.

The summary of major plan provisions, including benefit factors, is disclosed on pages 90-92 in the Actuarial Section of this document.

SUPPLEMENTAL RETIREMENT BENEFIT (Tiers 1, 2, and 3 only)

For Tiers 1, 2, and 3, a supplemental benefit of \$45.00 per month was paid to retirees through April 1988. This benefit was increased effective May 1, 1988 to include \$1.65 per month for each full year of service from 5 years to 25 years (\$8.25 per month for 5 years, up to \$41.25 per month for 25 years or more). Effective June 1, 1995, eligibility for this benefit required that retirees have at least five years of service with the County or a TCERA member outside district. Effective April 1, 1996, this benefit is available only to retirees having at least ten years of service with TCERA. This change does not affect any retirees already receiving benefits.

On July 1, 1997, all retirees and beneficiaries/survivors with a retirement date prior to April 1, 1977 received a new benefit of an additional \$3.00 per month, per year of service, not to exceed 30 years of service. Retirees received this benefit in addition to the previously granted benefit; beneficiaries/survivors only received this benefit.

Effective January 1, 1999, the Board modified the benefit to allow members to receive \$9.50 for every completed year of service. The Board also adopted a change in criteria for payment of the supplemental benefits. This benefit was only paid to those who actually worked under TCERA for a minimum of 10 years, with the benefit capped at a maximum of 20 years.

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**Notes to Basic Financial Statements****NOTE 2 - PLAN DESCRIPTION (Cont.)**

On July 1, 2000, an increase was made to the monthly payments currently made from the Supplemental Retiree Benefit Reserve (SRBR). Actual amounts varied depending upon completed years with TCERA. Furthermore, a cash continuance was paid to survivors equal to 50% of what the original retiree was receiving as a monthly benefit from the SRBR at the time of his/her death. Additionally, a COLA was applied when the purchasing power of the member's original basic retirement allowance fell below 75% of the original basic allowance.

On November 14, 2001, the Board approved additional cash benefit payments effective on December 1, 2001 from the SRBR which provided a higher level of assistance to current and future retired members. The benefit improvements increased the current benefit from \$12.50 per year of service to \$16.00 per year of service, beginning with ten years of service and having a cap at twenty years of service.

Effective July 1, 2007, the cash benefit was increased once more to \$18.00 per year of service, retaining the ten-year minimum TCERA service requirement and the cap at twenty years of TCERA service. Furthermore, the Board continued the cash continuance paid to survivors equal to 50% of what the original retiree was receiving as a monthly benefit from the SRBR at the time of his/her death. The Board also approved an additional COLA for all retired members to apply when the purchasing power of the member's original basic retirement allowance falls below 85%.

On April 10, 2013, the Board established a reduction to the cash benefit for current and future retirees to be phased in over a five-year period in an effort to ensure that the benefit would be sustained into the foreseeable future. Pursuant to that action, the cash benefit is payable as follows:

- July 1, 2013 - \$17.00 per year of qualifying TCERA service
- July 1, 2014 - \$16.00 per year of qualifying TCERA service
- July 1, 2015 - \$15.00 per year of qualifying TCERA service
- July 1, 2016 - \$14.00 per year of qualifying TCERA service
- On or after July 1, 2017 - \$12.50 per year of qualifying TCERA service

The service requirements, purchasing power COLA, and continuance benefit as described above remain in effect.

**DEATH BENEFIT****Death Before Retirement**

In addition to a return of contributions, with interest, a death benefit is payable to the member's beneficiary or estate in the amount of one month's salary for each completed year of service with the Association, but not to exceed six months' salary.

In lieu of the above basic death benefit, if a member dies after becoming eligible for service retirement or non-service connected disability, an eligible spouse or minor child may elect to receive 60% of the allowance that the member would have received for retirement as of the day of the member's death. If the member dies in the performance of duty, an eligible spouse or minor child receives 50% of the member's final average salary.

NOTE 2 - PLAN DESCRIPTION (Cont.)

Death After Retirement

Death benefits after retirement depend upon the type of retirement, the member's employment status at retirement, and the retirement option selected. If the retirement was for service connected disability, 100% of the member's basic allowance as it was at death is continued to the surviving spouse for life. If the retirement was for other than service connected disability, and the unmodified option was selected at the time of retirement, 60% of the member's allowance is continued to an eligible spouse for life. If the deceased member retired directly from active employment with a TCERA employer, a lump sum burial benefit of \$5,000 is paid to the beneficiary or estate.

DISABILITY BENEFIT

In accordance with Section 31727.7 of the '37 Act, upon retirement for a non-service connected disability, in lieu of any other allowance, a member who has five years or more of credited service shall receive a disability allowance equal to the percentage of final compensation set forth opposite the member's number of years credited service in the following table:

<u>Years of Service</u>	<u>Percentage of Final Compensation</u>
Five years, but less than six years	20%
Six years, but less than seven years	22
Seven years, but less than eight years	24
Eight years, but less than nine years	26
Nine years, but less than ten years	28
Ten years, but less than eleven years	30
Eleven years, but less than twelve years	32
Twelve years, but less than thirteen years	34
Thirteen years, but less than fourteen years	36
Fourteen years, but less than fifteen years	38
Fifteen or more years	40

If the disability is service connected, the member may retire regardless of length of service, and the benefit is 50% of final average salary, unless the member is also eligible for a service retirement, in which case the member receives the greater of the two amounts.

TERMINATION

Upon termination from the Association, members' accumulated contributions are refundable with interest accrued through the prior interest crediting period. Interest on member accounts is credited semiannually on June 30 and December 31. Withdrawal of such accumulated contributions results in forfeiture of all benefits.

**NOTE 3 - DEPOSIT AND INVESTMENT RISK DISCLOSURES****SUMMARY OF INVESTMENT POLICIES**

The '37 Act authorizes TCERA's Board with the exclusive control of the investment of the employees' retirement fund. By law, the Board may, in its discretion, invest, or delegate the authority to invest, the assets of the fund through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when prudent in the informed opinion of the Board.

Furthermore, the law requires the Board and its officers and employees to discharge their duties with respect to the Plan:

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

The TCERA Investment Policy Statement encompasses the following:

- Domestic Equity Policy
- International Equity Policy
- Fixed Income Policy
- Cash and Cash Equivalents Investments Policy
- Real Asset Policy
- Private Equity Policy
- Private Credit Policy
- Hedge Funds Policy
- Securities Lending Program Policy
- Directed Brokerage Policy
- Manager Monitoring and Review Policy

**CREDIT RISK**

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. TCERA seeks to maintain a diversified portfolio of fixed income instruments in order to obtain the highest total return for the fund at an acceptable level of risk within this asset class. To control credit risk, credit quality guidelines have been established and documented in TCERA's Investment Policy and individual manager contracts.

The Fixed Income Portfolio as presented in the Credit Quality Ratings chart includes the following components:

- U.S. Core/Core Plus Fixed Income – This portfolio will provide exposure to the U.S. fixed income market (maturities greater than 1 year) including, but not limited to, Treasury and government agency bonds, corporate debt, mortgage bonds (including collateralized mortgage obligations), Yankees, asset-backed securities, Eurodollar bonds, private placements and emerging market bonds. The portfolio will be comprised of both investment grade and below-investment grade issues. This category may include High Yield and U.S. TIPS investments as allowed in TCERA's investment policy and as directed by the Board.
- Global Fixed Income – The global fixed income allocation will provide broader exposure to fixed income opportunities in both domestic and international markets.



## Notes to Basic Financial Statements

**NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (Cont.)**CREDIT QUALITY RATINGS OF INVESTMENTS IN FIXED INCOME SECURITIES

The credit quality of investments in fixed income securities as rated by nationally recognized ratings organizations as of June 30, 2022 are as follows (dollars in thousands):

<b>Quality Ratings</b>	<b>Fair Value</b>
AAA	\$ 8,054
AA	1,866
A	12,276
BAA	18,429
BA	5,795
B	1,384
CAA	15
FHLMC Pools (AAA)	8,789
FNMA Pools (AAA)	15,024
GNMA Pools (AAA)	4,393
U.S. Agencies (AAA)	2,650
U.S. Governments (AAA)	20,569
Not Rated*	264,165
<b>Total Investments in Fixed Income Securities</b>	<b>\$ 363,409</b>

\*Securities not rated include commitments to purchase FHLMC, FNMA, and GNMA reported in the Fixed Income Securities chart beginning on page 38.

**NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (Cont.)**Custodial Credit Risk

Custodial Credit Risk for deposits is the risk that in the event of a financial institution's failure, TCERA would not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not insured or collateralized. Although there is no specific policy addressing custodial credit risk, TCERA has taken steps to mitigate any such risk. TCERA's deposits are not exposed to custodial credit risk as its deposits are eligible for and covered by "pass-through" insurance in accordance with applicable law and Federal Deposit Insurance Corporation (FDIC) rules and regulations. Additional insurance against loss and theft is provided through a Financial Institution Bond.

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

Concentration of Credit Risk

As of June 30, 2022, TCERA did not hold any investments in any one issuer that would represent five percent or more of fiduciary net position. 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. The Board of Retirement has not adopted a formal policy related to interest rate risk. Interest rate risk is controlled through portfolio restrictions incorporated into each fixed income investment manager's guidelines.

**NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (Cont.)****FIXED INCOME SECURITIES**

As of June 30, 2022, TCERA had the following investments and maturities (dollars in thousands):

	2022	
<b>Investment Type</b>	<b>Fair Value</b>	<b>Modified Duration</b>
Asset Backed Securities - Airplane Receivables	\$ 552	3.20
Asset Backed Securities - Car Loans	695	0.61
Asset Backed Securities - Equipment	43	3.33
Aerospace and Defense	878	9.31
Banking & Finance	9,192	4.39
Banking & Finance - Perpetual	233	2.81
Canadian Government Bonds	313	5.91
Capital Goods	302	3.79
Chemicals	69	17.08
Cleared Credit Default Swaps	15	N/A
Cleared Interest Rate Swaps	(121)	7.68
CMBS - Agency	91	N/A
CMBS - Conduit	1,461	4.20
Commercial Services & Supplies	616	4.87
Commit to Purchase FNMA Pools	3,323	3.61
Commit to Purchase GNMA Pools	249	1.43
Commit to Purchase GNMA Multi Family Pools	1,468	7.37
Communications	1,911	5.38
Credit Default Swaps	1	N/A
FHLMC Multiclass	410	2.52
FHLMC Pools	8,379	6.96
FNMA Pools	14,452	6.70
FNMA REMIC	571	7.23
Food Beverage & Tobacco	574	7.06
GNMA Multi Family Pools	4,120	6.33
GNMA Single Family Pools	273	4.52

## Notes to Basic Financial Statements

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (Cont.)

	2022	
<u>Investment Type</u>	<u>Fair Value</u>	<u>Modified Duration</u>
Health Care	\$ 1,644	8.84
Industrial	306	5.80
Insurance	336	8.75
Interest Only US Agencies	190	6.65
Interest Rate Swaps	(5)	14.37
International Government Bond Futures	14	(607.92)
Investment Companies	135	3.30
Materials	3	2.49
Muni - General	74	6.99
Non-U.S. Government Bonds	2,389	6.39
Non-U.S. Government Private Placements	71	12.40
Oil & Gas	2,419	5.52
OIS Interest Rate Swaps	(28)	18.47
Paper and Forest Products	13	13.17
Preferred Shares - Perpetual - Financial	131	2.20
Principal only U.S. Agencies	139	7.62
Private Placements - ABS	4,133	1.46
Private Placements - ABS-CDO	631	2.30
Private Placements - ABS-CLO	1,212	0.03
Private Placements - Banking	286	3.78
Private Placements - MBS	5,722	4.00
Private Placements - More than 1 Year	6,635	4.33
Reits	1,260	7.10
Retail	158	6.12
Taxable Municipals	447	13.21
Technology	2,103	8.64
Transportation	633	8.79

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (Cont.)

	2022	
<u>Investment Type</u>	<u>Fair Value</u>	<u>Modified Duration</u>
Treasury Bonds	\$ 14	(1,287.68)
Treasury Notes	24	1,028.05
U.S. TIPS	2,237	4.71
U.S. Agencies	323	7.64
U.S. Governments	20,569	10.94
Utility - Electric	1,804	12.50
Utility - Gas	101	8.71
Utility - Telephone	4,425	4.08
Whole Loan - Collateralized Mortgage Obligation	142	3.37
Yankee Bonds	26	9.96
SUBTOTAL	110,786	
Commingled Funds U.S. Debt	252,623	N/A
<b>Total TCERA Fixed Income</b>	<b>\$ 363,409</b>	

Foreign Currency Risk

Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. TCERA's international equity managers are permitted to invest in authorized countries. Forward currency contracts and currency futures (maturity ranging from at least 30 days and not to exceed one year for either instrument) are permitted for defensive currency hedging. Although TCERA does not have a specific policy regarding foreign currency risk, TCERA seeks to mitigate this risk through its Investment Policy constraints.

INTERNATIONAL INVESTMENT SECURITIES AT FAIR VALUE

TCERA's Non-U.S. and global equity investments are targeted at 18% of the portfolio with a maximum investment of 30%. The majority of TCERA's international investments are in commingled funds with currency exposure managed according to the investment contract. As of June 30, 2022 there was no direct exposure to Foreign Currency Risk in U.S. Dollars.

**NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (Cont.)****DERIVATIVES**

The Association invests indirectly, through its portfolio managers, in foreign currency forward transactions to limit its exposure to fluctuations in foreign currency exchange rates. Aside from net currency gains or losses reported as a component of investment income, no other amounts are recorded on the financial statements. These forward transactions typically range from one to six months. When used in a hedging strategy, a loss in value of the underlying security, due to a weakening of a foreign currency relative to the U.S. Dollar will result in an opposite gain in value of the foreign currency transaction. The reverse is true for a foreign currency, which strengthens relative to the U.S. Dollar. Fair values of currency forward contracts are obtained through TCERA's custodian bank, BNY Mellon Global Securities Services (BNY Mellon Global). BNY Mellon Global uses an independent third party pricing service for these price quotes.

The following Investment Derivatives schedule reports the fair value balances and notional amounts of derivatives outstanding as of and for the fiscal year ended June 30, 2022, classified by type. For financial reporting purposes, all TCERA derivatives are classified as investment derivatives.

**Investment Derivatives***As of June 30, 2022**(dollars in thousands)*

<b><u>Derivative Type</u></b>	<b><u>Notional Value</u></b>	<b><u>Fair Value</u></b>
Counterparty Swap Exposure	\$ 6,745	\$ (104)
<b>Total</b>	<b>\$ 6,745</b>	<b>\$ (104)</b>

Foreign currency forward transactions are conducted with highly rated AA financial institutions, typically major worldwide commercial or investment banks. As of June 30, 2022, the maximum amount of loss that could occur due to credit risk is the fair value above. Collateral is not required by TCERA to reduce exposure to credit risk. Furthermore, TCERA is not party to master netting agreements.

Counterparty risk occurs when the financial institution (who engages in the forward transaction with the Association) has a liability due to the Association and is unable to pay. This risk is monitored on a daily basis by the investment advisors and limited to maximum levels of exposure for the entire portfolio.

**SECURITIES LENDING**

State statutes do not prohibit the Association from participating in securities lending transactions, and the Association has, via a Securities Lending Authorization Agreement with BNY Mellon Global, authorized BNY Mellon Global to lend its securities to broker-dealers and banks pursuant to a form of loan agreement. Any of the Association's securities may be loaned pursuant to the terms of the securities lending agreement, unless the Association notifies BNY Mellon Global otherwise. Due to the decreased liquidity in the credit markets in 2008, the Board elected to cap the Association's participation in Securities Lending at \$87,100,589, effective October 31, 2008. The Board has taken no action to remove the cap.

**NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (Cont.)**

Available securities may be loaned to any borrower selected by BNY Mellon Global in its sole discretion, provided credit quality criteria are met. Securities on loan must be collateralized with a value of not less than 100% of the fair value of the loaned securities. Collateral received may include cash, U.S. Government securities, sovereign debt rated A or better, Canadian Provincial Debt, convertible bonds, and other agreed upon collateral, with restrictions on the use of foreign collateral. At year-end, TCERA had no credit risk exposure to borrowers, because the collateral exceeded the amount borrowed.

As of June 30, 2022, the fair value of securities on loan was \$30.4 million and the value of collateral received for the securities on loan was \$31.1 million, of which \$2.4 was non-cash collateral and \$28.7 million was cash collateral from equity and fixed income securities. This resulted in an overcollateralization with a ratio of 102.39%. Non-cash collateral, which TCERA does not have the ability to sell unless the borrower defaults, is not reported in the Statement of Fiduciary Net Position. The maturities of collateral investments in the securities lending program are not structured to match the maturities of the securities lending arrangements. Lending arrangements are considered “open loans” that do not have a set maturity.

**Securities Lending Program****As of June 30, 2022***(dollars in thousands)*

<b>Securities on Loan</b>	<b>Fair Value of Securities on Loan</b>	<b>Collateral Received</b>	<b>Collateral Percent</b>
Domestic Equities	\$ 17,559	\$ 17,959	
Domestic Fixed Income	10,507	10,763	
Total Cash	28,066	28,722	
Total Non-Cash	2,289	2,358	
<b>Total Securities on Loan</b>	<b>\$ 30,355</b>	<b>\$ 31,080</b>	<b>102.39%</b>

**EXTERNAL INVESTMENT POOLS**

The Association participates in various external investment pools, as defined by GASB Statement No. 31. The Association maintains funds on deposit with the Tulare County Treasurer. These funds are pooled with those of other agencies in the County and invested. Substantially all information required for GASB Statement No. 31 was not available at the time these financial statements were prepared. The difference between cost and fair value of investments held by the County Treasury at June 30, 2022 was determined to be immaterial. The Association's participation in the County investment pool is not mandatory.

During the fiscal year, the Association has, via a Securities Lending Authorization Agreement, authorized BNY Mellon Global to lend its securities to broker-dealers and banks pursuant to a form of loan agreement. Cash collateral received in respect of such loans was invested at the direction of the Association in the Pooled Employee ASL Short Term Fund, a pooled external investment vehicle (the Fund).

The fair value of investments held by the Fund is based upon valuations provided by a recognized pricing service. Because the Fund does not meet the requirements of Rule 2a-7 of the Investment Company Act of 1940, BNY Mellon Global has valued the Fund's investments at fair value for reporting purposes. The Fund is not registered with the Securities and Exchange Commission. BNY Mellon Global, and consequently the investment vehicles it sponsors (including the Fund), is subject to the oversight of the Federal Reserve Board and the Massachusetts Commissioner of Banks. The fair value of the Association's position in the Fund is not the same as the value of the Fund shares. There was no involuntary participation in this external investment pool by the Association for the fiscal year.

**NOTE 4 - FAIR VALUE MEASUREMENT**

As required by GASB Statement No. 72, *Fair Value Measurement and Application*, TCERA has classified its investments according to a fair value hierarchy. The hierarchy is structured based on three types of input to develop the fair value measurements for investment.

**Level 1** reflects measurements based on quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

**Level 2** reflects measurements based on inputs, other than quoted prices, that are observable for an asset or a liability, either directly or indirectly.

**Level 3** reflects measurements based on unobservable inputs for an asset or a liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require management judgment or estimation.

The categorization of TCERA's investments within the fair value hierarchy is based upon the pricing transparency of the instrument and should not be perceived as a measure of the particular investment's risk.

**Equity and Fixed Income Securities**

Equity securities, classified in Level 1 of the fair value hierarchy, are valued using prices quoted in active markets issued by pricing vendors for these securities. Debt and equity securities, classified in Level 2 of the fair value hierarchy, are valued using prices determined by the use of matrix pricing techniques maintained by the various pricing vendors for these securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Debt and equity securities, classified in Level 3 of the fair value hierarchy, are securities whose stated market price is unobservable by the marketplace; many of these securities are priced by the issuers or industry groups for these securities. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by TCERA's custodian bank, BNY Mellon Global Securities Services.

**Private Equity and Real Asset Funds**

Investments in Private Equity, and Real Asset funds are valued at estimated fair value, as determined in good faith by the General Partner (GP). These investments are initially valued at cost with subsequent adjustments that reflect third party transactions, financial operating results, and other factors deemed relevant by the GP. These assets are valued at Net Asset Value (NAV).

**Real Asset Investments**

Investments in Real Assets are valued at estimated fair value, as determined in good faith by the Investment Manager. These investments are initially valued at cost with subsequent adjustments that reflect third party transactions, financial operating results, and other factors deemed relevant by the Investment Manager. Properties are subject to independent third party appraisals every three years. As applicable, these assets are reported in Level 3 or at NAV.

The following two charts provide a summary of TCERA's investments as classified according to the fair value hierarchy requirements. Assets classified in Level 1 are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available from the primary vendor. When certain requirements are met, an investment may be measured at NAV. Assets meeting these criteria are reported separately with descriptions of the investments.



## Notes to Basic Financial Statements

## NOTE 4 - FAIR VALUE MEASUREMENT (Cont.)

## FAIR VALUE MEASUREMENT

June 30, 2022

(dollars in thousands)

		Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<b>Investments by Fair Value Level <sup>1</sup></b>	<b>June 30, 2022</b>		
<i>Debt Securities</i>			
U.S. Government Obligations	\$ 57,353	\$ 22,844	\$ 34,509
Global Bonds	8,031	-	8,031
Domestic Corporate Bonds	45,402	-	45,402
<i>Equity Securities</i>			
Domestic Stocks	239,242	239,242	-
<i>Commingled Funds</i>			
Securities Lending Collateral	28,722	-	28,722
Total Investments by Fair Value	<u>\$ 378,750</u>	<u>\$ 262,086</u>	<u>\$ 116,664</u>
<b>Investments Measured at the Net Asset Value (NAV)</b>			
International Equity Funds	\$ 89,218		
Real Asset Funds	393,078		
Private Equity Funds	133,839		
Private Credit Funds	107,403		
<i>Commingled Funds</i>			
Domestic Corporate Bonds	252,623		
Domestic Stocks	335,063		
International Stocks	134,042		
Total Investments Measured at NAV	<u>1,445,266</u>		
<b>Total Investments</b>	<u><b>\$ 1,824,016</b></u>		

**Note:** Values derived from custodian bank and presented based on securities classification. Amounts per asset class, when aggregated, correspond to values presented in the Statement of Fiduciary Net Position.

<sup>1</sup> TCERA did not hold any investments classified in Level 3 as of June 30, 2022.

## Notes to Basic Financial Statements

## NOTE 4 - FAIR VALUE MEASUREMENT (Cont.)

## INVESTMENTS MEASURED AT NET ASSET VALUE (NAV)

June 30, 2022

(dollars in thousands)

Investments Measured at NAV	June 30, 2022	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
International Equity Funds (1)	\$ 89,218	\$ -	Monthly	30 days
Real Asset Funds (2)	393,078	92,864	Quarterly, Not Eligible	45 days
Private Equity Funds (3)	133,839	77,085	Not Eligible	Not applicable
Private Credit Funds (4)	107,403	93,088	Not Eligible	Not applicable
Commingled Funds (5)	721,728	-	Not Eligible	Not applicable
<b>Total Investments Measured at NAV</b>	<b>\$ 1,445,266</b>	<b>\$ 263,037</b>		

- (1) **International Equity Funds.** This investment type includes one international equity fund that is considered to be commingled in nature. It is valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments.
- (2) **Real Asset Funds.** This portfolio includes five real asset funds, one private Real Asset Investment Trust, one closed end fund, one Infrastructure, one opportunistic Real Asset, and one Real Asset Debt fund, that invest primarily in a diversified portfolio of institutional quality multi-family, industrial, retail, and office assets in the United States. The fair values of the investments in this type have been determined using the NAV (or its equivalent) of the Plan's ownership interest in partners capital or trust. The Real Asset Investment Trust has monthly liquidity under most circumstances, while the closed end fund is ineligible for redemption.
- (3) **Private Equity Funds.** This allocation consists of investments with six fund of funds managers, three direct investments, one Private Markets Discretionary fund, and one Secondaries fund. The underlying managers within the fund of funds diversify investments throughout the various private equity strategies. The direct investments are buy-out funds.
- (4) **Private Credit Funds.** The private credit allocation is to a single manager structured to provide diversified private credit exposure across various sub-asset classes via seven funds.
- (5) **Commingled Funds.** This investment type is derived from funds TCERA invests in that are commingled with other investors rather than invested as separate accounts. These funds include domestic bonds, domestic stocks, and international stocks.

## Notes to Basic Financial Statements

**NOTE 5 – CONTINGENCY RESERVES**

California Government Code (§31616) requires a minimum of 1.0% of the total assets of the Plan be set aside as a contingency reserve. It was created to serve as a reserve against deficiencies in interest earnings or losses on investments in other years, and for other contingencies. The target Contingency Reserve goal set by the Board was adopted for 3.0% of total assets. TCERA's Contingency Reserve balance of 3.0% of total accounting assets, excluding securities lending collateral, as of June 30, 2022 was \$55.6 million.

**NOTE 6 – ADMINISTRATIVE EXPENSES**

The Board establishes an annual administrative budget as authorized by Government Code §31580.2. The annual budget for administrative expenses is limited to 21/100<sup>ths</sup> of 1% of the Association's Actuarial Accrued Liability (AAL). Administrative Expenses as of June 30, 2022, excluding computer and actuarial costs, were approximately 12/100<sup>ths</sup> of 1% of the Association's AAL. Employer and Employee contributions as of June 30, 2022 were insufficient to cover benefit payments and administrative expenses. The shortfall was covered by investments.

**NOTE 7 – CAPITAL ASSETS AND PROJECT IN PROCESS**

Capital Assets consist of the following:

(dollars in thousands)

	<u>2022</u>	<u>Estimated Useful Life in Years</u>
Assets Not Being Depreciated		
Land	\$ 370	N/A
Assets Being Depreciated		
Building and Improvements	1,278	40
Office Equipment and Computers	175	3 - 10
Less: Accumulated Depreciation	<u>(707)</u>	
Total Tangible Assets	746	
Intangible Assets		
Pension Administration System	2,755	10
Less: Accumulated Amortization	<u>(2,755)</u>	
Total Intangible Assets	<u>0</u>	
<b>Capital Assets, Net of Accumulated Depreciation and Amortization</b>	<b><u>\$ 1,116</u></b>	

Depreciation and amortization expense for the fiscal year ended June 30, 2022 was \$357 thousand.

**NOTE 8 – COMMITMENTS AND CONTINGENCIES****CAPITAL COMMITMENTS**

TCERA's real asset and private equity investment managers identify and acquire investments on a discretionary basis. Each manager's investment activity and discretion is controlled by TCERA's Investment Policy and the guidelines and limitations set forth in the contract, subscription agreement, limited partnership agreement and/or other contractual documents applicable to each manager. Such investments are further restricted by the amount of capital allocated or committed to each manager. TCERA's Investment Policy, contractual obligations, and capital commitments are subject to approval by the Board and may be updated as often as necessary to reflect TCERA investment preferences, as well as changes in market conditions.

## Notes to Basic Financial Statements

**NOTE 8 - COMMITMENTS AND CONTINGENCIES (Cont.)****OUTSTANDING CAPITAL COMMITMENTS**

As of June 30, 2022  
(dollars in thousands)

<b>Investment Manager</b>	<b>Investment Type</b>	<b>Total Capital Commitment</b>	<b>Outstanding Capital Commitment</b>
BlackRock Alternative Advisors	Private Equity	\$15,000	\$2,473
Invesco	Real Asset Debt	\$80,000	\$12,864
IFM Global Infrastructure	Infrastructure	\$80,000	\$80,000
KKR Mezzanine Partners	Private Equity	\$15,000	\$472
Ocean Avenue Fund III	Private Equity	\$20,000	\$1,600
Ocean Avenue Fund V	Private Equity	\$26,000	\$4,160
Ocean Avenue Fund IV	Private Equity	\$20,000	\$20,000
Pantheon Ventures, Inc.	Private Equity	\$15,000	\$825
Pathway Fund 8	Private Equity	\$20,000	\$1,813
Pathway Fund 9	Private Equity	\$20,000	\$4,249
Pathway Fund 10	Private Equity	\$30,000	\$15,595
StepStone Group	Private Equity	\$27,500	\$3,897
Sixth Street Partners DCP Fund	Private Credit	\$160,000	\$69,462
Sixth Steet Partners TAO Fund	Private Credit	\$50,000	\$23,627
Verus Advisory, Inc.	Private Equity	\$22,000	\$22,000
<b>Total Outstanding Commitments</b>			<b>\$263,037</b>

**NOTE 9 – NET PENSION LIABILITY**

Net Pension Liability of Employers: The net pension liability (NPL) (i.e., the Plan's liability determined in accordance with GASB Statement No. 67 less the fiduciary net position) is shown below in thousands:

	<u>June 30, 2022</u>
Total Pension Liability	\$2,246,027
Plan Fiduciary Net Position	<u>(1,819,009)</u>
Employers' Net Pension Liability	<u>\$427,018</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	80.99%

The NPL increased by approximately \$155.5 million since the prior measurement date, primarily due to poor asset performance over last year. The discount rate increased from 6.95% to 7.09% due to the results of the crossover test. The investment gains or losses are recognized over five years, and the actuarial liability gains and assumption changes are recognized over the average remaining service life, which is also five years. Unrecognized amounts are reported as deferred inflows of resources and deferred outflows of resources.

**NOTE 9 – NET PENSION LIABILITY (Cont.)**

Actuarial Assumptions: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The Total Pension Liability at the end of the measurement year, June 30, 2021, was measured as of a valuation date of June 30, 2022, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 67. Key methods and assumptions used are presented below:

Inflation	The cost-of-living as measured by the Consumer Price Index (CPI) will increase at the rate of 2.75% per year.
Expected Return on Assets	7.15% net of investment expenses as of June 30, 2022.
Salary Increases	Payroll increases are assumed to increase 3.00% per year. Individual salaries are assumed to increase with a wage inflation component of 3.00% and a longevity/promotion component that varies by years of service and division, ranging from 0.50% to 8.00% for General Members and 1.00% to 9.00% for Safety Members.
Ad hoc Post-Employment Benefit Changes	None.
Post Retirement COLA	Benefits are assumed to increase after retirement at the rate of 2.6% per year for Tier 1 and 2.0 % per year for Tiers 2-4.
Mortality Assumptions	RP-2014 Mortality Tables with Generational improvement using Projection Scale MP-2019 and adjusted to reflect TCERA experience.
Most Recent Actuarial Experience Study	June 30, 2020 (conducted every three years).
Discount Rate	7.09% blended discount rate, net of pension plan investment expense, including inflation.
Municipal Bond Rate	3.54% net of investment expenses as of June 30, 2022 (Bond Buyer 20-year Bond GO Index, June 30, 2022).
Administrative Expenses	Administrative Expenses used in the cashflow projection are assumed to average 0.15% of assets annually.

## Notes to Basic Financial Statements

**NOTE 9 – NET PENSION LIABILITY (Cont.)**Asset Allocation and Expected Long-Term Real Rate of Return by Asset Class:

The allocation of investment assets within the investment portfolio is approved by the Board and is incorporated into TCERA's Investment Policy. 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 following table displays the Board approved asset allocation:

<b>Asset Class</b>	<b>June 30, 2022 Target Percent</b>
Large Cap Equity	20.00%
Small Mid Cap Equity	6.00%
Non-U.S. Equity (Developed and Emerging)	16.00%
Global Equity	3.00%
US Fixed Income	17.00%
Emerging Market Debt	3.00%
Core Real Estate	3.00%
Value-Add Real Estate	4.00%
Opportunistic Real Estate	4.00%
Infrastructure	4.00%
Real Estate Debt	3.00%
Private Credit	5.00%
Private Equity	12.00%
	<b>100.00%</b>

The following table displays the Expected Long-Term Real Rate of Return by Asset Class:

<b>Asset Class</b>	<b>Expected Long-Term Real Rate of Return</b>
Large Cap Equity	3.70%
Small Mid Cap Equity	2.70%
Non-U.S. Equity (Developed and Emerging)	5.30%
Global Equity	4.40%
US Fixed Income	1.40%
Emerging Market Debt	3.70%
Core Real Estate	3.40%
Value-Add Real Estate	5.30%
Opportunistic Real Estate	6.30%
Infrastructure	3.80%
Real Estate Debt	-0.50%
Private Credit	4.30%
Private Equity	6.90%
Total Fund	<b>4.64%</b>

NOTE 9 – NET PENSION LIABILITY (Cont.)

