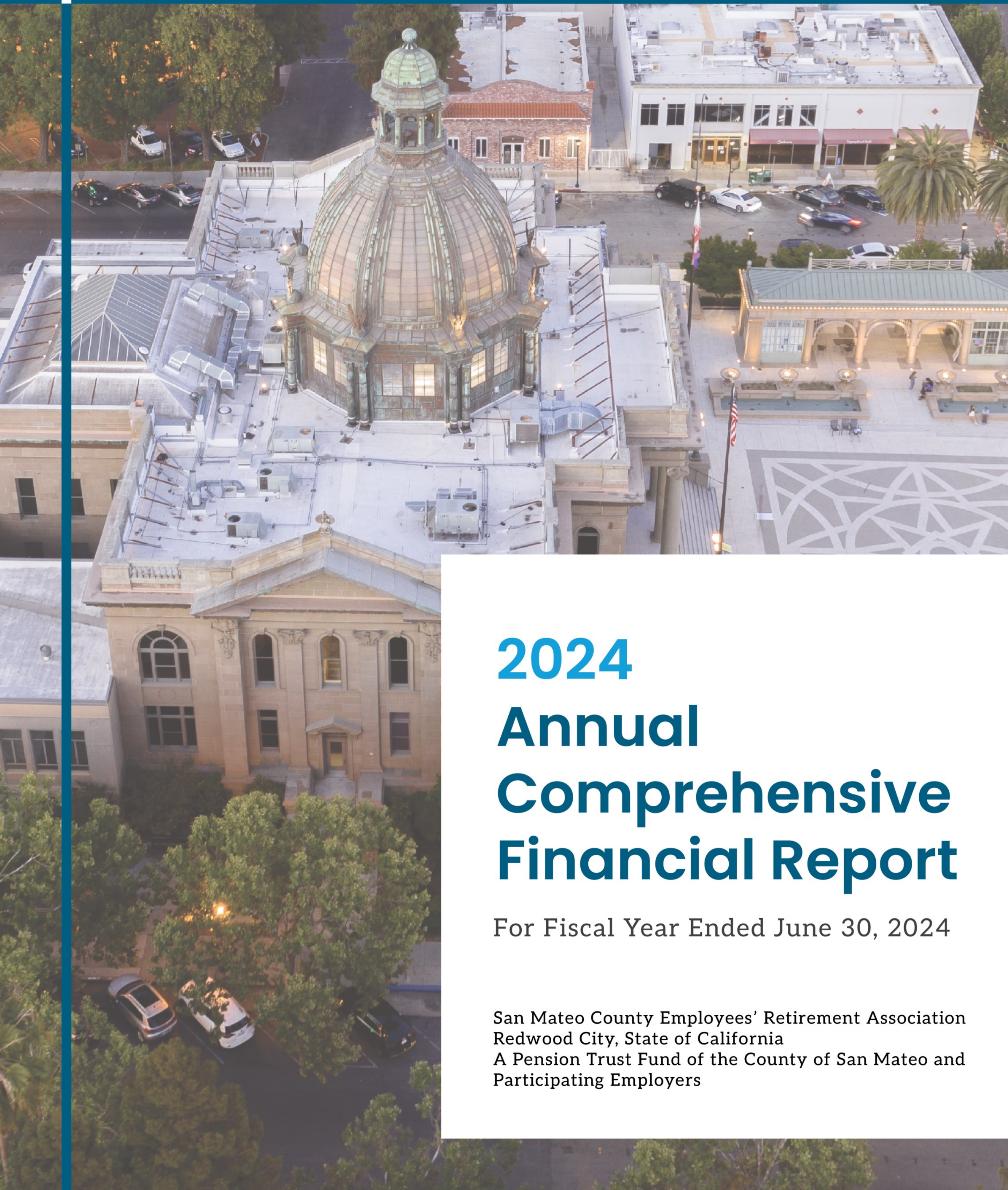


2024

Annual Comprehensive Financial Report

For Fiscal Year Ended June 30, 2024

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

yesterday. today. tomorrow.

yesterday. today. tomorrow.

CELEBRATING 80 YEARS: 1944–2024

SamCERA provides retirement, disability, and survivor benefits to employees of San Mateo County, San Mateo County Superior Court, and San Mateo County Mosquito and Vector Control District. For the past 80 years, SamCERA has strived to provide security and peace of mind to all of its members and their families. As we move forward in this milestone year, we will take time to reflect on the past, show gratitude for the present, and continue to lay a strong foundation for the future.

San Mateo County Employees' Retirement Association (SamCERA)

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

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2024

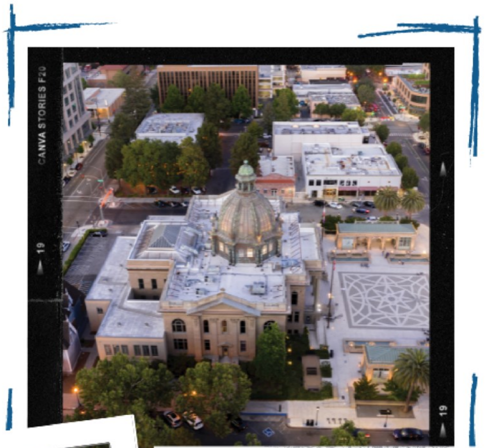
Issued by: Scott Hood, Chief Executive Officer

Prepared by: SamCERA's Finance and Investment Divisions

SamCERA

100 Marine Parkway, Suite 125

Redwood City, California 94065




SamCERA
SamCERA
SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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1944

1945

1946

1947

San Mateo County Board of Supervisors established SamCERA pension for full time permanent employees.

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Letter of Transmittal

Scott Hood

Chief Executive Officer

Address: 100 Marine Parkway, Suite 125, Redwood City, CA 94065
Phone: (650) 599-1234
Web: www.samcera.org
Email: samcera@samcera.org

To: SamCERA's Members, Benefit Recipients, Employers, and Board 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, 2024. 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 denotes 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 29-31.

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 material errors. Management's Discussion and Analysis (MD&A) is presented on pages 32-41, 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 (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 a fiduciary for all SamCERA members and their beneficiaries under the California Constitution, Article XVI, Section 17 and the CERL, is responsible for administering the retirement 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 administering the retirement system.

The Board consists of nine Trustees. Four positions are appointed by the County 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, who serves a term of four years. In addition, there are two alternates: one elected Safety Member Alternate and one elected Retired Member Alternate. Board Officers for fiscal year 2023-24 were Mark Battey, Chair; Alma Salas, Vice Chair; and Elaine Orr, Secretary. Other members of the Board were: Sandie Arnott, Al David, Kurt Hoefer, Kimathi Marangu, Katherine O'Malley, and Robert Raw. Alternate Trustees were April DeCarsky and Nicole McKay.

The Board has adopted the Regulations of the Board of Retirement, and among these policies, its Mission & Goals, Investment Policy Statement, Conflict of Interest Code, and Code of Conduct; all of 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 29. A breakdown of the budget allotment versus actual expenses is presented on pages 72-76. 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, a financial auditor, and a medical advisor to help the Board fulfill its duties. The Board's primary professional consultants are highlighted in the organizational chart on page 25.

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 is responsible for meeting the needs of its members (including beneficiaries), participating employers, and the Board in accordance with the high standards set forth in SamCERA's Mission & Goals statements. SamCERA's staff are sworn to carry out their 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 of the 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 89% of SamCERA's active members are 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. During the audit, internal controls are reviewed to ensure that SamCERA has adequate controls in place to ensure reliable financial reporting and to safeguard its assets. This year we received a clean opinion again from our auditor, reflecting that our financial statements are fairly presented in all material aspects in accordance with GAAP. The auditor's report is presented on pages 29-31. 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 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 fair value was $6.5 billion as of June 30, 2024, with an increase of $476.6 million, mostly from portfolio appreciation.

The portfolio returned 9.2% net of investment management fees for the fiscal year ended June 30, 2024, and underperformed SamCERA's policy benchmark return of 11.7% by 2.5%. Despite this underperformance, the net return of 9.2% exceeded the assumed rate of 6.25% by 2.95%.

Actuarial

SamCERA continues to be a statewide leader in funding assumptions and is pleased to be ranked the 2nd most actuarially conservative among California retirement systems in an April 2024 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 is due mainly to its relatively low assumed rate of return of 6.25% and its funding method, similar to the June 30, 2008 Unfunded Actuarial Accrued Liability (UAAL) that was amortized over a 15-year fixed period. Effective with the June 30, 2023 valuation all outstanding UAAL layers were consolidated into a single layer and amortized over a 15-year period beginning July 1, 2024.

SamCERA engages an independent actuarial consulting firm, Milliman, Inc. (Milliman), to conduct the annual actuarial valuation of its pension plan. The purpose of this valuation is to assess the magnitude of the benefit commitments, compare that with the assets expected to be available to support those commitments, determine the funding ratio, and establish employer and employee contribution rates for the upcoming fiscal year.

Triennially, the plan's actuary conducts an actuarial experience study so that appropriate assumptions can be adopted for valuing the plan's assets and liabilities. The most recent triennial experience study was completed for the period ended April 30, 2023.

SamCERA also triennially engages an independent actuarial consulting firm to conduct an audit of the triennial experience study and the annual actuarial valuation of its pension plan. The purpose of the actuarial audit is to confirm that the results reported by Milliman can be relied upon and that their actuarial methods comply with the Actuarial Standards of Practice. The last triennial audits were completed in 2023.

Plan Funding Status

SamCERA strives to fund the system's liabilities while maintaining employer contributions, as a percentage of pay, as level as possible. The funding ratio serves as a good indicator of whether the plan is financially sound and able to fulfill its liabilities on an ongoing basis.

Milliman's 2024 valuation determined that the plan's funding ratio decreased slightly to 87.6% as of June 30, 2024, from 88.3% a year ago. The decrease was primarily due to demographic changes and the recognition of investment returns from prior years that were less than expected by the assumptions. As a result of the 2023 Investigation of Experience study, the Board adopted changes in the UAAL amortization funding method. Under this method, as mentioned earlier, all outstanding UAAL layers are combined into a single layer and reamortized over a 15-year period (fresh-start method) beginning July 1, 2024. New layers will be established in future years to amortize newly emerging gains and losses over their own 15-year closed period. This method also incorporates a minimum contribution rate for employers (the "Minimum Rate"), requiring all employers to pay the greater of the Minimum Rate or the Statutory Contribution Rate (the "SCR"). The aggregate minimum UAAL rate (based on UAAL rates from the 2022 valuation) was greater than the 15-year layered amortization for both the prior and current valuation, so the 15-year layered amortization did not apply this year, and these factors (outside of the Supplementary Contribution Account funding) did not ultimately affect the SCR.

