

# Popular Annual Financial Report

FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

## CITY OF FRESNO FIRE AND POLICE RETIREMENT SYSTEM

### *A MESSAGE TO MEMBERS*

This Popular Annual Financial Report (PAFR) summarizes the information contained in the Annual Comprehensive Financial Report (ACFR) that provides financial information on the City of Fresno Fire and Police Retirement System's (the System) activities. This PAFR is presented in conformity with generally accepted accounting principles (GAAP). The more detailed ACFR is available on the System's website at [www.cfrs-ca.org](http://www.cfrs-ca.org) or by clicking [here](#).

### *RETIREMENT BOARD*

Jonathan Lusk, Chair  
John Jensen, Vice Chair  
Lynn Bennink  
Brad Driscoll  
Donald Gross

### TABLE OF CONTENTS

GFOA Award .....	1
Membership and Funded Status .....	2
Total Net Position .....	3
Fund Revenues .....	4
Fund Expenses .....	5
Investment Results, Actual and Target Allocations .....	6



Government Finance Officers Association

**Award for  
Outstanding  
Achievement in  
Popular Annual  
Financial Reporting**

Presented to

**City of Fresno Fire and Police Retirement System  
California**

For its Annual Financial Report  
for the Fiscal Year Ended

**June 30, 2020**

*Christopher P. Morrill*

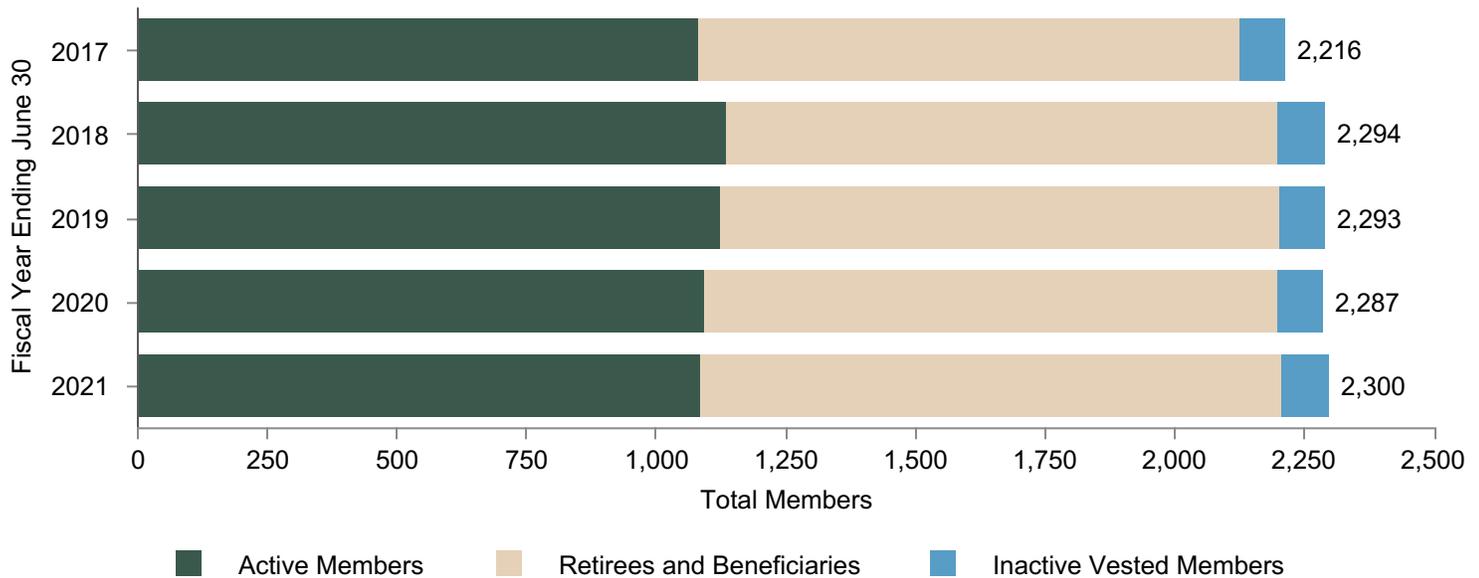
Executive Director/CEO

# Membership and Funded Status

## Membership Highlights

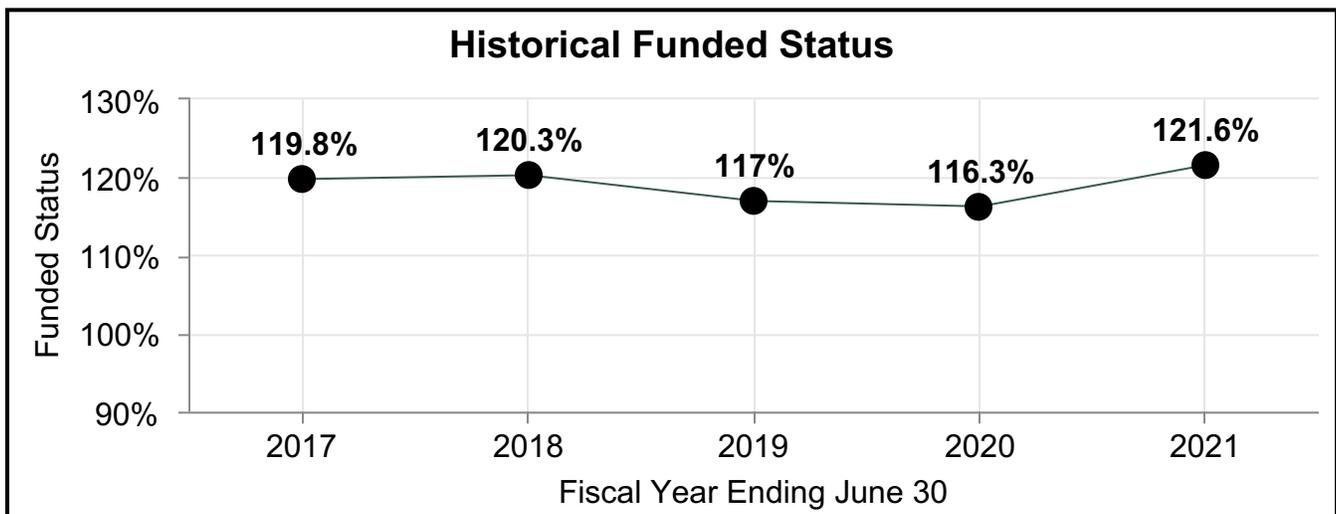
Total overall membership in the System increased by 0.57% to 2,300. The total number of active members decreased by 1.00% to 1,085. Retired membership increased by 1.72% to 1,125. Inactive Vested membership increased by 5.88% to 90.

