

2022-2023



POPULAR ANNUAL

FINANCIAL REPORT

For the Fiscal Year ended June 30, 2023

Sacramento County Employees' Retirement System

Sacramento, California

**MESSAGE FROM THE
Chief Executive Officer**

As Chief Executive Officer, I am pleased to issue the Popular Annual Financial Report (PAFR) on behalf of the Sacramento County Employees' Retirement System (SCERS or the System). The PAFR provides insight into the organization's services, financial results, investments, and membership information. The financial data presented in the PAFR is derived from SCERS' Annual Comprehensive Financial Report (ACFR) as of and for the fiscal years ended June 30, 2023 and 2022 and is presented in conformity with Generally Accepted Accounting Principles. The ACFR provides more detailed information and is available on SCERS' website at www.scers.org/post/annual-comprehensive-financial-report-acfr.



SCERS remains focused on maintaining a sustainable pension program for the long term. At June 30, 2023, SCERS was 86.1% funded at the fair value of assets totaling \$12.4 billion, and the total pension liability totaling \$14.4 billion. The funded status represents the percentage of future pension benefits covered by the System's assets. In general terms, this funded ratio means that as of June 30, 2023, SCERS had approximately 86 cents available for each dollar of anticipated future liability.

For the fiscal year ended June 30, 2023, SCERS' investments generated a 6.1% net return, or \$786.9 million of net investment gain, and administrative expenses totaled \$28.2 million for the fiscal year. To our members, this continued growth and cost containment allow SCERS to put more of its assets to work for you while providing more efficient customer service.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Eric Stern". The signature is stylized and cursive.

ERIC STERN
Chief Executive Officer

JAMES DIEPENBROCK
President

*Appointed by the
Board of Supervisors*

ROBERT AGUALLO, JR.
Vice President

*Appointed by the
Board of Supervisors*

KEITH DEVORE
Trustee

*Appointed by the
Board of Supervisors*

RONALD SUTER
Trustee

*Appointed by the
Board of Supervisors*

CHAD RINDE
Ex-Officio

Member mandated by law

M. TEPA BANDA
Trustee

*Elected by
Miscellaneous Member*

ALINA MANGRU
Trustee

*Elected by
Miscellaneous Members*

JACK NOBLE
Trustee

Elected by Safety Members

MARTHA HOOVER
Trustee

Elected by Retired Members

CHRIS GIBONEY
Alternate Safety Trustee

Elected by Safety Members

DAVE IRISH
Alternate Retiree Trustee

Elected by Retired Members

Members

SCERS' active members include permanent full-time and part-time employees of the County of Sacramento (and its Elected Officials); Superior Court of California (County of Sacramento); and nine Special Districts. Deferred members include those who have separated from active employment but not yet retired. As of June 30, 2023, SCERS had:

