

CITY OF FRESNO
FIRE & POLICE
RETIREMENT SYSTEM



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

A PENSION TRUST FUND OF THE CITY OF FRESNO
FRESNO, CA



City of Fresno Fire and Police Retirement System
A Pension Trust Fund of the City of Fresno (California)

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

Issued by:

Robert T. Theller
Retirement Administrator

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Assistant Retirement Administrator

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City of Fresno Fire and Police Retirement System

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City of Fresno Fire and Police Retirement System

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MISSION STATEMENT

To protect and provide System benefits through the highest quality delivery of service for our members and the employer, prudently fulfilling our fiduciary duties of investment and conservation of Trust assets.

BOARD AND STAFF COMMITMENT

We promise to carry out our Mission through a competent, professional, impartial and open decision-making process. In providing benefits and services, all persons will be treated fairly, with courtesy and respect. Assets will be invested and administered to balance the need to control risk with superior performance. We expect excellence in all activities. We will also be accountable and act in accordance with the law.

GOALS

- To create an environment in which Board Members can maximize their performance as trustees.*
- To improve business processes and our delivery of services provided to members and retirees.*
- To improve communications with members, retirees and the employer.*
- To attract, develop and retain competent and professional staff.*
- To achieve and maintain superior investment performance on a risk controlled basis measured by the Public Fund Universe.*

The Fire and Police Retirement System was established on July 1, 1955 and is maintained and governed by Articles 3 and 4 of the Fresno Municipal Code.

The Fire and Police Retirement System (the System) provides retirement allowances to all full-time sworn safety members employed by the City of Fresno.

INTRODUCTION

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Letter of Transmittal



Robert T. Theller, Esq.
RETIREMENT ADMINISTRATOR

Dear Retirement Board Members and System Members:

As Retirement Administrator of the City of Fresno Fire and Police Retirement System (the System), it is with great pleasure that I submit the Annual Comprehensive Financial Report (ACFR) for the fiscal years ended June 30, 2025 and 2024.

Fiscal Year 2025 marked a notable transition from aggressive inflation control to cautious monetary easing. The Federal Reserve initiated a rate-cutting cycle that began in 2024 and continued in 2025, cutting rates to 4.00% just recently in October 2025.

Real GDP growth slowed during the year, with a dip in the first quarter of calendar 2025, the first decline in several years, though growth remained positive over the full fiscal period. The labor market showed signs of easing, with unemployment gradually rising from historic lows, helping to temper wage inflation. The Fed's rate cuts provided stability to interest-sensitive sectors such as housing and corporate investment.

Major indices, including the S&P 500, Dow Jones, and NASDAQ, posted solid gains, driven by strong earnings from the “Magnificent Seven” technology stocks and continued enthusiasm around artificial intelligence. Global uncertainties, including geopolitical tensions and trade disruptions, contributed to market volatility but did not derail overall growth.

The U.S. economy demonstrated resilience and adaptability in a complex fiscal environment. Cooling inflation, a resilient labor market, and strong equity performance have contributed to a more optimistic outlook for the year ahead.

Despite the complex economic environment of Fiscal Year 2025, the System demonstrated resilience and maintained its strong financial footing. This stability is a testament to its long-term focus. Notably, the System concluded the fiscal year fully funded on both a fair value and actuarial valuation basis at 120.9 percent and 116.2 percent, respectively. From a long-term perspective, the System is positioned to provide a solid rate of return that is equal to or better than the respective asset classes market indices even as we enter yet another year of uncertainties in the global economic and financial markets. The Retirement Board (the Board) has carefully managed the investment portfolio, and we remain confident that new investment opportunities will arise and the Board, with the required amount of due diligence and vigilance, will position the System's investments for future long-term growth.

Letter of Transmittal Continued

The System's returns for the last two years have been each been positive at 11.08 percent and 10.59 percent for the fiscal years ended June 30, 2025 and 2024, respectively. Both the fiscal year 2025 return of 11.08 percent and the fiscal year 2024 return of 10.59 percent exceeded the System's assumed rate of return of 6.75 percent effective June 30, 2025, and June 30, 2024.

In fiscal year 2025, the System's gross of fee returns provided by its custodian, Northern Trust, when compared to other institutional investors and weighted policy benchmarks, were slightly higher in the short-term, and consistently higher over the long-term. The System's gross of fees one-year return was 11.08 percent, 0.46 percent above its policy benchmark return of 10.62 percent; also outperforming its actuarial interest rate assumption of 6.75 percent by 4.33 percent in fiscal year 2025. The five-year annualized gross of fees return of 10.36 percent was 3.61 percent above its actuarial interest rate assumption of 6.75 percent and above its policy benchmark return of 9.47 percent by 0.89 percent. The System's ten-year annualized gross of fees return at 8.27 percent exceeded its policy benchmarks of 7.49 percent by 0.78 percent and also exceeded its actuarial interest rate assumption by 1.52 percent for the same period.

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 8.27 percent, 9.3 percent, and 6.87 percent, respectively, as of June 30, 2025, the System can achieve its long-term objectives over extended periods. Meanwhile, the System's actuarial and fair value funding status continues to be the highest of any public safety pension defined benefit plan in California.

The Annual Comprehensive Financial Report (ACFR)

The Annual Comprehensive Financial Report (ACFR) of the City of Fresno Fire and Police Retirement System for fiscal years ended June 30, 2025 and 2024, is submitted herewith. Information contained in this report is designed to provide a complete and accurate review of the years' operations. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, rests with the management of the System. For a general overview of the City of Fresno Fire and Police Retirement System's finances, please refer to the Management's Discussion and Analysis in the Financial Section of this report. The ACFR consists of six sections:

The Introduction Section contains our Mission Statement, a Letter of Transmittal, a description of the System's management and organizational structure, a listing of the professional services providers, and the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting.

The Financial Section contains the opinion of the independent auditor, Brown Armstrong Accountancy Corporation, Management's Discussion and Analysis, the Basic Financial Statements of the System, the Required Supplementary Information and the Other Supplementary Information.

Letter of Transmittal Continued

The Investment Section includes an Investment Report from the Retirement Administrator, a letter from the System’s Investment Consultant, NEPC, LLC (NEPC), recapping the fiscal year investment results and activities, along with performance and asset allocation information. Investment Consultant returns may differ slightly from the custodian's book of record due to rounding methodology.

The Actuarial Section includes the certification letter produced by the independent actuary, The Segal Company, along with the supporting schedules and information.

The Statistical Section contains significant detailed data pertaining to the System.

The Compliance Section contains the 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*.

I trust that the Board and Members of the System will find this ACFR helpful in understanding the System and our commitment to financial integrity and member services.

THE FIRE AND POLICE RETIREMENT SYSTEM AND ITS SERVICES

The Fire and Police Retirement System was established on July 1, 1955, under Charter Section 910 and is governed by Articles 3 and 4 of Chapter 3 of the City of Fresno Municipal Code. Effective August 27, 1990, the City of Fresno (the City) added a Second Tier that includes all full-time sworn Fire, Police, and Airport Safety personnel hired on or after that date. The System provides retirement allowances to all full-time sworn safety members employed by the City of Fresno. In accordance with the provisions of the City of Fresno Municipal Code, the System provides lifetime retirement, disability, and death benefits to its safety members.

The Fire and Police Retirement Board is responsible for establishing policies governing the administration of the System, making benefit determinations, and managing the investment of the System’s assets. The Board operates under the authority vested in Articles 3 and 4 of Chapter 3 of the City of Fresno Municipal Code and the California Pension Protection Act of 1992. Article XVI, Section 17(b) of the Constitution of the State of California provides that the “members of the Retirement Board of a public retirement system shall discharge their duties...solely in the interest of, and for the exclusive purpose of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the System. A Retirement Board’s duty to its participants and their beneficiaries shall take precedence over any other duty.” Section 17(a) further provides that the Board has...“the sole and exclusive responsibility to administer the System in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries.” The Retirement Board is also responsible for the prudent investment of member and employer contributions and defraying reasonable expenses of administration.

Letter of Transmittal Continued

The Retirement Board has five (5) members: two (2) management employees who are appointed by the Mayor and confirmed by the City Council, one (1) employee who is elected by the sworn Fire Department members of the System, and one (1) employee who is elected by the Police and Airport Safety Officers of the System; both elected members serve a four-year term. The fifth and final member of the Board shall be a qualified elector of the County of Fresno, not connected with its government, appointed by the previously designated four members. The Board oversees the Retirement Administrator and staff in the performance of their duties in accordance with the City of Fresno Municipal Code and the Board's Rules, Regulations and Policies.

Major Initiatives

The Board, jointly with the City of Fresno Employees Retirement System Board (the Boards), maintained active oversight of the investment portfolios. With support of Staff and their Investment Consultant, the Boards continued ongoing asset class reviews, investment education initiatives, and evaluations of all investment categories.

During the fiscal year 2025, upon completion of investment due diligence, legal reviews, operational due diligence and background investigations, the Joint Boards approved investments with Asia Alternatives, a private equity manager specializing in Asian markets; Blue Vista Co Investments OCOEE and Lugoff, Carlyle RSEF II, a private equity fund specializing in renewable and energy transition assets; Monroe Co Investment, a private credit fund; and TPG AG, a private equity fund with investments in European real estate. Near the end of the fiscal year, the Boards approved further European real estate investments with PIMCO EDCO and Hines Asian Real Estate Partners, after completion of investment and operational due diligence and legal reviews of each firm.

Effective January 1, 2017, the IRS eliminated its staggered five-year remedial amendment cycle system for individually designed qualified retirement plans and no longer accepts applications for determination letters. The System's letter of determination was effective through January 31, 2019. The IRS' current determination letter program, in general, provides that a plan sponsor that maintains a qualified plan, with a favorable determination letter, may continue to rely on the determination with respect to any plan provision, until such time that the plan provision subsequently is amended or affected by a change in law. The Boards retained the services of the law firm of Ice Miller, LLP (Ice Miller) to assist with a review of our plan documents and applicable statutes in effect through 2013, and any plan amendments or changes to provisions made after January 1, 2014. Based on their initial review, since the date of the plan's favorable determination letter May 26, 2014, the plan has been timely amended to comply with the changes required to be tax qualified under Internal Revenue Code § 401 (a). Staff began work with Ice Miller in 2019 to review the Retirement Systems' plan provisions for continued IRS compliance. The proposal from Ice Miller to participate in the IRS Comply Now program included updating of the Systems' plan provisions to incorporate certain distribution provisions and new provisions required by the Setting Every Community Up for Retirement Enhancement (SECURE) and Coronavirus Aid, Relief and Economic Security (CARES) Acts. Comply Now reports detailing the changes to be considered were presented to the Boards during fiscal year 2021. Given the passage of SECURE 2.0 in 2022, Staff will work with counsel on additional updates to amendments of the plans.

Letter of Transmittal Continued

Retirement Benefits Staff have continued to provide all the necessary information and support that Members need, answering individual questions and assisting members in making informed decisions regarding retirement. Staff are available to assist and answer member questions via telephone, face-to-face meetings and via online video conferencing. Staff also provide further outreach to active employees via the Mid-Career Retirement Seminars. These seminars provide an overview of the benefits available to active members who may be considering retirement or Deferred Retirement Option Program (DROP) in the next 5-10 years.

With the assistance of its actuary and staff, the Board completed the annual actuarial valuations for June 30, 2025 and 2024, and Governmental Accounting Standards Board (GASB) Statement No. 67, which redefines pension liability and expense for financial reporting purposes only. In accordance with Actuarial Standards of Practice (ASOP) No. 51, the System's actuary has identified and assessed risks that may be reasonably anticipated to significantly affect the System's future financial condition, which helps intended users of the actuarial findings gain a better understanding of risks inherent in the measurements of pension obligations and actuarially determined pension plan contributions.

Professional Services

Professional Services Consultants and Investment Portfolio Managers are retained by the Board to provide professional services essential to the effective and efficient operation of the System. See listings on pages xiii and xiv.

An opinion from the Independent Auditor and a certification letter from the Actuary are included in this report along with a summary investment report from the Board's Investment Consultant. The Consultants and Investment Managers retained by the Board are listed in the following section of this report.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fresno Fire and Police Retirement System for its annual comprehensive financial report for the fiscal year ended June 30, 2024. The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of public employee retirement system annual comprehensive financial reports.

To be awarded a Certificate of Achievement for Excellence in Financial Reporting, a government entity must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. The System has received a Certificate of Achievement for the last 24 consecutive years. 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. For fiscal year 2024, the System submitted a Popular Annual Financial Report (PAFR) to the GFOA. The System received from the GFOA an Award for Outstanding Achievement in Popular Annual Financial Reporting. The PAFR provides System membership with condensed and concise information in an easier to read format than is presented in the ACFR.

*Letter of Transmittal Continued***Actuarial Funding Status and Net Pension Liability**

The System's funding objective is to meet long-term benefit promises by retaining a well-funded plan status and obtaining superior investment returns while minimizing employer contributions. The Board's objective for employer contributions is to establish a rate as a level percent of member payroll. The greater the level of overall plan funding, the larger the ratio of assets accumulated compared to the actuarial accrued liability and the greater the level of investment potential. The advantage of a well-funded plan is that the benefits earned by participants are funded during their working careers and not by future generations of taxpayers.

The June 30, 2025 actuarial valuation of the City of Fresno Fire and Police Retirement System is presented in this ACFR. As of June 30, 2025, the funded ratio of the Fire and Police Retirement System was 116.2 percent. The ratio of the valuation value of assets to actuarial accrued liabilities was 114.9 percent as of June 30, 2024, valuation. The funding ratios as of June 30, 2025 and 2024, if measured using the fair value of assets instead of the actuarial valuation value of assets, are 120.9 percent and 118.0 percent, respectively. The funded ratios were determined by using the actuarial value of the assets in accordance with actuarial standards.

The actuarial accrued liability of the System at June 30, 2025, for funding purposes, amounted to \$1,850,523,000; the actuarial valuation value of assets amounted to \$2,150,961,046; and the fair value of assets (including non-valuation reserves) amounted to \$2,395,605,595. At June 30, 2024, the actuarial valuation value of assets amounted to \$1,991,116,988; the fair value of assets (including non-valuation reserves) amounted to \$2,203,370,816.

Under the Governmental Accounting Standards Board (GASB) Statement No. 67 Financial Reporting methodology, the net pension liability of the System as of June 30, 2025, indicates a surplus of \$295,151,681; while on an actuarial funding basis the valuation value of assets basis reflects a surplus of \$300,438,046 and a funding ratio of 116.2 percent. At June 30, 2024, the net pension liability of the System indicated a surplus of \$207,368,598 and a funding ratio of 114.9 percent. For financial reporting purposes, the Plan Fiduciary Net Position as a percentage of the Total Pension Liability is 114.05% and 110.39% as of June 30, 2025 and 2024, respectively.

The Board engages an independent actuarial consulting firm to conduct annual actuarial valuations of the System. The purpose of the actuarial valuation is to reassess the magnitude of the benefit commitments. This is compared to the assets expected to be available to support those commitments. Recommendations are presented to the Board for consideration. The Segal Company is the System's independent actuarial consultant. The Actuarial Section of this report contains a more detailed discussion of funding.

*Letter of Transmittal Continued***Accounting System & Reports**

The management of the System is responsible for establishing and maintaining an internal control structure designed to ensure that System assets are protected from loss, theft, or misuse. Responsibility for the accuracy, completeness, and fair presentation of the information, and all disclosures, rests with the management of the System.

The accounting firm of Brown Armstrong Accountancy Corporation provides financial audit services. The financial audit ensures that the System's financial statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and are free of material misstatement. The internal controls are designed to provide reasonable but not absolute assurance that these objectives are met. The System recognizes that even sound internal controls have their inherent limitations. Internal controls are reviewed to ensure that the System's operating policies and procedures are being adhered to and that the controls are adequate to ensure accurate and reliable financial reporting and to safeguard the System's assets. The objective is to provide a reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements given the prudent need to ensure that the cost of a control should not exceed the benefits to be derived. We believe that the System's internal controls adequately safeguard assets.

This report has been prepared in accordance with Generally Accepted Accounting Principles for State and Local Governments (GAAP) as established by the Governmental Accounting Standards Board (GASB). The System's transactions are reported on the accrual basis of accounting. Revenues are considered when earned, regardless of the date of collection. Expenses are recorded when the corresponding liabilities are incurred, regardless of when the payment is made.

Investments

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 the asset allocation can be found in the investment section of this report and in Note 2 – Summary of Significant Accounting Policies (see sections Investment and Financial).

The prudent expert rule permits the Board to establish an investment policy based upon professional advice and counsel and allows for delegation of investment authority to professional investment advisors. The Investment Objectives and Policy Statement of the Board outline the responsibility for the investment of the fund and the degree of risk that is deemed appropriate for the fund. Investment advisors are to execute the policy in accordance with the Board policy and guidelines.

For the fiscal years ended June 30, 2025 and 2024, the System's investments provided an 11.08 percent and 10.59 percent gross of fees rate of return, respectively, as reported by the custodian, Northern Trust.

*Letter of Transmittal Continued***Acknowledgments**

The compilation of this report reflects the combined effort of the System's staff under the leadership of the Board. It is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and as a means of determining responsible stewardship of the funds of the System.

On behalf of the Board, I would like to express my appreciation for the dedication and efforts of my staff members, Kathleen Riley Brown, Yvonne Timberlake, Chad Jacobs, Alberto Magallanes, Cristina Jurado, Kristina Espinoza, Pattie Laygo, Andrea Ketch, Patricia Basquez, Joan Taketa, Tracy Gonzales, Enia Leon, Erika Cortes, Machel Smiley, Cecilia Lopez, Gilberto Torentela, and the Board's consultants, for their assistance in the preparation of this report and for their ongoing commitment to serve the Board and the members of the System. I also would like to thank the Board members for their support in accomplishing the many tasks and goals over the past year.

Respectfully Submitted,

Robert T. Theller

Robert T. Theller, Esq.
Retirement Administrator

December 3, 2025

Retirement Board Members

As of June 30, 2025



Chair

Jonathan Lusk

Re-Elected June 2022

Term Expires June 2026

Represents Fire Members



Vice Chair

Donald Gross

Appointed May 2019

Term Continuous

Appointed by the Mayor and Confirmed by the Fresno City Council



Lynn Bennink

Appointed June 2017

Term Continuous

Outside Member Appointed by the Retirement Board



Chris Cooper

Elected June 30, 2024

Term expires June 30, 2028

Represents Police Members



Lawrence French

Appointed November 2023

Term Continuous

Appointed by the Mayor and Confirmed by the Fresno City Council

Retirement Office Staff

Administrative Services	(From left to right)
	<p>Cecilia Lopez <i>Senior Administrative Clerk</i></p> <p>Chad Jacobs <i>Investment Officer</i></p> <p>Pattie Laygo <i>Retirement Office Manager</i></p> <p>Robert T. Theller, Esq. <i>Retirement Administrator</i></p> <p>Tracy Gonzales <i>Senior Customer Services Clerk</i></p> <p>Gilberto Torentela <i>Senior Administrative Clerk</i></p>

Financial Services	(From left to right)
	<p>Alberto Magallanes <i>Retirement Accounting Manager</i></p> <p>Kathleen Riley-Brown <i>Assistant Retirement Administrator</i></p> <p>Kristina Espinoza <i>Accounting Technician</i></p> <p>Cristina Jurado <i>Accountant Auditor II</i></p>

Member Services	(From left to right)
	<p>Andrea Ketch <i>Retirement Benefits Manager</i></p> <p>Enia Leon <i>Retirement Counselor II</i></p> <p>Yvonne Timberlake <i>Assistant Retirement Administrator</i></p> <p>Erika Cortes <i>Retirement Counselor II</i></p> <p>Machelle Smiley <i>Retirement Counselor II</i></p> <p>Joan Taketa <i>Retirement Counselor II</i></p>

Administration of the System

Administration

The Administrative Section is responsible for the administration of the City of Fresno Fire and Police Retirement System, including the risk management of the investment activities in accordance with the policies, regulations, and general guidelines of the Retirement Board. It is also responsible for interfacing with the investment managers, the investment consultant, the actuary, legal counsel, custodial bank, and any other consultants authorized by the Board. (See page xiii for professional services and consultants, page xiv for investment portfolio managers, and page 81 for a schedule of brokerage commissions and investment manager fees by listed asset class.)

Member Services

This section is responsible for providing all benefit services to the members of the System. This includes benefit calculations, investigation of claims for disability retirement, preparation of data to support applications for retirement, preparation of the retiree payroll, membership counseling, and membership training.

Financial Services

This section is responsible for planning, organizing and directing all fiscal activities of the Retirement Systems. This includes the preparation and publication of the Annual Financial Reports, monthly or quarterly financial report and information to the Board, and all other financial records and reports including financial statements, control and balancing of payroll and members' contributions and reconciliation of investments.

Investment Officer

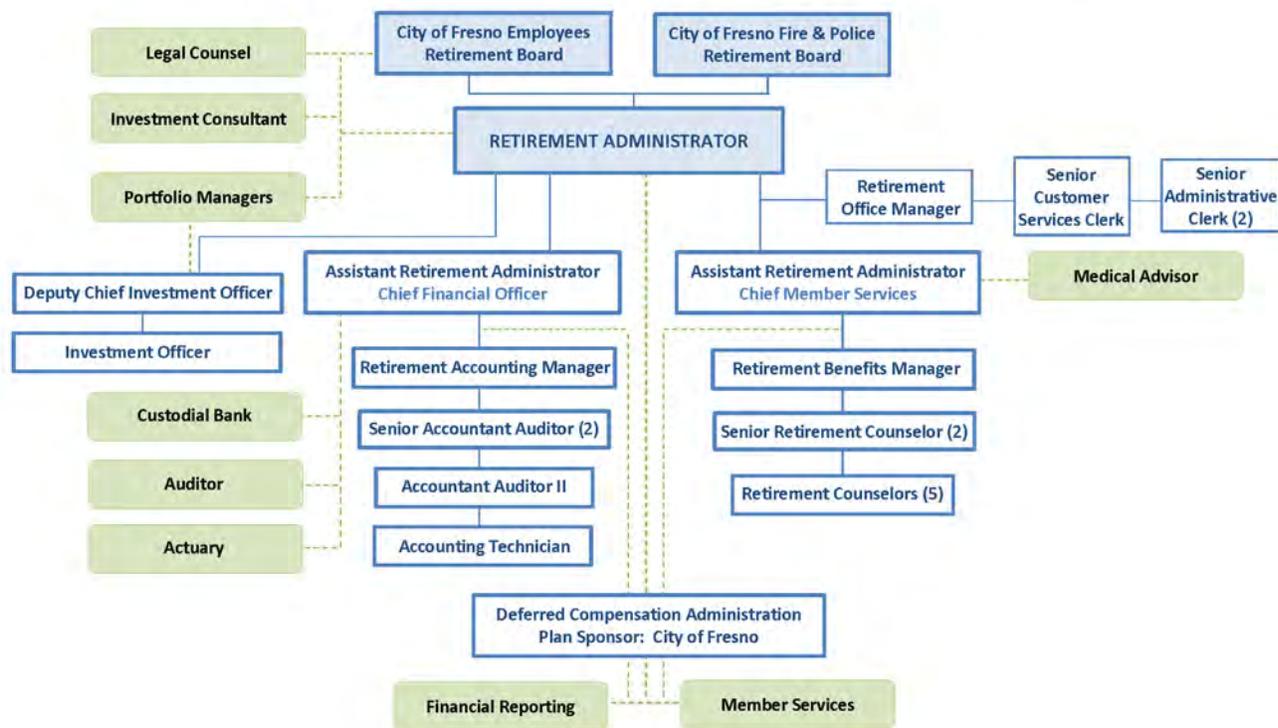
This position is responsible for monitoring compliance with the Board's Investment Objectives and Policy Statement and assists and coordinates in the management and administration of the System's investment program. This includes the planning and development of investment strategies.

Retirement Office Manager

This position is responsible for providing administrative and clerical support services for the Board and the retirement staff.

Organizational Structure

City of Fresno Retirement Systems



Professional Services and Consultants

Custodial Bank

NORTHERN TRUST
Chicago, Illinois

General Legal Advisor

SALTZMAN AND JOHNSON LAW CORPORATION
San Francisco, California

Legal Advisor

NOSSAMAN LLP
San Francisco, California

Tax Counsel

ICE MILLER LLP
Indianapolis, Indiana

Investment Legal Advisor

FOLEY & LARDNER LLP
Boston, Massachusetts

Investment Consultant

NEPC, LLC
Boston, Massachusetts

Actuary

THE SEGAL COMPANY
San Francisco, California

Medical Advisor

BENCHMARK, AN EXAMWORKS COMPANY, INC.
Sacramento, California

Independent Auditor

BROWN ARMSTRONG ACCOUNTANCY CORPORATION
Bakersfield, California

Investment Portfolio Managers

EQUITY

Domestic Equity

Northern Trust Asset Management, Chicago, IL

International Equity

BlackRock, San Francisco, CA

Baillie Gifford & Co., Edinburgh, Scotland

Principal Global Investors, Des Moines, IA

Private Equity

Asia Alternatives Mgmt LLC, San Francisco, CA

Ocean Avenue Capital Partners, Santa Monica, CA

Pantheon Ventures, San Francisco, CA

Volta Energy Technologies, Naperville, IL

RATES/CREDIT

Core Fixed Income

Dodge & Cox, San Francisco, CA

Prudential Investment Mgmt., Inc., Newark, NJ

Private Debt/Credit

Arcmont Asset Mgmt, London, United Kingdom

Crescent Capital, Los Angeles, CA

Monroe Capital, Chicago, IL

PIMCO, Newport Beach, CA

REAL ASSETS

Core Real Estate

The Carlyle Group, Washington, D.C.

JP Morgan Asset Mgmt., New York, NY

Tristan Capital Partners, London, United Kingdom

Non-Core Real Estate

Alidade Capital, Bloomfield Hills, MI

Artemis Real Estate Partners, Chevy Chase, MD

Blue Vista Capital Management, Chicago, IL

Brookfield Asset Management, New York, NY

Kayne Anderson, Boca Raton, FL

Oaktree Capital Management, Los Angeles, CA

PCCP, LLC, Los Angeles, CA

PIMCO, Newport Beach, CA

Infrastructure

The Carlyle Group, Washington, D.C.

Grain Management, LLC, Washington, D.C.

JP Morgan IIF, New York, NY

Ullico UIF, Chicago, IL

MULTI-ASSETS

Alternative Credit

Cloverlay, Conshohocken, PA

Sixth Street/TAO, San Francisco, CA



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

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

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

*To protect and provide
system benefits through
the highest quality
delivery of service for our
members and the
employer, prudently
fulfilling our fiduciary
duties of investment and
conservation of Trust
assets.*

FINANCIAL

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Independent Auditor's Report



www.ba.cpa
661-324-4971

INDEPENDENT AUDITOR'S REPORT

To the Board of Retirement
City of Fresno Fire and Police Retirement System
Fresno, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying Statement of Fiduciary Net Position of the City of Fresno Fire and Police Retirement System (the System), a pension trust fund of the City of Fresno, California, as of June 30, 2025 and 2024, the Statement of Changes in Fiduciary Net Position for the fiscal years then ended, and the related notes to the basic financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective Fiduciary Net Position of the System as of June 30, 2025 and 2024, and the changes in fiduciary net position for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the basic financial statements 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 that are free from material misstatement, whether due to fraud or error.

In preparing the basic financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System'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.

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STOCKTON
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Independent Auditor's Report Continued

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

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

*Independent Auditor's Report Continued***Other Supplementary Information**

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2025, on our consideration of the System'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 to solely 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 the System'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 the System's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 3, 2025

Management's Discussion and Analysis

We are pleased to provide this overview and analysis of the financial activities of the City of Fresno Fire and Police Retirement System (the System) for the fiscal years ended June 30, 2025 and 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Letter of Transmittal beginning on page i of this report.

Financial Highlights

The System's net position restricted for pension benefits is for payment of pension benefits to participants and their beneficiaries, and all of the net position is restricted to meet the System's ongoing obligations.

At the close of the fiscal year 2025, the assets of the System exceed its current liabilities by \$2,395,605,595; as of fiscal year-end 2024, the assets of the System exceeded its liabilities by \$2,203,370,816; and as of fiscal year-end 2023, the assets of the System exceeded its liabilities by \$2,045,836,887.

The System's net position restricted for pension benefits increased by \$192,234,779 or 8.72 percent for fiscal year 2025; for the prior fiscal year 2024, total net position increased by \$157,533,929 or 7.70 percent; and for the prior fiscal year 2023, total net position increased by \$154,759,691 or 8.18 percent, all primarily as a result of the performance of the domestic and global investment markets.

The System's funding objective is to meet long-term benefit obligations through contributions and investment income. As of June 30, 2025, the date of the last actuarial valuation, the funded ratio for the System was 116.2 percent. In general, this indicates that for every dollar of benefits due, we have approximately \$1.16 of assets available for payment as of that date.

As of June 30, 2024, the date of the previous annual actuarial valuation, the funded ratio for the System was 114.9 percent; and as of June 30, 2023, the date of the previous annual actuarial valuation, the funded ratio for the System was 116.7 percent.

Additions to Fiduciary Net Position

Additions for the fiscal year 2025 increased \$36,568,480 or 14.62 percent over the prior year from \$250,211,125 to \$286,779,605, which includes member contributions of \$13,580,439, employer contributions of \$31,778,983, a net investment income of \$241,294,975 and net securities lending income of \$125,208. The increase in additions for fiscal year 2025 was primarily driven by strong performance in domestic and global investment markets. Investment income rose by \$34,952,067, representing 95.6 percent of the total increase in additions of \$36,568,480.

Management's Discussion and Analysis Continued

Fiscal year 2024 additions increased \$12,113,501 or 5.09 percent over the prior year from \$238,097,624 to \$250,211,125, which included member contributions of \$13,107,833, employer contributions of \$30,635,176, a net investment income of \$206,269,024 and net securities lending income of \$199,092. The increase in additions for fiscal year 2024 was primarily driven by strong performance in domestic and global investment markets. Net investment income rose by \$7,492,114, representing 61.8 percent of the total increase in additions of 12,113,501.

For fiscal year 2023 additions increased \$360,086,148 or 295.18 percent over the prior year from \$-121,988,524 to \$238,097,624, which included member contributions of \$12,053,687, employer contributions of \$27,067,935, a net investment income of \$198,614,230 and net securities lending income of \$361,772. Additions in fiscal year 2023 were almost entirely driven by an increase in net investment income. Strong performance in the investment markets contributed \$359,493,287 to the increase in additions from the prior year, while combined employer and employee contributions increased by \$592,861 compared to the previous year.

Deductions from Fiduciary Net Position

Deductions for the fiscal year 2025 increased \$1,867,630 or 2.02 percent over the prior fiscal year from \$92,677,196 to \$94,544,826. Total deductions for fiscal year 2025 increased almost entirely due to retiree benefits. Retiree benefits increased by \$2,143,863 primarily due to an increase in the number of retirees

Fiscal year 2024 deductions increased \$9,339,263 or 11.21 percent over the prior fiscal year from \$83,337,933 to \$92,677,196. In fiscal year 2024, the rise in deductions was almost entirely attributed to an increase in the retiree population and the associated benefit payments. Retirement benefits grew by \$9,019,285.

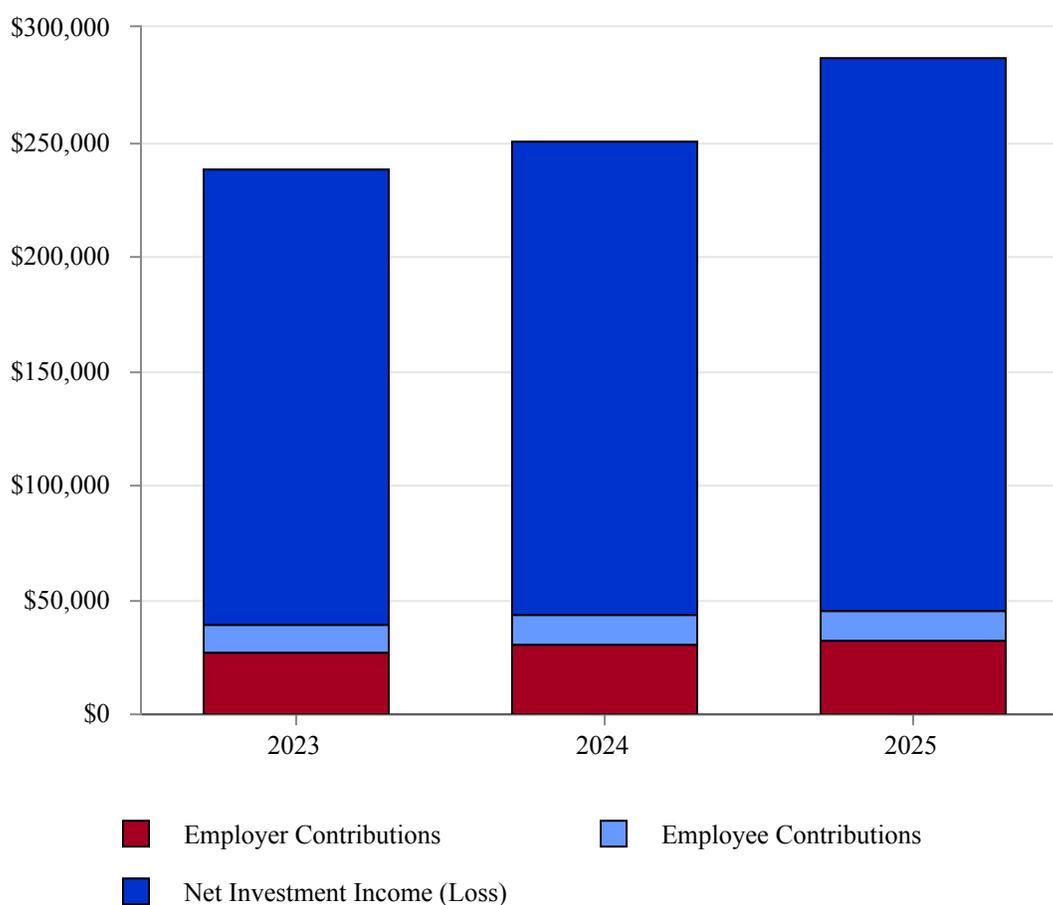
Fiscal year 2023 deductions increased \$6,033,530 or 7.80 percent over the prior fiscal year from \$77,304,403 to \$83,337,933. The primary driver for the increase deductions in fiscal year 2023 was the growth in retirement benefit payments, which totaled \$4,876,846 over the previous fiscal year. This reflects the impact of a growing retiree population and the benefits paid during the previous fiscal year.