The long-term expected real rate of return was determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage adjusted for inflation of 2.0%. Real return forecasts are from Verus Investments' 2021 Capital Market Assumptions.

Discount Rate: The discount rate used to measure the Net Pension Liability was 7.09%.

The investment rate of return assumption used for actuarial funding was 7.00% for the fiscal year ended June 30, 2022.

GASB Statement No. 67 requires determination that the Plan's fiduciary net position is projected to be sufficient to make projected benefit payments. The discount rate used to measure the total pension liability was 7.09%.

The projection of cash flows used to determine the discount rate assumed that TCERA contributions will be equal to the actuarially determined contributions, reflecting a payment equal to annual Normal Cost and an amount necessary to amortize the total June 30, 2015 Unfunded Actuarial Liability (UAL) as a level percentage of payroll over a closed 19-year period with payments as a level percentage of payroll, assuming payroll increases of 3.00% per year. Subsequent gains and losses are being amortized over new 19-year closed periods, also as a level percentage of payroll.

Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members until 2089, when only a portion of the projected benefit payments can be made from the projected fiduciary net position.

Projected benefit payments are discounted at the long-term expected return on assets of 7.15% to the extent the fiduciary net position is available to make the payments and at the municipal bond rate of 3.54% to the extent they are not available. The single equivalent rate used to determine the Net Pension Liability as of June 30, 2022 was 7.09%.

The assumed discount rate has been determined in accordance with the method prescribed by GASB Statement No. 67.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of TCERA as of June 30, 2022, calculated using the discount rate of 7.09%, as well as what TCERA's net pension liability in thousands would be if it were calculated using a discount rate that is 1-percentage-point lower (6.09%) or 1-percentage-point higher (8.09%) than the current rate:

As of June 30, 2022:  
(dollars in thousands)

	1% Decrease (6.09%)	Current Discount Rate (7.09%)	1% Increase (8.09%)
TCERA Net Pension Liability	<u>\$745,592</u>	<u>\$427,018</u>	<u>\$167,538</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.9%	81.0%	91.6%

**Notes to Basic Financial Statements**

**NOTE 10 – SUBSEQUENT EVENTS**

Subsequent to June 30, 2022 and through November 29, 2022, the date through which management evaluated subsequent events and on which the financial statements were issued, TCERA did not identify any subsequent financial events.



***Schedule of Changes in Net Pension Liability and Related Ratios***

Fiscal Years June 30:

(dollars in thousands)

	2022	2021	2020	2019
<b><u>Total Pension Liability</u></b>				
Service cost	\$ 56,123	\$ 54,859	\$ 49,424	\$ 49,484
Interest	154,625	141,880	140,390	133,895
Differences between expected and actual experience	(69,048)	85,474	(54,091)	(6,667)
Changes of assumptions	(40,693)	2,930	70,788	(37,996)
Benefit payments, including refunds of member contributions	<u>(102,708)</u>	<u>(96,276)</u>	<u>(91,427)</u>	<u>(85,097)</u>
<b>Net Change in Total Pension Liability</b>	(1,701)	188,867	115,084	53,619
<b>Total Pension Liability - Beginning</b>	<u>2,247,728</u>	<u>2,058,861</u>	<u>1,943,777</u>	<u>1,890,158</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 2,246,027</u>	<u>\$ 2,247,728</u>	<u>\$ 2,058,861</u>	<u>\$ 1,943,777</u>
<b><u>Plan Fiduciary Net Position</u></b>				
Contributions- employer	\$ 40,392	\$ 36,766	\$ 35,310	\$ 33,494
Contributions- member	25,880	23,536	23,104	22,325
Net investment income (loss)	(117,773)	395,079	9,515	90,779
Benefit Payments, including refunds of member contributions	(102,708)	(96,276)	(91,427)	(85,097)
Administrative expense	<u>(2,967)</u>	<u>(2,740)</u>	<u>(2,853)</u>	<u>(2,806)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	(157,176)	356,365	(26,351)	58,695
<b>Plan Fiduciary Net Position - Beginning</b>	<u>1,976,185</u>	<u>1,619,820</u>	<u>1,646,171</u>	<u>1,587,476</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 1,819,009</u>	<u>\$ 1,976,185</u>	<u>\$ 1,619,820</u>	<u>\$ 1,646,171</u>
<b>Net Pension Liability - Ending (a)-(b)</b>	<u>\$ 427,018</u>	<u>\$ 271,543</u>	<u>\$ 439,041</u>	<u>\$ 297,606</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>80.99%</b>	<b>87.92%</b>	<b>78.68%</b>	<b>84.69%</b>
<b>Covered Payroll</b>	\$ 288,629	\$ 276,127	\$ 283,640	\$ 264,218
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>147.95%</b>	<b>98.34%</b>	<b>154.79%</b>	<b>112.64%</b>

Note: Numbers may not add to totals due to rounding

## Required Supplementary Information

**Schedule of Changes in Net Pension Liability and Related Ratios (Cont.)**

Fiscal Years June 30:

(dollars in thousands)

	2018	2017	2016	2015	2014
<b><u>Total Pension Liability</u></b>					
Service cost	46,838 \$	38,203 \$	38,308 \$	35,168 \$	39,672
Interest	126,586	118,664	115,716	97,473	94,277
Changes of benefit terms		-	-	-	-
Differences between expected and actual experience	10,342	11,936	(40,602)	7,590	-
Changes of assumptions	41,148	69,608	23,922	180,187	13,588
Benefit payments, including refunds of member contributions	(80,716)	(76,961)	(72,332)	(68,560)	(65,954)
<b>Net Change in Total Pension Liability</b>	144,198	161,450	65,012	251,858	81,583
<b>Total Pension Liability - Beginning</b>	1,745,960	1,584,510	1,519,498	1,267,640	1,186,057
<b>Total Pension Liability - Ending (a)</b>	1,890,158 \$	1,745,960 \$	1,584,510 \$	1,519,498 \$	1,267,640
<b><u>Plan Fiduciary Net Position</u></b>					
Contributions- employer	286,263 \$	33,616 \$	31,297 \$	30,992 \$	25,953
Contributions- member	18,512	18,190	16,815	18,887	18,969
Net investment income	95,857	132,865	(20,309)	122,400	179,878
Benefit Payments, including refunds of member contributions	(80,716)	(76,961)	(72,332)	(68,560)	(65,954)
Administrative expense	(2,666)	(2,612)	(2,616)	(2,408)	(1,639)
<b>Net Change in Plan Fiduciary Net Position</b>	317,250	105,098	(47,145)	101,311	157,207
<b>Plan Fiduciary Net Position - Beginning</b>	1,270,226	1,165,127	1,212,272	1,110,961	953,754
<b>Plan Fiduciary Net Position - Ending (b)</b>	1,587,476 \$	1,270,225 \$	1,165,127 \$	1,212,272 \$	1,110,961
<b>Net Pension Liability - Ending (a)-(b)</b>	302,682 \$	475,735 \$	419,383 \$	307,226 \$	156,679
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	83.99%	72.75%	73.53%	79.78%	87.64%
<b>Covered Payroll</b>	256,049 \$	243,366 \$	238,559 \$	229,431 \$	234,439
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	118.21%	195.48%	175.80%	133.91%	66.83%

Note: Numbers may not add to totals due to rounding

**Schedule of Changes in Net Pension Liability and Related Ratios (Cont.)****Notes to Schedule of Changes in Net Pension Liability and Related Ratios:**

**Net Pension Liability** – See information in Note 10 regarding the increase in the net pension liability.

**Benefit Changes** – All members with a membership date on or after January 1, 2013 enter the new tiers created by the California Public Employees' Pension Reform Act of 2013 (PEPRA). There were no changes in benefits during the year.

**Fiduciary Net Position** – The fiduciary net position is calculated based on financial information available to the actuary for the preparation of the actuarial valuation and does not include subsequent adjustments.

**Scope of Schedule** – The schedule is intended to show information for 10 years. Recalculations of prior years are not required. If prior years are not reported in accordance with the standards of Governmental Accounting Standards Board (GASB) Statements No. 67 and No. 68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented. Payroll for fiscal year 2014 forward is based on amounts provided to the actuary by the participating employers. Previous payroll figures were determined by the prior actuary.

**Schedule of Contributions**

(dollars in thousands)

Fiscal Year Ended June 30	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Actuarially Determined Covered Payroll	Contributions as a Percentage of Covered Payroll
<b>2013</b>	29,847	29,847	-	230,955	12.92%
<b>2014</b>	25,953	25,953	-	234,439	11.07%
<b>2015</b>	30,992	30,992	-	229,431	13.51%
<b>2016</b>	31,297	31,297	-	238,559	13.12%
<b>2017</b>	33,616	33,616	-	243,366	13.81%
<b>2018 *</b>	36,263	36,263	-	256,049	14.16%
<b>2019</b>	33,494	33,494	-	264,218	12.68%
<b>2020</b>	35,310	35,310	-	283,640	12.45%
<b>2021</b>	36,766	36,766	-	276,127	13.31%
<b>2022</b>	40,392	40,392	-	288,629	13.99%

\* For the FYE 2018, the contribution shown in this schedule does not include the additional \$250 million contribution made by the County at the end of the Fiscal Year.

## Required Supplementary Information

**Schedule of Contributions (Cont.)****Notes to Schedule of Contributions:**

<b>Valuation date (1)</b>	Actuarially determined contribution rates are calculated as of <b>June 30, 2020</b> , two years prior to the end of the fiscal year in which contributions are reported.
<b>Methods and assumptions used to determine contribution rates:</b>	
<b>Actuarial cost method</b>	Entry age normal
<b>Amortization method</b>	Level percentage of payroll. Payroll is expected to increase during the amortization period at the assumed rate of inflation.
<b>Remaining amortization period</b>	19 years, layered
<b>Asset valuation method</b>	10-year smoothing of investment return with a 30% asset corridor which deviates from the actuarial investment return assumptions.
<b>Inflation</b>	2.75%
<b>Salary increases</b>	3% plus merit component based on employee classification and years of service.
<b>Investment rate of return</b>	7.00% per annum (6.88% compounded semi-annually). The investment rate of return includes inflation.
<b>Retirement age</b>	Retirement age varies by membership type and tier. Refer to Note 2, Plan Description for more information.
<b>Mortality - Retirement</b>	General Members - RP 2014 Sex Distinct Combined Healthy Tables, published by the Society of Actuaries, with Generational Improvement, using Projections Scale MP-2016, increased by 2.2% for males and 8.0% for females to reflect Plan experience.  Safety Members - RP 2014 Sex Distinct Combined Healthy Tables with blue-collar adjustment, published by the Society of Actuaries, with Generational Improvement using Projections Scale MP-2016, increased by 4.5% for males to reflect Plan experience.
<b>Mortality - Disability</b>	All Members - RP 2014 Sex Distinct Generational Disabled Annuitant Mortality Table with Generational Improvement using Projection Scale MP-2016.
<b>Cost of living adjustments</b>	2.6% per year for Tier 1 and 2% for Tiers 2, 3, and 4.

(1) Actuarial determined contributions are calculated based on the actuarial valuation one year prior to the beginning of the plan year.

Schedule of Investment Returns

Annual money-weighted rate of return, net of investment expense

Fiscal Year:	2022	2021	2020	2019	2018
	-5.79%	23.85%	0.74%	6.10%	7.60%
Fiscal Year:	2017	2016	2015	2014	2013
	11.70%	-1.30%	1.10%	17.00%	11.90%

***Schedule of Administrative Expenses****For the Fiscal Year Ended June 30, 2022*

(dollars in thousands)

**Personnel Services**

Salaries	
General	\$ 906
Benefits	
General	414
Board Fees - Per Diem Payments	18
<b>Total Personnel Services</b>	<u>1,338</u>

**Professional Services**

Actuarial	124
Data Processing	353
Audit	45
Professional Services - Disability	101
Legal Counsel	
General	86
Disability	38
<b>Total Professional Services</b>	<u>747</u>

**Communication**

Printing	37
Communication	16
Postage	49
<b>Total Communication</b>	<u>102</u>

**Rentals**

Office Space	188
<b>Total Rentals</b>	<u>188</u>

**Other**

Training	6
Transportation and Travel	15
Maintenance	27
Insurance	67
Utilities	24
Depreciation and Amortization	357
Office	83
Other County Department Charges	13
<b>Total Other</b>	<u>592</u>

<b>Total Administrative Expenses</b>	<u><u>\$ 2,967</u></u>
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***Fees, Other Investment Expenses and Payments to Consultants****For the Fiscal Year Ended June 30, 2022**(dollars in thousands)***Investment Activity**

Equity	
Domestic	\$ 1,172
International	1,419
Fixed Income	
Domestic	1,091
Global	121
Alternative Investments	
Private Equity	1,303
Private Credit	1,350
Real Asset	
Real Asset Managers	2,728
<b>Total from Investment Activity</b>	<b>9,184</b>

**Securities Lending Activity**

Securities Lending Program Expenses	81
<b>Total from Securities Lending Activity</b>	<b>81</b>

**Other Investment Expenses**

Investment Custodian	343
Investment Consultant	417
Other	544
<b>Total from Other Investment Expenses</b>	<b>1,304</b>

<b>Total Fees and Other Investment Expenses</b>	<b>\$ 10,569</b>
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**Payments to Consultants****Nature of Service**

Actuarial	\$ 124
Audit	45
Legal Counsel	
General	86
Disability	38

<b>Total Consulting Fees</b>	<b>\$ 293</b>
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***Schedule of Net Position Restricted for Pension Benefits****As of June 30, 2022**(dollars in thousands)*

Employee reserves, July 1	\$ 339,546
Contributions	25,880
Withdrawals	(4,946)
Transfers	(23,442)
Interest crediting	22,297
Employee reserves, June 30	359,335
Employer reserves, July 1	908,887
Contributions	40,392
Benefits Paid	-
Transfers	(47,824)
Interest crediting	64,557
Employer reserves, June 30	966,012
Retiree reserves, July 1	446,256
Benefits Paid	(90,322)
Transfers	71,263
Interest crediting	33,389
Retiree reserves, June 30	460,586
SRBR reserves, July 1	108,447
Benefits Paid	(7,440)
Interest crediting	12,695
SRBR reserves, June 30	113,702
Other reserves, July 1	2,660
Transfers - Intra Member Contribution Account	(12,793)
Interest crediting	7,712
Other reserves, June 30	(2,421)
Market Stabilization reserve, July 1	108,714
Net Change in Market Stabilization	(243,516)
Market Stabilization reserve, June 30	(134,802)
Contingency reserve, July 1	60,736
Transfers	(5,127)
Contingency reserve, June 30	55,609
TCERA Property, Inc. Retained Earnings (Holding Corporation), July 1	940
Net income	48
TCERA Property, Inc. Retained Earnings (Holding Corporation), June 30	988
<b>Net position restricted for pension benefits</b>	<b>\$ 1,819,009</b>



## Other Information

**Schedule of Cost Sharing Employer Allocations**

For the Fiscal Year Ended June 30, 2022

(dollars in thousands)

Employer	2022 Actual Employer Contributions	2022 Employer Allocation Percentage
County of Tulare	\$ 37,014	91.64%
Tulare County Association of Governments <sup>1</sup>	213	0.53%
Tulare County Superior Court	3,129	7.75%
Strathmore Public Utility District	36	0.09%
Total	\$ 40,392	100.00%

<sup>1</sup> The Tulare County Association of Governments is a district within Tulare County.

Note: Numbers may not add to totals due to rounding

**Employer Pension Amounts Allocated by Cost Sharing Plan**

June 30, 2022

(dollars in thousands)

Employer	Net Pension Liability	DEFERRED OUTFLOWS OF RESOURCES				
		Differences Between Expected and Actual Experience	Net Differences Between Projected and Actual Investment Earnings	Changes of Assumptions	Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources
Tulare County	\$ 391,306	\$ 46,995	\$ -	\$ 27,557	\$ 1,945	\$ 76,497
Tulare County Assn of Governments	2,252	270	-	159	103	532
Tulare County Superior Court	33,079	3,973	-	2,330	246	6,549
Strathmore Public Utility District Total	381	46	-	27	44	117
Total	\$ 427,018	\$ 51,284	\$ -	\$ 30,073	\$ 2,338	\$ 83,695

<sup>1</sup> The Tulare County Association of Governments is a district within Tulare County.

Note: Numbers may not add to totals due to rounding

**Employer Pension Amounts Allocated by Cost Sharing Plan (Cont.)**

Employer	DEFERRED INFLOWS OF RESOURCES				
	Differences Between Expected and Actual Economic Experience	Changes of Assumptions	Net Differences Between Projected and Actual Investment Earnings	Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources
Tulare County	\$ 71,669	\$ 36,796	\$ -	\$ 255	\$ 108,720
Tulare County Assn of Governments <sup>1</sup>	412	212	-	145	769
Tulare County Superior Court	6,059	3,111	-	1,921	11,091
Strathmore Public Utility District Total	70	36	-	19	125
<b>Total</b>	<b>\$ 78,210</b>	<b>\$ 40,155</b>	<b>\$ -</b>	<b>\$ 2,340</b>	<b>\$ 120,705</b>

Employer	PENSION EXPENSE		
	Collective Proportionate Share of Plan Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Pension Expense Excluding That Attributable to Employer-Paid Member Contributions
Tulare County	\$ 64,603	\$ 2,842	\$ 67,445
Tulare County Assn of Governments <sup>1</sup>	372	(306)	66
Tulare County Superior Court	5,461	(2,516)	2,945
Strathmore Public Utility District Total	63	(20)	43
<b>Total</b>	<b>\$ 70,499</b>	<b>\$ -</b>	<b>\$ 70,499</b>

<sup>1</sup> The Tulare County Association of Governments is a district within Tulare County.

Note: Numbers may not add to totals due to rounding

## ***Notes to Other Information***

### BASIS OF PRESENTATION AND BASIS OF ACCOUNTING

Employers that participate in TCERA were required to implement GASB 68 for their first fiscal year that commenced after June 15, 2014. The amounts reported as of their fiscal year end (their reporting date) must be based on a measurement date up to 12 months prior to their reporting date. For employers with a reporting date of June 30, their 2022 disclosures can be based on either the June 30, 2021 or 2022 measurement dates. If an employer elects to base their 2022 disclosures on the June 30, 2021 measurement date, the GASB 68 schedules in this report with a measurement date of June 30, 2022 will be used for their 2023 reporting date.

TCERA is a cost-sharing multiple-employer pension plan, each employer participating in TCERA must reflect a portion of the collective Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows in their financial statements.

### USE OF ESTIMATES IN THE PREPARATION OF THE SCHEDULES

The preparation of these schedules in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

### AMORTIZATION OF DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

Proportionate shares for each participating employer are generally determined based on the ratio of each participating employer's actual contributions to TCERA during the measurement year to the sum of the employer contributions. Proportionate shares for each participating employer are generally determined based on the ratio of each participating employer's actual contributions to TCERA during the measurement year to the sum of the employer contributions.

The proportionate share allocated to each individual employer will change on each measurement date. The net effect of the change in proportion on the share of the collective NPL, collective deferred outflows, and collective deferred inflows allocated to each employer becomes a deferred outflow or inflow for that employer and is recognized over the average future working life of TCERA's active and inactive members (five years). Similarly, the difference between each employer's actual contributions and the employer's proportionate share of collective employer contributions becomes a deferred outflow or inflow for that employer and is recognized over the average future working life of TCERA's active and inactive members (five years).

The difference between projected and actual investment earnings on pension plan investments is amortized over 5 years on a straight-line basis. One-fifth was recognized in pension expense during the measurement period, and the remaining difference between projected and actual investment earnings on pension plan investments at June 30, 2022, is to be amortized over the remaining periods. The changes in assumptions and differences between expected and actual experience are recognized over the average of the expected remaining service lives of all employees that are provided with pensions through TCERA (active and inactive employees) determined as of June 30, 2021 (the beginning of the measurement period ending June 30, 2022) and is four years. Prior period changes of assumptions and differences between expected and actual experience are continued to be recognized based on the expected remaining service lives of all employees calculated as of those prior measurement dates.

# *investment section*

## ***Independent Consultant's Report***



September 26, 2022

The Board of Retirement  
Tulare County Employees' Retirement Association  
136 N. Akers Street  
Visalia, California 93291

The investment portfolio of the Tulare County Employees' Retirement Association attained a total value of \$1.79 billion for the fiscal year ending June 30, 2022; the fiscal year return was -5.9%, net of investment management fees. This return exceeded the Plan's policy benchmark of -6.2%. In capital markets, the past year was vastly different than what we've been accustomed to seeing. Inflation rose to historical highs on the heels of significant fiscal and monetary stimulus, supply chain shocks, and Russia's invasion of Ukraine. In response, central banks from around the globe shifted to hawkish monetary policy and sharply increased interest rates resulting in negative returns across most equity and fixed income markets. Despite heightened volatility across capital markets, TCERA outperformed their policy index and ranked in the 35<sup>th</sup> percentile in a universe of public pension plans with assets greater than \$1 billion. Outperformance relative to the median peer resulted primarily from TCERA's overweight to real estate which had relatively strong returns.

Verus worked with the Board during the fiscal year to implement the new asset allocation strategy that was refined in early-mid 2021. This included increases in public markets equities as well as a greater allocation to private markets investments expected to improve risk-adjusted returns moving forward.

Moving forward, we will continue to work with the Board to monitor the Plan's strategic asset allocation and its implementation for potential improvement opportunities as we jointly remain focused on ensuring the retirement of TCERA's participants is secure.

Sincerely,

A handwritten signature in blue ink, appearing to read "S. Whalen".

Scott J. Whalen, CFA, CAIA  
Executive Managing Director, Senior Consultant

NOTE: Returns for periods greater than one year are annualized. Investment return calculations are time-weighted, market value based, and consistent with industry standards and best practices for performance measurement.

## ***Economic Conditions and Outlook***

### ***Summary***

The 2022 fiscal year was a tale of two halves, as global markets delivered mildly positive returns in the latter half of calendar year 2021, with below-average volatility, spurred by easy monetary policy, pandemic reopening demand, and a resurgence in economic growth. However, this optimism began to fade as inflation surged and central banks turned more hawkish.

The first half of 2022 proved to be an incredibly different environment from what was experienced during 2021. The persistence of inflation was a driving narrative, as the supply shocks coming from Russia's invasion of Ukraine and supply chain issues from China's continued zero-covid policy accelerated already fast price growth. Central banks, keen to lower inflation, reacted more aggressively as a result. The quick tightening cycle hurt both equities and bonds alike. Nearly all asset classes have produced losses year-to-date—a somewhat rare occurrence which left most diversified portfolios materially in the red. The spur of tightening also increased fears of recession and possibly stagflation, as inflation ceased to moderate (U.S. headline CPI hit 9.1 percent in June—a four-decade high).

### ***U.S. Equity***

While the S&P 500 delivered a fantastic +11.7 percent return in the second half of 2021, the first half of 2022 saw a significant reversal of -20.0 percent, qualifying as a technical market correction. In an effort to curb four-decade high inflation within the U.S., the Federal Reserve raised their policy rate by 25 basis points, 50 basis points, and 75 basis points at their respective March, May, and June meetings.

Higher interest rates have diminished the present value of cash flows further out in the future, hitting growth-orientated sectors the hardest (Consumer Discretionary -32.8 percent, Communication Services -30.2 percent, Information Technology -27.0 percent YTD).

Investors began recognizing the potential for recession in the second quarter of 2022, as economic data indicated a slowdown alongside Federal Reserve tightening. Persistent inflation in the face of multiple rate hikes impacted company revenues and profits. On the sales front, declines in real purchasing power slashed consumer sentiment and impacted discretionary spending. With regard to corporate profits, higher expenses, particularly for companies unable to pass through prices, have resulted in earnings compression (MSCI U.S. Profit Margins down from 12.9 percent in December 2021 to 12.2 percent in June 2022).

Briefly looking at size and style, the Value factor outperformed the Growth factor during the fiscal year (Russell 1000 Value -7.4 percent, Russell 1000 Growth -19.0 percent). The Russell 1000 Value Index has declined -12.9 percent versus -28.1 percent for the Russell 1000 Growth Index calendar year-to-date. As expected, rising rates inflicted more pain on duration-sensitive equities. From a size perspective, small-cap equities underperformed significantly during the fiscal year (Russell 2000 -25.2 percent, Russell 1000 -13.0 percent).

Ultimately for U.S. equities, the tough environment faced in the first half of 2022 has weighed on the promising returns we saw in the back half of 2021. For the fiscal year ending on June 30, 2022, the S&P 500 fell -10.6 percent.

### ***International Equity***

International equities lagged U.S. equities over the fiscal year, as the MSCI EAFE Index and MSCI Emerging Markets Index returned -17.8 percent and -25.3 percent respectively. Dollar strength hurt U.S. investors with unhedged foreign currency exposure, as the Bloomberg Dollar Spot Index advanced +10.3 percent during the period. Despite the underperformance over the full fiscal year, both developed and emerging market equities outperformed U.S. shares on a calendar year-to-date basis through June 30th, as the MSCI EAFE and MSCI EM Indices returned -19.6 percent and -17.6 percent, respectively.

Emerging market equities' underperformance during the fiscal year was primarily due to the large drop in Chinese equities (MSCI China -31.8 percent), as the country locked down major cities and cracked down on sectors including technology, education, and real estate. This narrative switched gears during the first half of 2022, as news of potential easing of government restrictions and the reopening of several large cities boosted share prices of the largest country constituent in the MSCI EM Index. While being the worst performer over the full fiscal year, emerging market equities ended the first half of 2022 as the best performing market.

Developed economies faced a similar equity environment to that of the United States. Positive performance in the second half of 2021 due to reopening growth was reversed in the first half of 2022, as rising inflation was amplified by Russia's invasion of Ukraine in late February. Ensuing sanctions against Russian petroleum exports from the West squeezed energy prices upward, forcing the Bank of England and European Central Bank to shift gears in terms of monetary policy. The MSCI EAFE Index fell -19.6 percent over the first half of 2022, wiping out the +2.3 percent gain seen during the second half of 2021. International developed equities continue to be challenged, as the energy crisis escalates, and consumer strength remains less resilient than that of the U.S.

### ***Fixed Income***

Core fixed income suffered losses of -10.3 percent over the full fiscal year (BBgBarc U.S. Aggregate), though all of the losses were attributable to the first half of 2022. All eyes have been on inflation, which has forced central bankers to tighten conditions while attempting to avoid pushing their economies into recession. Rate hikes and forward guidance from central banks have hammered equity and bond markets alike, created a rare environment of sharp losses across both asset classes.

The magnitude of expected rate hikes has jumped materially since late 2021. During December 2021, Fed funds futures contracts suggested the Fed Funds Rate would end 2022 at 0.82 percent (only three 25 basis points rate hikes expected). By the end of March 2022, markets were pricing in a total of nine 25 basis points rate hikes. This placed the implied Fed Funds Rate at 2.39 percent by the end of 2022. The trend continued in Q2, as inflation remained persistent. The Federal Reserve pushed through an additional 50 basis points hike in May and a 75 basis points hike in June (the largest single meeting hike since 1994). Going forward, markets are pricing in an additional seven rate hikes (not including the six previously implemented) by the end of 2022, bringing the year-end implied rate in line with the Fed's expectation of 3.4 percent. Many countries face similar problems, as inflation remains a challenge.

The impact of policy tightening on duration-sensitive assets has been significant. Performance was negative across all fixed income asset classes over the year-to-date, as rates jumped from historically low levels. The Bloomberg Global Treasury Index returned -14.8 percent in dollar terms over the year-to-date. In the U.S., the Bloomberg Universal Index suffered its worst quarterly loss in Q1 2022—down -6.1 percent—while the Bloomberg Aggregate Index fell -5.9 percent (its third worst quarterly loss, dating back to 1976). Performance during Q2 was also negative, with the Universal and Aggregate Indices down -5.1 percent and -4.7 percent, respectively. Longer duration assets underperformed. The Bloomberg U.S. Long Treasury Index fell -21.3 percent year-to-date, compared to the -3.0 percent decline of the Bloomberg U.S. Treasury 1-3 Year index.

The Bloomberg U.S. Credit Index returned -13.6 percent over the past year as spreads significantly widened over the course of 2022. Investment grade spreads widened by 63 basis points, moving from 0.92 percent to 1.55 percent at the end of June. High yield spreads also jumped, starting the year at 283 basis points before moving to 569 basis points over the same period. Spread movements widely reflected the risk-off tone and growing concerns over a slowing economy. Despite spread expansion, default rates for U.S. high yield and bank loans ended Q2 at 0.76 percent and 0.74 percent—far below the longer-term historical averages of 3.2 percent and 3.1 percent. The floating rate characteristic of bank loans helped as rates rose, resulting in bank loan outperformance over high yield bonds, declining -4.4 percent versus -14.2 percent thus far in 2022.

Outside of the U.S., emerging market debt struggled in both hard and local currency terms over the past year due to currency headwinds and growth concerns. Hard currency underperformed, with the JPM EMBI GD Index falling -21.2 percent, relative to the -19.3 percent decline of the JPM GBI-EM GD Index.

### **Commodities**

Commodities were the best performing asset class over the fiscal year, with the Bloomberg Commodity Index returning +24.3 percent. Commodities moved higher in Q3 2021, driven by supply chain imbalances and rising signs of inflation. These gains tailed off towards the end of 2021, as signals of tighter monetary policy crimped global economic growth expectations.

### **Currency**

A strong dollar remained the biggest currency story over the past year as the Bloomberg Dollar Spot Index increased +10.3 percent. Year-to-date, the index returned +7.4 percent driven by higher relative interest rates, a relatively strong economic outlook, and safe-haven currency status. The dollar performed well against major pairs, as currency impacts were significant within the international developed equities space. The Japanese Yen remaining particularly strained, down -15.2 percent against the dollar in 2022, as the Bank of Japan anchored rates while other central banks hiked. The J.P. Morgan Emerging Markets Currency Index declined -1.8 percent, though the dollar was mixed relative to emerging market currency pairs. The Russian Ruble remained incredibly volatile, initially plummeting after the invasion of Ukraine, but spiking as petroleum export prices rose, imports fell, and high rates set by the Bank of Russia propelled the currency.



### **Outlook**

A key question going forward is whether global central banks will be able to bring inflation under control without dragging their respective economies into recession. This task is perhaps more difficult than past inflationary regimes, given the war in Ukraine, lockdowns in China, and acute pandemic-related supply shortages which have led to high prices that perhaps cannot be brought down via traditional central bank policy. Within the U.S., the possibility of a “soft landing” for the economy seems unlikely, as the economy appears to be in a mild technical recession already, or at least very close to one. Uncertainty remains high, although the recent drawdown of most major asset classes has reversed the “low return environment” dynamic that has been common for nearly a decade. Many asset classes now appear to offer robust yields and higher prospective returns relative to past years—perhaps a silver lining in an environment which has proved challenging for investors with diversified portfolios.

*Written by Verus Advisory*

## ***Investment Objectives***

The Board of Retirement (the Board) has adopted Investment Policies and Guidelines, which outline the Tulare County Employees' Retirement Association's (TCERA, the Association, or the Plan) investment goals and objectives. The Investment Policy Statement combines planning and philosophy and contains a Policies and Procedures section, Statement of Investment Goals, and General Investment Goals and Guidelines.

The Plan's general investment goals are broad in nature. The primary objectives are to efficiently allocate and manage the assets in order to satisfy the liabilities of the Plan. The following goals, consistent with the above-described purpose, are adopted:

- The overall goal of TCERA's investments is to provide Plan participants with retirement, disability, and death and survivor benefits, as provided for under the County Employees Retirement Law of 1937. This will be accomplished through a carefully planned and executed long-term investment program.
- The total portfolio over the long-term will be expected to:
  1. Produce a total portfolio, long-term real (above inflation) return commensurate with the target asset allocation (annualized, net of fees, over a full market cycle, normally defined as 3-5 years);
  2. Exceed the assumed actuarial rate of return over rolling five-year periods; and
  3. Exceed a weighted index of the total Plan's asset allocation policy and component benchmark over rolling five-year periods by an appropriate amount (annualized, net of fees, over a full market cycle).
- TCERA's Investment Policy has been designed to produce a total portfolio, long-term real return. Consequently, prudent risk-taking is warranted within the context of overall portfolio diversification to meet this goal.