Active
13,167
41.4%

Pensioner
13,934
43.8%

Deferred
4,702
14.8%

Accomplishment Highlights

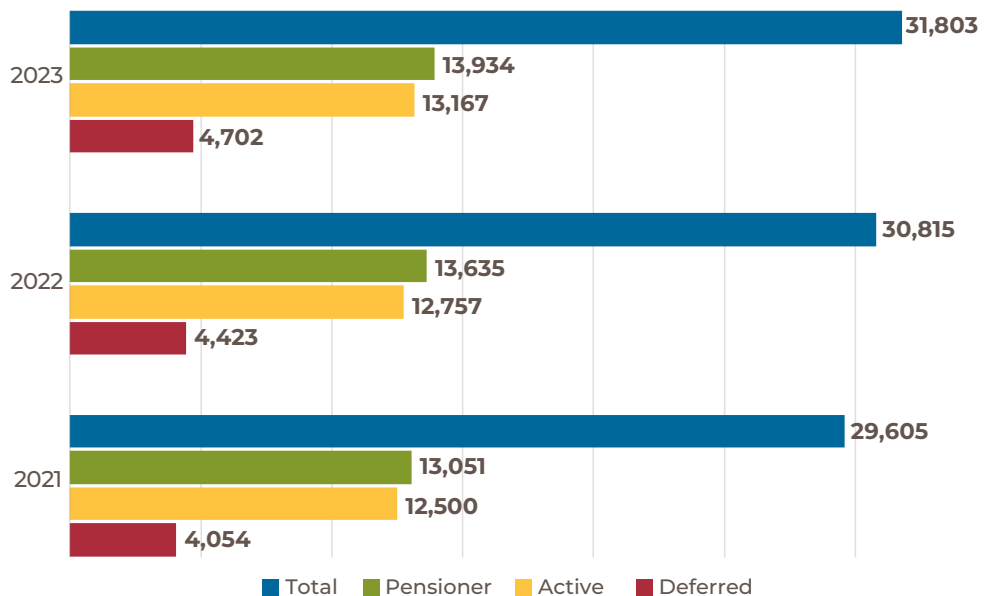
Focused on stabilizing retirement application processing month-over-month and improving new-retiree satisfaction scores year-over-year.

Adopted a responsible-growth operating budget, completed an actuarial audit, and finished the 2022-23 Fiscal Year with a strong 86.1% funded status.

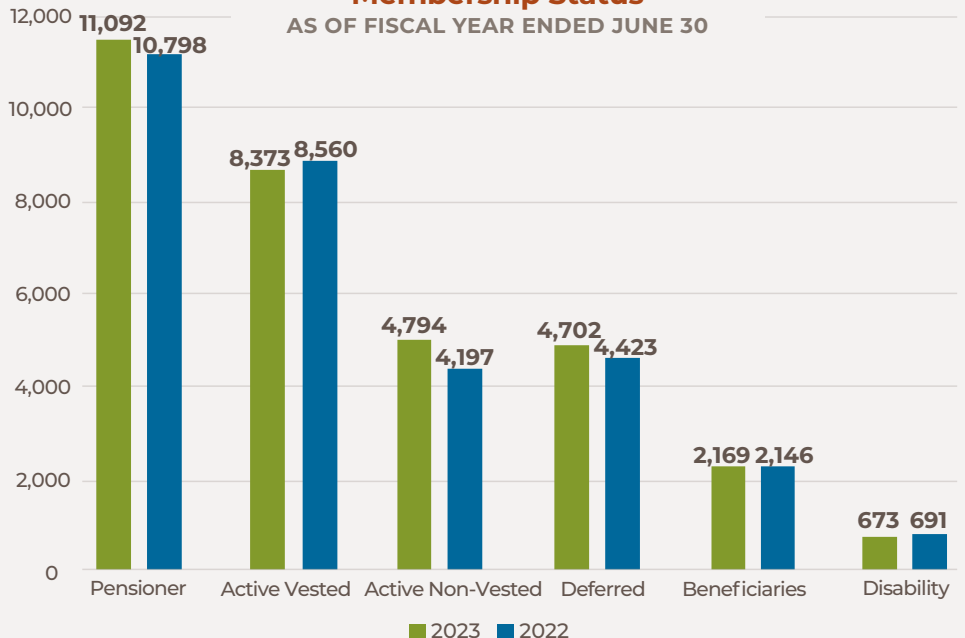
Maintained responsible pacing of new investment opportunities in public and private markets, and adopted a new Portfolio Analytics and Risk Management platform.

Recruited and filled key staff positions, retained a training consultant, updated office technology, and onboarded new Board trustees.