The employer statutory contribution rate, which is comprised of the Employer Normal Cost rate and a separate component to amortize the UAAL, decreases slightly by 0.14% to 26.5% of pay for the fiscal year beginning July 1, 2025. The employer normal cost rate for all plans combined decreased slightly to 11.61% of pay for fiscal year 2024-25, from 11.75% for fiscal year 2023-24, and the employer contribution portion of the rate that funds the UAAL remains the same as fiscal year 2023-24 at 14.89%.

Supplemental Contributions

In 2013, a Memorandum of Understanding (MOU) was established between the County and SamCERA in which the County committed to accelerate the pay down of its UAAL by making supplemental contributions, which is separately accounted for in the County's Supplementary Contribution Account (CSCA). Along with the earnings, the balance in the CSCA has grown to $213.7 million as of June 30, 2024. In September of 2015, the District also entered into an MOU with SamCERA to make supplemental contributions, which is deposited in the District's Supplementary Contribution Account (DSCA), to pay down its UAAL. The DSCA balance amounted to $4,187 as of June 30, 2024.

Cost-of-Living Adjustment

The Board of Retirement approved a Cost-of-Living Adjustment (COLA) effective April 1, 2024, for SamCERA retirees and beneficiaries. The COLA was between 2.0% and 4.0%, dependent on the COLA limit of each plan.

- The COLA for Plan 1 General and Safety members was 4.0%, which included 3.5% based on the Consumer Price Index and 0.5% from their COLA bank.
- Plan 1 Probation members received a 3.0% COLA with 0.5% being deposited in their COLA bank.
- The COLA for Plan 2 members was 3.0%.
- The COLA for Plans 4, 5, 6, and 7 members was 2.0%.
- Plan 3 does not provide a COLA.

Strategic Planning

SamCERA's strategic plan continues to evolve as our organizational needs change. In 2023, the Board along with staff updated its strategic plan with what the Board envisioned should be the direction, goals, and focus priorities of the organization so that a more deliberate, thoughtful approach can be developed to achieve the newly adopted goals and objectives. SamCERA continues to pursue its major goals and focus priorities described below; all of which are derived from and consistent with SamCERA's mission and vision statements.

MISSION STATEMENT

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

VISION STATEMENT

To be a well-governed and financially sound public retirement system through effective management, prudent investment, and efficient administration of benefits.

GOALS

- Provide high quality services and information to members and other stakeholders.
- Manage assets prudently and cost-effectively to assure the retirement system is adequately funded and all earned benefits are paid timely.
- Improve operating efficiency and effectiveness to minimize cost.

FOCUS PRIORITIES

- Manage the complexities of the investment program by balancing liabilities against expected returns and inherent market risks.
- Prepare for and effectively navigate periods when cash outflows exceed contributions.
- Enhance risk management measures regarding cybersecurity and data recovery capabilities, the investment program, and financial accounting.

- Align SamCERA's resources and organizational capabilities with its operational, administrative, and logistical needs through workforce planning and office space management.
- Strengthen and improve the Board governance model to ensure continued positive development towards a strategic focus.
- Enhance the member experience.

Notable accomplishments in fiscal year 2023-24

Over the past year, SamCERA implemented notable enhancements to our technology and services to better serve our membership.

- To enhance cybersecurity across the office, the IT team collaborated with San Mateo County's Information Services Department to implement Cortex XDR, effectively countering emerging external threats.
- To address potential issues from internet outages, staff established a backup internet connection.
- To enhance the member experience, we are in the process of redesigning our website to work seamlessly with our newly developed member portal and mobile app. Together, these three platforms will provide effective messaging and resources to SamCERA members and stakeholders.

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, 2023. This was the twenty-seventh consecutive year that SamCERA has achieved this prestigious award. 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 fiscal year ended June 30, 2023, and has received this honor for the past twenty-one years. The certificate is reproduced on page 19.

Additionally, the Public Pension Coordinating Council (the Council) presented SamCERA with its Public Pension Standards Award for 2023. 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 20.

These three 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 ACFR, in a timely manner, reflects the combined efforts of SamCERA's management and staff under the leadership, dedication, and support of the Board.

Acknowledgments

As we reflect on the journey of our retirement system through the lens of "Yesterday, Today, Tomorrow," we are reminded of the profound impact of our collective efforts and the enduring value of our mission.

Yesterday has laid the foundation for our current successes and challenges. The legacy of prudent decisions and strategic planning has set the stage for the secure, resilient system we manage today. We honor this legacy by acknowledging past achievements and learning from historical experiences.

Today, we are at a pivotal moment. Our present actions, guided by diligence and foresight, shape the immediate landscape of our retirement system. We are committed to maintaining transparency, safeguarding assets, and adapting to changes to ensure that our system remains strong and sustainable.

Tomorrow beckons with both opportunities and uncertainties. As we look forward, our focus remains on innovation and long-term stability. We are dedicated to preparing for future needs, embracing advancements, and continuing our mission to secure a reliable foundation for all members and their beneficiaries.

In closing, we extend our gratitude to our stakeholders for their unwavering support and dedication. Thank you to the staff and management team at SamCERA for their efforts in crafting this year's ACFR. I would also like to extend my sincere appreciation to the Board of Retirement and to our esteemed consultants, Brown Armstrong Accountancy Corporation and Milliman, Inc., whose support, professionalism, and efficiency have been instrumental in bringing this report to fruition. Together, we will continue to forge ahead, honoring yesterday, navigating today, and preparing for a tomorrow that promises continued success and security for generations to come.

Respectfully submitted,

Scott Hood
Chief Executive Officer
October 17, 2024

GFOA Certificate of Achievement (ACFR)

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, 2023

Christopher P. Morrill

Executive Director/CEO

GFOA Certificate of Achievement (PAFR)

Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

San Mateo County Employees' Retirement Association California

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

PPCC Public Pension Standards Award

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2023

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
Program Administrator

Mission & Goals

Mission

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

Goals

- Provide high quality services and information to members and other stakeholders.
- Manage assets prudently and cost-effectively to assure the retirement system is adequately funded and all earned benefits are paid timely.
- Improve operating efficiency and effectiveness to minimize cost.

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Board of Retirement

The Board of Retirement at SamCERA is comprised of 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 has a variety of responsibilities including management, administration, and investments of the retirement fund.

Board of Retirement (June 30, 2024)

Mark Battey
Chair

Appointed by the
Board of Supervisors
Sixth Member

Alma Salas
Vice Chair

Elected by the
Retired Members
Eighth Member

Elaine Orr
Secretary

Appointed by the
Board of Supervisors
Fourth Member

Sandie Arnott
Board Member

Ex. Officio per
the 1937 Act
First Member

Katherine O'Malley
Board Member

Elected by the
General Members
Second Member

Al David
Board Member

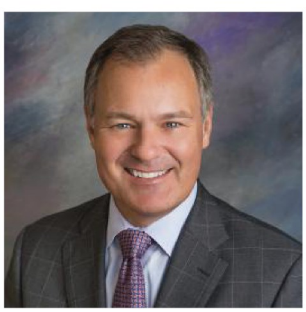
Elected by the
General Members
Third Member

Kimathi Marangu
Board Member

Appointed by the
Board of Supervisors
Fifth Member

Robert Raw
Board Member

Elected by the
Safety Members
Seventh Member



Kurt Hoefer
Board Member

Appointed by the
Board of Supervisors
Ninth Member

Nicole McKay
Board Member

Elected by the
Retired Members
Retiree Alternate

April DeCarsky
Board Member

Elected by the
Safety Members
Safety Alternate

BOARD OF RETIREMENT

Mark Battey, Chair; Alma Salas, Vice Chair; Elaine Orr, Secretary; Sandie Arnott, Al David, Kurt Hoefer, Kimathi Marangu, Katherine O'Malley, and Robert Raw

ALTERNATE TRUSTEES

April DeCarsky and Nicole McKay

Medical Advisor
Vacant

Investment Consultant
Verus Advisory, Inc.
John Nicolini

Actuarial Services
Milliman, Inc.
Nick Collier

Financial Audit
Brown Armstrong Accountancy Corporation
Ashley Green

CHIEF EXECUTIVE OFFICER

Scott Hood

CHIEF INVESTMENT OFFICER

Michael Coultrip

- **INVESTMENT ANALYST** Lilibeth Dames
- **INVESTMENT ANALYST** Doris Ng

ASSISTANT EXECUTIVE OFFICER

Gladys Smith

RETIREMENT TECHNOLOGY OFFICER

Vacant

- **INFORMATION TECH. ANALYST** Darius Nagal
- **INFORMATION TECH. ANALYST** Edward Ick