## ***Asset Allocation***

The Board adopts and implements an asset allocation policy that is predicated on a number of factors, including:

- Expected long-term capital market risk and return behavior;
- Projected assets, liabilities, benefit payments, and contributions provided by TCERA's actuary;
- An assessment of future economic conditions, including inflation and interest rate levels; and
- The specific investment objectives set forth by TCERA.

The Plan will be diversified both by asset class (e.g., common stocks, bonds, real estate, other alternatives) and within asset classes (e.g., within common stocks by economic sector, industry, quality, and market capitalization). The purpose of diversification is to provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the total Plan.

The basis of the data presented is fair value as of June 30, 2022 prior to adjustments for accruals and cash positions. Performance reported is based on time-weighted returns based on the market rate of return.

## ***Target Asset Allocation***

As of June 30, 2022

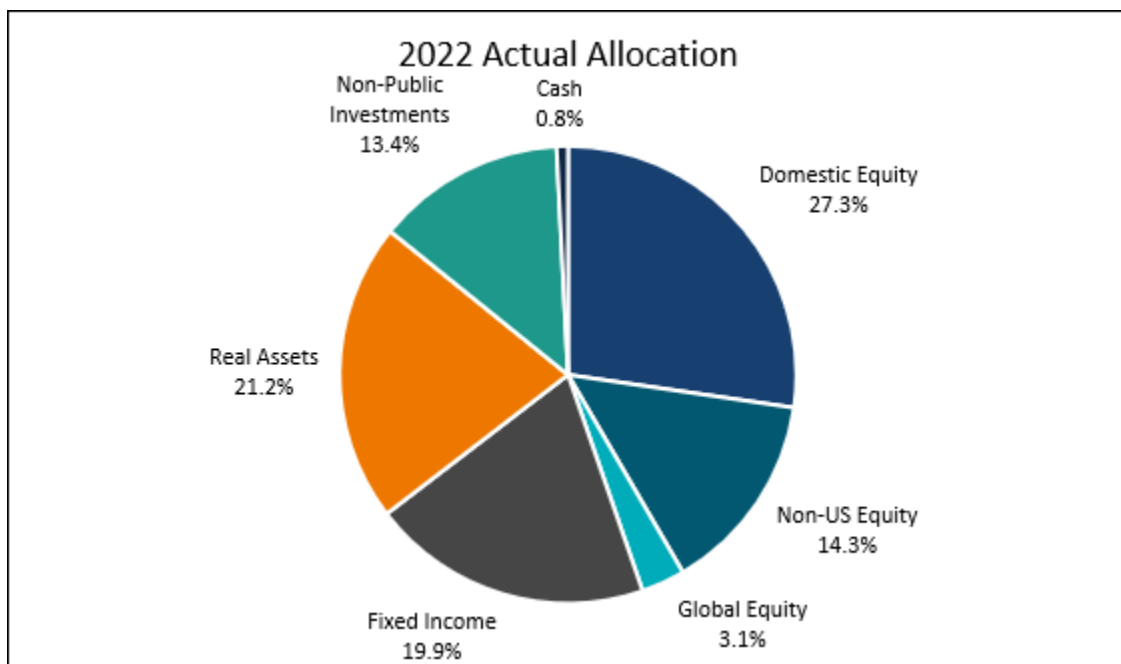
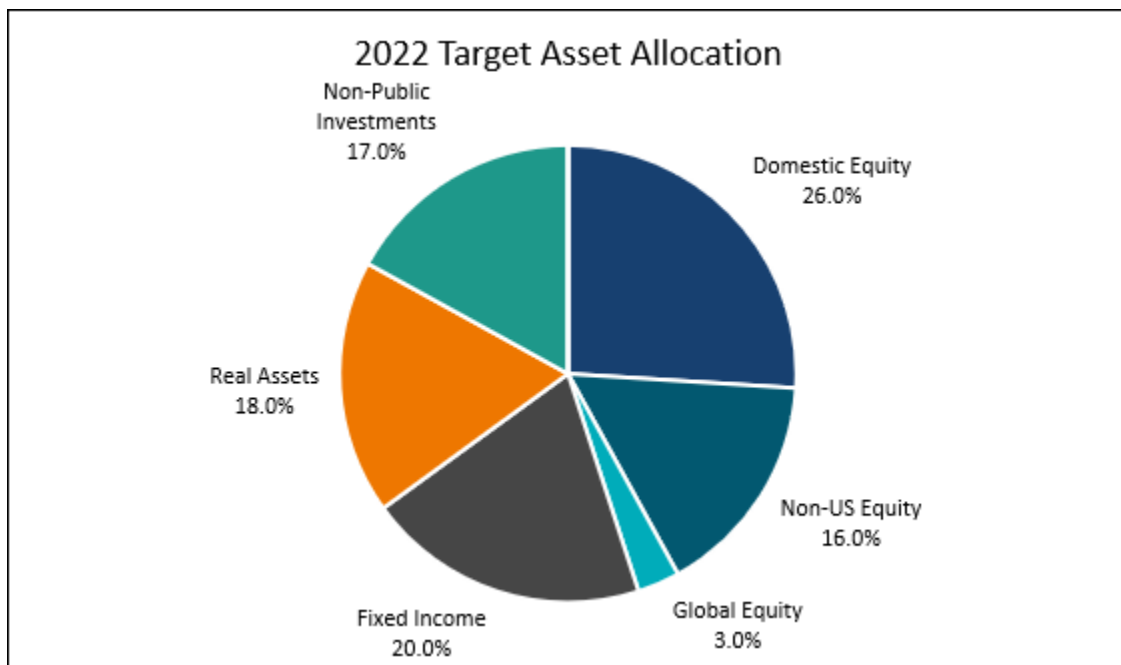
The target asset allocation for the investment portfolio is determined by the Board to facilitate the achievement of the investment program's long-term investment objectives within the established risk parameters. Due to the fact that the allocation of funds between asset classes may be the single most important determinant of the investment performance over the long run, the Plan's assets shall be divided into the following asset classes:

<b>Asset Class</b>	<b>Minimum Percent</b>	<b>Maximum Percent</b>	<b>Target Percent</b>
<b>Domestic Equity</b>	<b>15%</b>	<b>35%</b>	<b>26%</b>
<i>Large Cap</i>	<i>10%</i>	<i>25%</i>	<i>20%</i>
<i>Small Mid Cap</i>	<i>0%</i>	<i>10%</i>	<i>6%</i>
<b>Non-U.S. Equity (Developed and Emerging)</b>	<b>5%</b>	<b>25%</b>	<b>16%</b>
<b>Global Equity</b>	<b>0%</b>	<b>5%</b>	<b>3%</b>
<b>Fixed Income</b>	<b>10%</b>	<b>35%</b>	<b>20%</b>
<i>Core-Plus Fixed Income</i>	<i>10%</i>	<i>30%</i>	<i>17%</i>
<i>Emerging Market Debt</i>	<i>0%</i>	<i>6%</i>	<i>3%</i>
<b>Real Assets</b>	<b>10%</b>	<b>30%</b>	<b>18%</b>
<i>Core Real Estate</i>	<i>5%</i>	<i>10%</i>	<i>3%</i>
<i>Value-Add Real Estate</i>	<i>0%</i>	<i>10%</i>	<i>4%</i>
<i>Opportunistic Real Estate</i>	<i>0%</i>	<i>10%</i>	<i>4%</i>
<i>Infrastructure</i>	<i>0%</i>	<i>10%</i>	<i>4%</i>
<i>Real Estate Debt</i>	<i>0%</i>	<i>10%</i>	<i>3%</i>
<b>Alternative Investments</b>	<b>0%</b>	<b>20%</b>	<b>17%</b>
<i>Private Equity/VC</i>	<i>0%</i>	<i>16%</i>	<i>12%</i>
<i>Private Credit</i>	<i>0%</i>	<i>10%</i>	<i>5%</i>

Formal asset allocation studies will be conducted at least every five years, with annual evaluations of the validity of the adopted asset allocation based on updated return projections. Any change in capital market assumptions or liabilities will require consideration of revision to the asset allocation policy.

## ***Target Asset vs. Actual Asset Allocation***

As of June 30, 2022



Percentages may not equal 100% due to rounding.

***Fair Value of Investments***

As of June 30, 2022

Type of Investments	Fair Value	Percentage of Total Fair Value
Domestic Corporate Bonds	\$116,416,693	6.5%
MBS	\$86,661,584	4.8%
ABS	\$21,406,101	1.2%
U.S. Government/Agency Instruments	\$66,700,955	3.7%
Municipal Bonds	\$728,992	0.0%
Emerging Markets Fixed Income	\$55,556,595	3.1%
Other	\$10,217,295	0.6%
<b>Total Bonds</b>	<b>\$357,688,215</b>	<b>19.9%</b>
Domestic Equity	\$490,003,550	27.2%
Non-U.S. Equity	\$257,425,018	14.3%
Global Equity	\$55,165,885	3.1%
<b>Total Equity</b>	<b>\$802,594,453</b>	<b>44.6%</b>
<b>Real Estate</b>	<b>\$382,992,878</b>	<b>21.3%</b>
Private Equity	\$127,579,253	7.1%
Private Credit	\$112,772,912	6.3%
<b>Non Public Investments</b>	<b>\$240,352,165</b>	<b>13.4%</b>
<b>Cash</b>	<b>\$14,459,929</b>	<b>0.8%</b>
<b>Total Investments</b>	<b>\$1,798,087,640</b>	<b>100.0%</b>
Plan Adjustments for Payables, Private Credit	25,928,360	
<b>Net Investments</b>	<b>\$1,824,016,000</b>	

*Individual Categories for purposes of this report are determined by the Investment Consultant and may not reflect the categories as reported from the custodial bank in the financial statements.*

## Investment Results

For the Periods Ended June 30, 2022<sup>1</sup>

		Annualized (%)			
Account	Current	2 Year	3 Year	4 Year	5 Year
<u>Equity</u>					
SSGA S&P 500 Flagship Fund	-10.7	12.1	10.6	10.5	11.3
QMA Large Cap Core	-9.0	12.7	9.7	8.9	10.3
<i>S&amp;P 500</i>	-10.6	12.2	10.6	10.6	11.3
Boston Partners Large Cap Value	-3.8	20.0	9.5	8.2	8.6
<i>Russell 1000 Value</i>	-6.8	15.7	6.9	7.3	7.2
William Blair SMID Cap Growth	-28.1	1.2	2.8	4.6	8.1
<i>Russell 2500 Growth</i>	-31.8	1.0	3.7	4.3	7.5
Leeward Small Value	-7.4	22.5	8.7	5.2	5.9
<i>Russell 2000 Value</i>	-16.3	20.4	6.2	2.9	4.9
<b>Total Domestic Equity</b>	<b>-13.9</b>	<b>11.5</b>	<b>9.0</b>	<b>8.6</b>	<b>10.2</b>
SSGA MSCI ACWI Ex US Index Fund	-19.2	4.8	1.6	1.6	2.7
<i>MSCI ACWI ex USA Gross</i>	-19.4	4.6	1.4	1.3	2.5
PIMCO RAE Fundamental Global Ex US Fund	-15.5	10.8	1.5	0.7	1.8
<i>MSCI ACWI ex USA Value Gross</i>	-12.8	9.5	0.6	0.4	1.2
SGA Global Growth	-21.0	3.0	4.1	5.7	--
<i>MSCI ACWI ex USA Growth Gross</i>	-25.8	-0.4	1.6	1.9	--
<b>Total International Equity</b>	<b>-18.5</b>	<b>6.1</b>	<b>2.7</b>	<b>2.9</b>	<b>3.5</b>
Skellig Water Fund (aka KBI)	-12.2	14.9	8.4	6.7	7.0
<i>MSCI ACWI Gross</i>	-15.8	8.3	6.2	6.1	7.0
<b>Total Global Equity</b>	<b>-12.2</b>	<b>14.9</b>	<b>8.4</b>	<b>6.7</b>	<b>7.0</b>
<u>Fixed Income</u>					
BlackRock Fixed Income	-10.9	-5.4	-0.9	1.2	0.9
Doubleline Core Plus	-10.1	-3.8	-1.3	0.7	0.6
MacKay Shields Core Plus	-12.0	-4.5	-0.3	1.6	1.2
<i>BBgBarc US Aggregate TR</i>	-10.3	-5.4	-0.9	1.2	0.9
PGIM Emerging Markets Debt	-19.4	-5.7	--	--	--
<i>50% JPM EMBI Global Div/50% JPM GBI EM Global Div</i>	-20.2	-7.6	--	--	--
<b>Total Fixed Income</b>	<b>-12.6</b>	<b>-5.2</b>	<b>-2.6</b>	<b>-0.2</b>	<b>-0.2</b>

**Investment Results (Cont.)**For the Periods Ended June 30, 2022<sup>1</sup>

		Annualized (%)			
Account	Current	2 Year	3 Year	4 Year	5 Year
<b><u>Real Estate</u></b>					
RREEF America II	29.0	14.8	11.5	10.3	9.7
American Realty	20.2	11.5	--	--	--
SSGA US REIT Index	--	--	--	--	--
Invesco Commercial Mortgage Income Fund	--	--	--	--	--
NCREIF-ODCE	28.3	17.2	11.7	10.1	9.6
<b>Total Real Estate</b>	<b>20.7</b>	<b>11.1</b>	<b>9.1</b>	<b>8.5</b>	<b>8.3</b>
<b><u>Private Equity</u></b>					
BlackRock Alternative Advisors	-19.6	-16.7	-9.1	-4.9	-1.7
Ocean Avenue Fund III	44.6	34.6	27.2	29.2	31.9
Ocean Avenue Fund IV	33.4	34.3	--	--	--
Pantheon Ventures	-25.2	-11.6	-15.6	-10.8	-7.3
Pathway Private Equity Fund Investors 8	26.2	45.4	30.4	29.4	28.8
Pathway Private Equity Fund Investors 9	30.8	50.8	31.5	29.1	--
Pathway Private Equity Fund Investors 10	23.1	34.5	--	--	--
Stepstone Secondary Opportunities Fund II	-7.0	6.7	4.3	3.7	4.7
<b>Total Private Equity</b>	<b>26.4</b>	<b>34.2</b>	<b>23.8</b>	<b>22.3</b>	<b>21.2</b>
<b><u>Private Credit</u></b>					
Sixth Street DCP (formerly TSSP DCP)	3.0	15.0	8.1	8.8	8.7
<b>Total Private Credit</b>	<b>3.1</b>	<b>15.0</b>	<b>8.1</b>	<b>8.9</b>	<b>8.7</b>
<b><u>Opportunistic</u></b>					
Sixth Street TAO Contingent (formerly TSSP TAO Contingent)	28.3	28.0	--	--	--
PIMCO Bravo	-8.4	-11.0	-9.8	-7.1	-2.4
KKR Mezzanine Partners	-4.5	-14.7	-44.1	-44.3	-27.8
<b>Total Opportunistic</b>	<b>22.7</b>	<b>18.8</b>	<b>9.8</b>	<b>5.6</b>	<b>9.8</b>
<b>Total Fund</b>	<b>-5.9</b>	<b>7.9</b>	<b>5.4</b>	<b>5.5</b>	<b>5.9</b>
Policy Index <sup>2</sup>	-6.2	6.9	5.6	5.9	6.2

<sup>1</sup>-Time-Weighted Return Based on the Market Rate of Return.<sup>2</sup>-Policy Index: 26% Russell 3000, 16% MSCI ACWI ex US, 3% MSCI ACWI, 17% Bloomberg US Aggregate, 3% JPM GBI Global, 13.4% NCREIF ODCE, 7% Private Equity returns, 5% Private Credit returns, 5% Russell 2000, 4.6% MSCI REIT



## ***List of Largest Stock and Bond Holdings***

As of June 30, 2022

### ***Largest Stock Holdings (by fair value)***

	Shares	Stock	Fair Value
1	48,471	MICROSOFT CORP	\$12,448,807
2	3,527	ALPHABET INC	\$7,686,250
3	58,940	AMAZON.COM INC	\$6,260,017
4	11,986	UNITEDHEALTH GROUP INC	\$6,156,369
5	12,869	MASTERCARD INC	\$4,059,912
6	27,880	APPLE INC	\$3,811,754
7	20,153	JOHNSON & JOHNSON	\$3,577,359
8	6,787	COSTCO WHOLESALE CORP	\$3,252,873
9	9,354	BERKSHIRE HATHAWAY INC	\$2,553,829
10	9,132	ACCENTURE PLC	\$2,535,500

### ***Largest Bond Holdings (by fair value)***

	Par	Bond	Fair Value
1	2,785,000	US TREASURY NOTE 2.500% 05/31/2024 DD 05/31/22	\$2,762,163
2	2,267,628	US TREAS-CPI INFLAT 0.125%004/15/2027 DD 04/15/22	\$2,236,766
3	2,140,000	US TREASURY NOTE 2.625% 04/15/2025 DD 04/15/22	\$2,118,942
4	2,222,553	COMMIT TO PUR FNMA SF MTG 3.000% 07/01/2052 DD 07/01/22	\$2,072,486
5	2,135,000	COMMIT TO PUR FNMA SF MTG 2.000% 07/01/2037 DD 07/01/22	\$1,996,140
6	1,815,000	US TREASURY BOND 3.000% 11/15/2045 DD 11/15/15	\$1,697,878
7	2,020,000	US TREASURY BOND 1.875% 02/15/2041 DD 02/15/21	\$1,593,194
8	1,547,000	SPRINT COMMUNICATIONS LLC 6.000% 11/15/2022 DD 11/14/12	\$1,553,729
9	1,696,470	FNMA POOL #0FS2040 2.000% 02/01/2052 DD 05/01/22	\$1,477,439
10	1,149,000	US TREASURY NOTE 2.750% 04/30/2027 DD 04/30/22	\$1,135,178

A complete list of portfolio holdings is available upon request.

**Schedule of Investment Management Fees**

For the Fiscal Year Ended June 30, 2022

(dollars in thousands)

<b>Domestic Equity</b>	
Robeco Boston Partners	\$ 302
State Street	49
Leeward Investments	221
Ivy Investments	300
William Blair	300
Total Domestic Equity	<u>\$ 1,172</u>
<b>International</b>	
State Street	\$ 53
PIMCO RAE	519
Kleinwort Benson Investors	610
SG Advisers	237
Total International	<u>\$ 1,419</u>
<b>Fixed Income</b>	
BlackRock	\$ 194
PGIM	277
Franklin Templeton	121
Mackay Shields	308
DoubleLine	312
Total Fixed Income	<u>\$ 1,212</u>
<b>Private Equity</b>	
KKR Mezzanine Partners	\$ 29
StepStone	206
Pathway Capital Mgmt	573
Ocean Avenue Capital	495
Total Private Equity	<u>\$ 1,303</u>
<b>Private Credit</b>	
SSP	\$ 1,350
Total Private Credit	<u>\$ 1,350</u>
<b>Real Asset</b>	
DSW RREEF	\$ 1,851
Invesco	401
State Street	5
American Realty Advisers	471
Total Real Asset	<u>2,728</u>
Total Investment Manager Fees	<u>\$ 9,184</u>

**Schedule of Investment Management Fees (Cont.)**

For the Fiscal Year Ended June 30, 2022  
(dollars in thousands)

<b>Securities Lending Activity</b>	
Management Fee	\$ 8
Borrower Rebate	73
Total Securities Lending Activity	<u>\$ 81</u>
<b>Other Investment Expenses</b>	
Investment Custodian	\$ 343
Investment Consultant	417
Other	544
Total Other Investment Expenses	<u>\$ 1,304</u>
<b>Total Fees and Other Investment Expenses</b>	<u><b>\$ 10,569</b></u>

**Brokerage Policy/Commission Recapture**

TCERA charges its investment managers with the optimization of transaction expense, including commissions and execution costs, for the lowest possible transaction cost. TCERA encourages active equity managers to direct a specific percentage of brokerage transactions for Plan assets under their management through designated commission recapture brokers only when best execution can be assured. TCERA also encourages its fixed income managers, on a “best effort” basis, to utilize the services of designated commission recapture brokerage firms. Commission recapture brokerage firms must provide the best price and execution consistent with market conditions, bearing in mind the best interest of the Plan’s beneficiaries and considering all relevant factors.

Commissions and Rebates for the Fiscal Year Ended June 30, 2022:  
(dollars in thousands)

Base Commissions	\$ 70
Base Volume	\$ 435,237
Total Shares	5,099
Commissions/Share	\$ -
<b>Commission Recapture Rebates</b>	<b>\$ -</b>

# *actuarial section*

## **Actuary's Certification Letter**



*Classic Values, Innovative Advice.*

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

November 7, 2022

## **Actuarial Certification**

This is the Actuary's Certification Letter for the Actuarial Section of the Annual Comprehensive Financial Report (ACFR) for the Tulare County Employees' Retirement Association (the Plan) as of June 30, 2022. This letter includes references to two documents produced by Cheiron for the Plan: the actuarial valuation report as of June 30, 2022 (transmitted October 31, 2022) and the GASB 67/68 report as of June 30, 2022 (transmitted October 27, 2022).

## **Actuarial Valuation Report as of June 30, 2022**

The purpose of the annual actuarial valuation report as of June 30, 2022 is to determine the actuarial funding status of the Plan on that date and to calculate recommended contribution rates for the participating employers and Plan members for the Fiscal Year 2023-2024. The prior review was conducted as of June 30, 2021 and included recommended contribution rates for the Fiscal Year 2022-2023.

Actuarial funding is based on the Entry Age Normal Cost Method. Under this method, the employer contribution rate provides for current cost (normal cost) plus a level percentage of payroll to amortize the Unfunded Actuarial Liability (UAL). As of the valuation date (June 30, 2022), the amortization policy specifies layered 19-year amortization. The UAL as of June 30, 2015 was amortized over a closed 19-year period and subsequent gains or losses are being amortized over new closed 19-year periods. The Board elected to phase in the impact of the assumption changes included in the June 30, 2020 valuation on the employer contribution rate over a three-year period beginning with the Fiscal Year 2021-2022; the Fiscal Year 2023-2024 contribution reflects the final year of the phase-in.

The funding objective of the Plan is to accumulate sufficient assets over each Member's working life to provide for Plan benefits after termination of employment or retirement. For actuarial valuation purposes, Plan assets are valued at actuarial value. Under this method, the assets used to determine employer contribution rates take into account market value by spreading all investment gains and losses (returns above or below expected returns) over a period of 10 years, limited by a corridor that restrains the actuarial value to within 30% of the Market Value of Assets. Note that the Actuarial Value of Assets excludes the Supplemental Retiree Benefit Reserve.

The Board of Retirement is responsible for establishing and maintaining the funding policy of the Plan.

We prepared the following schedules, which we understand will be included in the Actuarial Section of the ACFR, based on the June 30, 2022 actuarial valuation. All historical information prior to the June 30, 2015 actuarial valuation shown in these schedules is based on information reported by Buck Consultants.

- Schedule of Retirants and Beneficiaries Added to and Removed from Payroll
- Schedule of Funded Liabilities by Type
- Schedule of Funding Progress
- Schedule of Employer Contributions

The TCERA Board has the authority to select economic and demographic assumptions for the Plan. The assumptions used in this report reflect the results of an experience study performed by Cheiron, covering the period from July 1, 2017 through June 30, 2020, and approved by the Board. Based on this study, the discount rate was lowered from 7.25% to 7.00%, the mortality improvement scale was updated to MP-2019, and a number of other demographic assumptions were updated to reflect recent experience. A full summary of all assumptions used in this report is provided in the actuarial valuation report as of June 30, 2022. The assumptions used in the valuation are intended to produce results that, in the aggregate, reasonably approximate the anticipated future experience of the Plan. The next experience analysis is expected to cover the years through 2023.

We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices. In particular, the assumptions and methods used for funding purposes meet the requirements of the Actuarial Standards of Practice, including Standards No. 4, 27, 35, and 44. The actuarial cost method and the actuarial assumptions used for funding purposes are the same as those used for financial reporting purposes, with the exception of the discount rate, which is calculated as prescribed by GASB 67/68.

### **GASB 67/68 Report as of June 30, 2022**

The purpose of the GASB 67/68 Report as of June 30, 2022, is to provide accounting and financial reporting information under GASB 67 for the Plan and under GASB 68 for the County of Tulare and other participating employers. This report is not appropriate for other purposes, including the measurement of funding requirements for the Plan.

The Total Pension Liability (TPL) at the end of the measurement year, June 30, 2022, is measured as of a valuation date of June 30, 2022. The TPL at the beginning of the measurement year, June 30, 2021, was measured as of a valuation date of June 30, 2021.

Please refer to our GASB 67/68 report as of June 30, 2022 for additional information related to the financial reporting of the System. We prepared the following schedules for inclusion in the Financial Section of the ACFR based on the June 30, 2022 GASB 67/68 report:

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

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

## Disclaimers

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

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

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

These reports are for the use of the Plan and the Plan auditor in preparing financial reports in accordance with applicable law and accounting requirements. Any other user of these reports is not an intended user and is considered a third party, and Cheiron assumes no duty or liability to any such party.

We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein. These reports do not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

Respectfully Submitted,  
Cheiron



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## ***Summary of Actuarial Assumptions and Methods***

The Entry Age Normal Actuarial Cost Method was used in conjunction with the following actuarial assumptions. The Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2015 is being amortized over a closed 19-year period as a level percentage of payroll. Subsequent changes in the UAAL due to experience gains and losses, assumption changes, or plan changes will be amortized over new closed 19-year periods.

1. Interest:	7.00% per annum (6.88% compounded semi-annually).
2. Interest Credited to Employee Accounts:	7.00% per annum net of investment and administrative expenses (6.88% compounded semi-annually).
3. Inflation:	2.75% per annum.
4. Asset Valuation:	Smoothed actuarial value (over 10 years) beginning with fiscal year 2009, with 30% corridor around fair value.
5. Salary Scale:	Salary increase assumptions includes a wage inflation component of 3% and a longevity/promotion component that varies by years of service and division, ranging from 0.5% to 8% for General Members and 1% to 9% for Safety Members.
6. Rates of Termination of Employment:	See "Probability of Occurrence" on page 88.
7. Spouses and Dependents:	80% of General male, 60% of General female and 85% of Safety male, 65% of Safety female active employees assumed married at Retirement, with spouses of male members assumed to be female and 3 years younger and spouses of female members assumed to be male and 2 years older.
8. Years of Life Expectancy After Retirement:	<p>General - RP-2014 Generational Mortality Table for Males/Females with MP-2019 projection.</p> <p>Safety - RP-2014 Generational Mortality Table for Males with blue-collar adjustment and MP-2019 projection.</p> <p>General mortality rates are increased by 2.2% for males and 8.0% for females to reflect TCERA experience; Safety mortality rates are increased by 4.5% for males to reflect TCERA experience.</p>
9. Years of Life Expectancy After Disability Retirement:	RP-2014 Generational Disabled Annuitant Mortality Table for Males/Females, with MP2019 projection.



### Summary of Actuarial Assumptions and Methods (Cont.)

- |   |   |
|---|---|
| 10. Reciprocity Assumption:               | 60% of General and 65% of Safety members who terminate with a vested benefit are assumed to enter a reciprocal system. Salaries are assumed to increase by 3.5% for General and 4.0% for Safety members per year. |
| 11. Deferral Age for Vested Terminations: | Age 60 for General members, age 55 for Safety members.  |
| 12. Duty-Related Deaths:                  | Percentages of Safety employee deaths assumed to be duty-related:   |

Age	Percentage
20-24	37%
25-30	42%
31-34	45%
35-43	50%
44-45	52%
46-47	54%
48-49	56%
50-54	58%
55-56	60%
57-58	62%
59	63%

### Retirants and Beneficiaries Added to and Removed from Payroll

For the Fiscal Years Ended June 30, 2013 through June 30, 2022

Plan Year Ended June 30	At Beginning of Year	Added During Year	Annual Allowances Added to the Rolls	Removed During Year	Annual Allowances Removed from the Rolls	At End of Year	Annual Retiree Payroll	Percent Increase in Annual Retiree Payroll	Average Annual Allowance
2013	2,424	183	\$ 4,745,718	65	\$ 483,264	2,542	\$ 53,237,266	8.70%	\$ 20,943
2014	2,542	224	\$ 4,198,797	75	\$ 659,212	2,691	\$ 56,776,851	6.65%	\$ 21,099
2015	2,691	218	\$ 4,360,151	88	\$ 1,432,880	2,821	\$ 59,960,567	5.61%	\$ 21,255
2016	2,821	185	\$ 4,540,356	66	\$ 986,150	2,940	\$ 64,292,378	7.22%	\$ 21,868
2017	2,940	191	\$ 4,483,587	59	\$ 895,529	3,072	\$ 68,669,924	6.81%	\$ 22,353
2018	3,072	178	\$ 5,487,994	58	\$ 830,938	3,192	\$ 73,731,771	7.37%	\$ 23,099
2019	3,192	174	\$ 4,705,555	54	\$ 1,098,384	3,312	\$ 78,971,061	7.11%	\$ 23,844
2020	3,312	163	\$ 4,626,973	67	\$ 925,421	3,408	\$ 84,412,237	6.89%	\$ 24,769
2021	3,408	141	\$ 3,908,186	77	\$ 1,434,138	3,472	\$ 88,623,368	4.99%	\$ 25,525
2022	3,472	178	\$ 5,109,979	65	\$ 1,181,524	3,585	\$ 94,138,915	6.22%	\$ 26,259

**Active Member Valuation Data***For the Fiscal Years Ended June 30, 2013 through June 30, 2022*

Valuation Date	Plan Type	Number	Annual Payroll	Monthly Average Pay	Percent Increase in Average Pay*
6/30/2013	General	3,503	\$ 175,385,741	\$ 4,172	1.96%
	Safety	880	55,569,015	5,262	0.00%
	Total	4,383	\$ 230,954,756	\$ 4,391	1.55%
6/30/2014	General	3,514	\$ 177,150,423	\$ 4,201	0.70%
	Safety	900	57,418,578	5,317	1.05%
	Total	4,414	\$ 234,569,001	\$ 4,429	0.87%
6/30/2015	General	3,506	\$ 180,978,576	\$ 4,302	2.40%
	Safety	899	58,076,191	5,383	1.24%
	Total	4,405	\$ 239,054,767	\$ 4,522	2.10%
6/30/2016	General	3,605	\$ 189,379,500	\$ 4,378	1.77%
	Safety	891	59,134,379	5,531	2.75%
	Total	4,496	\$ 248,513,879	\$ 4,606	1.86%
6/30/2017	General	3,660	\$ 195,555,207	\$ 4,453	1.71%
	Safety	876	59,385,565	5,649	2.13%
	Total	4,536	\$ 254,940,772	\$ 4,684	1.69%
6/30/2018	General	3,708	\$ 203,019,596	\$ 4,563	2.47%
	Safety	873	59,694,221	5,698	0.87%
	Total	4,581	\$ 262,713,817	\$ 4,779	2.03%
6/30/2019	General	3,726	\$ 209,592,852	\$ 4,688	2.74%
	Safety	893	62,822,741	5,863	2.90%
	Total	4,619	\$ 272,415,593	\$ 4,915	2.85%
6/30/2020	General	3,736	\$ 218,605,089	\$ 4,876	4.01%
	Safety	869	65,666,913	6,297	7.40%
	Total	4,605	\$ 284,272,002	\$ 5,144	4.66%
6/30/2021	General	3,638	\$ 221,223,225	\$ 5,067	3.92%
	Safety	846	65,663,142	6,468	2.72%
	Total	4,484	\$ 286,886,367	\$ 5,332	3.65%
6/30/2022	General	3,611	\$ 227,403,431	\$ 5,248	3.57%
	Safety	821	66,041,522	6,703	3.63%
	Total	4,432	\$ 293,444,953	\$ 5,518	3.49%

\*Reflects the increase in average salary for members at the beginning of the year versus those at the end of the year. It does not reflect the average salary increases received by members who worked the full year.

