2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022

San Mateo County Employees' Retirement Association
Redwood City, State of California
A Pension Trust Fund of the County of San Mateo and Participating Employers

San Mateo County Employees' Retirement Association

A Pension Trust Fund of the County of San Mateo and Participating Employers

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2022

Scott Hood
Chief Executive Officer

Michael Coultrip
Chief Investment Officer

Tat-Ling Chow
Finance Officer

SamCERA

100 Marine Parkway, Suite 125

Redwood City, California 94065

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INTRODUCTORY

It is not the strongest of the species that survive, nor the most intelligent, but the ones most responsive to change.
-Charles Darwin

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Board of Retirement
San Mateo County Employees' Retirement Association

Scott Hood, Chief Executive Officer

Dear Trustees:

I am pleased to present the Annual Comprehensive Financial Report (ACFR) of the San Mateo County Employees' Retirement Association (SamCERA) for the fiscal year ended June 30, 2022. This report is intended to provide an overview of SamCERA's financial, investment, and actuarial status as of that date.

Under Government Code 31593, SamCERA is required to conduct an audit every 12 months and report upon its financial condition. The financial audit performed by Brown Armstrong Accountancy Corporation states that SamCERA's financial statements are presented fairly in all material respects, and in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America. The auditor's report is located on pages 27-29.

Management acknowledges its responsibility for the entire contents of the ACFR, in addition to its responsibility for maintaining an adequate internal control framework to provide reasonable, rather than absolute, assurance that the financial statements are free of any material errors. Management's Discussion and Analysis (MD&A) is presented on pages 30-39, providing a narrative analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Authority, Responsibilities & Duties

The San Mateo County (the County) Board of Supervisors established retirement benefits for County employees effective July 1, 1944, as prescribed by the provisions of Government Code Section 31450 et seq., also known as California's County Employees Retirement Law of 1937 (the CERL). SamCERA is responsible for providing retirement, disability, and death benefits to its eligible members and beneficiaries in accordance with the CERL, the California Public Employees' Pension Reform Act of 2013 (PEPRA - Government Code Section 7522 et seq.), and other applicable statutes, regulations, and case law.

The SamCERA Board of Retirement (the Board), serving as fiduciary for all SamCERA members and their beneficiaries under the California Constitution, Article XVI, Section 17 and the CERL, is responsible for administering the system. The duties of the Board, its officers, and its employees are to prudently manage plan assets and to ensure the ability to pay all earned benefits while minimizing employer contributions and defraying reasonable expenses of administrating the system.

The Board consists of nine Trustees and two alternates. Four positions are appointed by the Board of Supervisors. Four Trustees are elected from their respective membership: two from the General Members, one from the Safety Members, and one from the Retired Members. The County Treasurer is a member of the Board by virtue of the publicly elected office. All Trustees serve for a term of three years except the County Treasurer. In addition, there is one elected Safety Member Alternate and one elected Retired Member Alternate. The officers for the Board for fiscal year 2021-22 were Robert Raw, Chair; Katherine O'Malley, Vice Chair; and Mark Battey, Secretary. Other members of the Board were: Sandie Arnott, Al David, Elaine Orr, Benedict J. Bowler, Paul Hackleman, and Kurt Hoefer. Alternate Trustees were Susan Lee and Alma Salas.

The Board has adopted the Regulations of the Board of Retirement, and among other policies, its Mission & Goals; Investment Policy Statement; Conflict of Interest Code; and Code of Conduct, which reflect the Board's guiding policies. The Board annually adopts an operating budget for the administration of SamCERA, which is discussed in the Financial Section beginning on page 27. A breakdown of the budget allotment versus actual expenses is presented on pages 70-74. In addition, the Board has authorized the execution of contracts for the professional services of an actuary, an investment consultant, investment managers, a global custodian, and a financial auditor to help the Board fulfill its duties. The Board's primary professional consultants are highlighted in the organizational chart on page 23.

SamCERA's Chief Executive Officer (CEO) serves at the pleasure of the Board and is responsible for managing the day-to-day operations of the retirement system. SamCERA's staff of 23 full-time employees are responsible for meeting the needs of its members and beneficiaries, participating employers, and the Board in accordance with the high standards set forth in SamCERA's Mission & Goals statements. SamCERA's staff is sworn to carry out its fiduciary duties in accordance with the governing law and SamCERA's regulations and policies.

Employers participating in the retirement system include the County, the Superior Court California, County of San Mateo (the Court), and the San Mateo County Mosquito and Vector Control District (the District). SamCERA's members include all active, permanent employees of the participating employers, inactive members, retirees, and beneficiaries. About 88% of SamCERA's active members are classified as General Members while the remaining are public safety employees classified as Safety or Probation Members.

Financial

The certified public accounting firm of Brown Armstrong Accountancy Corporation provides financial audit services to SamCERA. The objective of this financial audit is to ensure that SamCERA's financial statements are presented in conformity with GAAP and are free of material misstatements. Internal controls are reviewed to ensure that SamCERA has sufficient controls in place to ensure reliable financial reporting and to safeguard its assets. SamCERA's financial statements in the Financial Section are prepared on the accrual basis of accounting. Member and employer contributions are recognized in the period which contributions are due. Benefits and refunds are recognized when due and payable in accordance with plan terms. Investments are reported at fair value.

Investments

SamCERA's portfolio market value was $5.65 billion as of June 30, 2022, with a decrease of $332.4 million largely due to portfolio depreciation and decreased contributions.

A return of -4.4% net of investment management fees for the fiscal year ended June 30, 2022, matched SamCERA's policy benchmark return of -4.4%. This fiscal-year performance resulted in above median performance relative to SamCERA's peers, as defined by large (greater than $1 billion in assets) public plans.

As always, we will use our long-term investment policy to guide us amid dynamic times. We will continue to keep a balanced risk posture through diversification and maintain enough cash to optimize earnings during market volatility. Over the next fiscal year, the Board of Retirement and staff will strive to balance our long-term investment goals and short-term opportunities.

Actuarial

SamCERA continues to be a statewide leader in funding assumptions and was pleased to be ranked the 1st most actuarially conservative among California retirement systems in a May 2022 survey from Roeder Financial. The survey ranks the funding assumptions used by California's public pension systems from "most conservative" to "most optimistic." SamCERA's continued high ranking was due mainly to its relatively low assumed rate of return of 6.25% and its current funding method, where the June 30, 2008 Unfunded Actuarial Accrued Liability (UAAL) is amortized over a 15-year fixed period ending June 30, 2023. Subsequent changes in the UAAL in years following June 30, 2008, are being amortized separately over new 15-year periods.

SamCERA engages an independent actuarial consulting firm, Milliman, Inc. (Milliman), to conduct an annual actuarial valuation of its pension plan. The purpose of this valuation is to reassess the magnitude of the benefit commitments in comparison with the assets expected to be available to support those commitments so that employer and employee contribution rates can be adjusted accordingly. Triennially, SamCERA requests its actuarial consulting firm to perform an actuarial experience study so that appropriate assumptions can be determined for valuing the plan's assets and liabilities. SamCERA strives to provide the most recent financial and actuarial data in its annual report.

Plan Funding Status

SamCERA’s newly approved Funding Policy establishes the funding goal to achieve and maintain a funded ratio of 100%, ensuring assets are sufficient to pay promised benefits. Staff will accomplish this goal by balancing and achieving the funding objectives that call for benefit security, stable and predictable costs, intergenerational equity, and cost sustainability. Milliman acts as the plan’s actuary and performs actuarial valuations, which are presented to the Board annually. The purpose of the valuation is to determine the financial health of the plan at a given point in time and to recommend the employer and member contribution rates for the upcoming fiscal year. Triennially, Milliman conducts an experience study of SamCERA members and makes recommendations to the Board on key economic and noneconomic assumptions. The most recent triennial experience study was completed for the period ended April 30, 2020.

Milliman’s actuarial valuation as of June 30, 2022, determined that the funded ratio increased from 88.1% to 90.7%. This increase was primarily due to employer contributions and the recognition of prior investment returns greater than expected. The Employer Normal Cost Rate slightly decreased to 11.37% for fiscal year 2023-24 from 11.55% of covered payroll for fiscal year 2022-23 for all plans combined. Additionally, the portion of the employer’s contribution rate that finances the UAAL decreased from 29.21% of pay to 16.04%. A decrease in the Statutory Contribution Rate to 26.19% from 38.33% in the previous year is primarily due to the full amortization of the UAAL that accrued in 2008.

Supplementary Contributions

In 2013, a Memorandum of Understanding (MOU) was established between the County and SamCERA in which the County was committed to accelerate the pay down of its UAAL by making supplementary contributions. The contributions paid above the statutorily required contribution rate, along with the earnings in the County’s Supplementary Contribution Account (CSCA), overall have reached a market value of over $215.7 million as of June 30, 2022. Furthermore, the County is committed to continue making supplementary contributions through June 2023. In September of 2015, the District also entered into an MOU with SamCERA to make supplementary contributions to pay down its UAAL. The overall contributions and earnings in the District’s Supplementary Contribution Account brings the market value to almost $0.6 million as of June 30, 2022.

Cost of Living Adjustment

The Board of Retirement approved a Cost-of-Living Adjustment (COLA) for SamCERA retirees and beneficiaries between 2.0% and 3.0%, dependent on the COLA limit of each plan.

- The COLA for all members in Plan 1 and 2 was 3.0%.
- The COLA for Plans 4, 5, 6 and 7 was 2.0%.
- Plan 3 does not provide a COLA.

Information Technology

The new MySamCERA mobile application launched for both iOS and Android in February 2022. The improved application offers a user-friendly interface and enhanced features for members to easily access their retirement account information. We are now in the process of upgrading the member portal to make the user-experience seamless between both platforms. We also moved our Line of Business application from a co-hosting service to Amazon Web Services. This change has offered increased reliability, a high level of security, cost-savings, and improved performance. Additionally, Information Technology staff have begun upgrading our boardroom to enhance communications during Board of Retirement meetings.

Strategic Planning

The Board and staff have made strides in executing the Board's strategic plan that was updated in 2018. The strategic plan will continue to evolve as our organizational needs change, giving the opportunity to employ a more thoughtful, deliberate planning approach that is aimed at achieving the newly adopted objectives. SamCERA continues to pursue its three major goals described below, all of which are derived from and consistent with SamCERA's mission statement.

- ASSET MANAGEMENT GOAL. Prudently manage the assets in order to appropriately fund the actuarial liabilities of the retirement system to ensure the ability to pay all earned benefits, while minimizing the costs to employers.

  As previously mentioned, a major focus of the Board in the next few fiscal years is to plan strategically for the ongoing maturation of SamCERA's pension plan, and the potential impact on such things as the plan's asset allocation, liquidity management, and risk tolerance.

- CUSTOMER SERVICES GOAL. Provide caring, fair, accurate, timely and knowledgeable professional services and information to our diverse membership and other stakeholders. As such, SamCERA's counseling, financial courses and outreach events will continue to be accessible to all. We are committed to fostering an inclusive and diverse environment which will enable us to better serve our membership now and into the future.

  Staff strives to provide its members the highest level of customer service through one-on-one counseling sessions, seminars, member guides, self-service portal, and a robust member education program. Furthermore, staff is working to ensure the pension administration system is performing as expected through monitoring, and regular testing.

- OPERATIONS GOAL. Constantly improve the effectiveness of SamCERA's services and the efficiency of its operations. Operationally, SamCERA will continue to focus on strengthening its internal control procedures with a focus on cybersecurity, enhancing features and ensuring consistent connectivity to our pension administration system, undertaking a succession planning strategy, and improving our business continuity plan.

Notable accomplishments and initiatives during fiscal year 2021-22

While the pandemic required us to temporarily shift business processes to ensure the safety of our members and staff, it also provided us an opportunity to reassess our business processes and improve existing practices to better fit the needs of our members and staff. At present, we not only continue to offer virtual counseling sessions, seminars, and classes for members but also a hybrid work schedule for staff to support an enhanced work-life balance. Below are a few more projects we have accomplished or worked on over the past year:

- Introduced a new user-friendly mobile application, providing over 13,000 members with secure access to their retirement information any time of day at their discretion.
- Started upgrading the audio and video technology in our boardroom where the Board of Retirement meetings are held. The upgrade effectively improves virtual communications among Board members, staff, and other participants (such as consultants and the public).
- Modernized our line of business by migrating data from a data center to a cloud-based environment. This pivot enables us to capitalize on new technologies and their benefits such as cost savings, improved performance, and increased security.
- Upgraded the phone system throughout the entire office. The new phone system allows us to access our phone line and voicemail on our computers while working remotely.

Certificate of Achievement and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to SamCERA for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. This was the twenty-fifth consecutive year that SamCERA has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government 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. The certificate is reproduced on page 18.

A Certificate of Achievement is valid for a period of one year only. 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 GFOA to determine its eligibility for another certificate.

SamCERA is also the recipient of the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for the nineteenth year running after receiving this honor for the PAFR for the fiscal year ended June 30, 2021.

Additionally, the Public Pension Coordinating Council (the Council) presented SamCERA with its Public Pension Standards Award for 2021. This award recognizes that SamCERA has met professional standards for plan funding and administration as set forth in the Public Pension

Standards of the Council. The standards judge retirement systems on their Funding Adequacy, Comprehensive Benefit Program, Actuarial Valuation, Independent Audit, Investments and Communications. The award is reproduced on page 19.

These awards recognize SamCERA's contributions to the practice of government finance, exemplifying outstanding financial management and reporting; in doing so, the awards stress practical, documented work that offers leadership to the profession. The compilation of the Annual Comprehensive Financial Report, in a timely manner, reflects the combined efforts of SamCERA's management and staff under the Board's leadership, dedication and support.

Acknowledgments

The theme of this year's ACFR is "Thriving Through Transformation." This message highlights SamCERA's ability to adapt through the waves of change, while remaining a stable beacon for our members and their beneficiaries.

Along with improvements to our business processes mentioned above, our investment staff is prepared to handle short-term market changes, by closely managing SamCERA's diversified portfolio. The Board of Retirement and Investment staff make strategic decisions with our asset allocations that allow sustainable growth with low, mitigated risk. You can learn more about this approach and how we are investing with a long-term focus in the Investment Section of this report.

While change is inevitable, the past year has proven that SamCERA remains secure and stable for our members and their beneficiaries through our ability to transform and evolve, while always prioritizing their best interests.

I would like to express my appreciation to the staff at SamCERA, whose professionalism, dedication, and efficiency have contributed to this report. I would also like to thank our consultants, Brown Armstrong and Milliman, Inc. for their professional support throughout the year. Finally, I would like to give thanks to the Board of Retirement for their leadership and professionalism in overseeing SamCERA's investments, finances, and operations.

Respectfully submitted,

Scott Hood
Chief Executive Officer

October 17, 2022

GFOA Certificate of Achievement

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

San Mateo County Employees' Retirement Association
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

PPCC PUBLIC PENSION STANDARDS AWARD

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2021

Presented to

San Mateo County Employees' Retirement Association

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle

Alan H. Winkle
Program Administrator

MISSION

SamCERA exists to serve as a loyal fiduciary for its members and as a prudent administrator of the retirement system.

GOALS

Provide caring, fair, accurate, timely and knowledgeable professional services and information to members and other stakeholders.

Prudently manage the assets in order to appropriately fund the actuarial liabilities of the retirement system, to ensure the ability to pay all earned benefits while minimizing the costs to employers.

Constantly improve the effectiveness of SamCERA’s services and the efficiency of its operations.

BOARD OF RETIREMENT

June 30, 2022

SamCERA's Board of Retirement has nine members and two alternates. The Board includes the San Mateo County Treasurer, appointees of the Board of Supervisors, and elected members chosen by the active and retiree SamCERA membership groups. As the governing body of SamCERA, the Board of Retirement has a variety of responsibilities including management, administration, and investments of the retirement fund.

Robert Raw
Chair
Elected by the
Safety Members
Seventh Member

Katherine O'Malley
Vice Chair
Elected by the
General Members
Second Member

Mark Battey
Secretary
Appointed by the
Board of Supervisors
Sixth Member

Sandie Arnott
Board Member
Ex. Officio per
the 1937 Act
First Member

Al David
Board Member
Elected by the
General Members
Third Member

Elaine Orr
Board Member
Appointed by the
Board of Supervisors
Fourth Member

Benedict J. Bowler
Board Member
Appointed by the
Board of Supervisors
Fifth Member

Paul Hackleman
Board Member
Elected by the
Retired Members
Eighth Member

Kurt Hoefer
Board Member
Appointed by the
Board of Supervisors
Ninth Member

Alma Salas
Board Member
Elected by the
Retired Members
Retiree Alternate

Susan Lee
Board Member
Elected by the
Safety Members
Safety Alternate

BOARD OF RETIREMENT

Robert Raw, Chair; Katherine O'Malley, Vice Chair; Mark Battey, Secretary; Sandie Arnott, Al David, Elaine Orr, Benedict Bowler, Paul Hackleman, and Kurt Hoefer

ALTERNATE TRUSTEES
Susan Lee and Alma Salas

Medical Advisor
Vacant

Investment Consultant
Verus Advisory, Inc.
Margaret Jadallah

Actuarial Services
Milliman, Inc.
Nick Collier

Financial Audit
Brown Armstrong Accountancy Corporation
Ashley Green

CHIEF EXECUTIVE OFFICER
Scott Hood

CHIEF LEGAL COUNSEL
Paul Okada

CHIEF INVESTMENT OFFICER
Michael Coultrip

INVESTMENT ANALYST
Lilibeth Dames

INVESTMENT ANALYST
Doris Ng

ASSISTANT EXECUTIVE OFFICER
Gladys Smith

CHIEF TECHNOLOGY OFFICER
Tariq Ali

INFORMATION TECH. ANALYST
Darius Nagal

INFORMATION TECH. ANALYST
Edward Ick

EXECUTIVE SECRETARY
Anne Trujillo

COMMUNICATIONS SPECIALIST
Natasha Jeong

RETIREMENT BENEFITS MANAGER
Elizabeth LeNguyen

SENIOR RETIREMENT ANALYST
Celedonia Amacker

SENIOR RETIREMENT ANALYST
JulieAnne Nagal

RETIREMENT ANALYST
Janet Nishimura

RETIREMENT ANALYST
Esther Barnett

RETIREMENT SUPPORT SPEC.
Ruby Ann Boyette

RETIREMENT SUPPORT SPEC.
Lizbeth Valdez

FINANCE OFFICER
Tat-Ling Chow

SENIOR ACCOUNTANT
Chezelle Milan

SENIOR ACCOUNTANT
Charlyn He

ACCOUNTANT
Susan Fong

ACCOUNTANT
Hollie Song-Duell

KEY

Consultant

Staff

See page 110 for the Schedule of Professional Services and Fees as well as the top 10 brokerage firms providing services to SamCERA.

LIST OF PROFESSIONAL CONSULTANTS

(Other Than Investment Managers)

Professional Service	Consultant
Auditor	Brown Armstrong Accountancy Corporation
Consulting Actuary	Milliman, Inc.
Commercial Banking	Union Bank
Custodian	Northern Trust Corporation
Disability Counsel	Byers/Richardson
India Tax Agent	BSR & Co. LLP
Investment Consultant	Verus Advisory, Inc.
Investment Software	eVestment Alliance, LLC
Portfolio Analytics	Venn by Two Sigma
Litigation Securities Class Action Services	ISS Governance
Pension Administration System Software	Vitech
Security Monitoring Counsel	Berman Tabacco Bernstein Litowitz Berger and Grossman Grant and Elsenhofer LLP
Stock Distribution Broker	Merrill Lynch, Pierce, Fenner & Smith Inc.
General Counsel	Reicker, Pfau, Pyle & McRoy LLP
Tax Counsel	Buchalter, P.C. Wellington Gregory LLP
Trade Cost Analysis Consultant	Zeno AN Solutions

FINANCIAL

We cannot solve our problems with the same thinking we used when we created them.
-Albert Einstein

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BROWN ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Retirement and Audit Committee of
San Mateo County Employees' Retirement Association
Redwood City, California

Report on the Audit of the Basic Financial Statements and Other Information

Opinions

We have audited the accompanying Statement of Fiduciary Net Position of the San Mateo County Employees' Retirement Association (SamCERA), a pension trust fund of the County of San Mateo, as of June 30, 2022; the Statement of Changes in Fiduciary Net Position for the fiscal year then ended; and the related notes to the basic financial statements, which collectively comprise SamCERA's basic financial statements as listed in the table of contents. We have also audited the Schedule of Cost Sharing Employer Allocations and the Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan totals for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions (specified column totals) as of and for the fiscal year ended June 30, 2022, listed as other information in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the fiduciary net position of SamCERA as of June 30, 2022; its changes in fiduciary net position for the fiscal year then ended; the Schedule of Cost Sharing Employer Allocations; and the Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan totals for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions (specified column totals) as of and for the fiscal year ended June 30, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Basic Financial Statements section of our report. We are required to be independent of SamCERA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Basic Financial Statements and Other Information

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.

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FRESNO
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559-476-3592

STOCKTON
2423 West March Lane, Suite 202
Stockton, CA 95219
209-451-4833

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 SamCERA'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.

Management is also responsible for maintaining a current plan instrument, including all SamCERA plan amendments; administering SamCERA; and determining that SamCERA's transactions that are presented and disclosed in the basic financial statements are in conformity with SamCERA'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 Basic Financial Statements and Other Information

Our objectives are to obtain reasonable assurance about whether the basic financial statements and other information 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 GAAS 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 basic financial statements and other information.

In performing an audit in accordance with GAAS 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 basic 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 basic 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 SamCERA'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 basic financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SamCERA'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, 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 required supplementary information in accordance with GAAS, 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.

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SamCERA's basic financial statements. The other supplemental information as listed in the table of contents, are presented for purposes of additional analysis and are 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 GAAS. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Additional Information

Management is responsible for the additional information included in the Annual Comprehensive Financial Report. The additional information comprises the introductory, investment, actuarial, statistical, and compliance 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 additional 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 additional information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the additional 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.

Report on Summarized Comparative Information

We have previously audited SamCERA's June 30, 2021, basic financial statements, and our report dated October 18, 2021, expressed an unmodified opinion on those audited basic financial statements. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2021, is consistent in all material respects, with the audited basic financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2022, on our consideration of SamCERA'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 solely to 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 SamCERA'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 SamCERA's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Stockton, California
October 17, 2022

Management's discussion and analysis for fiscal year 2021-22

This section of the San Mateo County Employees' Retirement Association's (SamCERA) Annual Comprehensive Financial Report (ACFR) provides a narrative overview and analysis of SamCERA's financial activities for the fiscal year ended June 30, 2022. We encourage readers to read the information presented here, in conjunction with the Notes to the Basic Financial Statements beginning on page 42.

Financial Highlights

- SamCERA's prime objective is to meet long-term benefit obligations through investment income and contributions. Despite the volatile market environment and its trickle-down effects on investment earnings, the fiscal strength of the Retirement Fund remains strong.

- As of June 30, 2022, SamCERA's net position held in trust for pension benefits (total assets minus total liabilities) was $5.65 billion, a decrease of $332.4 million or 6%, compared to a year ago. This amount is exclusively restricted for the ongoing benefits to plan participants and their beneficiaries.

- Total additions to the Retirement Fund were -$42.7 million this fiscal year compared to $1.5 billion last fiscal year. The decrease was driven predominantly by negative investment earnings due to the extreme market volatility and the considerable decline in supplementary contributions from the County of San Mateo (the County).

- The net return on investments from the entire portfolio was -4.4% versus +24.3% a year ago. The market environment in the 4th quarter of the fiscal year was adversely affected by investor's sentiments over the Russian invasion of Ukraine and fears of inflation and recession. Nevertheless, SamCERA performed relatively well and ranked in the top quartile among its peers.

- The County contributed $15.2 million in supplementary contributions versus $39.7 million a year ago. The decrease was due mainly to a one-time catch-up payment of $29.7 million that was slated for fiscal year 2019-20 but transferred to the Retirement Fund in fiscal year 2020-21. The supplementary contributions will be used to accelerate the payoff of the County's unfunded actuarial accrued liability.

- Total deductions from the Retirement Fund were $289.7 million, a moderate increase of $19.1 million or 7% from the prior fiscal year. The increase was anticipated, due primarily to the annual cost-of-living adjustment (COLA) and the continued growth in the number of retired members receiving benefits.

- The Retirement Plan was 90.7% funded as of June 30, 2022, reflecting a modest increase of 2.6% from 88.1% a year ago. The improvement in funded ratio was due mostly to employer contributions to amortize the unfunded actuarial accrued lability and the recognition of prior investment returns that were greater than expected.

Overview of Financial Statements

The following discussion and analysis serve as an introduction and overview of SamCERA's basic financial statements. The basic financial statements and required disclosures are prepared in accordance with the accounting principles and reporting standards prescribed by the Governmental Accounting Standards Board (GASB).

Basic Financial Statements

The basic financial statements are prepared using the accrual basis of accounting, which is like most private-sector entities.

The *Statement of Fiduciary Net Position* is a snapshot of account balances at fiscal year-end. This statement discloses the assets available for future pension benefits to retirees and their eligible beneficiaries as well as outstanding liabilities as of June 30, 2022. The difference between assets and liabilities is reported as "Net Position Restricted for Pensions," which represents funds available to pay pension benefits. Over time, increases and decreases in Net Position Restricted for Pensions may serve as an indicator of whether SamCERA's financial position is improving or declining. This statement can be found on page 40 of this report.

The *Statement of Changes in Fiduciary Net Position* provides information about the financial activities during the reporting period that increased or decreased the Net Position Restricted for Pensions. Member and employer contributions are recognized in the period in which contributions are due pursuant to legal requirements. Benefits and refunds are recognized when due and payable in accordance with plan terms. Investment income is recognized when earned, and expenses are recognized when incurred. The net appreciation (or depreciation) in the fair value of investments is recorded as an increase (or a decrease) to investment income, which includes both realized and unrealized gains and losses on investments based upon investment valuations. This statement can be found on page 41 of this report.

Notes to the Basic Financial Statements

Notes to the Basic Financial Statements are an integral part of the basic financial statements and provide additional information that is essential to obtain a thorough understanding of the data provided in the basic financial statements. The notes also provide detailed information of key policies and activities during the reporting period. Notes to the Basic Financial Statements can be found on pages 42-75 of this report.

Required Supplementary Information

Required Supplementary Information presents information that GASB requires to accompany the basic financial statements. Such information is an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. In addition to the Management's Discussion and Analysis, Required Supplementary Information consists of schedules discussed below and can be found on pages 76-81.

- Schedule of Changes in Net Pension Liability and Related Ratios of Participating Employers – displays changes in net pension liability of all participating employers.
- Schedule of Employer Contributions – helps readers determine if plan sponsors are meeting actuarially determined contributions over a period of time.
- Schedule of Investment Returns – shows the annual "money-weighted rate of return" of the investment portfolio.
- Notes to the Required Supplementary Information – disclose additional details in relation to the required supplementary information presented.

Supplemental Information

Supplemental Information includes several schedules detailing administrative, information technology, and investment expenses as well as payments to consultants (for fees paid to outside professionals other than investment advisors). Supplemental Information and the accompanying notes can be found on pages 82-84 of this report.

Other Information

Other Information consists of two schedules pertaining to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. The two schedules include the Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan and the Schedule of Cost Sharing Employer Allocations.

Under GASB Statement No. 68, plan sponsors are required to report Net Pension Liability on their balance sheets and changes in Net Pension Liability on their operating statements as pension expenses, deferred inflows of resources, and deferred outflows of resources. Other Information can be found on pages 85-87 of this report.

Financial Analysis

Increases and decreases in fiduciary net position over time may serve as a useful indicator of whether the financial health of SamCERA is improving or declining. Other factors, such as market conditions, should be considered simultaneously in measuring SamCERA's overall financial position.

Analysis of Fiduciary Net Position

The following table compares SamCERA's net position as of June 30 for the current and prior fiscal years. SamCERA's net position as of June 30, 2022, was approximately $5.65 billion, a decrease of $332.4 million, or 6%, over the reporting period.

STATEMENT OF FIDUCIARY NET POSITION

As of June 30 (Dollars in Thousands)

	2022	2021	Increase (Decrease) Amount	Increase (Decrease) Percentage
Assets				
Cash and cash equivalents	$ 237,496	$ 153,467	$ 84,029	55%
Cash management overlay	73,569	64,054	9,515	15%
Securities lending cash collateral	4,121	4,574	(453)	-10%
Receivables	83,088	71,243	11,845	17%
Prepaid Expenses	352	-	352	N/A
Investments at fair value	5,345,206	5,760,383	(415,177)	-7%
Lease asset	2,814	-	2,814	N/A
Capital assets, net	3,875	4,587	(712)	-16%
Total assets	**5,750,521**	**6,058,308**	**(307,787)**	**-5%**
Liabilities				
Investment management fees payable	2,126	3,151	(1,025)	-33%
Due to broker for investments purchased	90,090	66,319	23,771	36%
Securities lending collateral due to borrowers	4,121	4,574	(453)	-10%
Lease liability	2,890	-	2,890	N/A
Other	1,620	2,178	(558)	-26%
Total liabilities	**100,847**	**76,222**	**24,625**	**32%**
Net position restricted for pensions	**$ 5,649,674**	**$ 5,982,086**	**$ (332,412)**	**-6%**

Assets. SamCERA's total assets decreased by $307.8 million, or 5%, from a year ago. Significant changes include the following:

- *Cash and cash equivalents* increased by $84.0 million. In the 4th quarter ended June 30, 2022, SamCERA made redemptions from public real assets and fixed income funds in an aggregate amount of $90 million. Some of the redemption proceeds were earmarked for a $90 million initial funding of a new cash driven investing program that took place on July 5, 2022.

- *Cash management overlay* increased by $9.5 million. Under the cash overlay program, SamCERA is required to maintain an initial cash margin plus an additional variation margin. With high levels of cash in the general account, more cash was required to fund the operational needs.

- *Securities lending cash collateral* decreased by $0.5 million. The market value of securities on loan as of June 30, 2022, was $0.4 million lower than last year-end. Given that collateral must be valued at 102% of the market value of the securities on loan, the change caused a corresponding decrease in cash collateral from borrowers.

- *Receivables* overall increased by $11.8 million, caused primarily by a pending trade settlement of $10 million in an investment account.

- *Prepaid expenses* are future expenses that are paid in advance and hence recognized initially as an asset. In March 2022, Staff purchased 2,500 service hours from Vitech to support enhancements of the pension administration software system through December 2024. The purchase cost was $462,500, of which $352,332 remained intact and was reported as prepaid expenses.

- *Investment at fair value* decreased by $415.2 million. The market was overshadowed by growing concerns over the Russian invasion of Ukraine and fears of inflation and recession. These concerns caused trickle-down effects on investment performance, although SamCERA performed relatively well compared to its peers.

  - Public Equity decreased by $345.4 million. Unrealized losses of $480 million were seen throughout the entire public equity portfolio. Due to rebalancing and accrued income, $140 million was added to this asset class, partially offsetting the overall decline in market value.

  - Fixed Income decreased by $179.9 million. Unrealized losses of $154 million were primarily due to losses in the core fixed income portfolio and secondarily Opportunistic/Private Credit Funds. Additionally, $25 million was rebalanced from fixed income assets to other asset classes.

  - Alternatives decreased by $52.8 million. Net unrealized losses approximated to $85 million, with $120 million unrealized losses primarily in three particular private equity funds and $35 million unrealized gains in absolute return assets. Due to capital calls, $32 million was added into this asset class, partially offsetting the overall decline in market value.

  - Inflation Hedge increased by $162.9 million. Overall unrealized gains from private real assets and real estate aggregated to $78 million, with $14 million in private real assets and $64 million in real estate. Additionally, a total of $97 million was added to this asset class due to capital calls.

- *Lease Asset, Net of Accumulated Amortization* was $2.8 million as of June 30, 2022. SamCERA is required to implement the financial reporting standards prescribed under GASB Statement No. 87 – *Leases*. To comply with these standards, new accounts have been added to reflect lease asset and lease liability arising from the office space rental agreement with 1 Twin Property Owner, LLC (property owner). The lease asset balance will be gradually depleted in accordance with the lease payments over the lease term.

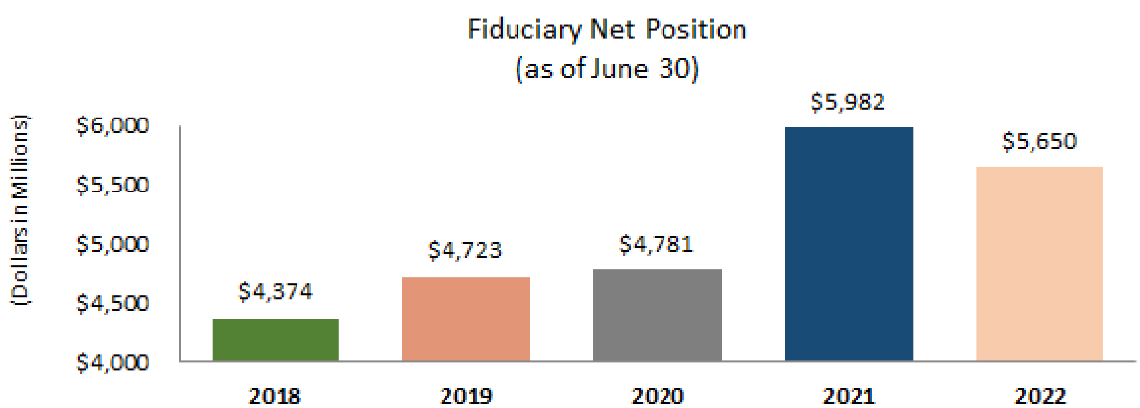
Liabilities. SamCERA's total liabilities increased by $24.6 million, or 32%, from a year ago. Significant changes are discussed below:

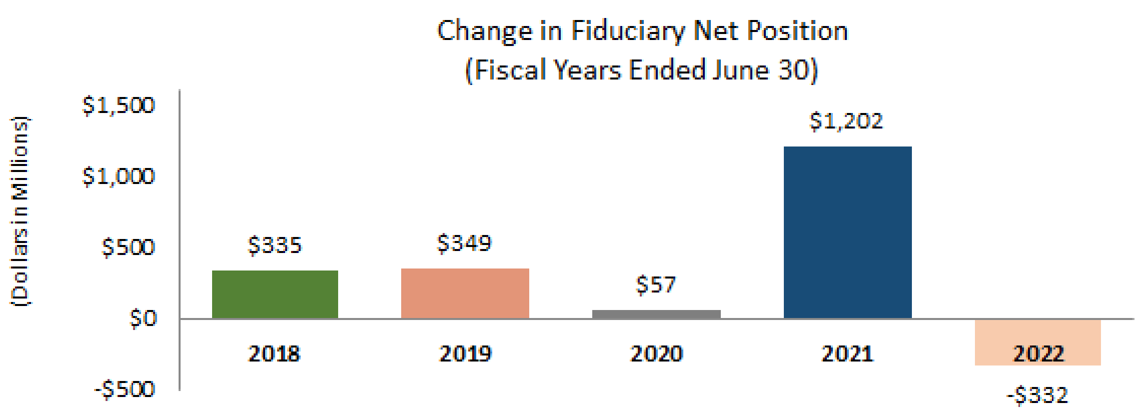
- *Investment management fees payable* decreased by $1.0 million. Because of the extreme market conditions, the performance fees incurred during the 4th quarter this fiscal year were comparatively lower than the same period for last fiscal year.