Management's Discussion and Analysis Continued

Schedule and Graph of Additions By Source

For Fiscal Years Ended June 30, 2025, 2024 and 2023 (In Thousands)

	2023	2024	2025
Employer Contributions	\$ 27,068	\$ 30,635	\$ 31,779
Employee Contributions	12,054	13,108	13,580
Net Investment Income (Loss)	\$ 198,976	206,468	241,421
TOTAL	\$ 238,098	\$ 250,211	286,780

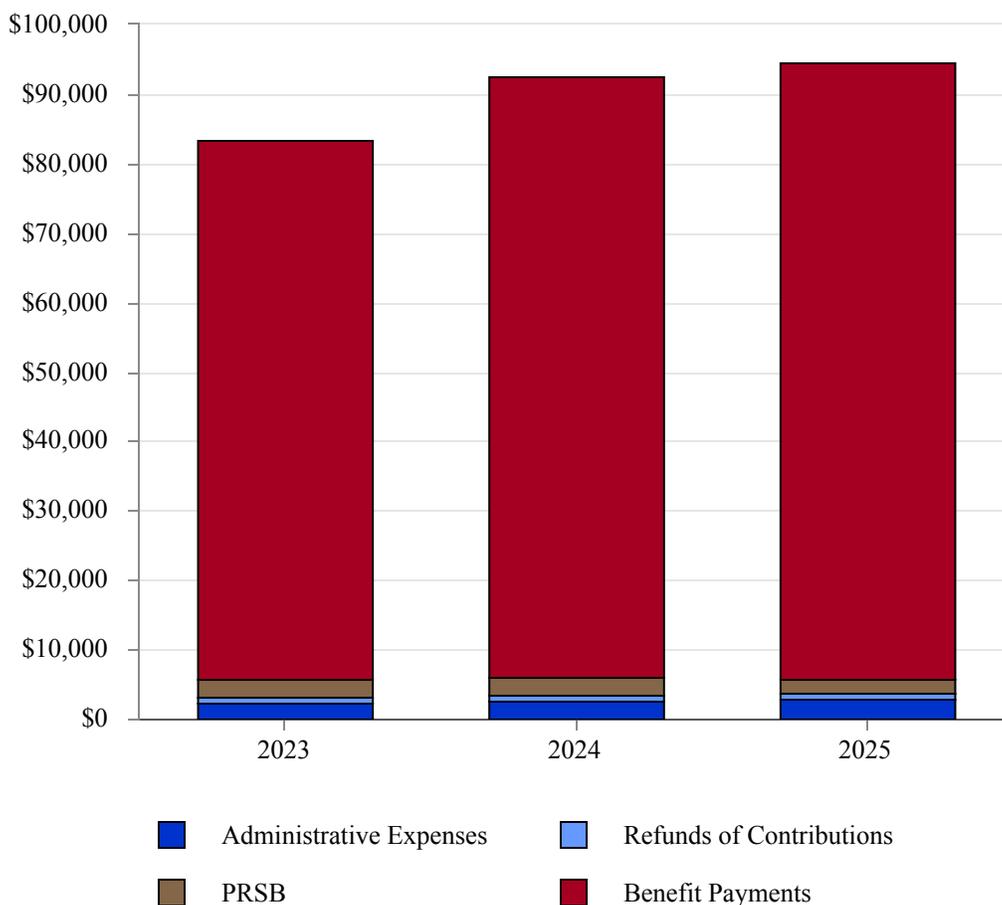


Management's Discussion and Analysis Continued

Schedule and Graph of Deductions By Type

For Fiscal Years Ended June 30, 2025, 2024 and 2023 (In Thousands)

	2023	2024	2025
Benefit Payments	\$ 77,662	\$ 86,681	\$ 88,825
PRSB	2,653	2,515	2,005
Refunds of Contributions	622	1,024	941
Administrative Expenses	2,401	2,457	2,774
TOTAL	\$ 83,338	\$ 92,677	\$ 94,545



Management's Discussion and Analysis Continued

Overview of the Financial Statements

The following discussion and analysis are intended to serve as an introduction to the System's financial statements, which are comprised of these components:

Statement of Fiduciary Net Position – The Statement of Fiduciary Net Position presents the major categories of assets and liabilities and their related value as of the System's fiscal years ended June 30, 2025 and 2024. "Net Position Restricted for Pension Benefits" represents funds available to pay benefits, and it is a point in time or a snapshot of account balances as of the fiscal year-end. 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.

Statement of Changes in Fiduciary Net Position

– The Statement of Changes in Fiduciary Net Position provides information about the financial activities during the reporting period that increased and decreased the Net Position Restricted for Pension Benefits.

The two statements above include all assets and liabilities, using the full accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current year's additions and deductions are taken into account regardless of when the cash is received or paid. All investment gains and losses are shown at trade date, not settlement date. In addition, both realized and unrealized gains and losses are shown on investments.

Both statements are in compliance with Governmental Accounting Standards Board (GASB) Pronouncements.

These pronouncements require certain disclosures and require State and Local governments to report using the full accrual basis of accounting. The System complies with all material requirements of these pronouncements.

Notes to the Basic Financial Statements

- The Notes to the Basic Financial Statements are an integral part of the basic financial statements and provide additional information that is essential to acquire a full understanding of the information and data provided in the two statements discussed above. The notes include further discussion and details regarding the System's key policies, programs, investments and activities that occurred during the year.

Required Supplementary Information

– The Required Supplementary Information presents historical trend information concerning the changes in net pension liability, employer contributions and investment returns, and includes notes that explain factors that significantly affect trends in the amounts reported, such as changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions over time. The information is based on actuarial valuations prepared for the pension plan. The actuarial valuation report includes additional actuarial information that contributes to the understanding of the changes in the net pension liability of the defined benefit pension plan over the past ten years as presented in the schedule. The actuarial information is based upon assumptions made regarding future events at the time the valuations are performed and is derived for both financial reporting and funding purposes.

Management's Discussion and Analysis Continued

Other Supplementary Information – The Other Supplementary Information, presented immediately following the required supplementary information, includes schedules pertaining to the System's administrative expenses, investment management fees and other investment related expenses, and payments to consultants and other professional services providers.

The System's funding ratio at June 30, 2025, was 116.2 percent, which means the System's fund has approximately \$1.16 available for each \$1.00 of liability. The Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position report information about the System's financial activities during the reporting periods that increased and decreased the Net Position Restricted for Pension Benefits.

Financial Analysis Net Position

As previously noted, net position restricted for pension benefits may serve over time as a useful indication of the System's financial position. The System's assets exceeded its liabilities at the close of the fiscal year 2025 by \$2,395,605,595. All of the net position restricted for pension benefits is available to meet the System's ongoing obligations to plan participants and their beneficiaries.

In fiscal year 2025, the System's restricted fiduciary net position, representing assets available to pay current and future member pension benefits, increased by 8.72 percent due to strong performance of the investment markets; while in 2024, the System's restricted fiduciary net position increased by 7.70 percent due to strong performance of the global investment markets; and also, due to strong investment performance in 2023, the System's restricted fiduciary net position increased by 8.18 percent (See Table 1).

In order to determine whether the \$2.396 billion in net position will be sufficient to meet future obligations, the System's independent actuary performed an actuarial valuation as of June 30, 2025. The result of this valuation determines what future contributions by plan members and the City of Fresno are needed to pay all expected future benefits. The valuation takes into account the Retirement Board's (the Board) funding policy which includes a provision to smooth the impact of market volatility by spreading each year's gains or losses over five years.

There has been extreme volatility in the various economies of the world and throughout the global financial markets over the past twenty to twenty-five years, therefore, it is of utmost importance to examine the System's investment returns with a long-term view rather than a short-term focus which tends to distort the perception of how well the investments have actually performed. Historical long-term performance rates of returns demonstrate that the System has been able to meet or exceed its actuarial assumed rate of return of 6.75 percent over long periods. As of June 30, 2025, the System's 25-year annualized return is 6.87 percent and its 20-year annualized return is 7.57 percent.

Despite volatility in the stock market, management and the System's actuary concur that the System remains in a very strong financial position to meet its obligations to the plan participants and beneficiaries. The System's current financial position is a result of a very sound and carefully managed investment and risk management program.

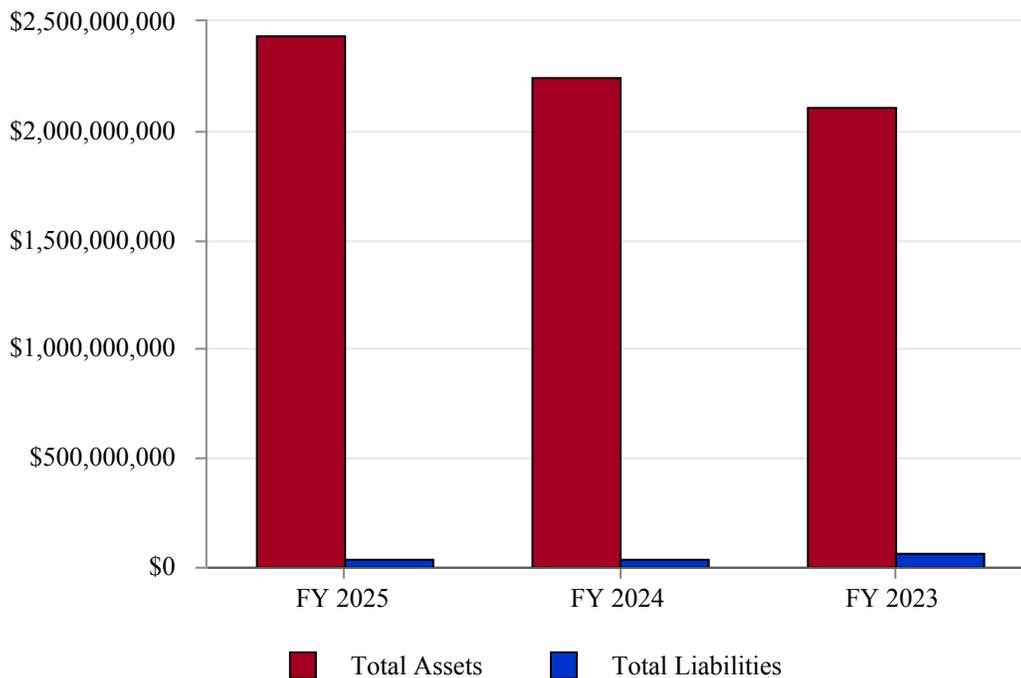
Management's Discussion and Analysis Continued

Table 1 – Fire and Police Retirement System Fiduciary Net Position Restricted For Pension Benefits

As of June 30, 2025, 2024 And 2023

	FY 2025	FY 2024	FY 2025 Increase/ (Decrease) Amount	FY 2025 Increase/ (Decrease) Percent
Current and Other Assets	\$ 40,261,039	\$ 39,651,135	\$ 609,904	1.54%
Investments at Fair Value	2,393,817,429	2,202,503,341	191,314,088	8.69%
Total Assets	\$2,434,078,468	\$2,242,154,476	\$ 191,923,992	8.56%
Total Liabilities	38,472,873	38,783,660	(310,787)	(0.80%)
Net Position Restricted for Pension Benefits	\$2,395,605,595	\$2,203,370,816	\$ 192,234,779	8.72%

	FY 2024	FY 2023	FY 2024 Increase/ (Decrease) Amount	FY 2024 Increase/ (Decrease) Percent
Current and Other Assets	\$ 39,651,135	\$ 57,678,144	\$ (18,027,009)	(31.25%)
Investments at Fair Value	2,202,503,341	2,047,638,561	154,864,780	7.56%
Total Assets	\$2,242,154,476	\$2,105,316,705	\$ 136,837,771	6.50%
Total Liabilities	38,783,660	59,479,818	(20,696,158)	(34.80%)
Net Position Restricted for Pension Benefits	\$2,203,370,816	\$2,045,836,887	\$ 157,533,929	7.70%



Management's Discussion and Analysis Continued

Capital Assets

The System's investment in capital assets decreased from \$211,960 to \$76,145 (net of accumulated depreciation) between fiscal years 2024 and 2025 after decreasing from \$347,021 to \$211,960 (net of accumulated depreciation) between fiscal years 2023 and 2024. This investment in capital assets includes office equipment, furniture, software, and technology infrastructure. The total decrease in the System's investment in capital and intangible capital assets as of June 30, 2025 and 2024 was attributed to the disposal of capital assets no longer of service and the annual depreciation expense which netted to \$(135,815) and \$(135,061), respectively. These changes in both fiscal years were primarily due to the costs incurred for the development of software to program and install an upgrade to our original pension administration system that was originally installed in 1997, which was implemented effective July 1, 2015. For additional, more detailed, information related to the System's capital assets, please refer to Note 13 - Capital Assets beginning on page 57.

Reserves

Reserves are not required, nor recognized, under accounting principles generally accepted in the United States of America (GAAP). The reserves are not shown separately on the Statement of Fiduciary Net Position, but they equate to, and are accounts within, the net position restricted for pension benefits and are vital to the System's operations. They are established from contributions and the accumulation of investment income, after satisfying investment and administrative expenses. Investments of the System are stated at fair value instead of at cost, which includes the recognition of unrealized gains and losses in the current period.

The System's major reserve accounts, described in Note 6 – Net Position Restricted for Pension Benefits, include Active Member (Employee) Reserves, Employer Advance/Retired Reserves, DROP Reserves, PRSB Reserves and City Surplus (Deficit) Reserves.

Deferred Retirement Option Program (DROP) Reserves represent funds reserved for Deferred Retirement Option Program benefits accumulated by active members and retirees. DROP is an alternate method of receiving retirement benefits. It is a voluntary program as described by the conditions and requirements of the City of Fresno Municipal Code Section 3-353. A DROP account is a nominal, bookkeeping account established within the System for each DROP participant. Monthly amounts credited to DROP accounts include an amount which represents the service retirement allowance which the member would have received if the member had retired on the date the member commenced DROP participation and interest credited at the five-year average interest rate as adopted by the Retirement Board (the Board) in accordance with the City of Fresno Municipal Code requirements.

Post Retirement Supplemental Benefit (PRSB) Reserves represent surplus earnings that have been allocated but not distributed to eligible participants in accordance with the City of Fresno Municipal Code Section 3-354. PRSB is a supplemental benefit distributed to eligible participants in accordance with the City of Fresno Municipal Code Section 3-354, if and only if distributable actuarial surplus is available to provide such a benefit. Actuarial surplus means the amount by which the actuarial value of the System's assets exceeds one hundred and ten percent (110%) of the System's actuarial accrued liabilities.

Management's Discussion and Analysis Continued

City Surplus (Deficit) Reserves represent the portion of distributable actuarial surplus that has been allocated but not used as a reduction to offset or eliminate the City of Fresno's (the City) pension contributions in accordance with the conditions and requirements of the City of Fresno Municipal Code Section 3-354 Post-Retirement Supplemental Benefits. The City Surplus (Deficit) Reserves account accrues interest at the average gross rate of return earned by the System's entire investment portfolio for each of the three prior fiscal years, including realized and unrealized gains and losses and as reduced by all investment related expenses.

Table 2 shows that the vast majority of reserves are generated from Employer Advance/Retired Reserves. DROP Reserves represent funds credited for participants who elected to participate in the Deferred Retirement Option Program. PRSB Reserves present that portion of distributable actuarial surplus that has been allocated for PRSB but not yet distributed to eligible participants.

Additions to and deductions from PRSB occur when surpluses and allocations occur, respectively. The City Surplus (Deficit) Reserves represent that portion of distributable actuarial surpluses and accrued interest, reduced by required City normal pension contributions. In addition, these reserves also include the negative balance that reflects shortfalls in employer and member contributions. These shortfalls arise when the City adopts contribution rates below the board-approved, actuarially determined rates.

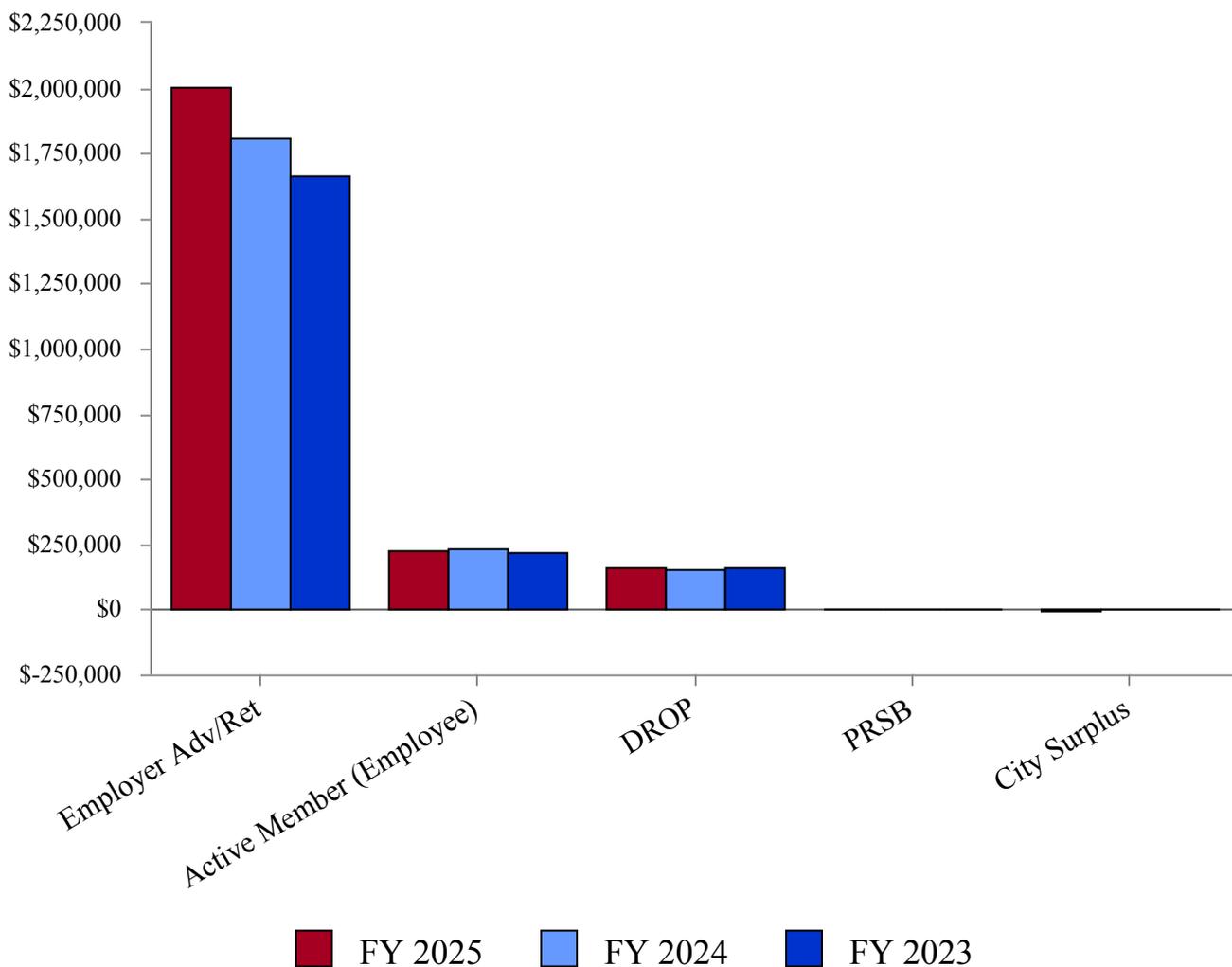
The City Surplus (Deficit) Reserves account balance was negative for the fiscal years 2025, 2024 and fiscal year 2023. The negative balances are due to the changes in surplus allocations available to the City for offsetting the City's contributions for fiscal years 2025, 2026 and 2027. The City's normal contribution rates for fiscal years 2025 and 2024 also included adjustments for economic and non-economic actuarial assumption changes.

Management's Discussion and Analysis Continued

Table 2 – Fire and Police Retirement System’s Reserves

As of June 30, 2025, 2024, and 2023 (In Thousands)

	FY 2025	FY 2024	FY 2023
Employer Advance/Retired Reserves	\$ 2,006,204	\$ 1,812,431	\$ 1,665,409
Active Member (Employee) Reserves	230,286	231,916	219,157
DROP Reserves	160,658	157,476	158,724
PRSB Reserves	1,616	2,159	2,672
City Surplus (Deficit) Reserves	(3,158)	(611)	(125)
Net Position Restricted for Pension Benefits	\$ 2,395,606	\$ 2,203,371	\$ 2,045,837



Management's Discussion and Analysis Continued

System's Activities

Attributable in part to the continued growth and volatility in global economic and financial markets, the System's net position increased \$192,234,779 for the fiscal year 2025, resulting in an 8.72 percent increase in the fiduciary net position restricted for pension benefits for the fiscal year ended June 30, 2025. Primarily attributable to the growth in the global financial markets in fiscal year 2024, the System's fiduciary net position increased \$157,533,929 for the fiscal year, resulting in a 7.70 percent increase in the fiduciary net position restricted for pension benefits for the fiscal year ended June 30, 2024; the System's fiduciary net position increased \$154,759,691 in fiscal year 2023 resulting in an 8.18 percent increase in the fiduciary net position restricted for pension benefits for the fiscal year ended June 30, 2023.

Key elements of the additions to and deductions from Fiduciary Net Position for fiscal years 2025, 2024 and 2023 are described in the sections below.

Additions to the System's Fiduciary Net Position

The reserves needed to finance retirement benefits are normally accumulated through the collection of employer and employee contributions and through earnings of investment income net of investment expense. Total additions for the fiscal year ended June 30, 2025 totaled \$286,779,605.

For the fiscal year ended June 30, 2025, overall additions had increased by \$36,568,480 or 14.62 percent primarily due to the performance of the investment markets; for fiscal year 2024, overall additions had increased by \$12,113,501 or 5.09 percent primarily due to the performance of the investment markets; for fiscal year 2023, overall additions had increased by \$360,086,148 or 295.18 percent from the prior fiscal year. The investment

section of this report reviews the details of the results of investment activity for the fiscal year ended June 30, 2025.

Deductions from the System's Fiduciary Net Position

The System was created to provide lifetime retirement annuities, survivor benefits and permanent disability benefits to qualified members and their beneficiaries. The cost of such programs includes recurring benefit payments, as designated by the System, refunds of contributions to terminated employees, and the cost of administering the System.

Deductions from the fiduciary net position for the fiscal year ended June 30, 2025, totaled \$94,544,826, which was an increase of \$1,867,630 or 2.02 percent over the prior fiscal year 2024. Deductions from the fiduciary net position for the fiscal year ended June 30, 2024, totaled \$92,677,196 which was an increase of \$9,339,263 or 11.21 percent over the prior fiscal year 2023. The fiscal year ended June 30, 2023 had deductions from the fiduciary net position totaling \$83,337,933, which was an increase of \$6,033,530 or 7.80 percent over the prior fiscal year 2022. The current year increase in benefits paid resulted primarily from the growing retiree population and the resulting benefits paid during the fiscal year 2025.

The System's increases in total expenses have closely paralleled inflation and the growth in the membership and services provided. The System has consistently met its Administrative Expense Budget. There are no material variances between planned expenses and actual expenses.

Management's Discussion and Analysis Continued

Changes in Fiduciary Net Position (Condensed)

For Fiscal Years Ended June 30, 2025, 2024 and 2023

	FY 2025	FY 2024	FY 2025 Increase/ (Decrease) Amount	FY 2025 Increase/ (Decrease) Percent
Additions:				
Employer Contributions	\$ 31,778,983	\$ 30,635,176	\$ 1,143,807	3.73%
Employee Contributions	13,580,439	13,107,833	472,606	3.61%
Net Investment Income (Loss)*	241,420,183	206,468,116	34,952,067	16.93%
Total Additions	\$ 286,779,605	\$ 250,211,125	\$ 36,568,480	14.62%
Deductions:				
Retiree Benefit Payments	\$ 88,825,126	\$ 86,681,263	\$ 2,143,863	2.47%
Post Retirement Supplemental Benefit (PRSB)	2,004,658	2,514,579	(509,921)	(20.28%)
Refunds of Contributions	940,648	1,023,545	(82,897)	(8.10%)
Administrative Expenses	2,774,394	2,457,809	316,585	12.88%
Total Deductions	\$ 94,544,826	\$ 92,677,196	\$ 1,867,630	2.02%
Changes in Net Position	192,234,779	157,533,929	34,700,850	22.03%
Net Position Restricted for Pension Benefits				
Beginning of the Year	2,203,370,816	2,045,836,887	157,533,929	7.70%
End of the Year	\$2,395,605,595	\$2,203,370,816	\$ 192,234,779	8.72%

* Net of investment expense of \$40,722,556 and \$43,237,508 for June 30, 2025 and 2024, respectively.

	FY 2024	FY 2023	FY 2024 Increase/ (Decrease) Amount	FY 2024 Increase/ (Decrease) Percent
Additions:				
Employer Contributions	\$ 30,635,176	\$ 27,067,935	\$ 3,567,241	13.18%
Employee Contributions	13,107,833	12,053,687	1,054,146	8.75%
Net Investment Income (Loss)*	206,468,116	198,976,002	7,492,114	3.77%
Total Additions	\$ 250,211,125	\$ 238,097,624	\$ 12,113,501	5.09%
Deductions:				
Retiree Benefit Payments	\$ 86,681,263	\$ 77,661,978	\$ 9,019,285	11.61%
Post Retirement Supplemental Benefit (PRSB)	2,514,579	2,652,886	(138,307)	(5.21%)
Refunds of Contributions	1,023,545	622,026	401,519	64.55%
Administrative Expenses	2,457,809	2,401,043	56,766	2.36%
Total Deductions	\$ 92,677,196	\$ 83,337,933	\$ 9,339,263	11.21%
Changes in Net Position	157,533,929	154,759,691	2,774,238	1.79%
Net Position Restricted for Pension Benefits				
Beginning of the Year	2,045,836,887	1,891,077,196	154,759,691	8.18%
End of the Year	\$2,203,370,816	\$2,045,836,887	\$ 157,533,929	7.70%

* Net of investment expense of \$43,237,508 and \$32,378,625 for June 30, 2024 and 2023, respectively.

Management's Discussion and Analysis Continued

System's Fiduciary Responsibilities

The System's Board and management staff are fiduciaries of the pension trust fund. Under the California Constitution, the assets must be used exclusively for the benefit of plan participants and their beneficiaries.

Requests for Information

This financial report is designed to provide the Retirement Board, our membership, taxpayers, investment managers, and creditors with a general overview of the City of Fresno Fire and Police Retirement System's finances, and to show accountability for the funds it receives. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to:

City of Fresno Fire and Police Retirement System

2828 Fresno Street Suite 201

Fresno, California 93721-1327

Respectfully submitted,

Robert T. Theller

Robert T. Theller, Esq.
Retirement Administrator

December 3, 2025

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Basic Financial Statements

Statement of Fiduciary Net Position As of June 30, 2025 and 2024

	2025	2024
ASSETS		
Cash (Note 8)	\$ 795,879	\$ 745,730
Collateral Held for Securities Lent (Note 10)	26,403,774	30,048,536
Receivables		
Receivables for Investments Sold	9,482,083	5,404,168
Interest and Dividends	2,262,501	2,269,391
Other Receivables	1,189,550	866,235
Total Receivables	\$ 12,934,134	\$ 8,539,794
Prepaid Expenses	—	—
Total Current Assets	\$ 40,133,787	\$ 39,334,060
Investments at Fair Value and NAV (Note 7 and Note 8)		
Domestic Equities	592,740,818	536,005,210
International Equities	466,637,369	431,079,331
Private Equity	187,621,022	159,953,529
Fixed Income	298,349,862	272,386,444
Private Debt/Credit	287,302,054	295,521,248
Real Assets	501,672,606	464,049,233
Multi-Assets	48,769,549	35,351,984
Short-Term Investments	10,724,149	8,156,362
Total Investments	\$ 2,393,817,429	\$ 2,202,503,341
Capital Assets Net of Accumulated Depreciation (Note 13)	76,145	211,960
Other Assets	51,107	105,115
Total Assets	\$ 2,434,078,468	\$ 2,242,154,476
LIABILITIES		
Collateral Held for Securities Lent (Note 10)	26,403,774	30,048,536
Payable for Investments Purchased	9,599,417	6,856,051
Other Liabilities	1,272,750	1,014,224
Payable for Foreign Currency Purchased	1,196,932	864,849
Total Liabilities	\$ 38,472,873	\$ 38,783,660
Net Position Restricted for Pension Benefits (Note 6)	\$ 2,395,605,595	\$ 2,203,370,816

The accompanying notes to the basic financial statements on pages 21 - 59 are an integral part of this statement.

Basic Financial Statements Continued

Statement of Changes in Fiduciary Net Position
For Fiscal Years Ended June 30, 2025 and 2024

	2025	2024
ADDITIONS		
Contributions (Note 3)		
Employer	\$ 31,778,983	\$ 30,635,176
Employee	13,580,439	13,107,833
Total Contributions	\$ 45,359,422	\$ 43,743,009
Investment Income (Loss)		
Net Appreciation/(Depreciation) in Fair Value of Investments	261,612,993	229,711,380
Interest	11,173,861	10,374,725
Dividends	7,360,021	7,616,102
Other Investment Related Income	83,226	154,063
Total Investment Income (Loss)	280,230,101	247,856,270
Less: Investment Expense	(38,935,126)	(41,587,246)
Total Net Investment Income (Loss)	\$ 241,294,975	\$ 206,269,024
Securities Lending Income		
Securities Lending Earnings (Note 10)	1,912,638	1,849,354
Less: Securities Lending Expense	(1,787,430)	(1,650,262)
Total Net Securities Lending Income	\$ 125,208	\$ 199,092
Total Additions	\$ 286,779,605	\$ 250,211,125
DEDUCTIONS		
Benefit Payments	88,825,126	86,681,263
Post Retirement Supplemental Benefits (Note 12)	2,004,658	2,514,579
Refunds of Contributions	940,648	1,023,545
Administrative Expense	2,774,394	2,457,809
Total Deductions	\$ 94,544,826	\$ 92,677,196
Changes in Net Position	\$ 192,234,779	\$ 157,533,929
NET POSITION RESTRICTED FOR PENSION BENEFITS		
BEGINNING OF YEAR	\$ 2,203,370,816	\$ 2,045,836,887
END OF THE YEAR	\$ 2,395,605,595	\$ 2,203,370,816

The accompanying notes to the basic financial statements on pages 21 - 59 are an integral part of this statement.

Notes to the Basic Financial Statements

1 Significant Provisions of the Retirement System

The City of Fresno Fire and Police Retirement System (the System) was established on July 1, 1955, under provisions of the City of Fresno Ordinance Number 4611, and Charter Section 910, and is maintained and governed by Articles 3 and 4 of Chapter 3 of the Municipal Code of the City of Fresno (the City) but not under the control of the City Council. The System is a single-employer, contributory, defined benefit pension plan. The System is a public employee retirement system that provides lifetime retirement, disability, and death benefits to the safety members employed by the City of Fresno, which includes all full time sworn fire, police and airport safety personnel.

The System is administered by the Fire and Police Retirement Board (Board) which operates under the authority vested in Articles 3 and 4 of Chapter 3 of the City of Fresno Municipal Code and the California Pension Protection Act of 1992 which provides that “the members of the Retirement Board of a public retirement system shall discharge their duties...solely in the interest of, and for the exclusive purpose of providing benefits to participants and their beneficiaries, minimizing employer contribution thereto, and defraying reasonable expenses of administering the System.”

The Fire and Police Retirement Board does not operate under the control of the City Council. The Board has the sole and exclusive responsibility to administer the System in a manner that will assure prompt delivery of benefits and related services to the members and their beneficiaries.

Fiduciary oversight of the Fire and Police Retirement System is vested with the Board, which consists of five (5) members: two (2) management employees who are appointed by the Mayor and confirmed by the City Council, one (1) employee who is elected by the sworn Fire Department members of the System, and one (1) employee who is elected by the Police and Airport Safety Officers of the System; both elected members serve a four-year term. The fifth and final member of the Board is a qualified elector of the County of Fresno, not connected with its government, elected by the previously designated four members and serves at the pleasure of the Board.

The Board, in conjunction with the Employees Retirement Board, appoints, directs and oversees a Retirement Administrator. The Retirement Administrator is responsible for the overall management and administration of the Employees and Fire and Police Retirement Systems in accordance with the direction, policy and goals set by the Boards and for providing highly responsible and complex administrative support to the Boards. The Retirement Administrator serves at the pleasure of the Boards.

Working closely with the Boards, the Retirement Administrator and his staff develop investment and benefits policies, coordinate member services and programs, and develop long-term strategies that fulfill the Systems’ mission and goals.

The Board oversees the Retirement Administrator and staff in the performance of their duties in accordance with the City of Fresno Municipal Code and the Board’s Rules, Regulations and Policies.

Notes to the Basic Financial Statements Continued

Membership and Benefit Eligibility

The Fire and Police Retirement System is one System with two tiers. Effective August 27, 1990, the City of Fresno (the City) added the Fire and Police Second Tier for all full time sworn fire, police and airport safety personnel hired on or after that date (and closed the Fire and Police First Tier to new entrants). Both tiers are governed by the City of Fresno Municipal Code. The provisions of Tier 1 are set forth in Article 3 of Chapter 3, while the Tier 2 provisions are stated in Article 4.

All permanent sworn Fire, Police and Airport Safety personnel of the City of Fresno are eligible to participate in the plan. Temporary Public Safety employees are not eligible to participate in the plan. Employees become eligible for membership on their first day of full-time regular employment, and members become fully vested after earning 5 (Tier 2) or 10 (Tier 1) years of service credit.

Total participants of the System were comprised of the following at June 30, 2025 and 2024:

	2025	2024
Active Members		
Vested	834	843
Non-Vested	385	383
Total Active Members	1,219	1,226
Retirees and Beneficiaries of Deceased		
Retirees, Currently Receiving Benefits	1,246	1,220
Inactive Vested Members	65	71
Total Retirees, Beneficiaries, and Inactive Members	1,311	1,291
Grand Total	2,530	2,517

Benefit Provisions

The System provides lifetime retirement, disability, and death benefits to all eligible permanent sworn Fire, Police and Airport personnel employed by the City of Fresno. The retirement (pension) benefits the member will receive are based upon a combination of age at retirement, years of credited service, final average monthly salary, tier and the option selected by the participant. Death and disability benefits are additionally based upon whether the disability was service-connected and whether the death occurred before or after retirement.

Members' contributions, including interest, are 100 percent vested at all times. Employer contributions do not become vested until completion of 10 years of credited service under the First Tier and five years of credited service under the Second Tier when they become 100 percent vested, but are not payable until the member attains the age of 50 under both tiers. Contributions are made by the members and the employer at rates recommended by the System's actuary and adopted by the Retirement Board.

Member Retirement Benefits

Members of Tier 1, hired prior to August 27, 1990, are eligible to retire once they attain the age of 65 regardless of service or at age 50 and have acquired 10 or more years of retirement service credit. The Tier 1 benefit is calculated pursuant to the provisions of Section 3-333 of the City of Fresno Municipal Code. The monthly allowance for a member with at least 20 years of service who retires from active status is equal to 55 percent of final compensation plus 2 percent of final compensation for each year of service in excess of 20 years completed after age 50. For Tier 1, final average compensation consists of the final highest consecutive 36 months of compensation earnable, calculated using the rate of pay actually earned by the member in effect at the time of retirement. Some members can elect to have their final compensation based on a rank average.

Notes to the Basic Financial Statements Continued

Members of Tier 2, hired on or after August 27, 1990, are eligible to retire once they attain the age of 65 regardless of service or at age 50 and have acquired 5 or more years of retirement service credit. The Tier 2 benefit is calculated pursuant to the provisions of Section 3-411 of the City of Fresno Municipal Code. The monthly allowance for a member who is age 55 or older is equal to 2.70 percent of final compensation times years of accrued retirement service credit. The maximum monthly retirement allowance is 75 percent of final compensation. For Tier 2, final average compensation consists of the highest consecutive 36 months of compensation earnable during any 36 months of service before the date of retirement.