**Actuarial Solvency Test**

For the Fiscal Years Ended June 30, 2013 through June 30, 2022  
(dollars in thousands)

Valuation Date	Active Member Contributions	Retirees and Beneficiaries	Active Members (Employer Financed Portion)	Actuarial Accrued Liabilities
6/30/2013	\$ 238,200	\$ 621,125	\$ 326,732	\$ 1,186,057
6/30/2014	\$ 252,883	\$ 660,147	\$ 358,802	\$ 1,271,832
6/30/2015	\$ 264,870	\$ 698,147	\$ 395,418	\$ 1,358,435
6/30/2016	\$ 272,740	\$ 748,703	\$ 409,993	\$ 1,431,436
6/30/2017	\$ 278,900	\$ 808,799	\$ 485,707	\$ 1,573,406
6/30/2018	\$ 287,078	\$ 869,729	\$ 499,550	\$ 1,656,357
6/30/2019	\$ 301,935	\$ 925,027	\$ 514,321	\$ 1,741,283
6/30/2020	\$ 319,562	\$ 1,008,432	\$ 547,804	\$ 1,875,797
6/30/2021	\$ 339,547	\$ 1,050,032	\$ 568,406	\$ 1,957,985
6/30/2022	\$ 359,335	\$ 1,105,920	\$ 582,095	\$ 2,047,350

**Portion of Accrued Liabilities Covered by  
Valuation Assets For:**

Valuation Date	Actuarial Value of Assets	Active Member Contributions	Retired/ Vested Members	Active Members (Employer Financed Portion)
6/30/2013	\$ 1,048,160	100%	100%	57.8%
6/30/2014	\$ 1,101,929	100%	100%	52.6%
6/30/2015	\$ 1,156,587	100%	100%	49.0%
6/30/2016	\$ 1,192,642	100%	100%	41.8%
6/30/2017	\$ 1,461,755	100%	100%	77.0%
6/30/2018	\$ 1,523,030	100%	100%	73.3%
6/30/2019	\$ 1,598,431	100%	100%	72.2%
6/30/2020	\$ 1,670,786	100%	100%	62.6%
6/30/2021	\$ 1,759,025	100%	100%	65.0%
6/30/2022	\$ 1,840,109	100%	100%	64.4%

**Numbers may not add to totals due to rounding.**

**Actuarial Analysis of Financial Experience**

(dollars in thousands)

<b>Plan Years</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
Prior Valuation Unfunded Actuarial Liability	\$119,511	\$137,898	\$169,902	\$201,848	\$238,794
Expected Increase (Decrease)	-	-	(3,044)	1,212	(494)
Liability (Gain) Loss	23,027	(5,070)	(12,668)	(8,948)	(12,983)
Change in Actuary	-	-	33,161	-	-
Actuarial (Gain) Loss From Asset Sources	31,625	10,841	10,913	33,948	35,034
Non-Economic and Economic Assumption Changes	-	-	-	-	-
Change in Actuarial Assumptions	-	24,599	3,584	9,170	82,259
Change due to Contributions	(1,844)	5,138	-	1,564	(230,959)
Change Regarding Contingency Reserve	(34,421)	(3,504)	-	-	-

Ending Unfunded Actuarial Accrued Liability	<u>\$137,898</u>	<u>\$169,902</u>	<u>\$201,848</u>	<u>\$238,794</u>	<u>\$111,651</u>
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<b>Plan Years</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Prior Valuation Unfunded Actuarial Liability	\$111,651	\$133,326	\$142,851	\$205,011	\$198,960
Expected Increase (Decrease)	(2,106)	(2,726)	(3,378)	(4,668)	(5,555)
Liability (Gain) Loss	286	(161)	5,587	(9,840)	(1,920)
Change in Actuary	-	-	-	-	-
Actuarial (Gain) Loss From Asset Sources	23,696	10,746	15,577	(2,068)	11,008
Non-Economic and Economic Assumption Changes	-	-	-	-	-
Change in Actuarial Assumptions	-	-	42,435	-	-
Change due to Contributions	(201)	1,667	1,939	10,524	4,748
Change Regarding Contingency Reserve	-	-	-	-	-

Ending Unfunded Actuarial Accrued Liability	<u>\$133,326</u>	<u>\$142,852</u>	<u>\$205,011</u>	<u>\$198,960</u>	<u>\$207,241</u>
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**Numbers may not add to totals due to rounding.**

**Probability of Occurrence**

Probabilities of Separation from Active Service

Rates of Termination						
Age	General Members			Safety Members		
	Svc < 3	Svc 3 - 5	Svc > 5	Svc < 3	Svc 3 - 5	Svc > 5
20	15.00%	12.00%	10.00%	11.00%	7.00%	6.00%
25	15.00%	8.00%	8.00%	11.00%	7.00%	6.00%
30	15.00%	8.00%	6.00%	11.00%	7.00%	4.50%
35	15.00%	8.00%	5.00%	11.00%	7.00%	4.00%
40	14.25%	8.00%	5.00%	11.00%	7.00%	4.00%
45	13.50%	8.00%	5.00%	8.00%	6.00%	3.50%
50	12.75%	5.00%	5.00%	8.00%	6.00%	0.00%
55	12.00%	5.00%	5.00%	5.00%	6.00%	0.00%
60	11.25%	5.00%	5.00%	0.00%	0.00%	0.00%
>=65	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Rates of Disability						
Age	General Members				Safety Members	
	Males		Females		Ordinary	Service
	Ordinary	Service	Ordinary	Service		
20	0.000%	0.010%	0.000%	0.010%	0.000%	0.110%
25	0.010%	0.010%	0.010%	0.010%	0.050%	0.170%
30	0.010%	0.010%	0.010%	0.010%	0.050%	0.400%
35	0.020%	0.020%	0.080%	0.020%	0.050%	0.560%
40	0.030%	0.030%	0.140%	0.030%	0.075%	0.660%
45	0.050%	0.055%	0.200%	0.055%	0.095%	0.750%
50	0.090%	0.100%	0.300%	0.100%	0.300%	1.000%
55	0.180%	0.350%	0.400%	0.350%	0.550%	2.250%
60	0.280%	0.600%	0.540%	0.600%	0.000%	0.000%
>=65	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

Rates of Retirement				
Age	General Members		Safety Members	
	Svc < 30	Svc > 30	Svc < 30	Svc > 30
45	0.0%	0.00%	7.00%	7.00%
50	5.0%	10.00%	7.00%	7.00%
55	6.0%	10.00%	10.00%	18.00%
60	15.0%	20.00%	20.00%	40.00%
65	35.0%	35.00%	40.00%	75.00%
70	35.0%	35.00%	100.00%	100.00%
>=75	100.0%	100.00%	100.00%	100.00%

Note: Information compiled from Actuarial Report prepared by Cheiron dated June 30, 2022.

***Schedule of Funding Progress***

(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Projected Covered Payroll (c)	UAAL as a Percentage of Projected Covered Payroll ((b-a)/c)
6/30/2013	\$ 1,048,160	\$ 1,186,057	\$ 137,897	88.4%	\$ 230,955	59.7%
6/30/2014	\$ 1,101,929 <sup>1</sup>	\$ 1,271,832	\$ 169,902	86.6%	\$ 234,569	72.4%
6/30/2015	\$ 1,156,587 <sup>2</sup>	\$ 1,358,435	\$ 201,848	85.1%	\$ 239,055	84.4%
6/30/2016	\$ 1,192,642 <sup>3</sup>	\$ 1,431,436	\$ 238,794	83.3%	\$ 248,514	96.1%
6/30/2017 <sup>4</sup>	\$ 1,461,755 <sup>5</sup>	\$ 1,573,406	\$ 111,651	92.9%	\$ 254,941	43.8%
6/30/2018 <sup>6</sup>	\$ 1,523,030	\$ 1,656,357 <sup>7</sup>	\$ 133,327	92.0%	\$ 262,714	50.7%
6/30/2019	\$ 1,598,431	\$ 1,741,283 <sup>7</sup>	\$ 142,852	91.8%	\$ 272,416	52.4%
6/30/2020	\$ 1,670,786 <sup>8</sup>	\$ 1,875,797	\$ 205,011	89.1%	\$ 284,272	72.1%
6/30/2021	\$ 1,759,025	\$ 1,957,985	\$ 198,960	89.8%	\$ 286,886	69.4%
6/30/2022	\$ 1,840,190	\$ 2,047,350	\$ 207,160	89.9%	\$ 293,445	70.6%

<sup>1</sup> Reduction in assumed rate of return from 9.9% to 7.85%, inflation from 4.0% to 3.0%.<sup>2</sup> Reduction in assumed rate of return from 7.85% to 7.65%.<sup>3</sup> Reduction in assumed rate of return from 7.65% to 7.60%.<sup>4</sup> Information for June 30, 2017 includes an accrual for Tulare County Pension Obligation Bond proceeds of \$250 million.<sup>5</sup> Reduction in assumed rate of return from 7.60% to 7.25%.<sup>6</sup> Information for June 30, 2018 includes the receipt of \$250 million in Pension Obligation Bond proceeds.<sup>7</sup> This value reflects the information in the Actuarial Valuation report and is off by one due to rounding.<sup>8</sup> Reduction in Assumed rate of return from 7.25% to 7.00%, inflation from 3.0% to 2.75%.

## ***Summary of Major Plan Provisions***

<b>Eligibility</b>	First pay period following date of employment.
<b>Final Average Salary</b>	Highest 12 consecutive months of compensation earnable for Tier 1 members and highest 36 consecutive months of compensation earnable for Tier 2, Tier 3 and Tier 4 members. The compensation for Tier 4 members will be limited to the Social Security Wage Base on January 1, 2013, adjusted based on the annual change in the Consumer Price Index (CPI-U) each January 1 thereafter.
<b>Service Retirement</b>	<p><b>Early Retirement</b></p> <p><b>General Tiers 1-3</b>    Age 50 and 10 years, or 30 years, or age 70</p> <p><b>General Tier 4</b>        Age 52 and 5 years</p> <p><b>Safety Tiers 1-3</b>    Age 50 and 10 years, or 20 years, or age 70</p> <p><b>Safety Tier 4</b>        Age 50 and 5 years</p> <p><b>Benefit - General Members:</b></p> <p>For service prior to July 1, 2005 Tiers 1-3:</p> <p style="padding-left: 40px;">Benefits under Section 31676.11 (Tier 1) and Section 31676.1 (Tier 2 and Tier 3): 1/60 of final average salary times years of service times factor in the table on the following page.</p> <p>For service after June 30, 2005 Tiers 1-3:</p> <p style="padding-left: 40px;">Benefits under Section 31676.12 (Tiers 1-3) 1/50 of final average salary times years of service times factor in the table on the following page.</p> <p>For service for membership after December 31, 2012 Tier 4:</p> <p style="padding-left: 40px;">Benefits required by AB340 (Tier 4) of 2% of final average salary times years of service times factor on the following page.</p> <p><b>Benefit - Safety Members:</b></p> <p>For service for membership prior to January 1, 2013 (Tiers 1-3):</p> <p style="padding-left: 40px;">Benefits under Section 31664 (Tiers 1-3) of 2% of final average salary times years of service times factor on the following page.</p> <p>For service for membership after December 31, 2012 (Tier 4):</p> <p style="padding-left: 40px;">Benefits required by AB340 (Tier 4) of 2% of final average salary times years of service times factor on the following page.</p>

**Summary of Major Plan Provisions (Cont.)**

**Benefit Factors:**

<u>Age</u>	<u>General Tier 1 31676.11</u>	<u>General Tiers 2 &amp; 3 31676.1</u>	<u>General Tiers 1-3 31676.12</u>	<u>General Tier 4 AB340</u>	<u>Safety Tiers 1-3 31664</u>	<u>Safety Tier 4 AB340</u>
41	n/a	n/a	n/a	n/a	0.6258	n/a
42	n/a	n/a	n/a	n/a	0.6625	n/a
43	n/a	n/a	n/a	n/a	0.7004	n/a
44	n/a	n/a	n/a	n/a	0.7397	n/a
45	n/a	n/a	n/a	n/a	0.7805	n/a
46	n/a	n/a	n/a	n/a	0.8226	n/a
47	n/a	n/a	n/a	n/a	0.8678	n/a
48	n/a	n/a	n/a	n/a	0.9085	n/a
49	n/a	n/a	n/a	n/a	0.9522	n/a
50	0.7454	0.7091	0.6681	n/a	1.0000	1.0000
51	0.7882	0.7457	0.7056	n/a	1.0516	1.0500
52	0.8346	0.7816	0.7454	0.5000	1.1078	1.1000
53	0.8850	0.8181	0.7882	0.5500	1.1692	1.1500
54	0.9399	0.8556	0.8346	0.6000	1.2366	1.2000
55	1.0000	0.8954	0.8850	0.6500	1.3099	1.2500
56	1.0447	0.9382	0.9399	0.7000	1.3099	1.3000
57	1.1048	0.9846	1.0000	0.7500	1.3099	1.3500
58	1.1686	1.0350	1.0447	0.8000	1.3099	1.3500
59	1.2365	1.0899	1.1048	0.8500	1.3099	1.3500
60	1.3093	1.1500	1.1686	0.9000	1.3099	1.3500
61	1.3608	1.1947	1.2365	0.9500	1.3099	1.3500
62	1.4123	1.2548	1.3093	1.0000	1.3099	1.3500
63	1.4638	1.3186	1.3093	1.0500	1.3099	1.3500
64	1.5153	1.3865	1.3093	1.1000	1.3099	1.3500
65	1.5668	1.4593	1.3093	1.1500	1.3099	1.3500
66	1.5668	1.4593	1.3093	1.2000	1.3099	1.3500
67	1.5668	1.4593	1.3093	1.2500	1.3099	1.3500

**Non-Service Connected  
Disability Retirement**

20% if 5 years of service plus 2% for each of the next ten years or service retirement benefit (if eligible).

**Service Connected  
Disability Retirement**

Greater of 50% of final average salary or service retirement benefit (if eligible).

**Integration with Social  
Security**

Tiers 1-3 members are integrated with Social Security. Benefits based on the first \$350 of monthly final average salary are reduced by 1/3.



**Summary of Major Plan Provisions (Cont.)**

<b>Death Before Retirement</b>	<p>If non-service connected before eligible to retire, this benefit is a refund of contributions plus 1/12 of last year's salary per year of service up to 6 years.</p> <p>If eligible for non-service connected disability or service retirement, the benefit is 60% of member's accrued allowance.</p> <p>If service connected death, the benefit is 50% of salary.</p>
<b>Death After Retirement</b>	<p>For service retirement or non-service connected disability, the benefit is 60% of member's allowance payable to an eligible spouse.</p> <p>For service connected disability, the benefit is 100% of member's allowance payable to an eligible spouse.</p> <p>\$5,000 lump sum benefit payable to member's beneficiary.</p>
<b>Vesting</b>	<p>After five years of service.</p> <p>Must leave contributions on deposit.</p>
<b>Contributions</b>	<p>Member contributions based on entry age. Tiers 1-3 Members with 30 or more years of service do not pay member contributions.</p>
<b>Maximum Benefit</b>	<p>100% of final average salary.</p>
<b>Cost of Living Adjustments (COLA)</b>	<p>Payable April 1. Up to 3% COLA for Tier 1 members, 2% for Tier 2, Tier 3 and Tier 4 members, depending on CPI (Riverside-San Bernardino-Ontario) changes for the prior calendar year.</p>

## *statistical section*

## ***Statistical Section Overview***

The Statistical Section of the Annual Comprehensive Financial Report provides additional detailed information in order to promote a more comprehensive understanding of this year's financial statements, note disclosures, and supplemental information. In addition, the multi-year trend information for the financial and operating segments of the Plan provided in this section is intended to facilitate understanding of how the organization's financial activities and positions have changed over time. Information in this section is compiled from data in other sections of the Annual Comprehensive Financial Report as well as plan data maintained by TCERA.

Governmental Accounting Standards Board (GASB) Statement No. 44 establishes five categories of information to be provided in the Statistical Section: Financial Trends, Revenue Capacity, Debt Capacity, Demographic and Economic Information, and Operating Information. As a public pension plan engaged in only fiduciary activities, reporting is not applicable in all categories.

**Financial Trends** – Financial trends information is intended to assist users in understanding and assessing how a government's financial position has changed over time. Reports addressing Financial Trends for TCERA include:

- Revenues by Source and Expenses by Type
- Statement of Changes in Fiduciary Net Position
- Benefit and Refund Deductions from Fiduciary Net Position by Type

**Revenue Capacity** – Entities engaged only in fiduciary activities are not required to present revenue capacity schedules.

**Debt Capacity** – The Plan has no long-term debt and therefore does not present debt capacity schedules.

**Demographic and Economic Information** – Entities engaged only in fiduciary activities are not required to present demographic and economic statistics schedules.

**Operating Information** – Operating Information is intended to provide additional details regarding the Plan's retired member benefits and principal participating employers. Reports addressing Operating Information for TCERA include:

- Retired Members by Type of Retirement
- Schedule of Average Benefit Payments
- Participating Employers and Active Members
- Retired Members by Type of Benefit
- Benefit and Refund Deductions from Fiduciary Net Position
- Average Benefit Payment

## ***Revenues by Source and Expenses by Type***

*For the Fiscal Years Ended June 30, 2013 through June 30, 2022*

### **Revenues by Source**

(dollars in thousands)

Fiscal Year Ended June 30	Employee Contributions	Employer Contributions	% of Annual Covered Payroll <sup>1</sup>	Investment Income (Loss)	Other Income	Total
2013	\$ 18,430	\$ 29,847	12.92%	\$ 112,289	\$ 57	\$ 160,623
2014	\$ 18,969	\$ 25,953	11.06%	\$ 176,828	\$ 56	\$ 221,806
2015	\$ 18,888	\$ 30,992	12.96%	\$ 10,877	\$ 166	\$ 60,923
2016	\$ 16,814	\$ 31,297	12.59%	\$ (20,474)	\$ 166	\$ 27,803
2017	\$ 18,190	\$ 33,616	13.19%	\$ 132,699	\$ 166	\$ 184,671
2018	\$ 18,512	\$ 286,263	108.96%	\$ 95,670	\$ 187	\$ 400,632
2019	\$ 22,325	\$ 33,494	12.30%	\$ 90,590	\$ 189	\$ 146,598
2020	\$ 23,104	\$ 35,310	12.42%	\$ 9,327	\$ 188	\$ 67,929
2021	\$ 23,536	\$ 36,766	12.82%	\$ 394,891	\$ 188	\$ 455,381
2022	\$ 25,880	\$ 40,392	13.76%	\$ (117,961)	\$ 188	\$ (51,501)

### **Expenses by Type**

(dollars in thousands)

Fiscal Year Ended June 30	Administrative Expenses	Refunds	Pension Benefits	Death Benefits	Total Benefits	Total
2013	\$ 1,780	\$ 3,394	\$ 58,114	\$ 416	\$ 58,530	\$ 63,704
2014	\$ 2,049	\$ 3,300	\$ 62,199	\$ 455	\$ 62,654	\$ 68,003
2015	\$ 2,408	\$ 3,081	\$ 65,192	\$ 287	\$ 65,479	\$ 70,968
2016	\$ 2,616	\$ 3,198	\$ 68,166	\$ 968	\$ 69,134	\$ 74,948
2017	\$ 2,612	\$ 3,519	\$ 72,742	\$ 700	\$ 73,442	\$ 79,573
2018	\$ 2,666	\$ 3,633	\$ 76,644	\$ 439	\$ 77,083	\$ 83,382
2019	\$ 2,806	\$ 2,861	\$ 81,715	\$ 521	\$ 82,236	\$ 87,903
2020	\$ 2,853	\$ 3,534	\$ 87,311	\$ 582	\$ 87,893	\$ 94,280
2021	\$ 2,740	\$ 3,586	\$ 92,179	\$ 511	\$ 92,690	\$ 99,016
2022	\$ 2,967	\$ 4,946	\$ 97,150	\$ 612	\$ 97,762	\$ 105,675

<sup>1</sup> Annual Covered Payroll for purposes of this calculation is the actual pensionable compensation for the fiscal year.

## Statement of Changes in Fiduciary Net Position

For the Fiscal Years Ended June 30, 2013 through June 30, 2022

(dollars in thousands)

	2013	2014	2015	2016	2017
<b>ADDITIONS</b>					
Contributions					
Employer Contributions	\$ 29,847	\$ 25,953	\$ 30,992	\$ 31,297	\$ 33,616
Plan Member Contributions	18,430	18,969	18,887	16,815	18,190
<b>Total Contributions</b>	<b>48,277</b>	<b>44,922</b>	<b>49,879</b>	<b>48,112</b>	<b>51,806</b>
Investment Income (Loss) (net of expense)	112,289	176,828	10,877	(20,474)	132,699
Other Income	57	56	166	165	166
<b>TOTAL ADDITIONS (DECLINES) TO FIDUCIARY NET POSITION</b>	<b>\$ 160,623</b>	<b>\$ 221,806</b>	<b>\$ 60,922</b>	<b>\$ 27,803</b>	<b>\$ 184,671</b>
<b>DEDUCTIONS</b> (See Benefit and Refund Deductions from Fiduciary Net Position by Type)					
Benefits	\$ 58,530	\$ 62,654	\$ 65,479	\$ 69,134	\$ 73,442
Refunds of Contributions	3,394	3,300	3,081	3,198	3,519
Administrative Expense	1,780	2,049	2,408	2,616	2,612
<b>TOTAL DEDUCTIONS FROM FIDUCIARY NET POSITION</b>	<b>\$ 63,704</b>	<b>\$ 68,003</b>	<b>\$ 70,968</b>	<b>\$ 74,948</b>	<b>\$ 79,573</b>
<b>CHANGES IN FIDUCIARY NET POSITION</b>	<b>\$ 96,919</b>	<b>\$ 153,803</b>	<b>\$ (10,046)</b>	<b>\$ (47,145)</b>	<b>\$ 105,098</b>

	2018	2019	2020	2021	2022
<b>ADDITIONS</b>					
Contributions					
Employer Contributions	\$ 286,263	\$ 33,494	\$ 35,310	\$ 36,766	\$ 40,392
Plan Member Contributions	18,512	22,325	23,104	23,536	25,880
<b>Total Contributions</b>	<b>304,775</b>	<b>55,819</b>	<b>58,414</b>	<b>60,302</b>	<b>66,272</b>
Investment Income (Loss) (net of expense)	95,670	90,590	9,327	394,891	(117,961)
Other Income	187	189	188	188	188
<b>TOTAL ADDITIONS (DECLINES) TO FIDUCIARY NET POSITION</b>	<b>\$ 400,632</b>	<b>\$ 146,598</b>	<b>\$ 67,929</b>	<b>\$ 455,381</b>	<b>\$ (51,501)</b>
<b>DEDUCTIONS</b> (See Benefit and Refund Deductions from Fiduciary Net Position by Type)					
Benefits	\$ 77,083	\$ 82,236	\$ 87,893	\$ 92,690	\$ 97,762
Refunds of Contributions	3,633	2,861	3,534	3,586	4,946
Administrative Expense	2,666	2,806	2,853	2,740	2,967
<b>TOTAL DEDUCTIONS FROM FIDUCIARY NET POSITION</b>	<b>\$ 83,382</b>	<b>\$ 87,903</b>	<b>\$ 94,280</b>	<b>\$ 99,016</b>	<b>\$ 105,675</b>
<b>CHANGES IN FIDUCIARY NET POSITION</b>	<b>\$ 317,250</b>	<b>\$ 58,695</b>	<b>\$ (26,351)</b>	<b>\$ 356,365</b>	<b>\$ (157,176)</b>

***Retired Members by Type of Retirement***

	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017
<b>Service Retirement</b>					
General	1,710	1,815	1,899	1,989	2,039
Safety	241	246	262	276	284
<b>Total</b>	<b>1,951</b>	<b>2,061</b>	<b>2,161</b>	<b>2,265</b>	<b>2,323</b>
<b>Ordinary Disability</b>					
General	96	99	107	103	111
Safety	9	11	12	14	15
<b>Total</b>	<b>105</b>	<b>110</b>	<b>119</b>	<b>117</b>	<b>126</b>
<b>Duty Disability</b>					
General	77	78	81	78	94
Safety	84	87	94	99	105
<b>Total</b>	<b>161</b>	<b>165</b>	<b>175</b>	<b>177</b>	<b>199</b>
<b>Beneficiaries</b>					
General	273	287	294	303	335
Safety	52	68	72	78	89
<b>Total</b>	<b>325</b>	<b>355</b>	<b>366</b>	<b>381</b>	<b>424</b>
<b>Total Retirement Members</b>					
General	2,058	2,279	2,381	2,473	2,579
Safety	366	412	440	467	493
<b>Total</b>	<b>2,424</b>	<b>2,691</b>	<b>2,821</b>	<b>2,940</b>	<b>3,072</b>
	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022
<b>Service Retirement</b>					
General	2,111	2,188	2,226	2,262	2,333
Safety	311	331	348	357	378
<b>Total</b>	<b>2,422</b>	<b>2,519</b>	<b>2,574</b>	<b>2,619</b>	<b>2,711</b>
<b>Ordinary Disability</b>					
General	107	109	105	103	101
Safety	17	19	18	18	18
<b>Total</b>	<b>124</b>	<b>128</b>	<b>123</b>	<b>121</b>	<b>119</b>
<b>Duty Disability</b>					
General	93	96	102	101	103
Safety	113	111	122	120	123
<b>Total</b>	<b>206</b>	<b>207</b>	<b>224</b>	<b>221</b>	<b>226</b>
<b>Beneficiaries</b>					
General	347	356	382	399	410
Safety	93	102	105	112	119
<b>Total</b>	<b>440</b>	<b>458</b>	<b>487</b>	<b>511</b>	<b>529</b>
<b>Total Retirement Members</b>					
General	2,658	2,749	2,815	2,865	2,947
Safety	534	563	593	607	638
<b>Total</b>	<b>3,192</b>	<b>3,312</b>	<b>3,408</b>	<b>3,472</b>	<b>3,585</b>

## ***Schedule of Average Benefit Payments***

**Includes Retirees and Beneficiaries**

<b>Valuation Date</b>	<b>Plan Type</b>	<b>Number</b>	<b>Annual Benefits</b>	<b>Annual Average Benefits</b>	<b>Percent Increase in Average Benefits</b>
6/30/2013	General	2,156	\$40,459,814	\$ 18,768	3.71%
	Safety	386	12,777,452	33,108	3.33%
	<b>Total</b>	2,542	\$53,237,266	\$ 20,940	3.62%
6/30/2014	General	2,279	\$43,087,370	\$ 18,912	0.77%
	Safety	412	13,689,481	33,228	0.36%
	<b>Total</b>	2,691	\$56,776,851	\$ 21,096	0.74%
6/30/2015	General	2,381	\$45,238,105	\$ 19,000	0.47%
	Safety	440	14,722,461	33,460	0.70%
	<b>Total</b>	2,821	\$59,960,566	\$ 21,255	0.75%
6/30/2016	General	2,473	\$48,616,638	\$ 19,659	3.47%
	Safety	467	15,675,740	33,567	0.32%
	<b>Total</b>	2,940	\$64,292,378	\$ 21,868	2.88%
6/30/2017	General	2,579	\$51,970,685	\$ 20,151	2.50%
	Safety	493	16,699,239	33,873	0.91%
	<b>Total</b>	3,072	\$68,669,924	\$ 22,353	2.22%
6/30/2018	General	2,658	\$55,107,749	\$ 20,733	2.89%
	Safety	534	18,624,022	34,876	2.96%
	<b>Total</b>	3,192	\$73,731,771	\$ 23,099	3.34%
6/30/2019	General	2,749	\$59,081,180	\$ 21,492	3.66%
	Safety	563	19,889,881	35,328	1.30%
	<b>Total</b>	3,312	\$78,971,061	\$ 23,844	3.23%
6/30/2020	General	2,815	\$62,618,882	\$ 22,245	3.50%
	Safety	593	21,793,355	36,751	4.03%
	<b>Total</b>	3,408	\$84,412,237	\$ 24,769	3.88%
6/30/2021	General	2,865	\$65,750,480	\$ 22,950	3.17%
	Safety	607	22,872,888	37,682	2.53%
	<b>Total</b>	3,472	\$88,623,368	\$ 25,525	3.05%
6/30/2022	General	2,947	\$69,411,269	\$ 23,553	2.63%
	Safety	638	24,727,646	38,758	2.86%
	<b>Total</b>	3,585	\$94,138,915	\$ 26,259	2.88%

## ***Participating Employers and Active Members***

As of June 30

<b>Year</b>	<b>County of Tulare</b>		<b>Tulare County Superior Court</b>		<b>Strathmore Public Utility District</b>		<b>Total Active Membership</b>	
	<b>Members</b>	<b>Percent</b>	<b>Members</b>	<b>Percent</b>	<b>Members</b>	<b>Percent</b>	<b>Members</b>	<b>Percent</b>
<b>2013</b>	4,163	94.98%	217	4.95%	3	0.07%	4,383	100%
<b>2014</b>	4,198	95.11%	213	4.82%	3	0.07%	4,414	100%
<b>2015</b>	4,176	94.80%	226	5.13%	3	0.07%	4,405	100%
<b>2016</b>	4,261	94.77%	232	5.16%	3	0.07%	4,496	100%
<b>2017</b>	4,302	94.84%	231	5.09%	3	0.07%	4,536	100%
<b>2018</b>	4,333	94.59%	245	5.35%	3	0.07%	4,581	100%
<b>2019</b>	4,367	94.54%	250	5.41%	2	0.04%	4,619	100%
<b>2020</b>	4,352	94.51%	251	5.45%	2	0.04%	4,605	100%
<b>2021</b>	4,243	94.63%	238	5.31%	3	0.07%	4,484	100%
<b>2022</b>	4,183	94.38%	246	5.55%	3	0.07%	4,432	100%



## Retired Members by Type of Benefit

As of June 30, 2022

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement <sup>1</sup>									
		GENERAL					SAFETY				
		1	2	3	4	5	1	2	3	4	5
Deferred	2,467										
\$1 - \$250	141	127	1	0	1	0	7	0	5	0	0
\$251 - \$500	217	191	5	0	3	2	14	1	1	0	0
\$501 - \$750	287	237	12	1	12	0	22	1	0	1	1
\$751 - \$1,000	313	248	29	0	14	0	17	1	1	2	1
\$1,001 - \$1,250	275	229	14	0	8	0	20	3	1	0	0
\$1,251 - \$1,500	289	239	18	11	3	0	13	1	0	4	0
\$1,501 - \$1,750	260	190	21	20	2	2	19	2	3	1	0
\$1,751 - \$2,000	229	177	13	13	0	1	25	0	0	0	0
Over \$2,000	1574	1001	24	74	3	1	310	11	138	10	2
TOTAL	3,585	2,639	137	119	46	6	447	20	149	18	4

Option Selected <sup>2</sup>							
		U	1	2	3	4	CS
\$1 - \$250	141	118	1	19	0	2	1
\$251 - \$500	217	183	1	30	2	0	1
\$501 - \$750	287	253	3	23	1	0	7
\$751 - \$1,000	313	274	1	26	1	0	11
\$1,001 - \$1,250	275	238	5	27	0	0	5
\$1,251 - \$1,500	289	254	2	26	1	2	4
\$1,501 - \$1,750	260	240	2	16	0	0	2
\$1,751 - \$2,000	229	210	1	17	0	0	1
Over \$2,000	1,574	1,454	7	99	0	1	13
TOTAL	3,585	3,224	23	283	5	5	45

### Notes:

<sup>1</sup> Type of Retirement:

- 1** Service
- 2** Non-Service Connected Disability
- 3** Service Connected Disability
- 4** Beneficiary Payment - Ordinary Death
- 5** Beneficiary Payment - Duty Death

<sup>2</sup>Option Selected:

- U** Unmodified: Eligible Surviving Spouse receives 60% continuance  
The following options reduce the retired member's monthly benefit.  
The Beneficiary receives:
  - 1** Funds remaining in member's account
  - 2** 100% continuance of member's reduced monthly benefit
  - 3** 50% continuance of member's reduced monthly benefit
  - 4** Continuance for multiple beneficiaries calculated by actuary

**Benefit and Refund Deductions from Fiduciary Net Position**

Last Ten Fiscal Years  
(dollars in thousands)

Type of Benefit	2013	2014	2015	2016	2017
Age and Service Benefits:					
General	\$35,060	\$37,612	\$39,877	\$42,356	\$45,711
Safety	9,364	10,134	10,760	11,310	12,139
Disability Benefits - Service:					
General	1,800	1,799	1,924	1,868	2,129
Safety	2,385	2,567	2,733	3,016	3,183
Disability Benefits - Non-Service:					
General	1,800	1,840	1,882	1,865	1,872
Safety	164	239	375	371	449
Death Benefits - Ordinary:					
General	281	432	398	404	389
Safety	25	250	256	210	245
Death Benefits - Duty:					
General	15	15	16	16	62
Safety	237	355	127	129	130
SRBR Benefits					
General	5,758	5,718	5,626	5,409	6,130
Safety	1,223	1,238	1,217	1,212	303
Death Benefits	417	455	288	968	700
Total Benefits	\$58,529	\$62,654	\$65,479	\$69,134	\$73,442
Type of Refund					
Death	180	145	73	179	557
Separation	3,214	3,155	3,008	3,019	2,962
Total Refunds	\$3,394	\$3,300	\$3,081	\$3,198	\$3,519