- *Due to broker for investments purchased* increased by $23.8 million, due primarily to the timing difference between trade date and settlement date. As of June 30, 2022, among other payables, there was a $17 million larger payable for a public real assets fund.

- *Securities lending cash collateral due to borrowers* decreased by $0.5 million. The decrease in liability was triggered by and in parallel with the decrease in securities lending cash collateral discussed earlier under the Assets section.

- *Lease Liability* was $2.9 million as of June 30, 2022, which was originated from the office space rental agreement discussed earlier. The lease liability will be gradually depleted in accordance with the lease payments over the lease term.





The changes in fiduciary net position are determined by total additions less total deductions. The net position decreased by $332.4 million during the reporting period, due primarily to extreme market volatility explained earlier. The table below shows condensed information about the changes in fiduciary net position, with explanations for significant variances noted.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Fiscal Years Ended June 30 (Dollars in Thousands)

			Increase (Decrease)	
	2022	2021	Amount	Percentage
Additions				
Employer contributions	$ 234,746	$ 225,302	$ 9,444	4%
Employer supplementary contributions	15,200	39,700	(24,500)	-62%
Member contributions	73,968	73,967	1	0%
Net investment income	(366,699)	1,133,127	(1,499,826)	-132%
Net securities lending income	73	50	23	46%
Total additions	**(42,712)**	**1,472,146**	**(1,514,858)**	**-103%**
Deductions				
Service retirement benefits	246,251	229,731	16,520	7%
Disability retirement benefits	28,675	28,342	333	1%
Survivor, death, and other benefits	1,577	1,283	294	23%
Member refunds	4,407	2,796	1,611	58%
Administrative expenses	7,197	7,060	137	2%
Information technology expenses	1,593	1,350	243	18%
Total deductions	**289,700**	**270,562**	**19,138**	**7%**
Net increase (increase) in net position	**(332,412)**	**1,201,584**	**(1,533,996)**	**-128%**
Net position restricted for pensions				
Beginning of year	5,982,086	4,780,502	1,201,584	25%
End of year	**$ 5,649,674**	**$ 5,982,086**	**$ (332,412)**	**-6%**

Additions. Total additions to the Retirement Fund for the fiscal year were -$42.7 million, which was approximately $1.5 billion, or 103%, less than the prior fiscal year. Significant changes are discussed below:

- *Employer contributions* increased by $9.4 million, partly from the increase in required contributions (from 37.86% last fiscal year to 38.91% this fiscal year) and partly from the overall increase in pensionable income.
- *Employer Supplementary contributions* from the County decreased by $24.5 million. In the prior fiscal year, the County transferred $29.7 million to catch up missing supplementary contributions slated for fiscal year 2019-20. Under a Memorandum of Understanding between the County and SamCERA, the County can make supplementary contributions at its discretion to accelerate the payoff of its unfunded liability.

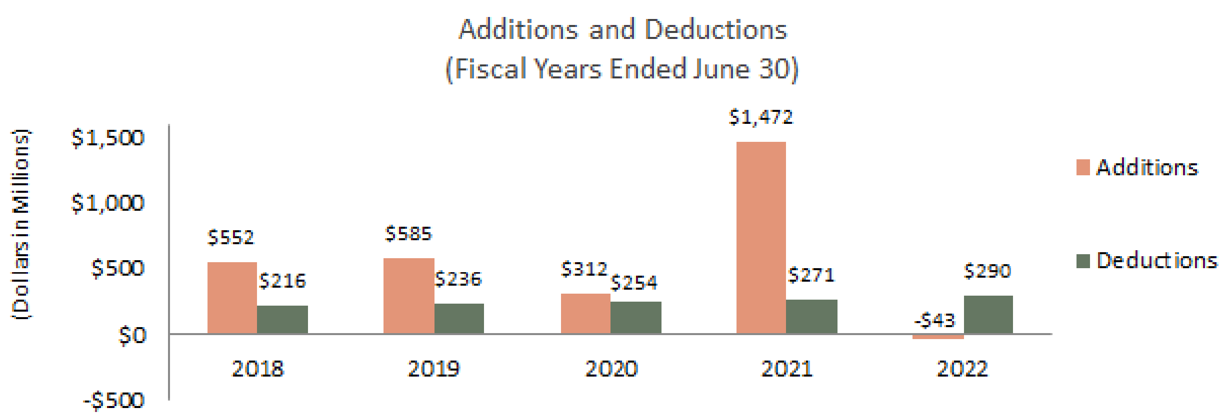
- *Net investment income* was nearly $1.5 billion less than last fiscal year. The volatile market environment discussed earlier adversely impacted the return for the entire portfolio, causing a considerable decline in earnings from +24.3% last year to -4.4% this year.

Deductions. Total deductions from the Retirement Fund were $289.7 million, $19.1 million or 7% higher than last fiscal year. Significant changes are explained below:

- *Service retirement benefits* were $16.5 million or 7% higher than last fiscal year. The increase was expected, due mainly to the annual cost-of-living adjustment (COLA) (3% in 2022 vs. 1.5% in 2021 for most retirees and beneficiaries) and a modest increase in the number of retirees receiving pension benefits.

- *Member refunds* were $1.6 million or 58% higher than last fiscal year. The number of member refunds increased drastically to 140 this fiscal year from 84 last fiscal year.

- *Information technology expenses* went up by $0.2 million, or 18%, compared to a year ago. A consulting firm was hired to assist in migrating the hosting services provided by Vitech to a cloud-based environment. In addition, new servers were purchased to support critical software (e.g., Vmware).



Actuarial Valuation

SamCERA engages an independent actuarial firm, Milliman, Inc., to conduct an annual actuarial valuation, which also monitors its funding status and funding integrity. The valuation reassesses the magnitude of SamCERA's benefit commitments, in comparison with the assets expected to be available to support those commitments. Valuation results will be used to determine employer and member contribution rates for funding purposes.

In the actuarial valuation, the actuary uses various economic assumptions and demographic assumptions with regards to SamCERA's members (such as their life expectancy, projected salary increases, and the age at which members may retire) to determine the values of plan assets and liabilities. The assumptions selected are also used to project, as closely as possible, the actuarial cost of the plan. The projection permits an orderly method for setting aside contributions today to provide benefits in the future and to maintain equity among generations of members.

In June 2020, the Board of Retirement (the Board) adopted the actuary's recommendation to retain the economic assumptions employed in the 2019 valuation, with investment return at 6.50%, inflation at 2.50%, wage at 3.00%, and payroll growth at 3.00%. The Board also set the COLA assumption for Plans 1 and 2 in accordance with the inflation assumption. In July 2020, the Board also accepted the actuary's recommendations to modify several demographic assumptions based on the Triennial Experience Study discussed in the following section.

In May 2021, the Board accepted the actuary's recommendations to lower the assumed investment return from 6.50% to 6.25% and to reaffirm all the other assumptions previously used in the 2020 valuation. Additionally, to minimize the short-term impact on the employer contribution expense, the Board agreed to phase-in the statutory employer rate increase of 3.64% of payroll due to the assumption change in three equal installments over a 3-year period beginning July 1, 2022.

In May 2022, the Board re-adopted the 2021 assumptions for the June 30, 2022 valuation. The approved economic assumptions are as follows: investment return at 6.25%, inflation at 2.50%, wage at 3.00%, and payroll growth at 3.00%; the COLA assumption for Plans 1 and 2 to be set in accordance with the inflation assumption; and the employer contribution rate increase continues to be phased in for the second year of the 3-year period.

Triennial Experience Study

In July 2020, the Board adopted several changes to the demographic assumptions developed from the 2020 Experience Study. These changes included increasing the rates of assumed merit salary increases for Safety and Probation members; updating mortality tables to the public plan specific tables published in 2019 by the Society of Actuaries Retirement Plans Experience Committee; and adjusting the assumed rates at which active members decrement from active employment. These changes caused a slight increase in the employer contribution rates, small decreases in member contribution rates for Plan 7, and small increases for all other plans effective July 1, 2021. The assumptions will next be thoroughly reviewed in 2023 as part of the Triennial Experience Study.

Plan Assets, Liabilities, and Funded Ratio

The Funded Ratio measures the funding adequacy of a retirement system. According to the latest actuarial valuation as of June 30, 2022, the plan's funded ratio (actuarial value of assets to actuarial accrued liabilities) increased to 90.7% as of June 30, 2022, from 88.1% a year ago. The increase was due primarily to employer contributions to amortize the unfunded actuarial accrued liability (UAAL) and the recognition of prior investment returns.

As of June 30, 2022, the actuarial value of plan assets was $5.9 billion, and the actuarial accrued liability was $6.5 billion. The difference between these two amounts represents the UAAL to meet those obligations, which amounted to $607.1 million (or 99.2% of the collective covered payroll of participating employers, totaling $612.0 million for the fiscal year). The assets used in the calculation of the funded ratio include the values of the County's and the San Mateo County Mosquito and Vector Control District's Supplementary Contribution Accounts.

Requests for Information

This financial report is designed to provide SamCERA's Board of Retirement, employers, members, investment managers, and any interested parties with a general overview of SamCERA's financial position and to show accountability for the funds received. Additional information is available on SamCERA's website at www.samcera.org.

Questions concerning any information provided in this report or requests for additional financial information should be addressed to:

San Mateo County Employees' Retirement Association
100 Marine Parkway, Suite 125
Redwood City, CA 94065

STATEMENT OF FIDUCIARY NET POSITION

As of June 30, 2022 (with comparative amounts as of June 30, 2021)

	2022	2021
ASSETS		
Cash and short-term investments:		
Cash and cash equivalents	$ 237,495,568	$ 153,467,110
Cash management overlay	73,569,285	64,054,219
Securities lending cash collateral	4,120,692	4,574,275
Total cash and short-term investments	315,185,545	222,095,604
Receivables:		
Contributions	14,690,743	15,060,101
Due from broker for investments sold	60,199,734	48,257,671
Investment income	8,049,214	7,838,202
Securities lending income	16,435	3,029
Other	131,903	83,607
Total receivables	83,088,029	71,242,610
Prepaid Expenses	352,332	-
Investments at fair value:		
Public equity	2,065,993,116	2,411,436,689
Fixed income	1,365,666,389	1,545,541,099
Alternatives	807,907,593	860,701,348
Inflation hedge	1,105,638,764	942,703,531
Total investments at fair value	5,345,205,862	5,760,382,667
Lease assets	3,325,962	-
Less: accumulated amortization	(511,692)	-
Lease assets, net of accumulated amortization	2,814,270	-
Capital assets	8,462,302	8,324,720
Less: accumulated depreciation	(4,586,899)	(3,737,459)
Capital assets, net of accumulated depreciation	3,875,403	4,587,261
Total assets	5,750,521,441	6,058,308,142
LIABILITIES		
Investment management fees payable	2,125,820	3,151,269
Due to broker for investments purchased	90,090,580	66,319,257
Securities lending collateral due to borrowers	4,120,692	4,574,275
Lease liability	2,890,295	-
Other	1,619,608	2,177,391
Total liabilities	100,846,995	76,222,192
NET POSITION RESTRICTED FOR PENSIONS	**$ 5,649,674,446**	**$ 5,982,085,950**

The accompanying notes to the financial statements are an integral part of these financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Fiscal Year Ended June 30, 2022 (with comparative amounts for the fiscal year ended June 30, 2021)

	2022	2021
ADDITIONS		
Contributions:		
Employer	$ 234,746,179	$ 225,302,472
Employer supplementary	15,200,000	39,700,000
Member	73,967,823	73,966,484
Total contributions	323,914,002	338,968,956
Investment income:		
Interest and dividends	111,425,057	87,240,822
Net increase (decrease) in the fair value of investments	(427,447,926)	1,110,924,843
Total investment income	(316,022,869)	1,198,165,665
Less: investment expenses	(50,676,576)	(65,039,394)
Net investment income	(366,699,445)	1,133,126,271
Securities lending activities:		
Securities lending income	32,658	12,916
Borrower rebates	61,277	51,515
Management fees	(20,645)	(14,156)
Net income from securities lending activities	73,290	50,275
Total additions	(42,712,153)	1,472,145,502
DEDUCTIONS		
Benefits:		
Service retirement benefits	246,250,375	229,730,556
Disability retirement benefits	28,674,627	28,342,469
Survivor, death, and other benefits	1,577,229	1,282,749
Total benefits	276,502,231	259,355,774
Member refunds	4,407,296	2,796,160
Administrative expenses	7,196,431	7,059,702
Information technology expenses	1,593,393	1,350,229
Total deductions	289,699,351	270,561,865
Net increase (decrease) in net position	(332,411,504)	1,201,583,637
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of year	5,982,085,950	4,780,502,313
End of year	**$ 5,649,674,446**	**$ 5,982,085,950**

The accompanying notes to the financial statements are an integral part of these financial statements.

Notes to the Basic financial statements

Note 1: Plan Description

The San Mateo County Employees' Retirement Association (SamCERA) is an independent public employee retirement system with its own governing board. Therefore, it is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

SamCERA is governed by the California Constitution; the County Employees Retirement Law of 1937 (the CERL - a component of the California Government Code); the California Public Employees' Pension Reform Act of 2013 (PEPRA); and the regulations, procedures, and policies adopted by the Board of Retirement (the Board). The Board is responsible for governing the retirement system. SamCERA's management is responsible for overseeing daily operations and other crucial functions, such as administering investments, maintaining adequate internal controls, and preparing financial reports.

General

SamCERA is a cost sharing multiple employer, defined benefit pension plan established to provide pension benefits for all permanent employees of the County of San Mateo (the County); the Superior Court of California, County of San Mateo (the Court); and the San Mateo County Mosquito and Vector Control District (the District). Because of its close financial relationship with the County (the primary plan sponsor), SamCERA is classified as a blended component unit of the County and reported as a pension trust fund in the County's financial statements.

Under the CERL, the governing of SamCERA is vested in the Board consisting of nine members: the first member is the County Treasurer; the second and third members are General Members of SamCERA elected by their peers; the fourth, fifth, sixth and ninth members are qualified electors of the County and appointed by the County Board of Supervisors; the seventh member is elected by and a member of SamCERA's Safety membership; and the eighth member is a Retired Member elected from the retired membership. In addition, there are one elected Safety Member Alternate and one elected Retired Member Alternate. Subject to the following fiduciary responsibilities, the Board oversees and guides the pension plans:

(1) solely in the interest of, and for the exclusive purpose of, providing economic benefits to participants and their beneficiaries.

(2) 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 with like objectives.

(3) diversify the investments of the plan to minimize the risk of loss and to maximize the rate of return unless, under the circumstances, it is clearly prudent not to do so.

Pension Plans

SamCERA has 12 defined benefit pension plans based on a member's date of entry into SamCERA. These plans cover members classified as general, safety, and probation, including six plans for General members: 1, 2, 3, 4, 5, and 7; and six plans for Safety and Probation members: 1, 2, 4, 5, 6, and 7. The tables on the following two pages provide details for each of these plans.

Pension Plan Membership

Plan membership as of June 30, 2022, is displayed in the table below.

Plan	One	Two	Three	Four	Five	Seven	Total
Retirees and beneficiaries currently receiving benefits							
General	1,173	2,250	126	1,167	30	38	4,784
Safety	253	267	-	164	6	2	692
Probation	89	122	-	91	-	1	303
Subtotal	1,515	2,639	126	1,422	36	41	5,779
Inactive employees entitled to but not currently receiving benefits (Deferred)							
General	6	201	69	799	124	854	2,053
Safety	-	7	-	36	12	51	106
Probation	-	12	-	39	1	13	65
Subtotal	6	220	69	874	137	918	2,224
Current employees, vested							
General	2	275	37	1,497	188	912	2,911
Safety	-	11	-	162	52	105	330
Probation	-	2	-	114	8	31	155
Current employees, non-vested							
General	-	-	3	4	72	1,613	1,692
Safety	-	-	-	-	12	134	146
Probation	-	-	-	-	-	15	15
Subtotal	2	288	40	1,777	332	2,810	5,249
Total Members	**1,523**	**3,147**	**235**	**4,073**	**505**	**3,769**	**13,252**

Note 1: Plans 1, 2, 3, and 4 are closed to new entrants. However, eligible general members of the San Mateo County Mosquito and Vector Control District with reciprocity may participate in Plan 4.

Note 2: As of June 30, 2022, there were no members in Plan 6.

Benefit Provisions

SamCERA provides basic service retirement, disability, survivor, and death benefits based on defined benefit formulas, which use final average compensation (FAC), years of service, and age factors to calculate benefits payable. In addition, SamCERA provides an annual Cost-of-Living Adjustment (COLA) upon retirement for members of Plans 1, 2, 4, 5, 6, and 7. The benefits of Plan 3 are reduced by a portion of the Social Security benefits received by the member. The CERL vests the County Board of Supervisors with the authority to initiate benefits. Each participating employer can make limited adjustments to their member benefits.

BENEFIT PLANS

		General Member	Probation Member	Safety Member
Plan 1	Hire Date	On or before 7/5/80	On or before 7/5/80	On or before 7/5/80
	Benefit Factor	2%@55.5	3%@50	3%@50
	Maximum COLA	5%	3%	5%
	FAC Period	Highest 1 year	Highest 1 year	Highest 1 year
	Eligibility for Service Retirement	Age 50 with 10 years of service; any age with 30 years of service; or age 70 regardless of years of service.	Age 50 with 10 years of service; any age with 20 years of service.	Age 50 with 10 years of service; any age with 20 years of service.
Plan 2	Hire Date	7/6/80 - 7/12/97	7/6/80 - 7/12/97	7/6/80 - 7/12/97
	Benefit Factor	2%@55.5	3%@50	3%@50
	Maximum COLA	3%	3%	3%
	FAC Period	Highest 1 year	Highest 1 year	Highest 1 year
	Eligibility for Service Retirement	Age 50 with 10 years of service; any age with 30 years of service; or age 70 regardless of years of service.	Age 50 with 10 years of service; any age with 20 years of service.	Age 50 with 10 years of service; any age with 20 years of service.
Plan 3	Hire Date	On or before 12/22/12, a non-contributory plan. (After five years of service, Plan 3 members can elect membership under the open contributory plan. Members currently working in a contributory plan with Plan 3 service may purchase an upgrade of their Plan 3 service. Plan 3 closed effective December 23, 2012.) (If retirement occurs prior to age 65, benefit amount will be adjusted by an actuarial equivalent factor.)	Not applicable	Not applicable
	Maximum COLA	No COLA	Not applicable	Not applicable
	FAC Period	Highest 3 years (non-consecutive)	Not applicable	Not applicable
	Eligibility for Service Retirement	Age 65 with 10 years of service; reduced benefit at age 55 with 10 years of service.	Not applicable	Not applicable

Note 1: Plans 1, 2, 3, and 4 are closed to new entrants. However, eligible general members of the San Mateo County Mosquito and Vector Control District with reciprocity may participate in Plan 4.

Note 2: FAC Period stands for “Final Average Compensation” Period.

BENEFIT PLANS (CONTINUED)

As of June 30, 2022

		General Member	Probation Member	Safety Member
Plan 4	**Hire Date**	7/13/97 - 8/6/11 (except Plan 5 transfers discussed under Plan 5 below)	7/13/97 - 7/9/11	7/13/97 - 1/7/12
		(Note: Plan 4 closed simultaneously with the implementation of Plan 5 and Plan 6.)		
	Benefit Factor	2%@55.5	3%@50	3%@50
	Maximum COLA	2%	2%	2%
	FAC Period	Highest 3 years (non-consecutive)	Highest 3 years (non-consecutive)	Highest 3 years (non-consecutive)
	Eligibility for Service Retirement	Age 50 with 10 years of service; any age with 30 years of service; or age 70 regardless of years of service.	Age 50 with 10 years of service; any age with 20 years of service.	Age 50 with 10 years of service; any age with 20 years of service.
Plan 5	**Hire Date**	8/7/11 - 12/13/12	7/10/11 - 12/31/12 [1]	1/8/12 - 12/31/12 [1]
		(Note: General Plan 5 members after 10 years of service can elect to transfer to Plan 4 and must pay the total actuarial equivalent cost of the increase in past service benefits at the date of transfer.)		
	Benefit Factor	2% @61.25	3%@55	3%@55
	Maximum COLA	2%	2%	2%
	FAC Period	Highest 3 years (non-consecutive)	Highest 3 years (non-consecutive)	Highest 3 years (non-consecutive)
	Eligibility for Service Retirement	Age 50 with 10 years of service; any age with 30 years of service; or age 70 regardless of years of service.	Age 50 with 10 years of service; any age with 20 years of service.	Age 50 with 10 years of service; any age with 20 years of service.
Plan 6	**Hire Date**	Not applicable	7/10/11 - 12/31/12 [2]	7/10/11 - 12/31/12 [2]
	Benefit Factor	Not applicable	2%@50	2%@50
	Maximum COLA	Not applicable	2%	2%
	FAC Period	Not applicable	Highest 3 years (non-consecutive)	Highest 3 years (non-consecutive)
	Eligibility for Service Retirement	Not applicable	Age 50 with 10 years of service; any age with 20 years of service.	Age 50 with 10 years of service; any age with 20 years of service.
Plan 7	**Hire Date**	On or after 1/1/13	On or after 1/1/13	On or after 1/1/13
	Benefit Factor	2%@62	2.7%@57	2.7%@57
	Maximum COLA	2%	2%	2%
	FAC Period	Highest 36 consecutive months	Highest 36 consecutive months	Highest 36 consecutive months
	Eligibility for Service Retirement	Age 52 with 5 years of service.	Age 50 with 5 years of service.	Age 50 with 5 years of service.

(1) Plan 5 is available for all Safety and Probation members.

(2) Plan 6 is available for Safety Management and Probation members.

Service Retirement Benefits. Members are entitled to receive lifetime benefits based on their plan membership and benefit option selected.

Disability Benefits. Disability retirement may be non-service connected or service connected. Members who apply for non-service connected disability must have at least five years of eligible service credits. Service credit requirements do not apply to members who apply for service-connected disability benefits. If members are permanently incapacitated from performing their job because of injury or disease arising out of or in the course of employment, the members are eligible for disability retirement benefits.

Active Member Survivor Benefits. Lifetime survivor benefits are available for eligible beneficiaries of active members if: (1) the member's death is service connected or (2) the member has at least five years of service credits. The beneficiary may instead opt for a one-time death benefit. All other active member death benefits are limited to a lump sum benefit.

Post-Retirement Survivor Benefits. Lifetime survivor benefits are available for certain eligible beneficiaries of a deceased retiree. The amount of benefits received is determined by the benefit option selected by the retiree.

Deferred Member Benefits. A member may withdraw member contributions plus accumulated interest upon termination of employment and forfeit the right to future benefits. If the member enters a reciprocal retirement system within 180 days, the member can elect to leave the accumulated contributions with SamCERA and receive a deferred retirement benefit when eligible. Eligible contributory plan members with five years of service (either permanent or part-time employees with the equivalent of five years of full-time service), or non-contributory plan members in Plan 3 with ten years of service, may elect a deferred retirement.

Cost of Living Adjustments (COLA). COLA increases are applied to all eligible retirement and death benefits, effective April 1. As of April 1 of each year, the Board will adjust the retirement benefits in accordance with changes in the Consumer Price Index (CPI) from the previous January 1 to the current January 1, to the nearest one-half of one percent. The COLA is based on information from the Bureau of Labor Statistics Consumer Price Index for All Urban Consumers in the San Francisco, Oakland, and San Jose Bay Area. The increase is capped at 5% for General and Safety members in Plan 1; 3% for Probation members in Plan 1 and all members in Plan 2; and 2% for members in Plans 4, 5, 6, and 7. Plan 3 has no COLA.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting and in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Cash and cash equivalents. Cash is pooled with other funds of the County or custodians, as appropriate, to earn a higher rate of return than could be earned by investing the funds individually. In addition to the pooled cash with the County and custodians, all highly liquid investments with maturities of three months or less when purchased are considered cash equivalents.

Investment. The Board has exclusive control of SamCERA's investments. Government Code Section 31595 of the CERL authorizes the Board to invest, or delegate the authority to invest, the assets of SamCERA in any investment allowed by statute and deemed prudent in the informed opinion of the Board. The Investment Policy of SamCERA seeks to optimize long-term returns within acceptable risk parameters. The Board periodically reviews the asset allocation in response to changing market conditions that may affect forward-looking expected returns of asset classes.

SamCERA records investment transactions on the trade date. Investments are reported at fair value, which represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB establishes a fair value hierarchy based on the following three distinct types of input to develop the fair value measurements.

- Level 1 reflects measurements based on quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 reflects measurements based on inputs, other than quoted prices, that are observable for an asset or a liability either directly or indirectly.
- Level 3 reflects measurements based on unobservable inputs for an asset or a liability.

The valuation technique for each type of investment is as follows:

Short-term investments. Short-term investments are reported at cost, which approximates fair value. Short-term investments include cash held in the money market and securities that are readily convertible to cash.

Public equity and fixed income securities. Valuations for publicly traded securities, such as stocks and bonds, are provided by SamCERA's custodian, the Northern Trust Corporation, based on end-of-day prices from external pricing vendors. The fair values of public market equity and fixed income investments held in Institutional Commingled Funds or Partnerships are typically provided by a third-party fund administrator, who performs this service for the fund manager.

Real estate. Real estate assets are reported at fair value, utilizing an income approach to valuation. An independent appraisal is conducted every quarter to determine the fair value of the real estate assets.

Private equity, private credit, and private real assets. Private equity, private credit, and private real asset partnerships are reported based on the fair value provided by the General Partner on a quarterly basis. The General Partner considers the financial conditions and operating results of the portfolio companies, the nature of the investments, marketability, and other relevant factors.

Hedge funds and public real assets pool. Investments are reported based on the fair value provided by a third-party administrator, who performs this service for the fund manager.

Foreign Currency Transactions

Gains and losses from foreign currency transactions during the year (including translation of international investments at fiscal year-end rates of exchange) are recorded as investment income. Forward currency contracts are used by SamCERA's investment managers to control currency exposure and facilitate the settlement of international security purchase and sale transactions. These contracts are agreements to exchange different currencies at specified rates and settlement dates. Differences between the contract and market exchange rates at settlement result in gains or losses, which are included in net investment income. Risks may arise from the possible inability of counterparties to meet the terms of their contracts as well as from movements in exchange and interest rates.

Securities Lending Activity

Securities lending transactions are short-term collateralized loans of SamCERA's securities for the purpose of generating additional investment income. For each securities lending transaction, SamCERA receives either cash collateral or non-cash collateral. The underlying securities out on loan are reported on SamCERA's Statement of Fiduciary Net Position as if the lending transaction had not occurred. In accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, cash collateral held (or any security that can be sold or pledged without a borrower default) is separately reported on the Statement of Fiduciary Net Position among the current assets. A corresponding liability of an equal amount (the obligation to return the cash collateral) is reported simultaneously. Non-cash collateral held that cannot be sold or pledged without a borrower default is not reported on the Statement of Fiduciary Net Position nor is there a corresponding liability reported on this statement.

Receivables

Receivables consist primarily of interest, dividends, investments in transition (traded but not yet settled), and contributions owed by participating employers.

Capital Assets

Capital assets, including intangible assets, are items with an initial unit cost greater than $5,000 and an estimated useful life more than three years. Capital assets are reported at acquisition value, net of accumulated depreciation. Acquisition value is the price that would be paid to acquire an asset with equivalent service capacity in an orderly market transaction at the acquisition date. Depreciation is determined using the straight-line method over the estimated useful lives of the assets, ranging from three to ten years.

Most capital assets are information technology related. The estimated useful life for hardware is determined to be five years and for software is ten years. The routine maintenance and upgrade of applicable information technology systems are deemed appropriate as expenses for the current fiscal year. SamCERA's total capital assets, net of accumulated depreciation, approximated to $3.9 million as of June 30, 2022.

Lease Asset and Related Liability

Lease asset and related liability from an office space lease are determined based on prevailing standards and amortized over the lease term.

Recognition of Contributions, Benefits, and Refunds

Employer and member contributions are recognized in the period in which contributions are due pursuant to legal requirements. Benefits and refunds are recognized when due and payable in accordance with plan terms. Investment income is recognized as revenue when earned, and expenses are recognized when incurred. The net appreciation (or depreciation) in the fair value of investments is recorded as an increase (or a decrease) to investment income, which includes both realized and unrealized gains and losses on investments, based upon investment valuations.

Income from Investments

Interest income is recognized as it is earned. Dividend income is recognized when it is declared. Realized and unrealized gains and losses on investments are combined and reported as the net increase (decrease) in the fair value of investments.

Estimates

The preparation of financial statements in accordance with GAAP in the United States of America may require management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results may differ from those estimates.

Note 3: Funding Policy

The funding objective of the pension plan is to establish employer and member contribution rates which, over time, will be sufficient to pay all expected future benefits not funded by the current assets. Participating employers are required by statute to contribute amounts necessary to fund the estimated benefits accruing to members not otherwise funded by expected investment earnings or member contributions.

The CERL establishes the basic contribution obligations for employers and members to the pension plan. The employer and member contribution rates adopted by the Board are based on recommendations from an independent actuary in accordance with membership type (General, Safety, and Probation) and the plan in which a member belongs. In determining both employer and member contribution rates, assumptions are made about future events that may affect the amount and timing of benefits to be paid and assets to be accumulated. Methods and assumptions used to determine contribution rates are discussed in the Required Supplementary Information and the Actuarial Sections.

The actuarial valuation of plan assets and liabilities is normally carried out as of June 30 of each year. The contribution rates determined as of June 30, 2022, are subject to a "one year" deferral. Thus, the new contribution rates from the June 2022 valuation are effective on July 1, 2023. As of June 30, 2022, the Retirement Fund was 90.7% funded, reflecting a modest increase of 2.6% from a year ago. The increase was due mainly to the employer contributions to amortize the unfunded actuarial accrued liability and the recognition of prior investment gains.

Note 4: Member Contributions

Member contributions vary by entry age (except Plan 7) as described in the CERL. In general, the member contribution rate is determined by the present value of the future benefit payable at retirement age, divided by the present value of all future salaries payable between entry age and retirement age. Active members in all plans (except Plan 3) are required to make contributions as described below. Plan 3 is non-contributory, which was open only for General members, but was closed to new members after December 22, 2012. Additionally, for members who transferred from Plan 3 to another General Plan, the entry age is based on the transfer date.

- Basic contributions are required for all members based on the entry age (except members in Plan 3 and Plan 7) and the class of each member. Section 7522.30 of the Government Code defined contributions for Plan 7 members. All members of Plan 7 are required to contribute 50% of the total normal cost rate specific to each individual class (i.e., General, Safety, and Probation). Basic contributions cease when General members hit 30 years of service in a contributory plan provided these members were with SamCERA or a reciprocal system on March 7, 1973, and continuously thereafter. For Safety members (except Plan 7), basic contributions cease after 30 years of service.

- Cost sharing contributions apply to General members in Plans 1, 2, and 4 (except the District) and Safety and Probation members in Plans 1, 2, 4, and 5. The cost sharing contributions are fixed and not impacted by changes in assumptions. Cost share contribution rates are as follows: 3% for General Plans 1, 2, and 4 members; and 3% to 5% for Safety and Probation Plans 1, 2, 4, and 5 members, varying among bargaining units. Plan 5 General members, and all Plans 6 and 7 members do not participate in cost sharing.

- COLA cost sharing contributions apply to all Plans 1, 2, 4, and 5 members (except the District) as well as Plan 6 Safety and Probation members. All members in these plans are required to contribute 50% of the cost of COLA.

The member contribution rates for all plans combined decreased to 12.21% for fiscal year 2022 from 12.46% a year ago. The decrease was triggered mainly by the new assumptions adopted with the triennial Investigation of Experience Study in 2020. In general, small decreases were seen for Plan 7 member rates and small increases for other plans.

Note 5: Employer Contributions

Employer contribution rates for each plan are determined pursuant to Government Code Section 31453 of the CERL, using the entry age normal cost method based upon a level percentage of projected payroll.

These rates include an estimated amount necessary to finance benefits earned by members during the current year (normal cost) and an amount to amortize the unfunded actuarial accrued liability (UAAL). Under the current funding method, the June 30, 2008 UAAL is amortized over a fixed period ending June 30, 2023. Changes in the UAAL in subsequent years are being amortized separately over new 15-year periods from the valuation date at which the difference is calculated.

EMPLOYER STATUTORY CONTRIBUTION RATES AS A PERCENTAGE OF COVERED PAYROLL

	Fiscal Year Beginning		
	July 1, 2021	July 1, 2020	Change
Gross Normal Cost	23.11%	23.73%	-0.62%
Member Contributions	(12.21%)	(12.46%)	0.25%
Employer Normal Cost	10.90%	11.27%	-0.37%
UAAL Amortization	28.01%	26.59%	1.42%
Total Employer Statutory Contribution Rate [1]	**38.91%**	**37.86%**	**1.05%**
County Contribution Rate	39.14%	38.06%	1.08%
Courts Contribution Rate	35.85%	35.22%	0.63%
SMCM&VCD Contribution Rate	12.76%	12.58%	0.18%

[1] Total Employer Statutory Contribution Rate is the aggregate rate for all employers.

Contributions from employers (the County, the Court, and the District) consisted of two components: the Normal Cost, which covers the value of benefits earned by active members during the year less member contributions; and the UAAL, which reflects the excess of actuarial accrued liability over the actuarial value of the plan assets. The employer normal cost decreased from 11.27% of covered payroll for fiscal year 2021 to 10.90% for fiscal year 2022.