The member may elect an unmodified retirement allowance, or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 66 2/3 percent continuance to an eligible surviving spouse or domestic partner. An eligible surviving spouse is one married to the member one year prior to the effective retirement date for members retiring on or before the effective date (February 10, 2000) of Ordinance No. 2000-5. For members retiring after the effective date of Ordinance 2000-5, an eligible surviving spouse or domestic partner is one married to or registered with the member on or before the date of retirement.

There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member.

The City of Fresno contributes to the retirement plan based upon actuarially determined contribution rates adopted by the Board. Employer contribution rates are adopted annually based upon recommendations received from the Retirement System's actuary after the completion of the annual actuarial valuation. The adopted average employer contribution rate as of June 30, 2025 for 2024-2025 (based on the June 30, 2023 valuation) was 23.09 percent of compensation.

All members are required to make contributions to the Retirement System. The average member contribution rate as of June 30, 2025 for 2024-2025 (based on the June 30, 2023 valuation) was 8.98 percent of compensation.

Deferred Retirement Option Program (DROP)

DROP is an optional voluntary program that allows a member to have his or her retirement benefits deposited in a special account within the System while the member continues to work in his or her current position. It is a voluntary method of receiving a distribution of retirement benefits; it is not an additional retirement benefit.

DROP may not be beneficial to all members. Each member must determine how the DROP option will affect the member's retirement benefits prior to making an election to enter the DROP.

The member's retirement benefits are determined as of the date of entry into the DROP option and accumulate in the member's DROP account while the member continues to work. Members entering DROP after January 27, 2011, in accordance with ordinances that amended sections of the City of Fresno Municipal Code, continue making employee contributions.

Notes to the Basic Financial Statements Continued

Eligibility: Any member who is eligible for a service retirement and is age 50 with a minimum of 5 years of service.

Participation Period: The maximum participation period is ten years. Because the participation period cannot be extended, the member must retire at its conclusion; however, the member may end participation in DROP and terminate employment with the City and begin retirement at any time prior to the end of the ten-year period.

DROP Account: A DROP account is set up for each participant; the monthly amount credited to DROP accounts include an amount which represents the service retirement allowance which the member would have received if the member had retired on the date the member commenced DROP participation. Interest is also credited to the DROP account monthly at a rate which is set annually by the Retirement Board. The rate is based on the prior five-year moving average of net market returns of the System's investments in accordance with the City of Fresno Municipal Code requirements. The Board is authorized to reduce the annual interest crediting rate up to 3 percent, if necessary, to maintain DROP's cost neutrality.

A DROP account is a nominal, bookkeeping account established within the System for each DROP participant.

Upon termination of DROP participation and retirement from the City, a member receives the amounts credited to their DROP account, including interest. In addition, the member will also begin receiving his or her monthly retirement allowance in the amount being credited to their DROP account. The member may select a method of withdrawing the money from his or her DROP account from the options provided.

DROP Reserves, which represent funds reserved for DROP benefits accumulated by active members and

retirees, were \$160,657,764 and \$157,476,331 as of June 30, 2025 and 2024, respectively.

Terminated Member Benefits

If a member terminates before earning five years of credited service, the member forfeits the right to receive his or her service retirement benefit and is entitled to withdraw refundable contributions made, together with accumulated interest. If the member enters a reciprocal retirement system within 180 days (6 months) of terminating employment with the City of Fresno and elects to leave their accumulated contributions on deposit with the System, then the member will receive a deferred retirement allowance when eligible.

Death and Disability Benefits

Death benefits are based upon whether the death occurred before or after retirement. Disability benefits are based upon final average salary, years of credited service and whether the member is over or under age 50 and whether the permanent incapacity is found to be service-connected (caused by the job) or ordinary (injury or illness not caused by their job) disability. There is no minimum service requirement before benefits are payable for service-connected disability. However, in order to receive ordinary disability benefits, the member must have completed at least 10 years of service.

Cost-of-Living Benefits

Cost-of-living adjustment (COLA) increases for the Tier 1 retirees are determined by the increases attached to ranks of active safety employees for those having retired under the rank-average option. For those retired under the 3-year average, COLA increases are based on the percentage of change in the weighted mean average monthly compensation attached to all ranks of members, as compared with the prior fiscal year and limited to a maximum of 5 percent per year.

Notes to the Basic Financial Statements Continued

Tier 1 cost-of-living adjustments (COLA) depend on the type of method chosen by the employee at retirement. If the employee chose the Career Rank method, the COLA is a recalculation of his/her retirement based on the new salaries adopted for the current year. If the method chosen by the retiree is the final 3-year method, the COLA is based on the change in the weighted mean average compensation attached to all ranks in the department with a cap of five percent (5%) per year. Any excess over the 5% is banked for use in years when the COLA calculation is less than 5%.

Cost-of-Living Adjustment (COLA) increases for the Tier 2 retirees will be determined by the change in the Consumer Price Index (CPI) with a maximum of 3 percent per year. Provisions for the COLA increases are outlined in the City of Fresno Municipal Code and changes may be made only by code amendment.

Tier 2 COLAs are based on the change in the CPI (for all Urban Wage Earners and all Clerical Workers – U.S. City Average) as provided in the City of Fresno Municipal Code. Retirement staff research the percentage change in CPI and propose that percent to the Fire and Police Retirement Board as the COLA to be adopted for the following fiscal year. This procedure must be completed by the end of April each year for implementation in January of the following calendar year. The COLA is limited to a three percent (3%) maximum change per year and any excess over 3 percent is banked for the retiree for use in a year where the percent of CPI change is less than 3 percent.

The Board adopted the annual COLA adjustments, pursuant to Section 3-411, of 3.00 percent, January 1, 2025; 3.0 percent, January 1, 2024; and 3.0 percent, effective January 1, 2023.

2 | Summary of Significant Accounting Policies

Reporting Entity

The City of Fresno Fire and Police Retirement System (the System) was established on July 1, 1955, under provisions of the City of Fresno Ordinance Number 4611, and Charter Section 910, and is maintained and governed by Articles 3 and 4 of Chapter 3 of the Municipal Code of the City of Fresno (the City) but not under the control of the City Council. The System is a single-employer, contributory, defined benefit pension plan. The sole employer and primary government of the plan is the City of Fresno. All safety members employed by the City of Fresno, which includes all full time sworn fire, police and airport safety personnel are eligible to participate in the plan.

The Retirement System, with its own governing board, is an independent governmental entity separate and distinct from the City of Fresno. The System's annual financial statements are included in the City of Fresno Annual Comprehensive Financial Report as a pension trust fund.

Basis of Accounting

The System's financial statements are prepared using the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (GAAP), under which revenues are recognized when earned and deductions are recorded when the liability is incurred. Employer and employee contributions are recognized as revenue when due. Contributions are recorded in the period the related salaries are earned and become measurable. Investment income is recognized when it is earned. The net appreciation in fair value of investments held by the System is recorded as an increase to investment income based on the valuation of investments at fiscal year-end,

Notes to the Basic Financial Statements Continued

which includes both realized and unrealized gains and losses on investments. Retirement benefits and refunds are recognized when due and payable under the terms of the plan and per Sections 3-322 and 3-324 of the City of Fresno Municipal Code. Other expenses are recognized when the corresponding liabilities are incurred.

Securities lending transactions are accounted for in accordance with Governmental Accounting Standards Board (GASB) Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, which establishes reporting standards for securities lending transactions. In accordance with Statement No. 28, cash received as collateral on securities lending transactions and investments made with that cash are reported as assets and liabilities resulting from these transactions and are both reported in the Statement of Fiduciary Net Position. In addition, the costs of securities lending transactions are reported as an expense in the Statement of Changes in Fiduciary Net Position.

Investments

The System is authorized by the City of Fresno Municipal Code and the policies of the Retirement Board to invest in any form or type of investment deemed prudent by the Board and does so through its Investment Objectives and Policy Statement which establishes and outlines the responsibilities of the various parties that are associated with managing assets of the Retirement System, consistent with applicable sections of the City of Fresno Municipal Code, Federal laws and Article XVI, Section 17(c) of the Constitution of the State of California which provides that “the member 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.”

System investments are reported at fair value. Fair value is the amount that the System can reasonably expect to receive for an investment in a current sale between a willing buyer and seller, that is, other than in a forced or liquidation sale. Fair value for investments of publicly traded securities is stated at fair value based upon closing sales prices reported on recognized securities exchanges on the last business day of the period or, for listed securities having no sales reported and for unlisted securities, based upon last reported bid prices. All purchases and sales of securities are accounted for on a trade date basis and dividends declared but not received are accrued on the ex-dividend date. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Investments in both bonds and mortgage-backed pass-through certificates are carried at fair value.

Cost values, as shown, are derived from Master Custodial Transaction Records. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The asset allocation policy set by the Board, in conjunction with the Employees Retirement Board, is outlined in the Boards’ Investment Objectives and Policy Statement. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided by the System. The table on the following page provides the Boards’ adopted asset allocation policy as of June 30, 2025 and 2024.

*Notes to the Basic Financial Statements Continued***Asset Allocation Policy***As of June 30, 2025 and 2024*

Asset Class	FY 2025	FY 2024
Equity		
Domestic	21.0%	22.5%
International	18.0%	18.0%
Private	8.0%	6.5%
Rates/Credit		
Core Fixed Income	12.0%	13.0%
Private Debt/Credit	14.0%	14.0%
Real Assets		
Core Real Estate	6.0%	9.0%
Non-Core Real Estate	9.0%	6.0%
Infrastructure	7.0%	7.0%
Multi-Asset		
Alternative Credit	4.0%	4.0%
Short-Term Investments	1.0%	0.0%
	100%	100%

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires the System administrator to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results may differ from those estimates.

Reclassifications

Certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation. Such reclassifications had no effect on previously reported fiduciary net position.

Implementation of New Accounting Pronouncements

For the year ended June 30, 2025, the Board adopted and the System implemented all applicable new GASB pronouncements. The most recent pronouncements, effective for fiscal year ended June 30, 2025, are provided below.

GASB Statement No. 101 - *Compensated Absences*, was issued in June 2022. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The System has determined that this statement is not applicable, and thus has no material impact on the System's financial statements.

GASB Statement No. 102 - *Certain Risk Disclosures*, was issued in December 2023. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The System has implemented the provisions of this statement.

Notes to the Basic Financial Statements Continued

3 | Contributions

Authority to Collect

The responsibility for both City and employee contributions to the System is mandated by the City of Fresno Municipal Code Sections 3-319, 3-324, and 3-405.

Contributions are made by the members and the employer at rates recommended by the System's independent actuary and adopted by the Board. All active members are required to make contributions to the System.

Employee contribution rates historically varied in Tier 1 according to entry age and were designed to provide funding for approximately one-third of the retirement benefits. As of June 30, 2025, there were no Tier 1 employee contributions made in fiscal year 2025, as there are no longer any active Tier 1 members. There will be no further Tier 1 employee contributions. The Tier 1 average member contribution rate as of June 30, 2024 for 2023-2024 (based on the June 30, 2022 valuation) was 6.22% of compensation.

Employee contribution rates in Tier 2 are established at nine percent (9%) of pensionable base pay.

The City's contribution rates are designed to provide funding for the remaining regular retirement and cost-of-living benefits, as well as all disability and survivors' benefits. The aggregate actuarially determined employer contribution rate adopted by the Board as of June 30, 2025 for 2024-2025 (based on the June 30, 2023 valuation) was 23.09% of compensation. The aggregate employer contribution rate as of June 30, 2024 for 2023-2024 (based on the June 30, 2022 valuation) was 21.08% of compensation.

One of the funding objectives of the System is to establish contribution rates which, over time, will remain level as a percentage of payroll unless the System benefit provisions are changed.

Funding Status & Method

Comprehensive Actuarial Funding Policy and Actuarial Cost Methodology for Funding Purposes

The Board adopted a Comprehensive Actuarial Funding Policy on November 7, 2012. For the Fire & Police Retirement System, that policy included a change in actuarial cost methodology from the aggregate Entry Age Normal funding method used for funding purposes to the individual Entry Age Normal (EAN) method as this individual EAN method is used by a substantial majority of the retirement systems in California and nationwide. More importantly, the Board made this change in actuarial cost methodology due to the adoption of GASB Statements No. 67 and No. 68, which substantially revises the financial reporting requirements for governmental pension plans and their sponsors.

Goals of the Actuarial Funding Policy:

- To achieve long-term full funding of the cost of benefits provided by the System;
- To seek reasonable and equitable allocation of the cost of benefits over time; and
- To minimize any volatility of the City's contribution to the extent reasonably possible, consistent with other policy goals.

Notes to the Basic Financial Statements Continued

Funding Requirements and Policy Components

The System's annual funding requirement is comprised of a payment of the Normal Cost and a payment on the Unfunded Actuarial Accrued Liability (UAAL) if applicable. The Normal Cost and the amount of the payment on UAAL are determined by three components of the Board's funding policy: 1) Actuarial Cost Method – the techniques used to allocate the cost/liability of retirement benefits to a given period; 2) Asset Smoothing Method – the techniques that spread the recognition of investment gains or losses over a period of time for the purposes of determining the Actuarial Value of Assets used in the actuarial valuation process; and 3) Amortization Policy – the decisions on how, in terms of duration and pattern, to fund the difference between the Actuarial Accrued Liability and the Actuarial Value of Assets in a systematic manner.

Using the Asset Smoothing Method, the investment gains or losses of each valuation period, as a result of comparing the actual market return to the expected market return, are recognized in level amounts over five (5) years in calculating the Actuarial Value of Assets.

As of June 30, 2025, the System does not have an Unfunded Actuarial Accrued Liability (UAAL). The Board's Amortization Policy sets forth the amortization procedures for funding any UAAL or amortization and allocation of any available surplus in the System.

Any new UAAL as a result of actuarial gains or losses identified in the annual valuation as of June 30 will be amortized over a period of fifteen (15) years. Any new UAAL as a result of any change in actuarial assumptions or methods will be amortized over a period of twenty-five (25) years. The amortization period for any increase in UAAL as a result of any amendments to the System will be amortized over a period of fifteen (15) years, while any

increase in UAAL resulting from a temporary retirement incentive will be funded over a period not to exceed five (5) years. UAAL shall be amortized over "closed" (separate) amortization periods so that the amortization period for each layer decreases by one year with each actuarial valuation.

UAAL is amortized as a level percentage of payroll so that the amortization amount in each year during the amortization period shall be expected to be a level percentage of covered payroll, taking into consideration the current assumption for general payroll increase.

If an overfunding status exists (i.e., when the Valuation Value of Assets exceeds the Unfunded Actuarial Accrued Liability (UAAL), the System is considered to have a surplus in the System as of a point in time), such actuarial surplus and any subsequent surpluses will be amortized over an "open" amortization period of twenty-five (25) years.

This amortization period of twenty-five years shall be applicable to the provisions in the City of Fresno Municipal Code Sections relating to the amortization period used in the calculation of the Post Retirement Supplement Benefit (PRSB). Any prior Unfunded Actuarial Accrued Liability (UAAL) amortization layers will be considered fully amortized, and any subsequent UAAL will be amortized over fifteen (15) years as the first of a new series of amortization layers.

The System uses a five-year smoothing of market gains and losses to derive the actuarial value of assets. For the fiscal year ended June 30, 2025, the actuarial value of assets was \$2.151 billion with a funded percentage of 116.2 percent on a valuation value of assets.

The progress being made towards meeting the System's funding objective through June 30, 2025 is illustrated in the Schedule of Funding Progress shown in the Actuarial Section on page 93.

Notes to the Basic Financial Statements Continued

Funding Policy

The funding policy intends for the City (Employer) to fund, at a minimum, the amounts recommended by the actuary and approved by the Retirement Board. Such amounts are determined using the individual entry age normal funding method applied to the projected benefits in determining the Normal Cost and Actuarial Accrued Liability. If there is a positive (Surplus) or negative (Unfunded) difference between the Valuation of Assets and the Actuarial Accrued Liability (AAL), the amortization policy determines the amortization of the Unfunded Actuarial Accrued Liability (UAAL) on a level percentage of payroll needed to fund the UAAL or the amount of available surplus which would be distributable in any given year. This method produces an employer contribution rate consisting of amounts for (a) normal cost and (b) amortization of any unfunded (UAAL) or prefunded (PAAL) actuarial accrued liability.

These minimum contributions are recognized currently in the Statement of Changes in Fiduciary Net Position. Employees' contributions are funded and recognized currently through payroll deductions in amounts recommended by the actuary. Costs of administering the System are charged against System assets.

Total contributions to the System for fiscal year 2025 totaled \$45,359,422. Employees (members in both tiers) contributed \$13,580,439 and the City made (basic and cost-of-living adjustments (COLA)) contributions of \$31,778,983. For fiscal year 2024, total contributions to the system totaled \$43,743,009. Employees (members in both tiers) contributed \$13,107,833 and the City made (basic and cost-of-living adjustments (COLA)) contributions of \$30,635,176.

First Tier

For fiscal year 2025, the Tier 1 employer contribution normal cost rate was set at 29.92 percent; this was further increased by 0.46 percent, reflecting the difference between actual and projected contributions for the fiscal year ended June 30, 2022, and decreased by 2.73 percent resulting from the application of the surplus offset, the resulting net required employer contribution rate was 23.09 percent. There were no Tier 1 contributions made in fiscal year 2025, as there are no longer any active Tier 1 members. There will be no further Tier 1 contributions.

Contributions aggregating \$-41,040 (\$-54,098 net employer and \$13,058 employee) were made in fiscal year 2024, based on an actuarial valuation determined as of June 30, 2022, which became effective for the year ended June 30, 2024. For fiscal year 2024, the employer contribution rate was set at 30.25 percent; however, only a cash contribution of \$-54,098 was required from the City due to the difference between actual and the estimated June 30, 2022 surplus allocated to the City in the June 30, 2021 valuation for offsetting the City's contributions for the 2022/2023 plan year. Based on the June 30, 2022 actuarial valuation, employer and employee contributions represented 21.08 percent and 0.00 percent, respectively, of the fiscal year 2024 covered payroll.

Notes to the Basic Financial Statements Continued

Second Tier

Contributions aggregating \$45,359,422 (\$31,778,983 net employer and \$13,580,439 employee) were made in fiscal year 2025, based on an actuarial valuation determined as of June 30, 2023, which became effective for the year ended June 30, 2025. For fiscal year 2025, the Tier 2 employer contribution normal cost rate was set at 25.34 percent; this was further offset by an increase of 0.46 percent, reflecting the difference between actual and projected contributions for the fiscal year ended June 30, 2022, and a reduction of 2.73 percent resulting from the application of the surplus offset, the resulting net required employer contribution rate was 23.09 percent. The required employee contributions were set at 9.00 percent of the fiscal year 2025 covered payroll. For the fiscal year ended June 30, 2025, the Board adopted an employer contribution rate of 23.09%. (The employee contribution for Tier 2 members is set at the fixed rate of 9.00% as required by the municipal code.) The City elected to implement a contribution rate of 21.08%, lower than the actuarially determined contribution rate adopted by the Board.

Contributions aggregating \$43,784,049 (\$30,689,274 net employer and \$13,094,775 employee) were made in fiscal year 2024, based on an actuarial valuation determined as of June 30, 2022, which became effective for the year ended June 30, 2024. For fiscal year 2024, the employer contribution rate was set at 25.47 percent; however, only a cash contribution of \$30,689,274 was required from the City due to the difference between actual and the estimated June 30, 2022 surplus allocated to the City in the June 30, 2021 valuation for offsetting the City's contributions for the 2022/2023 plan year. Employer and employee contributions represented 21.08 percent and 9.00 percent, respectively, of the fiscal year 2024 covered payroll.

Contributions Required and Contributions Made

The approved normal contributions to the Fire and Police Retirement System for 2025 were estimated in accordance with actuarially determined requirements computed through an actuarial valuation performed as of June 30, 2023, and are shown on the following page:

Notes to the Basic Financial Statements Continued

Actuarial Normal Cost Rates as a Percentage of Pensionable Payroll

	Effective FY 25	Effective FY 24
Employer Normal Cost Rate (First Tier)	29.92%	30.25%
Employer Normal Cost Rate (Second Tier)	25.34%	25.47%

Employee and Employer Contributions

	FY 2025		
	Tier 2	Total	
Employee Contributions	\$ 13,580,439	\$	13,580,439
Employee Contribution Rate	9.00%		
Employer Contributions	\$ 31,778,983	\$	31,778,983
Net Employer Contribution Rate Implemented	21.08%		
Pensionable Payroll	\$ 151,195,533	\$	151,195,533

	FY 2024		
	Tier 1	Tier 2	Total
Employee Contributions	\$ 13,058	\$ 13,094,775	\$ 13,107,833
Employee Contribution Rate	9.00%	9.00%	
Employer Contributions	\$ -54,098	\$ 30,689,274	\$ 30,635,176
Net Employer Contribution Rate	21.08%	21.08%	
Pensionable Payroll	\$ 210,041	\$ 145,458,703	\$ 145,668,744

*Notes to the Basic Financial Statements Continued***4 | Risk Disclosure Related to Contribution Constraint**

The City of Fresno Fire and Police Retirement System (the System) is subject to a constraint related to the inflow of resources from its plan sponsor, the City of Fresno. Pursuant to the City's municipal code, the City is responsible for remitting employer and employee contributions based on rates adopted by the System's Board of Retirement (the Board) prepared in accordance with parameters included in its formal funding policy following an independent actuarial valuation.

For the fiscal year ended June 30, 2025, the Board adopted an employer contribution rate of 23.09%. (The employee contribution for Tier 2 members is set at the fixed rate of 9.00% as required by the municipal code.)

The City elected to implement a contribution rate of 21.08%, lower than the actuarially determined contribution rate adopted by the Board.

This action resulted in a shortfall in contributions received during fiscal year 2024–2025. At the advice of counsel (see below) and following general procedures that have been used to determine the City's contributions in the past, the shortfall has been added to the City's required contributions for fiscal year 2026–2027.

The System has initiated litigation seeking to compel the plan sponsor, the City of Fresno, to remit the full actuarially determined contributions, including the shortfall amount. As of June 30, 2025, the litigation remains unresolved.

5 | Net Pension Liability

The components of the net pension liability of the System are as follows:

Schedules of Changes in the System's Net Pension Liability (GASB 67)

As of June 30, 2025 and 2024

(In Thousands)

	As of June 30, 2025	As of June 30, 2024
Total Pension Liability	\$2,100,454	\$1,996,002
Plan Fiduciary Net Position	(\$2,395,606)	(\$2,203,371)
Net Pension Liability/(Surplus)	(\$295,152)	(\$207,369)
Plan Fiduciary Net Position as a percentage of the total pension liability	114.05%	110.39%

The net pension liability was measured as of June 30, 2025 and 2024, and determined based upon the total pension liability (on a GASB 67 basis) from actuarial valuations as of June 30, 2025 and 2024, respectively.

*Notes to the Basic Financial Statements Continued***Actuarial Assumptions****Key Methods and Assumptions Used in Valuation
of Total Pension Liability**

The total pension liability as of June 30, 2025 was determined by an actuarial valuation as of June 30, 2025, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2025 ¹
Actuarial Experience Study	3 Year Period Ending June 30, 2024
Actuarial Cost Method	Entry Age Normal Actuarial Cost Method Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are based on costs allocated as a level percentage of compensation.

Actuarial Assumptions

Inflation:	2.50%
Salary Increases:	4.25% to 14.00%, varying by service, including inflation
Discount Rate:	6.75%, net of pension plan investment expense, including inflation
Other Assumptions:	See June 30, 2025 funding valuation for the service retirement rates after they have been adjusted to treat DROP participation as service retirement.
Mortality Rates:	<p><i>Healthy Members</i> • Pub-2016 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021.</p> <p><i>Beneficiaries Not Currently in Pay Status</i> • Pub-2016 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 10%, projected generationally with the two-dimensional mortality improvement scale MP-2021.</p> <p><i>Beneficiaries in Pay Status</i> • Pub-2016 Contingent Survivor Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 10%, projected generationally with the two-dimensional mortality improvement scale MP-2021.</p> <p><i>Disabled Members</i> • Pub-2016 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021.</p>

¹ Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. As such, the actuarial valuations dated June 30, 2025 and 2024, will impact the contribution rates for the fiscal years ended June 30, 2027 and 2026, respectively.

Notes to the Basic Financial Statements Continued

The valuation interest rate is 6.75 percent; total salary scale increases range between 4.25% to 14.00% (including 2.50 percent for inflation plus 0.50 percent across the board salary increase plus merit and promotion increases based on completed years of service) were based on the June 30, 2024 Experience Analysis and Economic Assumptions Reports.

Actuarial valuations of an ongoing plan involve estimates of the fair value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, inflation and investment returns. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

GASB Statement No. 67 (GASB 67) addresses accounting and financial reporting requirements for pension plans and redefines pension liability and expense for financial reporting purposes, and does not apply to contribution amounts for pension funding purposes.

When measuring pension liability under GASB Statement No. 67, the actuary uses the same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) as the System uses for funding. Note that, unrelated to the investment return assumption, the new rules use a version of the Entry Age method where the Total Pension Liability (TPL) for financial reporting purposes must be fully accrued by the time a member either enters DROP or is expected to elect the DROP. This is in contrast to the version of the Entry Age method used for funding, where the Actuarial Accrued Liability (AAL) does not have to be fully accrued until members retire from employment after participation in the DROP. Under GASB Statement No.

67, active members who are expected to enroll in the DROP in the future would report a Service Cost that is higher than the Normal Cost used for funding, while members already in the DROP would report no Service Cost even though their Normal Cost continues to accrue.

Long-Term Expected Real Rate of Return

The long-term expected rate of return on the System's investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and net of inflation) are developed for each major asset class. This information is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and deducting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the table on the following page.

The actual asset class target allocations from the Board's current adopted Asset Allocation Target Policy were utilized in the Analysis of Actuarial Experience during the period July 1, 2021 through June 30, 2024 and for the Review of Economic Actuarial Assumptions for the June 30, 2025 and June 30, 2024 Actuarial Valuations.

Notes to the Basic Financial Statements Continued

Asset Class/Target Allocation/Long-term Expected
Real Rate of Return Table

Asset Class	As of June 30, 2025		As of June 30, 2024	
	Target Asset Allocation	Weighted Average Long-Term Expected Real Rate of Return* (Arithmetic)	Target Asset Allocation	Weighted Average Long-Term Expected Real Rate of Return* (Arithmetic)
Large Cap U.S. Equity	18.00%	5.59%	18.00%	5.40%
Small Cap U.S. Equity	3.00%	6.45%	3.00%	6.17%
International Equities (Unhedged)	13.00%	6.23%	13.00%	6.13%
Emerging International Equities	5.00%	7.89%	5.00%	8.17%
Core Bonds	12.00%	2.47%	12.00%	0.39%
Private Equity	8.00%	9.31%	8.00%	10.83%
Private Debt	14.00%	6.47%	14.00%	5.93%
Core Real Estate	6.00%	4.58%	—	—
Non-Core Real Estate	9.00%	8.19%	—	—
Absolute Return Fixed Income	1.00%	3.50%	—	—
Real Estate	—	—	15.00%	4.59%
Private Credit - Credit Opportunities	—	—	2.50%	7.18%
Private Debt - Credit Opportunities	3.00%	7.09%	—	—
China Equity	—	—	1.25%	9.53%
Hedge Fund - Macro	—	—	1.25%	2.72%
Private Real Assets - Infrastructure/Land	7.00%	4.63%	7.00%	6.19%
Cash	1.00%	0.98%	—	—
Total	100.0%		100.0%	

* Based on the results of an experience study for the period from July 1, 2021 through June 30, 2024.

Mortality Rates

Mortality rates used in the latest actuarial valuation are based on the Pub-2016 mortality tables. For healthy members, the Pub-2016 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) is used, projected generationally with the two-dimensional mortality improvement scale MP-2021. For beneficiaries, the Pub-2016 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) times 110% is used, projected generationally with the two-dimensional mortality improvement scale MP-2021.

For members that are disabled, the Pub-2016 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) is used, projected generationally with the two-dimensional mortality improvement scale MP-2021.

*Notes to the Basic Financial Statements Continued**Discount Rate*

The discount rate used to measure the total pension liability was 6.75 percent as of June 30, 2025 and 2024. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members.

Therefore, the long-term expected rate of return on the System's investments was applied to all periods of projected benefit payments to determine the total pension liability as of both June 30, 2025 and June 30, 2024.

The table below presents the net pension liability of the Retirement System calculated using the discount rate of 6.75 percent as of June 30, 2025 and 2024, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower or 1.00 percent higher than the current rate:

Sensitivity of Net Pension Liability to Changes in the Discount Rate
As of June 30, 2025 and 2024 (In Thousands)

	1% Decrease	Current Discount Rate	1% Increase
Net Pension Liability/(Surplus)	5.75%	6.75%	7.75%
June 30, 2025	(\$2,697)	(\$295,152)	(\$530,331)
	1% Decrease	Current Discount Rate	1% Increase
Net Pension Liability/(Surplus)	5.75%	6.75%	7.75%
June 30, 2024	\$69,861	(\$207,369)	(\$430,418)

*Notes to the Basic Financial Statements Continued***6 | Net Position Restricted for Pension Benefits**

Net position restricted for pension benefits is segregated into Active Members Reserves (members' accumulated contributions) and reserves established by the Board for various benefit payments.

Reserves are established by the System from member and employer contributions and the accumulation of investment income after satisfying investment and administrative expenses. Note: The reserves do not represent the present value of assets needed, as determined by actuarial valuation, to satisfy retirements and other benefits as they become due.

The System's major reserves are as follows:

ACTIVE MEMBER (EMPLOYEE) RESERVES represent the total accumulated member contributions. Additions include member contributions and investment earnings; deductions include refunds of member contributions and transfers to Employer Advance/Retired Reserves.

EMPLOYER ADVANCE/RETIRED RESERVES represent the total accumulated employer contributions for future retirement payments to current active members and vested terminated members, and the total accumulated transfers from Active Member Reserves and investment earnings, less payments to retirees and transfers to the DROP Reserves. Additions include contributions from the employer, transfers from Active Member Reserves, and investment earnings; deductions include payments to retirees and transfers to the DROP Reserves.

DEFERRED RETIREMENT OPTION PROGRAM (DROP) RESERVES represent funds reserved for Deferred Retirement Option Benefits accumulated by members and retirees.

POST RETIREMENT SUPPLEMENTAL BENEFIT (PRSB) RESERVES represent surplus earnings that have been allocated but not distributed to eligible participants in accordance with the City of Fresno Municipal Code Section 3-354 Post-Retirement Supplemental Benefit.

Notes to the Basic Financial Statements Continued

CITY SURPLUS (DEFICIT) RESERVES represent surplus earnings that have been allocated but not used as a reduction to offset or eliminate the City's pension contributions in accordance with the conditions and requirements of the City of Fresno Municipal Code Section 3-354 Post-Retirement Supplemental Benefit. In addition, these reserves also include the negative balance that reflects shortfalls in employer contributions. These shortfalls arise when the City adopts contribution rates below the board-approved, actuarially determined rates.

Interest is allocated at an actuarially determined interest rate as approved by the Board and is credited monthly to the Active Member Reserves and the Employer Advance/Retired Reserves. Active members in the Deferred Retirement Option Program accrue interest on their accumulated DROP accounts monthly at an interest rate annually adopted by the Board.

The amount of reserves as of the years ended June 30, 2025 and 2024, consisted of the following:

Reserves Table as of June 30, 2025 and 2024
(In Thousands)

	2025	2024
Employer Advance/Retired Reserves	\$ 2,006,204	\$ 1,812,431
Active Member (Employee) Reserves	230,286	231,916
DROP Reserves	160,658	157,476
PRSB Reserves	1,616	2,159
City Surplus (Deficit) Reserves	(3,158)	(611)
Net Position Restricted for Pension Benefits	\$ 2,395,606	\$ 2,203,371

Notes to the Basic Financial Statements Continued

7 | Fair Value Measurements

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements and disclosures, the System's investments are measured and reported within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1: Inputs are based on quoted prices for identical assets or liabilities in an active market that the System can access. An active market for the asset or liability is one in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market usually provides the most reliable evidence of fair value and is generally used without adjustment if available. This classification includes public equities with observable market prices.

Level 2: Inputs that are observable either directly or indirectly but are not Level 1 inputs. Level 2 inputs include quoted prices for similar instruments, broker quotes, or observable inputs that directly impact value such as interest rates, prepayment speeds, and credit risk. Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, and fair values are determined through the use of models or other valuation methodologies. For investments in funds where there is an ability to redeem such investments at the Net Asset Value (NAV) per share (or its equivalent) at the measurement date or in the near term, the fair value of the investment is generally categorized as Level 2.

Level 3: Inputs that are unobservable. Level 3 inputs are generally used in situations where there is little, if any, market activity for the investment. These inputs into the determination of fair value require significant management judgment or estimation. Due to the inherent uncertainty of these estimates, these values may differ significantly from the values that would have been used had a ready market for these investments existed. Investments that are included in this category generally include public entities and other fixed income securities where there is an inability to redeem such investments at the NAV per share (or its equivalent) at the measurement date or in the near term.

The tables on the following pages show the fair value leveling of the System's investments as of June 30, 2025 and 2024.

Notes to the Basic Financial Statements Continued

Investment Type	Fair Value Measurements Using			
	June 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
Asset Backed Securities	\$ 38,105,314	\$ —	\$ 37,553,736	\$ 551,578
Commercial Mortgage-Backed	11,112,363	—	11,112,363	—
Corporate Bonds	80,324,003	—	79,948,492	375,511
Government Agencies	4,646,101	—	4,646,101	—
Government Bonds	23,415,120	—	23,415,120	—
Government Mortgage-Backed Securities	100,376,171	—	100,376,171	—
Gov't-Issued Commercial Mortgage-Backed	352,047	—	352,047	—
Index Linked Government Bonds	921,730	—	921,730	—
Municipal/Provincial Bonds	2,333,456	—	2,333,456	—
Non-Government Backed CMOs	2,571,875	—	2,571,875	—
Total Debt Securities	264,158,180	—	263,231,091	927,089
Equity Securities				
Consumer Discretionary	36,964,173	36,964,173	—	—
Consumer Staples	11,938,401	11,938,401	—	—
Energy	7,493,944	7,320,360	—	173,584
Financials	54,412,935	54,232,307	—	180,628
Health Care	22,541,189	22,541,189	—	—
Industrials	41,177,119	41,177,119	—	—
Information Technology	41,176,072	41,176,072	—	—
Materials	13,950,548	13,517,001	—	433,547
Miscellaneous	—	—	—	—
Real Estate	—	—	—	—
Telecommunication Services	24,832,623	24,832,623	—	—
Utilities	1,308,814	1,308,814	—	—
Total Equity Securities	255,795,818	255,008,059	—	787,759
Securities Lending	26,403,774	26,403,774	—	—
Short-Term Investments	10,724,149	10,724,149	—	—
Private Real Estate Holdings	3,662,500	—	3,662,500	—
Total Investments by Fair Value Level	\$ 560,744,421			
Investments Measured at the Net Asset Value (NAV)				
Commingled Fund - Equities	\$ 804,595,545			
Commingled Fund - Real Estate	175,418,855			
Commingled Fund - Infrastructure	134,551,310			
Private Real Estate Funds	188,039,941			
Private Debt/Private Credit	336,071,604			
Private Equity	187,621,022			
Total Investments Measured at NAV	1,826,298,277			
Total Investments Measured at Fair Value and NAV	\$2,387,042,698			
Investment Derivative Instruments*				
Debt Securities - Futures	\$ 33,178,502	\$ 33,178,502	\$ —	\$ —
Rights/Warrants	3	3	—	—
Total Investment Derivative Instruments	\$ 33,178,505	\$ 33,178,505	\$ —	\$ —

* Short-term derivative instruments included on page 54 are excluded here.