***Benefit and Refund Deductions from Fiduciary Net Position (Cont.)***

Last Ten Fiscal Years  
(dollars in thousands)

Type of Benefit	2018	2019	2020	2021	2022
Age and Service Benefits:					
General	\$48,774	\$52,010	\$55,515	\$58,776	\$61,948
Safety	13,121	14,497	15,786	17,038	18,309
Disability Benefits - Service:					
General	2,110	2,181	2,382	2,432	2,510
Safety	3,418	3,536	3,821	3,827	4,025
Disability Benefits - Non-Service:					
General	1,883	1,892	1,863	1,885	1,844
Safety	512	547	590	583	582
Death Benefits - Ordinary:					
General	395	429	449	469	529
Safety	252	258	265	297	336
Death Benefits - Duty:					
General	51	51	52	54	55
Safety	129	125	159	142	142
SRBR Benefits					
General	5,706	5,847	6,044	6,274	6,451
Safety	293	342	385	402	419
Death Benefits	439	521	582	511	612
Total Benefits	\$77,083	\$82,236	\$87,893	\$92,690	\$97,762
Type of Refund					
Death	403	154	125	232	375
Separation	3,230	2,707	3,409	3,354	4,571
Total Refunds	\$3,633	\$2,861	\$3,534	\$3,586	\$4,946

**Average Benefit Payment**

For the Fiscal Years Ended June 30, 2013 through June 30, 2022

Retirement Effective Dates	Years Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
Period 7/1/2012 to 6/30/2013							
Average Monthly Benefit	\$ 353	\$ 1,055	\$ 1,573	\$ 2,325	\$ 2,898	\$ 4,387	\$ 5,682
Average Final Salary	\$ 7,620	\$ 6,192	\$ 4,612	\$ 5,216	\$ 4,957	\$ 6,604	\$ 6,299
Number of Retired Members	13	19	37	23	16	15	21
Period 7/1/2013 to 6/30/2014							
Average Monthly Benefit	\$ 597	\$ 953	\$ 1,381	\$ 1,718	\$ 2,468	\$ 4,029	\$ 4,375
Average Final Salary	\$ 7,690	\$ 4,831	\$ 4,555	\$ 4,194	\$ 4,363	\$ 6,250	\$ 5,168
Number of Retired Members	13	26	50	31	27	11	10
Period 7/1/2014 to 6/30/2015							
Average Monthly Benefit	\$ 424	\$ 825	\$ 1,340	\$ 2,063	\$ 2,377	\$ 3,465	\$ 5,470
Average Final Salary	\$ 6,752	\$ 4,916	\$ 4,401	\$ 4,583	\$ 4,217	\$ 5,248	\$ 6,514
Number of Retired Members	17	29	60	30	17	14	16
Period 7/1/2015 to 6/30/2016							
Average Monthly Benefit	\$ 463	\$ 917	\$ 1,575	\$ 2,053	\$ 2,633	\$ 3,421	\$ 6,764
Average Final Salary	\$ 6,520	\$ 5,713	\$ 4,886	\$ 4,662	\$ 5,009	\$ 5,364	\$ 7,578
Number of Retired Members	15	31	40	34	25	17	14
Period 7/1/2016 to 6/30/2017							
Average Monthly Benefit	\$ 606	\$ 1,113	\$ 1,597	\$ 2,081	\$ 2,537	\$ 2,962	\$ 5,275
Average Final Salary	\$ 6,130	\$ 5,337	\$ 5,280	\$ 4,974	\$ 4,318	\$ 5,024	\$ 6,749
Number of Retired Members	19	24	38	28	27	16	14
Period 7/1/2017 to 6/30/2018							
Average Monthly Benefit	\$ 340	\$ 745	\$ 1,758	\$ 2,462	\$ 2,772	\$ 4,470	\$ 6,504
Average Final Salary	\$ 7,312	\$ 4,976	\$ 5,631	\$ 5,297	\$ 5,610	\$ 6,271	\$ 7,555
Number of Retired Members	19	27	38	29	26	15	17
Period 7/1/2018 to 6/30/2019							
Average Monthly Benefit	\$ 333	\$ 1,030	\$ 1,935	\$ 2,523	\$ 3,826	\$ 4,298	\$ 4,900
Average Final Salary	\$ 7,813	\$ 6,401	\$ 6,175	\$ 5,436	\$ 6,985	\$ 6,438	\$ 5,830
Number of Retired Members	18	31	32	23	25	12	23
Period 7/1/2019 to 6/30/2020							
Average Monthly Benefit	\$ 510	\$ 1,263	\$ 1,838	\$ 2,677	\$ 3,090	\$ 2,945	\$ 6,069
Average Final Salary	\$ 9,153	\$ 6,668	\$ 5,925	\$ 6,010	\$ 6,058	\$ 4,611	\$ 7,204
Number of Retired Members	17	20	26	20	25	19	25
Period 7/1/2020 to 6/30/2021							
Average Monthly Benefit	\$ 234	\$ 1,064	\$ 1,713	\$ 2,458	\$ 3,034	\$ 4,691	\$ 6,435
Average Final Salary	\$ 7,776	\$ 6,944	\$ 5,582	\$ 5,472	\$ 5,683	\$ 6,848	\$ 7,720
Number of Retired Members	15	19	24	24	21	11	19
Period 7/1/2021 to 6/30/2022							
Average Monthly Benefit	\$ 337	\$ 839	\$ 1,927	\$ 2,244	\$ 2,656	\$ 4,231	\$ 6,231
Average Final Salary	\$ 7,661	\$ 4,823	\$ 6,963	\$ 5,042	\$ 5,355	\$ 6,561	\$ 7,400
Number of Retired Members	12	37	25	19	30	23	20

# ***Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance in Accordance with Government Auditing Standards***



www.ba.cpa  
661-324-4971

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Retirement  
Tulare County Employees' Retirement Association  
Visalia, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Tulare County Employees' Retirement Association (TCERA), a pension trust fund of the County of Tulare, as of and for the fiscal year ended June 30, 2022, and the related notes to the basic financial statements, which collectively comprise TCERA's basic financial statements, and the Schedule of Cost Sharing Employer Allocations of TCERA, and the Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan totals for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions, specified column totals (other information), as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated November 29, 2022.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the basic financial statements and other information, we considered TCERA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements and other information, but not for the purpose of expressing an opinion on the effectiveness of TCERA's internal control. Accordingly, we do not express an opinion on the effectiveness of TCERA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of TCERA's basic financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

1

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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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether TCERA's basic financial statements and other information are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the basic financial statements and other information. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of TCERA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TCERA's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
November 29, 2022



# COUNTY OF TULARE BOARD OF RETIREMENT

**Leanne Malison**  
Retirement Administrator

136 N AKERS STREET  
VISALIA, CALIFORNIA 93291

TELEPHONE (559) 713-2900  
FAX (559) 730-2631  
[www.tcera.org](http://www.tcera.org)

## **Performance Evaluations of TCERA Executive Staff Policy**

The Board of Retirement desires to ensure that TCERA's executive staff members are provided with periodic and consistent performance evaluations. The purpose of these evaluations is to address areas of concern and correct deficiencies as well as to recognize and encourage an employee for proven strengths and positive areas of performance.

TCERA Trustees consider such evaluations to be important to the Board of Retirement in building an effective working relationship between the Board and the TCERA executive staff members. It is the intent of the Board of Retirement during the evaluation process to maintain an environment that allows for the open communication of ideas between the Board and executive staff members. The evaluation process will give the Board of Retirement and executive staff the opportunity to discuss and share the vision and long-term goals for the plan in a formal setting. It will also provide an opportunity for the Board of Retirement to become better informed regarding staff achievements, challenges and needs.

It is not the intent that the evaluation process will limit the ongoing communication and exchange of ideas throughout the year but will ensure a time of intentional discussion regarding staff and office issues.

The following guidelines may be implemented for preparing and presenting executive staff performance evaluations:

### **Retirement Administrator Evaluation.**

- The Retirement Administrator will provide the Board Chair with a self-evaluation annually at each employment anniversary date.
- The Board Chair will prepare a draft performance evaluation annually at each employment anniversary date. The Board Chair may solicit input from Board of Retirement trustees prior to completion of the draft.
- A Board ad hoc Personnel Committee will be convened by the Board Chair to finalize the performance evaluation and discuss any other relevant personnel matters.
- The Board ad hoc Personnel Committee will meet with the Retirement Administrator to present and discuss the Board's evaluation and Retirement Administrator's self-evaluation.
- The results of the meeting with the Retirement Administrator will be presented during a closed session of a regular Board meeting.

**Assistant Retirement Administrator Evaluation.**

- The Assistant Retirement Administrator will provide the Retirement Administrator with a self-evaluation annually at each employment anniversary date.
- The Retirement Administrator will prepare a performance evaluation annually at each employment anniversary date.
- The Retirement Administrator will be responsible for conducting the evaluation.
- The Retirement Administrator will be responsible for notifying the Board Chair of any critical personnel matters. At the discretion of the Board Chair, these matters may be discussed with the Board of Retirement during a closed session of a regular Board meeting.

Approved by Board of Retirement: \_\_\_\_\_, 2022



# TULARE COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## SUMMARY EDUCATION REPORT

*(Attach copy of Agenda)*

NAME OF ATTENDEE: Leanne Malison

CONFERENCE/SEMINAR ATTENDED: SACRS

DATES ATTENDED: NOVEMBER 8 – 11, 2022

NUMBER OF CONTINUING EDUCATION HOURS OBTAINED: 15

TOPICS OF DISCUSSION: The General Sessions were excellent and covered market uncertainty, real estate opportunities, water resources, and leadership tactics. The Administrator's Breakout Session continues to be very beneficial as is the update regarding pension legislation.

REASON MEETING WAS BENEFICIAL TO RETIREMENT SYSTEM: SACRS continues to be a good education forum and an important venue for networking with colleagues from other systems as well as investment professionals.

RECOMMENDATION REGARDING FUTURE ATTENDANCE: *(I.E., SHOULD WE SEND A REPRESENTATIVE IN THE FUTURE? IF SO, WHO SHOULD ATTEND?)*

Trustees and Staff should attend as schedules permit.

  
Signature

11/21/22  
Date

NOTE: Attachments to this report will be held on file in the Retirement Office for review by interested parties, but will not be photocopied for the Retirement Board.

# TULARE COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## SUMMARY EDUCATION REPORT

(Attach copy of Agenda)

NAME OF ATTENDEE: George Finney

CONFERENCE/SEMINAR ATTENDED: SACRS 2022 Fall Conference


DATES ATTENDED: 11-8-22 to 11-10-22

NUMBER OF CONTINUING EDUCATION HOURS OBTAINED: 8 hr. 30 min

TOPICS OF DISCUSSION: Required Ethics Training for public officials; general sessions on identifying investment risks, opportunities, real estate, water resources, Ukraine war and navigating unpredictable markets; trustee roundtable

REASON MEETING WAS BENEFICIAL TO RETIREMENT SYSTEM: The conference is an excellent way to stay up to speed on current issues affecting public retirement systems

RECOMMENDATION REGARDING FUTURE ATTENDANCE: (I.E., SHOULD WE SEND A REPRESENTATIVE IN THE FUTURE? IF SO, WHO SHOULD ATTEND?)  
Good way to stay abreast of issues, discuss common issues with other county trustees.

Signature 

Date 11-16-22

NOTE: Attachments to this report will be held on file in the Retirement Office for review by interested parties, but will not be photocopied for the Retirement Board.

RETBD\EDUC-SUM.RPT

# TULARE COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

RECEIVED

## SUMMARY EDUCATION REPORT (Due at the next meeting. Attach copy of Agenda)

NOV 15 2022

TULARE COUNTY EMPLOYEES'  
RETIREMENT ASSOCIATION

NAME OF ATTENDEE: David Vasquez

CONFERENCE/SEMINAR ATTENDED: SACRS 2022

DATES ATTENDED: 11/8/22 – 11/11/22

NUMBER OF CONTINUING EDUCATION HOURS OBTAINED: 10.5

TOPICS OF DISCUSSION: Spotting Risks, What's next for real estate, Water Resources and the Impact on the Economy, Private Equity, Private Credit and Real Assets, Leadership and Geopolitical Insights, Changing and Unpredictable Markets, Creating Authentic Connections, What does the past tell us about the future, Global Tensions, rising rates and high volatility

REASON MEETING WAS BENEFICIAL TO RETIREMENT SYSTEM: Provided insight to many of the issues happening in the world today. Helps me to make better decisions.

RECOMMENDATION REGARDING FUTURE ATTENDANCE: (i.e., should we send a representative in the future? If so, who should attend?) I think everyone should attend

  
Signature

November 13, 2022  
Date

*Members of a legislative body shall provide brief reports on meetings attended at the expense of the local agency at the next regular meeting of the legislative body. (Gov. Code, § 53232.3, subd. (d).)*

NOTE: Attachments to this report will be held on file in the Retirement Office for review by interested parties, but will not be photocopied for the Retirement Board.

## **EDUCATIONAL EVENTS - Board of Retirement**

### **2023**

1. **CALAPRS**, General Assembly, March 4-7, 2023, Monterey, Agenda forthcoming.
2. **SACRS**, Spring Conference, May 9-12, Paradise Point Resort & Spa, San Diego, CA.  
Topics are to be determined.
3. **CALAPRS**, Advanced Principles of Pension Governance for Trustees, March 29-31,  
Los Angeles.

# County of Tulare

221 S Mooney Blvd Room 103E  
Visalia, California 93291-4593



Cass Cook  
Auditor-Controller/Treasurer-Tax Collector

Paul Sampietro, Assistant Treasurer-Tax Collector

Telephone: (559) 636-5290

Fax: (559) 730-2532

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October 17, 2022

## **TREASURER'S QUARTERLY INVESTMENT REPORT QUARTER ENDING SEPTEMBER 30, 2022**

Honorable Board of Supervisors:

This report reflects the investment activity for the quarter ending September 30, 2022 of pooled funds on deposit with the Treasurer and is in compliance with California Government Code §27000, etc., §53600, etc., Tulare County Ordinance 1-03-2061 and the Treasurer's Statement of Investment Policy dated July 2022.

**INVESTMENT GOALS** – The first and primary goal is **SAFETY** and the preservation of capital. The second goal is the continual maintenance of **LIQUIDITY**. Tulare County has the ability to convert sufficient securities to cash to cover the cash flow of the County and all of its investment agencies to meet any contingency needs during the next six months. The third goal in order of importance is **YIELD**, or earning a reasonable rate of return representative of current market conditions and the present phase of the market cycle while remaining in compliance with all state laws and the Treasurer's written investment policy.

Attached is a statement containing summaries of the portfolio composition, credit ratings, maturity distribution, portfolio master summary and other information designed to give a better understanding of the investment activity that has occurred during the quarter ending September 30, 2022.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Cass Cook", is written over a faint, larger blue ink signature.

Cass Cook  
Auditor-Controller/Treasurer-Tax Collector

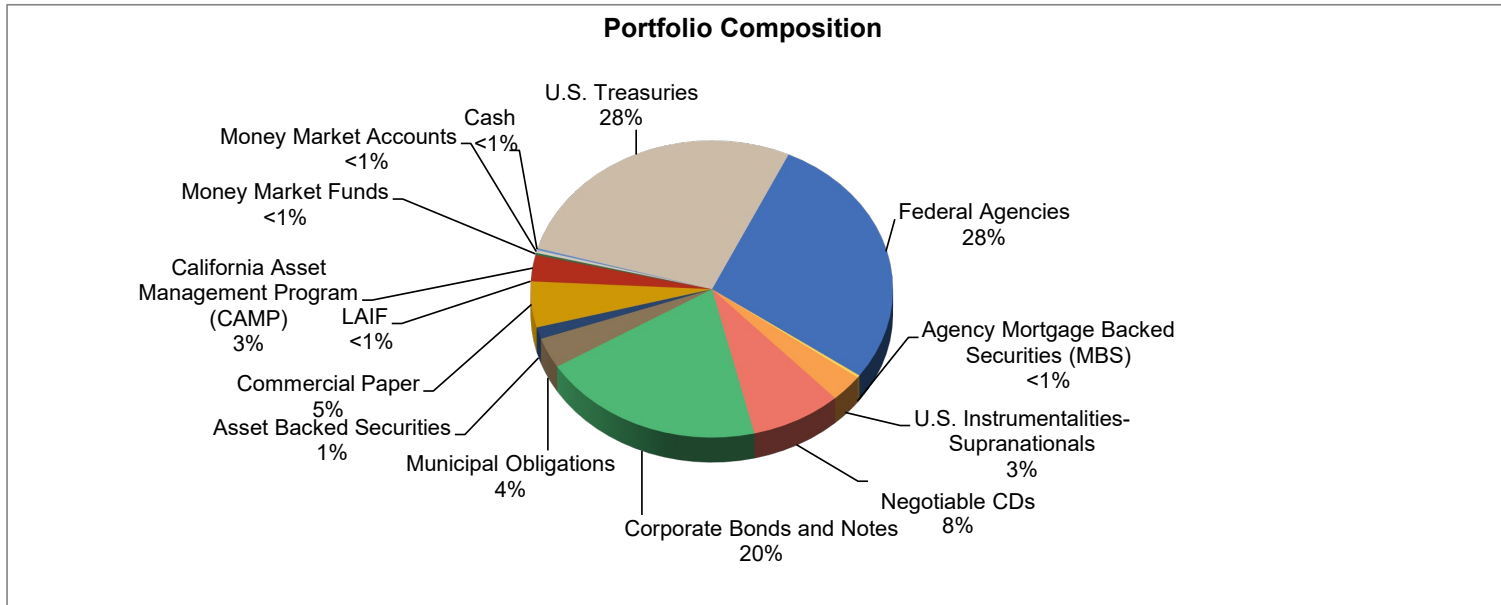
CC/fv

A listing of Tulare County investments is shown below.

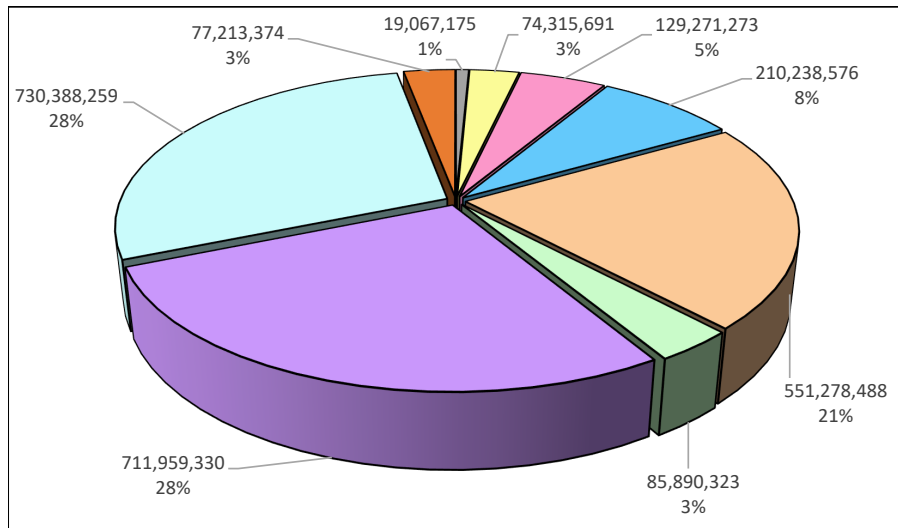
<b>Portfolio Composition</b>				
	Book Value	Market Value*	% of Portfolio**	Permitted by Policy
U.S. Treasuries	711,959,330	666,371,041	27%	100%
Federal Agencies	723,694,477	678,188,421	28%	75%
Agency Mortgage Backed Securities (MBS)	6,693,782	6,361,900	<1%	
U.S. Instrumentalities-Supranationals	77,213,374	73,351,878	3%	30%
Negotiable CDs	210,238,576	209,046,454	8%	30%
Corporate Bonds and Notes	518,401,218	496,013,911	20%	30%
Municipal Obligations	85,890,323	82,601,026	3%	30%
Asset Backed Securities	32,877,270	31,788,359	1%	20%
Commercial Paper	129,271,273	129,158,286	5%	40%
Local Agency Investment Fund (LAIF)	223,890	223,890	<1%	\$75 million
California Asset Management Program (CAMP)	74,091,800	74,091,800	3%	50%
Money Market Funds	5,737,326	5,737,326	<1%	15%
Money Market Accounts	8,050,831	8,050,831	<1%	50%
Cash	5,279,019	5,279,019	<1%	100%
<b>Total</b>	<b>\$2,589,622,489</b>	<b>\$2,466,264,142</b>	<b>100%</b>	

\* Market Prices were provided by the US Bank.

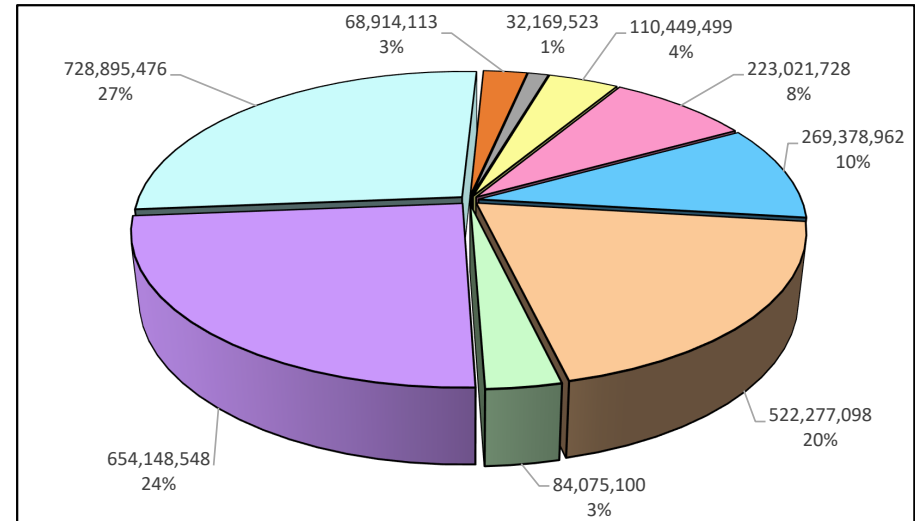
\*\* Detail may not add to total due to rounding.



SEPTEMBER 30, 2022



JUNE 30, 2022



Security Type	Book Value	% of Total
Cash	5,279,019	0.20%
Money Market Accounts	8,050,831	0.31%
Money Market Funds	5,737,326	0.22%
LAIF Managed Pool	223,890	0.01%
California Asset Management Program	74,091,800	2.86%
Commercial Paper - Discount	129,271,273	4.99%
Asset Backed Commercial Paper	-	0.00%
Negotiable Certificates of Deposit	210,238,576	8.12%
Corporate Notes	499,108,093	19.27%
Corporate Notes - Floaters	4,300,000	0.17%
Corporate Notes - Step Ups	14,993,125	0.58%
Corporate Asset Backed Securities	32,877,270	1.27%
Municipal Bonds	76,290,323	2.95%
Municipal Promissory Notes	9,600,000	0.37%
Treasury Securities	711,959,330	27.49%
Agency Issues	600,356,333	23.18%
Agency Issues - Step Ups	123,338,144	4.76%
Agency Mortgage Backed Securities	6,693,782	0.26%
Supranationals	77,213,374	2.98%
	2,589,622,489	100.00%

Security Type	Book Value	% of Total
Cash	12,423,624	0.46%
Money Market Accounts	13,511,099	0.50%
Money Market Funds	6,234,801	0.23%
LAIF Managed Pool	184,719	0.01%
California Asset Management Program	110,264,780	4.09%
Commercial Paper - Discount	203,024,103	7.54%
Asset Backed Commercial Paper	19,997,624	0.74%
Negotiable Certificates of Deposit	269,378,962	10.00%
Corporate Notes / Bonds	471,139,642	17.49%
Corporate Notes / Bonds - Floaters	4,300,000	0.16%
Corporate Notes / Bonds - Step Ups	14,991,875	0.56%
Corporate Asset Backed Securities	31,845,581	1.18%
Municipal Bonds	74,575,100	2.77%
Municipal Promissory Notes	9,500,000	0.35%
Treasury Securities	654,148,548	24.29%
Agency Issues	591,814,343	21.97%
Agency Issues - Step Ups	123,337,908	4.58%
Agency Mortgage Backed Securities	13,743,225	0.51%
Supranationals	68,914,113	2.56%
	2,693,330,048	100.00%

The average weighted credit rating of Tulare County's portfolio is AA\*.

**Tulare County Investment Report**  
September 30, 2022

<b>Credit Ratings</b>		
	Book Value	% of Portfolio
AAA	\$206,571,473	8%
A-1+/A-1 (Short-Term Rating)	\$315,983,647	12%
AA	\$1,515,544,040	59%
A	\$439,280,701	17%
BBB**	\$11,782,595	<1%
Not Rated***	\$87,130,184	3%
Cash and Money Market Accounts****	\$13,329,850	1%
<b>Total</b>	<b>\$2,589,622,489</b>	<b>100%</b>

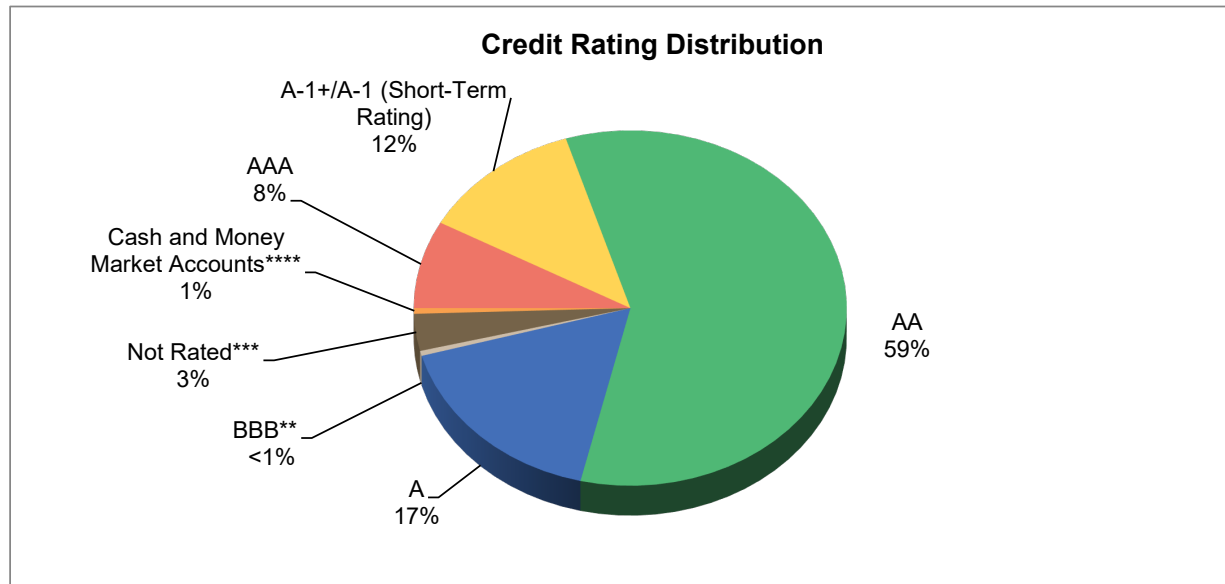
Ratings by Standard & Poor's (S&P). Includes all ratings in this category (e.g., A-, A, A+).

\* Average weighted credit rating was calculated using S&P ratings. Cash/overnight securities were not included in the calculation.

\*\* Securities rated in the BBB category by S&P are rated A- or the equivalent or better by at least one NRSRO or were rated A- or the equivalent or better by at least one NRSRO at time of purchase.

\*\*\* The portion of the portfolio that is invested in LAIF, the State of California pooled investment fund, is not rated. The remaining portion not rated comprises individual securities with ratings of A- or the equivalent or better by at least one NRSRO.

\*\*\*\* Fully collateralized in accordance with California government code.



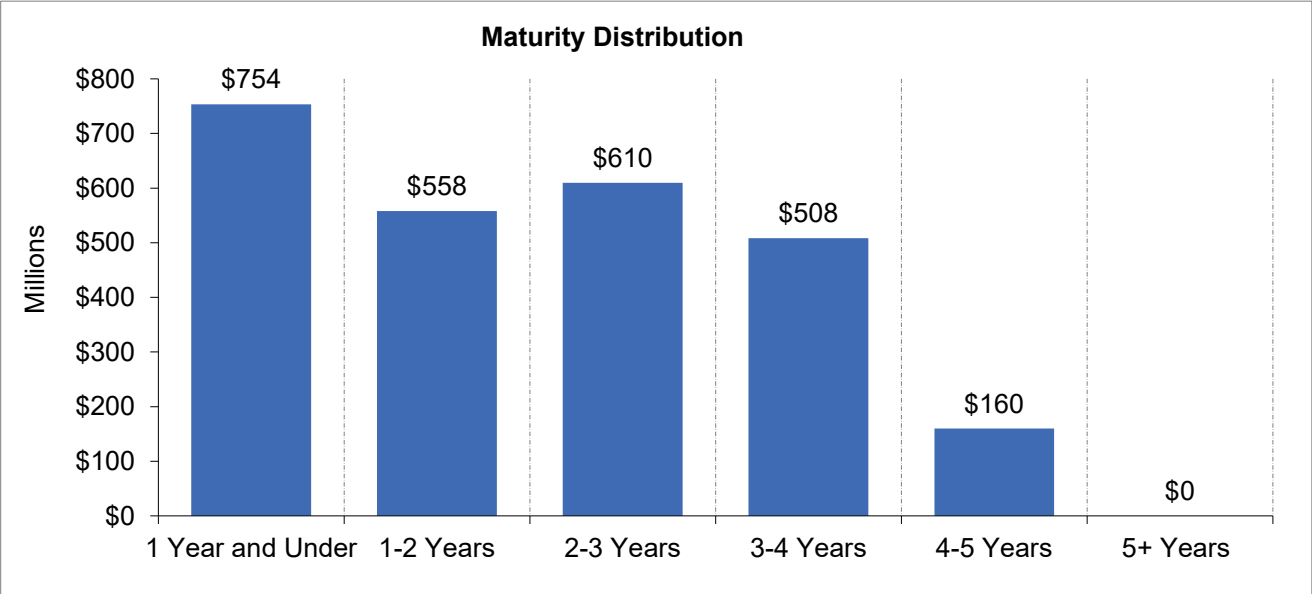


## September 30, 2022

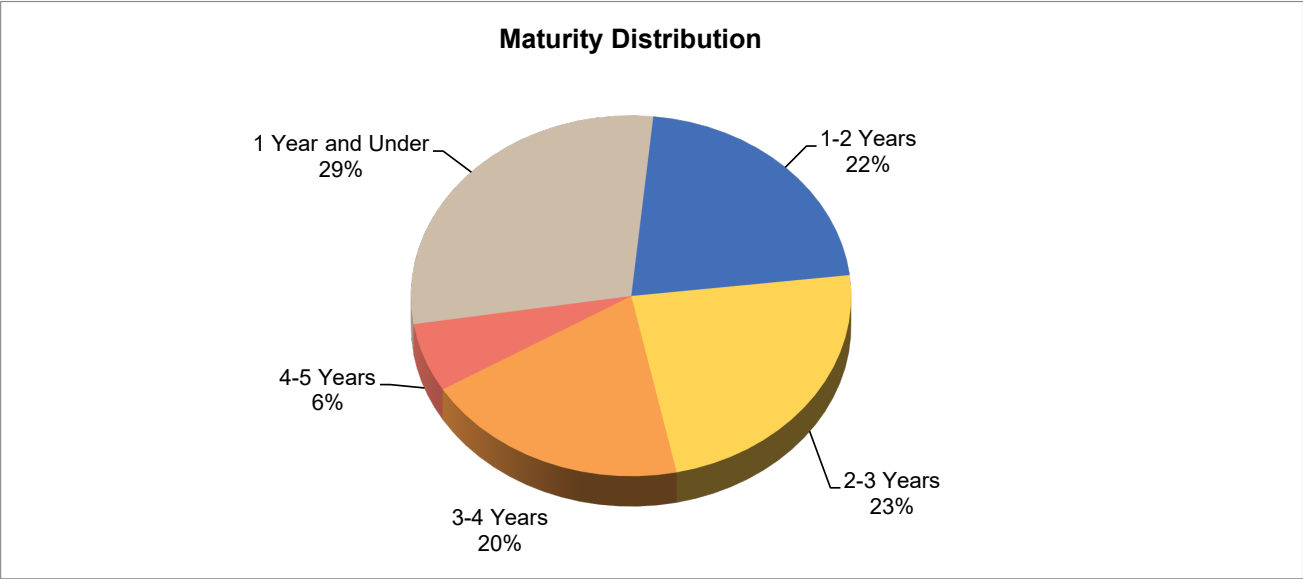
**Notes:**

1. Deposits with the various financial institutions are FDIC insured and/or collateralized pursuant to California Government Code.
2. The securities are not rated by S&P nor Moody's, however are rated A- by Fitch.
3. The securities are not rated by S&P, however are rated Aaa by Moody's.
4. The securities are rated BBB+ by S&P, however are rated A3 by Moody's and/or A- by Fitch, or better.
5. The securities are not rated by S&P, however are rated Aa2 by Moody's or better.
6. Farmer Mac is a government-sponsored enterprise created by Congress in 1988. The agency has not sought a credit rating.
7. The securities are not rated by S&P, however are rated P-1 by Moody's.