## Membership History

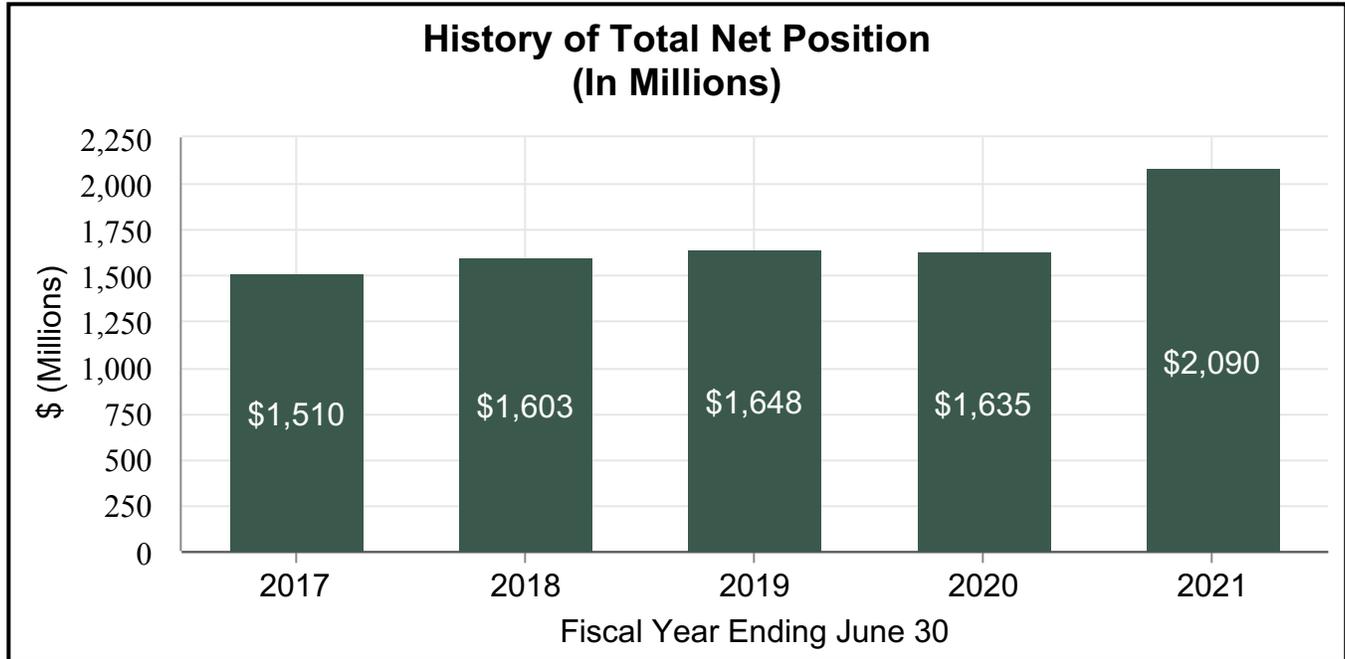


## Funded Status

The System's funding objective is to meet long-term benefit obligations through contributions and investment income. As of June 30, 2021, the date of the last actuarial valuation, the funded ratio for the System was 121.6 percent reflecting that the System has a valuation value of assets which is in excess of the actuarial accrued liability. In general, this indicates that for every dollar of benefits due, we have approximately \$1.22 of assets available for payment as of that date. As of June 30, 2020, the date of the previous annual actuarial valuation, the funded ratio for the System was 116.3 percent; and as of June 30, 2019, the funded ratio for the System was 117.0 percent.



# Total Net Position



At June 30, 2021, the City of Fresno Fire and Police Retirement System had total assets of \$2.231 billion, less total liabilities of \$140 million, for a total net position restricted for pension benefits of \$2.090 billion compared to \$1.635 billion at June 30, 2020. “Net Position Restricted for Pension Benefits” represents funds available to pay benefits. It is a point in time or a snapshot of account balances as of the fiscal year-end (i.e., June 30). It indicates the assets available for future payments to retirees and any current liabilities. Increases and decreases in Net Position Restricted for Pension Benefits, when analyzed over time, may serve as an indicator of whether the System’s financial position is improving or deteriorating. Other factors, such as market conditions, should also be considered in measuring the System’s overall health.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Current and Other Assets	\$ 126,535,268	\$ 108,904,110	\$ 147,619,240	\$ 73,736,050	\$ 162,080,979
Investments at Fair Value	1,510,940,012	1,600,674,190	1,614,051,932	1,633,470,664	2,068,561,597
<b>Total Assets</b>	<b>\$1,637,475,280</b>	<b>\$1,709,578,300</b>	<b>\$1,761,671,172</b>	<b>\$1,707,206,714</b>	<b>\$2,230,642,576</b>
<b>Total Liabilities</b>	<b>127,932,492</b>	<b>106,992,706</b>	<b>113,871,570</b>	<b>71,906,901</b>	<b>140,272,453</b>
<b>Net Position Restricted for Pension Benefits</b>	<b>\$1,509,542,788</b>	<b>\$1,602,585,594</b>	<b>\$1,647,799,602</b>	<b>\$1,635,299,813</b>	<b>\$2,090,370,123</b>