Notes to the Basic Financial Statements Continued

Investment Type	Fair Value Measurements Using			
	June 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
Asset Backed Securities	\$ 29,513,992	\$ —	\$ 29,513,992	\$ —
Commercial Mortgage-Backed	16,240,150	—	16,240,150	—
Corporate Bonds	80,826,688	—	80,826,688	—
Corporate Convertible Bonds	—	—	—	—
Government Agencies	3,969,796	—	3,969,796	—
Government Bonds	20,656,034	—	20,656,034	—
Government Mortgage-Backed Securities	88,602,048	—	88,602,048	—
Gov't-Issued Commercial Mortgage-Backed	343,313	—	343,313	—
Index Linked Government Bonds	674,428	—	674,428	—
Municipal/Provincial Bonds	1,911,486	—	1,911,486	—
Non-Government Backed CMOs	1,568,874	—	1,568,874	—
Total Debt Securities	244,306,809	—	244,306,809	—
Equity Securities				
Consumer Discretionary	32,817,717	32,817,717	—	—
Consumer Staples	14,751,297	14,751,297	—	—
Energy	9,197,466	9,197,466	—	—
Financials	51,902,209	51,902,209	—	—
Health Care	17,852,740	17,852,740	—	—
Industrials	44,495,769	44,495,769	—	—
Information Technology	52,294,418	52,294,418	—	—
Materials	13,376,387	13,376,379	—	8
Real Estate	235,934	235,934	—	—
Telecommunication Services	20,415,094	20,415,094	—	—
Utilities	848,824	848,824	—	—
Total Equity Securities	258,187,855	258,187,847	—	8
Securities Lending	30,048,536	30,048,536	—	—
Short-Term Investments	8,156,362	8,156,362	—	—
Private Real Estate Holdings	3,500,000	—	3,500,000	—
Total Investments by Fair Value Level	\$ 544,199,562			
Investments Measured at the Net Asset Value (NAV)				
Commingled Fund - Equities	\$ 709,903,872			
Commingled Fund - Real Estate	185,661,457			
Commingled Fund - Infrastructure	126,869,414			
Private Real Estate Funds	148,018,363			
Private Debt/Private Credit	330,873,231			
Private Equity	159,953,529			
Total Investments Measured at NAV	1,661,279,866			
Total Investments Measured at Fair Value and NAV	\$ 2,205,479,428			
Investment Derivative Instruments*				
Debt Securities - Futures	\$ 27,071,469	\$ 27,071,469	\$ —	\$ —
Rights/Warrants	980	980	—	—
Total Investment Derivative Instruments	\$ 27,072,449	\$ 27,072,449	\$ —	\$ —

* Short-term derivative instruments included on page 54 are excluded here.

Notes to the Basic Financial Statements Continued

Commingled equity and real estate funds are valued based on NAV reported by the investment manager, which are generally calculated based on the last reported sale price of the underlying assets held by such funds. Direct lending funds are typically structured as limited partnerships and limited liability companies. Since there is no readily available market for these investments in limited partnerships and limited liability companies, such investments are stated at fair value as estimated in an inactive market. These investments include securities of companies that may not be immediately liquid, such as private debt securities, real estate or other assets. The valuations of these investments are based upon values provided by the investment managers, based on the guidelines established with the investment managers and in consideration of other factors related to the System's interests in these investments.

Investments that are measured at fair value using the net asset value per share (NAV or its equivalent) as a practical expedient are not classified in the fair value hierarchy. In these instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The System's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Equity and derivative securities classified in Level 1 are valued using prices quoted in active markets for those securities. Equity and debt securities classified in Level 2 and Level 3 are using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, observable market based inputs and unobservable inputs (i.e., extrapolated data, proprietary models, and indicative quotes).

Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices. Investment derivative instruments classified as Levels 2 and 3 are valued using market approaches that consider, as applicable, benchmark interest rates or foreign exchange rates.

Real estate assets classified in Level 2 are the System's private real estate investments which are valued using independent external appraisers. The System's policy is to perform independent appraisals of the property every three years. The appraisals include a complete property and market inspection and analysis by designated Members of the Appraisal Institute (MAI). The appraisals are performed using generally accepted valuation approaches applicable to the property type. Calculations used in the System's independent appraisals are generally based on a discounted cash flow analysis.

Investments in Entities That Calculate Net Asset Value Per Share

The fair value measurement of investments in commingled equity, real estate and direct lending funds are valued based on the investments' net asset value (NAV) per share (or its equivalent) reported by the investment manager, which are generally calculated based on the last reported sale price of the underlying assets held by such funds. These include funds that are structured as limited partnerships and limited liability companies.

Since there is no readily available market for investments in limited partnerships and limited liability companies, such investments are stated at fair value as estimated in an inactive market. These investments include securities of companies that may not be immediately liquid, such as private debt securities and real estate or other assets.

Notes to the Basic Financial Statements Continued

The valuations of these investments are based upon values provided by the investment managers, and in consideration of other factors, including guidelines established with those investment managers, related to the System's interests in these investments.

Such fair value measurements are shown in the tables below as of June 30, 2025 and 2024.

City Of Fresno Fire and Police Retirement System
Investments Measured at the NAV
As of June 30, 2025

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled Fund - Equities	\$ 804,595,545	\$ —	Daily	None
Commingled Fund - Real Estate	175,418,855	—	Quarterly	45-90 Days
Commingled Fund - Infrastructure	134,551,310	—	Not Eligible	N/A
Private Real Estate Funds	188,039,941	109,734,154	Not Eligible	N/A
Private Debt/Private Credit	336,071,604	128,846,848	Not Eligible	N/A
Private Equity	187,621,022	190,501,686	Not Eligible	N/A
Total investments measured at the NAV	\$1,826,298,277	\$ 429,082,688		

City Of Fresno Fire and Police Retirement System
Investments Measured at the NAV
As of June 30, 2024

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled Fund - Equities	\$ 709,903,872	\$ —	Daily	None
Commingled Fund - Real Estate	185,661,457	—	Quarterly	45-90 Days
Commingled Fund - Infrastructure	126,869,414	—	Not Eligible	N/A
Private Real Estate Funds	148,018,363	77,927,940	Not Eligible	N/A
Private Debt/Private Credit	330,873,231	142,001,874	Not Eligible	N/A
Private Equity	159,953,529	125,936,560	Not Eligible	N/A
Total investments measured at the NAV	\$1,661,279,866	\$ 345,866,374		

On the following page is an explanation of the investment types listed above.

Notes to the Basic Financial Statements Continued

The investment types listed in the tables on the preceding page were measured at the NAV as follows.

(1) Commingled equity funds are highly liquid and can be redeemed within short-term periods of time. The System's investments of this type consist of institutional investment funds - one international ACWIexUS equity fund that is diversified across developed and emerging market countries and sectors and two domestic large cap equity index funds (S&P 500 Index and Russell 1000 Index). The fair value of these investment types has been determined using the NAV per share of the investments.

(2) Commingled real estate fund: The System's commingled real estate funds are a core investment strategy designed to deliver a relatively high level of current income combined with moderate appreciation potential. It is comprised of institutional quality office, retail, residential and industrial investments in major markets throughout the U.S. The redemption frequency of the real estate fund is quarterly, if liquidity is available, with a notice of redemption 45 days before the end of a quarter.

(3) Private real estate funds: The System's private real estate funds are designed to act as a diversifier and alpha generator to the core real estate portfolio. Investments are made in middle-market assets across various domestic and international regions and sectors such as industrial, multifamily, office, and retail. The strategies focus on identifying investments with pricing dislocations that can be renovated, repurposed, and exited at opportunistic levels. The investment period is generally 3-5 years with a lifespan of 10-12 years.

(4) Private Debt/Private Credit - direct lending funds: The System's direct lending funds are each invested through a master-feeder structure, on a leveraged basis primarily in senior secured loans of private U.S. lower-middle-market companies. Strategies employ a capital preservation focus and structured investments with strong covenant provisions to reduce associated risks, underwriting multiple cushions to provide downside protections. The investment period is generally 3-5 years with reinvestment of committed capital.

(5) Commingled infrastructure funds: The System's infrastructure funds invest in core assets that generate long-term stable cash yields, have modest price appreciation, and provide inflation protection. Types of assets include energy (water, wind, and solar, etc.), transportation (toll roads and bridges, airports, and seaports, etc.), and social (hospitals, prisons, and schools, etc.). Investments are located domestically as well as in the Organization for Economic Co-operation and Development (OECD) countries internationally. Each fund has lockup periods of 4 years and, after that initial period, redemptions can be requested on a quarterly basis, if liquidity is available.

(6) Private Equity Funds: The System's private equity fund represents investments in privately owned companies that are not listed on public market exchanges. They are typically accessed through partnerships and managed by external general partners. The System's one private equity fund is composed of primaries, secondaries, and co-investments, split between North America and international markets. Most investments are sourced from the small-to-mid market investment universe.

*Notes to the Basic Financial Statements Continued***8 | Deposits and Investments**

The System's investment guidelines reflect the duties imposed by an investment standard known as the "prudent expert rule." The prudent expert rule establishes a standard for all fiduciaries which includes anyone who has discretionary authority with respect to the System's investments.

Northern Trust serves as custodian of the System's investments. The System's asset classes include U.S. Equity, International Equity, Private Equity, Fixed Income, Private Debt/Credit, Real Assets and Multi-Assets. Any class may be held in direct form, pooled form, or both. The System has thirty-one external investment managers, managing thirty-five individual portfolios. Investments as of June 30, 2025 and 2024, consist of the following:

Investments at Fair Value as of June 30, 2025 and 2024
(In Thousands)

	2025	2024
Investments at Fair Value		
Domestic Equities	\$ 592,741	\$ 536,005
International Equities	466,637	431,079
Private Equity	187,621	159,954
Fixed Income	298,350	272,387
Private Debt/Credit	287,302	295,521
Real Assets	501,673	464,049
Multi-Assets	48,769	35,352
Short-Term Investments	10,724	8,156
Total Investments at Fair Value	\$ 2,393,817	\$ 2,202,503

Notes to the Basic Financial Statements Continued

The Board, through its Investment Policy Statement, provides guidelines for investments and established the following target allocations with a minimum and maximum range for each of these asset classes:

Asset Class Minimum Target and Maximum Allocations

Asset Class	FY 2025			FY 2024		
	Minimum	Target	Maximum	Minimum	Target	Maximum
Equity						
Domestic	15.0%	21.0%	36.0%	15.0%	22.5%	36.0%
International	10.0%	18.0%	25.0%	10.0%	18.0%	25.0%
Private	0.0%	8.0%	10.0%	0.0%	6.5%	10.0%
Rates/Credit						
Core Fixed Income	5.0%	12.0%	20.0%	5.0%	13.0%	20.0%
Private Debt/Credit	5.0%	14.0%	20.0%	5.0%	14.0%	20.0%
Real Assets						
Core Real Estate	2.0%	6.0%	8.0%	5.0%	9.0%	15.0%
Non-Core Real Estate	5.0%	9.0%	15.0%	2.0%	6.0%	8.0%
Infrastructure	2.0%	7.0%	10.0%	2.0%	7.0%	10.0%
Multi-Asset						
Alternative Credit	0.0%	4.0%	10.0%	0.0%	4.0%	7.0%
Short-Term Investments	0.0%	1.0%	3.0%	0.0%	0.0%	0.0%
		100%			100%	

Allowable securities must meet the reporting requirements of the Securities and Exchange Commission and must meet a “prudent expert” standard for investing. In no case may the System have five percent (5%) or more of System net position invested in any one organization.

The Retirement Board’s investment policies and guidelines permit investment in numerous specified asset classes to take advantage of the non-correlated economic behavior of diverse asset classes. The result is a well-diversified portfolio.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Retirement System’s investment securities are not exposed to custodial credit risk since all securities are registered in the System’s name and held by the System’s custodial bank.

Custodial credit risk for deposits is the risk that, in the event of the failure of the depository financial institution, the System will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Any cash associated with the System’s investment portfolios not invested at the end of a day is temporarily swept overnight to the Northern Trust Collective Short-Term Investment Fund.

Notes to the Basic Financial Statements Continued

That portion of the System's cash held by the City in a Trust account as part of the City's cash investment pool totaled \$222,367 and \$314,526 at June 30, 2025 and 2024, respectively. Accordingly, the System's investments in the pool are held in the name of the City and are not specifically identifiable.

Disclosure of the legal and contractual provisions of the City's investment policy and carrying amounts by type of investments may be found in the notes to the City's separate Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025.

Credit and Interest Rate Risk

Credit risk associated with the System's debt securities is identified by their ratings in the table below. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The System has no general policy on credit and interest rate risk. The System limits its investments in below investment grade bonds and monitors the interest rate risk inherent in its portfolio by measuring the duration of its portfolio. The average duration of the System's debt portfolios in years is also listed in the following table:

Type of Investment	2025			2024		
	Fair Value	Credit Quality	Duration	Fair Value	Credit Quality	Duration
Asset Backed Securities	\$ 38,105,314	AAA	0.89	\$ 29,513,992	AA+	0.78
Commercial Mortgage-Backed	11,112,363	AAA	4.09	16,240,150	AAA	4.40
Corporate Bonds	80,324,003	BBB+	4.42	80,826,688	BBB+	5.04
Fixed Income Derivatives - Futures	33,178,502	—	7.83	27,071,469	—	7.28
Non-Government Backed CMOs	2,571,875	AAA	2.45	1,568,874	AA	2.04
Preferred Stock	1,013,180	BB+	—	1,008,166	BB+	—
Government Agencies	4,646,101	BBB+	6.25	3,969,796	BB-	6.32
Government Bonds	23,415,120	AAA	12.05	20,656,034	AAA	12.75
Gov't Issued Commercial Mortgage-Backed Securities	352,047	AAA	2.74	343,313	AAA	3.96
Government Mortgage-Backed Securities	100,376,171	AAA	6.68	88,602,048	AAA	7.25
Municipal/Provincial Bonds	2,333,456	A+	7.14	1,911,486	A+	8.10
Index Linked Government Bonds	921,730	AAA	13.92	674,428	AAA	14.62
Total Credit Risk Fixed Income	\$298,349,862			\$272,386,444		

Notes to the Basic Financial Statements Continued

Per Section 3.5.f.i. of the System's Investment Policy Statement, no more than 15 percent of an investment manager's fixed income portfolio may be invested in below investment grade rated securities (BB or B rated bonds). Therefore, at least 85 percent of the manager's fixed income portfolio must be invested in investment grade securities. Intermediate Bond portfolios shall maintain an average credit quality of A+ or better.

High yield fixed income portfolios, in accordance with Section 3.5.f.ii. of the System's Investment Policy Statement, shall maintain an average credit quality rating equal to or higher than that of the Barclays US Corporate High Yield Index. Based on the Barclays US Corporate High Yield Index, a high yield manager's portfolio shall have a constraint of the benchmark weight plus five percent (5%) in bonds rated Caa1/CCC+ or lower with non-rated bonds being limited to five percent (5%) of the portfolio with both limits subject to maintaining the average portfolio credit quality requirement of the Barclays US Corporate High Yield index. No more than 25 percent of a high yield manager's portfolio may be invested in foreign securities; within this limit, a manager may allocate up to 20 percent in emerging market government securities including both non-U.S. dollar denominated securities and U.S. dollar denominated Yankee securities and up to 15 percent of the portfolio may be invested in non-U.S. dollar denominated securities.

High yield bond portfolios may hold up to the benchmark weight plus five percent (5%) of assets in Rule 144A bond issues with or without registration rights. No more than 10 percent of the high yield manager's portfolio may be invested in convertibles or preferreds, and no more than 20 percent may be invested in securitized bank debt. No single security and/or issuer can represent more than five percent (5%) of the fair value of a portfolio at the time of purchase, and no single industry can represent

more than 25 percent of the fair value of the account at the time of purchase.

Firms that manage fixed income portfolios will continually monitor the risk associated with their fixed income investments. They will be expected to report, as a component of their quarterly report, a risk/reward analysis of the management decisions relative to their benchmarks. Statistics that relate performance variance to effective duration decisions will be included in each quarterly report.

Concentration Risk

The investment portfolio as of June 30, 2025 and 2024, contained no concentration of investments in any one entity (other than those issued or guaranteed by the U.S. Government) that represented five percent (5%) or more of the total investment portfolio or fiduciary net position.

Foreign Currency Risk

Foreign Currency Risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment or deposit. The System has no general investment policy with respect to foreign currency risk. The System's investment policy guidelines allow international developed and emerging equity managers to hedge their currency risks in foreign countries through the purchase of derivatives. Used as a defensive measure and in an effort to control the risks associated with international portfolios, international equity investment managers are permitted to invest in forward currency contracts, swaps, currency futures, and exchanged-traded index futures that represent broad equity exposure to countries represented in their respective benchmark index. The positions shown on the following page represent the System's exposure to foreign currency risk as of June 30, 2025 and 2024.

Notes to the Basic Financial Statements Continued

Foreign Currency Risk Exposure

As of June 30, 2025

	Base Currency	Country	Equities / Fixed Income	Futures - Domestic Fixed Income	Options & Swaps	Cash & Cash Equivalents	Total
AUD	Australian Dollar	Australia	\$ 1,215,986	\$ —	\$ —	\$ —	\$ 1,215,986
BRL	Brazilian Real	Brazil	1,878,819	—	—	(93,322)	1,785,497
CAD	Canadian Dollar	Canada	15,660,715	—	—	—	15,660,715
CHF	Swiss Franc	Switzerland	6,210,440	—	—	—	6,210,440
CNY	Chinese Yuan Renminbi	China	3,094,670	—	—	3	3,094,673
DKK	Danish Krone	Denmark	8,734,881	—	—	—	8,734,881
EUR	Euro	Europe	73,222,127	—	—	(130,536)	73,091,591
GBP	British Pound Sterling	United Kingdom	34,237,038	—	—	—	34,237,038
HKD	Hong Kong Dollar	Hong Kong	17,343,417	—	—	20,170	17,363,587
IDR	Indonesian Rupiah	Indonesia	1,143,624	—	—	—	1,143,624
INR	Indian Rupee	India	7,590,364	—	—	60	7,590,424
JPY	Japanese Yen	Japan	31,926,594	—	—	—	31,926,594
KRW	South Korean Won	South Korea	4,809,194	—	—	—	4,809,194
MXN	Mexican Peso	Mexico	1,495,588	—	—	—	1,495,588
RUB	Russian Ruble	Russia	787,750	—	—	119,029	906,779
SEK	Swedish Krona	Sweden	4,574,009	—	—	—	4,574,009
SGD	Singapore Dollar	Singapore	1,085,356	—	—	—	1,085,356
TRY	Turkish Lira	Turkey	2	—	—	—	2
TWD	New Taiwan Dollar	Taiwan	10,410,781	—	—	(120,825)	10,289,956
USD	United States Dollar	United States	1,159,785,552	—	4,536	39,702,666	1,199,492,754
ZAR	South African Rand	South Africa	2,248,835	—	—	—	2,248,835
Total Equities (In USD)			\$1,387,455,742	\$ —	\$ 4,536	\$ 39,497,245	\$1,426,957,523
Total Non-USD Equities (In USD)			\$ 227,670,190	\$ —	\$ —	\$ (205,421)	\$ 227,464,769

Notes to the Basic Financial Statements Continued

Foreign Currency Risk Exposure

As of June 30, 2024

	Base Currency	Country	Equities / Fixed Income	Futures - Domestic Fixed Income	Options & Swaps	Cash & Cash Equivalents	Total
AUD	Australian Dollar	Australia	\$ 1,535,344	\$ —	\$ —	\$ —	\$ 1,535,344
BRL	Brazilian Real	Brazil	1,448,835	—	978	3,000	1,452,813
CAD	Canadian Dollar	Canada	16,040,921	—	—	—	16,040,921
CHF	Swiss Franc	Switzerland	5,708,247	—	—	—	5,708,247
CNY	Chinese Yuan Renminbi	China	1,709,053	—	—	—	1,709,053
DKK	Danish Krone	Denmark	8,690,673	—	—	—	8,690,673
EUR	Euro	Europe	64,189,514	—	—	(103,180)	64,086,334
GBP	British Pound Sterling	United Kingdom	35,222,503	—	—	—	35,222,503
HKD	Hong Kong Dollar	Hong Kong	14,770,235	—	—	—	14,770,235
IDR	Indonesian Rupiah	Indonesia	1,721,102	—	—	—	1,721,102
ILS	New Israeli Shekel	Israel	517,731	—	—	—	517,731
INR	Indian Rupee	India	7,199,478	—	—	1,025	7,200,503
JPY	Japanese Yen	Japan	36,999,213	—	—	—	36,999,213
KRW	South Korean Won	South Korea	9,203,999	—	—	—	9,203,999
MXN	Mexican Peso	Mexico	1,678,269	—	—	27,678	1,705,947
MYR	Malaysian Ringgit	Malaysia	138,335	—	—	—	138,335
NOK	Norwegian Krone	Norway	287,845	—	—	—	287,845
RUB	Russian Ruble	Russia	873,095	—	—	71,071	944,166
SEK	Swedish Krona	Sweden	10,388,497	—	—	—	10,388,497
SGD	Singapore Dollar	Singapore	927,418	—	—	—	927,418
TRY	Turkish Lira	Turkey	3	—	—	—	3
TWD	New Taiwan Dollar	Taiwan	13,929,070	—	—	—	13,929,070
USD	United States Dollar	United States	1,038,025,609	—	(127,267)	30,314,097	1,068,212,439
ZAR	South African Rand	South Africa	1,241,886	—	—	—	1,241,886
Total Equities (In USD)			\$1,272,446,875	\$ —	\$ (126,289)	\$ 30,313,691	\$1,302,634,277
Total Non-USD Equities (In USD)			\$ 234,421,266	\$ —	\$ 978	\$ (406)	\$ 234,421,838

Notes to the Basic Financial Statements Continued

Per Section 3.5.e. of the System's Investment Objectives and Policy Statement, assets in international equity portfolios shall consist of liquid, publicly traded equity and equity like securities traded on major stock exchanges as well as cash and cash equivalents as necessary. Securities will be primarily composed of foreign ordinary shares and depository receipts (American Depository Receipts (ADRs) and Global Depository Receipts (GDRs) including ADRs and GDRs that are 144A securities). Securities that are 144A securities, including ADR and GDR 144A securities, are authorized investments which in aggregate cannot exceed 10 percent of the portfolio. Primarily large capitalization securities may be held, although investments in small and mid capitalization securities are also allowed. Firms will continually monitor their country, currency, sector and security selection risks associated with their international portfolios. All of the risks will be included in the manager's quarterly reports and performance attribution based on these factors will also be included.

The System's complete Investment Objectives and Policy Statement can be found on the System's website at www.CFRS-CA.org or by contacting the Retirement Office at 2828 Fresno Street, Suite 201, Fresno, CA 93721.

Rate of Return

For the fiscal years ended June 30, 2025 and 2024, the annual money-weighted rate of return on the assets of the System, net of investment expense, was 10.92 percent and 10.38 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for timing of cash flows and the changing amounts actually invested.

9 | Derivatives

The Retirement Board has authorized certain investment managers to invest in or otherwise enter into transactions involving derivative financial instruments when, in the judgment of management, such transactions are consistent with the investment objectives established for a specific investment manager's assignment. The acceptable investment purposes for the use of derivatives are as follows:

- a. Mitigation of risk (or risk reduction).
- b. A useful substitute for an existing, traditional investment. In certain circumstances it may be cheaper, quicker or easier to invest in a derivative instrument or security rather than transacting in cash or in the traditional security market.
- c. To provide investment value to the portfolio while being consistent with the System's overall and specific investment policies.
- d. To obtain investment exposure which is appropriate for the manager's investment strategy and the System's investment guidelines, but could not be made through traditional investment securities.

The Retirement Board monitors and reviews each investment manager's securities and derivative position as well as the manager's performance relative to established benchmark rates of return and risk measures. In management's opinion, derivative activities must be evaluated within the context of the overall portfolio performance and cannot be evaluated in isolation.

Notes to the Basic Financial Statements Continued

Allowable derivative financial instruments held by the System include stable and well-structured collateralized mortgage obligations (CMOs); centrally cleared instruments including, but not limited to, futures, swaps and options; and forwards including currency forwards. Derivative investments with allocation limits include mortgage derivatives (interest only and principal only CMOs); non-centrally cleared derivatives; caps and floors; and inverse floating rate notes and bonds. Allocation limits will be determined and specified in portfolio guidelines with individual investment managers based on the objectives and risk tolerances of a given strategy.

Cash securities containing derivative features include callable bonds, structural notes, and collateralized mortgage obligations (CMOs). These instruments are generally traded in over-the-counter bond markets.

Financial instruments whose value is dependent upon a contractual price or rate relative to one or more reference prices or rates, applied to a notional amount, including interest rate futures, options, swaps and caps, and foreign currency futures and forward contracts. Some of these instruments are exchange-traded and others are traded over-the-counter (OTC).

Market Risk

Market risk is the risk of change in fair value of an instrument in response to changes in a market price or index. While all investments are subject to market risk, derivatives often have a higher degree of market risk than other types of investment instruments. Values of cash securities containing derivative features are often more susceptible to market risk than other types of fixed income securities because the amounts and/or timing of their scheduled cash flows may fluctuate under changing market conditions, according to their contractual terms. For other types of derivatives, amounts of contractual

cash flows may be either positive or negative depending upon prevailing market conditions relative to the reference prices or rates, and thus the values of such instruments may be positive or negative, despite the fact that little or no cash is initially exchanged to enter into such contracts.

Credit Risk

Credit risk of cash securities containing derivative features is based upon the credit worthiness of the issuers of such securities. The Retirement Board establishes minimum credit requirements for such securities. The other derivative instruments described above are subject to credit risk to the extent their value is a positive fair value, and the counterparty to such contract fails to perform under the terms of the instrument.

Exchange traded derivatives are generally considered to be of lower credit risk than OTC derivatives due to the exchange margin requirements. Equity Index Swaps are derivatives and represent an agreement between two parties to swap two sets of equity values. Equity Futures are contracts used to replicate an underlying stock or stock market index. These futures can be used for hedging against an existing equity position, or for speculating on future movement of the index.

Notes to the Basic Financial Statements Continued

As of June 30, 2025 and 2024, the System held a total fair value of \$36,775,307 and \$30,061,243, respectively, in derivative holdings. These holdings consisted of Rights/Warrants, and Foreign Currency Forwards and Futures designed to synthetically create equity returns and are held as components of the System's international equity investments, and a variety of ACWIexUS index related futures as components of the System's investments in

ACWIexUS Index Funds. Holdings also consist of futures – interest rate contracts, options and swaps held as components of the System's absolute return fixed income strategy. These derivatives are used for the purpose of synthetically creating equity returns, synthetically creating floating rates and to buy or sell credit protection on the assets.

There is no net counterparty exposure for which there is a positive replacement cost to the fund. The details of these derivative holdings are as follows:

Derivative Type:	FY 2025		FY 2024	FY 2025 - FY 2024
	Notional Amount	Fair Value	Fair Value	Change in Fair Value
Foreign Currency Forward	\$(785,372)	\$777,753	\$340,762	\$ 436,991
Future Contracts - Domestic Fixed Income	(33,178,502)	33,178,502	27,071,469	6,107,033
Future Contracts - International Equity Index	—	2,812,022	2,774,156	37,866
Rights & Warrants	—	2,496	2,126	370
Swaps	—	4,534	(127,270)	131,804
Total		\$36,775,307	\$30,061,243	

Derivative Type:	FY 2024		FY 2023	FY 2024 - FY 2023
	Notional Amount	Fair Value	Fair Value	Change in Fair Value
Foreign Currency Forward	\$(339,260)	\$340,762	\$816,502	\$ (475,740)
Future Contracts - Domestic Fixed Income	(27,071,469)	27,071,469	10,990,566	16,080,903
Future Contracts - International Equity Index	—	2,774,156	2,630,972	143,184
Rights & Warrants	—	2,126	1,367	759
Swaps	—	(127,270)	(140,811)	13,541
Total		\$30,061,243	\$14,298,596	

Notes to the Basic Financial Statements Continued

10 | Securities Lending

The City of Fresno Municipal Code and the Board's policies permit the Retirement Boards of the City of Fresno Fire and Police Retirement System and the City of Fresno Employees Retirement System (the Systems) to use investments of both Systems to enter into securities lending transactions, i.e., loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The Systems have contracted with Northern Trust, their custodian, to manage the securities lending program for the Systems and all securities held in a separately managed account are available for lending. As the securities lending agent, Northern Trust calculates collateral margins and accepts collateral in the form of cash or marketable securities and irrevocable bank letters of credit for all securities lending transactions. Transactions are collateralized at 102 percent of fair value (contract value) for domestic securities and 105 percent of fair value (contract value) for international securities. Collateral is marked to market daily. When a loan is secured by cash, a rebate is negotiated and the cash collateral is invested according to the guidelines in the collateral pool.

As designated by the Board, cash collateral is invested in Northern Trust's Core U.S.A. Collateral Section (short-term investment pool), which, as of June 30, 2025 and 2024, had a weighted average duration of 83 days and 69 days, respectively, an average maturity of 15 days and 22 days, respectively, and an average monthly yield of 4.56 percent and 5.51 percent, respectively. The relationship between the maturities of the investment pool and the System's loans is affected by the maturities of the security loans made by other entities that use the Northern Trust Core U.S.A. Collateral Section and a definitive statement of that relationship cannot be formulated by the System.

As of June 30, 2025 and 2024, the Northern Trust CORE U.S.A. Cash Collateral Fund had zero exposure in below investment grade long-term securities and there were no known credit risks related to the securities lending transactions.

As of June 30, 2025, the fair value of the securities on loan was \$29.5 million. The fair value of associated collateral was \$30.3 million (\$26.4 million of cash collateral and \$3.9 million of non-cash collateral). Non-cash collateral, the collateral which the System does not have the ability to sell unless the borrower defaults, is not reported in the Statement of Fiduciary Net Position. As of June 30, 2024, the fair value of the securities on loan was \$32.8 million. The fair value of associated collateral was \$33.9 million (\$30 million of cash collateral and \$3.9 million of non-cash collateral). Non-cash collateral, the collateral which the System does not have the ability to sell unless the borrower defaults, is not reported in the Statement of Fiduciary Net Position.

Northern Trust will ensure that, in any agreement with a borrower, it retains its absolute right to terminate the agreement without cause, upon short notice and without any penalty. The System cannot pledge or sell collateral securities received unless the borrower defaults. In the event of a borrower default, Northern Trust indemnifies the System against losses and will replace or reimburse the System for any borrowed securities not replaced. In general, the average term of all System loans is overnight or "on demand." All securities loans can be terminated on demand by either the lender or the borrower, although the average term of the System's loans was approximately 151 days and 81 days, respectively, as of June 30, 2025 and 2024.

Notes to the Basic Financial Statements Continued

The System's securities lending income is as follows:

Securities Lending Income

For Fiscal Years Ended June 30, 2025 and 2024

	2025	2024
Gross Income	\$1,912,638	\$1,849,354
Expenses:		
Bank Fees	1,787,430	1,650,262
Total Expenses	1,787,430	1,650,262
Net Income from Securities Lending	\$125,208	\$199,092

Fair Value of Loaned Securities

As of June 30, 2025 and 2024

Collateralized by	FY 2025			FY 2024		
	Cash	Securities	Total	Cash	Securities	Total
U.S. Government & Agency	\$ 9,498,320	\$ 375,926	\$ 9,874,246	\$ 9,458,631	\$ 977,149	\$ 10,435,780
Domestic Equities	3,227,649	—	3,227,649	4,161,813	15,197	4,177,010
Domestic Fixed	8,409,270	1,810,577	10,219,847	11,799,835	970,333	12,770,168
International Equities	4,671,871	1,517,735	6,189,606	3,710,036	1,705,767	5,415,803
Total Value	\$ 25,807,110	\$ 3,704,238	\$ 29,511,348	\$ 29,130,315	\$ 3,668,446	\$ 32,798,761

Fair Value of Collateral Received for Loaned Securities

As of June 30, 2025 and 2024

Collateralized by	FY 2025			FY 2024		
	Cash	Securities	Total	Cash	Securities	Total
U.S. Government & Agency	\$ 9,646,267	\$ 385,581	\$ 10,031,848	\$ 9,728,209	\$ 1,007,695	\$ 10,735,904
Domestic Equities	3,273,809	—	3,273,809	4,261,145	15,516	4,276,661
Domestic Fixed	8,556,550	1,850,383	10,406,933	12,127,858	990,543	13,118,401
International Equities	4,927,148	1,618,686	6,545,834	3,931,323	1,807,504	5,738,827
Total Value	\$ 26,403,774	\$ 3,854,650	\$ 30,258,424	\$ 30,048,535	\$ 3,821,258	\$ 33,869,793

*Notes to the Basic Financial Statements Continued***11 | Administrative Expenses**

Section 3-325 of the City of Fresno Municipal Code provides that all administrative costs of the System shall be a charge against the assets of the System. Per the City of Fresno Municipal Code, the administrative expenses are a component of the City's contribution calculation.

12 | Post Retirement Supplemental Benefit (PRSB)

The Post Retirement Supplemental Benefit (PRSB) Program was created as a contingent program to provide supplemental distributions to eligible retirees which they could use to pay for various post-retirement expenses. The Retirement Board will annually review the actuarial valuation report and declare an actuarial surplus if available in accordance with the procedures in the City of Fresno Municipal Code Section 3-354.

If an actuarial surplus is declared, the surplus is allocated into two components, one component composed of two-thirds of the declared surplus shall be used to reduce or eliminate the City's pension contributions. Any unused portion shall be reserved in the City Surplus Reserve and drawn upon in subsequent years if needed. The remaining one-third component shall be distributed among eligible post-retirement supplemental benefit recipients in accordance with procedures in the City of Fresno Municipal Code Section 3-354(f)(4). Any unused portion shall be reserved in the PRSB Reserve and drawn upon in subsequent years if needed.

For the fiscal year ended June 30, 2025, the System distributed PRSB benefits in the total amount of \$2,160,523 to eligible recipients (including \$2,004,658 to retirees and \$155,865 to DROP participants). As of June 30, 2025, the City Surplus Reserve balance was \$-3,158,704 and the PRSB Reserve balance was

\$1,616,365. As of June, 30, 2024, the City Surplus Reserve balance was \$-611,272 and the PRSB Reserve balance was \$2,158,561.

For the fiscal years ended June 30, 2025 and 2024, there was a surplus (or prefunded actuarial accrued liability) as the System has a valuation value of assets which is in excess of the actuarial accrued liability. The System's funded ratio was 116.2 percent and 114.9 percent, respectively, which was above the required 110 percent for declaration of a surplus, thus a 6.2 percent and 4.9 percent actuarial surplus was available to reduce the City's contributions and to fund new PRSB benefits for the years ended June 30, 2025 and 2024, respectively. The June 30, 2025 PRSB portion of the surplus is \$2,127,353, of which 80 percent will be allocated in the 2026 calendar year to retirees at \$136.35 per month commencing January 1, 2026. For June 30, 2024 the PRSB portion of the surplus was \$1,568,567, of which 80 percent was allocated in the 2025 calendar year to retirees at \$135.4 per month commencing January 1, 2025.