The portfolio has a high degree of liquidity.



\* Maturity Distribution values represent Book Valuation and are rounded to the nearest million.



## **OTHER PORTFOLIO CHARACTERISTICS**

	<u>LIQUID PORTFOLIO</u>	<u>PFM PORTFOLIO</u>	<u>TOTAL INVESTMENT POOL</u>
<b>Average Daily Balance</b>			
<u>Month</u>			
July 2022	\$ 1,383,924,386	\$ 1,240,336,605	\$ 2,624,260,991
August 2022	\$ 1,255,059,388	\$ 1,241,120,674	\$ 2,496,180,062
September 2022	\$ 1,217,688,755	\$ 1,242,854,086	\$ 2,460,542,841
<u>Quarter</u>			
Ended September 30, 2022	\$ 1,286,295,214	\$ 1,241,662,661	\$ 2,527,957,874
<u>Fiscal Year to Date</u>			
Ended September 30, 2022	\$ 1,286,295,214	\$ 1,241,662,661	\$ 2,527,957,874

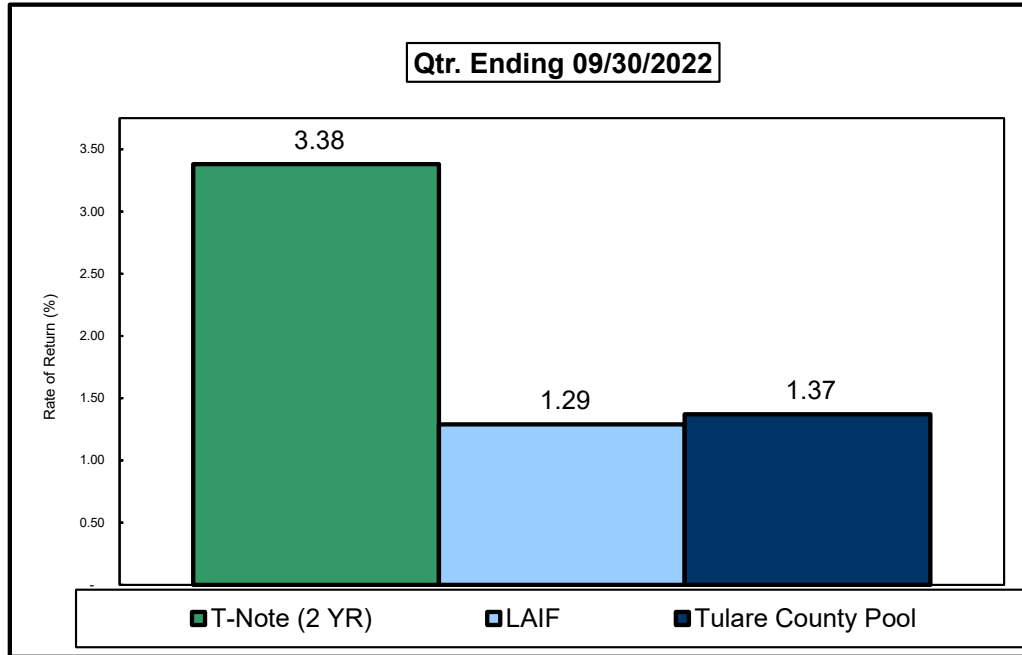
### **Weighted Average Maturity as of September 30, 2022**

Average days to maturity:	578 days	898 days	732 days
Average years to maturity:	1.58 years	2.46 years	2.01 years

### **Effective Rate of Return and Earnings**

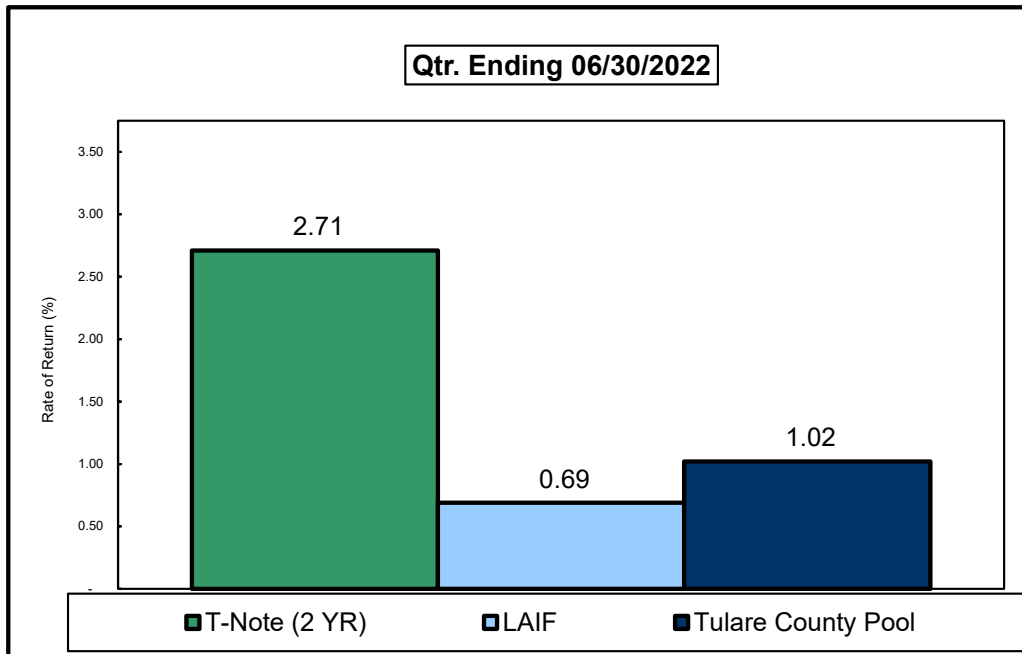
<u>Month</u>						
July 2022	1.44%	1,694,011	1.21%	1,279,583	1.33%	2,973,594
August 2022	1.62%	1,722,757	1.19%	1,253,551	1.40%	2,976,308
September 2022	1.80%	1,800,991	0.95%	967,162	1.37%	2,768,153
<u>Quarter</u>						
Ended September 30, 2022	1.61%	5,217,759	1.12%	3,500,297	1.37%	8,718,056
Treasury Fees - Quarterly					-0.07%	(450,701)
<b>September 30, 2022 -- Net of Fees</b>					1.30%	8,267,355

**TULARE COUNTY TREASURER  
INVESTMENT POOL EARNINGS COMPARISON  
FOR THE QUARTER ENDING SEPTEMBER 30, 2022**



**TULARE COUNTY TREASURER  
Quarter Ending 09/30/2022**

Average Daily Balance	\$ 2,527,957,874
Earning for the Quarter	\$ 8,718,056
Quarterly Rate of Return	1.37%
Weighted Avg. Yrs. to Maturity	2.01

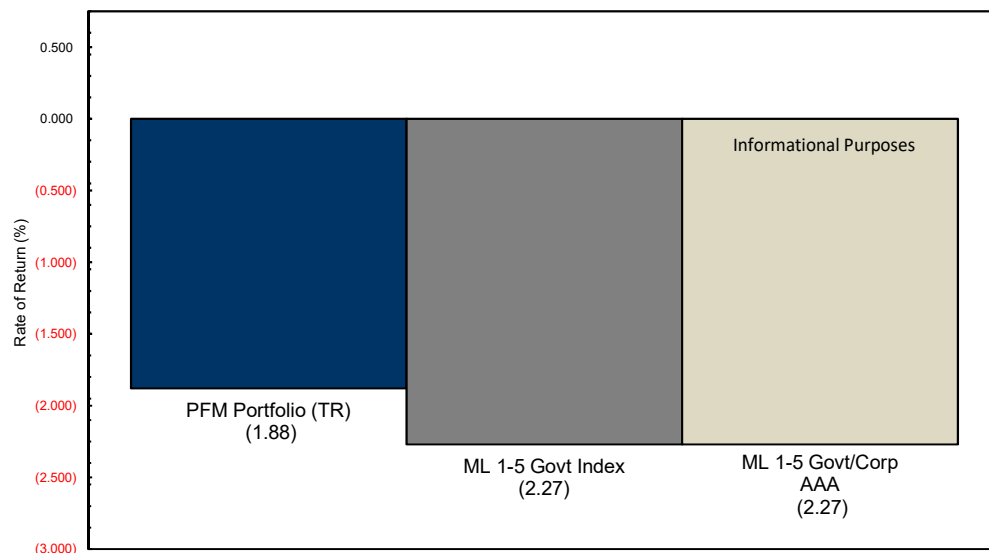


**TULARE COUNTY TREASURER  
Quarter Ending 06/30/2022**

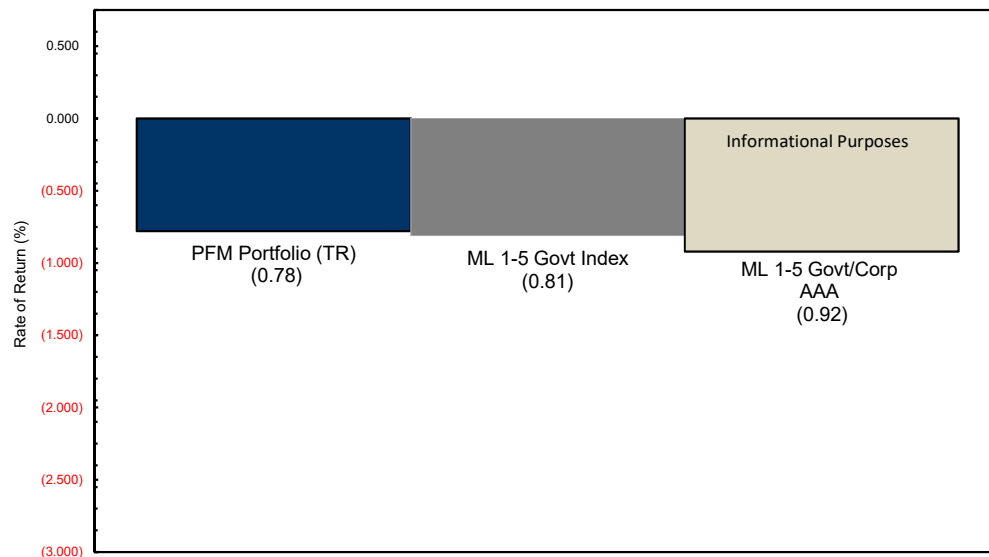
Average Daily Balance	\$ 2,512,735,923
Earning for the Quarter	\$ 6,389,509
Quarterly Rate of Return	1.02%
Weighted Avg. Yrs. to Maturity	1.89

**TULARE COUNTY TREASURER  
INVESTMENT ADVISORS' BENCHMARK COMPARISON  
FOR THE QUARTER ENDING SEPTEMBER 30,2022**

**Qtr. Ending 09/30/2022**



**Qtr. Ending 06/30/2022**



**TOTAL RETURN**

Total return measures the portfolio's performance over time. It encompasses not only the income that the portfolio generated, but also any price appreciation or depreciation that the investments may have experienced. This equates the beginning value of the portfolio with the ending value, and includes interest earnings and both realized and unrealized gains and losses on the portfolio.

**COMMENTS - CURRENT QUARTER**

During the quarter ended September 30, 2022, inflation remained elevated, the labor market remained strong, however, unbalanced, and the probability of a recession increased. In their continued effort to lower inflation, Federal Reserve officials doubled down on their inflation-fighting mantra and raised the fed funds target rate by an additional 75 basis points (0.75%) at both their July and September meetings, bringing the rate to 3.25% by quarter end. Since the start of 2022, the Fed has raised the target rate 300 basis points (3.00%), and, based on the Fed's Summary of Economic Projections, released on September 21, 2022, the target rate is expected to increase another 125-150 basis points (1.25%-1.50%) by year end.

The Fed's consistently hawkish tone pushed yields higher, resulting in fixed income index total returns that were mostly negative for the quarter, and, both the County's benchmark and the MMIP portfolio returned negative performance for the quarter. The MMIP outperformed the benchmark during the quarter due to the portfolio's shorter duration position and sector diversification. At quarter end, the portfolio's duration was 92% of the benchmark duration. While 4- to 5-year maturities are being purchased for the MMIP, to lock in interest rates at their highest levels in over 15 years, the portfolio's allocation to these longest maturities is underweight the benchmark allocation. Diversification also benefited the portfolio modestly this quarter, as corporate notes and asset-backed securities, while still returning negative total return performance, slightly outperformed similar maturity Treasuries and federal agencies.

**PERFORMANCE REVIEW**

	CURRENT QUARTER	ANNUALIZED		
		1 YR	3YR	07/01/2006
ICE BofAML 1-5 Govt	-2.27%	-6.78%	-0.97%	2.08%
PFM Portfolio	-1.88%	-6.24%	-0.61%	2.37%



**Tulare County Treasurer  
Portfolio Management  
Portfolio Summary  
September 30, 2022**

Tulare County  
County Civic Center, Room 103E  
Visalia, Visalia, Ca. 93291  
(559)733-6575

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Cash	5,279,019.14	5,279,019.14	5,279,019.14	0.20	1	1	0.405	0.411
Money Market Accounts	8,050,830.78	8,050,830.78	8,050,830.78	0.31	1	1	1.973	2.000
Money Market Fund	5,737,325.53	5,737,325.53	5,737,325.53	0.22	1	1	2.667	2.704
Managed Investment Pools	74,315,690.55	74,315,690.55	74,315,690.55	2.87	1	1	2.570	2.605
Commercial Paper - Discount	129,900,000.00	129,158,286.00	129,271,273.32	4.99	165	50	2.350	2.382
Negotiable CD's	210,240,000.00	209,046,453.80	210,238,576.25	8.12	319	180	2.752	2.790
Treasury Securities	721,671,000.00	666,371,040.86	711,959,330.38	27.49	1,533	981	1.540	1.561
Agency Issues	600,240,000.00	564,262,544.00	600,356,332.70	23.18	1,252	687	1.018	1.032
Agency - Step Ups	123,355,000.00	113,925,877.05	123,338,143.87	4.76	1,260	968	0.767	0.778
Agencies - Mortgage Backed	6,456,186.63	6,361,900.38	6,693,782.34	0.26	1,475	405	1.133	1.149
Supranationals	77,595,000.00	73,351,877.63	77,213,373.61	2.98	1,259	1,006	1.809	1.834
Municipal Bonds	76,680,000.00	73,001,026.35	76,290,322.83	2.95	1,271	846	2.157	2.187
Corporate Notes	499,620,000.00	477,948,058.34	499,108,093.22	19.27	1,253	831	2.295	2.327
Corporate - Step Ups	15,000,000.00	13,964,900.00	14,993,125.00	0.58	1,095	620	0.746	0.756
Corporate - Floating Rate	4,300,000.00	4,100,953.00	4,300,000.00	0.17	1,461	716	0.644	0.653
Asset Backed Securities	32,881,325.95	31,788,358.81	32,877,269.89	1.27	1,650	1,140	1.222	1.239
Promissory Notes	9,600,000.00	9,600,000.00	9,600,000.00	0.37	1,817	1,095	1.992	2.020
<b>Investments</b>	<b>2,600,921,378.58</b>	<b>2,466,264,142.22</b>	<b>2,589,622,489.41</b>	<b>100.00%</b>	<b>1,163</b>	<b>732</b>	<b>1.714</b>	<b>1.738</b>

Total Earnings	September 30 Month Ending	Fiscal Year To Date
Current Year	2,768,153.01	8,718,055.58
<b>Average Daily Balance</b>	<b>2,460,542,841.09</b>	<b>2,527,975,874.49</b>
<b>Effective Rate of Return</b>	<b>1.37%</b>	<b>1.37%</b>

  
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 Cass Cook, Auditor-Controller/Treasurer-Tax Collector

Reporting period 09/01/2022-09/30/2022

Run Date: 10/04/2022 - 08:27

Portfolio CNTY  
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PM (PRF\_PM1) 7.3.11  
Report Ver. 7.3.11

**LIP ACCOUNT**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**September 30, 2022**

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
<b>Cash</b>												
SYS0002	0002	UNION BANK - CHECKING			0.00	0.00	0.00	0.170		0.172	1	
SYS0002A	0002A	BANK OF THE SIERRA			65,993.14	65,993.14	65,993.14			0.000	1	
SYS0001	0001	CASH IN VAULT			43,604.23	43,604.23	43,604.23			0.000	1	
SYS0002C	0002C	JP MORGAN CHASE			2,077,972.58	2,077,972.58	2,077,972.58	1.030		1.044	1	
SYS0002D	0002D	JP MORGAN CHASE			3,091,449.19	3,091,449.19	3,091,449.19			0.000	1	
<b>Subtotal and Average</b>			<b>7,693,184.72</b>		<b>5,279,019.14</b>	<b>5,279,019.14</b>	<b>5,279,019.14</b>			<b>0.411</b>	<b>1</b>	
<b>Money Market Accounts</b>												
SYS6096	6096	FIVE STAR BANK			8,050,830.78	8,050,830.78	8,050,830.78	2.000		2.000	1	
<b>Subtotal and Average</b>			<b>8,041,100.26</b>		<b>8,050,830.78</b>	<b>8,050,830.78</b>	<b>8,050,830.78</b>			<b>2.000</b>	<b>1</b>	
<b>Money Market Fund</b>												
31846V567	6384	FIRST AMERICAN GOVERNMENT FUND			0.00	0.00	0.00	2.328		2.328	1	
4812C2676	6534	JPMORGAN US GOVT MMK		09/28/2022	718,467.88	718,467.88	718,467.88	2.278		2.278	1	
61747C582	6515	MORGAN STANLEY TREASURY		09/26/2022	5,000,000.00	5,000,000.00	5,000,000.00	2.767		2.767	1	
<b>Subtotal and Average</b>			<b>928,283.43</b>		<b>5,718,467.88</b>	<b>5,718,467.88</b>	<b>5,718,467.88</b>			<b>2.705</b>	<b>1</b>	
<b>Managed Investment Pools</b>												
SYS4339-A	4339A	CALIFORNIA ASSET MANAGEMENT PR			74,091,800.12	74,091,800.12	74,091,800.12	2.610	AAA	2.610	1	
SYS9980	9980	LOCAL AGCY INVESTMENT FD			223,890.43	223,890.43	223,890.43	1.090		1.090	1	
<b>Subtotal and Average</b>			<b>65,132,357.22</b>		<b>74,315,690.55</b>	<b>74,315,690.55</b>	<b>74,315,690.55</b>			<b>2.605</b>	<b>1</b>	
<b>Commercial Paper - Discount</b>												
02314QK40	6427	AMAZON.COM INC		03/24/2022	10,000,000.00	9,999,200.00	9,999,025.00	1.170		1.219	3	10/04/2022
06054PQ82	6473	BOFA SECURITIES INC		06/24/2022	15,000,000.00	14,720,550.00	14,779,458.33	3.350		3.520	158	03/08/2023
22533UN33	6483	CREDIT AGRICOLE CIB NY		06/29/2022	15,000,000.00	14,847,450.00	14,886,416.66	2.900		3.034	94	01/03/2023
24023HK46	6517	DCAT LLC		09/27/2022	10,000,000.00	9,999,200.00	9,997,416.67	3.100		3.145	3	10/04/2022
24023HK53	6521	DCAT LLC		09/28/2022	15,000,000.00	14,997,450.00	14,994,833.33	3.100		3.145	4	10/05/2022
45685RK55	6433	ING (US) FUNDING		03/29/2022	10,000,000.00	9,998,300.00	9,998,355.56	1.480		1.545	4	10/05/2022
59157UKD1	6435	METLIFE SHORT TERM FUND		04/01/2022	4,900,000.00	4,895,786.00	4,898,040.00	1.200		1.244	12	10/13/2022
85324UKD4	6393	STANDARD CHARTERED BANK		01/14/2022	15,000,000.00	14,987,100.00	14,997,200.00	0.560		0.576	12	10/13/2022
85462DKD4	6510	STANLEY BLACK & DECKER		09/20/2022	10,000,000.00	9,991,400.00	9,989,666.66	3.100		3.149	12	10/13/2022
89233HK52	6417	TOYOTA MOTOR CREDIT CORP		03/02/2022	15,000,000.00	14,997,450.00	14,998,516.67	0.890		0.925	4	10/05/2022
89233HSA3	6519	TOYOTA MOTOR CREDIT CORP		09/27/2022	10,000,000.00	9,724,400.00	9,732,344.44	4.360		4.572	221	05/10/2023
<b>Subtotal and Average</b>			<b>116,519,441.84</b>		<b>129,900,000.00</b>	<b>129,158,286.00</b>	<b>129,271,273.32</b>			<b>2.382</b>	<b>50</b>	

**LIP ACCOUNT**  
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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
<b>Negotiable CD's</b>												
06367CWX9	6490	BANK OF MONTREAL CHICAGO		07/06/2022	15,000,000.00	14,884,350.00	15,000,000.00	3.620		3.670	278	07/06/2023
22552GB58	6446	CREDIT SUISSE NEW YORK		04/25/2022	10,000,000.00	9,932,300.00	10,000,000.00	2.420		2.454	138	02/16/2023
23344NUA2	6429	DNB NOR BANK ASA NY		03/25/2022	12,000,000.00	11,947,920.00	12,000,000.00	1.710		1.734	87	12/27/2022
60710RAL9	6481	MIZUHO BANK LTD/NY		06/28/2022	20,000,000.00	19,929,800.00	20,000,000.00	2.890		2.930	124	02/02/2023
55380TF54	6407	MUFG BANK LTD/NY		02/01/2022	1,380,000.00	1,367,262.60	1,379,627.32	0.760		0.963	108	01/17/2023
65558UWY4	6509	NORDEA BANK ABP NY		09/20/2022	15,000,000.00	14,967,150.00	15,000,000.00	3.990		4.045	221	05/10/2023
78012U5Q4	6454	ROYAL BANK OF CANADA		05/05/2022	25,000,000.00	24,900,500.00	25,000,000.00	2.270		2.302	95	01/04/2023
78012U7E9	6474	ROYAL BANK OF CANADA		06/24/2022	10,000,000.00	9,922,700.00	10,000,000.00	3.550		3.599	265	06/23/2023
83050PG45	6475	SKANDINAV ENSKILDA BK NY		06/27/2022	25,000,000.00	24,817,000.00	25,000,000.00	3.600		3.650	270	06/28/2023
86959RF39	6523	SVENSKA HANDELSBANKEN NY		09/28/2022	7,160,000.00	7,122,839.60	7,146,574.79	4.025		4.765	325	08/22/2023
89114WY41	6459	TORONTO DOMINION BANK NY		05/27/2022	20,000,000.00	19,890,320.00	20,000,000.00	2.300		2.332	130	02/08/2023
89115BEW6	6500	TORONTO DOMINION BANK NY		08/08/2022	15,000,000.00	14,921,400.00	15,000,000.00	4.020		4.076	275	07/03/2023
89115B7A2	6524	TORONTO DOMINION BANK NY		09/28/2022	3,700,000.00	3,679,983.00	3,712,374.14	4.070		4.715	290	07/18/2023
96130ALE6	6362	WESTPAC BANKING CORP NY		11/02/2021	10,000,000.00	9,974,000.00	10,000,000.00	0.340		0.345	32	11/02/2022
<b>Subtotal and Average</b>			<b>170,465,398.05</b>		<b>189,240,000.00</b>	<b>188,257,525.20</b>	<b>189,238,576.25</b>			<b>3.005</b>	<b>184</b>	
<b>Treasury Securities</b>												
91282CBX8	6279	U.S. TREASURY NOTE		05/10/2021	15,000,000.00	14,664,300.00	14,998,626.30	0.125		0.141	211	04/30/2023
91282CCD1	6295	U.S. TREASURY NOTE		06/18/2021	10,000,000.00	9,740,600.00	9,994,954.79	0.125		0.201	242	05/31/2023
912828XT2	6350	U.S. TREASURY NOTE		10/01/2021	15,000,000.00	14,446,350.00	15,386,639.26	2.000		0.441	608	05/31/2024
91282CEU1	6476	U.S. TREASURY NOTE		06/27/2022	10,000,000.00	9,644,100.00	9,951,640.99	2.875		3.100	988	06/15/2025
912828Y79	6485	U.S. TREASURY NOTE		06/29/2022	15,000,000.00	14,451,000.00	14,867,312.50	2.875		3.205	1,034	07/31/2025
912828Y95	6486	U.S. TREASURY NOTE		06/29/2022	15,000,000.00	13,787,700.00	14,270,514.74	1.875		3.240	1,399	07/31/2026
91282CEY3	6530	U.S. TREASURY NOTE		09/29/2022	15,000,000.00	14,498,400.00	14,597,034.04	3.000		4.269	1,018	07/15/2025
<b>Subtotal and Average</b>			<b>80,441,362.54</b>		<b>95,000,000.00</b>	<b>91,232,450.00</b>	<b>94,066,722.62</b>			<b>2.104</b>	<b>797</b>	
<b>Agency Issues</b>												
31422XMJ8	6340	FARMER MAC		09/24/2021	15,000,000.00	13,860,750.00	15,000,000.00	0.500		0.500	724	09/24/2024
31422XSK9	6385	FARMER MAC		01/05/2022	15,000,000.00	14,604,000.00	15,000,000.00	0.600		0.600	277	07/05/2023
31422XYD8	6456	FARMER MAC		05/11/2022	10,000,000.00	9,882,800.00	10,000,000.00	2.200		2.200	222	05/11/2023
31422XA77	6492	FARMER MAC		07/07/2022	15,000,000.00	14,853,900.00	15,000,000.00	3.030		3.031	310	08/07/2023
3133EMRQ7	6278	FEDERAL FARM CREDIT BANK		05/10/2021	11,000,000.00	10,848,860.00	10,999,096.26	0.100		0.121	146	02/24/2023
3133ENDK3	6382	FEDERAL FARM CREDIT BANK		12/29/2021	10,000,000.00	9,742,800.00	9,986,212.74	0.350		0.552	250	06/08/2023
3133ENZS2	6479	FEDERAL FARM CREDIT BANK		06/28/2022	10,000,000.00	9,808,900.00	9,998,432.50	3.100		3.109	636	06/28/2024
3133ENP95	6531	FEDERAL FARM CREDIT BANK		09/30/2022	15,000,000.00	14,949,450.00	14,971,526.39	4.250		4.318	1,095	09/30/2025
313381BR5	6257	FEDERAL HOME LOAN BANKS		03/26/2021	10,000,000.00	9,967,100.00	10,032,912.89	1.875		0.130	69	12/09/2022
313382AX1	6258	FEDERAL HOME LOAN BANKS		03/26/2021	10,000,000.00	9,914,100.00	10,086,772.44	2.125		0.157	160	03/10/2023
3130AMRY0	6290	FEDERAL HOME LOAN BANKS		06/11/2021	10,000,000.00	9,733,300.00	9,998,034.04	0.125		0.154	244	06/02/2023

Portfolio CNTY  
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Data Updated: FUNDSNAP: 10/04/2022 08:21  
Run Date: 10/04/2022 - 08:22



**LIP ACCOUNT**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**September 30, 2022**

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
<b>Agency Issues</b>												
3130ANBD1	6311	FEDERAL HOME LOAN BANKS		07/26/2021	5,615,000.00	5,217,121.10	5,615,000.00	0.500		0.500	664	07/26/2024
3130ANBC3	6312	FEDERAL HOME LOAN BANKS		07/29/2021	4,375,000.00	4,064,418.75	4,375,000.00	0.510		0.510	667	07/29/2024
3130ANKC3	6321	FEDERAL HOME LOAN BANKS		08/24/2021	3,000,000.00	2,730,300.00	3,000,000.00	0.600		0.600	877	02/24/2025
3130ANH3	6325	FEDERAL HOME LOAN BANKS		08/26/2021	6,050,000.00	5,446,512.50	6,050,000.00	0.670		0.670	999	06/26/2025
3130ANXV7	6336	FEDERAL HOME LOAN BANKS		09/10/2021	15,000,000.00	13,614,300.00	15,000,000.00	0.550		0.550	891	03/10/2025
3130ANU65	6337	FEDERAL HOME LOAN BANKS		09/13/2021	10,000,000.00	9,238,400.00	9,998,050.00	0.480		0.490	713	09/13/2024
3130APCH6	6346	FEDERAL HOME LOAN BANKS		09/29/2021	10,000,000.00	8,780,400.00	10,000,000.00	1.125		1.125	1,459	09/29/2026
3130APC52	6356	FEDERAL HOME LOAN BANKS		10/14/2021	15,000,000.00	13,438,800.00	14,994,307.29	0.875		0.888	1,109	10/14/2025
3130APFE0	6357	FEDERAL HOME LOAN BANKS		10/14/2021	15,000,000.00	13,533,000.00	15,000,000.00	0.810		0.810	1,017	07/14/2025
3130APEY7	6358	FEDERAL HOME LOAN BANKS		10/21/2021	10,000,000.00	8,795,200.00	10,000,000.00	1.025		1.025	1,389	07/21/2026
3130APT54	6365	FEDERAL HOME LOAN BANKS		11/16/2021	15,000,000.00	14,093,700.00	15,000,000.00	0.710		0.710	593	05/16/2024
3130APU29	6379	FEDERAL HOME LOAN BANKS		12/28/2021	10,000,000.00	9,593,100.00	9,971,944.26	0.500		0.756	404	11/09/2023
3130AQG72	6395	FEDERAL HOME LOAN BANKS		01/19/2022	15,000,000.00	14,276,700.00	15,000,000.00	0.760		0.760	475	01/19/2024
3130APRR8	6418	FEDERAL HOME LOAN BANKS		03/03/2022	5,035,000.00	4,677,212.90	4,959,806.52	1.050		1.774	776	11/15/2024
313383MD0	6455	FEDERAL HOME LOAN BANKS		05/09/2022	7,500,000.00	7,419,900.00	7,521,461.54	2.625		2.201	251	06/09/2023
3130ASHV4	6478	FEDERAL HOME LOAN BANKS		06/28/2022	5,000,000.00	4,937,700.00	5,001,332.69	3.050		3.018	300	07/28/2023
3130ASKW8	6487	FEDERAL HOME LOAN BANKS		06/30/2022	15,000,000.00	14,792,850.00	15,000,000.00	3.050		3.052	333	08/30/2023
3135G05P4	6319	FED. NAT'L. MTG. ASSN.		08/20/2021	14,100,000.00	13,632,585.00	14,106,784.05	0.300		0.242	306	08/03/2023
<b>Subtotal and Average</b>			<b>297,207,154.51</b>		<b>311,675,000.00</b>	<b>296,448,160.25</b>	<b>311,666,673.61</b>			<b>1.223</b>	<b>598</b>	
<b>Agency - Step Ups</b>												
3130ANVZ0	6338	FEDERAL HOME LOAN BANKS		09/14/2021	21,250,000.00	19,400,612.50	21,250,000.00	0.600		0.547	895	03/14/2025
3130APFX8	6359	FEDERAL HOME LOAN BANKS		10/28/2021	15,000,000.00	13,897,800.00	15,000,000.00	0.375		0.354	758	10/28/2024
3130APHJ7	6360	FEDERAL HOME LOAN BANKS		10/28/2021	15,000,000.00	13,409,250.00	15,000,000.00	0.350		0.350	1,488	10/28/2026
3130AQEE9	6380	FEDERAL HOME LOAN BANKS		12/28/2021	15,000,000.00	14,147,700.00	15,000,000.00	0.750		0.700	636	06/28/2024
3130AQDM2	6383	FEDERAL HOME LOAN BANKS		12/30/2021	5,000,000.00	4,656,550.00	5,000,000.00	0.750		0.750	821	12/30/2024
3130AQFZ1	6396	FEDERAL HOME LOAN BANKS		01/21/2022	10,000,000.00	9,325,500.00	10,000,000.00	0.750		0.750	843	01/21/2025
3130AQK93	6399	FEDERAL HOME LOAN BANKS		01/26/2022	10,000,000.00	9,091,100.00	10,000,000.00	1.000		1.000	1,213	01/26/2026
3130AQM4	6402	FEDERAL HOME LOAN BANKS		01/28/2022	10,000,000.00	9,430,000.00	10,000,000.00	0.875		0.841	758	10/28/2024
3130AQS79	6410	FEDERAL HOME LOAN BANKS		02/07/2022	10,000,000.00	9,046,600.00	10,000,000.00	1.375		1.375	1,406	08/07/2026
3130AQP3	6412	FEDERAL HOME LOAN BANKS		02/14/2022	5,000,000.00	4,668,650.00	5,000,000.00	1.000		1.000	867	02/14/2025
3130AQN5	6419	FEDERAL HOME LOAN BANKS		03/03/2022	2,105,000.00	1,967,564.55	2,088,143.87	0.750		1.101	849	01/27/2025
3130ARL25	6447	FEDERAL HOME LOAN BANKS		04/25/2022	5,000,000.00	4,884,550.00	5,000,000.00	2.500		2.500	937	04/25/2025
<b>Subtotal and Average</b>			<b>123,337,851.51</b>		<b>123,355,000.00</b>	<b>113,925,877.05</b>	<b>123,338,143.87</b>			<b>0.778</b>	<b>968</b>	
<b>Supranationals</b>												
459058KC6	6366	INTL BK RECON & DEVELOP		11/16/2021	15,000,000.00	13,486,500.00	15,000,000.00	0.700	AAA	0.700	1,507	11/16/2026
459058HT3	6381	INTL BK RECON & DEVELOP		12/28/2021	10,000,000.00	9,408,400.00	10,139,411.49	1.626	AAA	1.006	837	01/15/2025