EXECUTIVE SECRETARY Jenny Lukan

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

CHIEF LEGAL COUNSEL

Paul Okada

KEY

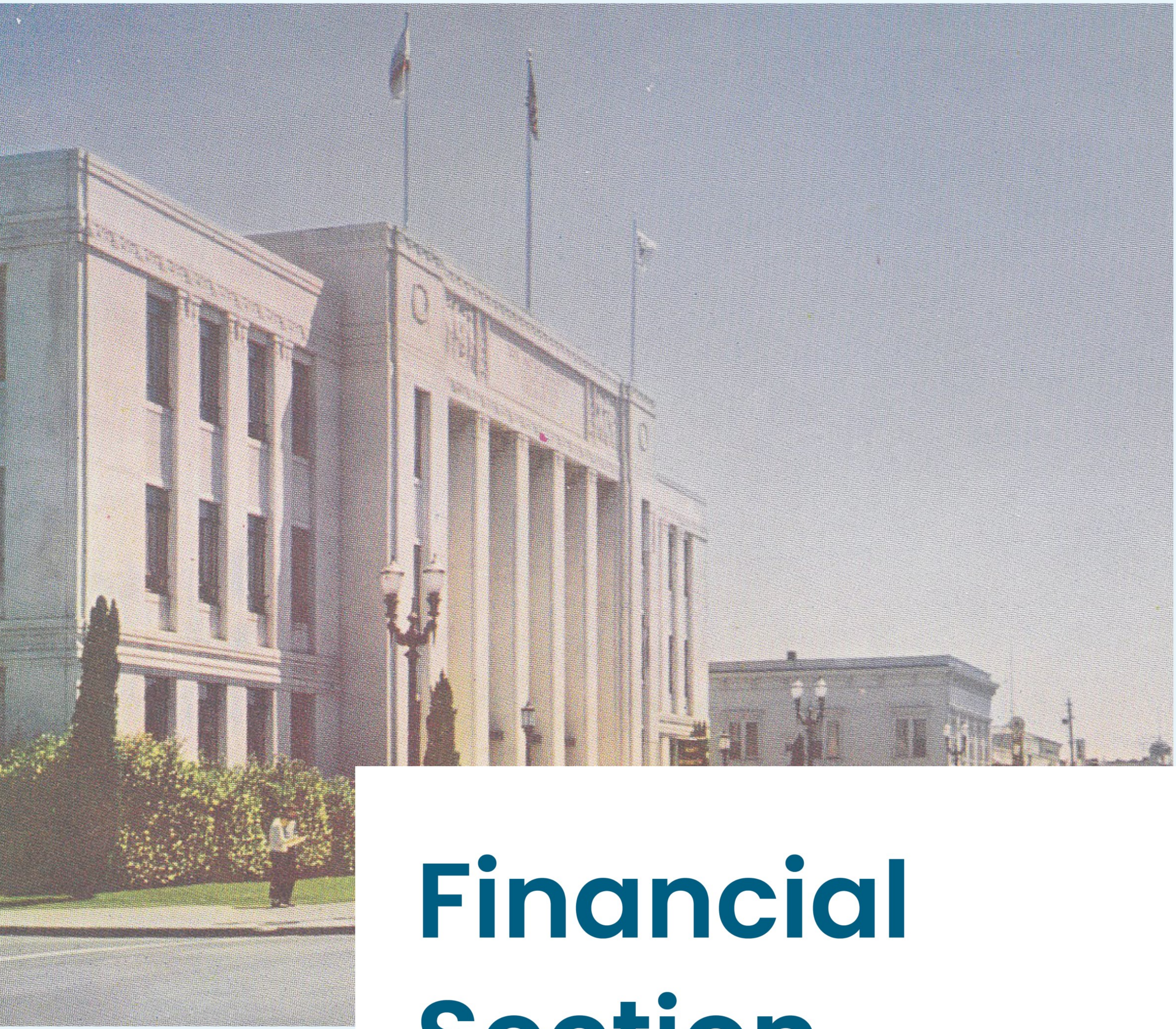
Consultant

Staff

See page 111 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
Commercial Banking	U.S. Bank
Consulting Actuary	Milliman, Inc.
Custodian	Northern Trust Corporation
Disability Counsel	Byers/Richardson
India Tax Agent	BSR & Co. LLP
Investment Consultant	Verus Advisory, Inc.
Investment Software	eVestment Alliance, LLC
Securities Litigation Class Action Services	ISS Governance
Pension Administration System Software	Vitech
Portfolio Analytics	Venn by Two Sigma
Securities Litigation Monitoring Counsel	Berman Tabacco Bernstein Litowitz Berger and Grossman Grant and Elsenhofer LLP
Stock Distribution Broker	Merrill Lynch, Pierce, Fenner & Smith Inc.
Tax Counsel	Buchalter, P.C. Wellington Gregory LLP
Trade Cost Analysis Consultant	Zeno AN Solutions



Financial Section

1965

1967

1966

1968

San Mateo County
Board of Supervisors
implemented §31676.1
defined benefit formula
provisions of the
Retirement Law.

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Independent auditor's report

Brown Armstrong
Certified Public Accountants
www.ba.cpa
661-324-4971

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, 2024; 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, 2024, listed as other information in the table of contents.

In our opinion, the basic financial statements and other information referred to above present fairly, in all material respects, the fiduciary net position of SamCERA as of June 30, 2024; 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, 2024, 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 and Other Information 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 and other information 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 and other information that are free from material misstatement, whether due to fraud or error.

BAKERSFIELD
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309
661-324-4971

FRESNO
10 River Park Place East, Suite 208
Fresno, CA 93720
559-476-3592

STOCKTON
2423 West March Lane, Suite 202
Stockton, CA 95207
209-451-4833

In preparing the basic financial statements and other information, 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 and other information 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 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 and other information, 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 and other information.
- 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 and other information.
- 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 and other information, 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 and other information 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 information, and other knowledge we obtained during our audit of the basic financial statements and other information. 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements and other information that collectively comprise SamCERA's basic financial statements and other information. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements and other information. 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 and other information. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and other information 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 and other information or to the basic financial statements and other information themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements and other information 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 other information and our auditor's report thereon. Our opinions on the basic financial statements and other information 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 and other information, our responsibility is to read the additional information and consider whether a material inconsistency exists between the additional information and the basic financial statements and other information, 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 additional information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited SamCERA's June 30, 2023, basic financial statements and other information, and our report dated October 18, 2023, expressed an unmodified opinion on those audited basic financial statements and other information. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2023, 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, 2024, 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, 2024

Management's discussion and analysis for fiscal year 2023-24

This section of the San Mateo County Employees' Retirement Association's (SamCERA or the Retirement Fund) Annual Comprehensive Financial Report (ACFR) provides a narrative overview and analysis of SamCERA's financial position as of June 30, 2024, and financial activities for the fiscal year then ended. We encourage readers to read the information presented here, in conjunction with the Notes to the Basic Financial Statements beginning on page 44.

Financial Highlights

- SamCERA's prime objective is to meet long-term benefit obligations through investment income and contributions. The fiscal strength of the Retirement Fund improved modestly over the year as market conditions continued to thrive.
- As of June 30, 2024, SamCERA's net position held in trust for pension benefits (total assets minus total liabilities) reached $6.5 billion, an increase of $0.5 billion or 8% 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 $808.6 million, denoting a 21% increase from a year ago. Although the statutory employer contribution fell significantly after the June 30, 2009 amortization layer fully retired in June 2023, from 38.33% of pay last year to 26.19% this year, its financial impact was entirely offset by a fairly good return on investment.
- The time-weighted net return on investments was 9.2% versus 5.1% a year ago as the inflation picture ameliorated. Strong performance was seen in global equities, domestic stocks, and fixed income securities.
- In June 2024, the County of San Mateo (the County) contributed $10 million in excess of the statutory required contribution to accelerate the payoff of its unfunded actuarial accrued liability. The supplemental contribution is discretionary.
- Total deductions from the Retirement Fund were $331.9 million, reflecting a 6% increase from a year ago. The increase was mainly triggered by the annual cost-of-living adjustment (COLA) to pension benefits and the continued growth in the number of retired members.
- The Retirement Fund was 87.6% funded as of June 30, 2024, posting a slight decrease of 0.7% from 88.3% a year ago. The decrease in funded ratio was due mostly to demographic changes and the recognition of prior year investment losses (which were partially offset by this year's investment gains).
- As of June 30, 2024, the actuarial accrued asset and actuarial accrued liability of the Retirement Fund amounted to $6.5 billion and $7.4 billion, respectively. Their difference of $919.3 million represented the unfunded actuarial accrued liability that will be fully funded through employer contributions in years to come.

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 accounting principles and reporting standards prescribed by the Governmental Accounting Standards Board (GASB).

Basic Financial Statements

Basic financial statements are prepared using the accrual basis of accounting that 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, 2024. 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 42 of this report.

The *Statement of Changes in Fiduciary Net Position* provides information about financial activities during the reporting period that have 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 earnings are recognized when earned, and expenses are recognized when incurred. The net appreciation (or depreciation) in the fair value of investments includes both realized and unrealized gains and losses on investments. This statement can be found on page 43 of this report.

Notes to the Basic Financial Statements

Notes to the Basic Financial Statements are an integral part of the basic financial statements, supplying additional information that is essential to better understand the data presented on the basic financial statements. Notes also include detailed information about key policies and activities that occurred during the reporting period. Notes to the Basic Financial Statements can be found on pages 44-77 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. Required Supplementary Information consists of three distinct schedules and note disclosures listed on the following page and can be found on pages 79-84.

- *Schedule of Changes in Net Pension Liability and Related Ratios of Participating Employers* reports 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 "money-weighted" rates of return of the investment portfolio over a period of time.
- *Notes to the Required Supplementary Information* disclose additional details in relation to the required supplementary information.

Supplementary Information

Supplementary Information includes several schedules reflecting administrative, information technology, and investment expenses in conjunction with payments to consultants (for fees paid to outside professionals other than investment advisors). Supplementary Information and the accompanying notes can be found on pages 85-87 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*. These two schedules are 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 the Net Pension Liability on the balance sheets and changes in Net Pension Liability on the operating statements as pension expenses, deferred inflows of resources, and deferred outflows of resources. Other Information can be found on pages 88-90 of this report.

Financial Analysis

Increases and decreases in the 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 strength.

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, 2024, approximated to $6.5 billion, an increase of $0.5 billion or 8% over the reporting period.

Statement of Fiduciary Net Position

June 30

Dollars in Thousands

	2024	2023	Increase (Decrease) Amount	Percentage
Assets				
Cash and cash equivalents	$ 168,837	$ 210,121	$ (41,284)	-20%
Cash management overlay	12,191	19,989	(7,798)	-39%
Securities lending cash collateral	4,401	3,737	664	18%
Receivables	67,191	150,102	(82,911)	-55%
Prepaid expenses	325	215	110	51%
Investments at fair value	6,314,790	5,827,906	486,884	8%
Capital assets, net	4,155	5,473	(1,318)	-24%
Total assets	**6,571,890**	**6,217,543**	**354,347**	**6%**
Liabilities				
Investment management fees payable	2,297	2,038	259	13%
Due to broker for investments purchased	75,644	202,435	(126,791)	-63%
Securities lending collateral due to borrowers	4,401	3,737	664	18%
Lease liability	1,965	2,444	(479)	-20%
Other	5,891	1,846	4,045	219%
Total liabilities	**90,198**	**212,500**	**(122,302)**	**-58%**
Net position restricted for pensions	**$6,481,692**	**$6,005,043**	**$476,649**	**8%**

Assets. SamCERA's total assets increased by $354.3 million or 6% from a year ago. Significant changes include the following:

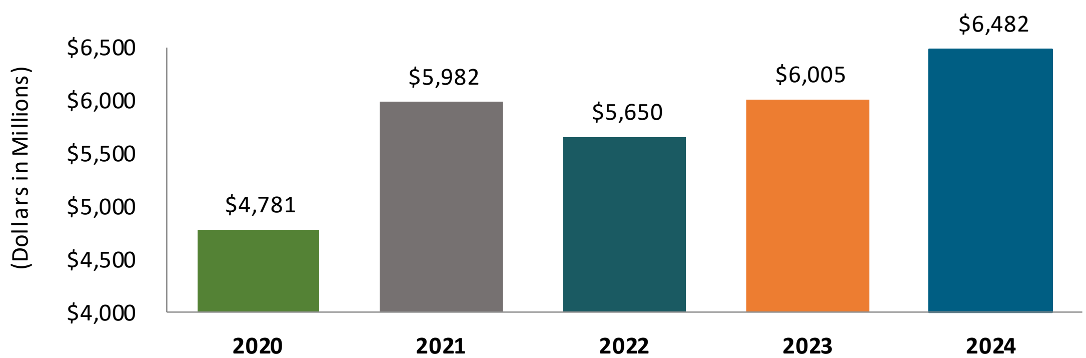
- *Cash and cash equivalents* decreased by $41.3 million. In early July 2023, $30.0 million was withdrawn from the custodian general cash account to fund a new fixed income manager. Additionally, a total of $28.0 million was pulled out from the liquidity-match account to finance the retiree payroll. The aggregated cash outflow was partially offset by the County supplemental contribution of $10.0 million made in June 2024 and other investment income received.
- *Cash management overlay* decreased by $7.8 million. The cash overlay program uses derivative instruments to enhance returns, manage risks, and increase efficiency. To minimize excess variation margin, $10 million was transferred from the cash overlay account to the general cash account to meet other needs.
- *Securities lending cash collateral* increased by $0.7 million. Although the fair value of securities on loan decreased modestly by $1.5 million, from $9.7 million in June 2023 to $8.2 million in June 2024, the cash collateral received outweighed the non-cash collateral.