The employer UAAL rate, reflecting a layered amortization over 15 years, increased from 26.59% of covered payroll for fiscal year 2021 to 28.01% for fiscal year 2022. The increase was due primarily to the change in the investment return assumption from 6.50% in the 2019 valuation to 6.25% in the 2020 valuation, which determined the employer statutory contribution rates with effective date from July 1, 2021.

The table below summarizes the employer contributions for the past ten fiscal years.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	(a) Actual Employer Contributions	(b) Actuarially Determined Contributions	(a) - (b) Supplementary Contributions		Percentage of Actuarially Determined Contributions Received
2013	$144,308	$131,294	$13,014		100%
2014	202,877	152,877	50,000	(1)	100%
2015	180,704	169,814	10,890	(2)	100%
2016	191,094	170,046	21,048	(3)	100%
2017	198,727	164,877	33,850	(4)	100%
2018	207,257	179,627	27,630	(5)	100%
2019	245,498	194,830	50,668	(6)	100%
2020	198,583	198,583	-		100%
2021	265,002	225,302	39,700	(7)	100%
2022	249,946	234,746	15,200	(8)	100%

(1) The County made a supplementary contribution of $50.0 million to accelerate the pay down of its UAAL.

(2) The County made a supplementary contribution of $10.9 million to accelerate the pay down of its UAAL.

(3) The County and the District contributed additional funding of $19.5 million and $1.5 million, respectively, to accelerate the pay down of their UAAL.

(4) The County and the District contributed additional funding of $33.6 million and $0.25 million, respectively, to accelerate the pay down of their UAAL.

(5) The County made a supplementary contribution of $27.6 million to accelerate the pay down of its UAAL.

(6) The County made a supplementary contribution of $50.7 million to accelerate the pay down of its UAAL.

(7) The County made a supplementary contribution of $39.7 million to accelerate the pay down of its UAAL.

(8) The County made a supplementary contribution of $15.2 million to accelerate the pay down of its UAAL.

Supplementary Contributions from San Mateo County

In November 2013, the County reached an agreement with SamCERA to accelerate the pay down of the County's UAAL. Under this agreement, the County provided a supplementary contribution of $50.0 million in fiscal year 2014 with annual contributions of $10.0 million for the next nine years. A new account, known as the County Supplementary Contribution Account (CSCA), was set up to separately account for the supplementary contributions.

Deposits in the CSCA will receive interest at the actual market investment return rate, net of fees and costs. In fiscal year 2022, total supplementary contributions to the CSCA amounted to $15.2 million. The CSCA had an aggregate reserve account balance of $215.7 million as of June 30, 2022. The resources in the CSCA are systematically recognized to provide an offset to the County's Statutory Contribution Rate. Without the recognition of the CSCA, the County's statutory contribution rate would be higher.

The County paid its annual required contributions for fiscal year 2022 via two semi-annual prepayments (in July 2021 and in January 2022). The prepayments were based on the adopted actuarially determined contribution rate and the projected covered payroll by plan, discounted by the assumed investment rate of return. Throughout the year, the prepayments were periodically reduced by actual contributions as determined by the adopted contribution rate and the actual covered payroll by plan. Near fiscal year-end, SamCERA performed a "true-up" calculation to ensure that the County's annual statutory contribution to SamCERA was fully settled. Any excess balance in the prepayment account will be applied towards the County's contribution for the upcoming fiscal year.

Supplementary Contributions from San Mateo County Mosquito and Vector Control District

In September 2015, the District entered into an agreement with SamCERA to pay down the District's UAAL with a single payment of $1.5 million in addition to its statutory contribution for fiscal year 2016. This amount was remitted to SamCERA on October 29, 2015. SamCERA established a new account, the District Supplementary Contribution Account (DSCA), to separately account for the District's supplementary contributions.

Deposits in the DSCA less than six months prior to the regular interest crediting dates of June 30 or December 31 will receive interest at the actual market investment return rate, net of fees and costs. Deposits for more than six months prior to the crediting date will receive interest at the actuarially calculated return on the actuarial value of the DSCA's asset. In 2017, the District made its second supplementary contribution of $0.25 million.

As of June 30, 2022, the DSCA had an aggregate reserve account balance of $0.6 million. Based on the latest amendment to the Memorandum of Understanding between SamCERA and the District, the resources in the DSCA will be recognized in five years starting from June 30, 2019, to provide an offset to the District's statutory contribution rate. Without the recognition of the DSCA, the District's statutory contribution rate would be higher.

Note 6: Deposits and Investments

The Board established an Investment Policy in accordance with applicable local, state, and federal laws. The CERL vests the Board with exclusive control over SamCERA's investment portfolio. Except as otherwise expressly restricted by the California Constitution and by regulation, the Board at its discretion may invest, or delegate the authority to invest, the assets of SamCERA in any investment allowed by statute and deemed prudent in the informed opinion of the Board.

Deposits

SamCERA has deposits with the Northern Trust Corporation as well as in the County investment pool, which is custodied at the Bank of New York Mellon. Deposits with the Northern Trust Corporation are swept into a pooled short-term investment fund (which invests in securities such as repurchase agreements, commercial paper, U.S. Treasury bills and notes) and reported at cost (which approximates fair value). Deposits in the County investment pool are considered short-term investments, which share earnings and losses among pool participants, and reported at fair value.

Custodial Credit Risk – Deposits. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, SamCERA will not be able to recover deposits nor be able to recover collateral securities that are in the possession of an outside party. SamCERA has no general policy on custodial credit risk for deposits.

SamCERA maintains cash deposits to support its investment activities and operational needs. As of June 30, 2022, $162.8 million of cash was held in a pooled short-term investment fund with the Northern Trust Corporation and $14.2 million in the investment pool with the County Treasurer. Cash held by investment managers at year-end amounted to $60.5 million, which is swept daily into a pooled short-term investment fund managed by the Northern Trust Corporation. Cash held with the Northern Trust Corporation in the amount of $1.9 million is uninsured and uncollateralized. Thus, this amount is subject to custodial credit risk. SamCERA does not have a general policy addressing custodial credit risk. The fair value of SamCERA's position in the pool is the same as the value of the pool shares.

The participation in the County investment pool is voluntary. The County investment pool is not registered with the Securities and Exchange Commission as an investment company. In accordance with Article 6 Section 27131 of the California Government Code, the County Board of Supervisors established an eight-member County Treasury Oversight Committee to oversee the management of public funds in the County investment pool. Pool participants can withdraw no more than 12.5% of their deposits per month, based on the month-end balance of the prior month. All requests for withdrawal must be made in writing to the County Treasurer at least three business days in advance.

Investments

SamCERA's investments are managed by independent investment management firms in accordance with the guidelines and controls specified in the Investment Policy and contracts executed with the Chief Executive Officer on the Board's behalf. A third-party institution, the Northern Trust Corporation, is used as an independent custodian.

Investment Policy. The Investment Policy is strategized to reduce risk through a prudent diversification of the investment portfolio across a broad selection of distinct asset classes. During the fiscal year, the Board approved a new policy portfolio as part of its annual asset allocation review. The new policy portfolio tweaks the old portfolio by adding 1% to the Inflation Hedge bucket and reducing Diversifying by 1%, while keeping the overall allocation to Growth unchanged. The new policy will be effective on July 1, 2022.

Target Asset Allocation. As of June 30, 2022, SamCERA's target asset allocation consists of 41% in public equity, 28% in fixed income, 13% in alternatives, 17% in the inflation hedge, and 1% in the liquidity asset class. The actual asset allocation at fiscal year-end consisted of 37.7% in public equity, 25.0% in fixed income, 14.8% in alternatives, 19.7% in inflation hedge, and 2.8% in the liquidity asset class. See the Investment Section for further details.

Money-Weighted Rate of Return. The money-weighted rate of return expresses investment performance, net of pension plan investment expenses, adjusted for the timing of cash flows and the changing amounts invested. The annual money-weighted rate of return for the reporting period was -4.51% on SamCERA's investments, net of investment manager fees.

Time-Weighted Rate of Return. SamCERA uses the time-weighted rate of return to measure its investment performance, which was -4.4% net of investment expenses for the reporting period. The time-weighted rate of return is a measure of the compound rate of growth in the portfolio and is often used to measure investment performance since it eliminates the distorting effects on growth rates created by inflows and outflows of money.

Long-Term Expected Real Rate of Return. The long-term expected real rates of return on pension plan investments were determined using a building-block method. Under this method, expected future real rate of returns (expected returns, net of inflation) are developed for each major asset class.

The table on the right shows the target allocation approved by the Board and projected geometric real rates of return for each major asset class (after deducting inflation, but before deducting investment expenses) that were used to derive the long-term expected investment rate of return assumption.

LONG-TERM EXPECTED REAL RATE OF RETURN

As of June 30, 2022

Target Allocation	Long-Term Expected Rate of Return
41%	5.3%
28%	0.7%
13%	3.9%
17%	3.6%
1%	-1.0%
100%	

Investment Risk

SamCERA manages investment risks under GASB Statements No. 40 and No. 53 by contractually requiring each investment manager to follow specific investment guidelines that are specifically tailored to the investment manager. For separately managed accounts, managers' responsibilities are detailed in the investment management agreements between SamCERA and each investment manager. For commingled fund investments, managers' responsibilities are detailed and dictated by the related fund documents. The investment guidelines in most cases stipulate the investment style, performance objective, performance benchmarks, and portfolio characteristics.

Each investment manager, with whom SamCERA holds a separately managed account, is required to follow the "manager standard of care" to act prudently and solely in the best interest of SamCERA. Each investment manager, with whom SamCERA holds a commingled fund investment, is required to follow its fiduciary duties with respect to the fund. The guidelines require the investment return performance of each manager be compared with the performance of a relative passive market index over specific periods. SamCERA's investment consultant and staff constantly monitor the performance of all investment managers for compliance with respective guidelines.

Interest Rate Risk. Interest rate risk is the risk associated with changes in interest rates that will adversely affect the fair value of an investment. Duration is the measure of the price sensitivity of a fixed income portfolio to changes in interest rates and calculated as the weighted average time to receive a bond's coupon and principal payments. The longer the duration of the portfolio, the greater its price sensitivity to changes in interest rates. SamCERA has investments in thirteen external investment pools and three fixed income portfolios containing debt securities. SamCERA does not have a formal policy that limits investment duration as a means of managing its exposure to fair value losses arising from increasing interest rates. Interest rate risk for the fixed income portfolios is displayed in the table below.

INTEREST RATE RISK ANALYSIS

As of June 30, 2022

Commingled Fixed Income Portfolio	Fair Value	Weighted Average Maturity (Years)	Effective Duration (Years)
Opportunistic Credit Funds [1]	$ 525,527,445	5.23	2.76
Western Asset Management	181,747,537	5.06	2.67
Total	**$ 707,274,982**		

[1] This category consists of twelve opportunistic Credit Funds managed by Angelo Gordon (three funds), Beach Point, Brigade Capital Management, Franklin Templeton, Blackrock (two funds), PIMCO (two funds) and White Oak (two funds).

INTEREST RATE RISK ANALYSIS (CONTINUED)

As of June 30, 2022

Investment Portfolio [1]	Fair Value	Weighted Average Maturity (Years)	Effective Duration (Years)
Asset Backed Securities	$ 58,588,735	14.4	1.7
Collateralized Bonds	459,061	9.3	-0.3
Commercial Mortgage-Backed	40,409,593	22.3	3.2
Corporate Bonds	156,079,350	8.6	5.7
Government Agencies	4,739,615	13.4	6.9
Government Bonds	213,919,967	12.1	9.3
Government Mortgage-Backed Securities	165,344,213	25.0	8.9
Government Commercial Mortgage-Backed	8,942,090	23.0	5.3
Municipal/Provincial Bonds	4,468,206	11.5	6.9
Non-government Backed CMOs	5,440,577	38.7	5.7
Total	**$ 658,391,407**		

[1] This category consists of three fixed income separate account managers: FIAM, NISA and DoubleLine.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. SamCERA's Investment Policy seeks to maintain a diversified portfolio of fixed income instruments to obtain the highest total return for the fund at an acceptable level of risk within the asset class. The quality of SamCERA's investments in bonds as of June 30, 2022, is summarized in the table on the right.

S&P QUALITY BREAKDOWN FOR SAMCERA'S INVESTMENT IN BONDS

As of June 30, 2022

Credit Risk	Separately Managed Accounts	Commingled Management
AAA	2.3%	6.1%
AA	2.0%	2.5%
A	6.9%	3.8%
BBB	17.9%	10.0%
Less than B	0.8%	25.9%
Not Rated	70.1%	51.7%
Total	**100.0%**	**100.0%**

Custodial Credit Risk – Investment. The custodial credit risk is the risk that, in the event of the failure of a counterparty to a transaction, SamCERA will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. Under the investment guidelines for each investment manager, managed investments must be held in the name of SamCERA. The master custodian may rely on sub-custodians. As of June 30, 2022, SamCERA had no investments that were exposed to custodial credit risk.

Concentration of Credit Risk. This risk is the possibility of loss attributed to the magnitude of SamCERA's investment in a single issuer of securities. Investments issued or explicitly guaranteed by the U.S. Government and commingled investments are excluded from the concentration of credit risk analysis. As of June 30, 2022, SamCERA does not have investments in a single issuer with five percent or more of SamCERA's fiduciary net position.

Foreign Currency Risk. Foreign currency risk is the risk that changes in the exchange rates will adversely affect the fair value of an investment or deposit. In its Investment Policy, SamCERA allows forward currency contracts and currency futures as defensive currency hedging to mitigate foreign currency risk on the portfolio. International equity and global bond managers are permitted to invest in authorized countries. The table below indicates the magnitude of risk for each foreign currency denominated in U.S. dollars. Foreign investments held within commingled fund vehicles are excluded from analysis below.

FOREIGN CURRENCY RISK ANALYSIS

As of June 30, 2022

Foreign Currency	Common Stock	Preferred Stock	Partnerships	Foreign Currency	Variation Margin	Total
Australian Dollar	$ 9,944,654	$ -	$ -	$ -	$ -	$ 9,944,654
Brazilian Real	2,945,656	-	-	-	-	2,945,656
Canadian Dollar	-	-	-	-	331,014	331,014
Swiss Franc	16,936,970	-	-	-	-	16,936,970
HK Offshore Chinese Yuan Renminbi	8,663,619	-	-	-	-	8,663,619
Danish Krone	1,432,778	-	-	-	-	1,432,778
Euro	119,392,965	5,481,346	16,395,410	7	-	141,269,728
British Pound Sterling	86,961,493	-	-	71,888	-	87,033,381
Hong Kong Dollar	42,333,285	-	-	26,497	-	42,359,782
Indian Rupee	14,493,036	-	-	-	-	14,493,036
Japanese Yen	124,499,526	-	-	247,353	-	124,746,879
South Korean Won	2,329,205	-	-	-	-	2,329,205
Mexican Peso	1,957,910	-	-	-	-	1,957,910
Swedish Krona	20,857,202	-	-	(16)	-	20,857,186
Singapore Dollar	14,695,372	-	-	-	-	14,695,372
Total	**$ 467,443,671**	**$ 5,481,346**	**$ 16,395,410**	**$ 345,729**	**$ 331,014**	**$ 489,997,170**

Derivatives

Derivatives are financial instruments that are connected to a specific financial instrument, indicator, or commodity and through which specific financial risks can be traded in financial markets in their own right. The value of a derivative derives from the price of an underlying item, such as an asset or index. Derivatives are used for a number of purposes (such as risk management, hedging, and arbitrage between markets), and are usually settled by net payments of cash. SamCERA currently employs external investment managers to manage its assets as permitted by the California Government Code and SamCERA's Investment Policy.

Specific managers hold investments in swaps, options, futures, forward settlement contracts, and warrants and enter into forward foreign currency exchange security contracts within fixed income financial instruments.

- The fair value of options, futures, and warrants is determined based upon quoted market prices. The fair value of derivative investments that are not exchange traded, such as swaps and TBAs (To Be Announced), is determined by an external pricing service using various proprietary methods based upon the type of derivative instrument.
- Futures contracts are marked to market at the end of each trading day. The settlement of gains or losses occur on the following business day through variation margins.
- The fair value of international currency forwards represents the unrealized gain or loss on the related contracts, which is calculated as the difference between the specified contract exchange rate and the exchange rate at the end of the reporting period.

The derivative instruments held by SamCERA are considered investments and not hedges for accounting purposes. As of June 30, 2022, the derivatives held an aggregate notional amount of $338.6 million. The fair value of derivatives totaling $2.3 million is reported in the Statement of Fiduciary Net Position as part of the cash management overlay and inflation hedge. Changes in fair value during fiscal year 2022 are reported in the Statement of Changes in Fiduciary Net Position as a component of investment income. The derivatives that SamCERA held at year-end are shown below. Compared to SamCERA's total investments at fair value, the fair value of SamCERA's derivatives as of June 30, 2022, is not material.

INVESTMENT DERIVATIVES

As of June 30, 2022

Type of Derivatives	Notional Value	Fair Value
Interest Rate Contract - Short	$ 22,842,875	$ 169,744
Interest Rate Contract - Long	25,827,328	225,203
Foreign Exchange Contracts - Short	349,908,543	1,429,305
Foreign Exchange Contracts - Long	2,331,000	4,200
Equity Contracts - Long	(62,284,960)	436,619
Total	**$ 338,624,786**	**$ 2,265,071**

Interest Rate Risk – Derivatives. SamCERA's investments in interest rate derivatives are highly sensitive to changes in interest rates. The investment maturities for most of the investments in the table above are 3 months or less. The investment maturity for $13 million of investments in derivatives is 3-6 months.

Foreign Currency Risk – Derivatives. Foreign currency contracts are subject to foreign currency risk as the value of deposits or investments denominated in foreign currency may be adversely affected by changes in foreign exchange rates. Foreign currency contracts include forward contracts and spot contracts. Currency forward contracts are derivatives and generally serve to hedge or offset the impact of foreign currency exchange rate fluctuations. Spot contracts are agreements to buy or sell a certain amount of foreign currency at the current market rate for settlement in two business days. Spot contracts are generally used when SamCERA is required to make or receive payments in a foreign currency. SamCERA does not have a formal policy on foreign currency risk.

Custodial Credit Risk – Derivatives. As of June 30, 2022, SamCERA's derivatives were not subject to custodial credit risk. However, such derivatives are subject to other risks.

Credit Risk – Derivatives. SamCERA is exposed to credit risk on investment derivatives that are traded over the counter and are reported in asset positions. Derivatives exposed to credit risk include credit default and interest rate swaps, currency forward contracts, rights, warrants, and TBA transactions.

To minimize credit risk exposure, SamCERA's investment managers continuously monitor credit ratings of counterparties. Should there be a counterparty failure, SamCERA would be exposed to the loss of the fair value of derivatives that are in asset positions and any collateral provided to the counterparty, net of the effect of applicable netting arrangements. SamCERA does not have a general policy with respect to netting arrangements or collateral requirements. In the event of bankruptcy or default by the counterparty, netting arrangements legally provide SamCERA with a right of offset.

Securities Lending Activity

SamCERA is authorized by its Investment Policy and state law to participate in a securities lending program. Securities lending transactions are short-term collateralized loans of SamCERA's securities for the purpose of generating additional investment income. SamCERA has a securities lending agreement in place that authorizes its securities lending agent to lend SamCERA's securities to broker-dealers and banks pursuant to a loan agreement. For each type of security loaned, SamCERA receives cash or non-cash collateral. SamCERA invests the cash and receives earnings on it in exchange for paying a loan rebate fee to the borrower. In the case of non-cash collateral, the borrower pays SamCERA a loan premium.

For the fiscal year ended June 30, 2022, on behalf of SamCERA, the securities lending agent lent SamCERA's securities to borrowers under the securities lending agreement. In return, SamCERA received cash and obligations issued or guaranteed by the U.S. government, or its agencies or instrumentalities. Borrowers were required to deliver collateral for each loan equal to (1) loaned securities denominated in U.S. dollars or sovereign debt issued by foreign governments, with a margin of at least 102% of the fair value of the loaned securities; and (2) loaned securities not denominated in U.S. dollars, or whose primary trading market was not located in the United States, with a margin of at least 105% of the fair value of the loaned securities. In addition, borrowers were required to maintain the designated margin percentage of collateral on a daily basis.

SamCERA imposes the following restrictions on the loans that the securities lending agent makes on SamCERA's behalf:

- Borrower must have a long-term credit rating of either "A" from Standard and Poor's (S&P) or "A2" from Moody's Investors Service (Moody's). For split-rated borrowers, the higher rating shall prevail if not the same rating, with the lower rating having a minimum long-term credit rating of either "A-" from S&P or "A3" from Moody's.

- The maximum allowable amount of assets on loan to any single borrower shall not be greater than $3 million.

- The maximum total amount of program assets on loan shall not be greater than $10 million.

The securities lending agent indemnified SamCERA by agreeing to purchase replacement securities or to supplement the amount of cash collateral provided to SamCERA. Such indemnification will become effective in the event the borrower fails to return the loaned securities and the collateral is inadequate to replace the securities lent, or the borrower fails to pay SamCERA for any income distributions on loaned securities. SamCERA did not experience any loss from a default of the borrowers or the securities lending agent during the reporting period. SamCERA and the borrowers maintained the right to terminate all securities lending transactions on demand.

As of June 30, 2022, the fair value of securities on loan reported and the total collateral held amounted to $8.9 million and $9.1 million (with $4.1 million in cash collateral and $5.0 million in non-cash collateral), respectively. The amount of collateral exceeded the amount of securities on loan by $236,872. The securities on loan include U.S. equities and international equities. The cash collateral received on each loan was invested in a short-term investment pool, the Northern Institutional Liquid Assets Portfolio (NILAP), managed by the securities lending agent. The average maturity of securities on loan was approximately 184 days as of June 30, 2022.

SamCERA does not have the ability to pledge or sell non-cash collateral delivered absent a borrower default. Therefore, such non-cash collateral is not reported on the Statement of Fiduciary Net Position. There were no violations of legal or contractual provisions, and no borrower or lending agent default losses known to the securities lending agent.

Securities Lending Collateral Credit Risk. All the cash collateral received for securities lending is invested in the NILAP Cash Collateral Fund (the Fund), which is not rated by credit rating agencies. All investments qualify as “eligible securities” within the meaning of Rule 2(a)-7 of the Investment Company Act of 1940. The Fund seeks to maintain a stable net position value per share of $1 by valuing its Fund using an amortized cost method and complying with the requirements of Rule 2(a)-7.

Securities Lending Collateral Interest Rate Risk. Cash collateral from loans of securities are invested in the Fund. The Fund’s average effective duration is restricted to 60 days or less. As of June 30, 2022, the Fund had an interest rate sensitivity of 19 days.

Fair Value Measurement

GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a fair value hierarchy based on the following three types of input to develop the fair value measurements for investment.

- Level 1 - Investments reflect prices quoted in active markets.
- Level 2 - Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 - Investments reflect prices based upon unobservable sources.

The categorization of investments within the fair value hierarchy (see pages 63-64) is based upon the pricing transparency of the instrument and should not be perceived as the particular investment’s risk.

As of June 30, 2022, SamCERA did not hold any investments classified in Level 3. Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: use quoted prices for identical securities in markets that are not active.
- Corporate and Municipal Bonds: use quoted prices for similar securities in active markets.
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: use matrix pricing based on the securities’ relationship to benchmark quoted prices.
- Money Market, Bond, and Equity Mutual Funds: use published fair value per share (unit) for each fund.
- Commingled and high-yield equity investments: use matrix pricing techniques or quoted prices for similar securities in active markets.

FAIR VALUE MEASUREMENT

As of June 30, 2022

Investments by Fair Value Level	June 30, 2022	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using: Significant Other Observable Inputs (Level 2)
DEBT SECURITIES			
Asset Backed Securities	$ 58,588,735		$ 58,588,735
Collateralized Bonds	459,061		459,061
Collateralized Mortgage Obligations	5,440,577		5,440,577
Commercial Mortgage-Backed	40,409,593		40,409,593
Corporate Bonds	156,079,350		156,079,350
Government Agencies	4,739,615		4,739,615
Government Bonds	213,919,967		213,919,967
Government Commercial Mortgage-Backed	8,942,090		8,942,090
Government Mortgage-Backed Securities	165,344,213		165,344,213
Municipal Bonds	4,468,206		4,468,206
Total Debt Securities	658,391,407		658,391,407
EQUITY SECURITIES			
Foreign Stocks	505,865,412	$ 505,865,412	
US Common & Preferred Stock	541,506,764	541,506,764	
Total Equity Securities	1,047,372,176	1,047,372,176	
COMMINGLED FUNDS			
Domestic Bond Funds	181,747,537		181,747,537
Domestic Equity Funds	446,756,472		446,756,472
International Equity Funds	315,409,733		315,409,733
Liquid Pool Funds	348,874,791		348,874,791
Total Commingled Funds	1,292,788,533		1,292,788,533
COLLATERAL FROM SECURITIES LENDING	4,120,692	4,120,692	
Total Investments by Fair Value Level	**3,002,672,808**	**$ 1,051,492,868**	**$ 1,951,179,940**
Investments Measured at the Net Asset Value (NAV)			
Domestic Bond Funds	472,828,874		
Global Bond Funds	52,698,572		
Domestic Equity Funds	158,358,314		
International Equity Funds	98,096,420		
Real Estate Funds	537,471,989		
Hedge Funds/Absolute Return	432,733,867		
Private Equity Funds	375,173,726		
Private Real Asset Funds	219,291,984		
Total Investments Measured at NAV	**2,346,653,746**		
Total Investments	**$ 5,349,326,554**		
Derivatives			
Interest Rate Contracts - Short	$ 169,744		$ 169,744
Interest Rate Contracts - Long	225,203		225,203
Foreign Exchange Contracts - Short	1,429,305		1,429,305
Foreign Exchange Contracts - Long	4,200		4,200
Equity Contracts - Long	436,619	$ 436,619	
Total Derivatives	**$ 2,265,071**	**$ 436,619**	**$ 1,828,452**

Note 1: The values of foreign stocks and securities reported above are denominated by both foreign and U.S. currency whereas those reported under the Foreign Currency Risk Analysis are denominated by foreign currency only.

Note 2: Derivatives are reported under cash management overlay on the Statement of Fiduciary Net Position.

INVESTMENTS MEASURED AT NET ASSET VALUE (NAV)

As of June 30, 2022

Investments Measured at NAV	6/30/2022	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Domestic Bond Funds [1]	$ 472,828,874	$ 40,179,291	Not Eligible	Not applicable
Global Bond Funds [1]	52,698,572	-	Monthly	15 days
Domestic Equity Funds [1]	158,358,314	-	Monthly	10 days
International Equity Funds [1]	98,096,420	-	Monthly	10 days
Real Estate Funds [2]	537,471,989	110,207,265	Quarterly, Not Eligible	45 days, Not applicable
Hedge Funds/Absolute Return [3]	432,733,867	-	Monthly	30 days
Private Equity Funds [4]	375,173,726	228,357,703	Not Eligible	Not applicable
Private Real Asset Funds [4]	219,291,984	165,829,327	Not Eligible	Not applicable
Total	**$ 2,346,653,746**	**$ 544,573,586**		

(1) **Bond and Equity Funds.** This type includes eleven domestic bond funds, one global bond fund, one domestic equity fund, and one international equity fund that is considered commingled in nature. Each is valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments.

(2) **Real Estate Funds.** This type includes five real estate funds that invest primarily in a diversified portfolio of institutional quality multi-family, industrial, retail and office assets in the U.S. This type also includes one real estate debt fund that originates loans primarily across a diversified portfolio of institutional quality multi-family, industrial, retail, office, and specialty assets. The fair values of the investments in these types have been determined using the NAV (or its equivalent) of the plan's ownership interest in partners' capital. One investment has quarterly liquidity, and one is subject to an initial three-year lock-up with quarterly liquidity thereafter while the other four are ineligible for redemption.

(3) **Hedge Funds/Absolute Return.** This strategy consists of five multi-strategy hedge funds/absolute return funds. One fund delivers efficient exposure to a well-diversified portfolio of hedge fund strategies. The second fund is an alternative risk premia strategy based on supply and demand constraints, behavioral biases, and asymmetric risk. The third fund is a directional, long, and short strategy that utilizes fundamental and price-based indicators to establish return forecasts across global interest rates, foreign exchange, stock indices and commodities. The fourth fund uses a diverse set of trading strategies that are based on factors (momentum, value, carry, macro, and sentiment) across asset classes. And, finally, the last fund is a multi-factor strategy that aims to exploit behavioral inefficiencies within and across global markets and is designed to be diversifying, dynamic, and defensive.

(4) **Private Equity and Real Asset Funds.** This type includes thirty-six private equity funds, investing primarily in Buyout Funds, Venture Capital, and Debt/Special Situations. This type also includes fifteen Private Real Asset funds, investing in infrastructure, mining finance, solar, energy, and farmland. The fair values of these funds have been determined using net asset values one quarter in arrears plus current quarter cash flows. These funds are not eligible for redemption. Distributions are received as underlying investments when the funds are liquidated, which on average can occur over the span of five to ten years.

Note 7: Pension Disclosures

Employer Net Pension Liability

GASB Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*, requires public pension plans to disclose the employer net pension liability information. The net pension liability of all participating employers was determined based upon plan assets as of the measurement date on June 30, 2022.

For financial reporting purposes, the net pension liability is measured as the total pension liability less the amount of the pension fiduciary net position. The total pension liability represents the present value of projected benefit payments (using the discount rate of 6.42% discussed later) to be provided through the pension plan to active, inactive, and retired members (or their beneficiaries) based on those members' past periods of services.

Actuarial Methods and Assumptions

Each year SamCERA engages an independent actuarial consulting firm to perform an annual actuarial valuation in accordance with requirements under GASB Statement No. 67. In the valuation, the actuary employs generally accepted actuarial methods and assumptions to determine the total pension liability, the plan fiduciary net position, and the employers' net pension liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations, which reflect a long-term perspective, are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2022 was 6.42%. The projection of cash flows used to determine the discount rate assumed both employer and member contributions will be made at rates equal to the actuarially determined contribution rates. SamCERA's fiduciary net position is projected to be available to make all projected future benefit payments of current active employees, inactive members, retirees, and beneficiaries. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, gross of administrative expenses.

SCHEDULE OF EMPLOYER NET PENSION LIABILITY

As of June 30, 2022

This schedule displays the total pension liability, the plan fiduciary net position, and the net pension liability of all participating employers, which were determined in conformity with the requirements prescribed by GASB Statement No. 67.

Net Pension Liability	**June 30, 2022**
Total pension liability	$ 6,386,880,045
Less: Plan fiduciary net position	(5,649,674,446)
Employers' net pension liability	**$ 737,205,599**
Plan fiduciary net position as a % of total pension liability	88.46%
Covered payroll	$ 611,956,610
Employers' net pension liability as a % of covered payroll	120.47%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions and methods shown below.

Discount rate	6.42%
Long-term expected rate of return, net of expenses	6.25%

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active employees, inactive members, retirees, and beneficiaries. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, gross of administrative expenses.

Valuation date	June 30, 2022
Measurement date	June 30, 2022
Key assumptions	
Investment rate of return [(1)]	6.42%
General wage increases	3.00%
CPI-U Inflation	2.25%
CPI Inflation	2.50%
Mortality	Various rates based on mortality tables described in the June 30, 2022, actuarial valuation.
Actuarial experience study	July 1, 2017 to April 30, 2020
Actuarial cost method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	80% to 120% of fair value
Amortization of Unfunded Actuarial Accrued Liability (UAAL) [(2)]	UAAL as of June 30, 2008, is amortized over a closed 15-year period ending June 30, 2023. Subsequent changes in the UAAL are amortized over separate closed 15-year layers that are determined annually ("layer" amortization).

(1) Differs from actuarial valuation for funding purposes due to addition of administrative load of 0.17%.

(2) Contribution "credits" are applied to the County of San Mateo (the County) and San Mateo County Mosquito & Vector Control District (the District) contribution rates. These rates reflect supplementary contributions by the County and the District that are tracked separately in the County and District Supplementary Contribution Accounts. Contributions in each year are amortized as a level percentage of pay over a 15-year closed period.

Sensitivity Analysis

The employers' net pension liability changes with adjustments to the discount rate. The table below presents the net pension liability of all participating employers at year-end, using the current discount rate of 6.42%, and what the net pension liability would be using a discount rate that is one percent lower or one percent higher than the current discount rate.

SENSITIVITY ANALYSIS

As of June 30, 2022

	1% Decrease 5.42%	Current Discount Rate 6.42%	1% Increase 7.42%
Total pension liability	$ 7,308,190,462	$ 6,386,880,045	$ 5,638,488,070
Less: Fiduciary net position	(5,649,674,446)	(5,649,674,446)	(5,649,674,446)
Net pension liability	**$ 1,658,516,016**	**$ 737,205,599**	**$ (11,186,376)**

Note 8: Plan Reserves

Plan reserves (components of net position) are established to account for resources accumulated from employer contributions, member contributions, and investment income after satisfying all expenses. The plan reserves do not represent the present value of assets needed, as determined by the actuarial valuation, to satisfy retirement and other benefits when they become due. SamCERA uses three different types of accounts to record the plan reserves: the valuation reserves, the contingency reserve, and the market stabilization account. The plan reserves as of June 30, 2022, are presented in the table below.

RESERVES REQUIRED BY THE CERL FOR REPORTING PURPOSES

As of June 30, 2022

Valuation Reserves	
Member Reserve	$ 937,791,042
Employer Advance Reserve	1,523,311,607
Retiree Reserve	1,496,585,584
Cost-of-Living Adjustment Reserve	1,737,309,767
County Supplementary Contribution Account Reserve	215,660,082
District Supplementary Contribution Account Reserve	595,202
Undistributed Earnings/Losses Reserve	(2,859,547)
Total Valuation Reserves	5,908,393,737
Contingency Reserve	59,827,218
Market Stabilization Account	(318,546,509)
Total Reserves (Fair Value of Assets)	**$ 5,649,674,446**

Valuation Reserves

Member Reserve represents funding provided by active and inactive (deferred) members. Additions include member contributions and interest credited. Deductions include refunds to members and transfers to the Retiree Reserve when a member retires.

Employer Advance Reserve represents funding provided by employers for future retirement payments to active and inactive members. Additions include employer contributions and interest credited. Deductions include lump-sum death benefit payments to members' survivors, supplementary disability payments, and transfers to the Retiree Reserve when a member retires. If a member elects to receive a refund of member contributions plus interest credited upon termination, the balance in this reserve account will not be affected since the employers' contribution rates are based on an actuarial assumption that considers the expected termination rate for members.

