



San Bernardino County Employees'
Retirement Association

2019

POPULAR

ANNUAL

FINANCIAL

REPORT

The San Bernardino County Employees' Retirement Association (SBCERA) administers the SBCERA pension plan - a cost-sharing multiple-employer defined benefit pension plan (the Plan). As management of SBCERA, we offer readers of SBCERA's financial statements this Popular Annual Financial Report (PAFR). This PAFR is derived from information contained in SBCERA's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2019, but does not contain detailed financial information, nor is it presented in a manner to conform to Generally Acceptable Accounting Principles. The PAFR does not replace the CAFR, so readers are encouraged to consider the information presented in this report in conjunction with the entire CAFR, which is available at www.sbcera.org.

2018-19 IN NUMBERS

THE FOUNDATION FOR A SECURE RETIREMENT.



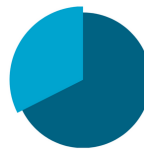
\$10.6 BILLION
TOTAL NET POSITION



4.81%
NET RATE OF RETURN



42,000
MEMBERS



80%
FUNDED (AVA)



18
PARTICIPATING EMPLOYERS



\$3,679
AVERAGE MONTHLY BENEFIT

INVESTED IN YOUR FUTURE.



Service • Accountability • Security

INVESTMENTS

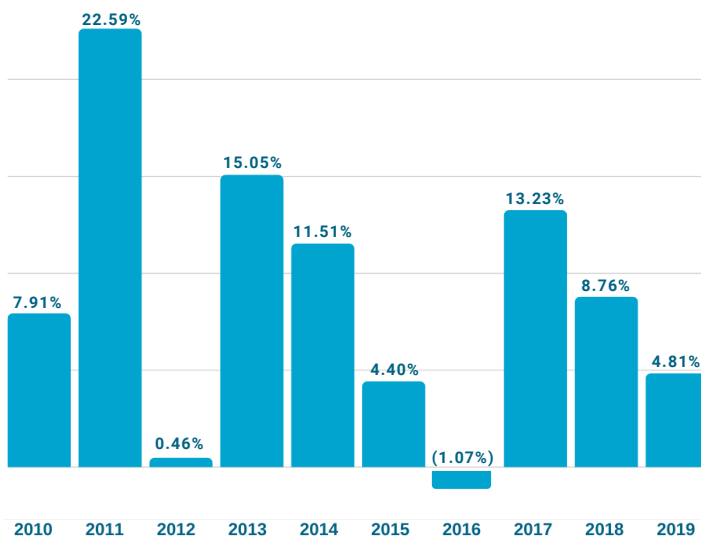
The Board of Retirement maintains sole and exclusive control of all investments of the Plan and is responsible for the establishment of investment objectives, strategies, and policies. The Board is authorized to invest in any form or type of investment deemed prudent in the informed opinion of the Board.

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

For the year ended June 30, 2019, investments provided a rate of return (net of fees) of 4.81%. By comparison, the median fund in the Investor Force peer group universe of large Public Funds returned 3.2%, resulting in a near-median ranking for the Fund. SBCERA has chosen an asset allocation policy which reduces the Plan's volatility risk in order to more consistently meet its actuarial targets.