13 | Capital Assets

Capital assets are carried at historical cost, net of accumulated depreciation. Capital assets are any items of equipment or furnishings purchased with a value of or an initial cost of \$500 or greater and \$5,000 for land, buildings and infrastructure and an estimated useful life in excess of two years.

Accumulated depreciation shall be summarized and reflected on the System's annual financial statements. Capital assets shall be depreciated over their estimated useful lives using the straight-line depreciation method. Intangible assets with limited useful lives (e.g., by legal or contractual provisions) should be depreciated over their estimated useful lives. Depreciation of computer software begins when the program is placed into service.

Notes to the Basic Financial Statements Continued

The System's major two-year project to program and install an upgrade to our original pension administration system that was installed in 1997 (the LRS Pension Gold Retirement Solutions' Version 3 project) includes a remaining uncapitalized balance of \$0 and \$132,959 as of June 30, 2025 and 2024, respectively. The pension administration system was depreciated over a ten-year useful life period commencing July 1, 2015.

As of June 30, 2025, other capital assets consisting of office furniture and equipment for the System's Retirement Offices located at 2828 Fresno Street, Fresno, California, in the amount of \$76,145 are capitalized and depreciated over remaining estimated useful lives of 2-15 years.

As of June 30, 2024, capital assets consisting of office furniture and equipment for the System's Retirement Offices in the amount of \$79,001 were capitalized and depreciated over remaining estimated useful lives of 2-15 years.

14 | Leases

Under the lease agreement with CFRS Realty Holding Corporation (the Corporation), the holding corporation formed jointly by the Retirement Boards to take ownership of the building, effective September 19, 2005, the City of Fresno Employees and City of Fresno Fire and Police Retirement Boards and their staff occupy approximately 7,900 square feet of the second floor of the renovated building at 2828 Fresno Street, Fresno, California. The term of the lease is ten years with an option for two additional five-year extensions. The first five (5) year extension was exercised effective September 1, 2015. On March 1, 2020, the Corporation amended the lease with the Retirement Boards. The amended lease agreement establishes the Retirement Boards as the sole tenant of the second floor, a total of 11,784 rentable

square feet, consisting of 10,426 net square feet in the premises and 1,358 square feet in common area. The amendment also exercises the second five (5) year lease extension. As of June 30, 2025, the Systems share equally a base rent of \$20,808 per month, which is \$1.77 per square foot per month, triple net. For the fiscal year ended June 30, 2024, the Systems equally shared a base rent of \$20,400 per month, which is \$1.73 per square foot per month, triple net.

15 | Related Party Transactions

The Retirement System is involved in various business transactions with the City of Fresno, the primary plan sponsor. These include reimbursement to the City for the salary and benefits of the System's Retirement Staff members paid through the City, reimbursement to the City Personnel Department for personnel consulting services, and reimbursement to the City Information Services Department for computer and telephone support.

The Retirement Systems lease office space from the CFRS Realty Holding Corporation, a title holding company controlled jointly by the City of Fresno Employees and City of Fresno Fire and Police Retirement Systems. See Note 14 for a description of this arrangement.

*Notes to the Basic Financial Statements Continued***16 | Commitments and Contingencies**

The Board, in accordance with its Asset Allocation Plan, has committed capital for investment in Private Debt/Private Credit, Private Real Estate and Private Equity Funds. The following table details the outstanding capital commitments in these investments as of June 30, 2025 and 2024.

Unfunded Commitments											
Investment Type	FY 2025	FY 2024	Investment Type	FY 2025	FY 2024						
Private Real Estate Funds			Private Debt/Private Credit								
Alidade Capital	\$ 4,036,131	\$ 8,687,542	Arcmont	\$ 22,428,935	\$ 26,851,225						
Artemis	10,201,644	13,419,834	Cloverlay	11,901,376	11,482,483						
Blue Vista	16,926,291	—	Crescent Capital	23,439,243	23,442,782						
Brookfield	5,672,876	5,458,287	Monroe Capital	21,605,429	21,608,691						
The Carlyle Group	8,809,876	13,711,655	PIMCO COF	27,958,235	27,962,457						
Grain Communications	11,813,060	9,987,569	Sixth Street	21,513,630	30,654,236						
Kayne Anderson	3,092,066	9,264,358	Total	<u>\$128,846,848</u>	<u>\$142,001,874</u>						
Oaktree Capital Mgt.	2,393,694	2,394,055	Private Equity								
PCCP, LLC	45,009,671	12,642,024	Asia Alternatives	\$ 81,884,362	\$ 8,007,607						
PIMCO BRAVO III	—	2,362,616	Ocean Avenue	6,256,446	—						
PIMCO EDCO	1,778,845	—	Pantheon	95,341,570	110,250,426						
Tristan Capital Partners	—	—	Volta Energy Technologies	7,019,308	7,678,527						
Total	<u>\$109,734,154</u>	<u>\$ 77,927,940</u>	Total	<u>\$190,501,686</u>	<u>\$125,936,560</u>						
			<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;"></td> <td style="text-align: right;"><u>FY 2025</u></td> <td style="text-align: right;"><u>FY 2024</u></td> </tr> <tr> <td>Total Unfunded Commitments</td> <td style="text-align: right;"><u>\$429,082,688</u></td> <td style="text-align: right;"><u>\$345,866,374</u></td> </tr> </table>				<u>FY 2025</u>	<u>FY 2024</u>	Total Unfunded Commitments	<u>\$429,082,688</u>	<u>\$345,866,374</u>
	<u>FY 2025</u>	<u>FY 2024</u>									
Total Unfunded Commitments	<u>\$429,082,688</u>	<u>\$345,866,374</u>									

17 | Date of Management Review

The date to which events occurring after June 30, 2025, have been evaluated for possible adjustments to the financial statements or disclosures is December 3, 2025, which is the date the financial statements were available to be issued.

Except for the pending litigation described in Note 4, Risk Disclosure Related to Contribution Constraint, management has not identified any subsequent events requiring disclosure.

Required Supplementary Information

Schedule of Changes in the Net Pension Liability
(Dollars in Thousands)

For Fiscal Years Ended June 30, 2016-2025

Change in Net Pension Liability	GASB 67 Basis*				
	Financial Reporting				
	2025	2024	2023	2022	2021
Total Pension Liability					
Service cost	\$51,410	\$45,611	\$41,190	\$38,322	\$37,563
Interest	135,103	125,971	117,305	114,608	109,739
Change of benefit terms	—	—	—	—	—
Differences between expected and actual experience	(20,437)	48,898	51,061	22,225	(5,449)
Changes of assumptions	30,146	—	—	624	0
Benefit Payments (including refunds, excluding PRSB)	(91,770)	(90,219)	(80,937)	(75,178)	(70,963)
Net Change in Total Pension Liability	\$104,452	\$130,261	\$128,619	\$100,601	\$70,890
Total Pension Liability - Beginning	\$1,996,002	\$1,865,741	\$1,737,122	\$1,636,521	\$1,565,631
Total Pension Liability - Ending (a)*	\$2,100,454	\$1,996,002	\$1,865,741	\$1,737,122	\$1,636,521
Plan Fiduciary Net Position					
Employee Contributions	\$31,779	\$13,108	\$12,054	\$10,973	\$10,256
Employer Contributions	13,580	30,635	27,068	27,555	26,315
Net Investment Income (Loss)	241,420	206,468	198,976	(160,517)	491,744
Actual Benefit Payments (including Refunds, PRSB)	(91,770)	(90,219)	(80,937)	(75,178)	(70,963)
Administrative & Professional Expense	(2,774)	(2,458)	(2,401)	(2,126)	(2,282)
Net Change in Plan Fiduciary Net Position	\$192,235	\$157,534	\$154,760	\$(199,293)	\$455,070
Plan Fiduciary Net Position - Beginning	\$2,203,371	\$2,045,837	\$1,891,077	\$2,090,370	\$1,635,300
Plan Fiduciary Net Position - Ending (b)	\$2,395,606	\$2,203,371	\$2,045,837	\$1,891,077	\$2,090,370
System Net Pension Liability (Surplus) - (a) - (b)	\$(295,152)	\$(207,369)	\$(180,096)	\$(153,955)	\$(453,849)
Plan fiduciary net position as a percentage of					
total pension liability	114.05%	110.39%	109.65%	108.86%	127.73%
Covered Payroll**	151,196	\$145,669	\$134,252	\$122,634	\$115,341
Net Pension Liability (Surplus) as a percentage of covered payroll	(195.21)%	(142.36)%	(134.15)%	(125.54)%	(393.48)%

* In accordance with provisions of GASB 67, the data on the next two pages show Total Pension Liability for the reporting periods from June 30, 2016 through June 30, 2025.

** Covered payroll represents pensionable compensation. Only pensionable compensation that would possibly go into the determination of retirement benefits is included.

Note to Schedule:

Changes of Assumptions: The calculations above reflect various assumption changes, including the Board's assumed rate of return of 6.75 percent for use in preparing the June 30, 2025 annual actuarial valuation and other assumption changes based on the triennial experience study for the period from July 1, 2021 through June 30, 2024. The assumed rate of return of 6.75 percent used in preparing the June 30, 2024, 2023, and 2022 annual actuarial valuation and other assumption changes were based on the triennial experience study for the period from July 1, 2018 through June 30, 2021. Assumption changes prior to June 30, 2022, are also reflected including the modification of the Board's assumed rate of return to 7.00 percent for use in preparing the June 30, 2019, 2020 and 2021 annual actuarial valuations and other assumption changes based on the triennial experience study for the period from July 1, 2015 through June 30, 2018. The calculations above also reflect the assumed rate of return of 7.25 percent for use in preparing the June 30, 2016, 2017 and 2018 annual actuarial valuations and other assumption changes based on the triennial experience study for the period from July 1, 2012 through June 30, 2015.

Required Supplementary Information Continued

Schedule of Changes in the Net Pension Liability Continued

(Dollars in Thousands)

For Fiscal Years Ended June 30, 2016-2025

Change in Net Pension Liability	GASB 67 Basis*				
	Financial Reporting				
	2020	2019	2018	2017	2016
Total Pension Liability					
Service cost	\$37,619	\$33,211	\$30,298	\$28,838	\$26,569
Interest	105,570	100,609	95,274	90,184	88,363
Change of benefit terms	—	—	—	—	—
Differences between expected and actual experience	260	(7,067)	6,723	10,896	(42,953)
Changes of assumptions	(14,745)	55,856	2,891	—	49,427
Benefit Payments (including refunds, excluding PRSB)	(67,202)	(65,962)	(63,071)	(59,272)	(56,581)
Net Change in Total Pension Liability	\$61,502	\$116,647	\$72,115	\$70,646	\$64,825
Total Pension Liability - Beginning	\$1,504,129	\$1,387,482	\$1,315,367	\$1,244,721	\$1,179,896
Total Pension Liability - Ending (a)*	\$1,565,631	\$1,504,129	\$1,387,482	\$1,315,367	\$1,244,721
Plan Fiduciary Net Position					
Employee Contributions	\$10,012	\$9,597	\$8,964	\$8,169	\$7,748
Employer Contributions	22,324	20,604	19,697	18,543	18,738
Net Investment Income (Loss)	24,205	82,872	129,163	192,315	6,063
Actual Benefit Payments (including Refunds, PRSB)	(67,202)	(65,962)	(63,071)	(59,273)	(56,581)
Administrative & Professional Expense	(1,839)	(1,897)	(1,710)	(1,500)	(1,397)
Net Change in Plan Fiduciary Net Position	(\$12,500)	\$45,214	\$93,043	\$158,254	\$(25,429)
Plan Fiduciary Net Position - Beginning	\$1,647,800	\$1,602,586	\$1,509,543	\$1,351,289	\$1,376,718
Plan Fiduciary Net Position - Ending (b)	\$1,635,300	\$1,647,800	\$1,602,586	\$1,509,543	\$1,351,289
System Net Pension Liability (Surplus) - (a) - (b)	\$(69,669)	\$(143,671)	\$(215,104)	\$(194,176)	\$(106,568)
Plan fiduciary net position as a percentage of					
total pension liability	104.45%	109.55%	115.50%	114.76%	108.56%
Covered Payroll**	\$113,843	\$109,803	\$103,934	\$97,369	\$94,266
Net Pension Liability (Surplus) as a percentage of covered payroll	(61.20)%	(130.84)%	(206.96)%	(199.42)%	(113.05)%

Required Supplementary Information Continued

Schedule of Employer Contributions
Last Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year Ended June 30	Actuarially Determined Contribution (ADC)	Contributions in Relation to the ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$34,817	\$31,779	\$3,038	\$151,196	21.02%
2024	30,635	30,635	—	145,669	21.03%
2023	27,068	27,068	—	134,252	20.16%
2022	27,556	27,556	—	122,634	22.47%
2021	26,315	26,315	—	115,341	22.81%
2020	22,324	22,324	—	113,843	19.61%
2019	20,604	20,604	—	109,803	18.76%
2018	19,697	19,697	—	103,934	18.95%
2017	18,543	18,543	—	97,369	19.04%
2016	18,738	18,738	—	94,266	19.88%

Schedule of Investment Returns
Last Ten Fiscal Years

Fiscal Year Ending June 30	Annual Money-Weighted Rate of Return Gross of Investment Expenses	Annual Money-Weighted Rate of Return Net of Investment Expense
2025	11.07%	10.92%
2024	10.56%	10.38%
2023	9.74%	9.52%
2022	(7.12%)	(7.28%)
2021	30.85%	30.43%
2020	1.61%	1.26%
2019	5.54%	5.20%
2018	8.93%	8.57%
2017	14.73%	14.35%
2016	0.82%	0.53%

The Schedule of Investment Returns above shows the annual money-weighted rate of return on the assets of the System, both gross and net of investment expense for ten fiscal years (2016 – 2025). The money-weighted rate of return expresses investment performance adjusted for timing of cash flows and the changing amounts actually invested. These returns differ slightly from the time-weighted rate of returns calculated and reported by the System's custodian, Northern Trust (shown in the Transmittal Letter on page i and within the Investment Section beginning on page 68) and as independently reported by the System's investment consulting firm, NEPC, LLC (shown in the Investment Section on pages 74-74). The System's custodian and investment consulting firm must use time-weighted returns as opposed to money-weighted returns in order to meet Global Investment Performance Standards for the purposes of effectively evaluating and reporting the performance of the System's investment managers.

The time-weighted return method is a measure of the compound rate of return of a portfolio over a stated period of time. It requires a set of sub-period returns to be calculated whenever there is an external cash flow, such as a deposit or withdrawal from the portfolio. In essence, it calculates the geometric total and mean return as opposed to the arithmetic total and mean return. This method does not include or have any distortions created when money is deposited or withdrawn from a portfolio. This is in contrast to money-weighted returns.

Notes to the Required Supplementary Information

For Fiscal Years Ended June 30, 2025 and 2024

Actuarial Assumptions

The Segal Company, the System's actuary, performed the most recent annual actuarial valuation as of June 30, 2025, which computes the contribution requirements (employee and employer contributions rates for fiscal year 2027), and determines the funding status of the plan. The fiscal year 2025 contribution rates and assumptions were based on the actuarial valuation as of June 30, 2023; these assumptions are detailed below.

Valuation Date:	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial Cost Method:	Entry Age Actuarial Cost Method
Amortization Method:	Level percent of payroll.
Remaining Amortization Period:	Effective with the June 30, 2013 valuation, any new UAAL established on each subsequent valuation as a result of actuarial gains or losses or plan amendments are amortized over separate 15-year declining periods (with the exception of temporary retirement incentives which are amortized over its own declining period of up to 5 years). Any new UAAL established as a result of changes in actuarial assumptions or methods at each valuation is amortized over separate 25-year declining periods. Any actuarial surplus (when the funded ratio is over 110%) will be amortized over a non-declining 30-year period.
Asset Valuation Method:	Market value of assets less unrecognized returns from each of the last four annual accounting periods. Unrecognized returns are equal to the difference between the actual market return and the expected return on a market value basis and are recognized over a five-year period. The Actuarial Value of Assets is reduced by the value of the non-valuation reserves.

Notes to the Required Supplementary Information Continued

Actuarial Assumptions Continued:

Investment Rate of Return:	6.75%
Inflation Rate:	2.50%
Real Across-the-Board Salary Increase:	0.50%
Projected Salary Increases:	Ranges from 4.00 percent to 13.00 percent based on years of service. Includes inflation at 2.50% plus real across-the-board salary increase of 0.50% plus merit and promotion increases.
Cost-of-Living Adjustments:	3.00% of Tier 1 retirement income and 2.50% of Tier 2 retirement income.
Other Assumptions:	See June 30, 2023 funding valuation report, Section 4 for the service retirement rates after they have been adjusted to treat DROP participation as service retirement.
Post-Retirement Mortality Rates:	For healthy members, Pub-2010 Safety Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021. For beneficiaries, Pub-2010 General Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females) times 105%, projected generationally with the two-dimensional mortality improvement scale MP-2021. For disabled members, Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021.

Other Supplementary Information

Schedule of Administrative Expenses

For Fiscal Years Ended June 30, 2025 and 2024

	2025	2024
Personnel Services		
Staff Salaries	\$ 977,785	\$ 914,456
Fringe Benefits	271,137	254,160
Total Personnel Services	\$ 1,248,922	\$ 1,168,616
Professional Services		
Actuarial	\$ 136,527	\$ 123,808
Legal Counsel	195,326	121,194
Information Systems Services	95,564	85,729
Specialized Services	139,722	132,641
Total Professional Services	\$ 567,139	\$ 463,372
Communication		
Telephone	\$ 9,655	\$ 5,450
Postage	2,346	1,405
Total Communication	\$ 12,001	\$ 6,855
Rentals		
Office Rent	\$ 124,440	\$ 122,000
Common Area Maintenance (CAM) Charges	147,949	81,948
Total Rentals	\$ 272,389	\$ 203,948
Other		
Education and Conference	\$ 134,965	\$ 98,853
Membership & Dues	9,274	7,592
Subscriptions & Publications	581	831
Office Supplies	3,787	3,430
Computer Equipment	4,752	4,526
Equipment Lease	10,425	28,792
Insurance	91,188	78,239
Miscellaneous	8,171	9,193
Reimbursement to City for Inter-Dept Services	270,463	243,427
Depreciation	140,337	140,135
Total Other	\$ 673,943	\$ 615,018
Total Administrative Expenses	\$ 2,774,394	\$ 2,457,809

Other Supplementary Information Continued

Schedule of Investment Management Expenses

For Fiscal Years Ended June 30, 2025 and 2024

	2025	2024
Investment Manager Fees		
Equity		
Domestic	\$ 69,252	\$ 49,612
International	1,264,602	1,426,779
Private Equity	4,365,315	2,571,834
Fixed Income	427,696	406,131
Private Debt/Credit	18,874,484	24,462,002
Real Assets	10,112,435	9,083,714
Multi-Assets	1,374,342	992,264
Total Investment Manager Fees	36,488,126	38,992,336
Other Investment Expenses		
Foreign Income Taxes & Related Services, Charges	1,888,702	2,034,344
Custodial Services	167,027	167,442
Investment Consultant	194,399	184,530
Investment Legal Counsel	80,548	97,381
Analytical Database Service	116,324	111,213
Total Other Investment Expenses	2,447,000	2,594,910
Total Fees & Other Investment Expenses	38,935,126	41,587,246
Securities Lending Expenses		
Agent Fees	1,787,430	1,650,262
Total Securities Lending Expenses	1,787,430	1,650,262
Total Investment Expenses	\$ 40,722,556	\$ 43,237,508

Schedule of Payments To Consultants

For Fiscal Years Ended June 30, 2025 and 2024

	2025	2024
Actuarial Services	\$ 136,527	\$ 123,808
Audit Services	23,069	21,193
City Information Services	95,564	85,729
Legal Services	195,326	121,194
Medical Consultant	102,939	59,588
Miscellaneous	13,714	51,860
Total Payments to Consultants	\$ 567,139	\$ 463,372

We promise to carry out our Mission through a competent, professional, impartial and open decision-making process. In providing benefits and services, all persons will be treated fairly, with courtesy and respect.

INVESTMENT

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Investment Report from the Retirement Administrator

For the Years June 30, 2025 and 2024

Analysis of Our Portfolio in Fiscal Year 2025

The Retirement Board's (the Board) responsibility, as a long-term investor, is to manage in and through the global financial market environments as they unfold. Our Board understands the City of Fresno Fire and Police Retirement System's (the System) portfolio requires a sound and stable strategy for meeting investment goals over the long term with appropriate risk levels and controls.

Fiscal Year 2025 saw a bevy of exogenous factors that had both positive and negative impacts on our portfolio, as well as the global financial markets. Over the first six months of the fiscal year, markets were fairly complacent as inflation continued its downward trend towards the Fed's desired level of 2%. However, after the new Administration was sworn in, markets initially reacted positively towards their stated goals until April. Tariffs were applied in a broad and indiscriminate manner to every country, thereby roiling markets with short- and medium-term uncertainty. They generated increased volatility in the portfolio, which, due to the years-long restructuring towards increasing exposures to private market assets, insulated it as designed.

While the yield curve continued to remain inverted, there is little expectation for a recession or prolonged slowdown in growth which resulted in higher valuations for public equities. Private market strategies continue to be challenged due to the lack of distributions and liquidity constraints due to a slowdown in transactions. Some pockets, such as private debt, have seen an explosion in growth and popularity due to the current macro

environments globally. The United States Dollar experienced significant weakness against a basket of peers over the last six months, which generated the worst period of performance in several decades. The Board approved a new Strategic Asset Allocation (SAA), that went into effect on July 1, 2025, and included a new asset class called 'Opportunistic' that is expected to produce volatility dampening at the total fund level across medium-term thematic investments.

From an investment perspective, infrastructure and private debt provided hedges to inflation while public equities rallied more than 15%. From a profit and loss perspective, the total fund increased by \$340 million. The strategic asset allocation that went into effect July 1, 2021 continued to diversify the portfolio over the long-term as all major asset class groupings continue to be defined by their respective 'beta group' for risk management purposes.

The System generated a net return of 10.9% and outperformed its policy benchmark by 0.3% in Fiscal Year 2025, as reported by its custodian Northern Trust. The System outperformed its assumed rate of return for the fiscal year by more than 4%, and across longer investment horizons, also outperformed its assumed rate of return and policy benchmark.

Investment Report from the Retirement Administrator Continued

Public equities, led by a ‘risk-on’ sentiment, experienced another prosperous year but remained overweight by 6.1%. Existing and new commitments in Private Real Estate, Infrastructure, Private Equity, and Opportunistic continue to be funded. All strategies earned positive absolute performance. The System completed three searches across Real Estate (Asian and European), Opportunistic, and Private Equity.

Investment Performance

The System earned a gross return of 11.08%. The table below highlights the performance of each major asset class provided by the System's custodian, Northern Trust. These returns may differ slightly from the performance reported by the System's investment consultant due to rounding:

Asset Class	Gross Return	Net Return
Total Fund	11.08%	10.93%
Domestic Equity	15.26%	15.25%
International Equity	18.03%	17.67%
Private Equity	8.58%	8.58%
Rates/Credit	7.49%	7.40%
Real Assets	5.61%	5.31%
Multi-Assets	10.67%	10.67%
Fiscal-Year End Fund Value	\$2,395,605,595	

The System’s 10, 15, and 20-year long-term gross returns of 8.27, 9.3, and 7.57 percent, respectively, illustrate the System’s ability to achieve our long-term objectives over extended periods. Meanwhile, the System remains highly funded and well positioned to serve our members and retirees.

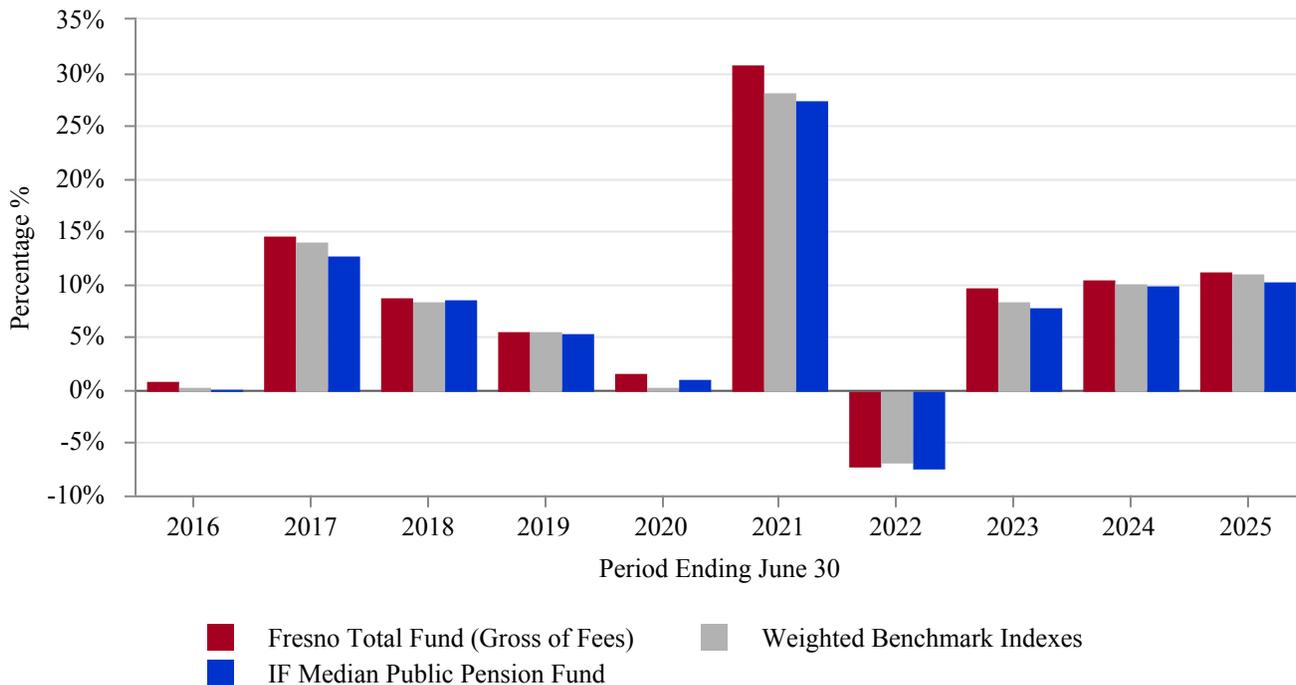
The principal goals of the System’s Board in managing the System’s Investment Portfolio are the following:

- 1) To fund the System’s benefit payments;
- 2) To assume a prudent risk posture to minimize the cost of meeting the obligations of the System;
- 3) To comply with legal statutes and regulations; and
- 4) To maintain a fully funded pension status.

Investment Report from the Retirement Administrator Continued

Presented in the graph below are the System’s Total Fund returns versus NEPC, LLC’s InvestorForce (IF) Public Funds Universe (Gross of Fees), for plans with \$1 billion or more in assets:

**City of Fresno Retirement Systems
Fiscal Year Total Fund and Median Fund Annual Returns**



Summary of Portfolio Results

The fiscal year ended June 30, 2025, was marked by increased volatility and uncertainty. The System experienced a total gross return of 11.08 percent for the fiscal year ended June 30, 2025, outperforming the System’s actuarial interest rate assumption of 6.75 percent by 4.33 percent and outperforming the System’s policy benchmark (a weighted average of the fund’s asset classes and their respective benchmarks) return of 10.62 percent by 0.46 percent. The System’s ten-year annualized returns averaged 8.27 percent, outperforming its policy benchmark return of 7.49 percent for the period by 0.78 percent. Over the longer term, our investment results remain sound with annualized returns of 7.57 percent and 6.87 percent, respectively, over the past twenty and twenty-five years. After paying all benefits and expenses

of the System, the year-end value of the System reached \$2.396 billion.

General Information

The System’s investment assets are managed by external investment management firms. Professional investment consultants, along with staff, closely monitor the activity of these managers and assist the Board with the implementation of investment policies and long-term strategies. The System’s goal is to fund benefit payments, while assuming a risk posture that is consistent with the Board’s risk tolerance, protecting against loss of purchasing power by achieving rates of return above inflation, and to maintain a fully funded pension status.

Investment Report from the Retirement Administrator Continued

Summary of General Investment Guidelines, Policies and Procedures

The Board, having the sole and exclusive authority and fiduciary responsibility for the administration of the System and its assets, has adopted an Investment Policy Statement which reflects the Board's policies for management of the System's investments. The Board reserves the right to amend, supplement or rescind this statement at any time. This Investment Policy Statement establishes the investment program goals and policies, asset allocation policies, and beliefs. It also defines the principal duties of the Board, staff, investment managers, master custodian and consultants.

An integral part of the overall investment policy is the strategic asset allocation policy. This allocation mix is designed to provide return expectations that reflect expected risk. This emphasizes a maximum diversification of the portfolio that protects the System from declines that a particular asset class may experience in a given period. Both traditional assets (equities and fixed income) and non-traditional assets (real estate, infrastructure, midstream energy, private equity, and private debt) are included in the mix.

Total portfolio return, over the long-term, is directed toward achieving and maintaining a fully funded status for the System. Prudent risk taking is warranted within the context of overall portfolio diversification to meet this objective. All activities will be conducted so as to serve the best interests of the System's members and beneficiaries.

Summary of Proxy Voting Guidelines and Procedures

In recognition of its duty to manage retirement plan assets in the best interest of the plan participants, the Board has established proxy voting guidelines and procedures which are intended to assist in the faithful discharge of the Board's duty to vote proxies on behalf of plan participants. These guidelines consist of preferences with respect to specific, recurring proxy-voting issues followed by a general statement of voting policies. The System will at all times strive to cast proxy votes so as to advance the overall good of the System.

Investment Report from the Retirement Administrator Continued

Specific Investment Results by Asset Classification

As of June 30, 2025, the System's portfolio was slightly over-weight in total equities, with 52.7 percent in total equities versus the target of 47.0 percent. Domestic equities were slightly over-weight with 25.0 percent versus the target of 21.0 percent, and international equities with 20.0 percent developed were slightly over-weight of the international equities target of 18.0 percent.

Private equity was slightly under-weight of the target of 8.0% with 7.7%. Rates/Credit with 23.2 percent was under-weight of its target of 26.0 percent and real assets at 20.7 percent was 1.3 percent under-weight of its target of 22.0 percent. Multi-Asset investments represented 2.0 percent of the System's portfolio, which is 2.0 percent under-weight of its target of 4.0 percent. Short-Term investments represented 1.4% of the total portfolio, 0.4% over its target of 1.0%.

The investments were further diversified into the following asset classes and target percentages:

Asset Classification	Actual	Target
Equities		
Domestic	25.0%	21.0%
International	20.0%	18.0%
Private	7.7%	8.0%
Rates/Credit		
Core Fixed Income	11.4%	12.0%
Private Debt/Credit	11.8%	14.0%
Real Assets		
Core Real Estate	9.2%	6.0%
Non-Core Real Estate	5.5%	9.0%
Infrastructure	6.0%	7.0%
Multi-Asset		
Alternative Credit	2.0%	4.0%
Short-Term Investments	1.4%	1.0%
Total	100.0%	100.0%

Investment Report from the Retirement Administrator Continued

This asset class diversification allows the Joint Boards to monitor and adjust their risk in accordance with the Investment Policy Statement. The investment returns presented herein are based on the modified Dietz rate of return methodology. As Fiscal Year 2025 wrapped up, tariffs were top of mind for all investors globally. Domestic inflation remained sticky, above the Federal Reserve's mandated level, the U.S. dollar had the worst start to a year in nearly half a century, and uncertainty gripped consumers and businesses alike. Even with all of these events, the U.S. economy has been far more resilient than expected relative to peers and the global stock markets continue to reach new highs. The System earned positive relative and absolute returns, with continued diversification across strategies and regions.

Respectfully submitted,

Robert T. Theller

Robert T. Theller, Esq.
Retirement Administrator

December 3, 2025

Investment Consultant's Report



Daniel Hennessy, CFA, CAIA
Senior Consultant

October 10, 2025

City of Fresno Retirement Systems
2828 Fresno Street Suite 201
Fresno, California 93721

Dear Board Members:

The overall objective of the City of Fresno Retirement Systems ("CFRS" or "the Systems") is to ensure continued access to retirement, disability and survivor benefits for current and future CFRS participants. To ensure a solid foundation for the future of the Retirement Systems, CFRS' Boards carefully plan and implement an investment program designed to produce superior long-term investment returns, while prudently managing the risk in the portfolio. Investment policy and asset allocation are reviewed and revised by the CFRS Retirement Boards, at least annually, to reflect the Systems' actuarial assumptions, accrued liabilities, and economic and investment outlook. The following is a report on the performance of the Fund for the fiscal year ending June 30, 2025, with background on the underlying market environment.

Market Review for the Year Ended June 30, 2025

Fiscal Year ('FY') 2025 was characterized by strong returns across global equities while high-quality fixed income rebounded in value. The U.S. economy displayed mixed but resilient growth, posting a strong Q2 2025 recovery that offset a Q1 contraction, while the labor market remained healthy with a 4.1% unemployment rate. The fiscal year ended with inflation decelerating modestly to a year-over-year rate of 2.7% (CPI) from last year's 3.0% increase, though this level still exceeded the Federal Reserve's 2.0% target. In its efforts to manage inflation, the Federal Reserve spent the year on hold, maintaining the Fed Funds rate at a range of 4.25%–4.50% ending FY 2025, having implemented earlier cuts and with more anticipated. With a backdrop of central bank easing and steady economic growth, U.S. stocks posted strong returns of approximately 15.2% as measured by the S&P 500 Index. International stocks, particularly in developed MSCI EAFE Index. Emerging markets stocks performed well, with a robust return of approximately 15.3% as measured by the MSCI Emerging Markets Index. U.S. high-quality fixed income returns rebounded sharply from prior years and posted a solid year-to-date return of 6.1% as measured by the Bloomberg U.S. Aggregate Bond Index.