Retiree Reserve represents funding set aside for retirement benefits. Additions include transfers from the Member Reserve and the Employer Advance Reserve (both made at the time a member retires) as well as interest credited. Deductions include benefit payments to retired members and their beneficiaries.

Cost-of-Living Adjustment Reserve represents employer contributions for future cost-of-living adjustments under provisions of the CERL. Additions include contributions from employers and interest credited. Deductions include payments to retired members and their beneficiaries.

County Supplementary Contribution Account (CSCA) Reserve captures all supplementary contributions made by the County in excess of the statutory contributions plus interest credited since fiscal year 2014.

District Supplementary Contribution Account (DSCA) Reserve captures all supplementary contributions made by the District in excess of the statutory contributions plus interest credited since fiscal year 2016.

Undistributed Earnings/Losses Reserve is established to account for cumulative undistributed actuarial earnings or losses.

Contingency Reserve

The Contingency Reserve is established to meet the reserve requirement under Section 31592 of the CERL that at least one percent of the fund's actuarial value of assets be kept as reserves against future earning deficiencies, investment losses, and other contingencies.

Market Stabilization Account

The Market Stabilization Account is designed to minimize the impact of short-term volatility in the fair value of the retirement fund on employer and member contribution rates by smoothing market returns over a five-year period. The Board adopted a Market Stabilization Account policy to limit the actuarial value of assets so as not to exceed ±20% of the fair value. The balance in this account, arising from a *Five-year Actuarial Smoothing Policy*, represents the difference between (1) the aggregate amount initially deferred (or smoothed) from the ten most recent semi-annual periods and (2) the aggregate amount subsequently recognized for semi-annual interest crediting from the same ten periods. Deferred investment earnings/losses are amortized over five years in accordance with a schedule established by the actuary. The balance in the Market Stabilization Account was -$318.5 million as of June 30, 2022.

Interest Crediting

SamCERA semi-annually updates its reserve balances on December 31 and on June 30 to incorporate interest credits as specified in Article 5 of the CERL (Semi-Annual Interest Crediting). The Board adopted an *Interest Crediting Policy* stipulating how earnings should be allocated among valuation reserves. The Board also adopted a *Five-year Actuarial Smoothing Policy,* which will be used to calculate the actuarial value of assets as well as the net available earnings for interest crediting purposes. The calculation incorporates the “smoothing” strategy to spread the difference between actual and expected market return over five years.

The CSCA and the DSCA Reserves are credited semi-annually in accordance with provisions of the “Memorandum of Understanding” between SamCERA and the respective employers.

The Member Reserve is credited semi-annually in an amount equal to the lesser of one half of the assumed investment earnings rate, or the actuarial earnings rate for the prior six-month period immediately preceding the period in which interest is being credited. The “assumed investment earnings rate” is the rate used to determine employer rates for the fiscal year in which the allocation is taking place. The rate credited to the Member Reserve shall not be less than zero. To the extent of the net available earnings, interest is credited to all components of valuation reserves (except the Member Reserve, the CSCA Reserve, the DSCA Reserve, and the Undistributed Earnings/Losses Reserve) at a rate of one-half of the assumed investment earnings rate.

When allocable earnings are insufficient to cover interest credits to the reserves specified as discussed earlier, the funding in the Contingency Reserve may be used to cover the shortage. However, in no event may the Contingency Reserve be allowed to drop below one percent of the actuarial value of assets. Under the CERL, excess earnings over one percent of SamCERA’s total assets may be transferred from the Contingency Reserve into the Employer Advance Reserve for payment of benefits. Whenever possible, SamCERA strives to keep the Contingency Reserve at 3% of the actuarial value of assets as described in its Interest Crediting Policy.

Note 9: Administrative Expenses

The Board annually adopts an operating budget for the administration of SamCERA. Administrative expenses are charged against earnings of the retirement fund and cannot exceed twenty-one hundredths of one percent (0.21%) of the accrued actuarial liabilities as set forth under Government Code Section 31580.2 of the CERL. Information technology expenses are excluded from this limit. SamCERA has a policy in place to monitor compliance with the Government Code.

The tables below show allowable administrative expenses and budget-to-actual analysis of administrative expenses (prepared using the budgetary basis) for the fiscal year ended June 30, 2022. SamCERA's actual administrative expenses for the reporting period amounted to 0.12% of the accrued actuarial liability as of June 30, 2020, based on the latest information available when preparing the administrative budget for fiscal year 2022.

Administrative Expenses for the Fiscal Year Ended June 30, 2022, Compared to Actuarial Accrued Liability as of June 30, 2020

Actuarial accrued liability (AAL) as of June 30, 2020	$	5,786,054	(a)
Maximum allowed for administrative expenses (AAL*0.21%)	$	12,151	(b)
Operating budget for administrative expenses	$	7,484	(c)
Actual administrative expenses	$	7,120	(d)
Excess of allowed over actual administrative expenses	$	5,031	=(b) - (d)
Excess of budgeted over actual administrative expenses	$	364	=(c) - (d)
Actual administrative expenses as a percentage of actuarial accrued liability as of June 30, 2020		**0.12%**	**= (d)/(a)**

SAMCERA'S ADMINISTRATIVE EXPENSES, BUDGET VS. ACTUAL

For the Fiscal Year Ended June 30, 2022

	Budget	Actual	Under/(Over) Budget	% of Budget Remaining
Salaries and benefits	$5,680,533	$5,666,212	$ 14,321	0%
Services and supplies	1,803,251	1,454,194 (1)	349,057	19%
Total expenses	**$7,483,784**	**$7,120,406**	**$ 363,378**	**5%**

(1) Statement No. 87 - *Leases,* prescribed by the Governmental Accounting Standards Board, requires leases to be reported as lease asset and lease liability, wherever applicable, and both of which are amortized over the lease term. SamCERA implemented the required accounting and financial reporting standards in fiscal year 2021-22, which resulted in a difference of $76,025 between the above schedule and the Statement of Changes in Fiduciary Net Position.

SAMCERA'S ADMINISTRATIVE EXPENSES, BUDGET VS. ACTUAL (CONTINUED)

For the Fiscal Year Ended June 30, 2022

	Budget	Actual	(Over)/Under Budget	% of Budget Used
Salaries and Benefits				
Salaries	$ 3,805,642	$ 3,684,174	$ 121,468	97%
Benefits	1,874,891	1,982,038	(107,147)	106%
Total Salaries and Benefits	5,680,533	5,666,212	14,321	100%
Services and Supplies				
Board Expenses	8,000	5,300	2,700	66%
Insurance	86,500	95,175	(8,675)	110%
Medical Record and Hearing Services	75,000	34,733	40,267	46%
Member Education	63,750	56,536	7,214	89%
Education and Conference	121,252	45,896	75,356	38%
Transportation and Lodging	85,700	26,084	59,616	30%
Property and Equipment	23,000	42,702	(19,702)	186%
General Office Supplies	41,000	32,095	8,905	78%
Postage and Printing	25,000	17,048	7,952	68%
Leased Facilities	667,040	655,210	11,830	98%
County Services	422,009	361,545	60,464	86%
Audit Services	60,000	69,021	(9,021)	115%
Other Administration	125,000	12,849	112,151	10%
Total Services and Supplies	1,803,251	1,454,194	349,057	81%
Total	**$ 7,483,784**	**$ 7,120,406**	**$ 363,378**	**95%**

Note: Statement No. 87 - *Leases,* prescribed by the Governmental Accounting Standards Board, requires leases to be reported as lease asset and lease liability, wherever applicable, and both of which are amortized over the lease term. SamCERA implemented the required accounting and financial reporting standards in fiscal year 2021-22, which resulted in a difference of $76,025 between the above schedule and the Statement of Changes in Fiduciary Net Position.

Salaries and benefits. Total expenses were $5.67 million, closely in parallel with projections.

- Salaries were slightly below the budget by 3%. The budget for salaries usually includes all authorized positions as Staff cannot precisely predict when vacant positions (if any) can be filled. During the fiscal year, a Senior Retirement Accountant position was vacant for seven months until filled in February 2022. Additionally, a Retirement Support Specialist position was vacant for three months until filled in April 2022. The savings from these vacancies were partially offset by a 3% negotiated increase and a $2,000 COVID bonus payment to each full-time employee as an incentive to ratify a new labor agreement.

- Benefits were modestly above the budget by 6%. Pension contributions and medical benefits were both slightly above projections due to rate increases.

Services and Supplies. Total expenses were $1.45 million, considerably below budget by 19%. Areas where actual expenses were significantly lower than anticipated are as follows:

- Medical Record and Hearing Services. As part of disability retirement determinations, Staff used services from an online platform (MedLink) to schedule medical file reviews and disability evaluation appointments with board-certified physicians. As its network was relatively small, independent medical evaluations and additional hearings could not proceed as expected for a duration of six months. In March 2022, Managed Medical Review Organization was contracted to address the backlog simultaneously.

- Member Education. The surplus was primarily from "no show" registrants. Specific educational courses are consistently offered to help members enhance their financial knowledge in retirement planning. Departments are required to pay a pre-determined amount for "no show" after enrollment.

- Education and Conference and Transportation and Lodging. The budgets for these items were developed with anticipation that social distancing measures were likely to end, and in-person conferences would resume. Unexpectedly, online training and conferences continued to thrive during the 1st half of the fiscal year with the outbreak of highly transmissible coronavirus variants.

- General Office Supplies. The need to replenish office essentials fell short of expectations, partly due to the adoption of hybrid work schedules.

- Postage and Printing. Staff continued to capitalize on new technologies in their communications with members through virtual environments. This resulted in a hefty savings in postage and printing.

- County Services. Expenses on filling the Board vacancies via election were modestly below projections. The level of automation services from the County Information Services Department was also moderately below anticipated as needs dwindled. To support its operation, SamCERA employs services from various County departments, such as Elections, Human Resources, the Health System, and Information Services.

- Other Administration. This budget item was mainly for legal services concerning disability and taxation. The need for such services was much less than anticipated.

Areas where actual expenses were modestly higher than anticipated are as follows:

- Insurance. In fiscal year 2020-21, the Retirement Fund grew considerably bigger due to phenomenal investment performance. This caused an unexpected increase in insurance premium for a one-year fiduciary liability policy.

- Property and Equipment. New furniture and equipment were purchased during the renovation of the reception area and certain parts of the office. These items were not included in the budget as it was uncertain when the contractor could start the project.

- Audit Services. The budget overrun was due to timing difference. The budget for the fiscal year 2022-23 covered both interim and final financial audits for the fiscal year ended June 30, 2022. The interim audit was completed before the new fiscal year began.

Note 10: Information Technology Expenses

Pursuant to Government Code Section 31580.2 of the CERL, expenses for computer software, computer hardware, and computer technology consulting services in support of these computer products are not subject to the limit of 0.21% discussed earlier. The table below shows the budget-to-actual analysis of technology expenses (prepared using the budgetary basis).

SAMCERA'S INFORMATION TECHNOLOGY EXPENSES, BUDGET VS. ACTUAL

For the Fiscal Year Ended June 30, 2022

	Budget	Actual	Under Budget	% of Budget Remaining
Computer equipment and software	$ 25,000	$ 25,721	$ (721)	-3%
IT infrastructure - software license maintenance	1,197,000	911,224 (1)	285,776	24%
IT infrastructure - tools and equipment	150,000	88,302 (2)	61,698	41%
IT infrastructure - contract IT services	606,000	208,621 (3)	397,379	66%
IT infrastructure - imaging	25,000	-	25,000	100%
Technology research and development	5,000	-	5,000	100%
Total expenses	**$2,008,000**	**$1,233,868** (4)	**$ 774,132**	**39%**

(1) Staff purchased 2,500 service hours at $462,500, which were intended to support enhancements of the pension administration system software from March 2022 through December 2024. At year-end, service hours of $352,332 remained intact and were reported as prepaid expenses on the Statement of Fiduciary Net Position as of June 30, 2022.

(2) New servers were purchased to replace old ones for a total amount of $78,913, which were capitalized and reported as capital assets on the Statement of Fiduciary Net Position as of June 30, 2022.

(3) The audio/visual upgrade project was budgeted under "Contract IT Services." A total of $58,670 was spent on equipment, which was capitalized and reported as capital assets on the Statement of Fiduciary Net Position as of June 30, 2022.

(4) Depreciation of $849,440 was a non-cash expense and therefore not included in the adopted budget. This amount was reported on the Statement of Changes in Fiduciary Net Position for the fiscal year ended June 30, 2022.

The overall Information Technology (IT) expenses were significantly below the budget, due primarily to the following:

- IT Infrastructure – Software License Maintenance. Two major events accounted for spending below budget:
  - In response to Vitech's decision to terminate the hosting services of our Pension Administration System Software (also known as V3, a product of Vitech) effective July 1, 2022, $250,000 was allocated to support the transition to Amazon Web Services. This project was delayed and did not fully go live until June. As a result, actual expenses incurred were way below budget by nearly $200,000.

  - $500,000 was allocated to acquire 2,500 services hours from Vitech. The hours purchased was settled at $462,500 with a discount of $37,500 and should be sufficient to cover technical support through December 2024.

- IT Infrastructure - Tools & Equipment. To create a robust business environment in the face of emerging needs, funds were set aside to replace existing servers, laptops, and equipment. During the fiscal year, computers, monitors, and phones were either replaced or upgraded, which accounted for most expenses incurred. With priorities shifted to time-sensitive projects, certain projects (such as the audio/video upgrade project) have been deferred.

- IT Infrastructure - Contract IT Services. Certain projects, which required outside professional help, were not fully completed due to time constraints. These projects included implementing a new portal on the website and enhancing the audio and video technologies in the conference room and boardroom.

- IT Infrastructure - Imaging. A plan was slated to convert paper documents held by Finance, Investment, and Administration teams to digital by fiscal year-end using the County SharePoint software solution. This plan was temporarily put on hold as other projects took precedence.

- Technology Research and Development (R&D). The R&D budget was setup to explore new technologies that may help improve operations and member services. Staff did not expend the resources allocated for R&D as priorities were given to time-sensitive projects.

Note 11: Risk Management

SamCERA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. Such risks are managed by SamCERA through its participation with the County's self-insurance program and commercial insurance policies. SamCERA is covered by the County's self-insurance program for general liability and workers' compensation. Additional coverage for various types of risks is provided through the County's commercial insurance carriers in accordance with the terms set forth in individual insurance policies. Pursuant to a Memorandum of Understanding between SamCERA and the County, SamCERA pays a pro-rata share of total insurance cost incurred by the County based on employee count. The Retirement Board members and senior staff purchase separate fiduciary liability insurance for the actual or alleged breach of fiduciary duties through a policy provided by RLI Insurance Company of Peoria, Illinois. The coverage is limited to $10 million in the aggregate for all losses combined, including defense costs.

Note 12: Related Party Transactions

SamCERA has ongoing business transactions with various County offices: County Counsel, Treasurer, Controller, Procurement, Human Resources, Information Services, Health System, Sheriff, and Elections. Payments for the services provided are on a cost-reimbursement basis.

Note 13: Commitments

As of June 30, 2022, SamCERA had a total “uncalled capital” of $544.6 million with $228.4 million in private equity investments, $165.8 million in private real asset investments, $110.2 million in real estate investments, and $40.2 million in private credit investments. Due to the nature of these investments, some of these commitments will gradually be funded over the next 1-5 years, depending on the partnership’s vintage year.

Note 14: Contingent Liability

SamCERA is subject to legal proceedings and claims arising from the normal course of its business. Currently, no pending or threatened litigation are adjudicated or reported. As for unasserted claims, future writs of mandates could be filed to reverse the Board’s decisions on disability matters.

Note 15: Implementation of GASB Statement No. 87 - Leases

In June 2017, GASB issued Statement No. 87 - *Leases*. The Statement establishes a single model for lease accounting based on fundamental principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. On January 1, 2020, SamCERA extended its office space lease agreement for a period of eight years ending December 31, 2027. This agreement met the criteria prescribed by this Statement, and therefore was reported in accordance with the prescribed standards.

Due to the lease liability and an intangible right-to-use lease asset being insignificant, the Statement was not applied retroactively. As of June 30, 2022, the lease asset was $2.8 million and the lease liability was $2.9 million. The table on the right presents the lease liability by principal and interest.

Fiscal Year	Principal	Interest	Total
2023	$ 446,478	$ 188,178	$ 634,656
2024	478,754	155,902	634,656
2025	513,364	121,292	634,656
2026	550,476	84,180	634,656
2027	590,269	44,387	634,656
2028	310,954	6,380	317,334
Total	**$ 2,890,295**	**$ 600,319**	**$ 3,490,614**

Note 16: Subsequent Events

Subsequent events are those events or transactions that occur after the year-end date of the financial statements, but prior to the issuance of the annual comprehensive financial report, that may have a material effect on the financial statements or disclosures contained therein. On August 23, 2022, the Board approved a $15 million capital commitment to an opportunistic credit fund.

Required Supplementary Information

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS OF PARTICIPATING EMPLOYERS

This schedule displays the components of the total pension liability, the fiduciary net position, and the net pension liability of all participating employers, which were determined in conformity with the requirements prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 67. This schedule will ultimately show information for ten years.

For the Fiscal Years Ended June 30	2022	2021	2020	2019
Total Pension Liability				
Service cost	$ 127,053,592	$ 120,103,792	$ 119,882,786	$ 108,644,383
Interest on total pension liability	390,243,837	376,951,077	356,056,094	336,260,838
Effect of assumption changes or inputs	-	190,798,284	12,726,983	167,870,889
Effect of economic/demographic gains (losses)	60,711,252	3,782,768	78,235,977	91,316,336
Benefit payments and refund of contributions	(280,909,528)	(262,151,934)	(245,821,142)	(227,185,123)
Net change in total pension liability	297,099,153	429,483,987	321,080,698	476,907,323
Total pension liability, beginning	6,089,780,892	5,660,296,905	5,339,216,207	4,862,308,884
Total pension liability, ending (a)	**$ 6,386,880,045**	**$6,089,780,892**	**$5,660,296,905**	**$5,339,216,207**
Fiduciary Net Position				
Employer contributions	$ 249,946,179	$ 265,002,472	$ 198,582,998	$ 245,498,411
Member contributions	73,967,823	73,966,484	70,630,765	67,695,627
Investment income net of investment expenses	(366,626,155)	1,133,176,546	42,392,222	271,691,483
Benefit payments and refund of contributions	(280,909,528)	(262,151,934)	(245,821,142)	(227,185,123)
Administrative and technology expenses	(8,789,823)	(8,409,931)	(8,392,465)	(8,551,977)
Net change in fiduciary net position	(332,411,504)	1,201,583,637	57,392,378	349,148,421
Fiduciary net position, beginning	5,982,085,950	4,780,502,313	4,723,109,935	4,373,961,514
Fiduciary net position, ending (b)	**$ 5,649,674,446**	**$5,982,085,950**	**$4,780,502,313**	**$4,723,109,935**
Net pension liability, ending = (a) - (b)	$ 737,205,599	$ 107,694,942	$ 879,794,592	$ 616,106,272
Fiduciary net position as a % of total pension liability	88.46%	98.23%	84.46%	88.46%
Covered payroll	$ 611,956,610	$ 600,368,542	$ 593,295,084	$ 554,734,196
Net pension liability as a % of covered payroll	120.47%	17.94%	148.29%	111.06%

Note: *Changes of assumptions.*

In 2019, assumed investment return, price inflation, and general wage increase were adjusted downward to reflect changes recommended by the actuary.

In 2020, changes in demographic assumptions were implemented to align with the results from the Triennial Experience Study.

In 2021, assumed investment return was lowered to 6.25% from 6.50% the previous year.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS OF PARTICIPATING EMPLOYERS (CONTINUED)

For the Fiscal Years Ended June 30	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	$ 107,738,142	$ 96,411,681	$ 96,308,679	$ 90,955,831	$ 87,512,515
Interest on total pension liability	319,776,913	306,404,154	290,843,506	272,953,777	265,430,896
Effect of assumption changes or inputs	-	147,541,839	85,538,873	-	37,853,852
Effect of economic/demographic gains (losses)	27,753,956	4,834,605	17,875,272	50,655,233	(31,415,241)
Benefit payments and refund of contributions	(209,054,603)	(193,240,280)	(182,863,698)	(171,466,218)	(162,556,107)
Net change in total pension liability	246,214,408	361,951,999	307,702,632	243,098,623	196,825,915
Total pension liability, beginning	4,616,094,476	4,254,142,477	3,946,439,845	3,703,341,222	3,506,515,307
Total pension liability, ending (a)	**$4,862,308,884**	**$4,616,094,476**	**$4,254,142,477**	**$3,946,439,845**	**$3,703,341,222**
Fiduciary Net Position					
Employer contributions	$ 207,256,713	$ 198,727,135	$ 191,094,488	$ 180,704,280	$ 202,877,362
Member contributions	64,204,278	62,160,101	56,068,706	48,011,698	46,593,698
Investment income net of investment expenses	280,146,398	436,675,706	29,299,764	111,630,036	482,663,965
Benefit payments and refund of contributions	(209,054,603)	(193,240,280)	(182,863,698)	(171,466,218)	(162,556,107)
Administrative and technology expenses	(7,293,262)	(7,009,169)	(6,687,091)	(6,097,422)	(5,710,296)
Net change in fiduciary net position	335,259,524	497,313,493	86,912,169	162,782,374	563,868,622
Fiduciary net position, beginning	4,038,701,990	3,541,388,497	3,454,476,328	3,291,693,954	2,727,825,332
Fiduciary net position, ending (b)	**$4,373,961,514**	**$4,038,701,990**	**$3,541,388,497**	**$3,454,476,328**	**$3,291,693,954**
Net pension liability, ending = (a) - (b)	$ 488,347,370	$ 577,392,486	$ 712,753,980	$ 491,963,517	$ 411,647,268
Fiduciary net position as a % of total pension liability	89.96%	87.49%	83.25%	87.53%	88.88%
Covered payroll	$ 535,937,622	$ 510,132,014	$ 472,384,955	$ 439,017,764	$ 416,273,731
Net pension liability as a % of covered payroll	91.12%	113.18%	150.88%	112.06%	98.89%

Note: *Changes of assumptions.*

In 2014, amounts reported as changes of assumptions resulted primarily from downward adjustments to the assumed investment return, price inflation, and general wage increase, and several changes in demographic assumptions.

In 2016, amounts reported as changes of assumptions resulted mainly from downward adjustments to the assumed investment return, price inflation, and general wage increase with intent to strengthen the financial position and the stability of the Retirement Fund by mitigating impacts if future returns were lower than current expectations.

In 2017, amounts reported resulted primarily from adjusting the assumed investment return, price inflation, and general wage increase downward, modifying the mortality assumption, and adding a projection scale to reflect gradual year-to-year increase in mortality that is expected to occur in the future.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Ten Fiscal Years

This schedule provides information about the statutory and actual contributions of all participating employers.

					As a % of Covered Payroll		
Fiscal Year Ended June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll [1]	Actuarially Determined Contribution	Actual Employer Contribution	
2013	$ 131,293,846	$ 144,308,171	$(13,014,325)	$ 404,360,891	32.47%	35.69%	2
2014	152,877,362	202,877,362	(50,000,000)	416,273,731	36.73%	48.74%	3
2015	169,814,170	180,704,280	(10,890,110)	439,017,764	38.68%	41.16%	3
2016	170,046,059	191,094,488	(21,048,429)	472,384,955	36.00%	40.45%	3, 4
2017	164,877,135	198,727,135	(33,850,000)	510,132,014	32.32%	38.96%	3, 4
2018	179,626,584	207,256,713	(27,630,129)	535,937,622	33.52%	38.67%	3
2019	194,830,054	245,498,411	(50,668,357)	554,734,196	35.12%	44.26%	3
2020	198,582,998	198,582,998	-	593,295,084	33.47%	33.47%	
2021	225,302,472	265,002,472	(39,700,000)	600,368,542	37.53%	44.14%	3
2022	234,746,179	249,946,179	(15,200,000)	611,956,610	38.36%	40.84%	3

1 In accordance with GASB Statement No. 82, covered payroll is the payroll on which contributions are based.

2 Employers contributed at a higher rate than the Actuarially Determined Contribution rate to maintain more stable contributions.

3 In 2014, the Board of Supervisors implemented a policy to accelerate the elimination of the County UAAL. Contributions in excess of the Actuarially Determined Contribution are related to that policy unless noted otherwise.

4 In fiscal years 2015-16 and 2016-17, the San Mateo County Mosquito & Vector Control District contributed $1.5 million and $0.25 million more than the actuarially determined contribution, respectively.

SCHEDULE OF INVESTMENT RETURNS

For the Fiscal Years Ended June 30

The money-weighted rate of return measures investment performance, net of investment manager expenses, adjusted for the changing amounts invested. This schedule will ultimately show information for the past ten fiscal years. Additional years will be displayed as they become available prospectively.

	2022 [3]	2021 [2]	2020	2019	2018
Annual money-weighted rate of return, net of investment manager expenses [1]	-4.51%	24.29%	-0.26%	5.26%	6.53%

	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment manager expenses [1]	12.48%	0.49%	3.37%	17.22%

Note : The time-weighted rate of return for fiscal year 2022 is -4.4%, which calculates performance over the time period and ignores cash flows. See further discussion in the Investment Section.

1 The money-weighted rates of return were independently determined by SamCERA's investment consultant, Verus Advisory, Inc.

2 The money-weighted investment return increased to 24.29% for fiscal year 2021 from -0.26% for fiscal year 2020, driven mainly by the fiscal year performance from Private Equity, Domestic Equity, and International Equity.

3 The money-weighted investment return decreased to -4.51% from 24.29% a year ago, triggered mainly by the extreme volatile market conditions.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Actuarial Valuation Methods and Assumptions

The employer statutory contribution rates for the fiscal year ended June 30, 2022, are determined by the actuarial valuation as of June 30, 2020. Details of actuarial methods and assumptions selected for the 2020 valuation are summarized on page 81.

Changes in Assumptions

In June 2014, the Board of Retirement (the Board) approved its actuary's recommendations changing certain key economic assumptions for the 2014 valuation. These changes include lowering the assumed investment return from 7.50% to 7.25%, the price inflation from 3.25% to 3.00%, and the general wage increase from 3.75% to 3.50%. A month later in July 2014, the Board also approved several changes in demographic assumptions based on the 2014

Triennial Experience Study. The key changes include a slight reduction in retirement rate, a slight update to the probability of eligible survivors, and an adjustment of the expected age difference between member and survivor for female numbers. These changes increased the expected contribution rates and decreased the funded ratio of the Retirement Fund.

In June 2016, the Board reduced the assumed investment return from 7.25% to 7.00%, the price inflation from 3.00% to 2.75%, and the general wage increase from 3.50% to 3.25% for the 2016 valuation. These changes were specifically tailored to strengthen the financial position and the stability of the Retirement Fund by mitigating any impacts if future returns were lower than current expectations.

In July 2017, the Board adopted several recommendations from the 2017 Triennial Experience Study, which included lowering the assumed investment return, modifying the mortality assumption, and adding a projection scale to reflect the gradual year-to-year decrease in mortality that is expected to occur in the future. The assumed investment return was changed from 7.00% to 6.75%, the price inflation from 2.75% to 2.50%, and the general wage increase from 3.25% to 3.00% for the 2017 valuation. The new mortality assumption resulted in an increase in assumed life expectancy compared to the prior assumption.

In July 2019, the Board adjusted the assumed investment return from 6.75% to 6.50% while reaffirming the price inflation at 2.50% and the general wage increase at 3.00% for the 2019 valuation. These changes increased the contribution rates effective July 1, 2020 and decreased the funded ratio of the Retirement Fund by 1.70% to 85.80% as of June 30, 2019.

In June 2020, the Board adopted the actuary's recommendation to keep the economic assumptions for 2019's valuation: investment return at 6.50%, inflation at 2.50%, and general wage increase at 3.00%. The Board also set the Cost-of-Living Adjustment (COLA) assumption for Plans 1 and 2 in accordance with the inflation assumption.

In July 2020, the Board adopted several changes to the demographic assumptions developed from the 2020 Triennial Experience Study. These changes included: increasing the rates of assumed merit salary increases for Safety and Probation members; updating mortality tables to the public plan specific tables published in 2019 by the Society of Actuaries Retirement Plans Experience Committee; and adjusting the assumed rates at which active members decrement from active employment. These changes caused a slight increase in the employer contribution rate, small decreases in member contribution rates for Plan 7, and small increases for all other plans. The assumptions will next be thoroughly reviewed in 2023 as part of the triennial experience study.

In May 2021, the Board accepted the actuary's recommendation to lower the assumed investment return from 6.50% to 6.25% and retain all the other assumptions used during the June 30, 2020 valuation in the June 30, 2021 valuation. Additionally, to minimize the short-term impact on the employer contribution expense, the Board agreed to phase-in the statutory employer rate increases due to the assumption change over a 3-year period.

In May 2022, the Board re-adopted the assumptions from last year for the June 30, 2022 valuation. The approved economic assumptions are as follows: investment return at 6.25%, inflation at 2.50%, wage at 3.00%, and payroll growth at 3.00%; the COLA assumption for Plans 1 and 2 to be set in accordance with the inflation assumption; and the employer contribution rate increase continues to be phased in for the second year of the 3-year period.

Below is a summary of methodologies and assumptions employed for the 2020 valuation. The results from this valuation were used to determine contribution rates for participating employers and members effective from July 1, 2021.

ACTUARIAL VALUATION AS OF JUNE 30, 2020 (FOR FUNDING PURPOSES)

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll
Amortization Period	UAAL as of June 30, 2008, is amortized over a closed 15-year period ending June 30, 2023. Subsequent changes in the UAAL are amortized over separate closed 15-year layers which are determined annually.
Asset Valuation Method	5-year smoothed recognition of asset gains and losses (determined as the difference of the actual fair value to the expected fair value), which cannot vary more than 20% from the fair value.
Actuarial Assumptions	
General wage increases	3.00%
Investment earnings	6.50%, net of pension plan investment and administrative
Growth in active membership	0.00%
Consumer Price Index (CPI)- Urban inflation	2.25%
Consumer Price Index (CPI) inflation	2.50%
Demographic Assumptions	
Salary increases due to service	See June 30, 2020 actuarial valuation report for details.
Retirement	See June 30, 2020 actuarial valuation report for details.
Disablement	See June 30, 2020 actuarial valuation report for details.
Mortality	See June 30, 2020 actuarial valuation report for details.

Supplemental Information

SCHEDULE OF ADMINISTRATIVE EXPENSES

For the Fiscal Year Ended June 30, 2022

The schedule below depicts the administrative expenses incurred by San Mateo County Employees' Retirement Association (SamCERA) in the normal course of business.

Salaries & Benefits	
Salaries	$ 3,684,174
Benefits	1,982,038
Total Salaries & Benefits	**5,666,212**
Services & Supplies	
Board Expenses	5,300
Insurance	95,175
Medical Record & Hearing Services	34,733
Member Education	56,536
Education & Conference	45,896
Transportation & Lodging	26,084
Property & Equipment	42,702
General Office Supplies	32,095
Postage & Printing	17,048
Leased Facilities	731,235
County Services	361,545
Audit Services	69,021
Other Administration	12,849
Total Services & Supplies	**1,530,219**
Total Administrative Expenses	**$ 7,196,431**

SCHEDULE OF INFORMATION TECHNOLOGY EXPENSES

For the Fiscal Year Ended June 30, 2022

The schedule below depicts the information technology expenses incurred by SamCERA in the normal course of business.

Computer equipment and software	$ 25,721
IT infrastructure - software license maintenance	558,892
IT infrastructure - tools and equipment	9,389
IT infrastructure - contract IT services	149,951
Depreciation	849,440
Total Information Technology Expenses	**$ 1,593,393**

SCHEDULE OF INVESTMENT EXPENSES

For the Fiscal Year Ended June 30, 2022

The schedule below summarizes investment expenses incurred by SamCERA during the reporting period.

Investment Management Fees (by Asset Class)	
Public Equity	$ 5,002,142
Fixed Income	8,512,418
Alternatives	8,805,846
Inflation Hedge	15,302,814
Cash	293,273
Total Investment Management Fees	37,916,493
Other Investment Expenses	
Investment Consultant	522,023
Actuarial Consulting	108,150
Master Custodian	435,875
Other Professional Services	87,724
Total Other Investment Expenses	1,153,772
Other Investment Related Expense	7,889,380
Interest Paid on Prepaid Contributions	3,716,931
Total Investment Expenses	**$ 50,676,576**

SCHEDULE OF PAYMENTS TO CONSULTANTS (OTHER THAN INVESTMENT ADVISORS)

For the Fiscal Year Ended June 30, 2022

The schedule of payments to consultants provides information on fees paid to outside professionals other than investment advisors. Fees paid to investment professionals can be found in the Investment Section of this report.

Custodian Services	
Northern Trust Corporation	$ 435,875
Actuarial Consulting Services	
Milliman, Inc.	108,150
Audit Services (1)	
Brown Armstrong Accountancy Corporation	69,021
Other Professional Services	87,724
Total Payments to Consultants	**$ 700,770**

(1) Audit fees were included in administrative expenses whereas remaining items were reported under investment expenses.

NOTES TO THE SUPPLEMENTAL INFORMATION

Administrative Services Budget

The passage of Assembly Bill 609 in October 2010 changed the County Employees' Retirement Law of 1937's (the CERL) system administration expense limit from 23 basis points of total assets to 21 basis points of Accrued Actuarial Liabilities.

Information Technology Budget

Pursuant to the CERL, expenses for computer software, computer hardware, and computer technology consulting services in support of these computer products shall not be considered a cost of administration of the retirement system. Thus, SamCERA's information technology expenses have been separately accounted for since fiscal year 2011-12.

Professional Services Budget

SamCERA's professional services budget is funded by investment earnings or SamCERA's assets as prescribed by Government Code §31596.1 below.

Government Code §31596.1 states the following:

"The expenses of investing its moneys shall be borne solely by the system. The following types of expenses shall not be considered a cost of administration of the retirement system, but shall be considered a reduction in earnings from those investments or a charge against the assets of the retirement system as determined by the board:

(a) The costs, as approved by the board, of actuarial valuations and services rendered pursuant to §31453.

(b) The compensation of any bank or trust company performing custodial services.

(c) When an investment is made in deeds of trust and mortgages, the fees stipulated in any agreement entered into with a bank or mortgage service company to service such deeds of trust and mortgages.