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<b>Supranationals</b>												
459058CY7	6465	INTL BK RECON & DEVELOP		06/02/2022	10,000,000.00	9,937,200.00	10,005,732.27	2.126	AAA	1.966	135	02/13/2023
459058EP4	6480	INTL BK RECON & DEVELOP		06/28/2022	10,000,000.00	9,508,600.00	9,812,805.93	2.500	AAA	3.200	1,032	07/29/2025
45906M3G4	6528	INTL BK RECON & DEVELOP		09/29/2022	13,785,000.00	13,284,604.50	13,457,626.04	4.000		4.593	1,804	09/09/2027
<b>Subtotal and Average</b>			<b>45,855,534.64</b>		<b>58,785,000.00</b>	<b>55,625,304.50</b>	<b>58,415,575.73</b>			<b>2.287</b>	<b>1,144</b>	
<b>Municipal Bonds</b>												
13063DDG0	6441	STATE OF CALIFORNIA		04/18/2022	3,000,000.00	2,947,620.00	3,004,633.01	2.250		2.200	365	10/01/2023
13032UXK9	6305	CALIFORNIA ST HEALTH FINANCING		07/06/2021	3,800,000.00	3,705,684.00	3,805,032.64	0.553		0.353	243	06/01/2023
134159A44	6472	CAMPBELL UNION HIGH SCHOOL		06/22/2022	1,730,000.00	1,510,549.50	1,561,800.49	0.896	AAA	3.650	1,400	08/01/2026
542411NK5	6493	LONG BEACH CCC		07/07/2022	1,775,000.00	1,651,176.00	1,717,979.09	2.057	AA	3.257	1,035	08/01/2025
544351QR3	6522	CITY OF LOS ANGELES		09/28/2022	11,125,000.00	11,358,847.50	11,450,603.48	5.000	AA	4.171	1,431	09/01/2026
54438CYL0	6495	LOS ANGELES COMMUNIT COLLEGE		07/08/2022	5,270,000.00	4,623,529.10	4,866,253.88	1.174		3.327	1,400	08/01/2026
801546QU9	6460	COUNTY OF SANTA CLARA		05/31/2022	13,470,000.00	12,919,077.00	13,307,696.86	2.000	AAA	2.680	670	08/01/2024
7994082D0	6364	SAN RAMON VALLEY USD		11/03/2021	4,635,000.00	4,341,465.45	4,635,000.00			0.688	670	08/01/2024
987388GW9	6414	YOSEMITE COMMUNITY COLLEGE DIS		02/17/2022	2,000,000.00	1,805,760.00	2,000,000.00	1.912		1.912	1,400	08/01/2026
<b>Subtotal and Average</b>			<b>36,033,455.77</b>		<b>46,805,000.00</b>	<b>44,863,708.55</b>	<b>46,348,999.45</b>			<b>2.716</b>	<b>949</b>	
<b>Corporate Notes</b>												
00724PAB5	6445	ADOBE INC		04/25/2022	7,000,000.00	6,580,770.00	6,817,342.17	1.900		3.074	854	02/01/2025
039483BL5	6525	ARCHER DANIELS MIDLAND CORP		09/29/2022	6,900,000.00	6,355,521.00	6,384,746.47	2.500	A	4.734	1,410	08/11/2026
009158AV8	6469	AIR PRODUCTS & CHEMICALS		06/17/2022	2,250,000.00	2,204,730.00	2,238,437.27	3.350	A	3.638	669	07/31/2024
06051GEU9	6308	BANK OF AMERICA CORP		07/08/2021	1,000,000.00	997,510.00	1,008,268.88	3.300		0.314	102	01/11/2023
06051GFB0	6320	BANK OF AMERICA CORP		08/23/2021	2,793,000.00	2,770,209.12	2,921,325.88			0.583	478	01/22/2024
06048WW63	6471	BANK OF AMERICA CORP		06/22/2022	5,000,000.00	4,894,250.00	5,000,000.00	5.000		5.000	1,725	06/22/2027
05552JAA7	6326	BBVA USA		08/30/2021	10,000,000.00	9,587,600.00	10,340,770.66	2.500	A	0.690	696	08/27/2024
06406RAM9	6259	BANK OF NEW YORK MELLON CORP		03/29/2021	5,000,000.00	4,967,850.00	5,025,192.10	1.850	A	0.281	118	01/27/2023
17330PNQ8	6489	CITIGROUP INC		07/01/2022	5,000,000.00	4,951,150.00	5,000,000.00	3.800	A	2.057	302	07/30/2023
194162AM5	6501	COLGATE-PALMOLIVE CO		08/09/2022	2,000,000.00	1,931,800.00	1,998,248.10	3.100		3.132	1,049	08/15/2025
00209TAB1	6285	COMCAST CABLE COMMUNICATION		05/14/2021	10,101,000.00	10,162,616.10	10,214,904.18	9.455		0.209	45	11/15/2022
231021AU0	6409	CUMMINS INC		02/04/2022	7,650,000.00	6,869,700.00	7,436,236.89	0.750		1.742	1,066	09/01/2025
20826FAD8	6477	CONOCOPHILLIPS COMPANY		06/28/2022	4,120,000.00	4,029,689.60	4,110,775.38	3.350		3.658	776	11/15/2024
166756AE6	6353	CHEVERON CORPORATION		10/06/2021	3,258,000.00	2,914,346.16	3,241,762.42	0.687		0.864	1,046	08/12/2025
166756AM8	6444	CHEVERON CORPORATION		04/22/2022	12,000,000.00	12,322,680.00	12,554,971.45	7.250		2.813	379	10/15/2023
24422EVX4	6391	JOHN DEERE CAPITAL CORPORATION		01/10/2022	1,000,000.00	955,080.00	999,898.00	0.900	A	0.908	466	01/10/2024
24422EVR7	6526	JOHN DEERE CAPITAL CORPORATION		09/29/2022	7,075,000.00	6,181,710.50	6,228,183.58	1.050	A	4.690	1,355	06/17/2026
29449WAJ6	6463	EQUITABLE FINANCIAL LIFE		06/02/2022	3,000,000.00	2,766,330.00	2,861,663.58	0.800		3.388	681	08/12/2024
369550AW8	6464	GENERAL DYNAMICS CORPORATION		06/02/2022	5,864,000.00	5,730,711.28	5,829,895.63	1.875		2.555	318	08/15/2023
02665WDC2	6442	AMERICAN HONDA FINANCE CORP		04/19/2022	5,420,000.00	5,386,287.60	5,422,775.41	2.050		1.860	101	01/10/2023

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<b>Corporate Notes</b>												
459200HU8	6436	IBM CORP.		04/04/2022	8,984,000.00	8,863,075.36	9,118,909.69	3.625		2.490	499	02/12/2024
459200HU8	6443	IBM CORP.		04/19/2022	5,250,000.00	5,179,335.00	5,311,660.73	3.625		2.735	499	02/12/2024
459200KS9	6529	IBM CORP.		09/29/2022	5,000,000.00	4,902,050.00	4,924,660.55	4.000		4.840	1,030	07/27/2025
458140AS9	6488	INTEL CORP		06/30/2022	10,000,000.00	9,743,200.00	10,013,126.60	3.700		3.650	1,032	07/29/2025
46124HAB2	6332	INTUIT INC		09/08/2021	5,200,000.00	4,685,408.00	5,221,831.75	0.950		0.797	1,018	07/15/2025
46124HAB2	6349	INTUIT INC		10/01/2021	6,980,000.00	6,289,259.20	6,984,367.11	0.950		0.927	1,018	07/15/2025
46124HAB2	6466	INTUIT INC		06/02/2022	5,000,000.00	4,505,200.00	4,707,427.43	0.950		3.170	1,018	07/15/2025
46625HJT8	6331	JP MORGAN CHASE & CO		09/08/2021	15,000,000.00	14,822,700.00	15,674,614.14	3.875		0.478	488	02/01/2024
46625HRL6	6462	JP MORGAN CHASE & CO		06/01/2022	2,322,000.00	2,299,708.80	2,329,519.70	2.700		2.334	229	05/18/2023
532457BH0	6431	ELI LILLY & CO		03/28/2022	2,000,000.00	1,914,140.00	2,002,805.25	2.750		2.694	974	06/01/2025
532457AZ1	6470	ELI LILLY & CO		06/17/2022	8,309,000.00	8,585,689.70	8,767,196.01	5.500		4.123	1,626	03/15/2027
30303M8B1	6527	META PLATFORMS INC		09/29/2022	5,000,000.00	4,675,550.00	4,693,432.84	3.500		5.048	1,779	08/15/2027
88579YAR2	6512	3M COMPANY		09/22/2022	7,599,000.00	7,223,001.48	7,316,461.91	3.000		4.547	1,041	08/07/2025
67066GAL8	6377	NVIDIA CORP		12/23/2021	11,330,000.00	10,583,239.70	11,250,920.35	0.584	A	1.000	622	06/14/2024
67066GAK0	6388	NVIDIA CORP		01/06/2022	10,000,000.00	9,723,500.00	9,970,391.14	0.309	A	0.732	257	06/15/2023
74740FEX0	6404	QUATER OATS		01/31/2022	8,000,000.00	8,134,480.00	8,376,593.68	6.810		1.590	335	09/01/2023
717081EX7	6432	PFIZER INC		03/28/2022	10,000,000.00	9,080,400.00	9,547,103.95	0.800		2.585	970	05/28/2025
717081DV2	6451	PFIZER INC		04/28/2022	9,254,000.00	8,703,757.16	9,110,926.89	2.750		3.202	1,341	06/03/2026
74368CAX2	6434	PROTECTIVE LIFE GLOBAL		03/31/2022	5,000,000.00	4,468,150.00	4,729,708.61	1.170		3.228	1,018	07/15/2025
857477AT0	6439	STATE STREET CORP		04/08/2022	13,900,000.00	13,424,342.00	14,095,367.37	3.550	A	3.032	1,052	08/18/2025
882508BK9	6339	TEXAS INSTRUMENTS INC		09/15/2021	2,000,000.00	1,750,160.00	2,000,000.00	1.125		1.125	1,445	09/15/2026
91324PCP5	6467	UNITEDHEALTH GROUP INC		06/02/2022	5,000,000.00	4,860,550.00	5,086,944.79	3.750		3.090	1,018	07/15/2025
931142ER0	6533	WALMART INC		09/30/2022	10,000,000.00	8,725,500.00	8,802,134.35	1.050	AA	4.388	1,447	09/17/2026
<b>Subtotal and Average</b>			<b>241,440,707.34</b>		<b>277,559,000.00</b>	<b>265,702,937.76</b>	<b>275,671,502.89</b>			<b>2.465</b>	<b>817</b>	
<b>Corporate - Step Ups</b>												
06048WL24	6229	BANK OF AMERICA CORP		02/16/2021	10,000,000.00	9,354,300.00	9,993,125.00	0.350		0.384	503	02/16/2024
06048WR93	6406	BANK OF AMERICA CORP		02/01/2022	5,000,000.00	4,610,600.00	5,000,000.00	1.500		1.500	854	02/01/2025
<b>Subtotal and Average</b>			<b>14,992,923.61</b>		<b>15,000,000.00</b>	<b>13,964,900.00</b>	<b>14,993,125.00</b>			<b>0.756</b>	<b>620</b>	
<b>Promissory Notes</b>												
SYS6491	6491	EXETER PUBLIC CEMETERY		07/06/2022	100,000.00	100,000.00	100,000.00	2.020		2.020	1,009	07/06/2025
SYS6164	6164	LOWER TULE RIVER IRRIGATION			9,500,000.00	9,500,000.00	9,500,000.00	2.020		2.020	1,096	10/01/2025
<b>Subtotal and Average</b>			<b>9,600,000.00</b>		<b>9,600,000.00</b>	<b>9,600,000.00</b>	<b>9,600,000.00</b>			<b>2.020</b>	<b>1,095</b>	

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity
Total and Average			1,217,688,755.43		1,350,283,008.35	1,302,143,157.66	1,345,974,601.09			2.042	578

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
<b>Money Market Fund</b>												
60934N10S	3521B	FEDERATED GOVT OBLIG			18,857.65	18,857.65	18,857.65	2.400	AAA	2.400	1	
<b>Subtotal and Average</b>			<b>1,222,774.34</b>		<b>18,857.65</b>	<b>18,857.65</b>	<b>18,857.65</b>			<b>2.400</b>	<b>1</b>	
<b>Negotiable CD's</b>												
06742TG34	6408	BARCLAYS BANK PLC NY		02/03/2022	11,680,000.00	11,569,273.60	11,680,000.00	1.050		1.065	123	02/01/2023
22552G3C2	6253	CREDIT SUISSE AG NY		03/23/2021	9,320,000.00	9,159,509.60	9,320,000.00	0.590		0.598	167	03/17/2023
<b>Subtotal and Average</b>			<b>21,000,000.00</b>		<b>21,000,000.00</b>	<b>20,728,783.20</b>	<b>21,000,000.00</b>			<b>0.858</b>	<b>143</b>	
<b>Treasury Securities</b>												
912828T91	5898	U.S. TREASURY NOTE		12/24/2018	3,750,000.00	3,643,950.00	3,710,620.34	1.625		2.667	395	10/31/2023
912828D1	5899	U.S. TREASURY NOTE		12/24/2018	6,600,000.00	6,427,806.00	6,527,025.95	1.375		2.670	334	08/31/2023
912828V23	5907	U.S. TREASURY NOTE		01/09/2019	4,995,000.00	4,872,073.05	4,977,175.93	2.250		2.556	456	12/31/2023
912828S92	5920	U.S. TREASURY NOTE		02/12/2019	1,885,000.00	1,839,194.50	1,867,466.22	1.250		2.439	303	07/31/2023
912828WE6	5931	U.S. TREASURY NOTE		03/08/2019	7,150,000.00	7,026,305.00	7,167,313.80	2.750		2.519	410	11/15/2023
912828D8	5969	U.S. TREASURY NOTE		05/03/2019	10,300,000.00	10,167,233.00	10,361,181.22	2.875		2.245	364	09/30/2023
912828X70	5972	U.S. TREASURY NOTE		06/05/2019	24,490,000.00	23,622,319.30	24,525,750.90	2.000		1.903	577	04/30/2024
912828V80	5975	U.S. TREASURY NOTE		06/25/2019	13,200,000.00	12,848,352.00	13,281,711.38	2.250		1.764	487	01/31/2024
912828XX3	5976	U.S. TREASURY NOTE		07/03/2019	22,560,000.00	21,692,793.60	22,641,376.48	2.000		1.783	638	06/30/2024
9128285K2	5981	U.S. TREASURY NOTE		07/30/2019	7,910,000.00	7,790,717.20	7,995,292.81	2.875		1.833	395	10/31/2023
912828N9	5985	U.S. TREASURY NOTE		08/05/2019	8,950,000.00	8,610,526.50	9,000,834.20	2.125		1.799	669	07/31/2024
912828U3	5996	U.S. TREASURY NOTE		09/05/2019	17,775,000.00	16,997,343.75	17,952,928.35	1.875		1.333	700	08/31/2024
912828Y5	6005	U.S. TREASURY NOTE		10/03/2019	13,745,000.00	13,190,939.05	13,909,385.78	2.125		1.501	730	09/30/2024
912828D0	6023	U.S. TREASURY NOTE		11/05/2019	11,925,000.00	11,450,385.00	12,087,847.15	2.250		1.566	761	10/31/2024
912828YM6	6035	U.S. TREASURY NOTE		12/04/2019	9,450,000.00	8,936,203.50	9,413,808.37	1.500		1.692	761	10/31/2024
912828J7	6061	U.S. TREASURY NOTE		01/07/2020	4,135,000.00	3,952,481.10	4,180,064.14	2.125		1.599	791	11/30/2024
9128285P1	6084	U.S. TREASURY NOTE		03/04/2020	27,750,000.00	27,293,790.00	28,401,580.94	2.875		0.822	425	11/30/2023
91282CBC4	6209	U.S. TREASURY NOTE		01/13/2021	14,275,000.00	12,622,811.50	14,219,872.79	0.375		0.495	1,187	12/31/2025
912828Y87	6210	U.S. TREASURY NOTE		01/14/2021	5,055,000.00	4,831,265.70	5,190,163.99	1.750		0.283	669	07/31/2024
9128286A3	6223	U.S. TREASURY NOTE		02/08/2021	19,485,000.00	18,518,349.15	20,879,159.19	2.625		0.453	1,218	01/31/2026
91282CBH3	6235	U.S. TREASURY NOTE		02/26/2021	5,736,000.00	5,052,612.96	5,655,643.72	0.375		0.804	1,218	01/31/2026
91282CBQ3	6243	U.S. TREASURY NOTE		03/05/2021	17,725,000.00	15,640,185.50	17,593,769.69	0.500		0.721	1,246	02/28/2026
91282CBQ3	6256	U.S. TREASURY NOTE		03/26/2021	2,900,000.00	2,558,902.00	2,869,888.33	0.500		0.811	1,246	02/28/2026
91282CBC4	6269	U.S. TREASURY NOTE		04/07/2021	12,375,000.00	10,942,717.50	12,173,558.17	0.375		0.888	1,187	12/31/2025
91282CBC4	6274	U.S. TREASURY NOTE		04/26/2021	5,085,000.00	4,496,462.10	5,021,298.81	0.375		0.768	1,187	12/31/2025
91282CBC4	6280	U.S. TREASURY NOTE		05/10/2021	12,600,000.00	11,141,676.00	12,455,665.73	0.375		0.734	1,187	12/31/2025
91282CBQ3	6281	U.S. TREASURY NOTE		05/11/2021	3,700,000.00	3,264,806.00	3,671,867.99	0.500		0.727	1,246	02/28/2026
91282CCF6	6289	U.S. TREASURY NOTE		06/04/2021	21,160,000.00	18,687,030.80	21,126,008.41	0.750		0.795	1,338	05/31/2026
91282CBH3	6306	U.S. TREASURY NOTE		07/07/2021	15,500,000.00	13,653,330.00	15,282,605.89	0.375		0.804	1,218	01/31/2026

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<b>Treasury Securities</b>												
91282CAJ0	6314	U.S. TREASURY NOTE		08/06/2021	13,780,000.00	12,275,499.60	13,671,209.96	0.250		0.524	1,065	08/31/2025
9128286G0	6316	U.S. TREASURY NOTE		08/12/2021	11,385,000.00	11,084,322.15	11,710,115.66	2.375		0.345	516	02/29/2024
9128286G0	6317	U.S. TREASURY NOTE		08/12/2021	11,385,000.00	11,084,322.15	11,709,622.68	2.375		0.348	516	02/29/2024
91282CAM3	6334	U.S. TREASURY NOTE		09/09/2021	11,060,000.00	9,829,575.00	10,922,738.25	0.250		0.670	1,095	09/30/2025
91282CBT7	6335	U.S. TREASURY NOTE		09/09/2021	10,850,000.00	9,634,040.50	10,846,747.43	0.750		0.759	1,277	03/31/2026
91282CBT7	6345	U.S. TREASURY NOTE		09/28/2021	13,000,000.00	11,543,090.00	12,927,859.44	0.750		0.912	1,277	03/31/2026
91282CAT8	6354	U.S. TREASURY NOTE		10/06/2021	16,600,000.00	14,700,794.00	16,333,690.30	0.250		0.780	1,126	10/31/2025
91282CAZ4	6363	U.S. TREASURY NOTE		11/02/2021	23,350,000.00	20,702,110.00	22,855,020.48	0.375		1.061	1,156	11/30/2025
91282CBQ3	6371	U.S. TREASURY NOTE		12/07/2021	24,365,000.00	21,499,188.70	23,835,036.10	0.500		1.155	1,246	02/28/2026
91282CBH3	6389	U.S. TREASURY NOTE		01/06/2022	21,635,000.00	19,057,406.10	21,006,028.07	0.375		1.272	1,218	01/31/2026
9128285U0	6394	U.S. TREASURY NOTE		01/18/2022	6,975,000.00	6,832,500.75	7,118,960.40	2.625		0.953	456	12/31/2023
91282CBH3	6400	U.S. TREASURY NOTE		01/27/2022	7,400,000.00	6,518,364.00	7,136,602.30	0.375		1.478	1,218	01/31/2026
91282CBH3	6415	U.S. TREASURY NOTE		02/22/2022	15,125,000.00	13,323,007.50	14,422,383.67	0.375		1.825	1,218	01/31/2026
91282CCZ2	6438	U.S. TREASURY NOTE		04/07/2022	14,700,000.00	12,932,031.00	13,660,885.05	0.875		2.768	1,460	09/30/2026
91282CAZ4	6452	U.S. TREASURY NOTE		04/29/2022	6,175,000.00	5,474,755.00	5,705,375.00	0.375		2.925	1,156	11/30/2025
91282CBH3	6453	U.S. TREASURY NOTE		05/04/2022	9,650,000.00	8,500,299.00	8,871,360.33	0.375		2.950	1,218	01/31/2026
91282CAZ4	6461	U.S. TREASURY NOTE		05/31/2022	2,900,000.00	2,571,140.00	2,696,454.41	0.375		2.716	1,156	11/30/2025
91282CCF6	6468	U.S. TREASURY NOTE		06/08/2022	10,575,000.00	9,339,099.75	9,763,456.39	0.750		2.992	1,338	05/31/2026
91282CBH3	6482	U.S. TREASURY NOTE		06/28/2022	14,350,000.00	12,640,341.00	13,045,346.57	0.375		3.291	1,218	01/31/2026
912828V98	6494	U.S. TREASURY NOTE		07/07/2022	5,100,000.00	4,713,930.00	4,974,852.30	2.250		2.853	1,598	02/15/2027
912828ZN3	6499	U.S. TREASURY NOTE		08/05/2022	9,450,000.00	8,038,075.50	8,491,492.94	0.500		2.918	1,672	04/30/2027
912828ZV5	6502	U.S. TREASURY NOTE		08/11/2022	10,200,000.00	8,635,320.00	9,093,059.98	0.500		2.987	1,733	06/30/2027
912828ZV5	6506	U.S. TREASURY NOTE		08/31/2022	3,280,000.00	2,776,848.00	2,882,233.98	0.500		3.305	1,733	06/30/2027
9128282R0	6507	U.S. TREASURY NOTE		09/06/2022	17,775,000.00	16,339,135.50	16,888,924.72	2.250		3.400	1,779	08/15/2027
9128282R0	6532	U.S. TREASURY NOTE		09/30/2022	3,440,000.00	3,162,116.80	3,182,284.68	2.250		4.022	1,779	08/15/2027
<b>Subtotal and Average</b>			<b>611,954,730.44</b>		<b>626,671,000.00</b>	<b>574,979,873.76</b>	<b>617,892,607.76</b>			<b>1.479</b>	<b>1,009</b>	
<b>Agency Issues</b>												
3133ELVX9	6094	FEDERAL FARM CREDIT BANK		04/08/2020	3,170,000.00	3,000,088.00	3,170,000.00	0.875		0.875	555	04/08/2024
3133EMB4	6166	FEDERAL FARM CREDIT BANK		10/09/2020	6,900,000.00	6,133,548.00	6,892,728.02	0.530		0.566	1,094	09/29/2025
3130A0F70	5913	FEDERAL HOME LOAN BANKS		01/31/2019	8,990,000.00	8,880,681.60	9,055,700.07	3.375		2.713	433	12/08/2023
3130A0F70	5917	FEDERAL HOME LOAN BANKS		02/06/2019	6,110,000.00	6,035,702.40	6,158,030.81	3.375		2.664	433	12/08/2023
3130AJHU6	6100	FEDERAL HOME LOAN BANKS		04/16/2020	11,935,000.00	10,833,518.85	11,904,940.26	0.500		0.601	926	04/14/2025
3137EAES4	6126	FED. HOME LOAN MTG. CORP.		06/26/2020	12,900,000.00	12,537,252.00	12,890,757.39	0.250		0.348	268	06/26/2023
3137EAEU9	6134	FED. HOME LOAN MTG. CORP.		07/23/2020	11,195,000.00	10,043,594.25	11,163,682.64	0.375		0.476	1,024	07/21/2025
3137EAEV7	6148	FED. HOME LOAN MTG. CORP.		08/21/2020	11,080,000.00	10,695,634.80	11,076,629.35	0.250		0.284	327	08/24/2023
3137EAEX3	6159	FED. HOME LOAN MTG. CORP.		09/25/2020	17,170,000.00	15,313,236.20	17,139,186.44	0.375		0.436	1,088	09/23/2025
3137EAF42	6199	FED. HOME LOAN MTG. CORP.		12/04/2020	5,815,000.00	5,548,149.65	5,812,745.23	0.250		0.283	429	12/04/2023

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<b>Agency Issues</b>												
3134GXS54	6505	FED. HOME LOAN MTG. CORP.		08/30/2022	5,315,000.00	5,253,877.50	5,312,935.14	4.050		4.064	1,062	08/28/2025
3135G0U43	5854	FED. NAT'L. MTG. ASSN.		10/04/2018	6,240,000.00	6,150,580.80	6,231,335.45	2.875		3.034	346	09/12/2023
3135G0U43	5875	FED. NAT'L. MTG. ASSN.		11/30/2018	7,000,000.00	6,899,690.00	6,994,067.15	2.875		2.971	346	09/12/2023
3135G0U43	5904	FED. NAT'L. MTG. ASSN.		12/31/2018	6,350,000.00	6,259,004.50	6,361,204.50	2.875		2.675	346	09/12/2023
3135G0X24	6085	FED. NAT'L. MTG. ASSN.		03/05/2020	9,740,000.00	9,189,300.40	9,909,678.63	1.625		0.839	829	01/07/2025
3135G03U5	6103	FED. NAT'L. MTG. ASSN.		04/24/2020	15,500,000.00	14,124,840.00	15,483,644.31	0.625		0.667	934	04/22/2025
3135G03U5	6106	FED. NAT'L. MTG. ASSN.		04/30/2020	5,345,000.00	4,870,791.60	5,350,741.37	0.625		0.582	934	04/22/2025
3135G03U5	6118	FED. NAT'L. MTG. ASSN.		05/26/2020	3,225,000.00	2,938,878.00	3,232,417.15	0.625		0.534	934	04/22/2025
3135G03U5	6121	FED. NAT'L. MTG. ASSN.		06/05/2020	12,500,000.00	11,391,000.00	12,533,548.09	0.625		0.519	934	04/22/2025
3135G04Z3	6124	FED. NAT'L. MTG. ASSN.		06/19/2020	18,485,000.00	16,706,927.85	18,464,229.36	0.500		0.542	990	06/17/2025
3135G04Z3	6129	FED. NAT'L. MTG. ASSN.		07/07/2020	7,200,000.00	6,507,432.00	7,204,540.04	0.500		0.476	990	06/17/2025
3135G05G4	6130	FED. NAT'L. MTG. ASSN.		07/10/2020	16,970,000.00	16,462,087.90	16,960,574.58	0.250		0.322	282	07/10/2023
3135G04Z3	6143	FED. NAT'L. MTG. ASSN.		08/04/2020	10,000,000.00	9,038,100.00	10,029,007.19	0.500		0.392	990	06/17/2025
3135G05X7	6150	FED. NAT'L. MTG. ASSN.		08/27/2020	11,900,000.00	10,640,385.00	11,867,662.71	0.375		0.470	1,059	08/25/2025
3135G04Z3	6158	FED. NAT'L. MTG. ASSN.		09/18/2020	2,145,000.00	1,938,672.45	2,149,360.99	0.500		0.424	990	06/17/2025
3135G04Z3	6165	FED. NAT'L. MTG. ASSN.		10/05/2020	12,000,000.00	10,845,720.00	12,029,556.88	0.500		0.408	990	06/17/2025
3135G05X7	6174	FED. NAT'L. MTG. ASSN.		10/23/2020	4,360,000.00	3,898,494.00	4,345,367.22	0.375		0.492	1,059	08/25/2025
3135G05X7	6180	FED. NAT'L. MTG. ASSN.		10/29/2020	13,730,000.00	12,276,679.50	13,695,816.10	0.375		0.462	1,059	08/25/2025
3135G05G4	6183	FED. NAT'L. MTG. ASSN.		11/10/2020	8,675,000.00	8,415,357.25	8,673,361.24	0.250		0.274	282	07/10/2023
3135G06G3	6185	FED. NAT'L. MTG. ASSN.		11/12/2020	11,205,000.00	9,978,500.70	11,180,060.10	0.500		0.573	1,133	11/07/2025
3135G06G3	6189	FED. NAT'L. MTG. ASSN.		11/24/2020	2,570,000.00	2,288,687.80	2,569,388.73	0.500		0.508	1,133	11/07/2025
3135G06H1	6213	FED. NAT'L. MTG. ASSN.		01/26/2021	2,845,000.00	2,717,970.75	2,846,761.95	0.250		0.196	422	11/27/2023
<b>Subtotal and Average</b>			<b>292,593,012.93</b>		<b>288,565,000.00</b>	<b>267,814,383.75</b>	<b>288,689,659.09</b>			<b>0.826</b>	<b>784</b>	
<b>Agencies - Mortgage Backed</b>												
3137B1BS0	5973	FREDDIE MAC MULTIFAMILY PASS		06/17/2019	1,868,224.89	1,864,077.43	1,884,571.86	2.510		1.848	55	11/25/2022
3137FQ3V3	6033	FREDDIE MAC MULTIFAMILY PASS		11/26/2019	34,915.86	34,699.73	34,915.02	2.092		1.980	663	07/25/2024
3136AJB54	6055	FANNIE MAE		12/18/2019	4,553,045.88	4,463,123.22	4,774,295.46	3.346		0.867	541	03/25/2024
<b>Subtotal and Average</b>			<b>6,932,532.47</b>		<b>6,456,186.63</b>	<b>6,361,900.38</b>	<b>6,693,782.34</b>			<b>1.149</b>	<b>405</b>	
<b>Supranationals</b>												
4581X0DZ8	6341	INTER-AMERICAN DEVEL BK		09/23/2021	9,760,000.00	9,059,524.80	9,755,238.57	0.500	AAA	0.525	723	09/23/2024
459058JM6	6191	INTL BK RECON & DEVELOP		11/24/2020	9,050,000.00	8,636,415.00	9,042,559.31	0.250	AAA	0.322	419	11/24/2023
<b>Subtotal and Average</b>			<b>18,797,439.67</b>		<b>18,810,000.00</b>	<b>17,695,939.80</b>	<b>18,797,797.88</b>			<b>0.427</b>	<b>577</b>	
<b>Municipal Bonds</b>												
13063DRJ9	6011	STATE OF CALIFORNIA		10/24/2019	10,580,000.00	10,410,508.40	10,633,785.52	2.400		1.870	365	10/01/2023
13017HAK2	6190	CALIFORNIA ST EARTHQUAKE AUTH		11/24/2020	2,465,000.00	2,406,431.60	2,465,000.00	1.477		1.477	273	07/01/2023