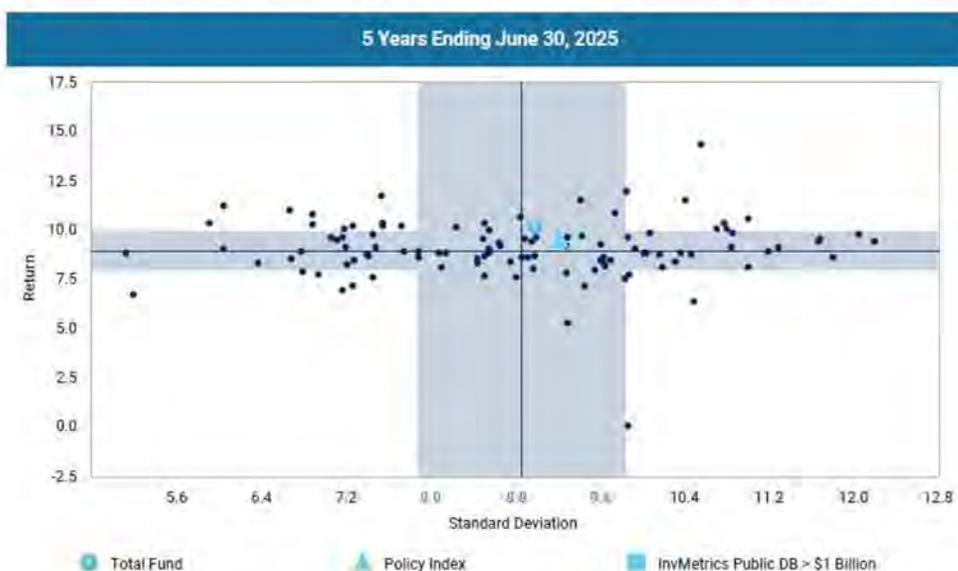
Returns discussed below are time-weighted rates of return based on fair value. The Systems returned 11.1%, net of fees, for the fiscal year ending June 30, 2025. By comparison, the median public fund in the comparative universe returned 10.3% for the period. For the five-year period ending June 30, 2025, the Systems returned 10.2% net of fees per annum. As can be seen in the chart below, this was an above average return, ahead of the median public fund rate of return, while volatility was very similar to the average public pension fund. As a result, the Systems outperformed approximately 78% of their peers over the past five years on two measures of risk-adjusted performance (Sharpe Ratio and Sortino Ratio).

www.NEPC.com | 517.374.1300

Investment Consultant's Report Continued

Data as of 6/30/2025	1 Yr(%)	3 Yrs(%)	5 Yrs(%)	10 Yrs(%)	15 Yrs(%)
Systems' Total Return (Gross of Fees)	11.2	10.5	10.4	8.3	9.3
Systems' Total Return (Net of Fees)	11.1	10.4	10.2	8.0	9.0
Policy Index	11.0	9.8	9.6	7.5	8.6

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



NEPC provides the Systems with quarterly economic and investment market updates, performance reviews, investment manager monitoring and selection advice, and related investment services for traditional and non-traditional asset classes. In preparing performance analysis for the Systems, NEPC relies on the accuracy of financial data provided by the Systems' custodian bank and investment managers. CFRS's custodian, The Northern Trust Company, independently prepared the underlying performance data used in this report. The Systems' goals are measured against stated policy objectives, appropriate benchmarks and comparative universes over multiple time periods. This review process allows CFRS to evaluate whether established goals are being achieved on an absolute, relative and risk-adjusted basis.

Sincerely,

Daniel Hennessy, Senior Consultant

Investment Results (Gross of Fees)

	Fair Value (\$)	% of Portfolio	Gross of Fees Ending June 30, 2025			
			1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Total Fund	4,317,906,747	100.00	11.20	10.50	10.39	8.28
<i>Policy Index</i>			11.00	9.81	9.61	7.53
<i>InvMetrics Public DB > \$1 Billion Median</i>			10.29	9.27	8.98	7.36
Total Equity Composite	2,278,979,698	52.78	15.34	15.79	12.52	9.80
<i>MSCI AC World All Cap Index (Net)</i>			15.92	16.74	13.37	9.66
<i>InvMetrics Public DB Global Equity Median</i>			15.23	15.55	13.13	—
Domestic Equity Composite	1,080,887,602	25.03	15.27	19.11	15.92	12.58
<i>Domestic Equity Index</i>			15.30	19.08	16.74	12.65
<i>InvMetrics Public DB US Equity Median</i>			13.85	17.63	15.44	12.08
Private Equity	333,712,589	7.73	8.59	5.91	15.63	—
<i>Private Equity Index</i>			7.90	7.91	16.74	—
International Equity Composite	864,379,507	20.02	18.12	15.01	8.97	7.01
<i>International Equity Index</i>			18.38	14.59	10.91	6.72
<i>InvMetrics Public DB Global ex-US Equity Median</i>			17.59	14.18	10.21	6.72
Total Rates/Credit Composite	1,084,118,797	25.11	7.66	7.49	5.63	5.13
<i>Fixed Income Index</i>			6.72	6.12	3.23	3.94
<i>Blmbg. U.S. Aggregate Index</i>			6.08	2.55	-0.73	1.76
<i>InvMetrics Public DB Fixed Income Median</i>			7.00	4.14	1.22	2.93
Public Fixed Income	491,034,852	11.37	7.12	4.34	0.82	2.81
<i>Blmbg. U.S. Aggregate Index</i>			6.08	2.55	-0.73	1.76
<i>InvMetrics Public DB US Fixed Income Median</i>			6.62	3.75	0.78	2.77
Private Credit	593,083,945	13.74	8.12	10.20	12.13	—
<i>Private Credit Index</i>			8.79	9.84	5.76	—
Real Assets	894,692,186	20.72	5.72	1.41	8.86	7.19
<i>Real Estate Index</i>			2.95	-5.96	2.81	4.75
<i>InvMetrics Public DB Real Estate Public & Private Median</i>			3.55	-4.66	3.87	5.28
Private Real Estate Composite	238,488,036	5.52	5.44	2.66	10.21	10.41
<i>NCREIF ODCE</i>			3.54	-5.43	3.42	5.35
Infrastructure	259,107,486	6.00	9.19	8.66	8.11	—
<i>CPI + 4% (Unadjusted)</i>			6.78	6.98	8.77	—
Cash & Equivalents Composite	60,116,066	1.39	4.51	2.31	3.34	2.27
<i>90 Day U.S. Treasury Bill</i>			4.68	4.56	2.76	1.96

Calculations are prepared by NEPC, LLC using a time-weighted rate of return based on fair values.

Investment Results (Net of Fees)

	Fair Value (\$)	% of Portfolio	Net of Fees Ending June 30, 2025			
			1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Total Fund	4,317,906,747	100.00	11.10	10.37	10.21	8.01
<i>Policy Index</i>			11.00	9.81	9.61	7.53
<i>InvMetrics Public DB > \$1 Billion Median</i>			10.25	9.17	8.88	7.16
Total Equity Composite	2,278,979,698	52.78	15.24	15.65	12.42	9.74
<i>MSCI AC World All Cap Index (Net)</i>			15.92	16.74	13.37	9.66
<i>InvMetrics Public DB Global Equity Median</i>			14.66	14.97	12.24	8.30
Domestic Equity Composite	1,080,887,602	25.03	15.26	19.10	15.85	12.41
<i>Domestic Equity Index</i>			15.30	19.08	16.74	12.65
<i>InvMetrics Public DB US Equity Median</i>			13.76	17.45	15.26	11.61
Private Equity	333,712,589	7.73	8.59	5.91	15.63	—
<i>Private Equity Index</i>			7.90	7.91	16.74	—
International Equity Composite	864,379,507	20.02	17.86	14.68	8.64	6.66
<i>International Equity Index</i>			18.38	14.59	10.91	6.72
<i>InvMetrics Public DB Global ex-US Equity Median</i>			17.57	13.98	9.89	6.40
Total Rates/Credit Composite	1,084,118,797	25.11	7.57	7.40	5.56	5.09
<i>Fixed Income Index</i>			6.72	6.12	3.23	3.94
<i>Blmbg. U.S. Aggregate Index</i>			6.08	2.55	-0.73	1.76
<i>InvMetrics Public DB Fixed Income Median</i>			6.82	4.07	1.04	2.73
Public Fixed Income	491,034,852	11.37	6.91	4.17	0.67	2.66
<i>Blmbg. U.S. Aggregate Index</i>			6.08	2.55	-0.73	1.76
<i>InvMetrics Public DB US Fixed Income Median</i>			6.52	3.60	0.67	2.66
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<i>Real Estate Index</i>			2.95	-5.96	2.81	4.75
<i>InvMetrics Public DB Real Estate Public & Private Median</i>			2.68	-4.98	3.62	4.75
Private Real Estate Composite	238,488,036	5.52	5.42	2.65	10.21	10.31
<i>NCREIF ODCE</i>			3.54	-5.43	3.42	5.35
Infrastructure	259,107,486	6.00	9.19	8.47	7.95	—
<i>CPI + 4% (Unadjusted)</i>			6.78	6.98	8.77	—
Cash & Equivalents Composite	60,116,066	1.39	4.50	2.31	3.33	2.27
<i>90 Day U.S. Treasury Bill</i>			4.68	4.56	2.76	1.96

Calculations are prepared by NEPC, LLC using a time-weighted rate of return based on fair values.

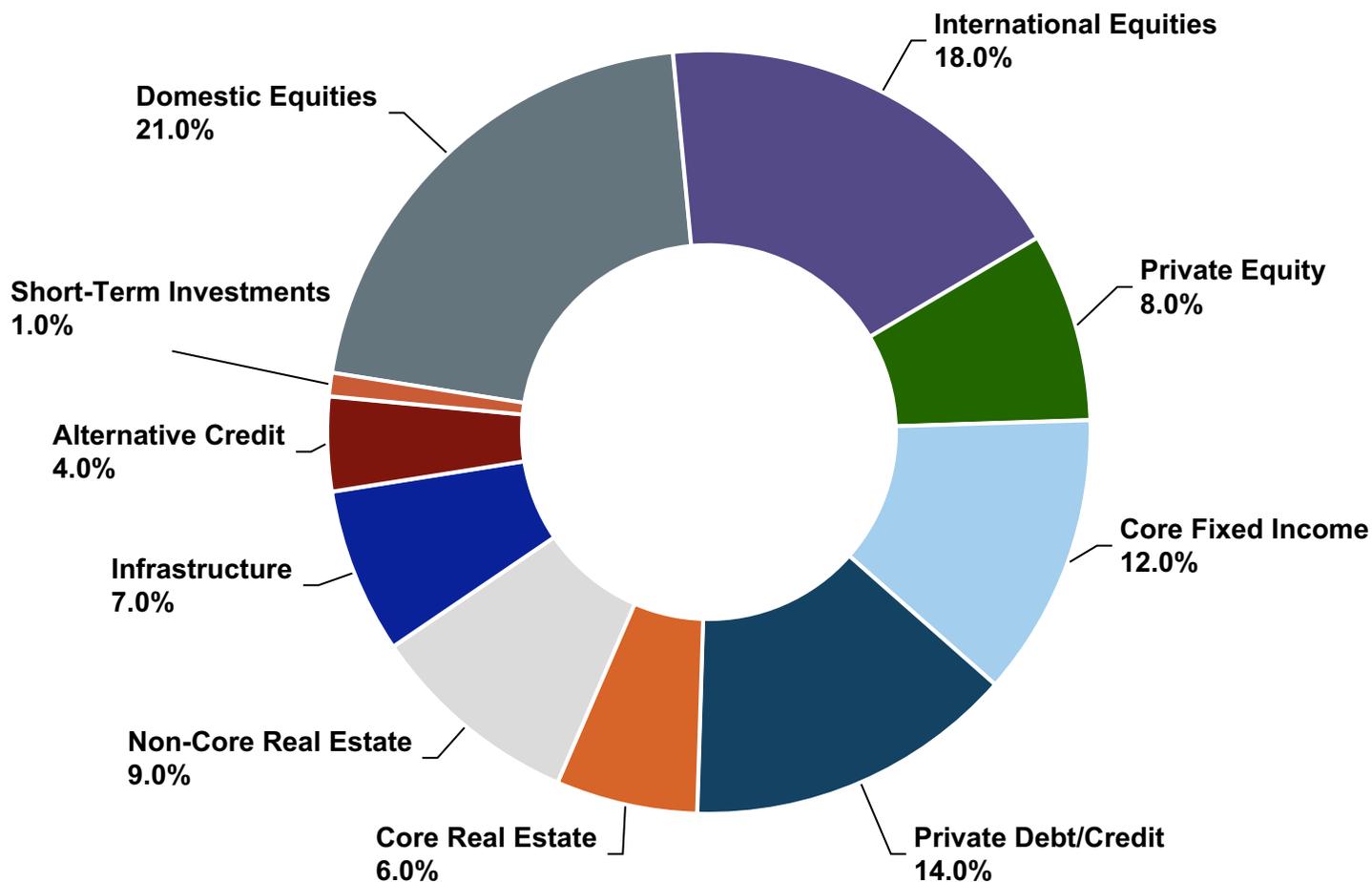
Target and Actual Asset Allocation

As of June 30, 2025

Asset Class	Current Target	Allocation Range	Actual
Domestic Equities	21.0%	15.0% - 36.0%	25.0%
International Equities	18.0%	10.0% - 25.0%	20.0%
Private Equity	8.0%	0.0% - 10.0%	7.7%
Core Fixed Income	12.0%	5.0% - 20.0%	11.4%
Private Debt/Credit	14.0%	5.0% - 20.0%	11.8%
Core Real Estate	6.0%	2.0% - 8.0%	9.2%
Non-Core Real Estate	9.0%	5.0% - 15.0%	5.5%
Infrastructure	7.0%	2.0% - 10.0%	6.0%
Alternative Credit	4.0%	0.0% - 10.0%	2.0%
Short-Term Investments	1.0%	0.0% - 3.0%	1.4%

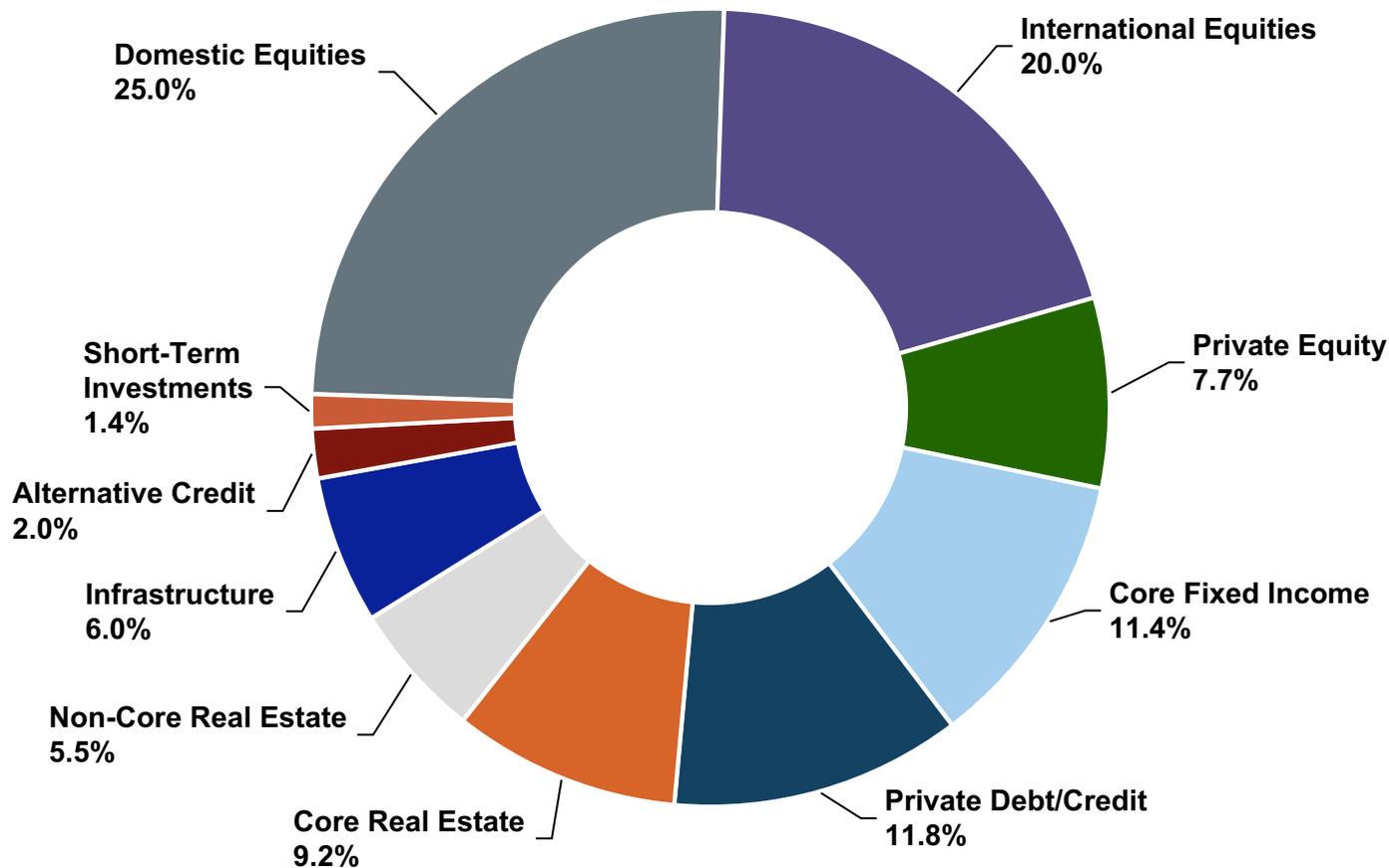
Target Asset Allocation

As of June 30, 2025



Actual Asset Allocation

As of June 30, 2025



Largest Stock Holdings (by Fair Value)

As of June 30, 2025

	Shares	Stock Holding	Fair Value
1)	270,353	TAIWAN SEMICONDUCTOR MANUFACTURING TWD10	\$ 9,810,153
2)	115,873	TENCENT HOLDINGS LIMITED HKD0.00002	7,424,755
3)	2,347	MERCADOLIBRE INC COM STK	6,132,968
4)	545,422	AIA GROUP LIMITED NPV	4,891,429
5)	53,175	CRH PLC EQUITY	4,890,933
6)	108,537	SAMSUNG ELECTRONICS CO KRW100	4,809,194
7)	5,433	ASML HOLDING NV EUR0.09 (POST SPLIT)	4,321,281
8)	40,471	NINTENDO CO JPY50	3,888,908
9)	105,830	DEUTSCHE TELEKOM AG NPV(REGD)	3,847,370
10)	62,630	UNILEVER PLC ORD GBP0.031111	3,797,777
Total Largest Stock Holdings			\$ 53,814,768

Largest Bond Holdings (by Fair Value)

As of June 30, 2025

	Share/Par Value	Bond Holding	Coupon Rate	Maturity Date	Fair Value
1)	4,208,843	UNITED STATES OF AMER TREAS BONDS DTD	4.125%	2053/08/15	\$ 3,759,516
2)	3,691,264	FEDERAL HOME LN MTG CORP POOL #SD7526	2.500%	2050/10/01	3,112,844
3)	3,781,921	FNMA POOL #FM8308 2.0% DUE 07-01-2051	2.000%	2051/07/01	3,040,597
4)	3,132,711	FEDERAL HOME LN MTG CORP POOL #SD8244	4.000%	2052/09/01	2,918,954
5)	2,950,225	FEDERAL HOME LN MTG CORP POOL #RA7194	3.500%	2052/04/01	2,673,430
6)	2,880,283	FNMA 3.5% 04-01-2052	3.500%	2052/04/01	2,618,886
7)	2,702,270	FNMA POOL #FM7599 3.5% DUE 01-01-2051	3.500%	2051/01/01	2,460,544
8)	2,921,779	FEDERAL HOME LN MTG CORP POOL #SD1581	2.500%	2052/09/01	2,424,432
9)	2,325,694	UNITED STATES OF AMER TREAS BONDS 4.5%	4.500%	2044/02/15	2,247,202
10)	2,401,785	FNMA POOL #CB3594 3.5% DUE 05-01-2052	3.500%	2052/05/01	2,176,617
Total Largest Bond Holdings					\$ 27,433,022

A complete list of portfolio holdings is available upon request.

Schedule of Commissions

For The Fiscal Year Ended June 30, 2025

Brokerage Firm	Total Commissions	Number of Shares	Commission Cost/Share
MORGAN STANLEY AND CO. INTRNTNAL PLC	\$ 8,046	1,648,740	\$ 0.0049
BARCLAYS CAPITAL	6,440	25,314,280	0.0003
GOLDMAN SACHS INTERNATIONAL	4,807	21,751,770	0.0002
NOMURA SECURITIES NEW YORK	4,645	4,598,480	0.0010
MORGAN STANLEY AND CO., LLC	4,058	42,045,079	0.0001
JEFFERIES INTERNATIONAL LTD	3,636	704,615	0.0052
UBS AG LONDON BRANCH	3,552	205,261	0.0173
CITIGROUP GLOBAL MARKETS EUROPE AG	3,302	79,320	0.0416
GOLDMAN, SACHS AND CO.	3,081	39,990,503	0.0001
MERRILL LYNCH INTERNATIONAL LIMITED	2,941	414,096	0.0071
	<u>\$ 44,508</u>	<u>136,752,144</u>	<u>\$ 0.0003</u>
All Other Brokerage Firms	50,564	1,343,023,053	0.00004
TOTAL	\$ 95,072	1,479,775,197	\$ 0.0001

Investment Summary

For The Fiscal Year Ended June 30, 2025

	Investment Value	Percent of Fund	Investment Management Fees
Equity			
Domestic	\$ 592,740,818	24.8%	\$ 69,252
International	466,637,369	19.4%	1,264,602
Private Equity	187,621,022	7.8%	4,365,315
Fixed Income	298,349,862	12.5%	427,696
Private Debt/Credit	287,302,054	12.0%	18,874,484
Real Assets	501,672,606	21.0%	10,112,435
Multi-Assets	48,769,549	2.0%	1,374,342
Short-Term Investments	10,724,149	0.5%	—
Total	\$ 2,393,817,429	100.0%	\$ 36,488,126

*Assets will be invested
and administered to
balance the need to
control risk with
superior performance.*

*We expect excellence
in all activities. We
will also be
accountable and act in
accordance with the
law.*

ACTUARIAL

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Actuarial Certification Letter



180 Howard Street
Suite 1100
San Francisco, CA 94105-6147
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November 21, 2025

Board of Retirement
City of Fresno Fire and Police Retirement System
2828 Fresno Street, Suite 201
Fresno, CA 93721-1327

**Re: City of Fresno Fire and Police Retirement System
June 30, 2025 Actuarial Valuation**

Dear Members of the Board:

Segal prepared the June 30, 2025 annual actuarial valuation of the City of Fresno Fire and Police Retirement System. We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices and the System's funding policy that was last reviewed with the Board in 2012 and the amendment made to lengthen the period used to amortize the actuarial surplus in 2018. It is our understanding that the assumptions and methods used for funding purposes meet the parameters set by Actuarial Standards of Practice (ASOPs).

As part of the June 30, 2025 actuarial valuation, Segal conducted an examination of all participant data for reasonableness. Summaries of the employee data used in performing the actuarial valuations over the past several years are provided in our valuation report. We did not audit the System's financial statements. 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 fair value by recognizing the differences between the total actual investment return at fair value and the expected investment return over a five-year period.

One of the general goals of an actuarial valuation is to establish contribution rates which, over time, will remain level as a percentage of payroll unless Plan benefit provisions are changed. Actuarial funding is based on the Entry Age Cost Method. Under this method, the employer contribution rate provides for current cost (normal cost) plus a level percentage of payroll to amortize any prefunded actuarial accrued liability or unfunded actuarial accrued liability (UAAL). The UAAL is amortized over different periods depending on the source.

Effective with the June 30, 2013 valuation, any new UAAL established as a result of actuarial gains or losses or plan amendments is amortized over separate 15-year declining periods (with the exception of temporary retirement incentives which are amortized over a separate declining period of up to 5 years). Any new UAAL established as a result of changes in actuarial assumptions or methods at each valuation is amortized over separate 25-year declining periods. Any actuarial surplus (when the funded ratio is over 110%) will be amortized over a non-declining 30-year period. The progress being made towards meeting the funding objective through June 30, 2025 is illustrated in the Schedule of Funding Progress.

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Actuarial Certification Letter Continued

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Notes number 1, 3 and 5 to the Basic Financial Statements and the Required Supplemental Information (RSI) included in the Financial Section were prepared by the System based on the results of the Governmental Accounting Standards Statement No. 67 (GAS 67) actuarial valuation as of June 30, 2025 prepared by Segal. For the Financial Section of the Annual Comprehensive Financial Report (ACFR), Segal provided the Schedule of Funding Progress, Schedule of Changes in Net Pension Liability and Schedule of Employer Contributions. The Schedule of Employer Contributions includes both the actuarially determined contributions, and the actual contributions made for the fiscal year. These schedules are shown in the RSI. A listing of the other supporting schedules Segal prepared for inclusion in the Actuarial and Statistical Sections of the System's Annual Report is provided below. These schedules were prepared based on the results of the actuarial valuation as of June 30, 2025 for funding purposes.

1. Summary of Actuarial Assumptions and Methods;
2. Schedule of Funded Liabilities by Type; and
3. Actuarial Analysis of Financial Experience.

The valuation assumptions included in the Actuarial Section were adopted by the Retirement Board based on the Analysis of Actuarial Experience During the Period July 1, 2021 through June 30, 2024 and the Review of Economic Actuarial Assumptions for the June 30, 2025 Actuarial Valuation. It is our opinion that the assumptions used in the June 30, 2025 valuation produce results, which, in the aggregate, reflect the future experience of the Plan. Actuarial valuations are performed on an annual basis. An experience analysis is performed every three years. The next experience analysis is due to be performed as of June 30, 2027 and those assumptions will be used in the June 30, 2028 valuation. The Retirement System utilizes the actuarial surplus (on an amortized basis over 30 years pursuant to the Board's funding policy) to provide contribution rate offsets and a Post Retirement Supplemental Benefit (PRSB) benefit (pursuant to the Municipal Code). The impact of the application of the actuarial surplus on the future financial condition of the Plan has not been explicitly measured in the valuation.

Implementation of the employer contribution rates in June 30, 2023 and June 30, 2024 valuations

In the June 30, 2024 actuarial valuation report dated November 18, 2024, it was noted that, as of that date, the recommended employer contribution rates for fiscal year 2024–2025, as determined in the June 30, 2023 actuarial valuation, had not yet been implemented by the City. (The City had decided to carry over unchanged the lower employer contribution rates from the prior fiscal year that were determined in the June 30, 2022 actuarial valuation.) Following discussions with Retirement System staff at that time, Segal was directed to assume, for purposes of preparing the June 30, 2024 valuation results, that the recommended rates would ultimately be adopted and implemented by the City before the end of fiscal year 2024–2025. Consequently, the June 30, 2024 valuation did not reflect any anticipated contribution shortfall for fiscal year 2024–2025 arising from the continued payment of the lower fiscal year 2023–2024 rates.

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As of the current June 30, 2025 actuarial valuation, it is our understanding that the lower City contribution rates determined in the June 30, 2022 actuarial valuation for fiscal year 2023–2024 were made throughout fiscal year 2024–2025 and continued by the City into fiscal year 2025–2026. Following consultation with Retirement System staff and legal counsel, we have been directed to reflect both the actual fiscal year 2024–2025 contribution shortfall and the anticipated fiscal year 2025–2026 contribution shortfall in the determination of the fiscal year 2026–2027 contribution rate for the City.

In the June 30, 2025 valuation, the ratio of the valuation assets to actuarial accrued liabilities increased from 114.9% to 116.2%. The employer rate has increased from 23.31%¹ to 28.46%² of payroll, and the average member rate has decreased from 8.97% to 8.93% of payroll.

Under the asset smoothing method, the total unrecognized investment gain is \$85.5 million as of June 30, 2025. This investment gain will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years. The deferred gain of \$85.5 million represents about 3.6% of the market value of assets as of June 30, 2025. Unless offset by future investment losses or other unfavorable experience, the recognition of the \$85.5 million market gain is expected to have an impact on the System's future funded percentage and contribution rate requirements. This potential impact may be illustrated as follows:

1. If the net deferred gain was recognized immediately in the valuation value of assets, the funded percentage would increase from 116.2% to 120.9%.
2. If the net deferred gain was recognized immediately in the valuation value of assets, the employer contribution rate would decrease from 28.46% to 26.55% of payroll.
3. If the net deferred gain in this year's valuation was recognized immediately and entirely in the valuation value of assets, the PRSB benefit of \$136.35 per month would increase to \$213.93 for the 2026 calendar year.

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¹ This rate determined in the June 30, 2024 valuation has been decreased by 1.93% of payroll as a result of surplus allocation.

² This rate determined in the June 30, 2025 valuation has been decreased by 2.59% of payroll as a result of surplus allocation and increased by 4.27% of payroll after reflecting the cumulative impact of the contribution shortfall from fiscal year 2024–2025 and the projected contribution shortfall for fiscal year 2025–2026, caused by the City not adopting the recommended contribution rates determined in the prior two valuations.

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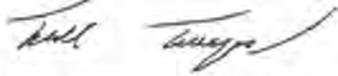
 Segal

Actuarial Certification Letter Continued

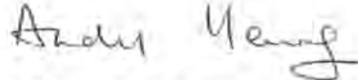
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The undersigned are Members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

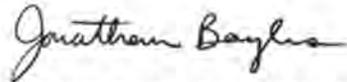
Sincerely,



Todd Tauzer, FSA, MAAA, FCA, CERA
Senior Vice President and Actuary



Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary



Jonathan Boyles, FSA, CERA, MAAA, EA
Senior Consultant

JY/elf/jl

Attachments

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Summary of Actuarial Assumptions and Funding Method

These actuarial assumptions and methods based on June 30, 2025 data were adopted by the City of Fresno Fire and Police System (the System) Retirement Board on November 26, 2025, and are effective for July 1, 2026.

Assumptions

Valuation Interest Rate	6.75%
Inflation:	2.50%

Post-Retirement Mortality

(a) Service Retirement

Pub-2016 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021.

(b) Beneficiaries

Beneficiaries not Currently in Pay Status • Pub-2016 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 10%, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Beneficiaries in Pay Status • Pub-2016 Contingent Survivor Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 10%, projected generationally with the two-dimensional mortality improvement scale MP-2021.

(c) Disability Retirement

Pub-2016 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females), projected generationally with the two dimensional mortality improvement scale MP-2021.

The Pub-2016 mortality tables and adjustments as shown above reasonably reflect the mortality experience as of the measurement date. These mortality tables were adjusted to future years using the generational projection to reflect

future mortality improvement between the measurement date and those years.

Pre-Retirement Mortality

Based upon the Analysis of Actuarial Experience during the period July 1, 2021 through June 30, 2024.

Withdrawal Rates

Based upon the Analysis of Actuarial Experience during the period July 1, 2021 through June 30, 2024.

Disability Rates

Based upon the Analysis of Actuarial Experience during the period July 1, 2021 through June 30, 2024.

Service Retirement Rates

Based upon the Analysis of Actuarial Experience during the period July 1, 2021 through June 30, 2024.

Assets

Five-year smoothed recognition of realized and unrealized capital gains and losses greater or lesser than the actuarial assumed rate of return.

Summary of Actuarial Assumptions and Funding Method Continued

Funding Method

The System's liability is being funded on the Entry Age Normal Cost method with the Unfunded Actuarial Accrued Liability (UAAL) amortized as a level percentage of payroll. There is no UAAL as of June 30, 2025.

The System's funding policy for determining Total Pension Liability (for funding purposes) uses a version of the Entry Age method whereby the Actuarial Accrued Liability is fully accrued when a member retires from employment after participating in DROP (Deferred Retirement Option Program). While for financial reporting purposes only, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 67 (GASB 67) provisions, for determining Total Pension Liability, the Actuarial Accrued Liability is fully accrued when a member either enters DROP or is expected to elect DROP. (See page 33 of the Financial Section and pages 63 and 64 of the Required Supplementary Information on the different actuarial assumptions used for financial reporting versus funding progress.)

Cost-of-Living Adjustment (COLA) Assumption

The annual cost-of-living adjustment (COLA) is 2.50% for Tier 2 members and 3.00% for Tier 1 members and retirees who have retired with the final average formula, or with the career average formula.

DROP Member Assumed Retirement Rates (%) by Years of Service - Tier 2

Age	5-14	15-19	20 & Over
50	0.00	1.00	5.00
55	0.00	35.00	70.00
60	0.00	20.00	20.00
63 & Over	0.00	0.00	0.00

Members are assumed to remain in the Deferred Retirement Option Program (DROP) for six years.

Ultimate Salary Scale

Salary Scale is made up of merit and longevity, and inflation components. The inflation component is equal to 2.50%; plus 0.50% real across-the-board salary increase. The merit and promotion component varies by service and is illustrated below:

Years of Service	Merit and Promotion Assumption
< 1 year	11.00%
1 - 2 years	10.50%
2 - 3 years	5.00%
3 - 6 years	4.00%
6 - 7 years	3.00%
7 - 10 years	2.00%
10 - 20 years	1.50%
20 and over	1.25%

Probabilities of Separation Prior to Retirement

Mortality		
Rate (%)		
Age	Tier 2	
	Male	Female
20	0.02	0.01
25	0.03	0.01
30	0.04	0.02
35	0.04	0.03
40	0.05	0.04
45	0.07	0.06
50	0.10	0.09
55	0.16	0.13
60	0.27	0.20
65	0.45	0.32
70	0.84	0.5

All pre-retirement deaths are assumed to be duty.

Disability		
Rate (%)		
Age	Tier 2	
	Duty	Non-Duty
20	0.06	0.00
25	0.10	0.01
30	0.34	0.01
35	0.68	0.03
40	0.98	0.14
45	1.34	0.23
50	1.68	0.16
55	4.62	0.00
60	12.50	0.00
65	0.00	0.00

Total Termination (Less Than 5 years of service)	
Rate (%)	
Service	Tier 2
0 – 1	10.00
1 – 2	6.00
2 – 3	4.00
3 – 4	3.00
4 – 5	2.00

100% of members are assumed to elect a withdrawal of contributions. No termination is assumed after a member is assumed to retire.

Total Termination (5 or more years of service)	
Rate (%)	
Age	Tier 2
20	2.00
25	2.00
30	2.00
35	2.00
40	1.50
45	1.50
50	0.00

25% of Tier 2 members with 5+ years of service are assumed to elect a withdrawal of contributions. The remaining members are assumed to elect a deferred vested benefit. No termination is assumed after a member is assumed to retire.