(d) Any fees stipulated in an agreement entered into with investment counsel for consulting or management services in connection with the administration of the board's investment program, including the system's participation in any form of investment pools managed by a third party or parties.

(e) The compensation to an attorney for services rendered pursuant to §31607 or legal representation rendered pursuant to §31529.1."

OTHER INFORMATION

SCHEDULE OF EMPLOYER PENSION AMOUNTS ALLOCATED BY COST SHARING PLAN (GASB STATEMENT NO. 68)

As of June 30, 2022

		Deferred Outflows of Resources					Deferred Inflows of Resources		Pension Expense Excluding That Attributable to Employer-Paid Member Contributions		
Employer	Net Pension Liability	Differences Between Expected and Actual Economic Experience	Net Differences Between Projected and Actual Investment Earnings	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Allocable Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Pension Expense Excluding That Attributable to Employer-Paid Member Contributions
County of San Mateo	$ 708,830,962	$ 93,249,681	$ 221,281,321	$128,904,057	$ 1,342,951	$ 444,778,010	$ 88,540	$ 88,540	$ 246,070,907	$ 1,050,801	$ 247,121,708
San Mateo County Superior Court	27,483,139	3,615,522	8,579,627	4,997,931	215,462	17,408,542	1,235,172	1,235,172	9,540,781	(834,901)	8,705,880
San Mateo County Mosquito & Vector Control District	891,498	117,280	278,306	162,123	-	557,709	234,701	234,701	309,484	(215,900)	93,584
Total	$737,205,599	$ 96,982,483	$230,139,254	$134,064,111	$ 1,558,413	$462,744,261	$ 1,558,413	$ 1,558,413	$255,921,172	$ -	$255,921,172

SCHEDULE OF COST SHARING EMPLOYER ALLOCATIONS (GASB STATEMENT NO. 68)

	Fiscal Year Ended June 30, 2022			
Employer	Actual Employer Contributions	Actuarially Determined Contributions	Employer Proportionate Share [1]	Net Pension Liability
County of San Mateo	$240,910,928	$225,710,928	96.1511%	$ 708,830,962
San Mateo County Superior Court	8,751,374	8,751,374	3.7280%	27,483,139
San Mateo County Mosquito & Vector Control District	283,877	283,877	0.1209%	891,498
Total	**$249,946,179**	**$234,746,179**	**100.0000%**	**$ 737,205,599**

[1] Employer Proportionate Share (or Allocation Percentage) is based on Actuarially Determined Contributions.

NOTES TO THE OTHER INFORMATION

Basis of Presentation and Basis of Accounting

Employers participating in SamCERA are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions — an Amendment of GASB Statement No. 27*.

SamCERA's actuary prepared the following documents: (1) Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan, (2) Schedule of Cost Sharing Employer Allocations, (3) GASB Statement No. 67 Actuarial Valuation as of June 30, 2022, and (4) GASB Statement No. 68 Actuarial Valuation based on a June 30, 2022 Measurement Date for Employer Reporting as of June 30, 2022; in accordance with generally accepted accounting principles (GAAP) in the United States of America as applicable to governmental organizations based on information provided by SamCERA. These documents provide the required information for financial reporting related to SamCERA that employers may use in their financial statements.

Use of Estimates in the Preparation of the Documents

The preparation of the above documents, in conformity with GAAP, requires management to make estimates and assumptions that affect certain amounts and disclosures. However, actual results could differ from those estimates.

Amortization of Deferred Outflows and Deferred Inflows of Resources

The difference between projected and actual investment earnings on pension plan investments is amortized over five years on a straight-line basis. One-fifth was recognized in pension expense during the measurement period. The remaining difference between projected and actual investment earnings on pension plan investments as of June 30, 2022, is to be amortized over the remaining periods.

Changes of assumptions or other inputs and differences between expected and actual experience are recognized over the average of the expected remaining service lives of all employees, both active and deferred, that are provided with pensions through SamCERA as of June 30, 2021 (the beginning of the measurement period ended June 30, 2022).

Prior period changes of assumptions and differences between expected and actual experience continue to be recognized based on the expected remaining service lives of all employees calculated as of those prior measurement dates.

The net effect of the change in the employer's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources is recognized over the average expected remaining service lives of all employees that are provided with pensions through the pension plan determined as of the beginning of the measurement period.

The difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended on June 30, 2022, is recognized over the average expected remaining service lives of all employees that are provided with pensions through the pension plan determined as of the beginning of the measurement period.

The Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan does not reflect contributions made to SamCERA subsequent to the measurement date as defined in GASB Statement No. 68 Paragraphs 54, 55, and 57. Appropriate treatment of such amounts is the responsibility of the employers.

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INVESTMENT

To improve is to change; to be perfect is to change often.
-Winston Churchill

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Web: www.samcera.org
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Board of Retirement
San Mateo County Employees' Retirement Association

Dear Trustees:

On behalf of SamCERA's investment team, I am pleased to report on the pension fund's investments and portfolio performance for the fiscal year ended June 30, 2022. This data was compiled by SamCERA's investment staff, its investment consultant, Verus Advisory, and its custodian bank, Northern Trust. All return figures are presented net of investment manager fees are time-weighted and are calculated by SamCERA's investment consultant, Verus Advisory.

Michael Coultrip, Chief Investment Officer

Portfolio Performance

SamCERA's portfolio market value decreased to $5.65 billion as of June 30, 2022, as the net combination of portfolio depreciation and contributions, less total deductions (i.e., benefits paid, administrative expense, etc.), subtracted approximately $332.4 million from the fund.

SamCERA's portfolio returned -4.4% net of investment management fees for the fiscal year ended June 30, 2022, matching SamCERA's policy benchmark return of -4.4%. This fiscal-year performance resulted in above median performance relative to SamCERA's peers, as defined by large (greater than $1 billion in assets) public plans. Table One below shows net performance characteristics for the total fund over 1, 3, 5, and 10- year trailing periods ended June 30, 2022.

	1 Year	3 Years	5 Years	10 Years
SamCERA Return	-4.4%	5.9%	5.9%	7.6%
Benchmark Return	-4.4%	6.3%	6.7%	7.9%
Excess Return	0.0%	-0.4%	-0.8%	-0.3%
Peer Rank Return (Percentile)	22nd	57th	63rd	49th
SamCERA Risk (Standard Deviation)	6.9	9.2	8.2	7.2
Benchmark Risk (Standard Deviation)	7.5	9.2	8.3	7.4
Peer Median Risk (Standard Deviation)	8.5	10.9	9.6	8.0
SamCERA Sharpe Ratio	n/a	0.6	0.6	1.0
Benchmark Sharpe Ratio	n/a	0.6	0.7	1.0
Peer Median Sharpe Ratio	n/a	0.6	0.6	0.9

Table One: SamCERA Total Fund Net Performance Characteristics Ended June 30, 2022

The portfolio had a similar return and lower risk than the policy benchmark during the past year, which resulted in a higher risk-adjusted return. However, since the one-year return was negative, the Sharpe Ratio ranking is counterintuitive, and as a result, 'Not Applicable' (N/A), is shown for the one-year results. For the three and ten-year periods, the portfolio exhibited both slightly lower return and risk compared to the policy benchmark, resulting in similar risk-adjusted returns. For the five-year period, the portfolio's lower than the benchmark resulted in a lower risk-adjusted return, even though the portfolio had lower risk than the benchmark. Relative to the median plan, the portfolio exhibited lower risk levels, resulting in similar risk-adjusted returns across the three and five-year periods, and a higher risk-adjusted return over the longer-term ten-year period.

Return/Risk Measure

As described in SamCERA's Investment Policy, SamCERA focuses on "risk-adjusted" returns to compare how much return was generated given the risk (measured by standard deviation of returns) taken to achieve that return. This is typically measured as the Sharpe Ratio. The higher the ratio, the better, as it measures the return provided per unit of risk taken. For example, if a fund has a lower return than the benchmark but also a much lower risk level (as measured by standard deviation of returns), it may result in a higher risk-adjusted outcome. Conversely, if a fund has a higher return but also takes higher risk than is commensurate with the benchmark, then its risk-adjusted return may be lower than that of the benchmark.

Table Two below shows the current allocation and the primary composite relative returns for the year ended June 30, 2022.

Table Two:

SamCERA Composite Net Performance for Trailing Year Ended June 30, 2022

Composite	Allocation (%)*	Composite Return	Benchmark Return	Excess Return
Public Equity	37.7	-14.2%	-14.5%	0.3%
Fixed Income	25.0	-8.8%	-10.7%	1.9%
Alternatives	14.8	8.7%	9.3%	-0.6%
Inflation Hedge	19.6	16.9%	23.2%	-6.3%

* Liquidity balance was 2.9% as of June 30, 2022.

Two of the four asset class composites had positive returns for the fiscal year. Inflation Hedge was the best performing composite and returned 16.9%, while Public Equity returned -14.2% and was the lowest returning asset class composite. Alternatives returned 8.7%, while Fixed Income returned -8.8%.

While Inflation Hedge provided the highest return during the fiscal year, it was the worst performer relative to its benchmark return. Conversely, Public Equity and Fixed Income, despite having negative returns during the fiscal year, provided positive relative outperformance of 0.3% and 1.9%, respectively.

Market Review

Volatility ruled during the fiscal year. Through December, U.S. equity markets were at record highs and credit spreads were tight. The market initially agreed with the Fed's belief that current high inflation was transitory and would not result in higher inflation expectations. However, doubts began creeping into the market via higher interest rate volatility and that the high levels of current inflation were more than just transitory. Not helping matters, the Fed was slow in reacting to the higher inflation. For example, even though inflation (as measured by the Consumer Price Index) continued higher (reaching 5.4% for the 12 months ending September), the Fed only announced their intention to begin tapering their bond purchases by year-end and finishing their taper process by mid-2022.

By December inflation had increased to 7.0% for the 12 months ending December. By then the Fed made a hawkish pivot and announced a doubling of their taper plans that they expected to begin raising rates in March 2022, with three 25 basis point increases expected in 2022. Later in February Russia invaded Ukraine, resulting in risk assets falling across the board on geopolitical and continued inflationary concerns. The Fed continued playing catch-up on inflation, first by communicating more frequent rate increase intentions than previously communicated in December. By January, the market was now pricing in between five to seven 25 basis point rate hikes in 2022 (up from three). In March, the Fed raised rates 25 basis points as expected. Inflation was running at 8.5% over the 12 months ending March. In May, the Fed raised rates by 50 basis points, and in June the Fed surprised markets by raising rates by 75 basis points. Inflation was averaging 9.1% for the 12 months ending June. This hawkish pivot led to increased global recession fears as markets feared the Fed (and other major global banks) would overshoot by raising rates too high, causing a global contraction in economic activity. Most publicly traded assets traded lower (except for inflation-sensitive assets), as bonds did not provide protection from the equity drawdown. Private assets such as private equity and real estate have not yet repriced this higher risk environment, and as a result their performance was generally positive during the fiscal year.

The broad U.S. equity market (as measured by the Russell 3000 Index, a broad basket of U.S. stocks) returned -13.9%. Large-capitalization stocks in the U.S. (as measured by the Russell 1000 Index) were lower by 13%, while smaller-capitalization stocks (as measured by the Russell 2000 Index) were lower by 25.2%.

International equity markets also declined during the fiscal year. The developed international equity market, as measured by the MSCI EAFE, was down 17.8%, while emerging market equity, as measured by the MSCI Emerging Markets Index, returned -25.3%.

Interest rates increased across the yield curve during the year as higher inflation expectations and increased Fed hawkishness resulted in higher interest rates. The 10-year U.S. Treasury yield increased 1.45% during the fiscal year, ending at 2.89%, up from 1.44% at the beginning of the year. These higher interest rates resulted in high quality fixed income having large negative fiscal-year returns.

The broad U.S. bond market (as measured by the Bloomberg Barclays U.S. Aggregate Index) returned -10.3% on the year, while long-duration Treasuries returned -18.5%. High yield bond returns also were lower on the year, returning -12.8%.

Portfolio Activities / Changes

During the year, SamCERA selected a manager to manage a dedicated cash-flow matched liquidity pool. The cash-flow matched pool will contain the next three years' worth of expected net benefit payments, with potential annual replenishment. An initial $90 million investment was contributed to cover the expected net cash outflows for fiscal years 2022, 2023, and 2024. A process is being developed to consider whether to replenish the liquidity pool annually. It is anticipated that SamCERA will consider this annually during the 4th quarter every year.

SamCERA also approved a secondary sales transaction of up to five non-strategic private equity funds. After holding a 6-week auction, SamCERA sold three non-strategic funds. The sale of two funds closed in the current fiscal year, while the sale of the remaining fund closed in August 2022.

A new asset allocation policy portfolio was also approved during the annual asset allocation review, although the changes will not be effective until next fiscal year.

The new policy portfolio tweaks the old portfolio by adding 1% to Inflation Hedge and reducing Diversifying by 1%, while keeping the overall allocation to Growth unchanged.

The specific changes are summarized below:

1. 1% increase to private equity and a corresponding 1% decrease to public equity.
2. Addition of a 1.5% allocation to a short-term cash flow match liquidity portfolio, funded from core fixed income.
3. 1% increase to public real assets (infrastructure) and a corresponding 1% decrease to core fixed income.

Asset Allocation Policy: Performance Driver View

	Old Long-Term Policy	New Long-Term Policy	Change (%)
Growth	**57.0%**	**57.0%**	**0.0%**
Public Equity	41.0%	40.0%	-1.0%
Private Equity	6.0%	7.0%	1.0%
Opportunistic Credit	10.0%	10.0%	0.0%
Diversifying	**26.0%**	**25.0%**	**-1.0%**
Core Fixed Income	18.0%	15.5%	-2.5%
Absolute Return	7.0%	7.0%	0.0%
Liquidity	1.0%	2.5%	1.5%
Inflation Hedge	**17.0%**	**18.0%**	**1.0%**
Real Estate	9.0%	9.0%	0.0%
Private Real Assets	4.0%	4.0%	0.0%
Public Real Assets	4.0%	5.0%	1.0%

Within the Growth category, SamCERA made commitments worth $85 million to four new private equity partnerships. SamCERA has $641.5 million in total commitments in its private equity program across venture capital, buyouts, and special situations. In addition, SamCERA re-upped with one current credit manager within its opportunistic credit program, committing $30 million to Angelo Gordon CSF II.

In the Inflation Hedge category, SamCERA made commitments worth $85 million to two new infrastructure partnerships in its private real assets program, bringing the total commitments to $374.8 million within private real assets.

Conclusion

SamCERA continues to keep a balanced risk posture without relying too much on any single asset, strategy, or return stream. Maintaining cash will provide flexibility and optionality to take advantage of buying opportunities during market volatility.

Over the next fiscal year, the Board of Retirement and staff will strive to balance our long-term investment time horizon with thoughtful assessment of more shorter-term opportunities, balance seeking return (offense) with lowering risk/capital preservation (defense), and balance portfolio income and portfolio capital appreciation. Finally, as always, we will use our long-term investment policy to guide us through these dynamic times.

Respectfully Submitted,

Michael Coultrip
Chief Investment Officer
September 19, 2022

INVESTMENT CONSULTANT'S REPORT ON INVESTMENT ACTIVITIES

Verus

September 8, 2022

Board of Retirement
San Mateo County Employees' Retirement Association
100 Marine Parkway, Suite 125
Redwood City, CA 94065

Dear Board Members:

Market Environment

The broad story was a tale of two halves over the fiscal year, as global markets delivered mildly positive returns in the latter half of 2021, with below-average volatility, spurred by easy monetary policy, pandemic reopening demand, and a resurgence in economic growth. The reopening story painted a more optimistic picture in advanced economies, while emerging economies struggled due to less access to quality vaccines and more stringent pandemic lockdown measures, specifically within China. However, this optimism began to fade as inflation surged and central banks turned more hawkish.

The first half of 2022 proved to be an incredibly different environment from what was experienced during 2021. The persistence of inflation was a driving narrative, as the supply shocks coming from Russia's invasion of Ukraine and supply chain issues from China's continued zero-covid policy accelerated already fast price growth. Central banks, keen to lower inflation, reacted more aggressively as a result. The quick, but relatively small, tightening cycle hurt both equities and bonds alike. Nearly all asset classes have produced losses year-to-date—a somewhat rare occurrence which left most diversified portfolios materially in the red. The spur of tightening also increased fears of recession and possibly stagflation, as inflation ceased to moderate (U.S. headline CPI hit 9.1% in June—a four-decade high).

U.S. Equity

While the S&P 500 delivered a fantastic 11.7% return in the second half of 2021, the first half of 2022 saw a significant reversal of -20%, qualifying as a technical market correction. In an effort to curb four-decade high inflation within the U.S., the Federal Reserve raised their policy rate by 25 bps, 50 bps, and 75 bps at their respective March, May, and June meetings. It's important to note that although the pace of rate hikes has been rapid compared to most previous tightening cycles, the overall magnitude of tightening has been small.

Investors began recognizing the potential for recession in the second quarter of 2022, as economic data indicated a slowdown alongside Federal Reserve tightening. Persistent inflation in the face of multiple rate hikes impacted company revenues and profits. On the sales front, declines in real purchasing power slashed consumer sentiment and impacted discretionary spending. With regard to corporate profits, higher expenses, particularly for companies unable to pass through prices, have resulted in earnings compression (MSCI U.S. Profit Margins down from 12.9% in December 2021 to 12.2% in June 2022). Ultimately, U.S. equities have faced a tough environment in the first half of 2022, with the S&P 500 falling 20.0% as of June 30th.

Briefly looking at size and style, the Value factor outperformed the Growth factor during the fiscal year (Russell 1000 Value -7.4%, Russell 1000 Growth -19.0%). The Russell 1000 Value Index has declined -12.9% versus -28.1% for the Russell 1000 Growth Index year-to-date. As expected, rising rates inflicted more pain on duration-sensitive growth equities. From a size perspective, small-cap equities underperformed significantly during the fiscal year (Russell 2000 -25.2%, Russell 1000 -13.0%).

International Equity

International developed equities lagged U.S. equities over the fiscal year, as the MSCI EAFE Index returned -17.8% relative to the S&P 500 -10.6% return. Dollar strength hurt U.S. investors with unhedged foreign currency exposure, as the Bloomberg Dollar Spot Index advanced 10.3% during the period. Despite the underperformance over the full fiscal year, both developed and emerging market equities outperformed U.S. shares on a year-to-date basis through June 30th, as the MSCI EAFE and MSCI EM Indices returned -19.6% and -17.6%, respectively.

Emerging market equities underperformance during the fiscal year was primarily due to the large drop in Chinese equities (MSCI China -31.8%), as the country locked down major cities and cracked down on sectors including technology, education, and real estate. This narrative switched gears during the first half of 2022, as news of potential easing of government restrictions and the reopening of several large cities boosted share prices of the largest country constituent in the MSCI EM Index (35.4%). While being the worst performer over the full fiscal year, emerging market equities ended the first half of 2022 as the best performing market.

Developed economies faced a similar equity environment to that of the United States. Positive performance in the second half of 2021 due to reopening growth was reversed in the first half of 2022, as rising inflation was amplified by Russia's invasion of Ukraine in late February. Ensuing sanctions against Russian petroleum exports from the West squeezed energy prices upward, forcing the Bank of England and European Central Bank to shift gears in terms of monetary policy. The MSCI EAFE Index fell -19.6% over the year-to-date, wiping out the 2.3% gain seen during the second half of 2021. International developed equities continue to be challenged, as the energy crisis escalates, and consumer strength remains less resilient than that of the U.S.

Fixed Income

Core fixed income suffered losses of -10.3% over the full fiscal year (BBgBarc U.S. Aggregate), though losses occurred in the first half of 2022. All eyes have been on inflation, which has forced central bankers to tighten conditions while attempting to avoid pushing their economies into recession. Rate hikes and forward guidance from central banks have hammered equity and bond markets alike, creating a rare environment of sharp losses across both asset classes.

The magnitude of expected rate hikes has jumped materially since late 2021. During December 2021, Fed funds futures contracts suggested the Fed Funds Rate would end 2022 at 0.82% (only three 25 bps rate hikes expected). By the end of March 2022, markets were pricing in a total of *nine* 25 bps rate hikes. This placed the implied Fed Funds Rate at 2.39% by the end of 2022. The trend continued in Q2, as inflation remained persistent. The Federal Reserve pushed through an additional 50 bps hike in May and a 75 bps hike in June (the largest single meeting hike since 1994). Going forward, markets are pricing in an additional seven rate hikes (not including the six previously implemented) by the end of 2022, bringing the year-end implied rate in line with the Fed's expectation of 3.4%. Many countries currently face similar problems, as inflation remains a challenge.

The impact of policy tightening on duration-sensitive assets has been significant. Performance was negative across all fixed income asset classes over the year-to-date, as rates jumped from historically low levels. The Bloomberg Global Treasury Index returned -14.8% in dollar terms over the year-to-date. In the

U.S., the Bloomberg Universal Index suffered its worst quarterly loss in Q1 2022—down -6.1%—while the Bloomberg Aggregate Index fell -5.9% (its third worst quarterly loss, dating back to 1976). Performance during Q2 was also negative, with the Universal and Aggregate Indices down -5.1% and -4.7%, respectively. Longer duration assets underperformed. The Bloomberg U.S. Long Treasury Index fell -21.3% year-to-date, compared to the -3.0% decline of the Bloomberg U.S. Treasury 1-3 Year index.

Looking at credit, spreads significantly widened over the course of 2022. Investment grade spreads widened by 63 bps, moving from 0.92% to 1.55% at the end of June. High yield spreads also jumped, starting the year at 283 bps before moving to 569 bps over the same period. Spread movements widely reflected the risk off tone and growing concerns over a slowing economy. Despite spread expansion, default rates for par weighted U.S. high yield and bank loans ended Q2 at 0.76% and 0.74%—far below the longer-term historical averages of 3.2% and 3.1%.

Commodities

Commodities were the best performing asset class over the fiscal year, with the Bloomberg Commodity Index returning 24.3%. Commodities moved higher in Q3 2021, driven by supply chain imbalances and rising signs of inflation. These gains tailed off towards the end of 2021, as signals of tighter monetary policy crimped global economic growth expectations.

The real story emerged in the first quarter of 2022, specifically following Russia's invasion of Ukraine. Both Russia and Ukraine being large suppliers of energy and grain commodities spiked prices, propelling inflation higher. Natural gas and WTI Crude Oil prices shot up +58.4% and 38.3%, while Wheat and Corn bounced 29.6% and 26.3%, respectively. Despite the sharp tick up in prices, commodities have begun to normalize, as recession fears have cut demand forecasts, shipping costs have moved down, and supply chain pressures have started to ease.

Currency

A strong dollar remained the biggest currency story in 2022, as the dollar continued its 2021 trend. The Bloomberg Dollar Spot Index returned +7.4% over the year-to-date, driven by higher relative interest rates, a relatively strong economic outlook, and safe-haven currency status. The dollar performed well against major pairs, as currency impacts were significant within the international developed equities space.

Outlook

A key question going forward is whether global central banks will be able to bring inflation under control without dragging their respective economies into recession. This task is perhaps more difficult than past inflationary regimes, given the war in Ukraine, lockdowns in China, and acute pandemic-related supply shortages which have led to high prices that perhaps cannot be brought down via traditional central bank policy. Within the U.S, the possibility of a "soft landing" for the economy seems to be off the table, as the economy appears to be in recession, or at least very close to one. Uncertainty remains high, although the recent drawdown of most major asset classes has reversed the "low return environment" dynamic that has been common for nearly a decade. Many asset classes now appear to offer robust yields and prospective returns relative to past years—perhaps a silver lining in an environment which has proved challenging for investors with diversified portfolios.

PLAN INVESTMENT RESULTS

The San Mateo County Employees' Retirement Association Total Plan returned -4.4% net of fees for the fiscal year ended 6/30/22. The Total Plan matched its policy index for this time period. For the fiscal year, the Total Plan ranked in the 22nd percentile for Public Fund Defined Benefit Plans greater than $1 billion. SamCERA has positioned itself as a more conservative Plan than most of the peer group, most notably by having lower equity exposure in the portfolio, which was additive to relative returns versus peers. While public markets returns were largely in negative territory over the fiscal year, SamCERA's exposure to an array of alternative asset classes provided positive, absolute returns over the period. In particular, SamCERA's allocations to real estate and private real assets posted 20+ percent returns over the fiscal year and were beneficiaries of the inflationary market environment.

The U.S. Equity portfolio outperformed its U.S. equity policy benchmark on a net of fee basis during the fiscal year (-9.3% versus -13.9% for the composite benchmark) which placed it in the top decile of the peer universe. Within U.S. Equity, all active managers outperformed their benchmarks. SamCERA's low volatility large cap managers outperformed the Russell 1000 Index by a wide margin and ranked in the top quartile within the U.S. large cap peer group.

During the fiscal year, the International Equity Composite underperformed its composite benchmark, returning -19.5% net of fees compared to -15.3% for the MSCI ACWI ex-US IMI Index (50% hedged). However, this result ranked in the upper half of the peer group. During the fiscal year, there continued to be a significant divergence between value and growth-oriented style returns (MSCI ACWI ex US Value returned -12.1% vs -25.6% for the MSCI ACWI ex US Growth Index). SamCERA's active international managers underperformed their style benchmarks over the fiscal year with the Plan's growth-oriented manager, moreover, having a fourth quartile peer ranking during the period.

For the fiscal year, the Plan's Total Fixed Income Composite net return of -8.8% outperformed the Blended Fixed Income benchmark return of -10.7% on a relative basis and ranked in the upper half of the peer group. In aggregate, SamCERA's managers in the core fixed income composite slightly trailed the Bloomberg U.S. Aggregate Index (-10.9% vs -10.3%) with one core fixed manager significantly underperforming due to a long duration bias during a period when rates rose sharply. Higher yielding Opportunistic Credit strategies fared better on a relative basis (-5.1% vs -11.4% for the BB BA Intermediate High Yield Index), and Private Credit strategies added value on an absolute basis but underperformed the benchmark during the fiscal year (4.1% vs 8.8% for the Cliffwater Direct Lending Index).

SamCERA's Alternatives portfolio, comprised of Private Equity and Absolute Return strategies, contributed positive absolute returns to the Plan during the fiscal year but underperformed its blended benchmark for the year ended June 30, 2022 (8.7% versus 9.3%, respectively). The Private Equity portfolio returned 7.9% on a time-weighted basis versus the Russell 3000 + 3% 1 quarter lagged index (14.9%) and ranked in the third quartile of the peer group for the period. The Absolute Return composite returned 8.9%, beating the 4.2% gain for the SOFR +4% benchmark and performing in the top decile of the peer group.

Over the fiscal year, SamCERA's Inflation Hedge portfolio, comprised of real estate, private real assets, and public real assets (publicly listed infrastructure, commodities, natural resources, and TIPS) returned 16.9% compared to 23.2% for the blended Inflation Hedge index. The Real Estate component, which ranked in the third quartile of the real estate peer group, provided a robust return of 20.4% for the fiscal year but lagged the NCREIF ODCE Index (29.5%). SamCERA's real estate structure is more defensive than many institutional peers. Private Real Assets posted an even more robust return of 24.6% for the fiscal year, outperforming its benchmark for the period (22.7%). The public real asset pool, a liquid proxy used as a funding vehicle for private real assets, returned 8.6% for the period, essentially matching the gain for the passive blended benchmark. As stated above, the Inflation Hedge was a notable contributor to total fund performance during the fiscal year.

ASSET ALLOCATION AND MANAGER STRUCTURE

Over the fiscal year ended 6/30/22, the Plan completed a multi-year plan maturity review and added a cash flow matching strategy to address short-term liquidity obligations within the context of its maturing demographics. SamCERA also undertook a secondary sale of three private equity funds with the goal of better focusing its private equity program on strategic manager partnerships. Over the fiscal year, the Plan continued to build out its private markets and real assets portfolios aligned with strategic target allocations.

Modest changes were made to the Plan's asset allocation during the fiscal year, including a 1% increase to private equity with a corresponding 1% decrease to public equity, and the addition of a 1.5% allocation to a short-term cash match liquidity portfolio and a 1% increase to private real assets, both funded from a decrease to core fixed income. SamCERA will undertake an asset-liability study in the coming fiscal year, and incremental asset allocation changes may result.

In summary, SamCERA continues to follow an investment strategy focused on balance and the importance of risk-adjusted returns. By design, the portfolio has return-seeking and capital preservation elements to ensure Plan sustainability and meet its future obligations. The Plan has been preparing for its maturing demographics and, for that reason, has become increasingly cognizant about volatility reduction and optimal cash flow management. We remain confident in the direction of the portfolio given SamCERA's unique objectives, fiscal strength and purposefully designed investment strategy.

Sincerely,

Margaret Jadallah

Margaret S. Jadallah

Investment Beliefs, Objectives, and Policy

The San Mateo County Employees' Retirement Association's (SamCERA) Investment Policy sets forth the Board of Retirement's (the Board) investment beliefs, from which the following extracts have been drawn. The full policy may be viewed on SamCERA's website at www.samcera.org.

Investment Beliefs

The following summarizes the Board's investment beliefs that were thoroughly weighed in the development of the Investment Policy and will guide the Board in the oversight of the plan assets.

- Strategic asset allocation is the primary driver of portfolio risk and return.
- SamCERA should have a long-term horizon and not be tempted to deviate from its long-term plan in response to short-term volatility.
- Everything else being equal, simplicity is preferred over complexity.
- For those asset classes evidencing market efficiencies, the manager structure may favor the employment of passive strategies.
- Diversification is fundamental.
- There is no single definition of risk. There are various measures of 'risk' that can be used for various purposes.
- The portfolio should be diversified across many risk dimensions or timeframes.
- SamCERA should not pursue investments that will not adequately compensate it for the risks that those investments bring.
- Costs matter.

Investment Objectives

The Board shall develop an investment program, consistent with the Investment Beliefs and General Investment Policies to meet the following objectives:

A. Generate risk-adjusted returns that exceed the Asset Allocation Policy Benchmark (as defined in Section 6.0 of the Investment Policy) on a net-of-fee basis over five-year rolling periods.

B. Achieve a fund return that meets or exceeds the long-term forecast of capital market returns for the asset allocation portfolio benchmark over multiple economic cycles (e.g., 15-20 years).

C. Provide a more consistent return stream than a traditional 60% Equity/40% Fixed Income portfolio as measured by lower portfolio drawdowns over a full market cycle.

Investment Policy

The Investment Policy of the Board pursues an investment strategy which reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. Consistent with the Investment Beliefs, the Board's investment policy is to:

A. Achieve long-term risk-adjusted returns consistent with its fiduciary duty.

B. Pursue an investment strategy that reduces the volatility of returns through prudent diversification of the investment portfolio across a broad selection of distinct asset classes, as provided for in Section 6.0 of the Investment Policy.

C. Further diversify other risks, including extreme events, liquidity, and leverage by looking beyond traditional asset class definitions by utilizing multiple lenses on portfolio risks.

D. Adopt an asset allocation target to guide the structure of the investment portfolio, as provided for in Section 6.0 of the Investment Policy and reevaluate on an annual basis.

E. Reevaluate the asset-liability study every three to five years.

F. Delegate full discretion, including whether to include environmental, social, and governance factors, if such factors have a direct relationship to the economic and financial value of an investment, when analyzing the financial merits of competing investment choices on behalf of SamCERA, to each investment manager to the extent authorized in their Investment Management Agreement.

G. Adopt objectives that encourage investment managers to maximize their performance, within acceptable risk parameters, relative to their individual investment style benchmark.

H. Refrain from drastically shifting asset class allocations over short time spans, unless it is in the fund's best interest to do so.

I. Rebalance the portfolio in accordance with the Rebalancing Policy set forth in Section 7.0 of the Investment Policy.

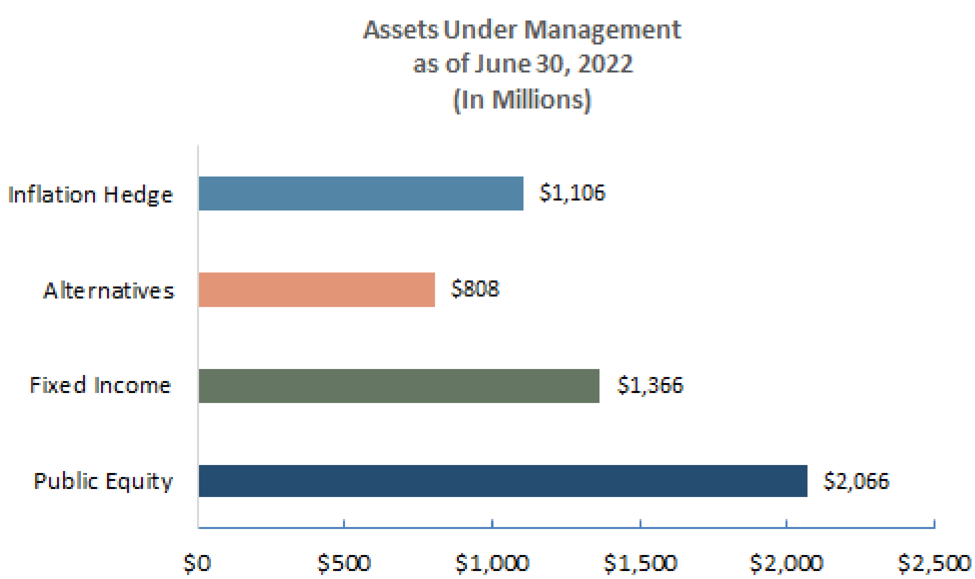
INVESTMENT SUMMARY

As of June 30, 2022

The investment summary reports the fair value and the percentage of the portfolio's total fair value for each major type of investment.