Membership Growth
AS OF FISCAL YEAR ENDED JUNE 30



Membership Status
AS OF FISCAL YEAR ENDED JUNE 30



Financial Summary

Statement of Fiduciary Net Position (condensed)

AS OF FISCAL YEAR ENDED JUNE 30

(Amounts Expressed in Millions)

	2023	2022	Increase/ (Decrease)	% Change
Assets				
Cash and short-term investments	\$591.3	\$533.5	\$57.8	10.8%
Receivables	382.7	246.6	136.1	55.2
Investments	11,997.9	11,304.2	693.7	6.1
Capital assets, net	4.9	21.4	(16.5)	(77.1)
Total assets	13,173.2	12,357.3	815.9	6.6
Liabilities				
Other liabilities	31.1	47.8	(16.7)	-34.9%
Investment obligation	778.8	479.1	299.7	62.6%
Total liabilities	809.9	526.9	283.0	53.7%
Net position restricted for pension benefits and program administration	\$12,363.3	\$11,830.4	\$532.9	4.5%

Statement of Changes In Fiduciary Net Position (condensed)

FOR THE FISCAL YEAR ENDED JUNE 30

(Amounts Expressed in Millions)

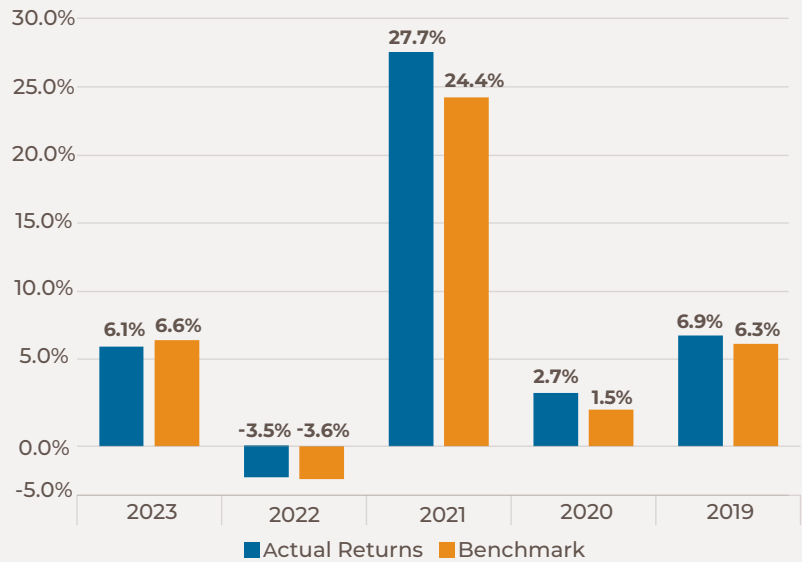
	2023	2022	Increase/ (Decrease)	% Change
Additions				
Member contributions	\$139.5	\$132.5	\$7.0	5.3%
Employer contributions	371.3	306.2	65.1	21.3%
Net investment income (loss)	712.7	(544.6)	1,257.3	230.9%
Other additions*	34.6	32.6	2.0	6.1%
Total additions	1,258.1	(73.3)	1,331.4	1,816.4%
Deductions				
Retirement benefit payment and refunds	662.4	618.8	43.6	7.0%
Administrative expenses	28.2	9.0	19.2	213.3%
Other deductions*	34.6	32.6	2.0	6.1%
Total deductions	725.2	660.4	64.8	9.8%
Increase (decrease) in net position	532.9	(733.7)	1,266.6	172.6%
Net position restricted for pension benefits, beginning	11,830.4	12,564.1	(733.7)	-5.8%
Net position restricted for pension benefits, ending	\$12,363.3	\$11,830.4	\$532.9	4.5%

*Other additions/deductions include retiree health care premiums (for health care benefits that are provided by the County of Sacramento) that are deducted from retirement benefits for remittance purposes only.