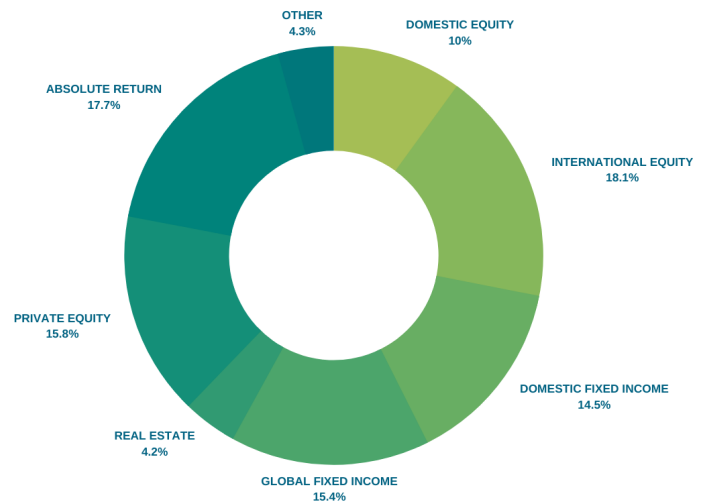
HISTORY OF INVESTMENT PERFORMANCE

FOR 10 YEARS ENDED JUNE 30, 2019



ASSET ALLOCATION

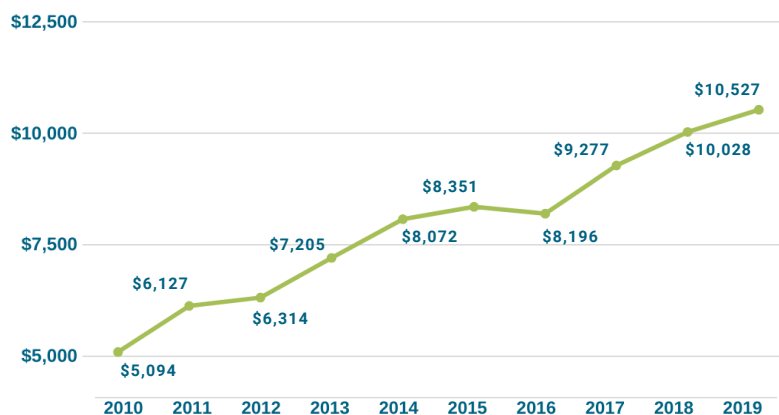
AS OF JUNE 30, 2019



Note: The "other" category includes percentages 2% and below (Timber, Infrastructure, Commodities, and Short-Term Cash Investment Funds).

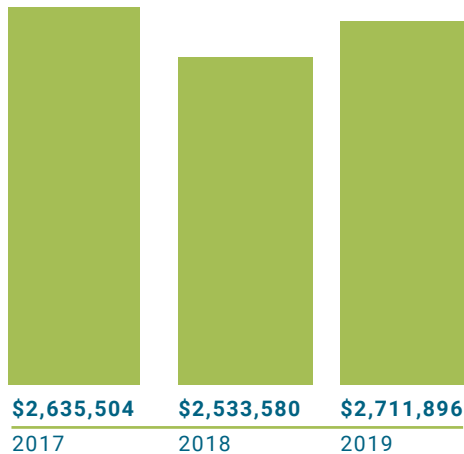
FAIR VALUE GROWTH OF PLAN ASSETS HELD FOR INVESTMENTS

FOR 10 YEARS ENDED JUNE 30, 2019 (AMOUNTS IN MILLIONS)



NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS

FOR 3 YEARS ENDED JUNE 30, 2019



“

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

”

Net Pension Liability of Participating Employers represents the excess of the total pension liability beyond the Plan's fiduciary net position. It is a measurement of pension liabilities using market assets that provides a consistent and standardized methodology. This measurement increases transparency of the pension liability across all governmental entities.

FUNDED RATIO

(AMOUNTS IN THOUSANDS)

| ACTUARIAL VALUATION DATE | (a) ACTUARIAL VALUE OF ASSETS | (b) ACTUARIAL ACCRUED LIABILITY (AAL) | (b-a) UNFUNDED AAL (UAAL) | (a/b) FUNDED RATIO |
|--------------------------|-------------------------------------|---|---------------------------------|-----------------------|
| 6/30/2017 | \$9,385,977 | \$11,928,310 | \$2,542,333 | 78.7% |
| 6/30/2018 | \$10,020,863 | \$12,604,942 | \$2,584,079 | 79.5% |
| 6/30/2019 | \$10,642,401 | \$13,304,683 | \$2,662,282 | 80.0% |

MEMBERSHIP

AS OF JUNE 30, 2019

| ACTIVE | | DEFERRED | SERVICE RETIREMENT |
|---------|--------|---------------|------------------------|
| GENERAL | 19,190 | 6,726 | 9,861 |
| SAFETY | 2,633 | RETIREES | DISABILITY RETIREMENTS |
| | | 11,481 | 1,620 |
| TOTAL | 21,823 | BENEFICIARIES | TOTAL MEMBERS |
| | | 1,763 | 41,793 |