ASSET CLASS	Assets Under Management
Public Equity	$ 2,065,993,116
Fixed Income	1,365,666,389
Alternatives	807,907,593
Inflation Hedge	1,105,638,764
Total Net Portfolio Value	**$ 5,345,205,862**

RECONCILIATION TO STATEMENT OF FIDUCIARY NET POSITION	
Total Net Portfolio Value	$ 5,345,205,862
Cash Equivalents	315,185,545
Receivables	83,088,029
Prepaid Expenses	352,332
Lease Asset	2,814,270
Capital Assets, Net of Depreciation	3,875,403
Liabilities	(100,846,995)
Fiduciary Net Position as of June 30, 2022	**$ 5,649,674,446**

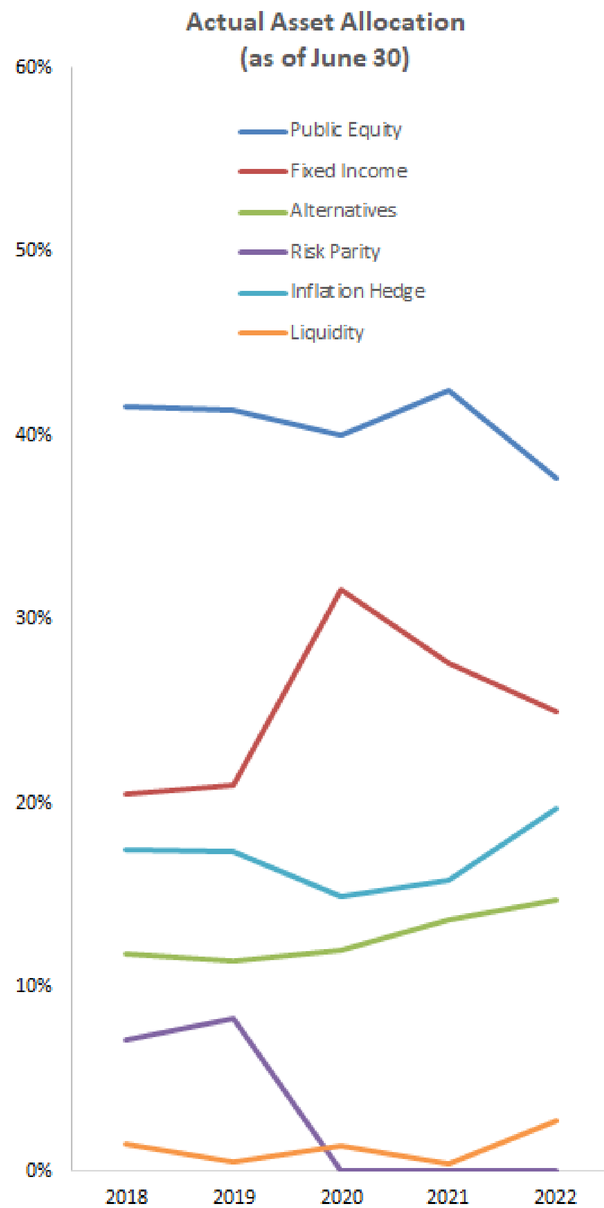


ASSET ALLOCATION AS A PERCENTAGE OF FAIR VALUE

As of June 30, 2022

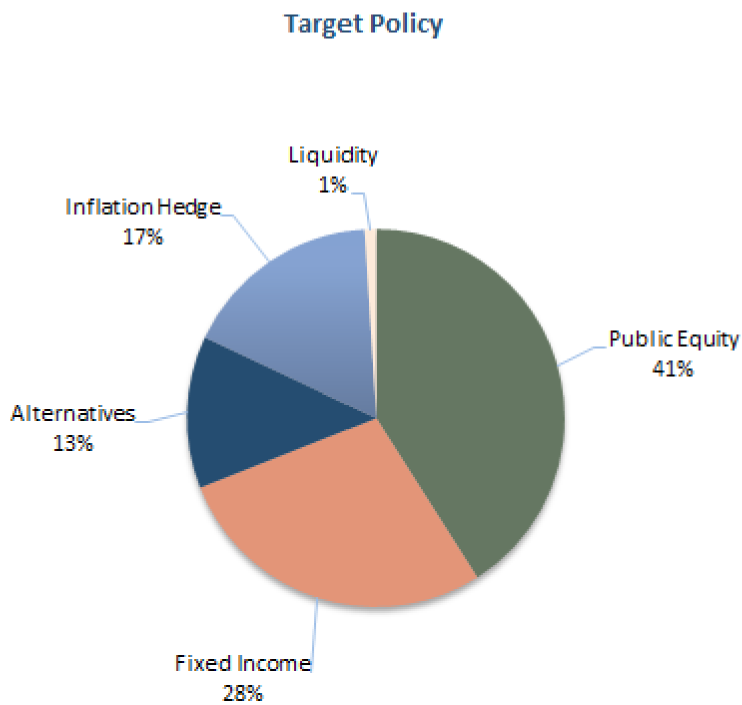
Asset Class	Target Policy as of June 30, 2022	Actual as of June 30, 2022
Public Equity	41%	37.7%
Fixed Income	28%	25.0%
Alternatives	13%	14.8%
Inflation Hedge	17%	19.7%
Liquidity	1%	2.8%
Total	**100%**	**100%**

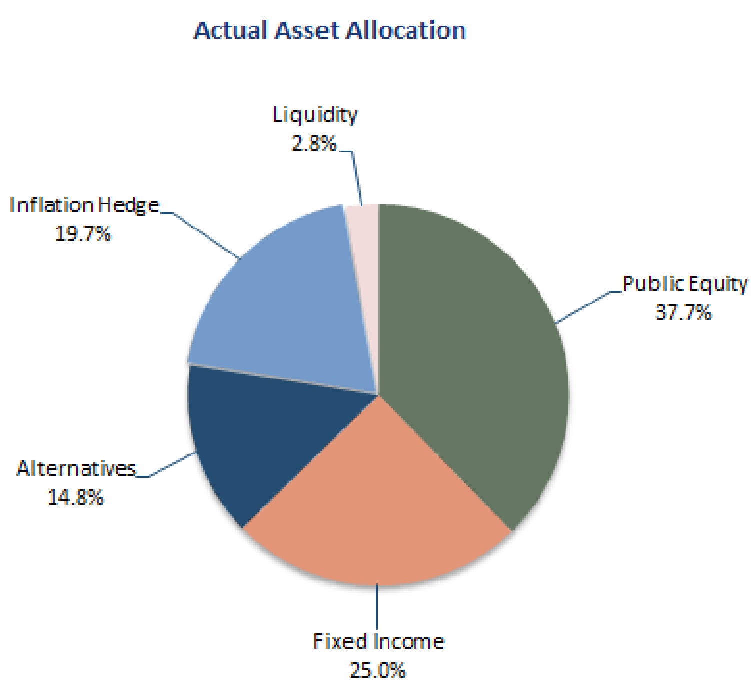
Investment	Target Policy as of June 30, 2022	Actual as of June 30, 2022
Growth	**57%**	**54%**
Public Equity	41%	37.7%
Private Equity	6%	7.2%
Opportunistic Credit	10%	9.4%
Diversifying	**26%**	**26%**
Core Fixed Income	18%	15.4%
Absolute Return	7%	7.6%
Liquidity	1%	2.8%
Inflation Hedge	**17%**	**20%**
Real Estate	9%	9.5%
Private Real Assets	4%	4.0%
Public Real Assets	4%	6.2%
Total	**100%**	**100%**



ASSET ALLOCATION (TARGET POLICY VS. ACTUAL)

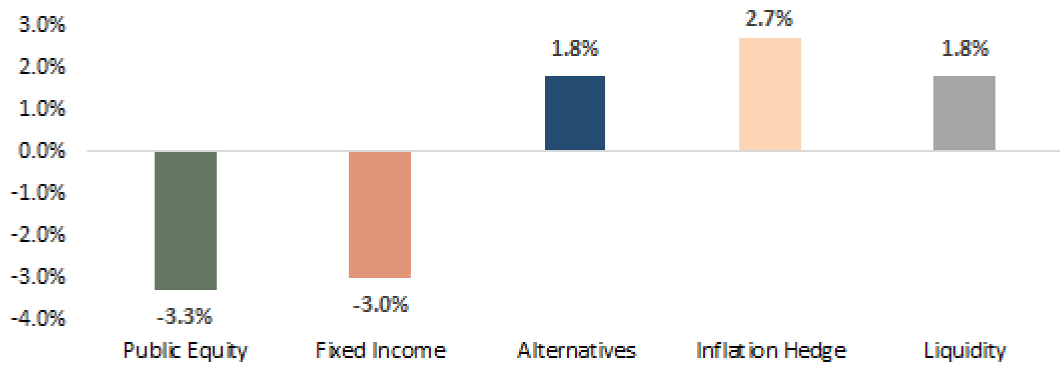
As of June 30, 2022





PERCENT OF DEVIATION FROM ASSET ALLOCATION

As of June 30, 2022



BENCHMARKS

As of June 30, 2022

Asset Class	Policy Benchmark
Public Equity	
Domestic Equity	53.7% Russell 3000
International Equity	23.2% Morgan Stanley Capital International ex-United States Investable Market Indexes (MSCI ex-US IMI)
	23.2% Morgan Stanley Capital International ex-United States Investable Market Indexes (MSCI ex-US IMI) 100% Hedged
Fixed Income	
Domestic Fixed Income	64.3% Bloomberg Barclays Aggregate (BBgBarc)
Opportunistic Credit	35.7% BBgBarc Intermediate High Yield (HY)
Alternatives	
Private Equity	46.2% Russell 3000 + 3% (1-quarter lag)
Hedge Funds/Absolute Return	53.8% Secured Overnight Financing Rate (SOFR) + 4%
Inflation Hedge	
Real Estate	52.94% National Council of Real Estate Investment Fiduciaries Open-End Diversified Core Equity (NCREIF ODCE)
Private Real Asset	23.53% Blend: 25% Standard & Poor (S&P) Global Large-MidCap Commodity and Resource + 75% S&P Global Infrastructure + 2% (1-quarter lag)
Public Real Asset	5.88% Bloomberg Roll Select Commodity
	5.88% Standard & Poor (S&P) Global Large-MidCap Commodity and Resource
	5.88% S&P Global Infrastructure
	5.88% Barclays Treasury Inflation Protected Securities (TIPS)
Cash Equivalents	91-day Treasury-Bills

SCHEDULE OF PORTFOLIO RETURNS

Performance as of June 30, Net of Fees

	Total Time-Weighted Rate of Return [1]		
Asset Class	**One Year**	**Three Years**	**Five Years**
Public Equity	**-14.2%**	**5.9%**	**6.7%**
Public Equity Benchmark	-14.5%	6.8%	7.4%
Domestic Equity	-9.3%	8.8%	9.7%
Domestic Equity Benchmark	-13.9%	9.8%	10.6%
International Equity	-19.5%	2.7%	3.2%
International Equity Benchmark	-15.3%	3.3%	3.6%
Fixed Income	**-8.8%**	**0.4%**	**1.8%**
Fixed Income Benchmark	-10.7%	-0.5%	1.3%
Core Fixed Income	-10.9%	-0.9%	0.8%
Core Fixed Income Benchmark	-10.3%	-0.9%	0.9%
Opportunistic Credit	-5.1%	2.6%	3.6%
Opportunistic Credit Benchmark	-11.4%	0.6%	2.3%
Private Credit	4.1%	6.5%	6.8%
Private Credit Benchmark	8.8%	8.5%	8.6%
Alternatives	**8.7%**	**18.1%**	**12.1%**
Alternatives Benchmark	9.3%	12.6%	11.5%
Private Equity	7.9%	33.0%	24.2%
Private Equity Benchmark	14.9%	21.3%	17.8%
Hedge Funds/Absolute Return	8.9%	0.9%	-1.4%
Hedge Funds/Absolute Return Benchmark	4.2%	4.6%	5.1%
Inflation Hedge	**16.9%**	**6.8%**	**5.9%**
Inflation Hedge Benchmark	23.2%	11.6%	9.4%
Real Estate	20.4%	9.9%	8.9%
Real Estate Benchmark	29.5%	12.7%	10.5%
Private Real Asset	24.6%	13.4%	5.3%
Private Real Asset Benchmark	22.7%	11.5%	9.0%
Public Real Assets	8.6%	1.6%	2.7%
Public Real Assets Benchmark	8.5%	5.9%	5.7%
Cash Equivalents	**0.4%**	**0.6%**	**0.8%**
Cash Equivalents Benchmark	0.2%	0.5%	1.0%
Total	**-4.4%**	**5.9%**	**5.9%**
Policy Benchmark	-4.4%	6.3%	6.7%

(1) Return calculations were prepared using a time-weighted rate of return, net of fees, in accordance with the Global Investment Performance Standards.

SCHEDULE OF TOP TEN EQUITIES [1]

As of June 30, 2022

Shares	Company Name	Fair Value
305,458	Apple Inc	$ 34,128,721
159,063	Microsoft Corp	33,835,334
9,109	Alphabet Inc Class A	17,456,917
716,565	UTD O/S Bank NPV	13,515,723
157,462	Amazon Com Inc	13,277,117
67,035	Johnson & Johnson	10,193,648
124,515	ADR Taiwan SemiConductor	10,179,101
1,489,500	CK Hutchinson Hldgs	10,069,897
209,677	Verizon Communications	9,862,943
72,344	Chevron Corp	9,434,555
	Total Top 10 Equities	**$ 161,953,956**

(1) Securities owned in active commingled vehicles are not included in this schedule. A complete list of portfolio holdings in SamCERA separately held accounts is available upon request.

SCHEDULE OF TOP TEN FIXED INCOME SECURITIES [1]

As of June 30, 2022

Security	Coupon	Maturity	Fair Value
US Treasury	2.875	5/15/2032	$ 22,444,625
US Treasury	n/a	9/1/2022	19,947,558
US Treasury	2.875	5/15/2052	18,701,719
US Treasury	0.250	7/31/2025	13,773,838
US Treasury	1.750	8/15/2041	12,636,151
US Treasury	1.250	5/31/2028	10,201,348
US Treasury	2.000	8/15/2051	9,600,362
FNMA Pool	1.250	12/31/2026	6,652,165
US Treasury	0.125	8/15/2023	6,118,201
US Treasury	1.375	11/15/2031	5,542,327
	Total Top 10 Fixed Income		**$125,618,294**

(1) Securities owned in active commingled vehicles are not included in this schedule. A complete list of portfolio holdings in SamCERA separately held accounts is available upon request.

LIST OF INVESTMENT MANAGERS

As of June 30, 2022

GROWTH

Domestic Equity
BlackRock
DE Shaw
PGIM Quant Solutions
Acadian Asset Management
PanAgora Asset Management

International Equity
Baillie Gifford
BlackRock
Mondrian Investment Partners

Private Equity
ABRY Partners
Altas Partners
Bernhard Capital Partners
Canvas Ventures
CapVest Equity Partners
Catalyst Fund
Cevian Capital
Clayton, Dubilier & Rice
Eclipse Ventures
Emergence Capital Partners
Endeavour Capital Fund
General Catalyst Partners
Genstar Capital
Great Hill Partners
New Enterprise Associates
Oak Hill Advisors
Sixth Street
Strategic Value Partners
Summit Partners
Sycamore Partners
TCW
Third Rock Ventures
Warburg Pincus

GROWTH (Continued)

Opportunistic Credit
Angelo Gordon
Beach Point Capital Management
BlackRock
Brigade Capital Management
Franklin Templeton
PIMCO
Tennenbaum Capital Partners
White Oak

DIVERSIFYING

Fixed Income
DoubleLine Capital
Fidelity Institutional Asset Management
NISA Investment Advisors
Western Asset Management

Absolute Return
Aberdeen Standard Investments
Acadian Asset Management
Capital Fund Management
Graham Capital Management
PIMCO

INFLATION HEDGE

Public Real Assets
State Street Global Advisors

Real Estate
Harrison Street
Invesco
PGIM
Stockbridge

Private Real Assets
Blue Road Capital
Brookfield
CIM Group
EnCap Investments
EQT Fund Management
EverStream Energy Capital Management
KKR
LS Power
Quantum Energy Partners
Taurus Funds Management
Tiger Infrastructure Partners
Vision Ridge

CASH OVERLAY AND CURRENCY HEDGE

Parametric Portfolio Associates

SCHEDULE OF PROFESSIONAL SERVICES AND FEES

For the Fiscal Year Ended June 30, 2022

	Management Fees	Fair Value
ASSETS UNDER MANAGEMENT		
Public Equity	$ 5,002,142	$ 2,065,993,116
Fixed Income	8,512,418	1,365,666,389
Alternatives	8,805,846	807,907,593
Inflation Hedge	15,302,814	1,105,638,764
Liquidity	293,273	73,569,285
Total	**$ 37,916,493**	**$ 5,418,775,147**
OTHER INVESTMENT EXPENSES		
Investment Consultant	$ 522,023	
Actuarial Consulting	108,150	
Master Custodian	435,875	
Other Professional Services	87,724	
Total	**$ 1,153,772**	

TOP 10 BROKER COMMISSIONS

For the Fiscal Year Ended June 30, 2022

Brokerage Firm	Amount of Commission	Number of Shares Traded	Commission per share
BOFA Securities, Inc	$ 14,854	2,898,662	$ 0.01
Barclays Capital Inc	14,665	1,591,463	0.01
JP Morgan Securities LLC/JPMC	9,755	1,887,139	0.01
Merrill Lynch International	9,122	2,709,981	0.00
Jefferies International Ltd	8,109	2,000,618	0.00
Sanford C. Bernstein Ltd	7,128	2,995,721	0.00
Exane S.A.	6,053	1,713,305	0.00
CLSA Singapore PTE Ltd	5,643	725,230	0.01
JP Morgan Securities	5,636	410,483	0.01
UBS Financial Services	3,385	1,354,158	0.00
All Other Brokerage Firms	70,136	3,656,343,549	0.00
Total	**$ 154,486**	**3,674,630,309**	0.00

ACTUARIAL

Transformation happens when you move from ideas to action in a deliberate way.
-Timothy J. Tobin

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ACTUARY'S CERTIFICATION

Milliman

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USA

Tel +1 206 624 7940

milliman.com

October 7, 2022

Board of Retirement
San Mateo County Employees' Retirement Association
100 Marine Parkway, Suite 125
Redwood Shores, CA 94065-5208

Dear Members of the Board:

SamCERA's basic financial goal is to establish contributions which fully fund the System's liabilities and which, as a percentage of payroll, remain relatively level for each generation of active members. Annual actuarial valuations measure the progress toward this goal, as well as test the adequacy of the contribution rates.

SamCERA measures its funded status as the ratio of the actuarial value of valuation assets over the actuarial accrued liabilities. The funded status based on the past three actuarial funding valuations is shown below:

Valuation Date	Funded Ratio
June 30, 2020	86.4%
June 30, 2021	88.1%
June 30, 2022	90.7%

The funded ratio increased in the last year due primarily due to employer contributions made to amortize the Unfunded Actuarial Accrued Liability (UAAL), County contributions in excess of the Statutory Contribution Rate, and recognition of prior investment returns greater than expected. This increase was partially offset by investment returns less than expected in the fiscal year ended June 30, 2022.

It is our opinion that SamCERA continues in sound financial condition as of June 30, 2022 and will continue to remain in sound financial condition provided that employer contributions are made based on the current funding policy and the valuation is based on reasonable assumptions. Under SamCERA's funding policy, the statutory employer contributions are set equal to the employer normal cost rate plus the amortization payment of any UAAL. The amortization of the initial UAAL as of June 30, 2008 is funded over a closed 15-year period ending June 30, 2023. The amortization of subsequent changes in the UAAL is funded over separate closed 15-year layers that are determined annually. This funding policy is projected to result in the funded ratio continuing to increase towards 100% over the next several years.

The June 30, 2022 valuation results are based on the membership data and the asset information provided by SamCERA. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes, although we have not audited the data at the source. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is found to be materially inaccurate or incomplete, our calculations will need to be revised.

The valuation is also based on our understanding of SamCERA's current benefit provisions and the actuarial assumptions that were reviewed and adopted by the Board. The demographic assumptions were most recently updated for the June 30, 2020 actuarial valuation, based on the triennial investigation of experience study as of April 30, 2020. The economic assumptions were most recently updated for the June 30, 2021 actuarial valuation.

Milliman

Board of Retirement
October 7, 2022
Page 2

At its meeting on May 24, 2022 the Board reaffirmed all assumptions adopted for the June 30, 2021 actuarial valuation for use in the June 30, 2022 actuarial valuation.

The assumptions and methods used for financial reporting under GASB 67 are the same as the funding assumptions and methods with the following exceptions:

1. The discount rate and investment return assumption of 6.42% differs from the funding valuation due to the addition of an administrative expense load of 0.17%.
2. The asset valuation method is fair market value.

The actuarial computations presented in the valuation report are for purposes of determining the recommended funding amounts for SamCERA consistent with our understanding of its funding requirements and goals. The liabilities are determined using the entry age normal funding method. The actuarial value of assets used in the funding valuation is equal to the market value of assets with a five-year (10 six-month periods) recognition of the difference between expected and actual investment returns. Effective June 30, 2018 all deferred gains and losses were combined into a single amount and recognized over a five-year (10 six-month) period. Beginning with the six-month period immediately following June 30, 2018, offsetting of current period gains or losses against prior period gains or losses occur. The actuarial value of assets is restricted to vary no more than 20% from the market value. We believe the actuarial assumptions and methods are internally consistent and reasonable for their intended purpose. We further believe they meet the parameters of Governmental Accounting Standards Board Statement No. 67 and No. 68 for fulfilling financial accounting requirements. Nevertheless, the emerging costs, and future actuarial measurements, will vary from those presented in our valuation and GASB report due to many factors, including experience differing from that anticipated by the actuarial assumptions. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Our funding valuation report, GASB report, and this letter have been prepared exclusively for SamCERA for a specific and limited purpose. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. It is a complex, technical analysis that assumes a high level of knowledge concerning SamCERA's operations, and uses SamCERA's data, which Milliman has not audited. Any third party recipient of Milliman's work product who desires professional guidance should not rely upon Milliman's work product, but should engage qualified professionals for advice appropriate to its own specific needs. Please refer to the June 30, 2022 funding and GASB valuation reports for our full certification.

Milliman provided the following schedules and exhibits for use in the notes to the financial statements, required supplementary information, other information, actuarial, and statistical sections.

1. Rates of separation from service
2. Employer contribution rates as a percentage of covered payroll
3. Summary of significant actuarial statistics and measures
4. Solvency test
5. Schedule of funding progress
6. History of employer Statutory Contribution Rates
7. Demographic activity of retirees and beneficiaries
8. Actuarial analysis of financial experience
9. Summary of active member valuation data
10. Schedule of average monthly salary of active members
11. Participating employers and active members

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12. Schedule of employer net pension liability
13. Schedule of changes in net pension liability and related ratios of participating employers
14. Schedule of employer pension amounts allocated by cost sharing plan
15. Schedule of cost sharing employer allocations

The consultants who worked on this assignment are retirement actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel. The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

We certify that the assumptions and methods used for funding and financial reporting purposes in the June 30, 2022 funding and GASB valuations meet the parameters set by Actuarial Standards of Practice promulgated by the Actuarial Standards Board (ASB). We are members of the American Academy of Actuaries and have experience in performing valuations for public retirement systems.

Sincerely,

Nick J. Collier, ASA, EA, MAAA
Consulting Actuary

Craig J. Glyde, ASA, EA, MAAA
Consulting Actuary

This work product was prepared solely for SamCERA for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

ACTUARIAL VALUATION

Introduction

San Mateo County Employees' Retirement Association (SamCERA) is a cost sharing multiple employer, defined benefit plan providing basic service retirement, disability, and survivor benefits to participating members. Details of the pension plan provisions are provided in the Financial Section under the Notes to the Basic Financial Statements (Note 1). Pension benefits are basically determined by a defined formula using final average compensation, years of service, and an age factor for the member at retirement.

Funding Policy

The County Employees' Retirement Law of 1937 establishes the basic obligations for employers and members to the pension plan. The Board of Retirement (the Board) is responsible for establishing and maintaining the funding policy by adopting contribution rates recommended by its actuary through the annual valuation of SamCERA's assets and liabilities. The contribution rates adopted by the Board are subsequently transmitted, in the form of a recommendation, to the San Mateo County's Board of Supervisors for adoption.

The participating employers and members are responsible for contributing to the cost of benefits each year (commonly known as normal cost). The portion of the normal cost not funded by member contributions is the responsibility of the employers (commonly known as the employer normal cost).

The employers are also responsible for funding shortfalls related to accrued liability for past service arising from changes in the economic and demographic assumptions. The employers' contribution towards the funding shortfalls is commonly known as the Unfunded Actuarial Accrued Liability (UAAL) contribution.

Beginning with the June 30, 2010 actuarial valuation, the San Mateo County Mosquito and Vector Control District (the District) adopted the same "enhanced" benefit formula that applies to Plans 1, 2, and 4 of the County of San Mateo (the County) General members and the same member rates currently being paid by County members from those plans. Because the District does not participate in cost sharing on the member rates, the District has a separate normal cost rate and expected member contribution rates from the County General Group.

Valuation Objective

The purpose of the annual valuation is to determine employer and member contribution rates (as a level percentage of payroll) that are needed to pay all expected future benefits not funded by the current assets. Details for the ten-year schedule of actuarially determined and actual contributions can be found in the Financial Section under the Required Supplementary Information.

Valuation Policy

SamCERA engages an independent actuarial consulting firm to perform an annual valuation of the retirement fund as of June 30. The actuarial valuation calculates the value of future benefits, assesses the funded status, and establishes contribution rates for participating employers and members. The actuary applies specific actuarial methods and assumptions to project as closely as possible present contributions to meet future benefit obligations in accordance with prevailing Actuarial Standard of Practice. The recommended contribution rates, after adoption, will be subject to a “one year” deferral. Thus, the new contribution rates determined in the June 30, 2022 valuation will become effective on July 1, 2023.

In addition to the annual valuation, SamCERA’s actuary reviews the reasonableness of the demographic and economic actuarial assumptions every three years (commonly referred to as Triennial Experience Study). This study compares the actual experience during the preceding three years to the assumed experience according to the actuarial assumptions. Based on this study, the actuary recommends changes in the assumptions or methods that will better project benefits and liabilities.

Actuarial Cost Method

The entry age normal cost method is used by the actuary for the annual actuarial valuation. Under this method, the actuarial present value of the projected benefits of each individual in the valuation is allocated as a level percentage of the individual projected compensation between entry age and assumed retirement age. The portion of this actuarial present value allocated to the valuation year is commonly called the normal cost (the actuarial value of benefits accruing for the present year). The portion not provided for at the valuation date represents the UAAL.

The entry age normal cost method is used for both funding and financial reporting purposes. For funding purposes, this method was selected because it provides a relatively level normal cost rate as a percentage of pay (assuming no changes in assumptions or benefits) from year to year. For financial reporting purposes, Governmental Accounting Standards Board (GASB) Statement No. 67 requires that this method be used.

Between the funding and financial reporting valuations, the only difference in assumptions is the investment return assumption. The assumed investment return for funding is 6.25%, net of both investment and administrative expenses, whereas the assumed investment return for financial reporting is 6.42%, net of investment expenses only. For financial reporting purposes, GASB Statements No. 67 and No. 68 require that the investment return assumption be gross of administrative expenses.

Amortization Method

Contributions are initially applied toward the normal cost. Excess contributions are applied toward the UAAL if the fund is not fully funded. The UAAL represents the difference between the actuarial accrued liability (AAL) and the actuarial value of assets (AVA). The UAAL is amortized using the “Level Percent of Payroll” amortization method.

The UAAL as of June 30, 2008, is amortized over a closed 15-year period as a level percentage of the projected salaries of present and future members of SamCERA over the remaining period from the valuation date. This is commonly referred to as a closed amortization method. Actuarial gains and losses after the June 30, 2008 valuation are amortized over new closed 15-year periods from their respective valuation dates.

Actuarial Asset Valuation Method

The actuarial asset valuation method used is a 5-year smoothed recognition method with a 20% corridor. This method takes into account appreciation (or depreciation) in investments to smooth asset values by averaging the excess of the actual over the expected income, on a fair value basis, over a five-year period. The smoothed asset value is subject to a 20% corridor, or within 20% of the actual asset value.

All deferred gains and losses are combined into a single amount to be recognized over a 5-year (10 six-month) period. Gains or losses of the current period will be used to offset any unrecognized gains or losses from prior periods, to the extent possible, in the order of oldest to most recent. Any remaining gain or loss for the period is recognized over a 5-year (10 six-month) period.

Assets used to calculate the preliminary UAAL contribution rates exclude the values of the County Supplementary Contribution Account (CSCA) and the District Supplementary Contribution Account (DSCA). Balances in these two accounts are separately tracked and systematically recognized to reduce the statutory contribution rates. The balance in the CSCA is amortized using a similar closed amortization method described above to determine the offset amounts towards the County’s UAAL rate. The balance in the DSCA is amortized over five years effective June 30, 2018, with the offset amounts towards the District’s UAAL rate. Any future layers are amortized over new five-year periods, and the total DSCA offset amount in each year is limited to the District’s UAAL rate.

Actuarial Assumptions

The annual valuation uses two sets of assumptions: economic and demographic. The assumptions selected are used to estimate the actuarial cost of the pension plan and to determine the present contributions necessary to meet the pension benefits in the future.

- Economic assumptions are generally evaluated and revised annually based on the latest information available.
- Demographic assumptions utilize the information from the latest “Investigation of Experience” study conducted by an independent auditing actuary every three years (Triennial Experience Study). This study reviews both economic and demographic data with in-depth examination of the experience of the membership for the past three years.

The actuary also uses these assumptions to estimate the future experience of SamCERA's members and SamCERA's earnings in areas that may affect the projected benefit flow and anticipated investment earnings. Any variations in future experience from these assumptions will result in corresponding changes in the estimated costs of SamCERA's benefits.

In July 2019, the Board accepted the actuary's recommendation reducing the investment return assumption to 6.50% for the June 30, 2019 valuation, compared to the 6.75% used in the June 30, 2018 valuation.

In June 2020, the Board adopted the actuary's recommendation using the same economic assumptions previously adopted in July 2019 for the June 30, 2020 valuation. The assumptions include general wage increase, investment return, and price inflation.

In May 2021, the Board accepted the actuary's recommendation to lower the assumed investment return from 6.50% to 6.25% and to reaffirm all the other assumptions used during the June 30, 2020 valuation for the use in the June 30, 2021 valuation. In addition, the Board agreed to phase-in the statutory employer rate increases due to the assumption change over a 3-year period, a strategy to minimize the short-term impact on the employer contribution expense.

In May 2022, the Board re-adopted the 2021 assumptions for the June 30, 2022 valuation. The approved economic assumptions are as follows: investment return at 6.25%, inflation at 2.50%, wage at 3.00%, and payroll growth at 3.00%; the COLA assumption for Plans 1 and 2 to be set in accordance with the inflation assumption; and the employer contribution rate increase continues to be phased in for the second year of the 3-year period.

Key Economic Assumptions

General Wage Growth. The assumed rate of annual wage increase is 3.00%.

Investment Return. The future investment earnings of SamCERA's assets are accrued at an annual rate of 6.25% compounded annually (3.125% per six-month period), net of both investment and administrative expenses.

Consumer Price Index (CPI) - Urban Inflation. The assumed rate of inflation is 2.25%.

CPI Inflation. The assumed rate of inflation is 2.50%.

General Wage Increase. The projected payroll increase is 3.00%.

Key Demographic Assumptions

Salary Increases due to Service. The projected annual increase in the salary assumption is due to promotion and longevity, which varies depending on a member's years of service, adjusted for the assumed 3.00% annual increase in the general wage.

Retirement. The retirement rates vary by age. All General members at age 75 and all Safety members at 65 are assumed to retire immediately. Additionally, when a member's benefit is equal to or greater than 100% of the compensation limit, the member is also assumed to retire immediately.

Mortality for Active and Service Retired Members

- Mortality rates for all active members are projected using the MP-2014 Ultimate Projection Scale and mortality improvement scale developed for this specific group.
- Mortality rates for all retired members, except for those retired on disability are projected using the MP-2014 Ultimate Projection Scale and mortality improvement scale developed for this specific group.

Mortality for Retired Disabled Members

- Mortality rates for all retired, disabled members are projected using the MP-2014 Ultimate Projection Scale and mortality improvement scale developed for this specific group.

Mortality for Deferred Member

- Mortality rates for all deferred members are projected using the same method as the retired members other than disabled members.

Separation from Active Status. The probabilities of termination of employment due to the causes stated below are presented on pages 121-122. Each rate shown on these pages represents the probability that a member will separate from service at each age due to a particular reason. For example, a rate of 0.0300 for a member's service retirement at age 50 assumes that 30 out of 1,000 members who are age 50 will retire at that age.

Separation from active status can be due to one of the following reasons:

- Service Retirement: Member retires after meeting age and service requirements for reasons other than disability.
- Withdrawal: Member terminates employment and elects a refund of member contributions, or a deferred vested retirement benefit.
- Service Disability: Member receives disability retirement; disability is service related.
- Ordinary Disability: Member receives disability retirement; disability is not service related.
- Service Death: Member dies before retirement; death is service related.
- Ordinary Death: Member dies before retirement; death is not service related.