- *Receivables* overall decreased by $82.9 million. Multiple sizeable trades that had been executed in June 2023 were not settled until July 2023.

- *Investment at fair value* increased by $486.9 million, primarily due to the following factors:
  - Public Equity increased by $308.0 million. Of this amount, $305.0 million was triggered by appreciation as the markets flourished, with $221.0 million in the passive indexed accounts, $55.0 million in active domestic equity, and $29.0 million in active international equity.
  - Fixed Income increased by $140.9 million. During the fiscal year, about $77.0 million of new capital was added into fixed income due to portfolio balancing. The remaining increase was mainly attributable to market appreciation with $29.0 million in opportunistic credit and $32.0 million in core fixed income.
  - Alternatives increased by $38.2 million, partly due to $9.5 million increased valuations in private equity and partly attributable to $29.0 million market appreciation in absolute return.
  - Inflation Hedge increased by $22.1 million. To rebalance its portfolio, SamCERA invested an additional $31.0 million in public real assets, $8.7 million in private real assets, and $9.0 million in real estate. Despite the $40.0 million market appreciation in private and public real assets, the value of this portfolio was diluted by $66.5 million losses in real estate as investments in commercial properties continued to struggle.
  - Liquidity decreased by $22.3 million. SamCERA redeemed a net $27.0 million from the cash flow match account for benefit payments, which was offset by $5.0 million in market appreciation.

- *Net Capital Assets* decreased by $1.3 million, due primarily to the depreciation of capital assets.

Fiduciary Net Position
June 30



Liabilities. SamCERA's total liabilities decreased by $122.3 million or 58% from a year ago. Significant changes are discussed below:

- *Due to broker for investments purchased* decreased by $126.8 million. The decrease was predominantly linked to a sizable payable of $128.0 million from a fixed income manager that transpired in June 2023. The payable was subsequently settled in July 2023.
- *Securities lending cash collateral due to borrowers* increased by $0.6 million. The increase in liability was triggered by and in parallel with the increase in securities lending cash collateral discussed earlier under the Assets section.
- *Lease liability* was $2.0 million as of June 30, 2024, about $0.5 million less than the prior fiscal year. The lease liability originated from an office space rental agreement and will gradually be depleted in accordance with lease payments over the lease term.

During the reporting period, the net position increased by $476.6 million, due primarily to improved market conditions explained earlier. The table below shows condensed information about the changes in fiduciary net position (total additions minus total deductions) for the fiscal year ended June 30, with explanations for significant variances noted.

Statement of Changes in Fiduciary Net Position

Fiscal Years Ended June 30

Dollars in Thousands

			Increase (Decrease)	
	2024	**2023**	**Amount**	**Percentage**
Additions				
Employer contributions	$ 175,572	$ 238,938	$ (63,366)	-27%
Employer supplemental contributions	10,000	10,000	-	0%
Member contributions	82,331	77,666	4,665	6%
Net investment income	540,652	341,246	199,406	58%
Total additions	**808,555**	**667,850**	**140,705**	**21%**
Deductions				
Service retirement benefits	281,573	266,317	15,256	6%
Disability retirement benefits	34,309	30,196	4,113	14%
Survivor, death, and other benefits	1,350	1,371	(21)	-2%
Refunds of member contributions	5,277	4,944	333	7%
Administrative expenses	7,765	7,836	(71)	-1%
Information technology expenses	1,632	1,817	(185)	-10%
Total deductions	**331,906**	**312,481**	**19,425**	**6%**
Net increase in net position	**476,649**	**355,369**	**121,280**	**34%**
Net position restricted for pensions				
Beginning of year	6,005,043	5,649,674	355,369	6%
End of year	**$6,481,692**	**$6,005,043**	**$476,649**	**8%**

Additions. Total additions to the Retirement Fund were $808.6 million, an increase of $140.7 million or 21% over the year. Significant changes are discussed below.

- *Employer contributions* decreased by $63.4 million. In June 2023, the unfunded liability layer from June 2009 was fully retired, causing a significant decline in employer contributions from 38.33% of the pay for fiscal year 2023 to 26.19% for fiscal year 2024.

- *Member contributions* increased by $4.7 million. Despite the member contribution rate declining slightly from 12.49% of the pay for fiscal year 2023 to 12.27% for fiscal year 2024, the 4% scheduled salary increase in October 2023 triggered a $45.7 million increase in overall pensionable income.

- *Net investment income* increased by $199.4 million, which resulted from the following:

  - *Interest and dividends* combined increased by $22.1 million. Two new fixed income managers brought in a total of $12.0 million in interest income. Other contributors included a $5.4 million increase in interest income from two of SamCERA's core fixed income managers, a $2.4 million increase in dividend income from SamCERA's core infrastructure funds, and a $2.0 million increase in other income from a new fixed income manager.

  - *Net appreciation in fair value of investments* was $196.3 million over the fiscal year. The appreciation was driven mostly by strong performance in various areas: $83.0 million in public equity, $48.0 million in fixed income, $50.0 million in alternative assets, $28.0 million in public and private real assets, and $6.0 million in liquid assets. The increase was partially offset by $19.0 million market depreciation in real estate as the investments in commercial real estate continued to underperform.

  - *Investment expenses* increased by $18.9 million. Striving to meet its long-term investment target asset allocation, SamCERA added three new managers to its fixed income portfolio, several new funds to inflation hedge assets, and private equity funds to the portfolio. These strategies altogether attributed to the increase in investment expenses.

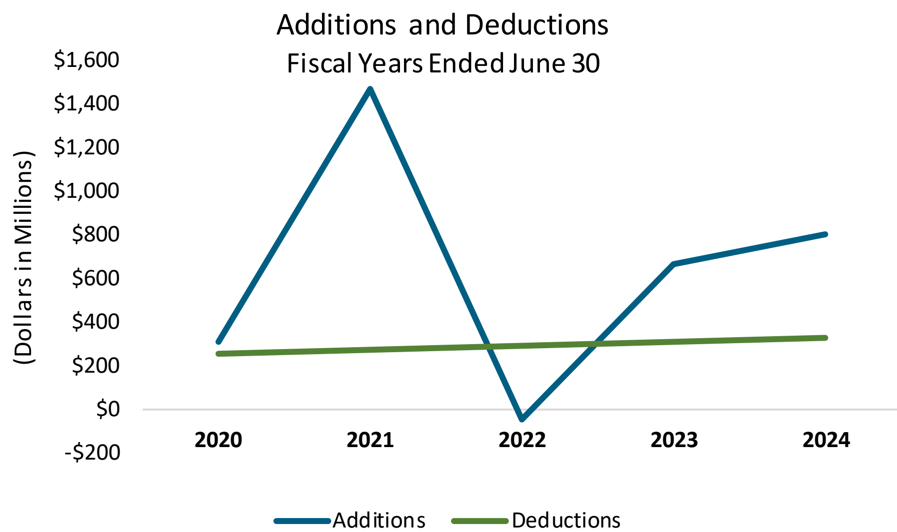
Deductions. Total deductions from the Retirement Fund were $331.9 million, an increase of $19.4 million or 6% over the year. Significant changes are explained below:

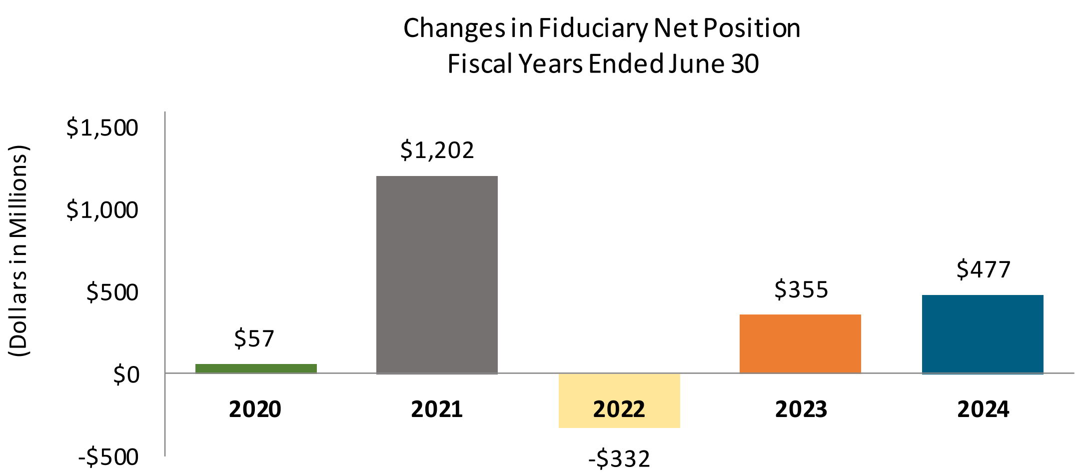
- *Service retirement benefits* increased by $15.3 million or 6%, mostly from the annual cost-of-living adjustment (between 2% to 4%) to pension benefits. Additionally, new retirees and beneficiaries were added to the payroll during the year.

- *Disability retirement benefits* rose by $4.1 million or 14%. A new medical reviewer was hired to help improve the backlog in disability retirement determinations. Some of these disability cases spanned years and included hefty retroactive disability benefits, consequently leading to a large payroll in disability retirement.

- *Refunds of member contributions* increased by $0.3 million or 7%, due mainly to a 23% increase in the number of refunds and rollovers, from 107 requests last fiscal year to 127 requests this fiscal year.

- *Information technology (IT) expenses* decreased by $0.2 million or 10%. The Information Technology Manager position has been vacant since January 2024 and yet to be filled. Being short-staffed, a few IT projects were postponed to the next fiscal year.





Actuarial Valuation

SamCERA engages an independent actuarial firm, Milliman, Inc., to conduct an annual actuarial valuation that serves as an instrument to monitor its funding status and 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 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 growth at 3.00%, and payroll growth at 3.00%. In addition, the Board 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.

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 were as follows: investment return at 6.25%, inflation at 2.50%, wage growth at 3.00%, and payroll growth at 3.00%. The COLA assumption for Plans 1 and 2 was set in accordance with the inflation assumption, and the employer contribution rate increase was slated to phase in for the second year of the 3-year period.