BENEFITS

FOR THE YEAR ENDED JUNE 30, 2019

| YEARS OF CREDITED SERVICE | AVERAGE MONTHLY FINAL AVERAGE SALARY | AVERAGE MONTHLY BENEFIT |
|---------------------------|--------------------------------------|-------------------------|
| 0-5 | \$5,400 | \$ 814 |
| 5-10 | \$4,814 | \$1,544 |
| 10-15 | \$4,901 | \$2,010 |
| 15-20 | \$5,254 | \$2,874 |
| 20-25 | \$5,680 | \$3,989 |
| 25-30 | \$6,710 | \$5,888 |
| 30+ | \$7,533 | \$8,173 |

BENEFITS

FOR THE YEAR ENDED JUNE 30, 2019

| BENEFITS PAID | REFUNDS PAID | AVERAGE MONTHLY RETIREMENT BENEFIT |
|---------------|--------------|------------------------------------|
| \$566,385 | \$12,123 | \$3,679 |

(AMOUNTS IN THOUSANDS)

(AMOUNTS IN THOUSANDS)

PLAN OVERVIEW

SBCERA was established in 1945 and operates under the provisions of the California County Employees Retirement Law of 1937 (CERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA) and the regulations, procedures, and policies adopted by SBCERA's Board of Retirement (Board).

SBCERA provides retirement, disability, death, and survivor benefits to its members, who are employed by 18 active Plan sponsors (participating employers), and three withdrawn employers. These include: County of San Bernardino, Barstow Fire Protection District, Big Bear Fire Authority, California Electronic Recording Transaction Network Authority, California State Association of Counties, City of Big Bear Lake, City of Chino Hills, Crestline Sanitation District, Department of Water and Power of the City of Big Bear Lake, Hesperia Recreation and Park District, Inland Library System, Law Library for San Bernardino County, Local Agency Formation Commission, Mojave Desert Air Quality Management District, SBCERA, San Bernardino County Transportation Authority, South Coast Air Quality Management (SCAQMD), and Superior County of California County of San Bernardino (Superior Court).

SBCERA AWARDED FOR 2018 POPULAR ANNUAL FINANCIAL REPORT

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to SBCERA for its Popular Annual Financial Report for the year ended June 30, 2018. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. This is the third year SBCERA has received a Popular Award. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another award. Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another award.

SBCERA was also awarded a Certificate of Achievement for Excellence in Financial Reporting for its CAFR for the year ended June 30, 2018. This is the 22nd consecutive year that SBCERA has achieved this prestigious award.

SBCERA BOARD

Fiduciary oversight of SBCERA is vested with the SBCERA Board, which consists of nine voting members and three alternate members. Four members are appointed by the County of San Bernardino Board of Supervisors, six members (which include two alternative) are elected by the members of SBCERA (General members elect two members, Safety members elect one member and one alternate, and retired members elect one member and one alternate) and the County of San Bernardino Treasurer (County Treasurer) is an ex-officio member who has designated one alternate. Board members serve three-year terms, with the exception of the County Treasurer, who serves during their tenure in office. The Board meets monthly. Appointed and retired members of the Board receive compensation (a stipend for meeting attendance), and all members are reimbursed for necessary business expenses pursuant to California Government Code section 31521. SBCERA's Chief Executive Officer is appointed by the Board, and implements the policies and direction set by the Board.

BOARD MEMBERS

AS OF JUNE 30, 2019

Janice Rutherford
Board Chair
Administrative Committee
Executive Committee
Appointed by Board of Supervisors

Neal Warner
Board Vice Chair
Executive Committee
Investment Committee
Appointed by Board of Supervisors

Marc Bracco
Administrative Committee
Elected by Safety Members

Louis Fiorino
Executive Committee
Investment Committee
Elected by General Members

Sean Flynn
Administrative Committee
Appointed by Board of Supervisors

Michael Kennedy
Audit Committee
Appointed by Board of Supervisors

Ensen Mason
Audit Committee
County Treasurer/Ex-Officio Member

Dawn Stafford
Investment Committee
Elected by Retired Members

Vere Williams
Administrative Committee
Audit Committee
Elected by General Members

John Johnson
Alternate
Ex-Officio

John Michaelson
Audit Committee
Alternate
Elected by Retired Members

Jared Newcomer
Investment Committee
Alternate
Elected by Safety Members