RATE OF SEPARATION FROM ACTIVE SERVICE - ALL PLANS

Years of	Other Terminations			Disability		Death while Active		Service
Service	Ordinary [1]	Vested	Age	Ordinary	Service	Ordinary	Service	Retirement
General Plan 1, 2, & 4 Male Members								
0	0.15000	0.00000	20	0.00020	0.00036	0.00037	0.00000	0.00000
5	0.01742	0.04958	30	0.00024	0.00044	0.00036	0.00000	0.00000
10	0.01025	0.03075	40	0.00054	0.00099	0.00066	0.00000	0.00000
15	0.00667	0.02233	50	0.00108	0.00202	0.00149	0.00000	0.03000
20	0.00285	0.01615	60	0.00169	0.00313	0.00319	0.00000	0.15000
30 & Above	0.00000	0.00000	75	N/A	N/A	N/A	N/A	1.00000
General Plan 1, 2, & 4 Female Members								
0	0.15000	0.00000	20	0.00020	0.00036	0.00013	0.00000	0.00000
5	0.01742	0.04958	30	0.00024	0.00044	0.00015	0.00000	0.00000
10	0.01025	0.03075	40	0.00054	0.00099	0.00036	0.00000	0.00000
15	0.00667	0.02233	50	0.00108	0.00202	0.00083	0.00000	0.03000
20	0.00285	0.01615	60	0.00169	0.00313	0.00186	0.00000	0.15000
30 & Above	0.00000	0.00000	75	N/A	N/A	N/A	N/A	1.00000
General Plan 3 Male Members								
0	0.15000	0.00000	20	0.00000	0.00000	0.00037	0.00000	0.00000
5	0.06700	0.00000	30	0.00000	0.00000	0.00036	0.00000	0.00000
10	0.00000	0.04100	40	0.00000	0.00000	0.00066	0.00000	0.00000
15	0.00000	0.02900	50	0.00000	0.00000	0.00149	0.00000	0.00000
20	0.00000	0.01900	60	0.00000	0.00000	0.00319	0.00000	0.03000
30 & Above	0.00000	0.01000	75	N/A	N/A	N/A	N/A	1.00000
General Plan 3 Female Members								
0	0.15000	0.00000	20	0.00000	0.00000	0.00013	0.00000	0.00000
5	0.06700	0.00000	30	0.00000	0.00000	0.00015	0.00000	0.00000
10	0.00000	0.04100	40	0.00000	0.00000	0.00036	0.00000	0.00000
15	0.00000	0.02900	50	0.00000	0.00000	0.00083	0.00000	0.00000
20	0.00000	0.01900	60	0.00000	0.00000	0.00186	0.00000	0.04000
30 & Above	0.00000	0.01000	75	N/A	N/A	N/A	N/A	1.00000
General Plan 5 Male Members								
0	0.15000	0.00000	20	0.00020	0.00036	0.00037	0.00000	0.00000
5	0.01742	0.04958	30	0.00024	0.00044	0.00036	0.00000	0.00000
10	0.01025	0.03075	40	0.00054	0.00099	0.00066	0.00000	0.00000
15	0.00667	0.02233	50	0.00108	0.00202	0.00149	0.00000	0.02400
20	0.00285	0.01615	60	0.00169	0.00313	0.00319	0.00000	0.12000
30 & Above	0.00000	0.00000	75	N/A	N/A	N/A	N/A	1.00000
General Plan 5 Female Members								
0	0.15000	0.00000	20	0.00020	0.00036	0.00013	0.00000	0.00000
5	0.01742	0.04958	30	0.00024	0.00044	0.00015	0.00000	0.00000
10	0.01025	0.03075	40	0.00054	0.00099	0.00036	0.00000	0.00000
15	0.00667	0.02233	50	0.00108	0.00202	0.00083	0.00000	0.02400
20	0.00285	0.01615	60	0.00169	0.00313	0.00186	0.00000	0.12000
30 & Above	0.00000	0.00000	75	N/A	N/A	N/A	N/A	1.00000
General Plan 7 Male Members								
0	0.15000	0.00000	20	0.00020	0.00036	0.00037	0.00000	0.00000
5	0.01742	0.04958	30	0.00024	0.00044	0.00036	0.00000	0.00000
10	0.01025	0.03075	40	0.00054	0.00099	0.00066	0.00000	0.00000
15	0.00667	0.02233	50	0.00108	0.00202	0.00149	0.00000	0.02400
20	0.00285	0.01615	60	0.00169	0.00313	0.00319	0.00000	0.12000
30 & Above	0.00000	0.01000	75	N/A	N/A	N/A	N/A	1.00000

[1] Non-vested and/or refund of contributions.

RATE OF SEPARATION FROM ACTIVE SERVICE - ALL PLANS (CONTINUED)

Years of	Other Terminations			Disability		Death while Active		Service
Service	Ordinary [1]	Vested	Age	Ordinary	Service	Ordinary	Service	Retirement
General Plan 7 Female Members								
0	0.15000	0.00000	20	0.00020	0.00036	0.00013	0.00000	0.00000
5	0.01742	0.04958	30	0.00024	0.00044	0.00015	0.00000	0.00000
10	0.01025	0.03075	40	0.00054	0.00099	0.00036	0.00000	0.00000
15	0.00667	0.02233	50	0.00108	0.00202	0.00083	0.00000	0.02400
20	0.00285	0.01615	60	0.00169	0.00313	0.00186	0.00000	0.12000
30 & Above	0.00000	0.01000	75	N/A	N/A	N/A	N/A	1.00000
Safety and Probation Plan 1, 2 & 4 Male Members								
0	0.10000	0.00000	20	0.00000	0.00150	0.00041	0.00010	0.00000
5	0.00780	0.02220	30	0.00000	0.00170	0.00041	0.00010	0.00000
10	0.00408	0.01292	40	0.00000	0.00370	0.00059	0.00010	0.00000
15	0.00160	0.00840	50	0.00000	0.00750	0.00120	0.00010	0.22500
20 & Above	0.00000	0.00000	65	N/A	N/A	N/A	N/A	1.00000
Safety and Probation Plan 1, 2 & 4 Female Members								
0	0.10000	0.00000	20	0.00000	0.00150	0.00016	0.00010	0.00000
5	0.00780	0.02220	30	0.00000	0.00170	0.00027	0.00010	0.00000
10	0.00408	0.01292	40	0.00000	0.00370	0.00049	0.00010	0.00000
15	0.00160	0.00840	50	0.00000	0.00750	0.00091	0.00010	0.22500
20 & Above	0.00000	0.00000	65	N/A	N/A	N/A	N/A	1.00000
Safety and Probation Plan 5 & 6 Male Members								
0	0.10000	0.00000	20	0.00000	0.00150	0.00041	0.00010	0.00000
5	0.00780	0.02220	30	0.00000	0.00170	0.00041	0.00010	0.00000
10	0.00408	0.01292	40	0.00000	0.00370	0.00059	0.00010	0.00000
15	0.00160	0.00840	50	0.00000	0.00750	0.00120	0.00010	0.18000
20 & Above	0.00000	0.00000	65	N/A	N/A	N/A	N/A	1.00000
Safety and Probation Plan 5 & 6 Female Members								
0	0.10000	0.00000	20	0.00000	0.00150	0.00016	0.00010	0.00000
5	0.00780	0.02220	30	0.00000	0.00170	0.00027	0.00010	0.00000
10	0.00408	0.01292	40	0.00000	0.00370	0.00049	0.00010	0.00000
15	0.00160	0.00840	50	0.00000	0.00750	0.00091	0.00010	0.18000
20 & Above	0.00000	0.00000	65	N/A	N/A	N/A	N/A	1.00000
Safety and Probation Plan 7 Male Members								
0	0.10000	0.00000	20	0.00000	0.00150	0.00041	0.00010	0.00000
5	0.00780	0.02220	30	0.00000	0.00170	0.00041	0.00010	0.00000
10	0.00408	0.01292	40	0.00000	0.00370	0.00059	0.00010	0.00000
15	0.00160	0.00840	50	0.00000	0.00750	0.00120	0.00010	0.18000
20 & Above	0.00000	0.00500	65	N/A	N/A	N/A	N/A	1.00000
Safety and Probation Plan 7 Female Members								
0	0.10000	0.00000	20	0.00000	0.00150	0.00016	0.00010	0.00000
5	0.00780	0.02220	30	0.00000	0.00170	0.00027	0.00010	0.00000
10	0.00408	0.01292	40	0.00000	0.00370	0.00049	0.00010	0.00000
15	0.00160	0.00840	50	0.00000	0.00750	0.00091	0.00010	0.18000
20 & Above	0.00000	0.00500	65	N/A	N/A	N/A	N/A	1.00000

[1] Non-vested and/or refund of contributions.

ACTUARIAL METHODS AND ASSUMPTIONS (FOR FUNDING PURPOSES)

VALUATION DATE	June 30, 2022
ACTUARIAL COST METHOD	Entry Age Normal Cost
ACTUARIAL EXPERIENCE STUDY	July 1, 2017 to April 30, 2020
AMORTIZATION METHOD	Level percentage of projected payroll
AMORTIZATION PERIOD	UAAL as of June 30, 2008, is amortized over a closed 15-year period ending June 30, 2023. Subsequent changes in the UAAL are amortized over separate closed 15-year layers that are determined annually.
ASSET VALUATION METHOD	5-year smoothed recognition of asset gains and losses (determined as the difference of the actual fair value to the expected fair value), which cannot vary more than 20% from the fair value.

ACTUARIAL ASSUMPTIONS

Economic assumptions:

A. General wage increases	3.00%
B. Investment earnings	6.25%
C. Growth in Active membership	0.00%
D. CPI-U inflation	2.25%
E. CPI inflation	2.50%

Demographic assumptions:

A. Salary increases due to service	See 2022 actuarial valuation report for details
B. Retirement from active service	See 2022 actuarial valuation report for details
C. Disability from active service	See 2022 actuarial valuation report for details
D. Mortality for active members prior to termination	See 2022 actuarial valuation report for details
E. Other terminations of employment	See 2022 actuarial valuation report for details
F. Probability of refund of contributions upon vested information	See 2022 actuarial valuation report for details
G. Mortality for active members after termination and service retired members	See 2022 actuarial valuation report for details
H. Mortality for members retired for disability	See 2022 actuarial valuation report for details
I. Mortality for beneficiaries	See 2022 actuarial valuation report for details

Note: Actuarial methods and assumptions were selected by the Retirement Board based on the actuary's recommendation.

SCHEDULE OF ACTIVE MEMBERS AND PARTICIPATING EMPLOYERS

As of June 30

	2022	2021	2020	2019	2018
COUNTY OF SAN MATEO					
General Members	4,294	4,375	4,379	4,350	4,343
Safety Members	476	520	522	530	508
Probation Members	170	193	223	237	256
Subtotal	4,940	5,088	5,124	5,117	5,107
SAN MATEO COUNTY SUPERIOR COURT					
General Members	287	249	256	240	239
SAN MATEO COUNTY MOSQUITO & VECTOR CONTROL DISTRICT					
General Members	22	19	20	20	21
Total Active Membership	**5,249**	**5,356**	**5,400**	**5,377**	**5,367**
Percentage of Membership by Employer					
County of San Mateo	94.11%	95.00%	94.89%	95.16%	95.16%
San Mateo County Superior Court	5.47%	4.65%	4.74%	4.46%	4.45%
San Mateo County Mosquito and Vector Control District	0.42%	0.35%	0.37%	0.38%	0.39%
Total Percentage of Membership	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

SCHEDULE OF RETIREES AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS

	Added to Rolls[1]		Removed from Rolls		Rolls at Year-End			
Fiscal Year Ended June 30,	Number	Annual Benefits (in Thousands)	Number	Annual Benefits (in Thousands)	Number	Total Retiree Payroll (in Thousands)	% Increase in Payroll	Average Monthly Benefits
2013	186	$13,024	63	$3,095	4,398	$154,774	6.9%	$2,933
2014	203	12,474	83	3,479	4,518	163,769	5.8%	3,021
2015	213	16,290	93	4,179	4,638	175,880	7.4%	3,160
2016	233	15,347	123	5,030	4,748	186,197	5.9%	3,268
2017	310	16,738	102	3,867	4,956	199,068	6.9%	3,347
2018	315	21,360	162	5,242	5,109	215,186	8.1%	3,510
2019	306	24,547	190	5,769	5,225	233,964	8.7%	3,731
2020	362	23,862	133	4,862	5,454	252,963	8.1%	3,865
2021	270	19,466	132	4,327	5,592	268,102	6.0%	3,995
2022	363	27,963	176	6,607	5,779	289,458	8.0%	4,174

[1] Amount added to rolls includes COLAs granted in year to continuing retirees and beneficiaries.

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Valuation Date as of June 30,	Number of Active Members		Annual Salary	Annual Average Salary	Percentage Change in Annual Average Salary
2022	General	4,603	$522,675,192	$113,551	3.2%
	Safety	476	69,870,562	146,787	4.8%
	Probation	170	21,156,904	124,452	5.5%
	Total	**5,249**	**$613,702,658**	**$116,918**	**3.2%**
2021	General	4,643	$511,069,950	$110,073	3.1%
	Safety	520	72,829,550	140,057	0.5%
	Probation	193	22,777,092	118,016	5.9%
	Total	**5,356**	**$606,676,592**	**$113,270**	**2.9%**
2020	General	4,655	$496,992,584	$106,765	3.2%
	Safety	522	72,724,015	139,318	4.2%
	Probation	223	24,856,263	111,463	7.0%
	Total	**5,400**	**$594,572,862**	**$110,106**	**3.4%**
2019	General	4,610	$476,944,186	$103,459	6.1%
	Safety	530	70,890,519	133,756	1.7%
	Probation	237	24,680,991	104,139	3.6%
	Total	**5,377**	**$572,515,696**	**$106,475**	**5.5%**
2018	General	4,603	$448,931,595	$97,530	3.3%
	Safety	508	66,799,289	131,495	1.6%
	Probation	256	25,741,800	100,554	4.0%
	Total	**5,367**	**$541,472,684**	**$100,889**	**3.1%**
2017	General	4,560	$430,613,886	$94,433	2.3%
	Safety	503	65,105,116	129,434	4.1%
	Probation	274	26,503,623	96,729	9.1%
	Total	**5,337**	**$522,222,625**	**$97,849**	**2.8%**
2016	General	4,421	$408,191,518	$92,330	4.7%
	Safety	495	61,564,028	124,372	6.5%
	Probation	271	24,034,819	88,689	2.4%
	Total	**5,187**	**$493,790,365**	**$95,198**	**4.8%**
2015	General	4,334	$382,303,295	$88,210	6.8%
	Safety	479	55,917,864	116,739	-0.4%
	Probation	282	24,418,977	86,592	3.1%
	Total	**5,095**	**$462,640,136**	**$90,803**	**5.8%**
2014	General	4,272	$352,918,558	$82,612	1.8%
	Safety	452	52,974,475	117,200	1.4%
	Probation	280	23,514,343	83,980	3.4%
	Total	**5,004**	**$429,407,376**	**$85,813**	**1.8%**
2013	General	4,173	$338,595,633	$81,140	0.5%
	Safety	452	52,233,510	115,561	-1.7%
	Probation	292	23,722,165	81,240	-1.1%
	Total	**4,917**	**$414,551,308**	**$84,310**	**0.4%**

Note: See further details for participating employers and active members in the Statistical Section.

SUMMARY OF SIGNIFICANT ACTUARIAL STATISTICS AND MEASURES

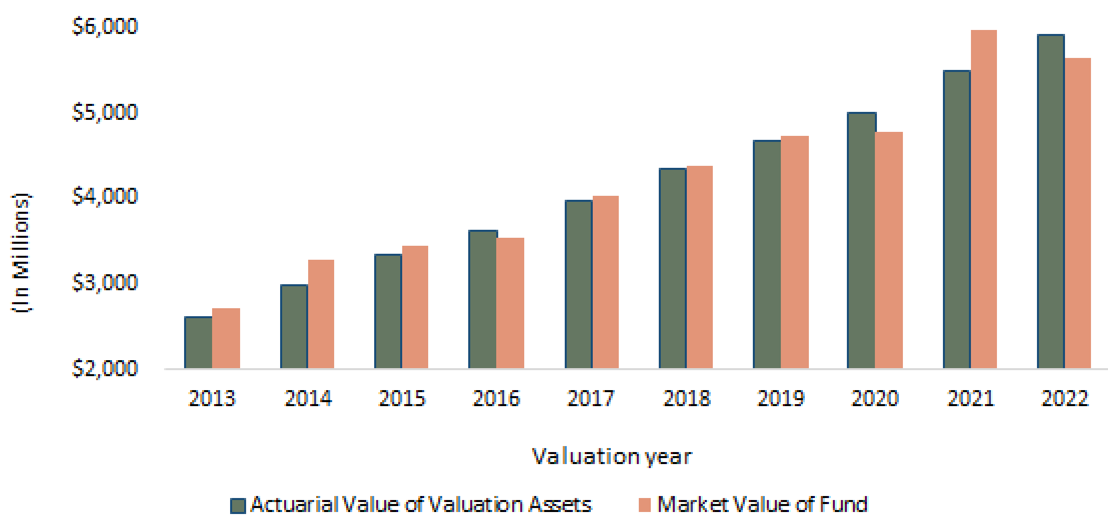
	June 30, 2022	June 30, 2021	Relative Change
Active Members			
Number of Members	5,249	5,356	(2.0)%
Average Age	44.9	45.1	(0.4)%
Average Credited Service	10.3	10.5	(1.9)%
Total Active Covered Payroll ($ in Thousands)	$611,957	$600,369	1.9%
Average Monthly Salary	$9,743	$9,439	3.2%
Retired Members			
Number of Members			
Service Retirement	4,608	4,421	4.2%
Disability Retirement	493	499	(1.2)%
Beneficiaries	678	672	0.9%
Average Age	71.4	71.5	(0.1)%
Actual Retiree Benefits Paid ($ in Thousands)	$276,502	$259,356	6.6%
Average Monthly Pension	$4,174	$3,995	4.5%
Number of Inactive Members	2,224	1,986	12.0%
Assets			
Market Value of Fund ($ in Thousands)	$5,649,674	$5,982,086	(5.6)%
Return on Market Value	-6.1%	23.5%	
Valuation Assets ($ in Thousands)	$5,922,894	$5,488,958	7.9%
Return on Valuation Assets	7.1%	8.2%	
Liability Values ($ in Thousands)			
Actuarial Accrued Liability	$6,530,039	$6,227,066	4.9%
Unfunded Actuarial Accrued Liability	$607,145	$738,108	(17.7)%
Deferred Asset (Gains) / Losses	$333,047	($437,683)	
Funded Ratio			
Based on Valuation Assets	90.7%	88.1%	2.6%

VALUATION ASSETS

Valuation Assets are the actuarial value of the fund, less the value of any reserves which have been set aside for current liabilities and special benefits (if any) to be funded outside of the actuarially determined contribution rates.

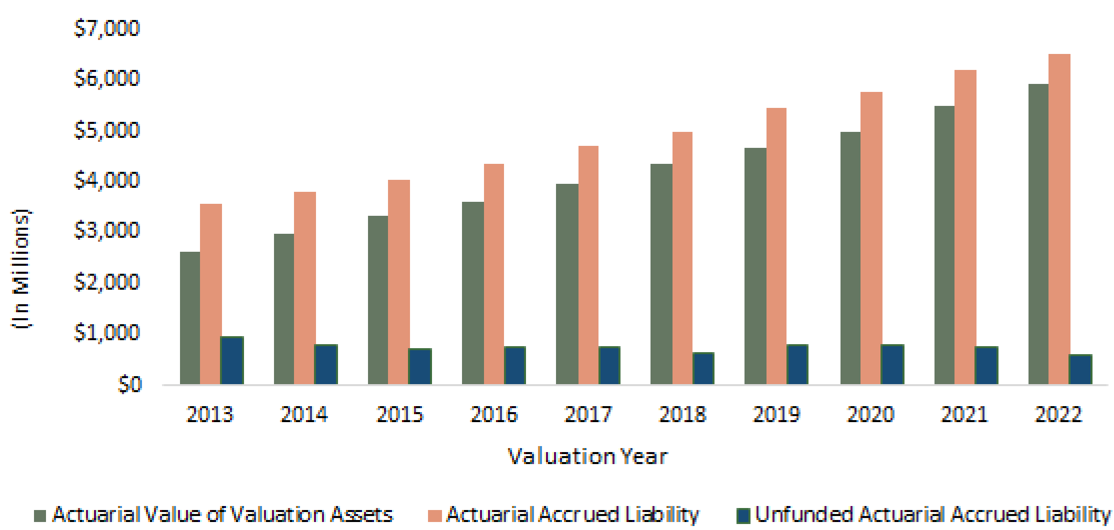
APPLICABLE VALUATION ASSETS

As of June 30



ACTUARIAL VALUATION

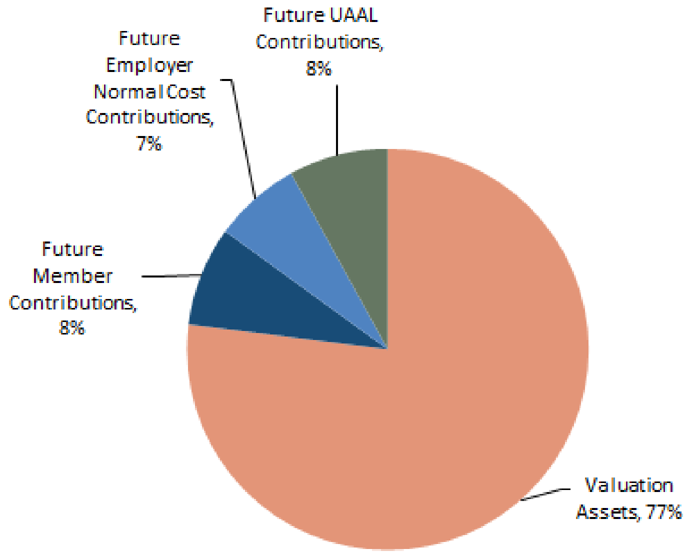
As of June 30



ACTUARIAL VALUATION—SAMCERA'S RESOURCES

As of June 30, 2022

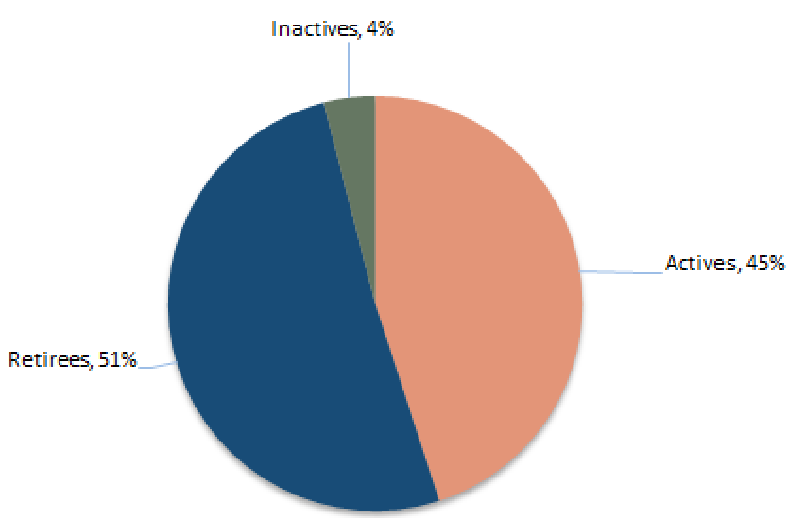
SamCERA's resources equal actuarial assets plus expected future contributions from both employers and members.



ACTUARIAL VALUATION—SAMCERA'S LIABILITIES

As of June 30, 2022

SamCERA's liabilities reflect benefits already earned in the past and those expected to be earned in the future by current members.



SCHEDULE OF FUNDING PROGRESS

(Dollars in Thousands)

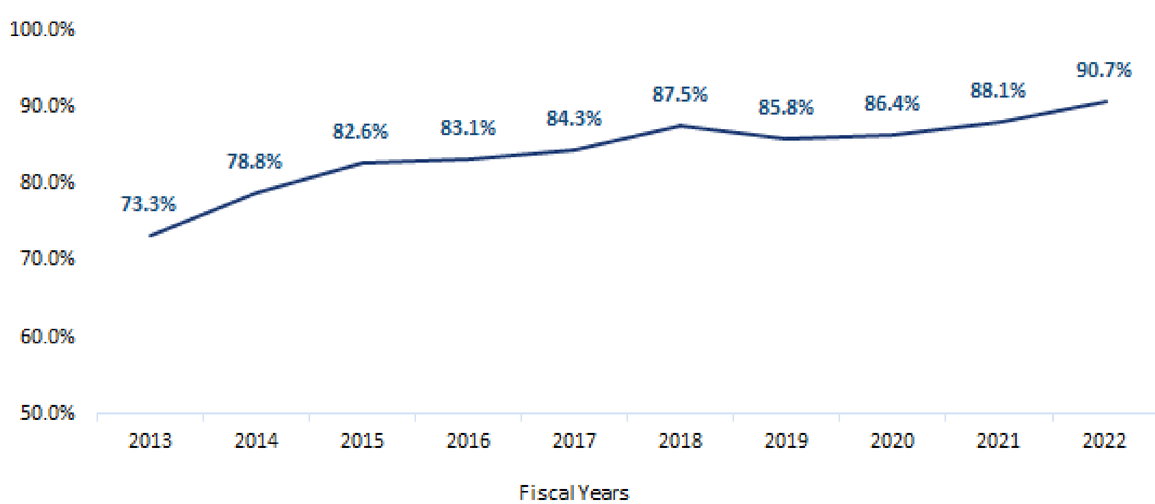
This schedule provides information about the funding progress of the pension plan.

Actuarial Valuation Date as of June 30,	(a) Actuarial Value of Valuation Assets	(b) Actuarial Accrued Liability	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
2013	$2,618,639	$3,572,750	$954,111	73.3%	$404,361	235.96%
2014	2,993,187	3,797,042	803,855	78.8%	416,274	193.11%
2015	3,343,550	4,045,786	702,236	82.6%	439,018	159.96%
2016	3,624,726	4,362,296	737,570	83.1%	472,385	156.14%
2017	3,976,717	4,719,850	743,133	84.3%	510,132	145.67%
2018	4,351,502	4,970,535	619,033	87.5%	535,938	115.50%
2019	4,685,502	5,459,978	774,476	85.8%	554,734	139.61%
2020	4,998,316	5,786,054	787,738	86.4%	593,295	132.77%
2021	5,488,958	6,227,066	738,108	88.1%	600,369	122.94%
2022	5,922,894	6,530,039	607,145	90.7%	611,957	99.21%

Note: The ten-year schedule of actuarially determined and actual contributions can be found in the Financial Section under Required Supplementary Information.

SCHEDULE OF FUNDED RATIO

As of June 30



ACTUARIAL ANALYSIS OF FINANCIAL EXPERIENCE

As of June 30 (Dollars in Thousands)

	Change in Liability				
Summary of (Gains) / Losses	**2022**	**2021**	**2020**	**2019**	**2018**
Unfunded Liability as of July 1	$ 738,108	$ 787,737	$ 774,476	$ 619,033	$ 743,133
Expected Change in Unfunded Actuarial Accrued Liability	(138,405)	(157,668)	(85,527)	(153,261)	(109,756)
Salary (Gain) / Loss	34,541	12,064	25,190	50,472	10,401
Retiree COLA more / (less) than Expected	16,379	(25,973)	18,992	21,749	12,203
Asset (Gain) / Loss	(47,017)	(87,748)	15,884	46,909	(42,796)
Change Due to Assumption Changes	-	197,720	11,593	173,944	-
Miscellaneous Experience	3,539	11,976	27,129	15,630	5,848
Unfunded Actuarial Accrued Liability as of June 30	**$ 607,145**	**$ 738,108**	**$ 787,737**	**$ 774,476**	**$ 619,033**

SOLVENCY TEST

(Dollars in Thousands)

		Actuarial Accrued Liabilities			Portion of Actuarial Accrued Liabilities Covered by Assets		
Actuarial Valuation Date as of June 30,	**Valuation Assets**	**Active Member Contributions (A)**	**Retirees and Beneficiaries[1] (B)**	**Active Members (Employer Financed Portion) (C)**	**(A)**	**(B)**	**(C)**
2013	$2,618,639	$534,276	$2,157,590	$880,884	100%	97%	0%
2014	2,993,187	584,080	2,285,328	927,634	100%	100%	13%
2015	3,343,550	628,287	2,451,544	965,955	100%	100%	27%
2016	3,624,726	679,246	2,635,409	1,047,641	100%	100%	30%
2017	3,976,717	735,102	2,811,651	1,173,097	100%	100%	37%
2018	4,351,502	783,887	3,032,813	1,153,835	100%	100%	46%
2019	4,685,502	769,137	3,369,094	1,321,747	100%	100%	41%
2020	4,998,316	858,906	3,609,214	1,317,934	100%	100%	40%
2021	5,488,958	895,745	3,908,520	1,422,801	100%	100%	48%
2022	5,922,894	937,791	4,240,655	1,351,593	100%	100%	55%

(1) Includes inactive members

STATISTICAL

Every success story is a tale of constant adaptation, revision, and change.
-Richard Branson

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This section presents historical information for the past ten fiscal years about SamCERA's finances and operations. Some of the information in this section is compiled by SamCERA's actuary based on the information provided by SamCERA.

CHANGES IN FIDUCIARY NET POSITION

For the Fiscal Years Ended June 30 (Dollars in Thousands)

	2022	2021	2020	2019	2018
Additions					
Employer Contributions	$234,746	$225,302	$198,583	$194,830	$179,627
Employer Supplementary Contributions	15,200	39,700	-	50,668	27,630
Member Contributions	73,968	73,967	70,631	67,696	64,204
Total Contributions	323,914	338,969	269,214	313,194	271,461
Investment Income (Loss), net of Expenses	(366,699)	1,133,127	42,355	271,625	280,076
Securities Lending Income	73	50	37	66	43
Miscellaneous Additions	-	-	-	-	27
Total Additions	**(42,712)**	**1,472,146**	**311,606**	**584,885**	**551,607**
Deductions					
Retiree Benefits	276,503	259,356	242,025	223,614	204,728
Member Refunds	4,407	2,796	3,796	3,571	4,326
Administrative Expenses	7,197	7,060	6,372	6,057	5,849
Information Technology Expenses	1,593	1,350	2,021	2,495	1,444
Total Deductions	**289,700**	**270,562**	**254,214**	**235,737**	**216,347**
Changes in Pension Plan Net Position	**($332,412)**	**$1,201,584**	**$57,392**	**$349,148**	**$335,260**

	2017	2016	2015	2014	2013
Additions					
Employer Contributions	$164,877	$170,046	$169,814	$152,877	$131,294
Employer Supplementary Contributions	33,850	21,048	10,890	50,000	13,014
Member Contributions	62,160	56,069	48,012	46,594	55,408
Total Contributions	260,887	247,163	228,716	249,471	199,716
Investment Income (Loss), net of Expenses	436,603	24,112	111,320	482,050	326,983
Securities Lending Income	46	278	310	435	622
Miscellaneous Additions	27	4,910	-	179	160
Total Additions	**697,563**	**276,463**	**340,346**	**732,135**	**527,481**
Deductions					
Retiree Benefits	190,364	179,498	168,109	159,342	149,266
Member Refunds	2,876	3,366	3,357	3,214	5,750
Administrative Expenses	5,983	5,962	5,350	4,914	4,260
Information Technology Expenses	996	714	629	731	654
Other Expenses	30	11	119	65	29
Total Deductions	**200,249**	**189,551**	**177,564**	**168,266**	**159,959**
Changes in Pension Plan Net Position	**$497,314**	**$86,912**	**$162,782**	**$563,869**	**$367,522**

SCHEDULE OF ADDITIONS TO FIDUCIARY NET POSITION BY SOURCE

(Dollars in Thousands)

Fiscal Year Ended June 30	Member Contributions	Employer Contributions	Investment Income (Loss)	Other	Total Additions
2013	$55,408	$144,308	$326,983	$782	$527,481
2014	46,594	202,877	482,050	614	732,135
2015	48,012	180,704	111,320	310	340,346
2016	56,069	191,094	24,112	5,188	276,463
2017	62,160	198,727	436,603	73	697,563
2018	64,204	207,257	280,076	70	551,607
2019	67,696	245,498	271,625	66	584,885
2020	70,631	198,583	42,355	37	311,606
2021	73,967	265,002	1,133,127 (1)	50	1,472,146
2022	73,968	249,946	(366,699) (2)	73	(42,712)

(1) The robust growth in investment income was predominantly driven by market appreciation.

(2) Investment performance was overshadowed by investor's concerns over the war between Russia and Ukraine, inflation, and fear of recession.

SCHEDULE OF DEDUCTIONS FROM FIDUCIARY NET POSITION BY TYPE

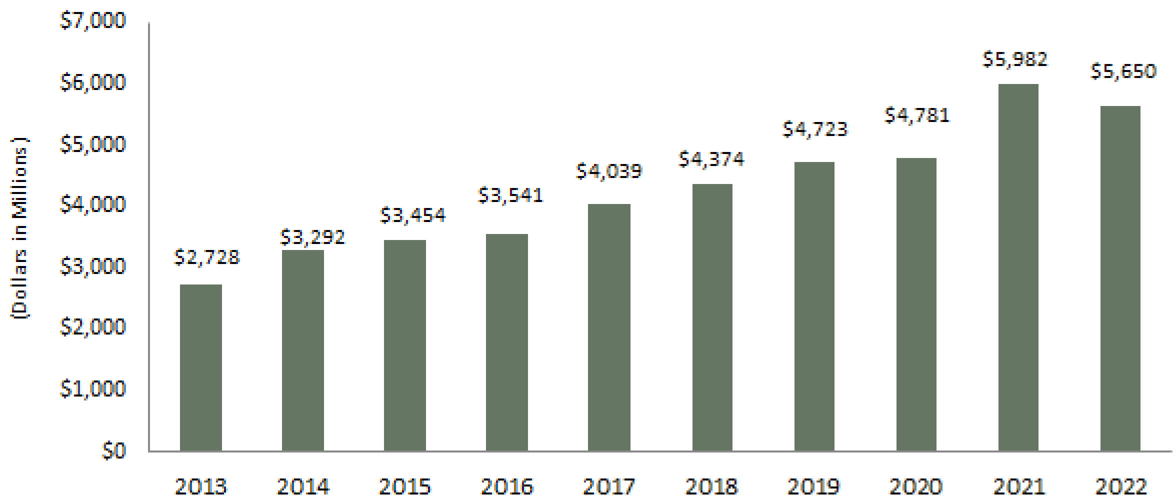
(Dollars in Thousands)

Fiscal Year Ended June 30	Service Retirement Benefits	Disability Retirement Benefits	Survivor Benefits	Death Benefits	Other Benefits	Member Refunds	Administrative Expenses	Information Technology Expenses	Other Expenses	Total Deductions
2013	$131,639	$16,705	$650	$39	$233	$5,750	$4,260	$654	$29	$159,959
2014	139,036	19,267	655	14	370	3,214	4,914	731	65	168,266
2015	147,267	20,038	661	91	52	3,357	5,350	629	119	177,564
2016	157,513	21,091	653	82	159	3,366	5,962	714	11	189,551
2017	166,975	22,690	661	27	11	2,876	5,983	996	30	200,249
2018	179,880	23,872	781	195	-	4,326	5,849	1,444	-	216,347
2019	196,874	25,212	983	250	295	3,571	6,057	2,495	-	235,737
2020	212,633	27,602	958	296	536	3,796	6,372	2,021	-	254,214
2021	229,731	28,342	1,071	57	155	2,796	7,060	1,350	-	270,562
2022	246,251	28,675	1,109	257	211	4,407 (1)	7,197	1,593	-	289,700

(1) The number of refunds went up to 140 from 84 a year ago.