In May 2023, while retaining the assumed investment return at 6.25%, the Board approved some changes to the economic assumptions, most notably a 0.25% increase to the price inflation to 2.75%, wage growth to 3.25%, and payroll growth to 3.25%.

In July 2023, the Board approved several changes to the demographic assumptions based on the results from the Triennial Investigation of Experience Study, which will be discussed in further details later. These changes, along with the economic assumptions approved in May 2023, caused a moderate increase in the Employer Statutory Required Rates and a slight increase in member contribution rates effective July 1, 2024. As the original unfunded liability layers were retired in June 2023, the Board adopted a new funding method to reset the current accrued unfunded liability to a new 15-year amortization period and layer subsequent unfunded liability over the succeeding fifteen years. This method also incorporates a minimum contribution rate for employers (the "Minimum Rate"), requiring all employers to pay the greater of the Minimum Rate or the Statutory Required Rate.

In June 2024, the Board adopted the actuary's recommendation to make no changes to the existing assumptions that were used for last year's valuation. The economic assumptions to be used for the 2024 valuation are investment return at 6.25%, local inflation at 2.75%, wage growth at 3.25%, and payroll growth at 3.25%.

Triennial Experience Study

The purpose of the Triennial Experience Study is to review assumptions and methods used in the actuarial valuation and recommend appropriate changes to reflect new information and knowledge, such as changing patterns of retirements, terminations, mortality, and so forth. In July 2023, the Board adopted several changes to demographic assumptions developed from the 2023 Experience Study. The new assumptions triggered a modest decline in the Funded Ratio as determined by the 2023 valuation. The assumptions will next be reviewed in details as part of the Experience Study in 2026.

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, 2024, the plan's funded ratio (actuarial value of assets to actuarial accrued liabilities) decreased slightly to 87.6% as of June 30, 2024, from 88.3% a year ago. The decrease was primarily due to demographic changes and the recognition of prior year investment returns less than expected by the assumptions. If future experience is exactly as assumed, SamCERA is projected to be 100% funded in June 2035.

As of June 30, 2024, the actuarial value of plan assets was $6.5 billion, and the actuarial accrued liability was $7.4 billion. The difference between these two amounts represents the unfunded actuarial accrued liability, which amounted to $919.3 million (or 135.8% of the collective covered payroll of participating employers, totaling $676.9 million for the fiscal year). The assets used in the calculation of the funded ratio include the values in the supplementary contribution accounts for the County of San Mateo and the San Mateo County Mosquito and Vector Control District.

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 in this report or requests for additional financial information should be addressed via email at samcera@samcera.org or to:

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

Statement of Fiduciary Net Position
June 30, 2024
(with comparative amounts as of June 30, 2023)

	2024	2023
ASSETS		
Cash and short-term investments:		
Cash and cash equivalents	$ 168,836,673	$ 210,121,124
Cash management overlay	12,191,411	19,989,496
Securities lending cash collateral	4,400,951	3,737,378
Total cash and short-term investments	185,429,035	233,847,998
Receivables:		
Contributions	1,641,117	3,105,913
Due from broker for investments sold	49,663,417	131,151,929
Investment income	12,940,583	12,789,009
Securities lending income	3,273	35,260
Other	2,942,511	3,019,886
Total receivables	67,190,901	150,101,997
Prepaid expenses	325,024	214,663
Investments at fair value:		
Public equity	2,743,032,845	2,435,036,194
Fixed income	1,498,942,052	1,358,012,682
Alternatives	780,416,525	742,188,710
Inflation hedge	1,044,637,006	1,022,566,835
Liquidity	247,762,006	270,101,574
Total investments at fair value	6,314,790,434	5,827,905,995
Capital assets	11,977,457	11,924,532
Less: accumulated depreciation	(7,822,714)	(6,451,799)
Capital assets, net of accumulated depreciation	4,154,743	5,472,733
Total assets	**6,571,890,137**	**6,217,543,386**
LIABILITIES		
Investment management fees payable	2,297,138	2,037,842
Due to broker for investments purchased	75,643,694	202,435,351
Securities lending collateral due to borrowers	4,400,951	3,737,379
Lease liability	1,965,063	2,443,817
Other	5,891,024	1,846,497
Total liabilities	**90,197,870**	**212,500,886**
NET POSITION RESTRICTED FOR PENSIONS	**$ 6,481,692,267**	**$ 6,005,042,500**

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

Statement of Changes in Fiduciary Net Position
Fiscal Year Ended June 30, 2024
(with comparative amounts for fiscal year ended June 30, 2023)

	2024	2023
ADDITIONS		
Contributions:		
Employer	$ 175,572,103	$ 238,938,203
Employer supplemental	10,000,000	10,000,000
Member	82,330,650	77,666,128
Total contributions	267,902,753	326,604,331
Investment income:		
Interest, dividends, and other investment income	155,437,450	133,336,480
Net increase in the fair value of investments	449,369,405	253,087,820
Securities lending income:		
Gross earnings	277,466	267,081
Borrower rebates	31,863	10,568
Less: Management fees	(169,639)	(90,114)
Net securities lending income	139,690	187,535
Total investment income	604,946,545	386,611,835
Less: Investment expenses	(64,294,489)	(45,366,003)
Net investment income	540,652,056	341,245,832
Total additions	**808,554,809**	**667,850,163**
DEDUCTIONS		
Benefits:		
Service retirement benefits	281,572,406	266,316,948
Disability retirement benefits	34,308,872	30,196,733
Survivor, death, and other benefits	1,349,422	1,371,878
Total benefits	317,230,700	297,885,559
Refunds of member contributions:		
Separation	3,812,197	3,199,006
Death	1,465,301	1,745,043
Total refunds	5,277,498	4,944,049
Administrative expenses	7,765,358	7,835,470
Information technology expenses	1,631,486	1,817,031
Total deductions	**331,905,042**	**312,482,109**
Net increase in net position	476,649,767	355,368,054
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of year	6,005,042,500	5,649,674,446
End of year	**$ 6,481,692,267**	**$ 6,005,042,500**

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

San Mateo County Employees' Retirement Association (SamCERA or the Retirement Fund) 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 (CERL - a component of the California Government Code); the California Public Employees' Pension Reform Act of 2013 (PEPRA); and 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 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 with 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.

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	Not applicable	Not applicable
		(Plan 3 is 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.)		
	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 General Plan 4.

Note 2: FAC stands for "Final Average Compensation."

BENEFIT PLANS (CONTINUED)		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 - 12/31/12	7/10/11 - 12/31/12	1/8/12 - 12/31/12
		(Note: General Plan 5 members after 10 years of service can elect to transfer to General 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	7/10/11 - 12/31/12
	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.

Note 1: Plan 5 is available for all Safety and Probation members.

Note 2: Plan 6 is available for Safety Management and Probation members.

Note 3: FAC stands for “Final Average Compensation.”

Pension Plan Membership

Plan membership as of June 30, 2024, is displayed in the table below.

SamCERA Membership

June 30, 2024

Plan	One	Two	Three	Four	Five	Six	Seven	Total
Retirees and beneficiaries currently receiving benefits								
General	1,047	2,320	126	1,379	54		78	5,004
Safety	245	272		207	12		13	749
Probation	84	123		134			1	342
Subtotal	1,376	2,715	126	1,720	66		92	6,095
Inactive employees entitled to but not currently receiving benefits (Deferred)								
General	3	160	45	1,060	184		1,366	2,818
Safety		7		41	15		86	149
Probation		9		40	4	1	21	75
Subtotal	3	176	45	1,141	203	1	1,473	3,042
Current employees, vested								
General	2	195	30	1,295	179		1,317	3,018
Safety		6		119	53		150	328
Probation		1		72	7		36	116
Current employees, non-vested								
General		1	1	4	60		1,844	1,910
Safety					17		130	147
Probation							9	9
Subtotal	2	203	31	1,490	316	-	3,486	5,528
Total Members	**1,381**	**3,094**	**202**	**4,351**	**585**	**1**	**5,051**	**14,665**

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 General Plan 4.

Benefit Provisions

SamCERA provides basic service retirement, disability, survivor, and death benefits based on defined benefit formulas that 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, and each participating employer can make limited adjustments to their member benefits.

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 substantially performing the usual duties of their job because of injury or disease arising out of employment, the members are eligible for disability retirement benefits.

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

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 3 members with ten years of service, may elect a deferred retirement.

Cost-of-Living Adjustments (COLA). COLA increases are applied to all eligible retirement and survivor 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 San Francisco, Oakland, and Hayward. 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 what 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, SamCERA's assets in any investment allowed by statutes and deemed prudent in the informed opinion of the Board. SamCERA's Investment Policy 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. Governmental Accounting Standards Board (GASB) establishes a fair value hierarchy based on 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 money market funds 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 Activities

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 and members.

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 is determined to be five years for hardware and ten years for software. 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 including leases, net of accumulated depreciation, approximated to $4.2 million as of June 30, 2024. The liability from an office space lease is determined based on prevailing standards and depreciated over the lease term. Future lease payments are as follows:

Lease Liability			
Fiscal Year (June 30)	Principal	Interest	Total
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	$1,965,063	$256,239	$2,221,302

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 and Expenses
Interest income is recognized when earned. Dividend income is recognized when declared. Realized and unrealized gains and losses on investments are combined and reported as the appreciation (or depreciation) in the fair value of investments. Investment expenses are recognized when incurred.

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.

Changes in Financial Presentation
Starting this fiscal year, net securities lending income is presented as part of the investment income rather than separately, and refunds of residual contributions from deceased retirees are reported under refunds of member contributions rather than benefits. Such changes are reflected on the comparative Statement of Changes in Fiduciary Net Position on page 43.

Note 3: Funding Policy

The funding objective of the pension plan is to establish employer and member contribution rates that, over time, will be sufficient to pay all expected future benefits not funded by the current assets. Participating employers are required by statutes 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 basic contribution obligations for employers and members to the pension plan. Contribution rates adopted by the Board are independently determined by the actuary in accordance with the membership type (General, Safety, and Probation) and the plan in which a member belongs. 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 separately discussed in the Required Supplementary Information and the Actuarial Section.

In July 2023, the Board adopted a new funding policy under which all participating employers are required to contribute at least 26.2% of the level payroll each year. This requirement not only increases the funding progress but also reduces the contribution rate volatility. The Board also accepted the actuary's recommendation effective with the June 30, 2023 valuation to consolidate all outstanding Unfunded Actuarial Accrued Liability (UAAL) layers into a single layer, which will be amortized over a 15-year period beginning July 1, 2024 (fresh-start method). Each year thereafter, new layers will be established to amortize emerging gains and losses over their own 15-year closed period. The UAAL is amortized as a level of the projected salaries of present and future members of SamCERA. The UAAL rate for each member class will be the greater of (1) the UAAL rate under the 15-year layered amortization approach and (2) the UAAL contribution rate in effect for the fiscal year beginning July 1, 2023, before reflecting any Supplementary Contribution Accounts. SamCERA will review the minimum rate once the funded ratio hits 100%.