# Fund Revenues

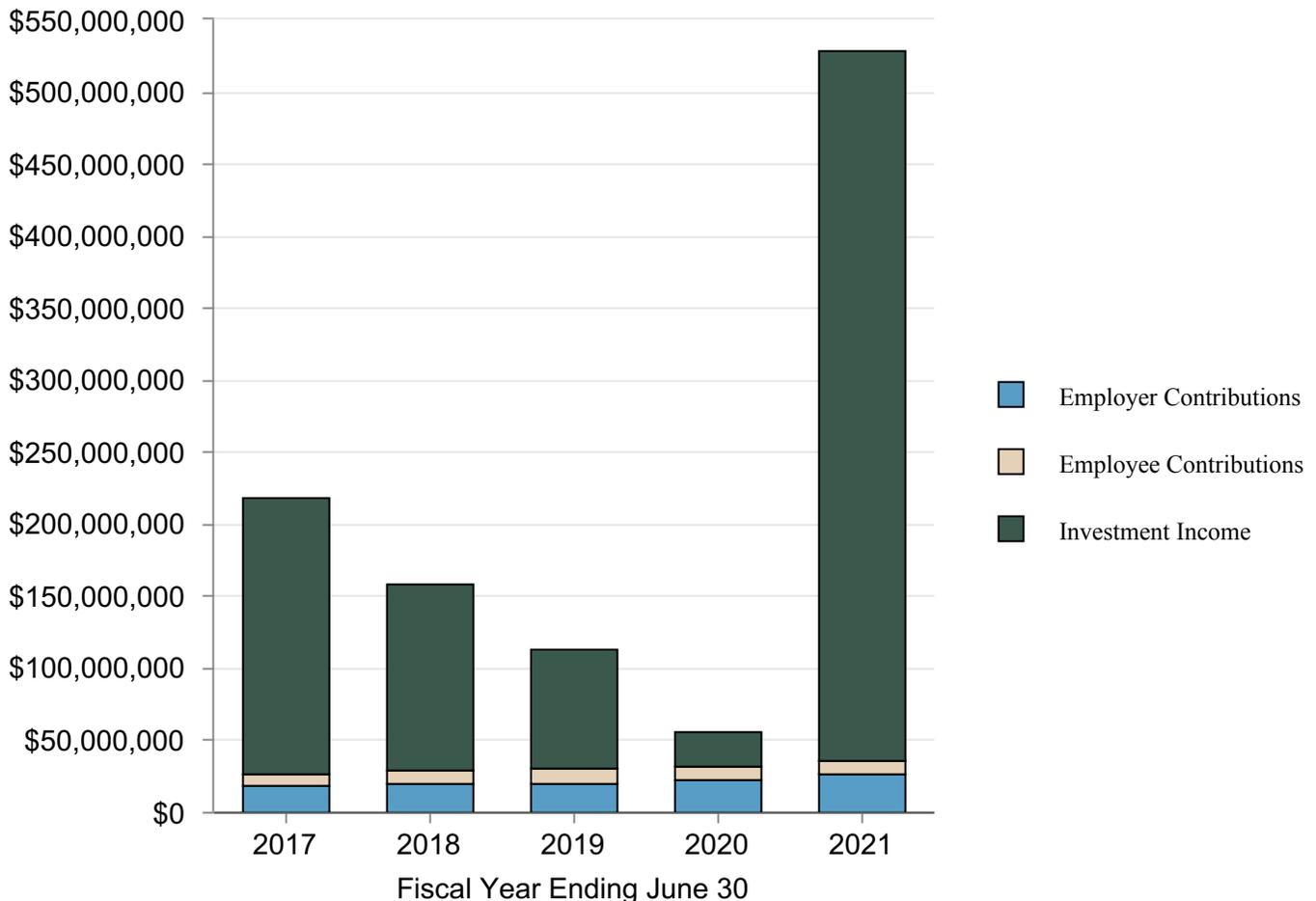
Fund revenues for the fiscal year 2021 increased \$471,774,150 or 834.39 percent over the prior year from \$56,541,372 to \$528,315,522, which includes employee contributions of \$10,256,470, employer contributions of \$26,314,815, a net investment income gain of \$491,507,487 and net securities lending income of \$236,750.