Investments

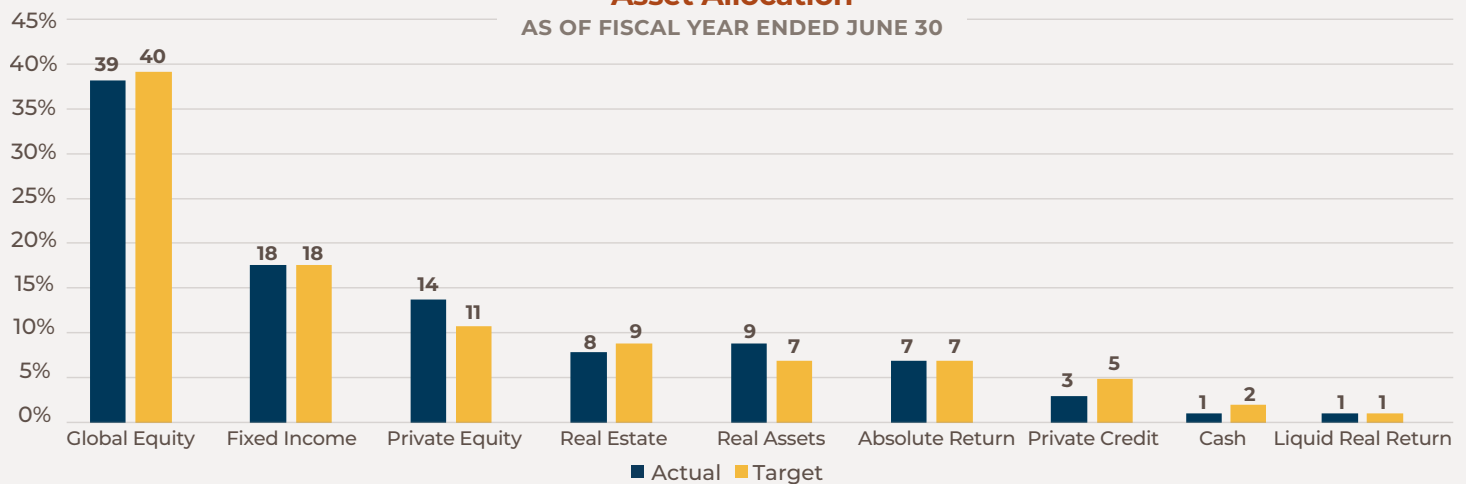
For the fiscal year ended June 30, 2023, SCERS generated a 6.1% net return. The fiscal year return represents a nice rebound from the rare loss generated during the prior fiscal year. Markets rallied during the year in hopes that central banks were on the path toward getting inflation under control and potentially avoiding a recession in light of its rapid increase in interest rates. The 6.1% fiscal year return was slightly below SCERS' 6.75% actuarial rate of return, and also came in slightly under SCERS' policy index return of 6.6%. Assets under management ended the fiscal year at \$12.4 billion, ahead of the prior fiscal year's level of assets.

Investment Performance
Actual Returns vs. Benchmark
AS OF FISCAL YEAR ENDED JUNE 30