The actuarial valuation of plan assets and liabilities is always performed after fiscal year-end. Contribution rates determined as of June 30, 2024, are subject to a "one year" deferral. Thus, the new contribution rates from the June 2024 valuation will become effective on July 1, 2025. The Retirement Fund was 87.6% funded as of June 30, 2024, reflecting a slight decrease from 88.3% a year ago. The decrease was mainly due to demographic changes and the recognition of prior year investment returns less than expected by the assumptions. The 2024 valuation revealed that the UAAL is $919.3 million as of June 30, 2024.

Note 4: Member Contributions

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 closed to new members after December 22, 2012. For members who transferred from Plan 3 to another General Plan, the entry age is based on the transfer date. Member contributions consist of the following three categories:

- **Basic contributions** are required for all contributory members based on the entry age, the class of each member (except Plan 7 members), and the underlying assumptions. Plan 7 is governed by Section 7522.30 of the Government Code under which Plan 7 members are required to contribute 50% of the total normal cost rate. For General members who have joined SamCERA or a reciprocal system on or before March 7, 1973, the basic contributions cease after 30 years of consecutive service in a contributory plan. For both Safety and

Probation members (except Safety Plan 7 members), basic contributions cease after 30 years of consecutive service.

- **Cost-sharing contributions** apply to General members in Plans 1, 2, and 4 (except the District) as well as Safety and Probation members in Plans 1, 2, 4, and 5. The cost-sharing rates are not impacted by changes in assumptions and fixed at 3% for General Plans 1, 2, and 4 members and 3% to 5% for Safety and Probation Plans 1, 2, 4, and 5 members. General Plan 5 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, 5, and 6 members (except the District). All members in these plans are required to contribute 50% of the cost of COLA.

Member contribution rates effective July 1, 2023, are based on investment return assumption of 6.25% approved by the Board. The member contribution rate for all plans combined decreased slightly by 0.22% of pay to 12.27% for fiscal year 2024. Member contribution rates for all plans (except Plan 3 and Plan 7) vary based on a member's entry age and the underlying actuarial assumptions. Plan 3 is non-contributory. Plan 7 member contribution rates are required to be equal to 50% of the Gross Normal Cost Rate of respective 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. Under this method, the actuarial present value of the projected benefits of each member is allocated as a level percentage of the member's projected compensation between entry age and assumed exit (until maximum retirement age). The table below shows the changes in Employer Statutory Contribution Rate (SCR), after taking into account any offsets from the supplemental contributions discussed later.

Employer Contribution Rates

	Fiscal Year Beginning		Increase
	July 1, 2023	**July 1, 2022**	**(Decrease)**
Gross Normal Cost	23.64%	24.04%	(0.40%)
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 Rate	27.41%	40.76%	(13.35%)
Deferred Recognition of 2021 Assumptions	(1.22%)	(2.43%)	1.21%
Total Employer Rate (1)	**26.19%**	**38.33%**	**(12.14%)**
County Contribution Rate	26.19%	38.51%	(12.32%)
Court Contribution Rate	26.02%	35.73%	(9.71%)
District Contribution Rate	25.06%	12.10%	12.96%

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

The employer SCR consists of two main components: (1) the normal cost that covers the value of benefits earned by active members during the year less member contributions and (2) the UAAL that denotes the excess of actuarial accrued liability over the actuarial value of the plan assets. After the June 30, 2009 amortization layer was fully amortized on June 30, 2023, the SCR decreased significantly by 12.14% of pay (which is a weighted average for all plans) from 38.33% for fiscal year 2023 to 26.19% for fiscal year 2024. The employer normal cost decreased marginally by 0.18% of pay to 11.37% for fiscal year 2024, and the employer UAAL decreased modestly by 13.17% of pay to 16.04% for fiscal year 2024.

In addition, the new assumptions adopted for the 2021 valuation triggered a 3.64% increase in the employer contribution rate. To smooth out the impact of this increase, the Board decided to defer the recognition of the increase in three equal installments, with 1.21% effective July 1, 2022; 1.21% effective July 1, 2023; and the final 1.22% effective July 1, 2024. Below is the schedule showing the employer contributions, including supplemental contributions, for the past ten fiscal years.

Schedule of Employer Contributions

Dollars in Thousands

Fiscal Year Ended June 30	(a) Actual Employer Contributions	(b) Actuarially Determined Contributions	(a) - (b) Supplemental Contributions		Percentage of Actuarially Determined Contributions Received
2015	$180,704	$169,814	$10,890	(1)	100%
2016	191,094	170,046	21,048	(2)	100%
2017	198,727	164,877	33,850	(3)	100%
2018	207,257	179,627	27,630	(4)	100%
2019	245,498	194,830	50,668	(4)	100%
2020	198,583	198,583	-		100%
2021	265,002	225,302	39,700	(4)	100%
2022	249,946	234,746	15,200	(4)	100%
2023	248,938	238,938	10,000	(5)	100%
2024	185,572	175,572	10,000	(5)	100%

(1) The County contributed additional funding of $10.9 million to accelerate the pay down of its UAAL.

(2) 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.

(3) 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.

(4) The County contributed additional funding of $10.0 million plus the difference in the actuarially determined contribution rate and 37.14%.

(5) The County contributed additional funding of $10.0 million to accelerate the pay down of its UAAL.

Supplemental 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 supplemental contribution of $50.0 million in fiscal year 2014 with annual contributions of $10.0 million for the next nine years through 2023. A new account, the County Supplementary Contribution Account (CSCA), was set up to separately account for the supplemental contributions.

Deposits that have been in the CSCA less than six months prior to the interest crediting date receive interest at the actual market investment return rate, net of fees and costs. Deposits held for more than six months prior to the interest crediting date will receive interest at the actuarially calculated return on the actuarial value of the CSCA's asset. In fiscal year 2024, total supplemental contributions to the CSCA amounted to $10.0 million, which was made at the County's discretion. The CSCA had an aggregate account balance of $213.7 million as of June 30, 2024. The resources in the CSCA are systematically recognized to provide an offset to the County's SCR. Without the recognition of the CSCA offset, the County's SCR would be higher.

The County paid its annual required contributions for fiscal year 2024 via two semi-annual prepayments (in July 2023 and in January 2024). 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. At 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.

Supplemental 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 SCR for fiscal year 2016. This amount was remitted to SamCERA in October 2015 and deposited into a new account, the District Supplementary Contribution Account (DSCA), to separately account for the District's supplemental contributions. In 2017, the District made its second supplemental contribution of $0.25 million.

Deposits that have been in the DSCA less than six months prior to the interest crediting date receive interest at the actual market investment return rate, net of fees and costs. Deposits held for more than six months prior to the interest crediting date will receive interest at the actuarially calculated return on the actuarial value of the DSCA's asset. As of June 30, 2024, the DSCA had an aggregate account balance of $4,187. 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 SCR. Without the recognition of the DSCA offset, the District's SCR 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, 2024, $99.5 million of cash was held in a pooled short-term investment fund with the Northern Trust Corporation and $22.9 million in the investment pool with the County Treasurer. Cash held by investment managers at year-end amounted to $46.4 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 $513,164 is uninsured and uncollateralized. Thus, this amount is subject to 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 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. SamCERA implemented a new interim policy effective July 1, 2023. No changes were made to the policy portfolio during the fiscal year. SamCERA's long-term strategic asset allocation policy includes a 1% increase to Private Equity (funded from public equity), which will take multiple quarters to reach the target.

Target Asset Allocation. As of June 30, 2024, SamCERA's target asset allocation consists of 59.0% in Growth assets, 18.5% in Diversifying assets, 17.0% in Inflation Hedge assets, and 5.5% in Liquidity. The actual asset allocation at fiscal year-end consisted of 58.7% in Growth assets, 18.2% in Diversifying assets, 16.4% in Inflation Hedge assets, and 6.7% in Liquidity. See the Investment Section for further details.

Long-Term Expected Real Rates 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 the projected geometric real rates of return for each major asset class that were used to determine the long-term expected investment rate of return assumption (after deducting inflation, but before deducting investment expenses).

Long-Term Expected Real Rates of Return

June 30, 2024

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Growth		
Public Equity	41.0%	6.9%
Private Equity	7.0%	9.0%
Opportunistic Credit	11.0%	6.6%
Diversifying		
Defensive Fixed Income	12.5%	4.9%
Absolute Return	6.0%	5.4%
Inflation Hedge		
Real Estate	9.0%	6.8%
Private Real Assets	5.0%	7.4%
Public Real Assets	3.0%	7.4%
Liquidity		
Cash Flow Matched	4.5%	4.7%
Cash & Cash Overlay	1.0%	4.1%
Total	**100.0%**	

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 9.12% 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 9.2% 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.

Investment Risks

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. The 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 twelve external investment pools and four 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 fixed income portfolios is displayed on the following page.

Interest Rate Risk Analysis

June 30, 2024

Commingled Fixed Income Portfolio	Fair Value	Weighted Average Maturity (Years)	Effective Duration (Years)
Opportunistic Credit Funds [1]	$ 681,798,558	5.56	2.4

[1] This category consists of fourteen opportunistic Credit Funds managed by Angelo Gordon (three funds), Beach Point, Brigade Capital Management, Blackrock (two funds), Comvest, Eaton Vance, One Williams Street, PIMCO (two funds) and White Oak (two funds).

Interest Rate Risk Analysis (Continued)

June 30, 2024

Investment Portfolio [1]	Fair Value	Weighted Average Maturity (Years)	Effective Duration (Years)
Asset Backed Securities	$ 64,251,590	14.1	2.5
Commercial Mortgage-Backed	38,859,441	22.5	2.4
Corporate Bonds	111,723,314	9.1	5.7
Government Agencies	6,485,116	9.2	5.2
Government Bonds	379,087,718	14.8	10.4
Government Mortgage-Backed Securities	200,205,119	25.1	8.1
Government Commercial Mortgage-Backed	6,733,689	22.8	4.7
Municipal/Provincial Bonds	3,522,272	13.1	7.2
Non-government Backed CMOs	6,275,235	35.4	5.6
Total	**$ 817,143,494**		

[1] This category consists of four fixed income separate account managers: Fidelity Institutional Asset Management, National Investment Services of America (two funds), and DoubleLine.

Credit Risk. The 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, 2024, is summarized in the table on the right.