The current year increase in fund revenues is primarily due to a strong performance in the global investment markets.

## Schedule and Graph of Fund Revenues By Source

For Fiscal Years Ended June 30, 2017 to 2021

	2017	2018	2019	2020	2021
Employer Contributions	\$ 18,543,308	\$ 19,696,957	\$ 20,604,377	\$ 22,324,019	\$ 26,314,815
Employee Contributions	8,169,019	8,963,672	9,597,068	10,011,831	10,256,470
Investment Income	192,317,658	129,162,789	82,871,945	24,205,522	491,744,237
<b>TOTAL</b>	<b>\$ 219,029,985</b>	<b>\$ 157,823,418</b>	<b>\$ 113,073,390</b>	<b>\$ 56,541,372</b>	<b>\$ 528,315,522</b>



# Fund Expenses

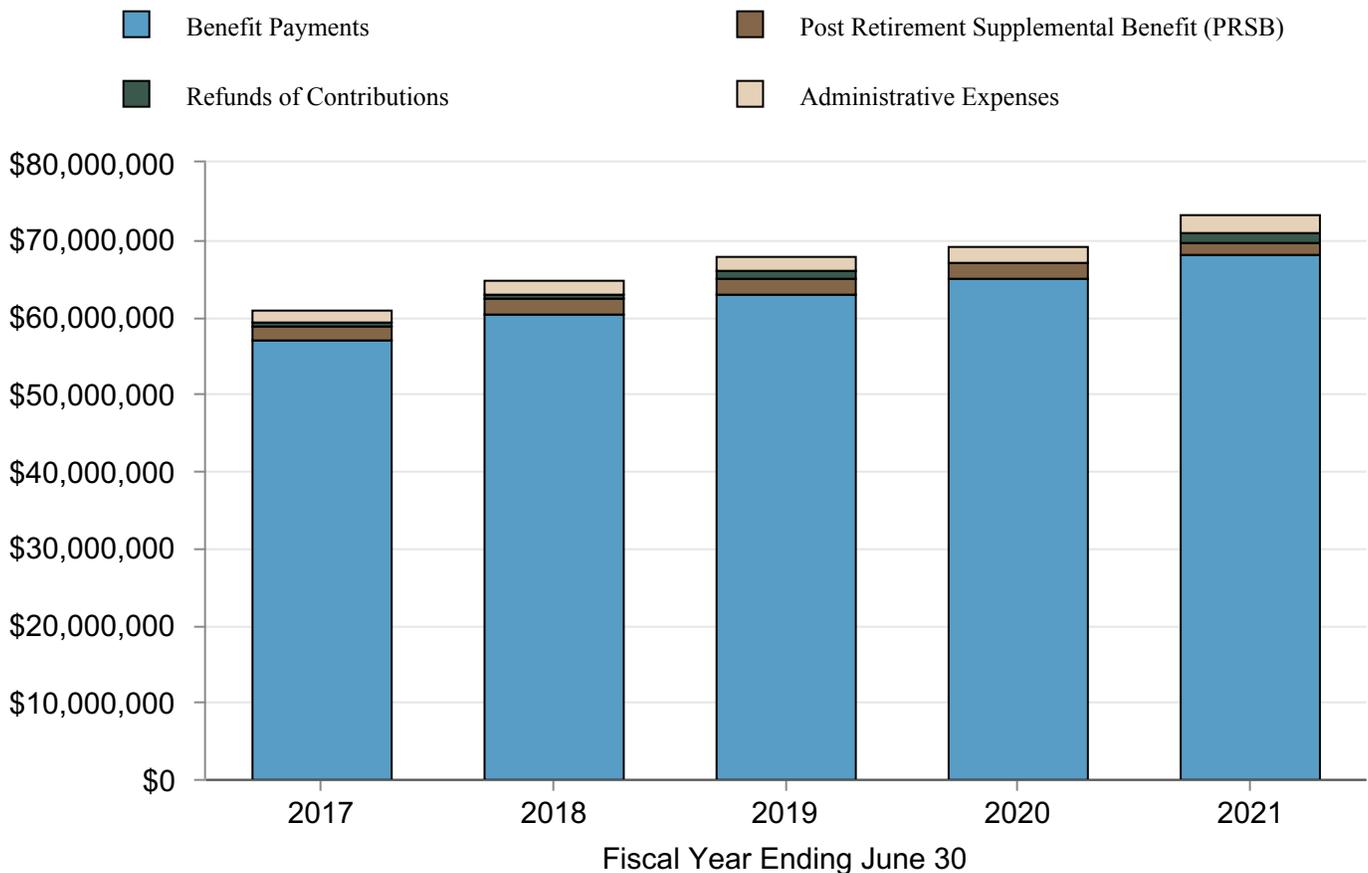
Fund Expenses for the fiscal year 2021 increased \$4,204,051 or 6.09 percent over the prior fiscal year from \$69,041,161 to \$73,245,212, which includes benefit payments of \$68,027,466, Post Retirement Supplemental Benefit payments of \$1,680,059, refunds of contributions of \$1,255,390 and administrative expenses of \$2,282,297.

