



**GEORGEANNE A. WHITE**

CITY MANAGER

The City is in receipt of the City of Fresno Retirement Systems' (Employees Retirement System and Fire and Police System, together the "Systems") ("Boards") Annual Comprehensive Financial Reports ("ACFRs") and accompanying February 19, 2026 Report submitted to the City Council ("Report") for informational purposes for the year ended June 30, 2025.

The City disagrees that there has been any "City underpayment of the required contributions" or any "shortfall in the City's contributions" to either System as referred to on page 3 of the Report. Neither System has any net pension liability. In fact, each has a substantial surplus, which has only increased since June 30, 2024. The Employees Retirement System ACFR states on page vi of the Letter of Transmittal that, on a fair value and actuarial valuation basis, the System was 118.6% and 114.0% funded, respectively, an improvement over the prior year's 112.8% and 109.8% respective funding ratios. Similarly, the Fire and Police Retirement System states on page vi of the Letter of Transmittal that, on a fair value and actuarial valuation basis, the System was 120.9% and 116.2% funded, respectively, an improvement over the prior year's 118.0% and 114.9% respective funding ratios. Indeed, the ACFR Letter of Transmittal for the Police and Fire System notes that the System's funding status continues to be the highest of any public non-safety or safety, respectively, pension defined benefit plan in California.

The City does not agree that the Retirement Systems are "subject to a constraint related to the inflow of resources from its plan sponsor" or that there was a "shortfall in contributions received during fiscal year 2024-25" as included in 'Note 4 – Risk Disclosure Related to Contribution Constraint' found on page 29 of the Employees Retirement System's ACFR and page 33 of the Fire and Police Retirement System's ACFR.

The City also objects to the editorial statements on page 3 of the Report that the City's alleged "refusal to contribute the full actuarially determined employer contribution rates" to either System will affect each System's future funding status in the FY2026 Actuarial Report and that the Systems' "outstanding investment returns have kept both systems" well-funded "despite" this as lacking foundation and irrelevant to the ACFRs. The FY2026 Actuarial Report has not been prepared by the System actuaries yet. As such these are no more than estimates, to conclude what impact, if any, that future report will show the City's contributions as having on each System's future funding status.