S&P Quality Breakdown for Investment in Bonds

June 30, 2024

Credit Risk	Separately Managed Accounts	Commingled Management
AAA	2.6%	3.2%
AA	1.0%	2.1%
A	5.5%	1.8%
BBB	9.3%	5.1%
B	0.2%	31.1%
Not Rated	81.4%	56.7%
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, 2024, SamCERA had no investments that were exposed to custodial credit risk.

Concentration of Credit Risk. The concentration of credit 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, 2024, SamCERA does not have investments in a single issuer with five percent or more of SamCERA's fiduciary net position.

Foreign Currency Risk. The foreign currency risk is the risk that changes in the exchange rates will adversely affect the fair value of an investment or deposit. SamCERA's Investment Policy 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

June 30, 2024

Foreign Currency	Common Stock	Preferred Stock	Partnerships	Foreign Currency	Variation Margin	Pending FX Transactions	Total
Australian Dollar	$ 7,242,545			$ 84,658		$ (9,157,168)	$ (1,829,965)
Brazilian Real	5,468,544						5,468,544
Canadian Dollar	11,821,874				$ 76,414	(5,024,861)	6,873,427
Swiss Franc	20,672,859					(32,670,104)	(11,997,245)
HK Offshore Chinese Yuan Renminbi	5,196,136			(1,454,592)			3,741,544
Chinese Yuan Renminbi				1,461,558			1,461,558
Danish Krone	2,227,325			4			2,227,329
Euro	118,954,909	$ 2,602,501	$ 10,883,405			(88,178,664)	44,262,151
British Pound Sterling	101,962,581			201,228		(25,727,628)	76,436,181
Hong Kong Dollar	20,584,724			14,199			20,598,923
Indian Rupee	6,856,322			3			6,856,325
Japanese Yen	97,778,629			206,115		(140,541,269)	(42,556,525)
Mexican Peso	2,238,871						2,238,871
Swedish Krona	23,100,017			(10)		(15,005,634)	8,094,373
Singapore Dollar	12,794,730						12,794,730
New Taiwan Dollar	1,965,261						1,965,261
Total	**$ 438,865,327**	**$ 2,602,501**	**$ 10,883,405**	**$ 513,163**	**$ 76,414**	**$ (316,305,328)**	**$ 136,635,482**

Derivatives

Derivatives are financial instruments that are connected to a specific financial instrument, indicator, or commodity 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, 2024, the derivatives held an aggregate notional amount of $203.8 million. The fair value of derivatives totaling $7.4 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 2024 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, 2024, is not material.

Investment Derivatives

June 30, 2024

Type of Derivatives	Notional Value	Fair Value
Interest Rate Contract - Short	$ (27,087,828)	$ 115,921
Interest Rate Contract - Long	202,688,719	(187,890)
Foreign Exchange Contracts - Long	8,167,871	7,509,341
Equity Contracts - Long	20,023,558	(45,157)
Total	**$ 203,792,320**	**$ 7,392,215**

Interest Rate Risk – Derivatives. SamCERA's investments in interest rate derivatives are highly sensitive to changes in interest rates. The maturity for $20.5 million of investments in derivatives is less than 3 months, $182.5 million is 3 to 6 months, and $803,170 is 6 to 12 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, 2024, SamCERA's derivatives were not subject to custodial credit risk. However, such derivatives were 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, 2024, 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. Additionally, 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:

- Acceptable collateral shall be in the form of cash or obligations issued or guaranteed by the U.S. Government, or its agencies or instrumentalities, as well as highly-rated OECD Debt (rated AA – or better).
- The maximum allowable amount of assets on loan to any single borrower shall not be greater than 20% of the program assets on loan.
- The maximum total amount of program assets on loan shall not be greater than 50% of the total plan.

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, 2024, the fair value of securities on loan reported and the total collateral held amounted to $8.2 million and $8.5 million (with $4.4 million in cash collateral and $4.1 million in non-cash collateral), respectively. The amount of collateral exceeded the amount of securities on loan by $332,834. 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 136 days as of June 30, 2024.

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) that 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, 2024, the Fund had an interest rate sensitivity of 17 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 page 65) is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

As of June 30, 2024, 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

June 30, 2024

Investments by Fair Value Level	June 30, 2024	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	$ 84,935,239		$ 84,935,239
Collateralized Mortgage Obligations	6,275,234		6,275,234
Commercial Mortgage-Backed	38,859,441		38,859,441
Corporate Bonds	255,479,969		255,479,969
Government Agencies	6,485,116		6,485,116
Government Commercial Mortgage-Backed	6,733,689		6,733,689
Government Mortgage-Backed Securities	200,205,119		200,205,119
Municipal Bonds	3,522,272		3,522,272
US Government Securities	454,900,350		454,900,350
Total Debt Securities	1,057,396,429		1,057,396,429
EQUITY SECURITIES [1]			
Foreign Stocks	441,467,835	$ 441,467,835	
US Common & Preferred Stock	427,192,934	427,192,934	
Total Equity Securities	868,660,769	868,660,769	
COMMINGLED FUNDS			
Domestic Equity Funds	932,835,400		932,835,400
International Equity Funds	622,408,216		622,408,216
Domestic Bond Funds	61,557,732		61,557,732
Public Real Asset Funds	214,243,103		214,243,103
Total Commingled Funds	1,831,044,451		1,831,044,451
DERIVATIVES [2]			
Foreign Exchange Contracts	7,509,071		7,509,071
COLLATERAL FROM SECURITIES LENDING	4,400,951	4,400,951	
Total Investments by Fair Value Level	**3,769,011,671**	**$ 873,061,720**	**$ 2,895,949,951**
Investments Measured at the Net Asset Value (NAV)			
Domestic Bond Funds	620,240,826		
Domestic Equity Funds	237,593,939		
International Equity Funds	81,534,521		
Real Estate Funds	466,975,752		
Absolute Return Funds	327,110,004		
Private Equity Funds	453,306,521		
Private Real Asset Funds	363,418,151		
Total Investments Measured at NAV	**2,550,179,714**		
Total Investments	**$ 6,319,191,385**		
Derivatives [3]			
Interest Rate Contract - Short	$ 115,921		$ 115,921
Interest Rate Contract - Long	(187,890)		(187,890)
Foreign Exchange Contracts - Long	7,509,341		7,509,341
Equity Contracts - Long	(45,157)		(45,157)
Total Derivatives	**$ 7,392,215**		**$ 7,392,215**

[1] The values of foreign stocks and securities reported above are denominated by U.S. currency.

[2] These derivatives are reported under Liquidity on the Statement of Fiduciary Net Position.

[3] Derivatives are reported under cash management overlay on the Statement of Fiduciary Net Position.

Investments Measured at Net Asset Value (NAV)

Investments Measured at NAV	6/30/2024	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Opportunistic Credit Funds [1]	$ 620,240,826	$ 115,866,977	Not Eligible	Not applicable
Domestic Equity Funds [1]	237,593,939		Monthly	10 days
International Equity Funds [1]	81,534,521		Monthly	10 days
Real Estate Funds [2]	466,975,752	56,048,729	Quarterly, Not Eligible	45 days, Not applicable
Absolute Return [3]	327,110,004		Monthly	30 days
Private Equity Funds [4]	453,306,521	327,448,190	Not Eligible	Not applicable
Private Real Asset Funds [4]	363,418,151	116,028,887	Not Eligible	Not applicable
Total	**$ 2,550,179,714**	**$ 615,392,783**		

(1) **Bond and Equity Funds.** This type includes fourteen opportunistic credit funds, 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 seven 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 six are ineligible for redemption.

(3) **Absolute Return.** This strategy consists of three 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 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 forty-six private equity funds, investing primarily in Buyout Funds, Venture Capital, and Debt/Special Situations. This type also includes eighteen 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, 2024. For financial reporting purposes, the net pension liability is measured as the total pension liability less the amount of the plan 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 and 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 cost-sharing between the employers and plan members to that point.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2024, 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

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 requirements prescribed by GASB Statement No. 67.

Net Pension Liability	**June 30, 2024**
Total pension liability	$ 7,256,733,874
Less: Plan fiduciary net position	(6,481,692,267)
Employers' net pension liability	**$ 775,041,607**
Plan fiduciary net position as a % of total pension liability	89.32%
Covered payroll (1)	$676,865,990
Employers' net pension liability as a % of covered payroll	114.50%

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% (2)
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 used for funding, gross of administrative expenses.

Valuation date	June 30, 2024
Measurement date	June 30, 2024
Key assumptions	
Investment rate of return	6.42% (2)
Local CPI inflation	2.75%
National CPI-U inflation	2.50%
Mortality	Various rates based on mortality tables described in the June 30, 2024, actuarial valuation.
Actuarial experience study	July 1, 2020 to April 30, 2023
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)	The UAAL is amortized as a level percentage of the projected salaries of present and future members of SamCERA over a 15-year period beginning July 1, 2024. This is commonly referred to as a "closed amortization method." Actuarial gains and losses for periods after the June 30, 2023 valuation are amortized over their own closed 15-year periods from the respective dates the new contribution layers are effective.

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

(2) Differs from actuarial valuation due to addition of administrative expense load of 0.17%.

Sensitivity Analysis

Sensitivity analysis is a technique used to assess how changes in key assumptions may impact the financial position of a pension plan. This analysis usually focuses on critical actuarial assumptions, such as discount and inflation rates, that will significantly affect the plan's liabilities and funding status. The following table presents the employers' net pension liability changes with adjustments to the discount rate using the current discount rate of 6.42% and a discount rate that is one percent lower or one percent higher.

Schedule of Sensitivity Analysis

June 30, 2024

	1% Decrease 5.42%	Current Discount Rate 6.42%	1% Increase 7.42%
Total pension liability	$ 8,295,557,498	$ 7,256,733,874	$ 6,411,396,627
Less: Fiduciary net position	(6,481,692,267)	(6,481,692,267)	(6,481,692,267)
Net pension liability	**$ 1,813,865,231**	**$ 775,041,607**	**$ (70,295,640)**

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, 2024, are presented in the table below.

Reserves Required for Reporting Purposes by the 1937 Act

June 30, 2024

	June 30, 2024
Valuation Reserves	
Member Reserve	$ 1,015,973,379
Employer Advance Reserve	1,885,709,311
Retiree Reserve	1,637,099,123
Cost-of-Living Adjustment Reserve	1,902,566,856
County Supplementary Contribution Account Reserve	213,742,062
District Supplementary Contribution Account Reserve	4,187
Undistributed Earnings/Losses Reserve	(160,491,610)
Total Valuation Reserves	6,494,603,308
Contingency Reserve	65,646,350
Market Stabilization Account	(78,557,391)
Total Reserves (Fair Value of Assets)	**$ 6,481,692,267**

Valuation Reserves

Member Reserve represents funding provided by active and inactive members. Additions include member contributions and interest credited; deductions include refunds to members and transfers to the Retiree Reserve after a member retires.