The current year increase in expenses is due primarily to the increases in retirees and the respective retirement benefits paid in fiscal year 2021.

## Schedule and Graph of Fund Expenses By Type

For Fiscal Years Ended June 30, 2017 to 2021

	2017	2018	2019	2020	2021
Benefit Payments	\$ 57,028,861	\$ 60,491,661	\$ 62,990,700	\$ 65,019,584	\$ 68,027,466
PRSB	1,719,441	2,019,167	2,122,442	1,964,344	1,680,059
Refunds of Contributions	524,636	560,170	848,993	217,962	1,255,390
Administrative Expenses	1,502,899	1,709,614	1,897,247	1,839,271	2,282,297
<b>TOTAL</b>	<b>\$ 60,775,837</b>	<b>\$ 64,780,612</b>	<b>\$ 67,859,382</b>	<b>\$ 69,041,161</b>	<b>\$ 73,245,212</b>



# Investment Results, Actual and Target Allocations

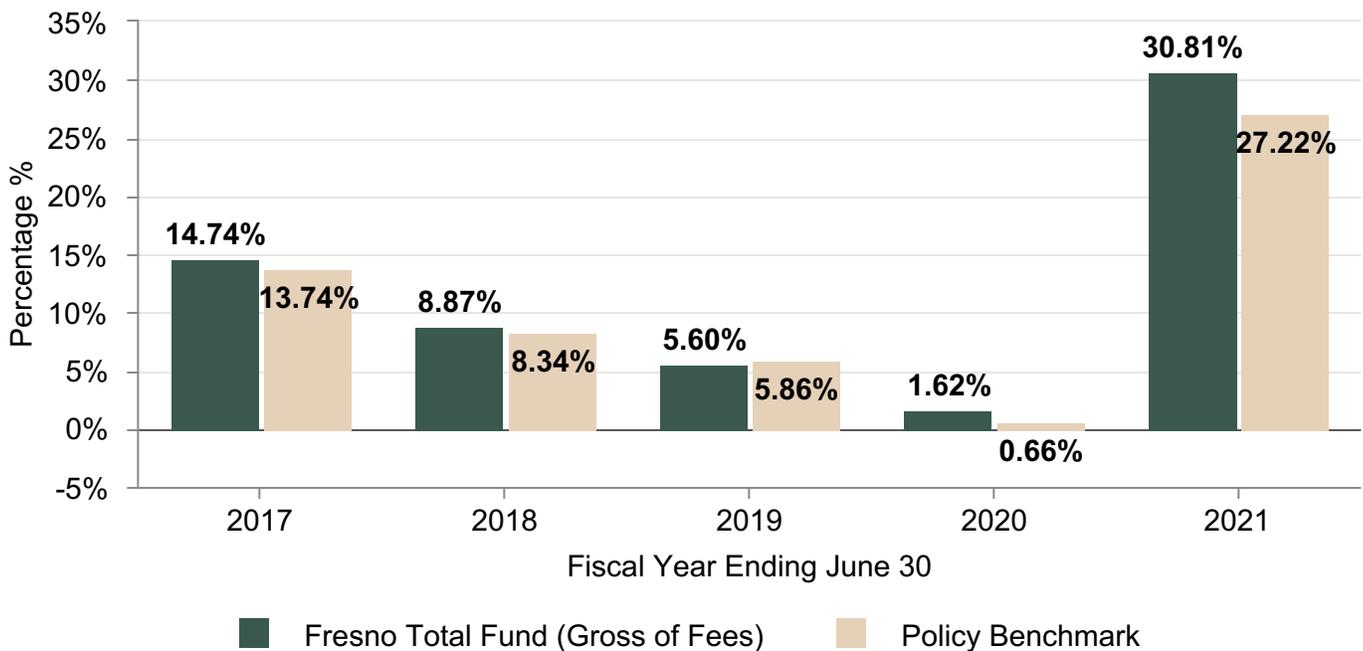
The System generated a total investment gain of 30.81 percent, gross of fees, as reported by the System's custodian, Northern Trust, for the fiscal year ended June 30, 2021. The fiscal year return was 23.81 percent more than the System's actuarial interest rate assumption of 7.00 percent, while outperforming its policy-weighted benchmark of 27.22 percent by 3.59 percent, and also outperforming its actual weighted benchmark of 29.15 percent by 1.66 percent. The System's ten-year annualized returns averaged 9.33 percent, outperforming its policy benchmarks return of 8.62 percent for the period by 0.71 percent.