Asset Allocation

AS OF FISCAL YEAR ENDED JUNE 30



Funding Ratios

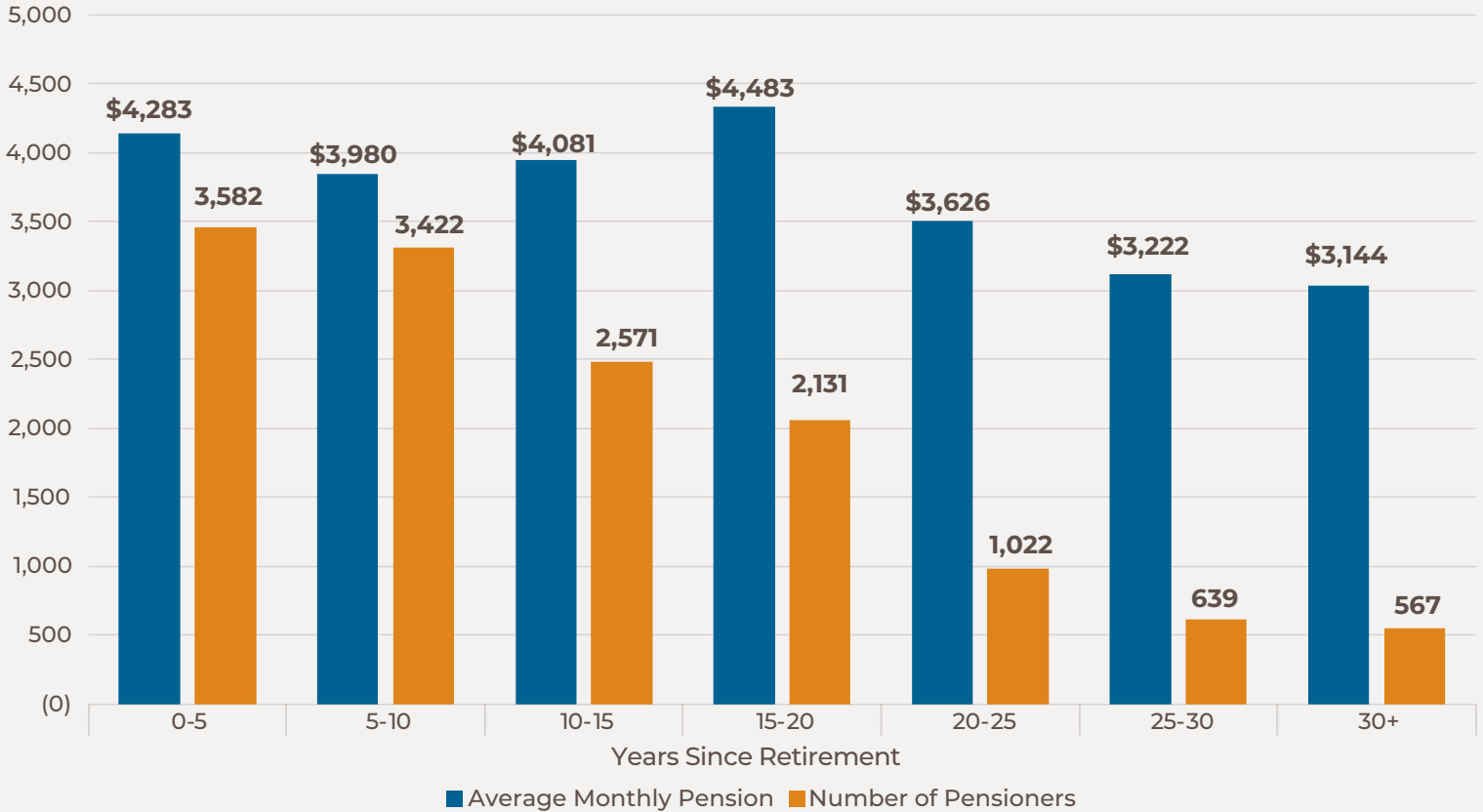
A commonly reported piece of information regarding the System's financial status is the funded ratio. These ratios compare the Market and Actuarial Value of Assets to the Actuarial Accrued Liability of the System. Higher ratios indicate a relatively well-funded plan, while lower ratios may indicate recent changes to actuarial assumptions, funding of the plan below actuarial requirements, poor asset performance, or a variety of other causes.

Actuarial Values and Funded Ratios
AS OF FISCAL YEAR ENDED JUNE 30
(Amounts Expressed in Millions)

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets (AVA)	AVA Funded Status	Market Value of Assets (MVA)	MVA Funded Status
2023	\$14,359	\$12,423	87%	\$12,363	86%
2022	13,579	11,648	86%	11,830	87%
2021	12,986	10,930	84%	12,564	97%
2020	12,694	10,230	81%	9,979	79%
2019	11,896	9,703	82%	9,822	83%

Average Monthly Pension and Number Of Pensioners

AS OF FISCAL YEAR ENDED JUNE 30, 2023



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SCERS.org