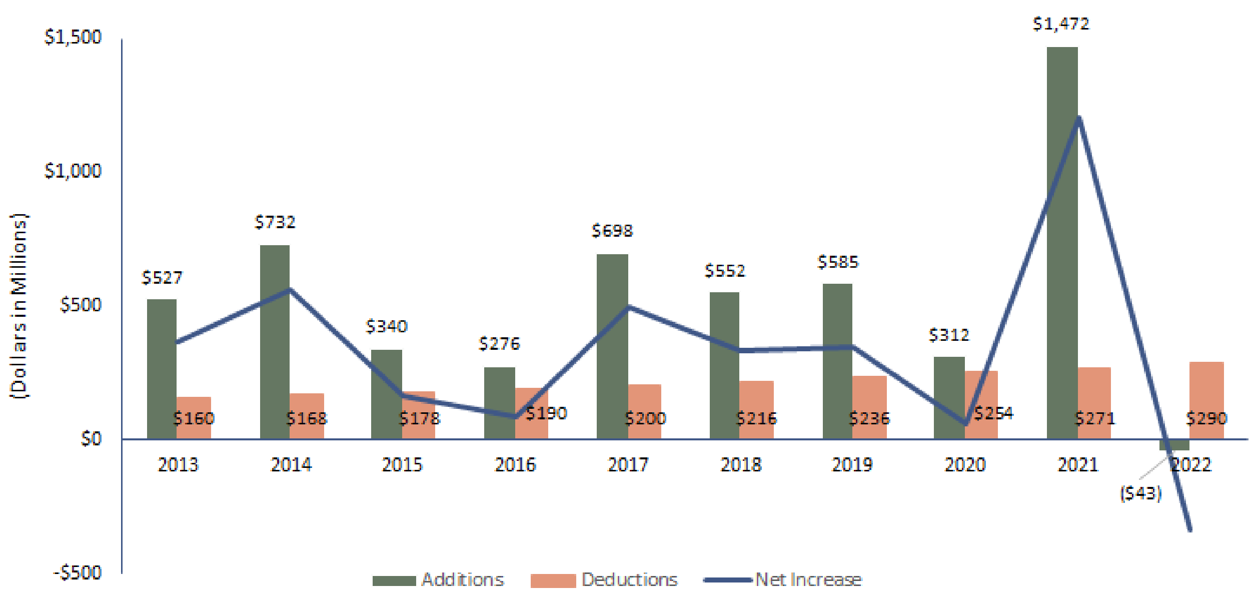
TOTAL FIDUCIARY NET POSITION

As of June 30



CHANGES IN FIDUCIARY NET POSITION

For the Fiscal Years Ended June 30



SUMMARY OF RETIRED BENEFITS, REFUNDS, AND INACTIVE MEMBERS

	2022	2021 [2]	2020	2019	2018
RETIRED MEMBERS					
Service Retirement [1]					
Number	5,240	5,050	4,906	4,697	4,604
Annual Benefit	$246,250,375	$229,730,556	$212,632,929	$196,874,097	$179,880,342
Average Monthly Payment	$4,008	$3,791	$3,612	$3,493	$3,256
Active Death Survivor					
Number	34	34	34	30	29
Annual Benefit	$1,108,651	$1,071,039	$958,068	$982,715	$781,459
Average Monthly Payment	$2,717	$2,625	$2,348	$2,730	$2,246
Active Death					
Number	7	2	4	7	4
Annual Benefit	$257,318	$57,226	$295,630	$249,751	$194,927
Average Monthly Payment	$3,063	$2,384	$6,159	$2,973	$4,061
Refund of Deceased Retiree Contribution					
Number	5	7	4	4	-
Annual Benefit	$211,260	$154,484	$536,331	$295,600	-
Average Monthly Payment	$3,521	$1,839	$11,174	$6,158	-
Disability Retirement					
Number	493	499	506	487	472
Annual Benefit	$28,674,627	$28,342,469	$27,601,908	$25,211,881	$23,872,145
Average Monthly Payment	$3,898	$4,733	$4,546	$4,314	$4,215
Total Retired Members					
Number	5,779	5,592	5,454	5,225	5,109
Annual Benefit	$276,502,231	$259,355,774	$242,024,866	$223,614,044	$204,728,873
Average Monthly Payment	$3,987	$3,865	$3,698	$3,566	$3,339
REFUND					
General	$4,006,328	$2,274,481	$3,177,699	$3,478,748	$3,252,941
Safety	$400,968	$521,679	$618,577	$92,331	$1,072,789
Total Refund	$4,407,296	$2,796,160	$3,796,276	$3,571,079	$4,325,730
INACTIVE MEMBERS	**2,224**	**1,986**	**1,882**	**1,767**	**1,666**

[1] Includes beneficiaries.

[2] The headcounts for Service Retirement and Disability Retirement are revised based on updated information.

Note - This schedule is prepared by SamCERA based on the actual benefits disbursed.

SUMMARY OF RETIRED BENEFITS, REFUNDS, AND INACTIVE MEMBERS (CONTINUED)

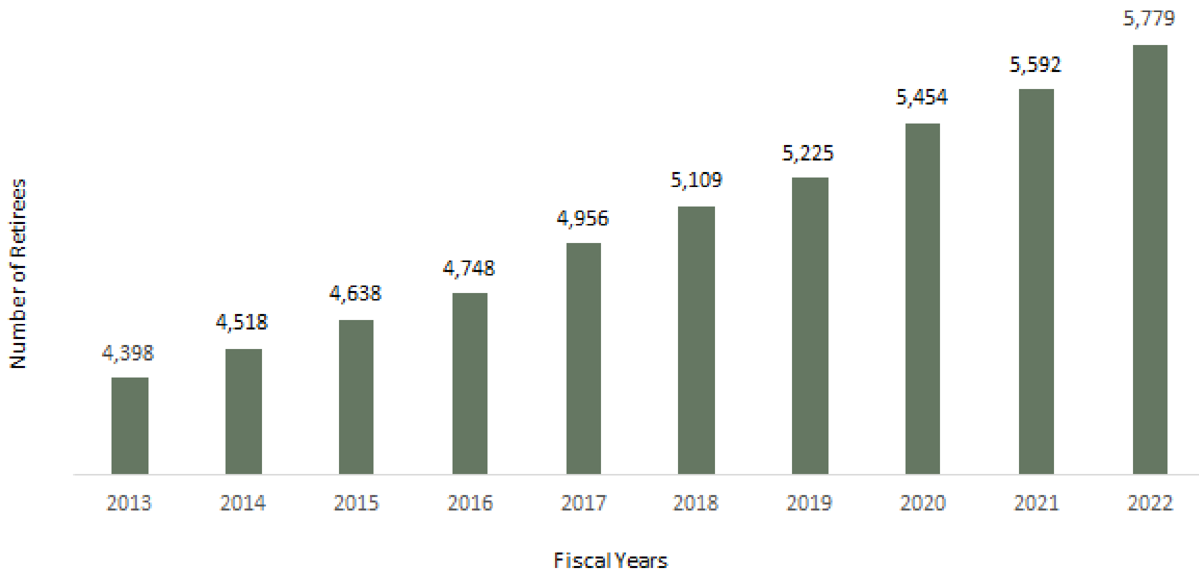
	2017	2016	2015	2014	2013
RETIRED MEMBERS					
Service Retirement [1]					
Number	4,458	4,257	4,160	4,052	3,965
Annual Benefit	$166,975,634	$157,513,099	$147,266,945	$139,036,410	$131,638,612
Average Monthly Payment	$3,121	$3,083	$2,950	$2,859	$2,767
Active Death Survivor					
Number	27	27	29	30	31
Annual Benefit	$661,162	$652,711	$661,222	$654,972	$649,930
Average Monthly Payment	$2,041	$2,015	$1,900	$1,819	$1,747
Active Death					
Number	1	5	3	1	1
Annual Benefit	$26,646	$82,444	$90,635	$13,633	$39,265
Average Monthly Payment	$2,221	$1,374	$2,518	$1,136	$3,272
Refund of Deceased Retiree Contribution					
Number	1	5	4	7	8
Annual Benefit	$11,138	$158,478	$51,734	$370,340	$232,593
Average Monthly Payment	$928	$2,641	$1,078	$4,409	$2,423
Disability Retirement					
Number	469	454	442	428	393
Annual Benefit	$22,689,813	$21,090,529	$20,038,671	$19,266,623	$16,705,247
Average Monthly Payment	$4,032	$3,871	$3,778	$3,751	$3,542
Total Retired Members					
Number	4,956	4,748	4,638	4,518	4,398
Annual Benefit	$190,364,393	$179,497,261	$168,109,207	$159,341,978	$149,265,647
Average Monthly Payment	$3,201	$3,150	$3,021	$2,939	$2,828
REFUND					
General	$2,511,145	$2,991,126	$3,011,758	$3,058,864	$5,161,430
Safety	$364,742	$375,311	$345,253	$155,265	$588,346
Total Refund	$2,875,887	$3,366,437	$3,357,011	$3,214,129	$5,749,776
INACTIVE MEMBERS	**1,487**	**1,486**	**1,384**	**1,304**	**1,306**

[1] Includes beneficiaries.

Note - This schedule is prepared by SamCERA based on the actual benefits disbursed.

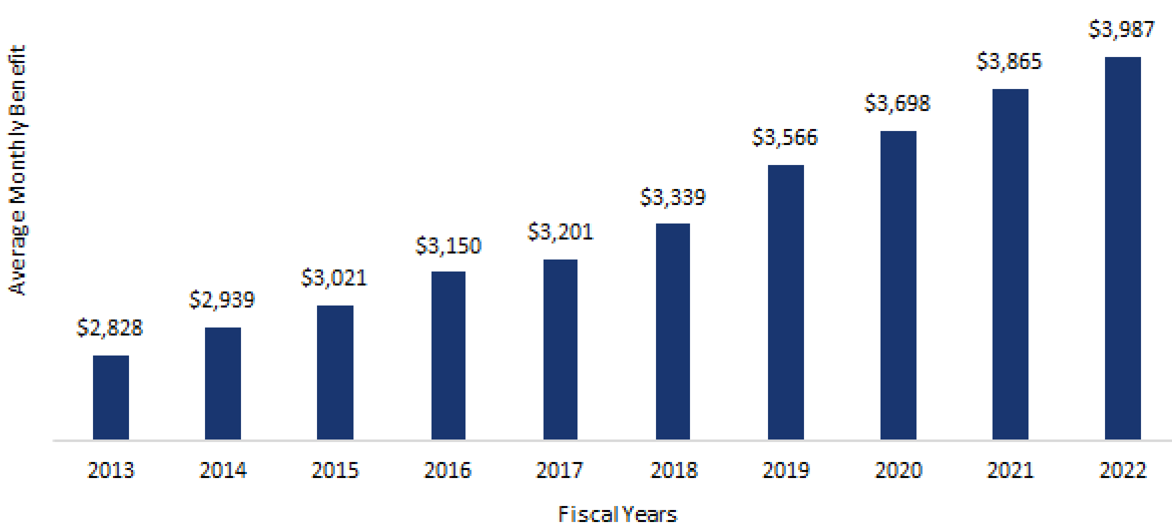
NUMBER OF RETIREES AND BENEFICIARIES RECEIVING BENEFITS

As of June 30



AVERAGE MONTHLY BENEFIT TO RETIREES AND BENEFICIARIES

For the Fiscal Years Ended June 30



SCHEDULE OF AVERAGE PENSION BENEFIT PAYMENTS

Years of Service Credit

7/1/2021 - 6/30/2022	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Retirees - Service and Disabilities							
Average Monthly Gross Benefit	$631	$1,691	$3,536	$4,002	$6,607	$9,526	$8,441
Average Final Compensation	$11,414	$10,012	$11,776	$9,750	$11,121	$13,436	$10,405
Number of Retirees	24	40	44	41	68	30	50
Beneficiaries							
Average Monthly Gross Benefit	$1,101	$1,025	$1,290	$2,334	$2,895	$4,245	$4,933
Average Final Compensation	$2,313	$5,995	$5,548	$7,271	$6,785	$5,042	$7,388
Number of Beneficiaries	9	7	6	6	6	4	3

7/1/2020 - 6/30/2021	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Retirees - Service and Disabilities							
Average Monthly Gross Benefit	$513	$2,075	$3,128	$4,652	$5,889	$8,463	$10,049
Average Final Compensation	$10,484	$11,773	$10,171	$10,552	$10,496	$12,023	$12,498
Number of Retirees	21	24	33	39	42	27	36
Beneficiaries							
Average Monthly Gross Benefit	$639	$1,126	$943	$1,720	$1,772	$5,752	$4,864
Average Final Compensation	$2,447	$7,875	$3,971	$3,664	$4,764	$6,840	$6,610
Number of Beneficiaries	11	6	3	6	2	5	5

7/1/2019 - 6/30/2020	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Retirees - Service and Disabilities							
Average Monthly Gross Benefit	$394	$1,450	$2,633	$3,875	$5,190	$7,485	$8,072
Average Final Compensation	$9,677	$9,801	$8,672	$9,005	$9,905	$11,042	$10,001
Number of Retirees	12	33	45	40	37	35	56
Beneficiaries							
Average Monthly Gross Benefit	$1,244	$1,954	$1,796	$3,080	$3,058	$5,083	$7,308
Average Final Compensation	$2,624	$5,459	$6,047	$9,860	$5,807	$7,574	$9,557
Number of Beneficiaries	6	3	6	9	5	5	5

7/1/2018 - 6/30/2019	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Retirees - Service and Disabilities							
Average Monthly Gross Benefit	$425	$1,564	$2,484	$4,013	$5,002	$7,792	$8,675
Average Final Compensation	$10,219	$9,667	$8,886	$8,901	$8,823	$11,094	$10,494
Number of Retirees	11	37	49	44	45	42	32
Beneficiaries							
Average Monthly Gross Benefit	$1,218	$1,828	$1,174	$134	$2,052	$3,757	$6,841
Average Final Compensation	$2,906	$9,453	$5,924	$6,644	$3,854	$4,246	$8,249
Number of Beneficiaries	11	4	5	1	2	5	5

7/1/2017 - 6/30/2018	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Retirees - Service and Disabilities							
Average Monthly Gross Benefit	$613	$1,327	$2,192	$3,541	$5,616	$6,728	$8,213
Average Final Compensation	$9,353	$8,032	$7,419	$8,210	$9,470	$9,686	$9,792
Number of Retirees	12	33	57	41	35	38	41
Beneficiaries							
Average Monthly Gross Benefit	$1,962	$1,460	$1,455	$1,861	$2,640	$6,712	$4,033
Average Final Compensation	$4,880	$8,022	$5,806	$6,311	$6,057	$6,777	$5,995
Number of Beneficiaries	13	10	9	5	6	8	7

SCHEDULE OF AVERAGE PENSION BENEFIT PAYMENTS (CONTINUED)

	Years of Service Credit						
7/1/2016 - 6/30/2017	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Retirees - Service and Disabilities							
Average Monthly Gross Benefit	$388	$1,429	$2,264	$3,155	$5,501	$6,533	$6,902
Average Final Compensation	$6,313	$6,428	$7,311	$7,237	$9,197	$9,440	$8,334
Number of Retirees	13	35	47	37	37	32	33
Beneficiaries							
Average Monthly Gross Benefit	$1,197	$574	$1,665	$2,916	$1,299	$ -	$ -
Average Final Compensation	$2,152	$3,564	$2,251	$3,852	$3,474	$ -	$ -
Number of Beneficiaries	8	6	5	1	1	-	-
7/1/2015 - 6/30/2016	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Retirees - Service and Disabilities							
Average Monthly Gross Benefit	$350	$1,536	$2,112	$3,210	$4,563	$5,841	$7,990
Average Final Compensation	$4,081	$6,646	$6,410	$9,032	$7,964	$8,548	$9,322
Number of Retirees	16	47	56	54	26	28	21
Beneficiaries							
Average Monthly Gross Benefit	$1,732	$1,038	$1,368	$1,361	$3,304	$3,036	$3,554
Average Final Compensation	*	$3,434	$4,173	$3,756	$5,429	$4,972	$5,372
Number of Beneficiaries	14	9	5	2	4	7	7
7/1/2014 - 6/30/2015	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Retirees - Service and Disabilities							
Average Monthly Gross Benefit	$564	$1,479	$2,538	$3,755	$4,264	$7,245	$6,140
Average Final Compensation	$4,191	$6,262	$7,158	$8,074	$7,548	$9,423	$7,752
Number of Retirees	21	35	52	35	20	38	31
Beneficiaries							
Average Monthly Gross Benefit	$1,753	$1,193	$1,120	$2,380	$2,147	$4,633	$6,036
Average Final Compensation	*	$3,587	$3,867	$6,994	$4,521	$8,971	$8,071
Number of Beneficiaries	11	3	3	6	5	5	6
7/1/2013 - 6/30/2014	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Retirees - Service and Disabilities							
Average Monthly Gross Benefit	$1,608	$1,758	$2,384	$3,351	$4,613	$6,349	$6,713
Average Final Compensation	$6,920	$6,729	$6,570	$7,614	$7,740	$9,292	$7,528
Number of Retirees	16	61	49	40	32	13	18
Beneficiaries							
Average Monthly Gross Benefit	$891	$660	$1,898	$946	$4,457	$3,550	$6,239
Average Final Compensation	*	$6,305	$5,433	$2,906	$7,872	$5,504	$6,611
Number of Beneficiaries	10	3	6	5	3	2	2
7/1/2012 - 6/30/2013	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Retirees - Service and Disabilities							
Average Monthly Gross Benefit	$643	$1,330	$2,513	$3,516	$5,226	$6,672	$7,309
Average Final Compensation	$5,234	$5,831	$7,321	$7,344	$8,135	$8,458	$7,818
Number of Retirees	16	39	59	21	30	24	20
Beneficiaries							
Average Monthly Gross Benefit	$1,434	$1,747	$1,494	$1,500	$1,321	$5,182	$4,166
Average Final Compensation	$589	$5,140	$5,255	$4,536	$3,446	$7,516	$6,039
Number of Beneficiaries	16	2	6	4	3	1	4

* - Information not available.

DISTRIBUTION OF RETIRED MEMBERS BY AGE AND RETIREMENT YEAR - ALL PLANS COMBINED

As of June 30, 2022

	Retirement Year								Total
Age	Pre-1990	1990-1994	1995-1999	2000-2004	2005-2009	2010-2014	2015-2019	2020-2022	**Count**
Under 35	-	-	-	-	-	4	2	1	7
35-39	-	-	1	1	1	-	-	-	3
40-44	-	-	-	-	-	2	12	3	17
45-49	-	-	-	-	5	8	18	18	49
50-54	-	-	-	4	9	14	65	117	209
55-59	-	-	6	7	13	31	218	151	426
60-64	-	-	8	12	40	169	302	235	766
65-69	-	3	13	48	151	258	397	161	1031
70-74	3	12	47	127	249	357	248	57	1100
75-79	4	22	109	190	316	201	90	23	955
80-84	12	69	125	161	124	65	37	17	610
85-89	31	58	88	61	21	21	18	9	307
90-94	49	46	47	10	8	15	12	3	190
95-99	40	14	13	3	7	3	5	3	88
100 & Over	11	4	1	4	-	-	1	-	21
Total Count	150	228	458	628	944	1148	1425	798	**5779**

SCHEDULE OF ACTIVE MEMBERS AND PARTICIPATING EMPLOYERS

As of June 30

	2022	2021	2020	2019	2018
COUNTY OF SAN MATEO					
General Members	4,294	4,375	4,379	4,350	4,343
Safety Members	476	520	522	530	508
Probation Members	170	193	223	237	256
Subtotal	4,940	5,088	5,124	5,117	5,107
SAN MATEO COUNTY SUPERIOR COURT					
General Members	287	249	256	240	239
SAN MATEO COUNTY MOSQUITO & VECTOR CONTROL DISTRICT					
General Members	22	19	20	20	21
Total Active Membership	**5,249**	**5,356**	**5,400**	**5,377**	**5,367**
Percentage of Membership by Employer					
County of San Mateo	94.11%	95.00%	94.89%	95.16%	95.16%
San Mateo County Superior Court	5.47%	4.65%	4.74%	4.46%	4.45%
San Mateo County Mosquito and Vector Control District	0.42%	0.35%	0.37%	0.38%	0.39%
Total Percentage of Membership	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

	2017	2016	2015	2014	2013
COUNTY OF SAN MATEO					
General Members	4,303	4,170	4,092	4,014	3,906
Safety Members	503	495	479	452	452
Probation Members	274	271	282	280	292
Subtotal	5,080	4,936	4,853	4,746	4,650
SAN MATEO COUNTY SUPERIOR COURT					
General Members	237	231	222	239	249
SAN MATEO COUNTY MOSQUITO & VECTOR CONTROL DISTRICT					
General Members	20	20	20	19	18
Total Active Membership	**5,337**	**5,187**	**5,095**	**5,004**	**4,917**
Percentage of Membership by Employer					
County of San Mateo	95.18%	95.16%	95.25%	94.84%	94.57%
San Mateo County Superior Court	4.44%	4.45%	4.36%	4.78%	5.06%
San Mateo County Mosquito and Vector Control District	0.38%	0.39%	0.39%	0.38%	0.37%
Total Percentage of Membership	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

SCHEDULE OF AVERAGE MONTHLY SALARY OF ACTIVE MEMBERS

For the Fiscal Years Ended June 30 (by Plan and Membership Type)

	2022	2021	2020	2019	2018
General Plan 1	$18,575	$18,022	$11,102	$9,793	$10,121
General Plan 2	11,516	10,957	10,665	10,088	9,526
General Plan 3	8,850	8,623	8,221	7,872	7,462
General Plan 4	10,680	10,087	9,671	9,302	8,534
General Plan 5	11,659	11,092	10,635	10,180	9,672
General Plan 7	8,291	8,014	7,726	7,395	6,974
Average Monthly Salary for General Plan	**$9,463**	**$9,173**	**$8,897**	**$8,622**	**$8,128**
Safety Plan 1	$ -	$ -	$ -	$ -	$ -
Safety Plan 2	16,177	15,162	15,125	14,197	13,607
Safety Plan 4	14,157	13,494	13,204	12,391	11,894
Safety Plan 5	13,127	12,619	12,367	11,708	11,349
Safety Plan 6	-	-	-	-	-
Safety Plan 7	10,507	9,765	9,581	9,030	8,747
Average Monthly Salary for Safety Plan	**$12,232**	**$11,671**	**$11,610**	**$11,146**	**$10,958**
Probation 1	$ -	$ -	$ -	$ -	$ -
Probation 2	11,203	10,641	10,174	9,908	9,061
Probation 4	10,927	10,359	9,827	9,103	8,714
Probation 5	10,219	9,911	9,343	8,587	8,219
Probation 6	-	-	-	-	-
Probation 7	8,983	8,378	7,598	6,973	6,676
Average Monthly Salary for Probation Plan	**$10,371**	**$9,835**	**$9,289**	**$8,678**	**$8,379**
Average Monthly Salary for All Plans	**$9,743**	**$9,439**	**$9,176**	**$8,873**	**$8,407**

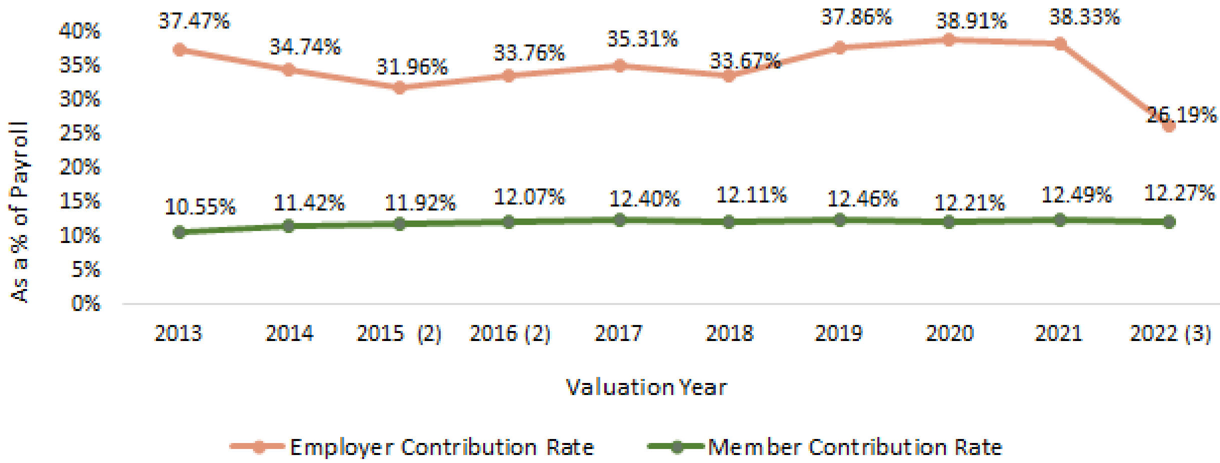
SCHEDULE OF AVERAGE MONTHLY SALARY OF ACTIVE MEMBERS (CONTINUED)

For the Fiscal Years Ended June 30 (by Plan and Membership Type)

	2017	2016	2015	2014	2013
General Plan 1	$11,305	$9,945	$9,235	$8,617	$8,104
General Plan 2	8,994	8,636	8,186	7,584	7,355
General Plan 3	7,484	7,173	6,747	6,300	6,254
General Plan 4	8,134	7,807	7,386	6,873	6,662
General Plan 5	8,980	8,485	7,735	6,912	6,418
General Plan 7	6,737	6,714	6,315	5,721	5,433
Average Monthly Salary for General Plan	**$7,869**	**$7,694**	**$7,351**	**$6,884**	**$6,762**
Safety Plan 1	$14,434	$15,810	$14,712	$14,091	$13,185
Safety Plan 2	13,528	12,505	11,545	11,191	10,935
Safety Plan 4	11,381	10,729	9,919	9,581	9,402
Safety Plan 5	10,544	9,940	9,145	8,958	8,699
Safety Plan 6	-	16,793	16,010	14,381	12,374
Safety Plan 7	8,356	7,538	6,701	7,011	6,695
Average Monthly Salary for Safety Plan	**$10,786**	**$10,364**	**$9,728**	**$9,767**	**$9,630**
Probation 1	$7,722	$7,261	$7,038	$6,874	$6,618
Probation 2	9,069	8,349	8,012	7,699	7,445
Probation 4	8,270	7,454	7,267	6,922	6,622
Probation 5	7,612	6,429	6,106	5,916	5,242
Probation 6	7,347	6,259	5,739	5,216	4,808
Probation 7	6,121	5,962	5,684	5,807	7,742
Average Monthly Salary for Probation Plan	**$8,061**	**$7,391**	**$7,216**	**$6,998**	**$6,770**
Average Monthly Salary for All Plans	**$8,154**	**$7,933**	**$7,567**	**$7,151**	**$7,026**

EMPLOYER AND MEMBER CONTRIBUTION RATES [1]

Determined as of June 30



[1] Contribution rates determined as of the valuation date will become effective a year later. For example, contribution rates determined as of June 30, 2022, will become effective on July 1, 2023.

[2] Statutory Contribution Rates reflect changes in member rates negotiated subsequent to the 2015 and the 2016 valuations.

[3] The decrease in employer contribution rate is primarily due to the full amortization of the unfunded actuarial accrued liablity layer established as of June 30, 2008.

EMPLOYER CONTRIBUTION RATES FOR ALL PLANS COMBINED AS A PERCENTAGE OF COVERED PAYROLL

	Fiscal Year Beginning		
Employer Statutory Contribution Rate [1]	**July 1, 2023**	**July 1, 2022**	**Change**
Gross Normal Cost	23.64%	24.04%	(0.40)%
Less: Member Contributions	(12.27)%	(12.49)%	0.22%
Employer Normal Cost	11.37%	11.55%	(0.18)%
UAAL Amortization	16.04%	29.21%	(13.17)%
Calculated Employer Contribution Rate	27.41%	40.76%	(13.35)%
Deferred Recognition of 2021 Assumptions	(1.22)%	(2.43)%	1.21%
Total Employer Statutory Contribution Rate [2]	**26.19%**	**38.33%**	(12.14)%
Statutory Contribution Rate by Employer			
County of San Mateo	26.19%	38.51%	(12.32)%
San Mateo County Superior Court	26.02%	35.73%	(9.71)%
San Mateo County Mosquito & Vector Control District	25.06%	12.10%	12.96%

(1) Detailed contribution rates by plan are reported on the 2022 valuation report.

(2) The Total Employer Statutory Contribution Rate of 26.19% is the aggregate rate for all employers.

HISTORY OF EMPLOYER STATUTORY CONTRIBUTION RATES

Valuation Date	General Members (County & Court)			General Members (Nurses & UAPD)			General Members (SMCM&VCD)		
June 30	Normal	UAAL	Total	Normal	UAAL	Total	Normal	UAAL	Total
2013	9.74%	22.35%	32.09%	8.92%	22.35%	31.27%	11.70%	22.35%	34.05%
2014	10.12%	20.27%	30.39%	9.14%	20.21%	29.35%	11.72%	21.16%	32.88%

Valuation Date	General Members (County)			General Members (Court)			General Members (SMCM&VCD)		
June 30	Normal	UAAL	Total	Normal	UAAL	Total	Normal	UAAL	Total
2015	8.67%	18.37%	27.04%	9.04%	19.54%	28.58%	11.75%	19.54%	31.29%
2016	8.91%	19.81%	28.72%	9.09%	21.30%	30.39%	12.02%	12.50%	24.52%
2017	9.58%	20.55%	30.13%	9.65%	22.58%	32.23%	12.32%	12.37%	24.69%
2018	9.22%	19.32%	28.54%	9.27%	21.76%	31.03%	12.13%	0.00%	12.13%
2019	9.93%	22.18%	32.11%	10.01%	25.21%	35.22%	12.58%	0.00%	12.58%
2020	9.57%	23.22%	32.79%	9.63%	26.22%	35.85%	12.37%	0.39%	12.76%
2021	10.18%	21.84%	32.02%	10.28%	25.45%	35.73%	12.10%	0.00%	12.10%
2022	10.08%	12.01%	22.09%	10.16%	15.86%	26.02%	11.92%	13.14%	25.06%

Notes:

1. Contribution rates shown are those calculated in the corresponding actuarial valuation. In some cases, actual contributions were higher.

2. Beginning with the 2013 actuarial valuation, Plan 1, 2, and 4 members of the Union of American Physicians & Dentists (UAPD) contribute 25% of the cost of COLA, in addition to current member rates and cost sharing. In 2011 and 2012, these members contributed the same as County General members.

3. Beginning with the 2015 actuarial valuation, Plan 1, 2, and 4 members of the UAPD and the California Nurses Association (CNA), and Probation members (Managers) contribute 50% of the cost of COLA, in addition to current member rates and cost sharing.

4. Effective with the first pay period after June 30, 2016, all members (except those with benefits negotiated under Court Interpreters and Board of Supervisors bargaining units, and the San Mateo County Mosquito and Vector Control District (SMCM&VCD) members) contribute 50% of the cost of COLA, in addition to current member rates and cost sharing. Additionally, pick-up contributions are discontinued for members with benefits negotiated under the Probation and Detention Association (PDA) bargaining unit.

5. Effective October 2016, all members (except those with benefits negotiated under Board of Supervisors bargaining unit, and SMCM&VCD members) contribute 50% of the cost of COLA, in addition to current member rates and cost sharing. This is reflected in 2016 values.

6. Effective July 1, 2018, the Board of Supervisors contribute 50% of the cost of COLA, in addition to current member rates and cost sharing. Additionally, pick-up contributions were eliminated.

HISTORY OF EMPLOYER STATUTORY CONTRIBUTION RATES (CONTINUED)

Valuation Date	Safety Member			Probation Members (excluding Managers)			Probation Members (Managers)		
June 30	Normal	UAAL	Total	Normal	UAAL	Total	Normal	UAAL	Total
2013	18.51%	50.33%	68.84%	18.33%	29.32%	47.65%	17.85%	29.32%	47.17%
2014	18.99%	46.48%	65.47%	18.92%	28.09%	47.01%	18.79%	28.09%	46.88%
2015	15.14%	43.58%	58.72%	15.31%	26.77%	42.08%	17.23%	26.77%	44.00%
2016	16.31%	44.25%	60.56%	15.94%	31.72%	47.66%	Same as Probation (exclude Managers)		
2017	17.28%	45.57%	62.85%	17.42%	32.87%	50.29%	Same as Probation (exclude Managers)		
2018	16.98%	44.68%	61.66%	16.95%	32.88%	49.83%	Same as Probation (exclude Managers)		
2019	18.02%	50.87%	68.89%	17.97%	42.55%	60.52%	Same as Probation (exclude Managers)		
2020	17.57%	54.42%	71.99%	18.30%	47.68%	65.98%	Same as Probation (exclude Managers)		
2021	18.84%	55.10%	73.94%	19.40%	50.12%	69.52%	Same as Probation (exclude Managers)		
2022	18.56%	28.79%	47.35%	19.27%	34.48%	53.75%	Same as Probation (exclude Managers)		

Notes:

1. Contribution rates shown are those calculated in the corresponding actuarial valuation. In some cases, actual contributions were higher.

2. Beginning with the 2013 actuarial valuation, Plan 1, 2, and 4 members of the Union of American Physicians & Dentists (UAPD) contribute 25% of the cost of COLA, in addition to current member rates and cost sharing. In 2011 and 2012, these members contributed the same as County General members.

3. Beginning with the 2015 actuarial valuation, Plan 1, 2, and 4 members of the UAPD and the California Nurses Association (CNA), and Probation members (Managers) contribute 50% of the cost of COLA, in addition to current member rates and cost sharing.

4. Effective with the first pay period after June 30, 2016, all members (except those with benefits negotiated under Court Interpreters and Board of Supervisors bargaining units, and the San Mateo County Mosquito and Vector Control District (SMCM&VCD) members) contribute 50% of the cost of COLA, in addition to current member rates and cost sharing. Additionally, pick-up contributions are discontinued for members with benefits negotiated under the Probation and Detention Association (PDA) bargaining unit.

5. Effective October 2016, all members (except those with benefits negotiated under Board of Supervisors bargaining unit, and SMCM&VCD members) contribute 50% of the cost of COLA, in addition to current member rates and cost sharing. This is reflected in 2016 values.

6. Effective July 1, 2018, the Board of Supervisors contribute 50% of the cost of COLA, in addition to current member rates and cost sharing. Additionally, pick-up contributions were eliminated.

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COMPLIANCE

Transformation is an ongoing process that seems to be ordinary, when, in fact, something extraordinary is taking place.

-Suzy Ross

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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 and Audit Committee of
San Mateo County Employees' Retirement Association
Redwood City, 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 basic financial statements and other information (financial statements) of the San Mateo County Employees' Retirement Association (SamCERA), a pension trust fund of the County of San Mateo, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise SamCERA's basic financial statements, and have issued our report thereon dated October 17, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SamCERA'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 SamCERA's internal control. Accordingly, we do not express an opinion on the effectiveness of SamCERA'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 SamCERA'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 may exist that have not been identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SamCERA'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 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 SamCERA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SamCERA's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Stockton, California
October 17, 2022

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SamCERA
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