The System remains highly funded and well positioned to serve our members and retirees. As illustrated by the System's 10, 15 and 25-year long-term gross of fees returns of 9.33 percent, 7.76 percent and 8.37 percent, respectively, as of June 30, 2021, the System has the ability to achieve its long-term objectives over extended periods. After paying all benefits and expenses of the System, the year-end value of the System reached \$2.090 billion. Additional information regarding the framework for investing System's assets can be found in the Investment Policy Statement, which is available on System's website at [www.cfrs-ca.org](http://www.cfrs-ca.org) or by clicking [here](#).

Highlighted below is the Investment Performance of the System's Investment Portfolio gross of fees provided by its custodian for Fiscal Year 2021:

	FY 2021
Domestic Equity	46.89%
International Equity	38.24%
Fixed Income	7.57%
Real Estate	9.83%
Alternatives	27.94%
<b>Total Fund</b>	<b>30.81%</b>

## City of Fresno Retirement Systems Fiscal Year Total Fund and Policy Benchmark Returns



# Investment Results, Actual and Target Allocations Continued

## Target and Actual Asset Allocation As of June 30, 2021

Asset Class	FY 2021	Allocation Range
Domestic Equities		
Large-Cap	21.3%	10.0% - 26.0%
Small-Cap	8.4%	2.0% - 12.0%
International Equities		
Developed Markets	18.7%	14.0% - 24.0%
Emerging Markets	10.1%	3.0% - 9.0%
Fixed Income		
Core Fixed Income	8.9%	7.0% - 15.0%
High Yield Bonds	4.9%	4.0% - 12.0%
Real Estate		
Core Real Estate	8.2%	7.0% - 15.0%
Value Add Real Estate/REITs	3.4%	2.0% - 6.0%
Alternatives		
Infrastructure	3.5%	2.0% - 6.0%
Midstream Energy (MLP's)	5.0%	2.0% - 8.0%
Private Equity	2.4%	0.0% - 10.0%
Private Debt	5.2%	4.0% - 12.0%
Short-Term Investments	0.0%	0.0%
	<b>100%</b>	

## Actual Asset Allocation As of June 30, 2021