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<b>Municipal Bonds</b>												
13077DMK5	6157	CALIFORNIA ST UNIV REVENUE		09/17/2020	3,050,000.00	2,818,840.50	3,050,000.00	0.685		0.685	762	11/01/2024
341271AD6	6155	FLORIDA ST BRD OF ADMIN FIN CO		09/16/2020	2,550,000.00	2,308,642.50	2,560,346.79	1.258	AA	1.158	1,004	07/01/2025
341271AD6	6156	FLORIDA ST BRD OF ADMIN FIN CO		09/16/2020	6,550,000.00	5,930,042.50	6,550,000.00	1.258	AA	1.258	1,004	07/01/2025
546417DQ6	6168	STATE OF LOUISIANA		10/14/2020	1,000,000.00	909,540.00	1,000,000.00	0.840		0.914	974	06/01/2025
91412HGE7	6132	UNIVERSITY OF CALIFORNIA BG		07/16/2020	2,565,000.00	2,335,073.40	2,565,000.00	0.883	AA	0.916	957	05/15/2025
91412HGE7	6133	UNIVERSITY OF CALIFORNIA BG		07/16/2020	1,115,000.00	1,015,051.40	1,117,191.07	0.883	AA	0.806	957	05/15/2025
<b>Subtotal and Average</b>			<b>29,943,674.94</b>		<b>29,875,000.00</b>	<b>28,134,130.30</b>	<b>29,941,323.38</b>			<b>1.369</b>	<b>685</b>	
<b>Corporate Notes</b>												
037833CG3	5958	APPLE INC		04/11/2019	10,000,000.00	9,820,700.00	10,031,251.09	3.000		2.752	496	02/09/2024
037833DV9	6114	APPLE INC		05/11/2020	1,215,000.00	1,190,712.15	1,214,326.80	0.750		0.842	222	05/11/2023
023135BW5	6282	AMAZON.COM INC		05/12/2021	5,650,000.00	5,296,479.50	5,645,562.34	0.450	AA	0.499	589	05/12/2024
023135CF1	6448	AMAZON.COM INC		04/25/2022	5,965,000.00	5,631,675.80	5,937,478.53	3.300	AA	3.438	1,655	04/13/2027
023135BR6	6496	AMAZON.COM INC		07/19/2022	6,175,000.00	5,273,388.25	5,565,846.90	1.200	AA	3.554	1,706	06/03/2027
06051GHF9	6167	BANK OF AMERICA CORP		10/14/2020	8,745,000.00	8,676,176.85	8,995,037.38	3.550		1.489	521	03/05/2024
06051GKM0	6426	BANK OF AMERICA CORP		03/22/2022	9,000,000.00	8,501,580.00	9,000,000.00	3.384		3.384	1,279	04/02/2026
06406RAJ6	5929	BANK OF NEW YORK MELLON CORP		03/07/2019	6,725,000.00	6,673,553.75	6,743,702.59	3.450	A	3.101	314	08/11/2023
06406RBA4	6401	BANK OF NEW YORK MELLON CORP		01/28/2022	4,000,000.00	3,548,400.00	4,005,811.79	2.050	A	2.014	1,578	01/26/2027
12189LAV3	6262	BURLINGTN NORTH SANTA FE		03/29/2021	3,000,000.00	2,883,840.00	3,148,425.10	3.000		0.977	913	04/01/2025
17327CAN3	6398	CITIGROUP INC		01/25/2022	4,550,000.00	4,181,177.00	4,550,000.00	2.014		2.014	1,212	01/25/2026
22160KAL9	5974	COSTCO WHOLESALE CORP		06/18/2019	7,000,000.00	6,827,730.00	7,047,288.32	2.750		2.309	595	05/18/2024
24422ETG4	5822A	JOHN DEERE CAPITAL CORPORATION		09/01/2018	1,155,000.00	1,148,508.90	1,151,897.45	2.800	A	3.479	156	03/06/2023
24422EVY2	6425	JOHN DEERE CAPITAL CORPORATION		03/10/2022	6,500,000.00	6,032,000.00	6,375,471.85	1.250	A	2.122	832	01/10/2025
38148LAE6	6230	GOLDMAN SACHS GROUP INC		02/17/2021	3,330,000.00	3,188,541.60	3,571,751.88	3.750		0.940	964	05/22/2025
38141GVM3	6275	GOLDMAN SACHS GROUP INC		04/28/2021	3,500,000.00	3,448,515.00	3,660,842.93	4.000		0.729	519	03/03/2024
437076AZ5	5807	HOME DEPOT INC		04/05/2018	2,115,000.00	2,096,261.10	2,110,972.55	2.700	A	3.114	182	04/01/2023
02665WCJ8	5840A	AMERICAN HONDA FINANCE CORP		09/01/2018	2,215,000.00	2,196,925.60	2,214,396.86	3.450		3.487	286	07/14/2023
02665WCT6	5911	AMERICAN HONDA FINANCE CORP		01/31/2019	3,900,000.00	3,841,617.00	3,910,044.42	3.550		3.330	468	01/12/2024
438516CB0	6333	HONEYWELL INT		09/08/2021	5,750,000.00	5,292,185.00	5,830,477.74	1.350	A	0.816	974	06/01/2025
427866BC1	6111	HERSHEY COMPANY		05/05/2020	8,860,000.00	8,423,910.80	9,029,558.22	2.050	A	1.123	776	11/15/2024
458140BP4	6112	INTEL CORP		05/05/2020	8,300,000.00	8,049,257.00	8,748,922.10	3.400		1.154	906	03/25/2025
478160CJ1	6245	JOHNSON & JOHNSON		03/08/2021	5,000,000.00	4,816,450.00	5,207,396.11	2.625	AAA	0.782	837	01/15/2025
478160CJ1	6255	JOHNSON & JOHNSON		03/25/2021	1,700,000.00	1,637,593.00	1,769,528.76	2.625	AAA	0.807	837	01/15/2025
46647PCM6	6315	JP MORGAN CHASE & CO		08/10/2021	3,875,000.00	3,552,367.50	3,875,000.00	0.768		0.768	1,043	08/09/2025
46647PCM6	6422	JP MORGAN CHASE & CO		03/09/2022	5,000,000.00	4,583,700.00	4,826,535.45	0.768		2.032	1,043	08/09/2025
46647PCZ7	6450	JP MORGAN CHASE & CO		04/26/2022	4,000,000.00	3,851,240.00	4,000,000.00	4.080		4.080	1,303	04/26/2026
57636QAB0	5961	MASTERCARD INC		04/11/2019	5,091,000.00	5,004,962.10	5,140,438.45	3.375		2.679	548	04/01/2024
57636QAN4	6110	MASTERCARD INC		05/05/2020	4,380,000.00	4,123,288.20	4,471,594.32	2.000		1.111	884	03/03/2025

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
<b>Corporate Notes</b>												
88579YBM2	6449	3M COMPANY		04/25/2022	5,000,000.00	4,709,450.00	4,925,862.43	2.650		3.298	927	04/15/2025
61772BAA1	6272	MORGAN STANLEY		04/22/2021	4,585,000.00	4,474,318.10	4,587,956.48	0.731		0.688	552	04/05/2024
61772BAA1	6273	MORGAN STANLEY		04/22/2021	1,525,000.00	1,488,186.50	1,525,000.00	0.731		0.731	552	04/05/2024
58933YAR6	6246	MERCK & CO INC		03/08/2021	5,000,000.00	4,793,350.00	5,209,153.43	2.750		0.939	863	02/10/2025
58933YAR6	6261	MERCK & CO INC		03/29/2021	3,470,000.00	3,326,584.90	3,619,885.37	2.750		0.883	863	02/10/2025
69371RQ90	6147	PACCAR FINANCIAL CORP		08/11/2020	605,000.00	584,593.35	604,772.51	0.350		0.394	314	08/11/2023
717081ES8	5941	PFIZER INC		03/28/2019	7,925,000.00	7,754,850.25	7,962,483.52	2.950		2.601	531	03/15/2024
747525AF0	6457	QUALCOMM INC		05/19/2022	5,000,000.00	4,839,750.00	5,010,446.90	3.450	A	3.366	962	05/20/2025
857477BR3	6411	STATE STREET CORP		02/07/2022	1,820,000.00	1,694,201.60	1,820,000.00	1.746	A	1.746	1,224	02/06/2026
857477BR3	6423	STATE STREET CORP		03/09/2022	5,000,000.00	4,654,400.00	4,936,923.77	1.746	A	2.141	1,224	02/06/2026
87612EBM7	6397	TARGET CORP		01/24/2022	1,620,000.00	1,454,144.40	1,617,625.81	1.950	A	1.986	1,567	01/15/2027
87612EBM7	6405	TARGET CORP		01/31/2022	3,500,000.00	3,141,670.00	3,498,152.22	1.950	A	1.963	1,567	01/15/2027
87612EBM7	6424	TARGET CORP		03/09/2022	4,000,000.00	3,590,480.00	3,970,145.80	1.950	A	2.134	1,567	01/15/2027
89236TFS9	5908	TOYOTA MOTOR CREDIT		01/10/2019	7,375,000.00	7,266,735.00	7,366,377.24	3.350		3.451	464	01/08/2024
91159HHV5	5957	US BANCORP		04/11/2019	10,000,000.00	9,827,900.00	10,063,165.63	3.375		2.868	492	02/05/2024
91159HHX1	5984	US BANCORP		08/05/2019	5,260,000.00	5,045,707.60	5,261,602.82	2.400		2.382	668	07/30/2024
931142EW9	6508	WALMART INC		09/09/2022	3,680,000.00	3,615,600.00	3,677,476.47	3.900	AA	3.925	1,074	09/09/2025
<b>Subtotal and Average</b>			<b>222,492,027.23</b>		<b>222,061,000.00</b>	<b>212,054,657.80</b>	<b>223,436,590.33</b>			<b>2.158</b>	<b>848</b>	
<b>Corporate - Floating Rate</b>												
46647PBS4	6154	JP MORGAN CHASE & CO		09/16/2020	4,300,000.00	4,100,953.00	4,300,000.00	0.653		0.653	716	09/16/2024
<b>Subtotal and Average</b>			<b>4,300,000.00</b>		<b>4,300,000.00</b>	<b>4,100,953.00</b>	<b>4,300,000.00</b>			<b>0.653</b>	<b>716</b>	
<b>Asset Backed Securities</b>												
14315XAC2	6063	CarMax Auto Owner Trust		01/22/2020	1,242,641.67	1,230,202.83	1,242,397.86	1.890	AAA	1.906	807	12/16/2024
14316NAC3	6214	CarMax Auto Owner Trust		01/27/2021	1,770,989.03	1,713,715.24	1,770,639.08	0.340	AAA	0.349	1,171	12/15/2025
14314QAC8	6271	CarMax Auto Owner Trust		04/21/2021	3,950,000.00	3,818,386.00	3,949,148.78	0.520	AAA	0.530	1,235	02/17/2026
14318MAD1	6497	CarMax Auto Owner Trust		07/20/2022	4,220,000.00	4,138,385.20	4,219,900.41	3.970	AAA	4.004	1,657	04/15/2027
254683CP8	6342	DISCOVER CARD EXECUTION NOTE		09/27/2021	3,450,000.00	3,192,423.00	3,449,261.36	0.580	AAA	0.590	1,445	09/15/2026
43813RAC1	6082	HONDA AUTO RECEIVABLES TRUST		02/26/2020	2,318,690.90	2,299,167.52	2,318,236.44	1.610		1.625	569	04/22/2024
43813GAC5	6234	HONDA AUTO RECEIVABLES TRUST		02/24/2021	2,876,534.60	2,792,137.07	2,876,481.96	0.270		0.271	933	04/21/2025
43815PAC3	6504	HONDA AUTO RECEIVABLES TRUST		08/24/2022	765,000.00	747,397.35	764,954.41	3.730	AAA	3.762	1,388	07/20/2026
44933LAC7	6276	HYUNDAI AUTO RECEIVABLES TRUST		04/28/2021	2,625,000.00	2,537,220.00	2,624,723.85	0.380	AAA	0.385	1,080	09/15/2025
44935FAD6	6367	HYUNDAI AUTO RECEIVABLES TRUST		11/17/2021	1,665,000.00	1,570,711.05	1,664,628.37	0.740	AAA	0.751	1,322	05/15/2026
65479CAD0	6127	NISSAN AUTO RECEIVABLES OWNERS		06/30/2020	839,801.34	831,302.55	839,778.33	0.550	AAA	0.552	653	07/15/2024
89232HAC9	6072	TOYOTA AUTO RECEIVABLES TRUST		02/12/2020	2,812,668.41	2,795,426.75	2,812,465.34	1.660	AAA	1.669	592	05/15/2024
89239BAC5	6343	TOYOTA AUTO RECEIVABLES TRUST		09/27/2021	4,345,000.00	4,121,884.25	4,344,653.70	0.430	AAA	0.434	1,202	01/15/2026
<b>Subtotal and Average</b>			<b>33,617,893.62</b>		<b>32,881,325.95</b>	<b>31,788,358.81</b>	<b>32,877,269.89</b>			<b>1.239</b>	<b>1,140</b>	

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**PFM**  
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**September 30, 2022**

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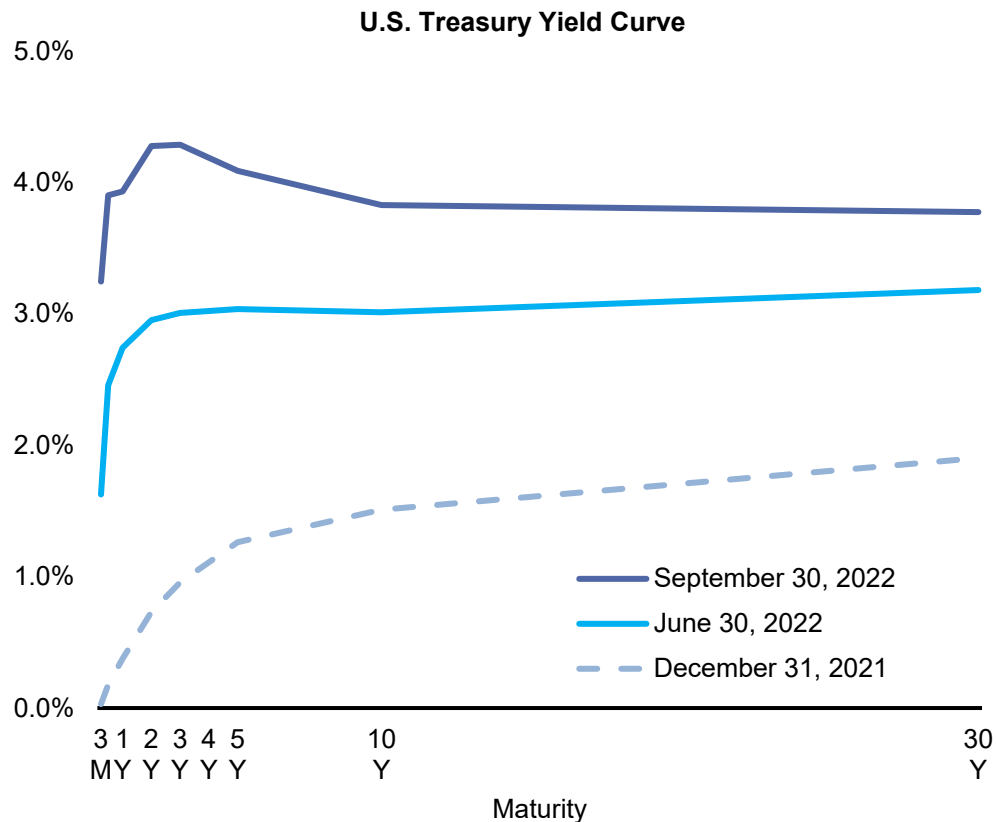
CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity
Total and Average			1,242,854,085.66		1,250,638,370.23	1,163,677,838.45	1,243,647,888.32			1.409	898

## Economic Overview

- Inflation remained sticky, with the consumer price index (CPI) rising 8.3% over the past year, as of August 31, 2022.
  - Gasoline and energy prices fell, but rents rose the most since 1991 and food prices have continued to rise.
- The labor market cooled slightly during the quarter but remained strong.
  - The U.S. economy averaged 371,667 jobs per month during the quarter.
  - The unemployment rate ticked down to 3.5%, returning to its July level, after increasing to 3.7% in August.
  - However, the labor market remains out of balance, with demand for workers substantially exceeding supply.
- The Bloomberg recession probability index, which measures the chance of a recession in the U.S. over the next year, has risen to 50%.
  - Growth in Europe is an even more serious emerging concern, considering the impact of elevated European natural gas prices headed into winter.
- Fed officials doubled down on their inflation-fighting mantra, highlighted by Fed Chair Powell's comments at the annual economic symposium in Jackson Hole, WY. Powell said the Fed's "overarching focus right now is to bring inflation back down," adding "restoring price stability will take some time and requires using our tools forcefully."
  - At their September meeting, the Fed raised the target rate by an additional 0.75%, bringing the rate to 3.25%.
  - In mid-September, expectations for Fed funds pointed to a terminal rate of nearly 4.5% by March 2023.
- The Fed's consistently hawkish tone pushed U.S. Treasury yields higher, resulting in fixed income U.S. Treasury index total returns that were mostly negative for the quarter.
  - The ICE BofA 1-3 year, 1-5 year, and 1-10-year Treasury indices returned -1.56%, -2.28%, and -3.17%, respectively, for the quarter.

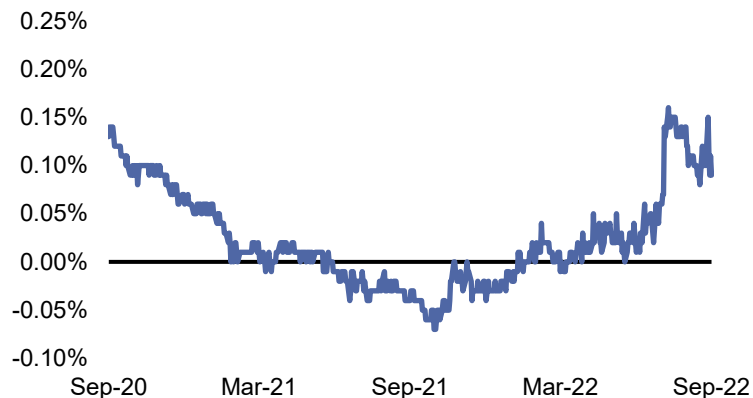
### Treasury Yields Move Higher Across the Curve; Inversion Steepens Over the Quarter

	3Q2022 09/30/22	2Q2022 06/30/22	QoQ Change
3-month	3.25%	1.63%	+1.62%
1-year	3.93%	2.74%	+1.19%
2-year	4.28%	2.95%	+1.33%
3-year	4.29%	3.01%	+1.28%
5-year	4.09%	3.04%	+1.05%
10-year	3.83%	3.01%	+0.82%
30-year	3.78%	3.18%	+0.60%

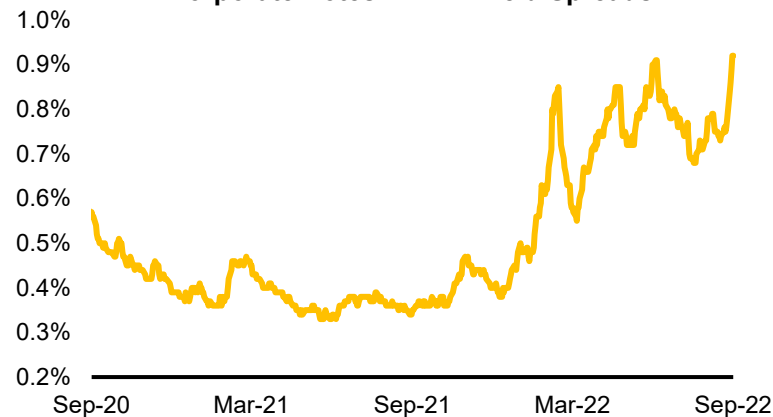


## Sector Yield Spreads

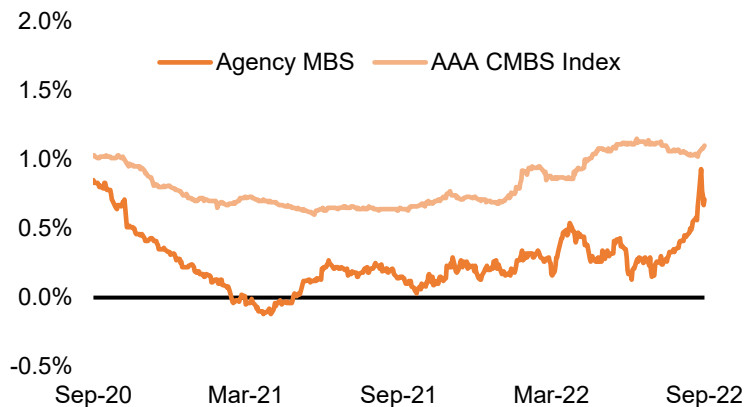
**Federal Agency Yield Spreads**



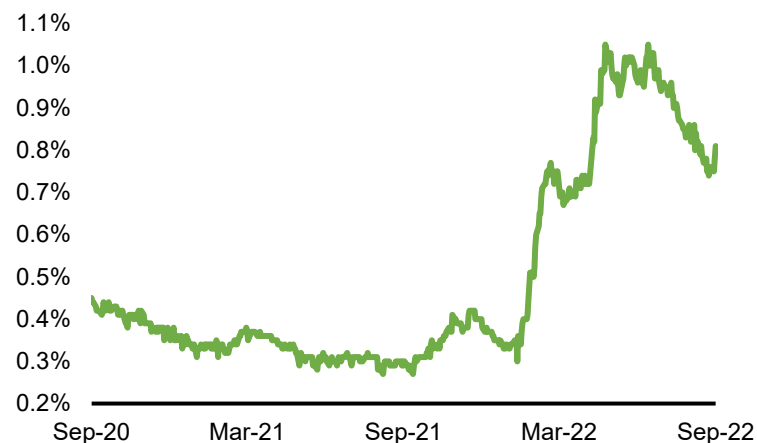
**Corporate Notes A-AAA Yield Spreads**



**Mortgage-Backed Securities Yield Spreads**



**Asset-Backed Securities AAA Yield Spreads**



Source: ICE BofAML 1-5 year Indices via Bloomberg, MarketAxess and PFMAM as of 9/30/2022. Spreads on ABS and MBS are option-adjusted spreads of 0-5 year indices based on weighted average life; spreads on agencies are relative to comparable maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities.

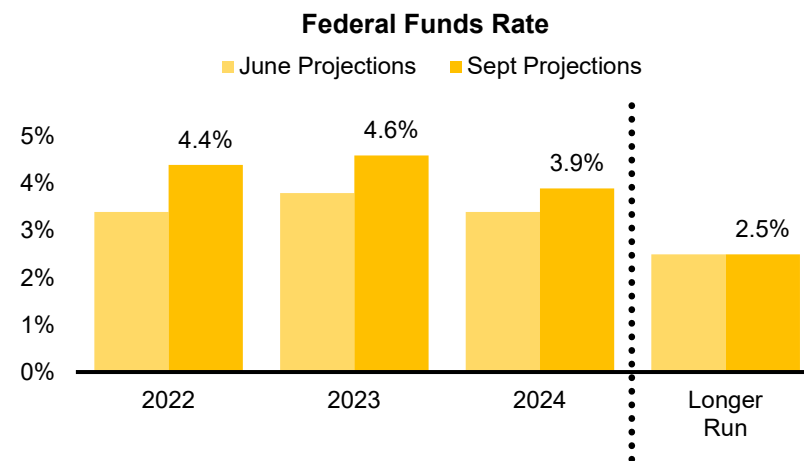
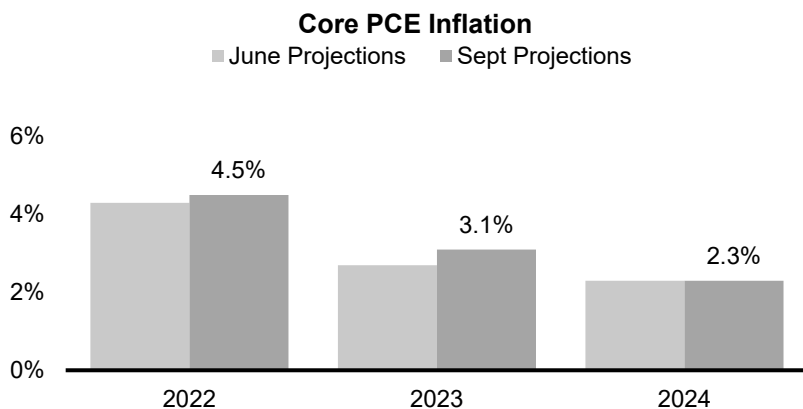
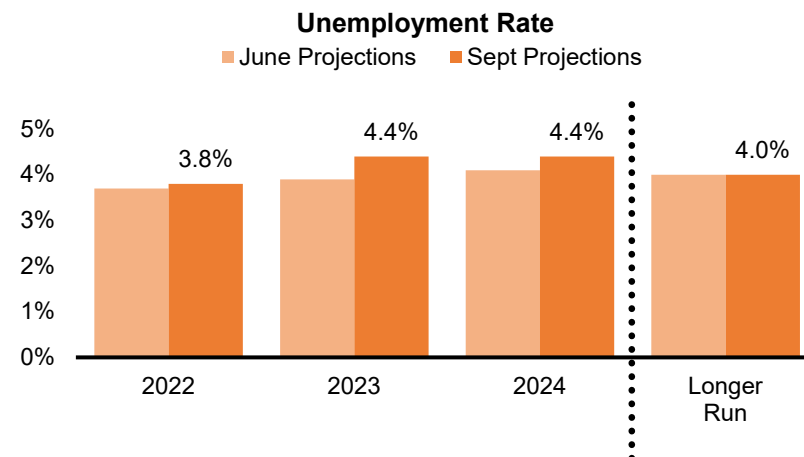
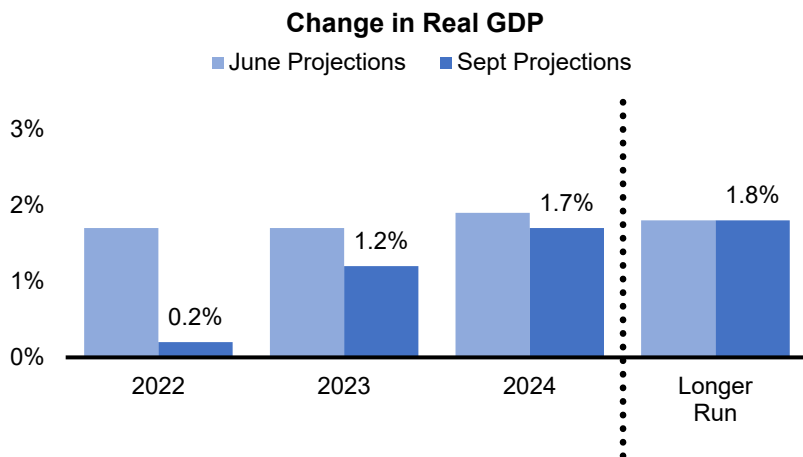
Rising Rates Result In Negative Fixed-Income Returns for Past Quarter and Past Several Years

BAML Fixed-Income Index Returns

September 30, 2022	Effective Duration	Yield	YTD	3 Month	1 Year	3 Years	5 Years
<b>1-3 Year Indices</b>							
<b>U.S. Treasury</b>	1.76	4.25%	(4.35%)	(1.56%)	(4.86%)	(0.48%)	0.57%
<b>Agency</b>	1.73	4.32%	(4.44%)	(1.63%)	(4.91%)	(0.59%)	0.53%
<b>Corp A-AAA</b>	1.83	4.98%	(4.71%)	(1.43%)	(5.25%)	(0.13%)	1.06%
<b>Municipals</b>	1.95	2.77%	(3.56%)	(1.46%)	(3.57%)	(0.17%)	0.57%
<b>1-5 Year Indices</b>							
<b>U.S. Treasury</b>	2.49	4.20%	(6.14%)	(2.28%)	(6.78%)	(0.97%)	0.39%
<b>Agency</b>	2.20	4.32%	(6.03%)	(2.17%)	(6.69%)	(1.10%)	0.27%
<b>Corp A-AAA</b>	2.71	5.14%	(7.28%)	(2.18%)	(7.92%)	(0.71%)	0.85%
<b>MBS (15 Years)</b>	4.10	4.53%	(10.96%)	(4.68%)	(11.34%)	(2.29%)	(0.31%)
<b>Municipals</b>	2.38	2.83%	(5.27%)	(1.89%)	(5.27%)	(0.53%)	0.45%
<b>Master Indices (Maturities 1 Year and Greater)</b>							
<b>U.S. Treasury</b>	6.31	4.08%	(13.48%)	(4.72%)	(13.18%)	(3.23%)	(0.26%)
<b>Agency</b>	3.54	4.31%	(9.03%)	(3.07%)	(9.37%)	(1.71%)	0.41%
<b>Corp A-AAA</b>	6.81	5.30%	(17.51%)	(5.26%)	(17.34%)	(3.59%)	(0.08%)
<b>MBS (0 to 30 Years)</b>	6.14	4.54%	(13.67%)	(5.38%)	(14.03%)	(3.68%)	(0.89%)
<b>Municipals</b>	7.05	3.39%	(12.56%)	(3.61%)	(11.82%)	(1.93%)	0.55%

Source: BofA Merrill Lynch Indices. Returns greater than one year are annualized. As of 9/30/2022.

## Fed's Projections Reflect Weaker Economic Growth and Extended Timeline for Tighter Policy



Source: Federal Reserve, latest economic projections as of September 21, 2022.



December 6, 2022

TO: State Association of County Retirement Systems  
FROM: Edelstein Gilbert Robson & Smith, LLC  
RE: **Legislative Update – December 2022**

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The Legislature reconvened for their Organizational Session on December 5, marking the beginning of the 2023-24 Legislative Session. As discussed in previous reports, this is the first day of session for over 30 new members that were elected in November.

It is worth noting that legislators for two districts were not present at the swearing in ceremony. That is because the races in Assembly District 47 and Senate District 16 are still too close to call at this point. Given that the swearing in ceremony occurred before election results are finalized, no member was officially sworn in for these two districts. At the time of writing, Greg Wallis (R) leads Christy Holstege (D) by 35 votes in AD 47 and Senator Melissa Hurtado (D) has a 12-vote lead over David Shepard (R) in SD 16. Once the results are finalized in these two races, the two new legislators can then be sworn in.

Along with swearing in the new members, the organizational session included formal votes for Caucus leadership and other positions like the Chief Clerk and Sergeant. Of particular interest this year was the vote to affirm the deal reached by the Assembly Democratic Caucus on the future of the Assembly Speakership. Assemblymember Rendon was reelected as Speaker, with Assemblymember Rivas voted in as Speaker-designee, slated to take over the position after June 30, 2023. This comes after a standoff within the caucus that originated in May when Assemblymember Rivas first challenged for the Speakership.

Legislators also introduced the first bills of session before returning back to their districts for the remainder of the year. One proposal in particular has received significant press attention after the Governor declared a special session regarding high gas prices in California. Senator Skinner introduced the Governor's proposal on the matter, which seeks to deter high gas prices by imposing a civil penalty on excessive margins. The penalty and margin thresholds are to be established by the Legislature when they reconvene. The money collected would then be deposited into a fund that would be redistributed back to Californians. Discussions on the proposal will ramp up upon the Legislature's return.



The Legislature will reconvene for the 2023 on January 4. Legislators then will have until February 17 to introduce new legislation.