Schedule of Active Member Valuation Data

Valuation Date	Active/DROP	Number	Annual Payroll	Annual Average Pay	% Increase (Decrease) in Average Pay
June 30, 2025	Active Members	1,108	\$ 142,343,483	\$ 128,469	1.1%
	DROP Participants	110	17,371,242	157,920	1.5%
	Totals	1,218	\$ 159,714,725	\$ 286,389	
June 30, 2024	Active Members	1,148	\$ 145,885,780	\$ 127,078	9.4%
	DROP Participants	77	11,983,885	155,635	11.7%
	Totals	1,225	\$ 157,869,665	\$ 282,713	
June 30, 2023	Active Members	1,111	\$ 129,017,259	\$ 116,127	4.7%
	DROP Participants	92	12,823,477	139,386	4.1%
	Totals	1,203	\$ 141,840,736	\$ 255,513	
June 30, 2022	Active Members	1,045	\$ 115,913,278	\$ 110,922	1.3%
	DROP Participants	89	11,912,877	133,853	5.3%
	Totals	1,134	\$ 127,826,155	\$ 244,775	
June 30, 2021	Active Members	987	\$ 108,105,135	\$ 109,529	3.5%
	DROP Participants	95	12,071,386	127,067	0.8%
	Totals	1,082	\$ 120,176,521	\$ 236,596	
June 30, 2020	Active Members	999	\$ 105,679,917	\$ 105,786	5.2%
	DROP Participants	97	12,222,365	126,004	1.6%
	Totals	1,096	\$ 117,902,282	\$ 231,790	
June 30, 2019	Active Members	1,033	\$ 103,910,274	\$ 100,591	4.6%
	DROP Participants	90	11,163,174	124,035	4.3%
	Totals	1,123	\$ 115,073,448	\$ 224,626	
June 30, 2018	Active Members	1,043	\$ 100,270,371	\$ 96,137	3.6%
	DROP Participants	90	10,701,563	118,906	5.4%
	Totals	1,133	\$ 110,971,934	\$ 215,043	
June 30, 2017	Active Members	990	\$ 91,850,923	\$ 92,779	1.1%
	DROP Participants	96	10,828,198	112,794	1.1%
	Totals	1,086	\$ 102,679,121	\$ 205,573	
June 30, 2016	Active Members	947	\$ 86,884,960	\$ 91,748	0.8%
	DROP Participants	107	11,932,935	111,523	2.3%
	Totals	1,054	\$ 98,817,895	\$ 203,271	

Schedule of Retirees and Beneficiaries Added to or Removed from Rolls

Fiscal Year Ended June 30	Added to Rolls		Removed from Rolls		Rolls at Fiscal-Year End		Average Annual Allowance	% Increase / (Decrease) in Retiree Allowance
	Number	Annual Allowance	Number	Annual Allowance	Number	Annual Allowance		
2025	57	\$1,756,230	(31)	(\$1,155,784)	1,246	\$90,829,784	\$72,897	(0.29)
2024	69	\$2,607,161	(36)	(\$1,131,426)	1,220	\$89,195,842	\$73,111	8.05
2023	53	\$1,969,110	(20)	(\$503,250)	1,187	\$80,314,864	\$67,662	4.37
2022	63	\$2,682,320	(34)	(\$918,250)	1,154	\$74,809,611	\$64,826	4.62
2021	44	\$1,429,318	(25)	(\$672,017)	1,125	\$69,707,525	\$61,962	2.31
2020	51	\$1,341,603	(30)	(\$1,012,050)	1,106	\$66,983,928	\$60,564	0.92
2019	48	\$1,585,314	(29)	(\$676,320)	1,085	\$65,113,142	\$60,012	2.34
2018	51	\$1,231,992	(31)	(\$708,568)	1,066	\$62,510,828	\$58,641	4.41
2017	55	\$1,432,672	(20)	(\$456,710)	1,046	\$58,748,302	\$56,165	2.48
2016	32	\$728,058	(26)	(\$730,485)	1,011	\$55,408,166	\$54,805	2.55

Solvency Test (In thousands)

Valuation Date as of June 30	Aggregate Accrued Liabilities for				Portion of Accrued Liabilities Covered by Reported Asset		
	Active Member Contributions	Retirees and Beneficiaries (Includes Deferred Vested)	Active Members (Employer Financed Portion)	Actuarial Valuation Value of Assets	Active Member Contributions	Retirees and Beneficiaries (Includes Deferred Vested)	Active Members (Employer Financed Portion)
2025	\$195,631	\$1,239,814	\$415,078	\$2,150,961	100%	100%	100%
2024	204,590	1,122,027	406,146	1,991,117	100%	100%	100%
2023	197,857	1,064,705	344,724	1,876,149	100%	100%	100%
2022	191,651	982,691	312,269	1,791,487	100%	100%	100%
2021	186,156	920,277	288,707	1,695,906	100%	100%	100%
2020	180,093	880,163	270,890	1,547,641	100%	100%	100%
2019	173,489	839,837	264,423	1,495,023	100%	100%	100%
2018	165,233	801,931	227,567	1,436,725	100%	100%	100%
2017	154,607	770,352	206,389	1,354,974	100%	100%	100%
2016	143,208	728,510	195,698	1,276,604	100%	100%	100%

Actuarial Analysis of Financial Experience

(Dollars in Millions)

	Plan Years									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Prior Valuation Actuarial Accrued Liability	\$1,733	\$1,607	\$1,487	\$1,395	\$1,331	\$1,278	\$1,195	\$1,131	\$1,067	\$1,020
Salary Increase Greater/(Less) than Expected	(18)	38	15	4	—	14	—	5	(9)	(28)
Asset Return (Greater)/Less than Expected	—	—	—	—	—	—	—	—	—	—
COLA Increase Greater/(Less) than Expected	5	5	28	17	(2)	(4)	(5)	(6)	11	(24)
Other Experience	7	15	13	10	4	(5)	1	9	11	8
Economic Assumption Changes	45	—	—	(3)	—	(14)	31	3	—	50
Non-economic Assumption Changes	—	—	—	—	—	—	—	—	—	—
Normal Cost	53	48	43	40	39	39	35	33	32	30
Interest	116	107	99	97	92	88	85	81	76	76
Payments	(90)	(87)	(78)	(73)	(69)	(65)	(64)	(61)	(57)	(55)
Change in Valuation Programs and Methods	—	—	—	—	—	—	—	—	—	(10)
Ending Actuarial Accrued Liability	\$1,851	\$1,733	\$1,607	\$1,487	\$1,395	\$1,331	\$1,278	\$1,195	\$1,131	\$1,067

Schedule of Funding Progress

(Dollars in Millions)

Actuarial Valuation As of June 30	(1)	(2)	(3)	(4)	(5)	(6)
	Actuarial Valuation Value of Assets	Actuarial Accrued Liability (AAL)	Percentage Funded (1) / (2)	Prefunded / (Unfunded AAL) (2) - (1)	Annual Covered Payroll	Prefunded / (Unfunded AAL) Percentage of Covered Payroll [(2) - (1)] / (5)
2025	\$2,150	\$1,850	116.2%	\$300	\$160	188.10%
2024	\$1,991	\$1,733	114.9%	\$258	\$158	163.60%
2023	\$1,876	\$1,607	116.7%	\$269	\$142	189.60%
2022	\$1,791	\$1,487	120.5%	\$304	\$128	238.50%
2021	\$1,696	\$1,395	121.6%	\$301	\$120	250.30%
2020	\$1,548	\$1,331	116.3%	\$216	\$118	183.60%
2019	\$1,495	\$1,278	117.0%	\$217	\$115	188.80%
2018	\$1,437	\$1,195	120.3%	\$242	\$111	218.10%
2017	\$1,355	\$1,131	119.8%	\$224	\$103	217.80%
2016	\$1,277	\$1,067	119.6%	\$209	\$99	211.70%

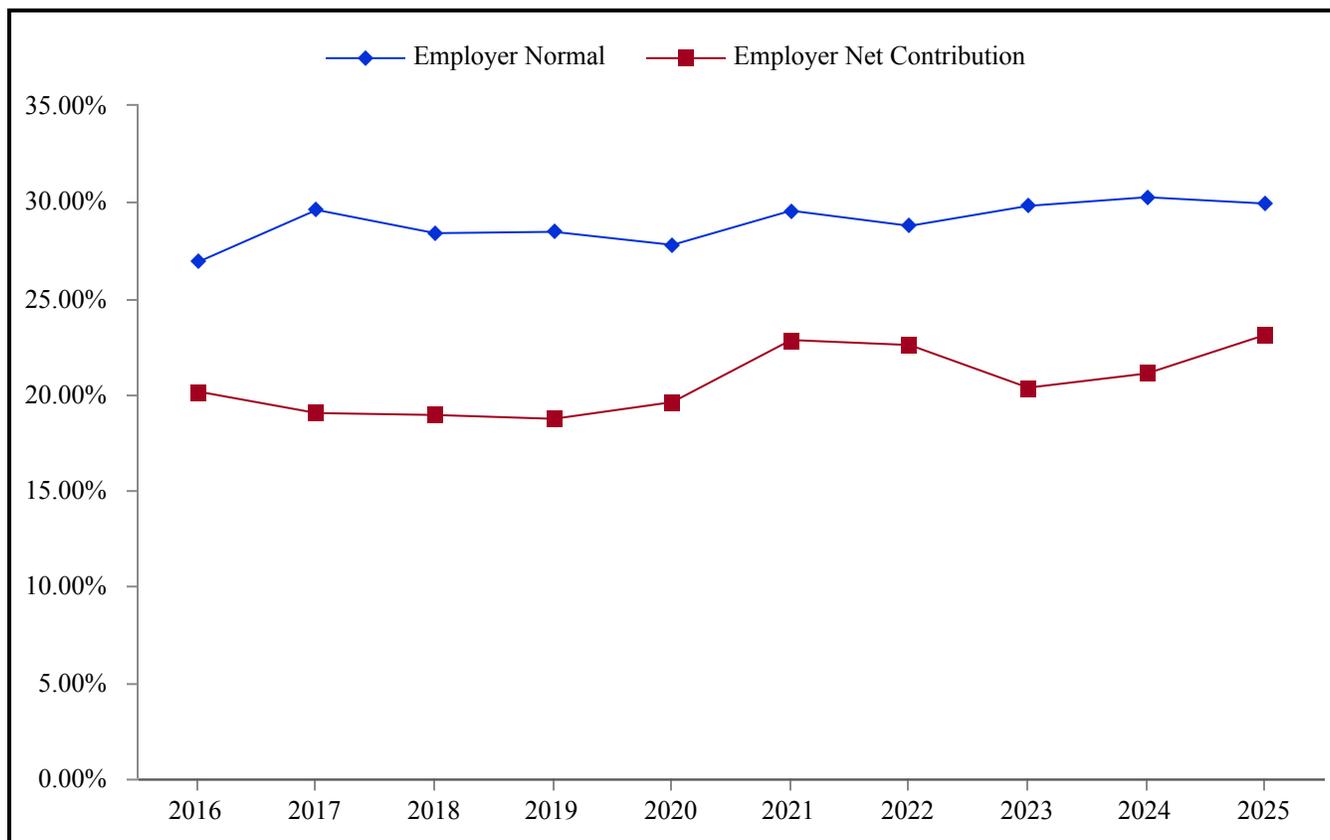
Major Benefit Provisions of the Retirement System

	Fire & Police First Tier	Fire & Police Second Tier														
Coverage	All Fire and Police employees hired on or after October 27, 1927, and before August 27, 1990.	All Fire and Police employees hired on or after August 27, 1990.														
Final Average Salary (FAS)	<p>A. Three-year final average salary; or</p> <p>B. Salary attached to rank, average-service weighted compensation for each rank held.</p>	A. Highest three consecutive year average.														
Service Retirement	<p>Requirement: Age 50 and 10 years of Service, or age 60.</p> <p>Benefit: (1) and (2)</p> <p>1. 2¾% of FAS times years of service before age 50, not to exceed 20 years.</p> <p>2. 2% of FAS times years of service after age 50, not to exceed 10 years</p> <p>Maximum Benefit: 75% of FAS</p>	<p>Requirement: Age 50 and 5 years of service.</p> <p>Benefit:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Retirement Age</th> <th style="text-align: left;">Benefit Formula</th> </tr> </thead> <tbody> <tr> <td>50</td> <td>2.00% x FAS x service</td> </tr> <tr> <td>51</td> <td>2.14% x FAS x service</td> </tr> <tr> <td>52</td> <td>2.28% x FAS x service</td> </tr> <tr> <td>53</td> <td>2.42% x FAS x service</td> </tr> <tr> <td>54</td> <td>2.56% x FAS x service</td> </tr> <tr> <td>55 and over</td> <td>2.70% x FAS x service</td> </tr> </tbody> </table> <p>Maximum Benefit: 75% of FAS</p>	Retirement Age	Benefit Formula	50	2.00% x FAS x service	51	2.14% x FAS x service	52	2.28% x FAS x service	53	2.42% x FAS x service	54	2.56% x FAS x service	55 and over	2.70% x FAS x service
Retirement Age	Benefit Formula															
50	2.00% x FAS x service															
51	2.14% x FAS x service															
52	2.28% x FAS x service															
53	2.42% x FAS x service															
54	2.56% x FAS x service															
55 and over	2.70% x FAS x service															
Deferred Retirement Option Program (DROP)	An employee who is age 50 with 10 years of service may join the DROP program which is in essence an alternative form of retirement distribution. Retirement amount is calculated and monthly deposits are made to the employee's DROP account while the employee continues to work for a maximum of 10 years.	An employee who is age 50 with 5 years of service may join the DROP program which is in essence an alternative form of retirement distribution. Retirement amount is calculated and monthly deposits are made to the employee's DROP account while the employee continues to work for a maximum of 10 years.														
Disability Retirement	<p>a. Requirements:</p> <p>1. Service-Connected: None</p> <p>2. Non Service-Connected: 10 years of service.</p> <p>b. Benefit:</p> <p>1. Service-Connected: 55% of FAS or service retirement, if higher.</p> <p>2. Non Service-Connected: 1.65% x FAS x years of service, if exceeds 36.67% of FAS; or 36.67% of FAS; or service retirement, if higher.</p> <p>Benefit reduced to the extent that income earned while on disability and the amount of the disability retirement benefits exceeds the current salary attached to the last rank held.</p>	<p>a. Requirements:</p> <p>1. Service-Connected: None</p> <p>2. Non Service-Connected: 10 years of service.</p> <p>b. Benefit:</p> <p>1. Service-Connected: 50% of FAS or service retirement, if higher.</p> <p>2. Non Service-Connected: 1½% x FAS x years of service, if exceeds 1/3 of FAS; or 1/3 of FAS; or service retirement, if higher.</p> <p>Benefit reduced to the extent that income earned while on disability and the amount of the disability retirement benefits exceeds the current salary attached to the last rank held.</p>														

Major Benefit Provisions of the Retirement System Continued

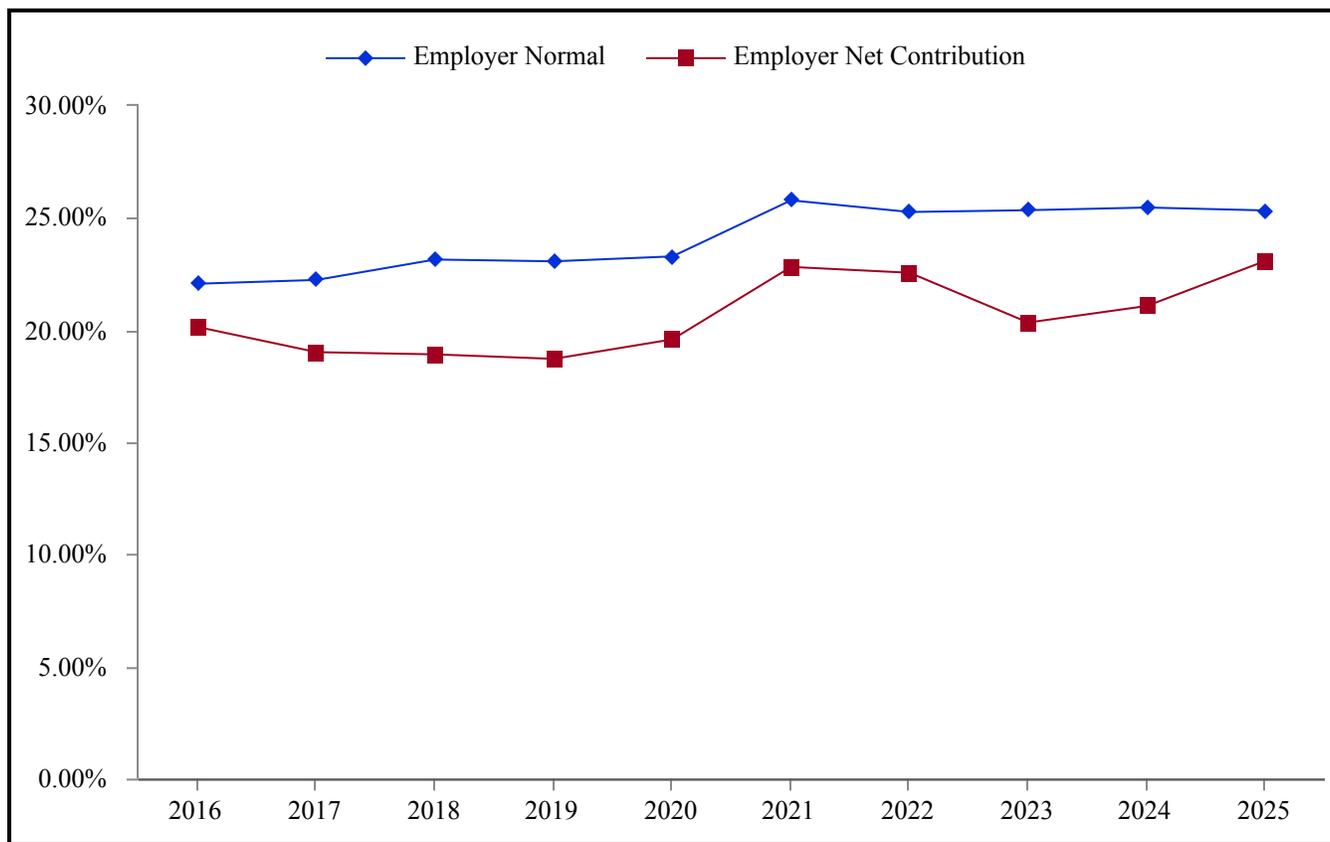
	Fire & Police First Tier	Fire and Police Second Tier
Death Before Retirement	<p>a. Before eligible to retire for disability (less than 5 years).</p> <p>1. One month's salary for each year of service, not-to-exceed 6 months.</p> <p>2. Return of contributions with interest.</p> <p>a. While eligible to retire (after 10 years): 2/3 of Service or Non Service-Connected Disability Retirement Benefit.</p> <p>b. Service-Connected Death: 55% of FAS</p>	<p>a. Before eligible to retire (less than 5 years).</p> <p>1. One month's salary for each year of service, not-to-exceed 6 months.</p> <p>2. Return of contributions with interest.</p> <p>a. While eligible to retire (after 5 years): 2/3 of Service or Non-Service-Connected Disability Retirement Benefit</p> <p>b. Service-Connected Death: 50% of FAS</p>
Death After Retirement	Two-thirds of the member's allowance continued to eligible spouse for life.	Two-thirds of the member's allowance continued to eligible spouse for life.
Withdrawal Benefits	<p>a. If less than 10 years of service, return of contributions.</p> <p>b. If greater than 10 years of service, right to have vested deferred retirement benefit at normal retirement date.</p>	<p>a. If less than 5 years of service, return of contributions.</p> <p>b. If greater than 5 years of service, right to have vested deferred retirement benefit.</p>
Post Retirement Supplemental Benefit (PRSB)	On May 27, 1998, the City Council adopted the Post Retirement Supplemental Benefit ("PRSB") Program which is intended to provide assistance to retirees to pay for various post retirement expenses. Annually, after an actuarial study has been performed, the Retirement Board will review the availability of surplus earnings in the System and determine whether a benefit can be paid to eligible PRSB recipients. If a surplus is declared by the Retirement Board, PRSB benefit payments will be calculated for eligible recipients and payments for the following calendar year will begin in January.	On May 27, 1998, the City Council adopted the Post Retirement Supplemental Benefit ("PRSB") Program which is intended to provide assistance to retirees to pay for various post retirement expenses. Annually, after an actuarial study has been performed, the Retirement Board will review the availability of surplus earnings in the System and determine whether a benefit can be paid to eligible PRSB recipients. If a surplus is declared by the Retirement Board, PRSB benefit payments will be calculated for eligible recipients and payments for the following calendar year will begin in January.
Cost-of-Living Benefits	<p>a. Based on the weighted mean average compensation attached to all ranks in the department, limited to a 5% maximum change per year, if based on three-year FAS.</p> <p>b. Based on salary increase for each rank held, if benefit was calculated on salary attached to average rank.</p>	<p>a. Based on the Consumer Price Index for all Urban Wage Earners and all Clerical Workers (U.S. City Average) limited to 3% change per year.</p>
Member Contribution Rates	Varies based on entry age.	9% of Compensation.

History of Actuarially Determined Employer Net Contribution Rates (Tier 1)



Fiscal Year Ending June 30	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Employer Normal	26.88 %	29.59 %	28.38 %	28.45 %	27.77 %	29.55 %	28.76 %	29.80 %	30.25 %	29.92 %
Surplus Offset/Contribution Adjustment	(6.74%)	(10.57%)	(9.46%)	(9.73%)	(8.18%)	(6.73%)	(6.20%)	(9.46%)	(9.17%)	(6.83%)
Employer Net Contribution	20.14 %	19.02 %	18.92 %	18.72 %	19.59 %	22.82 %	22.56 %	20.34 %	21.08 %	23.09 %

History of Actuarially Determined Employer Net Contribution Rates (Tier 2)



Fiscal Year Ending June 30	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Employer Normal	22.07 %	22.24 %	23.15 %	23.07 %	23.29 %	25.79 %	25.27 %	25.35 %	25.47 %	25.34 %
Surplus Offset/Contribution Adjustment	(1.93%)	(3.22%)	(4.23%)	(4.35%)	(3.70%)	(2.97%)	(2.71%)	(5.01%)	(4.39%)	(2.25%)
Employer Net Contribution	20.14%	19.02%	18.92%	18.72%	19.59%	22.82%	22.56%	20.34%	21.08%	23.09%

*To create an environment
in which Board Members
can maximize their
performance as trustees.*

*To improve business
processes and our delivery
of services provided to
members and retirees.*

*To improve
communications with
members, retirees and the
employer.*

STATISTICAL

- 99 Statistical Section Review
- 100 Schedule of Changes in Fiduciary Net Position
- 101 Schedule and Graph of Additions by Source
- 102 Schedule and Graph of Deductions by Type
- 103 Membership Information

Statistical Section Review

This section provides additional historical perspective, context, and detail in order to provide a more comprehensive understanding of this year's financial statements, note disclosures, and supplementary information which covers the benefits provided by the City of Fresno Fire and Police Retirement System (System).

It also provides multi-year trend of financial and operation information to facilitate comprehensive understanding of how the System's financial position and performance has changed over time.

More specifically, the financial and operating information provides contextual data for the System's net position, benefits, refunds, contribution rates and different types of retirement benefits.

The financial and operating trend information is located on the following pages.

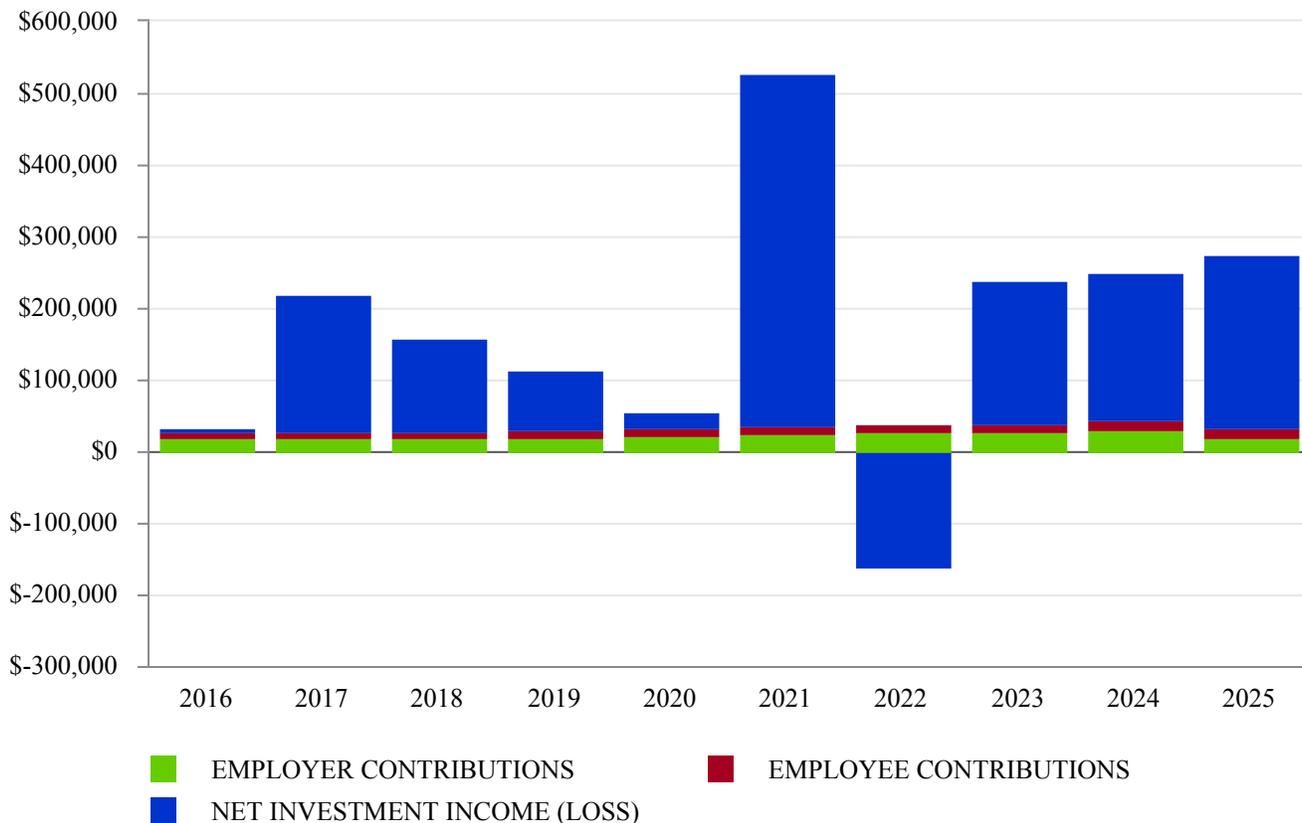
Schedule of Changes in Fiduciary Net Position

Last Ten Fiscal Years 2016 - 2025

(Dollars in Millions)

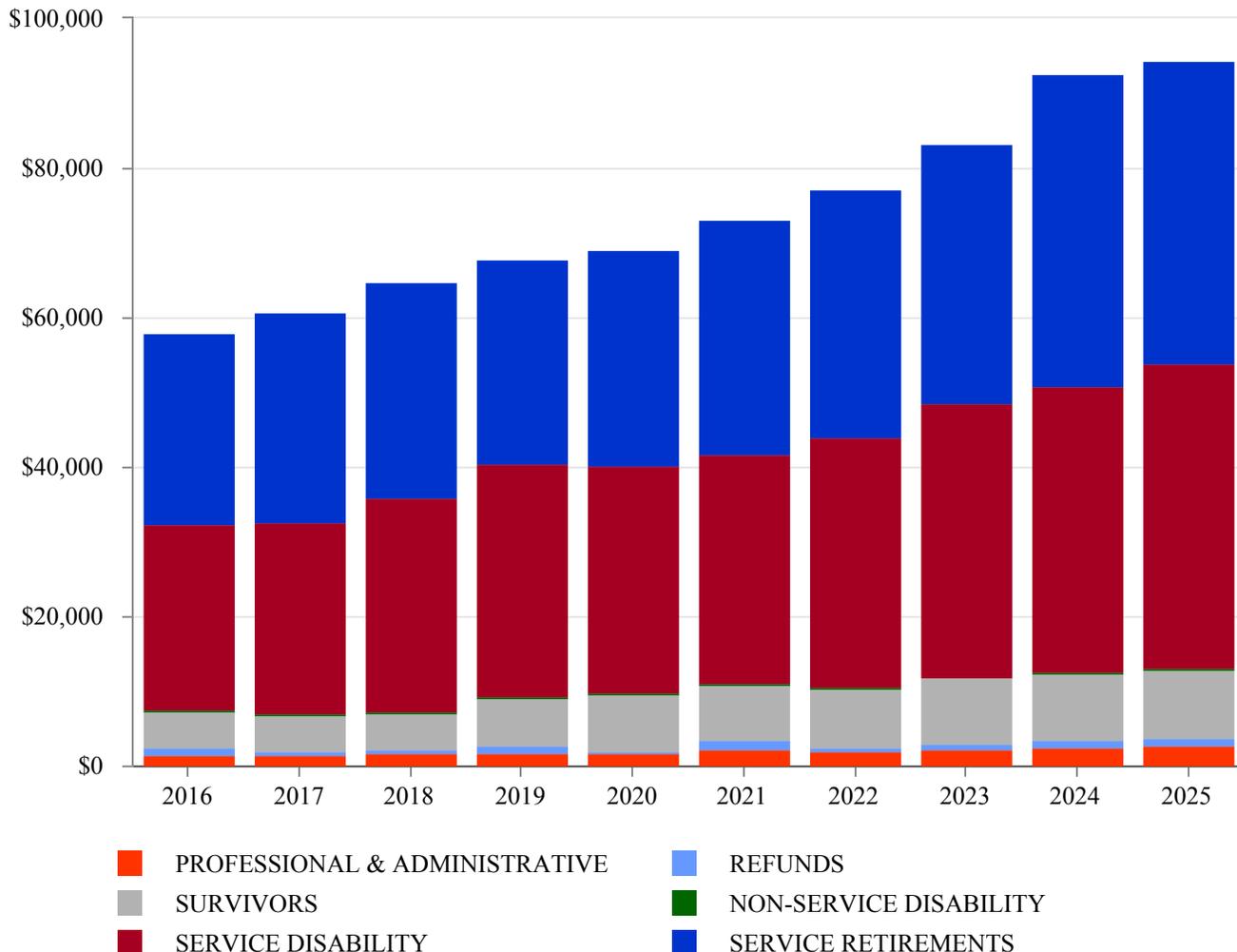
	2025	2024	2023	2022	2021
Additions					
Employer Contributions	\$ 31.8	\$ 30.6	\$ 27.1	\$ 27.6	\$ 26.3
Member Contributions	13.6	13.1	12.1	11.0	10.3
Net Investment Income (Loss)	241.4	206.5	198.9	(160.6)	491.70
Total Additions	\$ 286.8	\$ 250.2	\$ 238.1	\$ (122.0)	\$ 528.3
Deductions					
Benefit Payments	\$ 88.8	\$ 86.7	\$ 77.7	\$ 72.8	\$ 68.0
Post Retirement Supplemental Benefits	2.0	2.5	2.7	2.0	1.7
Refunds	0.9	1.0	0.5	0.4	1.2
Administrative	2.8	2.5	2.4	2.1	2.3
Total Deductions	\$ 94.5	\$ 92.7	\$ 83.3	\$ 77.3	\$ 73.2
Change in Fiduciary Net Position	\$ 192.3	\$ 157.5	\$ 154.8	\$ (199.3)	\$ 455.1
2020 2019 2018 2017 2016					
Additions					
Employer Contributions	\$ 22.3	\$ 20.6	\$ 19.7	\$ 18.5	\$ 18.7
Member Contributions	10.0	9.6	9.0	8.2	7.7
Net Investment Income (Loss)	24.2	82.9	129.1	192.3	6.1
Total Additions	\$ 56.5	\$ 113.1	\$ 157.8	\$ 219.0	\$ 32.5
Deductions					
Benefit Payments	\$ 65.0	\$ 63.0	\$ 60.5	\$ 57.0	\$ 54.4
Post Retirement Supplemental Benefits	2.0	2.1	2.0	1.7	1.0
Refunds	0.2	0.9	0.6	0.6	1.2
Administrative	1.8	1.9	1.7	1.5	1.4
Total Deductions	\$ 69.0	\$ 67.9	\$ 64.8	\$ 60.8	\$ 58.0
Change in Fiduciary Net Position	\$ (12.5)	\$ 45.2	\$ 93.0	\$ 158.2	\$ (25.5)

Schedule and Graph of Additions by Source (In Thousands) Last Ten Fiscal Years 2016 - 2025



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
EMPLOYER CONTRIBUTIONS	\$ 18,738	\$ 18,543	\$ 19,697	\$ 20,604	\$ 22,324	\$ 26,315	\$ 27,556	\$ 27,068	\$ 30,635	\$ 31,779
EMPLOYEE CONTRIBUTIONS	7,748	8,169	8,964	9,597	10,012	10,256	10,973	12,054	13,108	13,580
NET INVESTMENT INCOME (LOSS)	6,063	192,318	129,162	82,872	24,205	491,745	(160,518)	198,976	206,468	241,421
TOTAL	\$ 32,549	\$219,030	\$ 157,823	\$113,073	\$ 56,541	\$ 528,316	\$(121,989)	\$ 238,098	\$ 250,211	\$ 286,780

Schedule and Graph of Deductions by Type (In Thousands) Last Ten Fiscal Years 2016 - 2025



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
SERVICE RETIREMENTS	\$25,662	\$28,079	\$28,855	\$27,381	\$28,753	\$31,484	\$33,324	\$34,732	\$41,894	\$40,521
SERVICE DISABILITY	24,753	25,539	28,533	31,033	30,529	30,743	33,301	36,584	38,120	40,899
NON-SERVICE DISABILITY	340	350	280	285	170	132	234	147	151	153
SURVIVORS	4,653	4,780	4,843	6,414	7,532	7,348	7,950	8,852	9,031	9,257
REFUNDS	1,173	525	560	849	218	1,255	369	622	1,024	941
PROFESSIONAL & ADMINISTRATIVE	1,397	1,503	1,710	1,897	1,839	2,283	2,126	2,401	2,457	2,774
TOTAL	\$57,978	\$60,776	\$64,781	\$67,859	\$69,041	\$73,245	\$77,304	\$83,338	\$92,677	\$94,545

Schedule of Average Benefit Payments

Retirement Effective Dates	Years of Credited Service						Fiscal Year
	5-10	10-15	15-20	20-25	25-30	30+	Average/ New Retirees
Period 7/1/24 to 6/30/25*							
Average Monthly Pension Benefits	\$ 1,104	\$ 3,912	\$ 4,531	\$ 6,595	\$ 7,222	\$ —	\$ 3,894
Average Monthly DROP Payment	—	—	254	2,242	1,537	—	672
Average Final Average Salary	7,280	11,370	10,196	9,774	1,183	—	6,634
Number of New Retired Members	1	1	13	9	10	—	34
Period 7/1/23 to 6/30/24*							
Average Monthly Pension Benefits	\$ 3,544	\$ 4,969	\$ 4,852	\$ 6,457	\$ 7,754	\$ —	\$ 4,596
Average Monthly DROP Payment	—	—	720	1,617	2,828	—	861
Average Final Average Salary	8,397	9,208	9,173	9,788	10,001	—	7,761
Number of New Retired Members	3	1	18	19	11	—	52
Period 7/1/22 to 6/30/23*							
Average Monthly Pension Benefits	\$ 2,246	\$ 3,070	\$ 4,460	\$ 6,256	\$ 8,292	\$ 7,195	\$ 5,253
Average Monthly DROP Payment	—	—	1,236	1,222	1,522	—	663
Average Final Average Salary	7,311	8,145	9,333	10,433	12,280	9,487	9,498
Number of New Retired Members	6	8	9	14	8	1	46
Period 7/1/21 to 6/30/22*							
Average Monthly Pension Benefits	\$ 962	\$ 3,637	\$ 4,196	\$ 5,617	\$ 7,881	\$ —	\$ 3,716
Average Monthly DROP Payment	—	602	442	2,658	3,862	—	1,261
Average Final Average Salary	6,283	7,810	8,925	8,769	11,007	—	7,132
Number of New Retired Members	1	2	11	18	11	—	43
Period 7/1/20 to 6/30/21*							
Average Monthly Pension Benefits	\$ —	\$ 4,255	\$ 3,651	\$ 5,388	\$ 7,268	\$ 9,424	\$ 4,998
Average Monthly DROP Payment	—	—	653	2,570	4,982	10,234	3,073
Average Final Average Salary	—	9,661	8,278	8,864	11,179	14,679	8,777
Number of New Retired Members	—	6	4	16	8	1	35
*The Schedule of Average Benefit Payments includes information in accordance with GASB Statement No. 44 for the periods from July 1, 2016 through June 30, 2025.							

Schedule of Average Benefit Payments (Continued)

Retirement Effective Dates	Years of Credited Service						Fiscal Year
	5-10	10-15	15-20	20-25	25-30	30+	Average/ New Retirees
Period 7/1/19 to 6/30/20*							
Average Monthly Pension Benefits	\$ 1,330	\$ 3,419	\$ 3,639	\$ 4,620	\$ 5,394	\$11,451	\$ 4,976
Average Monthly DROP Payment	—	779	1,222	1,951	409	12,414	2,796
Average Final Average Salary	6,283	6,873	8,206	8,385	9,513	18,542	9,634
Number of New Retired Members	1	7	7	13	4	1	33
Period 7/1/18 to 6/30/19*							
Average Monthly Pension Benefits	\$ 3,057	\$ 3,519	\$ 3,972	\$ 5,317	\$ 6,012	\$ 7,064	\$ 4,824
Average Monthly DROP Payment	205	—	858	3,765	4,303	6,515	2,608
Average Final Average Salary	5,052	9,006	8,182	9,428	9,754	11,499	8,820
Number of New Retired Members	3	4	7	8	7	1	30
Period 7/1/17 to 6/30/18*							
Average Monthly Pension Benefits	\$ 2,603	\$ 3,469	\$ 4,020	\$ 5,024	\$ 4,923	\$ 4,637	\$ 4,113
Average Monthly DROP Payment	—	—	1,174	3,520	2,858	3,108	1,777
Average Final Average Salary	7,949	8,113	7,730	8,508	9,046	7,019	8,061
Number of New Retired Members	7	6	6	9	7	1	36
Period 7/1/16 to 6/30/17*							
Average Monthly Pension Benefits	\$ 1,633	\$ 3,211	\$ 4,100	\$ 5,027	\$ 5,481	\$ 5,909	\$ 4,227
Average Monthly DROP Payment	—	—	2,305	2,560	4,372	4,266	2,251
Average Final Average Salary	6,049	7,648	8,067	8,565	9,524	10,141	8,332
Number of New Retired Members	3	4	5	11	10	1	34
Period 7/1/15 to 6/30/16*							
Average Monthly Pension Benefits	\$ 612	\$ 2,914	\$ 3,448	\$ 4,268	\$ 4,922	\$ 3,862	\$ 3,338
Average Monthly DROP Payment	0	3,128	1,154	3,245	5,207	2,907	2,607
Average Final Average Salary	4,761	7,579	8,011	7,845	8,928	6,689	7,302
Number of New Retired Members	1	5	5	5	3	3	22
*The Schedule of Average Benefit Payments includes information in accordance with GASB Statement No. 44 for the periods from July 1, 2016 through June 30, 2025.							

Retirees by Type of Benefit

As of June 30, 2025

Amount of Monthly Benefit	Number of Retirees	Type of Retirement*		
		1	2	3
\$1 - \$1,000	60	56	1	3
\$1,001 - \$2,000	79	68	4	7
\$2,001 - \$3,000	73	41	11	21
\$3,001 - \$4,000	125	42	21	62
\$4,001 - \$5,000	253	38	167	48
\$5,001 - \$6,000	183	59	107	17
\$6,001 - \$7,000	117	57	49	11
\$7,001 - \$8,000	64	29	30	5
\$8,001 - \$9,000	85	47	36	2
> \$9,000	207	119	86	2
Total	1,246	556	512	178

*Type of Retirement

1 - Service Retiree

2 - Disability Retiree

3 - Beneficiary/Continuant/Survivor

Amount of Monthly Benefit	Number of Retirees	Option Selected**			
		Unmodified	Option 1	Option 2	Option 3
\$1 - \$1,000	60	45	8	7	—
\$1,001 - \$2,000	79	55	13	8	3
\$2,001 - \$3,000	73	49	12	9	3
\$3,001 - \$4,000	125	71	27	21	6
\$4,001 - \$5,000	253	143	39	52	19
\$5,001 - \$6,000	183	103	32	38	10
\$6,001 - \$7,000	117	58	18	32	9
\$7,001 - \$8,000	64	31	13	17	3
\$8,001 - \$9,000	85	32	13	29	11
> \$9,000	207	96	23	80	8
Total	1,246	683	198	293	72

**Option Selected

Unmodified - Beneficiary receives 50% of the member's allowance

Option 1 - Beneficiary receives lump sum of member's unused contributions

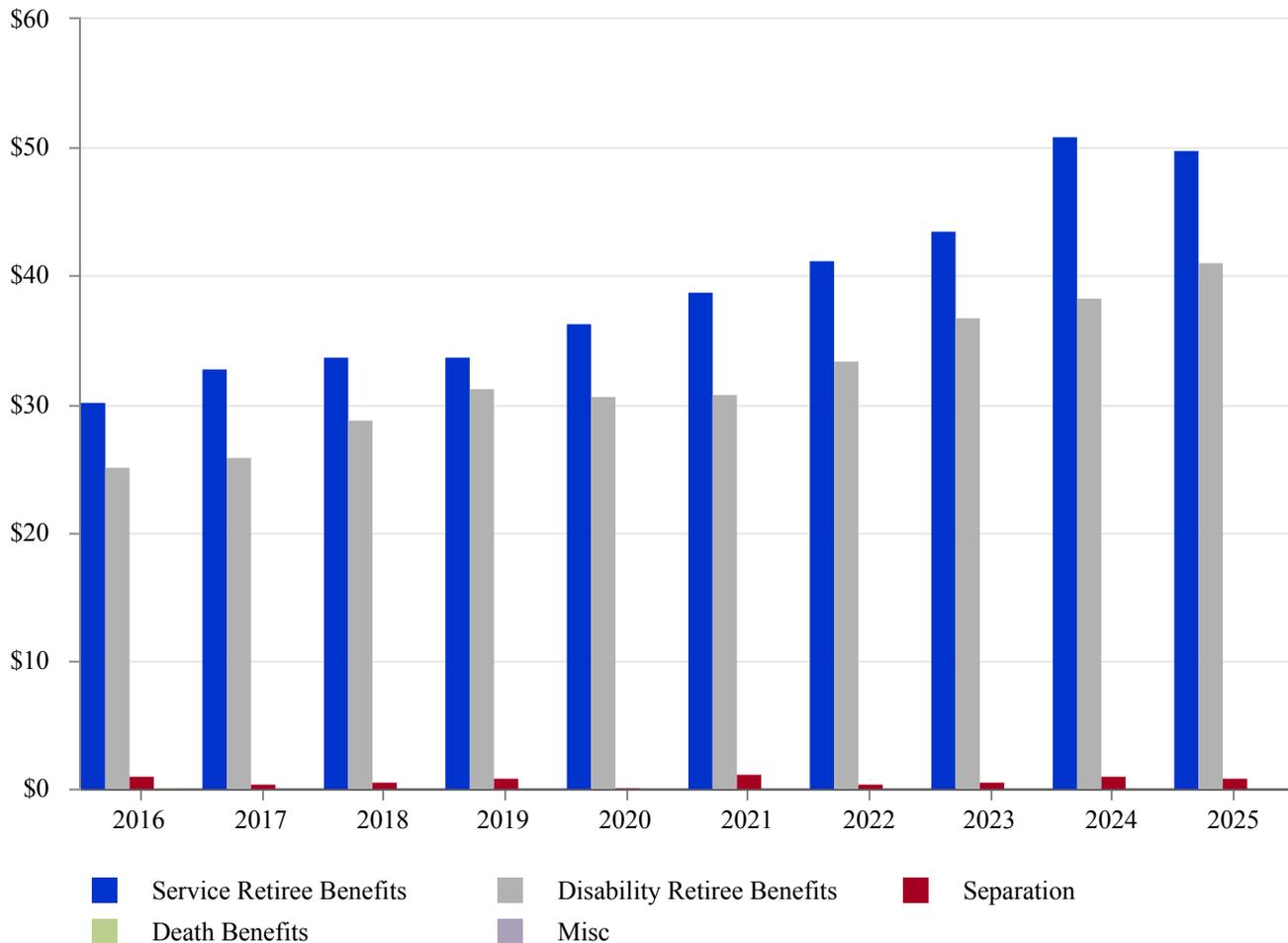
Option 2 - Beneficiary receives 100% of member's reduced monthly benefit

Option 3 - Beneficiary receives 75% of member's reduced monthly benefit

Schedule and Graph of Pension Benefit Payments Deductions by Type

Last Ten Fiscal Years 2016 - 2025

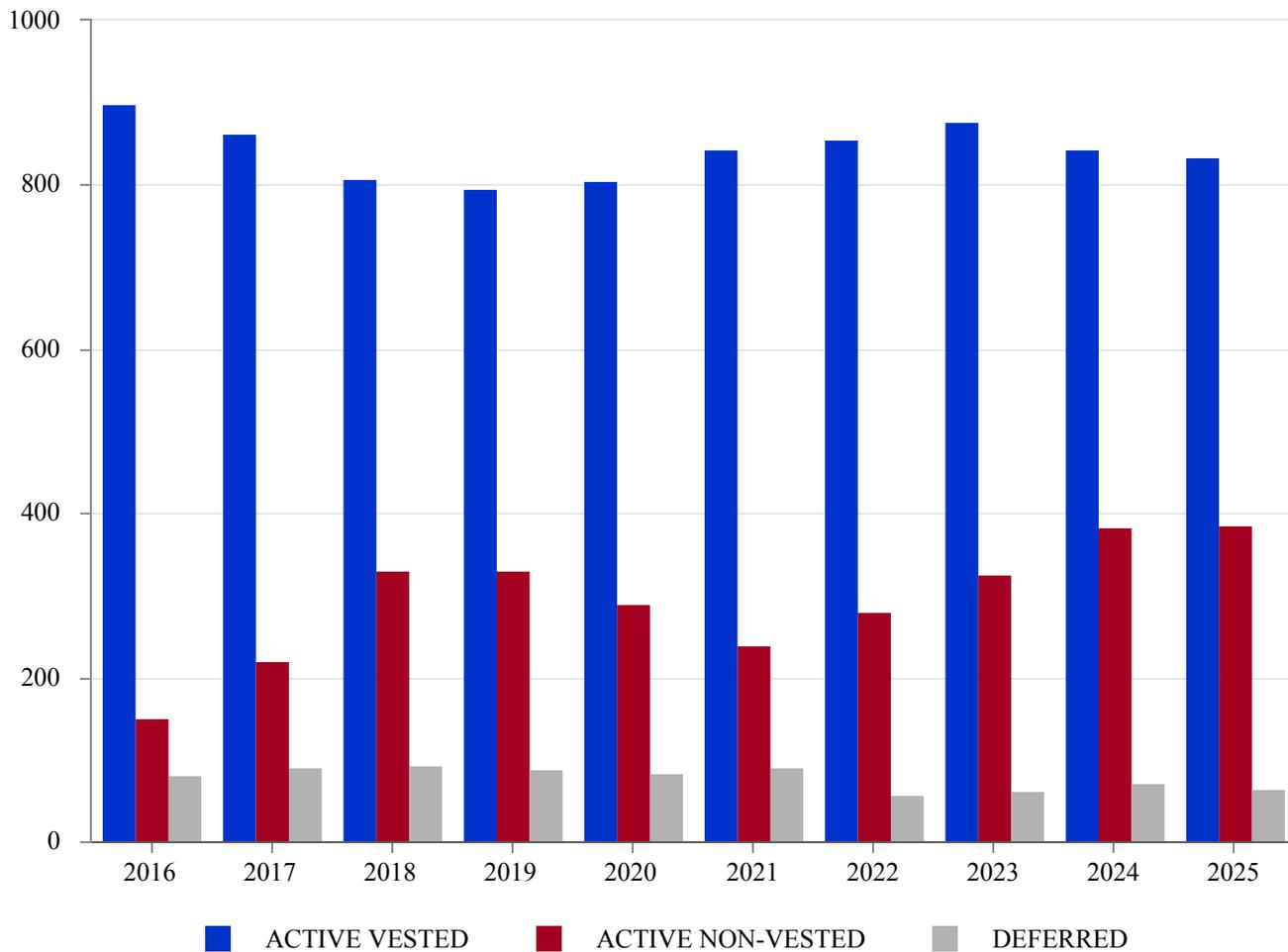
(Dollars in Millions)



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Service Retiree Benefits	\$30.3	\$32.9	\$33.7	\$33.8	\$36.3	\$38.8	\$41.3	\$43.6	\$50.9	\$49.8
Disability Retiree Benefits	25.1	25.9	28.8	31.3	30.7	30.9	33.5	36.8	38.3	41.1
Separation	1.1	0.5	0.6	0.9	0.2	1.3	0.4	0.6	1.0	0.9
Death Benefits	0.1	—	—	—	—	—	—	—	—	—
Misc	—	—	—	—	—	—	—	—	—	—
Total Benefit Deductions	\$56.6	\$59.3	\$63.1	\$66.0	\$67.2	\$71.0	\$75.2	\$81.0	\$90.2	\$91.8

Schedule and Graph of Active Vested, Active Non-Vested and Deferred Membership History

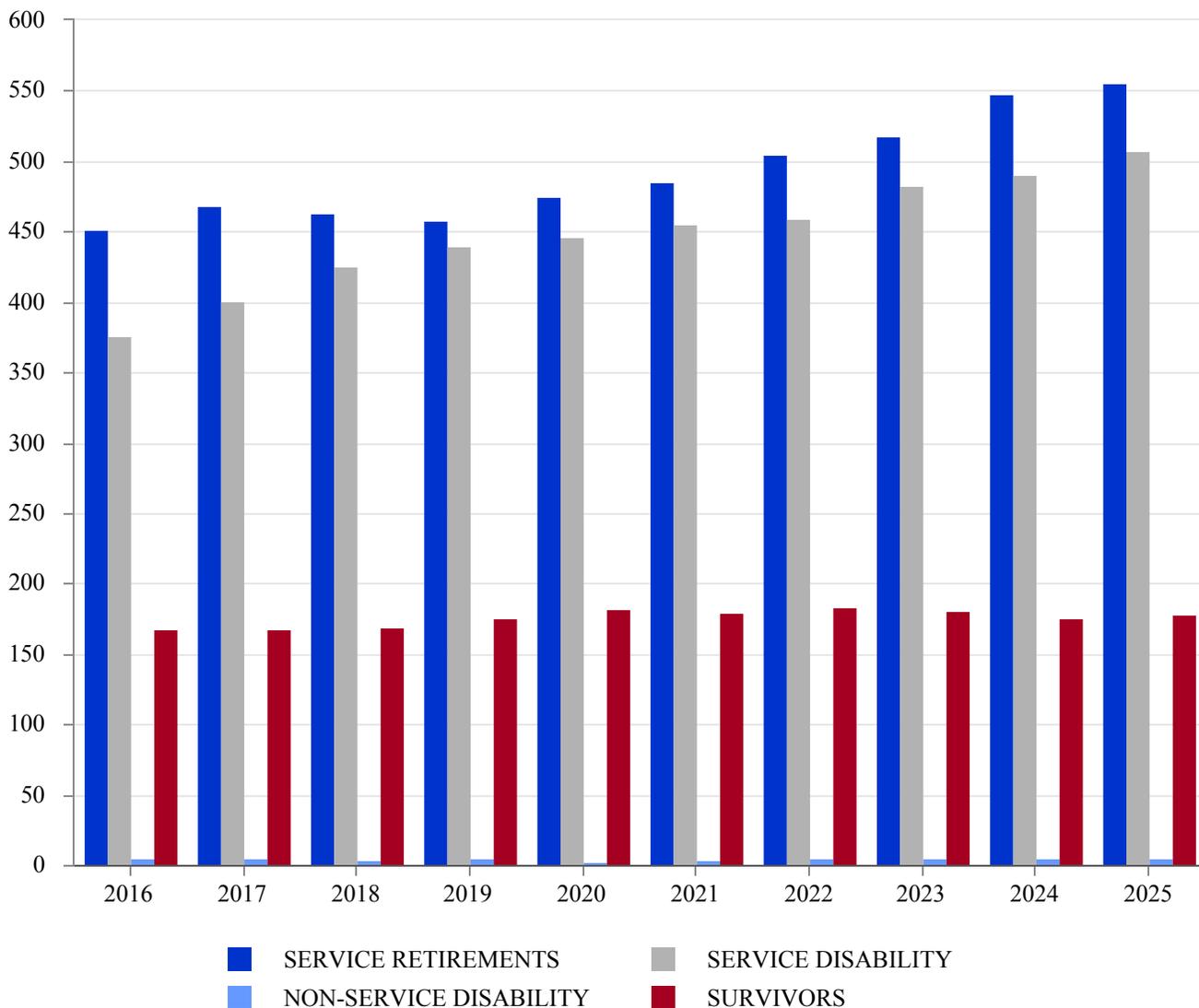
Last Ten Fiscal Years 2016 - 2025



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
ACTIVE VESTED	899	863	808	795	805	845	856	878	843	834
ACTIVE NON-VESTED	152	221	330	331	291	240	280	325	383	385
DEFERRED	81	90	94	88	85	90	58	62	71	65
TOTAL	1,132	1,174	1,232	1,214	1,181	1,175	1,194	1,265	1,297	1,284

Schedule and Graph of Retirees Pension Benefit Payments by Type of Benefit

Last Ten Fiscal Years 2016 - 2025



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
SERVICE RETIREMENTS	452	468	463	458	475	485	505	518	548	556
SERVICE DISABILITY	376	401	426	440	446	456	460	483	491	507
NON-SERVICE DISABILITY	5	5	4	5	3	4	5	5	5	5
SURVIVORS	168	168	169	176	182	180	184	181	176	178
TOTAL	1,001	1,042	1,062	1,079	1,106	1,125	1,154	1,187	1,220	1,246

Summary of Active Participants

YEAR	NUMBER OF MEMBERS	PENSIONABLE PAYROLL	ANNUAL AVERAGE SALARY	NET CHANGE IN AVERAGE SALARY
2025	1,219	\$151,195,533	\$124,032	4.39%
2024	1,226	\$145,668,744	\$118,816	6.47%
2023	1,203	\$134,251,602	\$111,597	3.38%
2022	1,136	\$122,633,655	\$107,952	1.55%
2021	1,085	\$115,341,276	\$106,305	2.34%
2020	1,096	\$113,842,558	\$103,871	6.52%
2019	1,126	\$109,803,190	\$97,516	6.77%
2018	1,138	\$103,934,234	\$91,331	1.68%
2017	1,084	\$97,368,618	\$89,823	1.48%
2016	1,051	\$93,030,822	\$88,516	(3.10)%

Summary of Retirees

YEAR	NUMBER OF RETIREES	ANNUAL BENEFITS TO PARTICIPANTS	ANNUAL AVERAGE ALLOWANCE (INDIVIDUAL)	NET CHANGE IN BENEFITS TO PARTICIPANTS
2025	1,246	\$90,829,784	\$72,897	(0.29%)
2024	1,220	\$89,195,842	\$73,111	8.05%
2023	1,187	\$80,314,864	\$67,662	4.37%
2022	1,154	\$74,809,611	\$64,826	4.62%
2021	1,125	\$69,707,525	\$61,962	2.31%
2020	1,106	\$66,983,928	\$60,564	0.36%
2019	1,079	\$65,113,142	\$60,346	2.52%
2018	1,062	\$62,510,828	\$58,861	4.40%
2017	1,042	\$58,748,302	\$56,380	1.86%
2016	1,001	\$55,408,165	\$55,353	2.85%

Member and City Contribution Rates

Last Ten Fiscal Years 2016 - 2025

TIER I							
As of June 30		Member Rates			City Contribution Rates		
		Basic at Entry Age			Total City	Less Prefunded Actuarial Accrued Liability	Net City Contribution
Fiscal Year	Valuation Date	20	30	40	Rate	(PAAL)	Rate
2025	2023	5.01%	8.79%	8.09%	25.36%	(2.27%)	23.09%
2024	2022	5.01%	8.79%	8.09%	25.51%	(4.43%)	21.08%
2023	2021	4.68%	8.34%	7.71%	25.45%	(5.11%)	20.34%
2022	2020	4.68%	8.34%	7.71%	25.39%	(2.83%)	22.56%
2021	2019	4.68%	8.34%	7.71%	25.94%	(3.12%)	22.82%
2020	2018	4.34%	7.84%	7.30%	23.53%	(3.94%)	19.59%
2019	2017	4.34%	7.84%	7.30%	23.44%	(4.72%)	18.72%
2018	2016	4.34%	7.84%	7.30%	28.38%	(9.46%)	18.92%
2017	2015	4.52%	7.75%	6.94%	29.59%	(10.57%)	19.02%
2016	2014	4.52%	7.75%	6.94%	26.88%	(6.74%)	20.14%

TIER II							
As of June 30		Member Rates			City Contribution Rates		
		Basic at Entry Age			Total City	Less Prefunded Actuarial Accrued Liability	Net City Contribution
Fiscal Year	Valuation Date	20	30	40	Rate	(PAAL)	Rate
2025	2023	9.00%	9.00%	9.00%	25.36%	(2.27%)	23.09%
2024	2022	9.00%	9.00%	9.00%	25.51%	(4.43%)	21.08%
2023	2021	9.00%	9.00%	9.00%	25.45%	(5.11%)	20.34%
2022	2020	9.00%	9.00%	9.00%	25.39%	(2.83%)	22.56%
2021	2019	9.00%	9.00%	9.00%	25.94%	(3.12%)	22.82%
2020	2018	9.00%	9.00%	9.00%	23.53%	(3.94%)	19.59%
2019	2017	9.00%	9.00%	9.00%	23.44%	(4.72%)	18.72%
2018	2016	9.00%	9.00%	9.00%	23.15%	(4.23%)	18.92%
2017	2015	9.00%	9.00%	9.00%	22.24%	(3.22%)	19.02%
2016	2014	9.00%	9.00%	9.00%	22.07%	(1.93%)	20.14%

Data Source: Annual Actuarial Valuation Reports

Economic Assumptions and Funding Method

Last Ten Fiscal Years 2016 - 2025

Valuation Date		Salary	Cost-of-Living	Inflation	Funding
June 30	Interest	Scale	Adjustment (COLA)	Component	Method
2025	6.75%	5.0% Avg	2.50 - 3.00%	2.50%	Entry Age Normal
2024	6.75%	5.0% Avg	2.50 - 3.00%	2.50%	Entry Age Normal
2023	6.75%	5.0% Avg	2.50 - 3.00%	2.50%	Entry Age Normal
2022	6.75%	5.5% Avg	2.50 - 3.00%	2.50%	Entry Age Normal
2021	7.00%	5.25% Avg	2.75 - 3.25%	2.75%	Entry Age Normal
2020	7.00%	5.25% Avg	2.75 - 3.25%	2.75%	Entry Age Normal
2019	7.00%	5.25% Avg	2.75 - 3.25%	2.75%	Entry Age Normal
2018	7.25%	5.5% Avg	3.00 - 3.50%	3.00%	Entry Age Normal
2017	7.25%	5.5% Avg	3.00 - 3.50%	3.00%	Entry Age Normal
2016	7.25%	5.5% Avg	3.00 - 3.75%	3.00%	Entry Age Normal

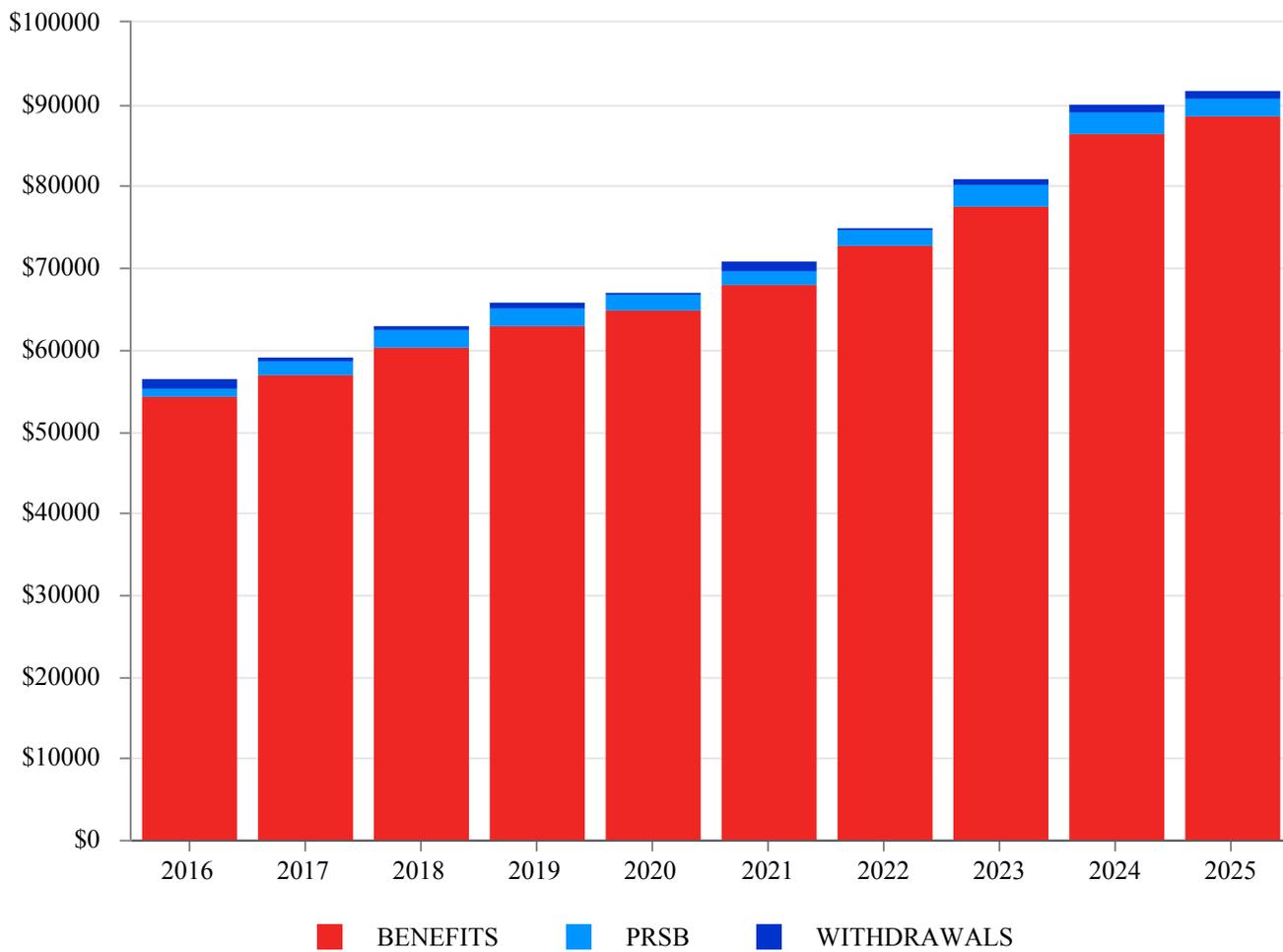
Source: The Segal Company June 30, 2025, Actuarial Valuation Report

Source: The Segal Company June 30, 2025, Actuarial Valuation Report

Benefits and Withdrawals Paid

Last Ten Fiscal Years 2016 - 2025

(In Thousands)

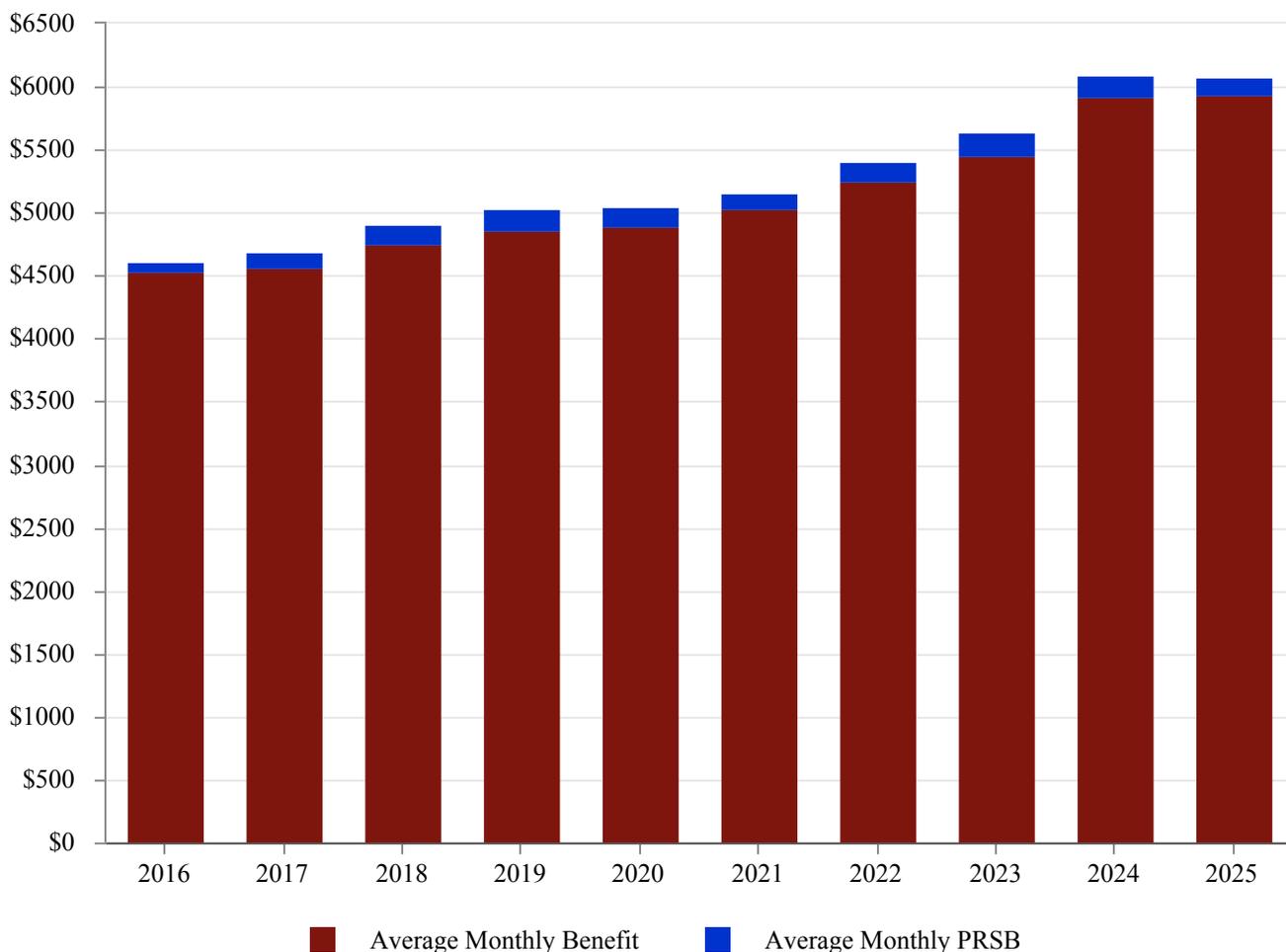


	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
BENEFITS	\$54,428	\$57,029	\$60,492	\$62,991	\$65,020	\$68,027	\$72,785	\$77,662	\$86,681	\$88,825
PRSB	980	1,719	2,019	2,122	1,964	1,680	2,024	2,653	2,515	2,005
WITHDRAWALS	1,173	525	560	849	218	1,255	369	622	1,023	940
TOTAL	\$56,581	\$59,273	\$63,071	\$65,962	\$67,202	\$70,962	\$75,178	\$80,937	\$90,219	\$91,770

Average Monthly Benefits to Retirees

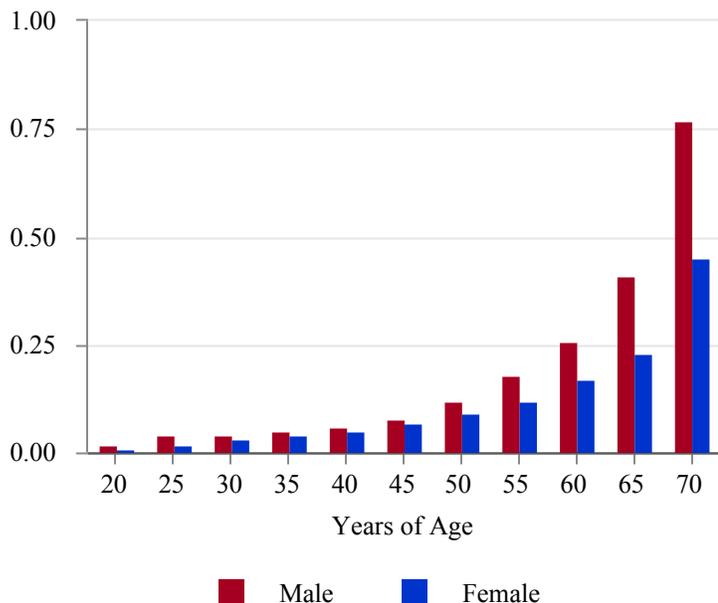
Last Ten Fiscal Years 2016 - 2025

(In Thousands)



Average Monthly	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Benefit	\$4,531	\$4,561	\$4,747	\$4,865	\$4,899	\$5,039	\$5,256	\$5,452	\$5,921	\$5,941
PRSB	82	138	158	164	148	124	146	186	172	134
Average Monthly Benefit Total	\$4,613	\$4,699	\$4,905	\$5,029	\$5,047	\$5,163	\$5,402	\$5,638	\$6,093	\$6,075

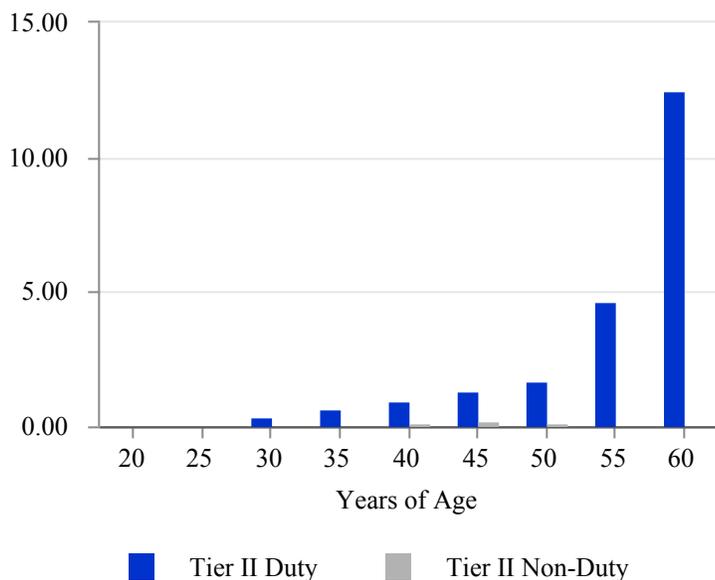
EXPECTATION OF LIFE (Age and Service Retirees)



Separation Rate Before Retirement Due to Death* Rate %		
Age	Tier II	
	Male	Female
20	0.02	0.01
25	0.03	0.01
30	0.04	0.02
35	0.04	0.03
40	0.05	0.04
45	0.07	0.06
50	0.10	0.09
55	0.16	0.13
60	0.27	0.20
65	0.45	0.32
70	0.84	0.50

*All pre-retirement deaths are presumed to be duty

EXPECTATION OF LIFE (Disabled Retirees)



Separation Rates Prior to Retirement Due to Disability Rate %		
Age	Tier II Duty	Tier II Non-Duty
20	0.06	0.00
25	0.10	0.01
30	0.34	0.01
35	0.68	0.03
40	0.98	0.14
45	1.34	0.23
50	1.68	0.16
55	4.62	0.00
60	12.50	0.00

To attract, develop and retain competent and professional staff.

To achieve and maintain superior investment performance on a risk controlled basis measured by the Public Fund Universe.

COMPLIANCE

116 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*

Independent Auditor's Internal Control Letter



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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

To the Board of Retirement
City of Fresno Fire and Police Retirement System
Fresno, 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 the City of Fresno Fire and Police Retirement System (the System), a pension trust fund of the City of Fresno, California, as of and for the fiscal year ended June 30, 2025, and the related notes to the basic financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated December 3, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System'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 the System's 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 the System's financial statements 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 financial statements. However, providing an opinion on compliance with those provisions was not an

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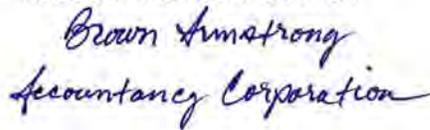
Independent Auditor's Internal Control Letter Continued

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 the System's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation".

Bakersfield, California
December 3, 2025