Employer Advance Reserve represents funding provided by employers for future retirement payments to active 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 after 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 shortly after a member retires) and interest credited. Deductions include benefit payments to retired members and their beneficiaries.

Cost-of-Living Adjustment (COLA) Reserve represents employer contributions for future COLA under provisions of the CERL. Additions include COLA contributions from employers and interest credited; deductions include payments to retired members and their beneficiaries.

County Supplementary Contribution Account (CSCA) Reserve captures all "unused" supplemental contributions from the County in excess of statutory contributions plus interest credited since fiscal year 2014.

District Supplementary Contribution Account (DSCA) Reserve captures all "unused" supplemental contributions from the District in excess of 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 should 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 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 -$78.6 million as of June 30, 2024.

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* that 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 respective employers.

The Member Reserve is credited semi-annually in an amount equal to the lesser of (1) one half of the assumed investment earnings rate or (2) the actuarial earnings rate for the prior six-month period immediately preceding the period in which interest is 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 one-half of the assumed investment earnings rate. When allocable earnings are insufficient to cover interest credited to the reserves specified, 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. Under Government Code Section 31580.2 of the CERL, 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. Information technology expenses are excluded from this limit, and SamCERA has a policy in place to monitor compliance with the Government Code.

The table below denotes that SamCERA's actual administrative expenses for the reporting period amounted to 0.12% of the accrued actuarial liability as of June 30, 2022, the latest information available when preparing the administrative budget for fiscal year 2024.

Administrative Expenses for Fiscal Year Ended June 30, 2024
Compared to Actuarial Accrued Liability as of June 30, 2022

Dollars In Thousands

Actuarial accrued liability (AAL) as of June 30, 2022	$	6,530,039	(a)
Maximum allowed for administrative expenses (AAL*0.21%)	$	13,713	(b)
Operating budget for administrative expenses	$	7,957	(c)
Actual administrative expenses	$	7,732	(d)
Excess of allowed over actual administrative expenses	$	5,981	=(b) - (d)
Excess of budgeted over actual administrative expenses	$	225	=(c) - (d)
Actual administrative expenses as a percentage of actuarial accrued liability as of June 30, 2022		**0.12%**	**= (d)/(a)**

The budget-to-actual administrative expenses for fiscal year 2024, prepared using the budgetary basis of accounting, are presented below.

Administrative Expenses (Budget vs. Actual)

Fiscal Year Ended June 30, 2024

Administrative Expenses	Budget	Actual	Under (Over) Budget	% of Budget Remaining
Salaries and benefits	$5,952,017	$5,737,915	$ 214,102	4%
Services and supplies	2,004,966	1,994,505	10,461	1%
Total expenses	**$7,956,983**	**$7,732,420**	**$ 224,563**	**3%**

Administrative Expenses (Budget vs. Actual)

Fiscal year ended June 30, 2024

	Budget	Actual	Under (Over) Budget	% of Budget Used
Salaries and Benefits				
Salaries	$ 4,180,040	$ 3,955,775	$ 224,265	95%
Benefits	1,771,977	1,782,140	(10,163)	101%
Total Salaries and Benefits	5,952,017	5,737,915	214,102	96%
Services and Supplies				
Board Expenses	8,000	5,200	2,800	65%
Insurance	110,000	143,620	(33,620)	131%
Medical Record and Hearing Services	95,000	213,298	(118,298)	225%
Member Education	68,000	61,845	6,155	91%
Education and Conference	137,826	86,949	50,877	63%
Transportation and Lodging	111,448	87,776	23,672	79%
Property and Equipment	28,000	15,846	12,154	57%
General Office Supplies	43,000	26,930	16,070	63%
Postage and Printing	22,000	26,998	(4,998)	123%
Leased Facilities	705,000	720,796	(15,796)	102%
County Services	502,692	512,041	(9,349)	102%
Audit Services	60,000	43,333	16,667	72%
Other Administration	114,000	49,873	64,127	44%
Total Services and Supplies	2,004,966	1,994,505	10,461	99%
Total	**$ 7,956,983**	**$ 7,732,420**	**$ 224,563**	**97%**

Reconciliation of Administrative expenses between budgetary basis and accrual basis

Total Administrative expenses (Budgetary Basis)	$ 7,732,420	
Amortized lease expense	32,938	(1)
Total expenses (Accrual Basis)	**$ 7,765,358**	

(1) GASB Statement No. 87 requires leases to be reported as lease asset and lease liability, wherever applicable, and both of which are amortized over the lease term. These standards resulted in a difference of $32,938 between the above schedule and the Statement of Changes in Fiduciary Net Position.

Salaries and benefits. Actual expenses for salaries and benefits were $5.7 million, slightly below projections by 4%.

- *Salaries* were slightly below budget by 5%. The Information Technology Manager position has been vacant for six months since January 2024, and recruitment was underway to fill the position.
- Benefits were marginally over budget by 1%, due primarily to the “Wellness Dividend Program” of $11,500 that was not included in the adopted budget.

Services and Supplies. Total expenses were $2.0 million, closely in alignment with the budget. Areas where actual expenses were either modestly or significantly lower than anticipated are discussed as follows:

- Member Education. The total number of classes delivered by Financial Knowledge Network (an entity hired to provide members' financial planning education) was less than anticipated. Additionally, payments from "no show" registrants slightly offset the expenses.

- "Education and Conference" and "Transportation and Lodging". Staff and trustees did not attend all seminars and conferences that were budgeted for, and that had domino effects on associated transportation and lodging outlays.

- Property and Equipment. Lease payments toward an advanced copier declined moderately as usage dwindled. Additionally, the plan to purchase ergonomic office equipment for staff was deferred to fiscal year 2024-25.

- General Office Supplies. The need to replenish office essentials fell short of expectations as the hybrid work schedules continued.

- Audit Services. Expenses reflected payment towards the 2023 final financial audit that was completed in October 2023. The remaining budget was designated for the 2024 interim audit that should have transpired in June 2024 but was postponed to July due to rescheduling. Audit services are usually carried out in two phases, with the interim audit before fiscal year-end and the final audit after fiscal year-end.

- Other Administration. This budget was predominantly reserved for external professional services concerning disability retirement and taxation. The aggregated number of complex tax issues as well as disability retirement hearings was substantially less than anticipated.

Areas where actual expenses significantly exceeded projections are discussed as follows:

- Insurance. In parallel with a 25% growth in SamCERA's portfolio over the last four fiscal years (from $4.8 billion in 2020 to $6.0 billion in 2023), Staff accepted the broker's recommendation to increase the liability coverage from $10 million to $20 million in aggregate.

- Medical Record and Hearing Services. A new medical reviewer was chosen to address the backlog in disability retirement determinations. This effort triggered a decent spike in independent medical examinations that were crucial to the final determinations.

- Postage and Printing. The cost of printing and mailing newsletters to members exceeded projections, due mainly to the price adjustment imposed by the vendor and the expanded distribution. In addition, the County acquired a new postage machine and asked departments, including SamCERA, to absorb the purchase cost based on usage.

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 following table shows the budget-to-actual analysis of technology expenses, prepared using the budgetary basis of accounting.

Information Technology Expenses (Budget vs. Actual)

Fiscal Year Ended June 30, 2024

	Budget	Actual	Under (Over) Budget	% of Budget Remaining
Computer equipment and software	$ 25,000	$ 6,110	$ 18,890	76%
IT infrastructure - software license maintenance	760,200	786,715 [a]	(26,515)	-3%
IT infrastructure - tools and equipment	200,000	52,602	147,398	74%
IT infrastructure - contract IT services	251,000	88,964 [b]	162,036	65%
IT infrastructure - imaging	25,000	-	25,000	100%
Technology research and development	5,000	1,158	3,842	77%
IT subscription	4,000	-	4,000	100%
Total expenses	**$ 1,270,200**	**$ 935,549**	**$ 334,651**	**26%**

Reconciliation of IT expenses between budgetary basis and accrual basis

Total expenses (Budgetary Basis)	$ 935,549
Expenses reclassified to prepaid expenses	(15,167) [a (1)]
Expenses reclassified to prepaid expenses	(9,729) [a (2)]
Expenses reclassified to prepaid expenses	(80,506) [a (3)]
Expenses reclassified to prepaid expenses	(147,777) [a (4)]
Expenses reclassified to capital assets	(52,924) [b]
Depreciation	859,222 [c]
Expenses reclassified from prior year prepaid expenses	142,818
Total expenses (Accrual Basis)	**$ 1,631,486**

a The following are four key "software license maintenance" transactions, totaling $436,670. Of this amount, $183,491 was spent during the year, and the remaining $253,179 was reported as prepaid expenses on the Statement of Fiduciary Net Position as of June 30, 2024.

(1) $22,751 to VMWare, a software offering a digital foundation for businesses to run an application on cloud, for three years of support and maintenance. Of this amount, $15,167 remained intact as of June 30, 2024.

(2) $25,057 to Kofax, a software for business users to streamline document workflows. Of this amount, $9,729 remained intact at fiscal year-end.

(3) $161,012 to Vitech for the maintenance support of the pension administration system software. Of this amount, $80,506 remained intact at fiscal year-end.

(4) $227,850 to Vitech for system support service hours as the contract stipulated. Of this amount, $147,777 remained intact at fiscal year-end.

b A total of $52,924 was spent on various projects, including internet backup of $5,394, audio/visual upgrade of $12,530, web portal of $15,000, and website redesign of $20,000. The total was reported as capital assets on the Statement of Fiduciary Net Position as of June 30, 2024.

c Depreciation of $859,222 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, 2024.

Areas where actual expenses were significantly under budget are as follows:

- Computer Equipment and Software. The budget for this category is to meet unforeseen needs of newly developed equipment and software, which were considerably lower than projected.

- IT Infrastructure –Tools and Equipment. The budget under this category was slated for two purposes: replacing staff laptops and upgrading SamCERA's WiFi network. New laptops (21 in aggregate) were acquired as planned, but the WiFi upgrade did not transpire as anticipated.

- IT Infrastructure – Contract IT Services. The initiative to conduct cyber security evaluations and implement constructive measures, with a total budget of $150,000 for external consulting services, was put off to fiscal year 2024-25 due to being short-staffed.

- IT Infrastructure – Imaging. The project to convert paper documents to digital has been suspended as other projects took precedence.

- Technology Research and Development (R&D). The budget was not fully utilized as priorities were given to time-sensitive projects. The R&D budget provides staff with opportunities to explore new technologies that may enhance operational efficiency and member services.

- IT Subscription. Staff discontinued the subscription with Norex, an IT community where members can share and learn among peers through virtual and live events.

On the contrary, IT Infrastructure – Software License Maintenance encountered a budget overrun of $26,515, due mainly to the combined effects of the following two events:

- To support ongoing enhancement of the pension administration system software (PASS), Staff purchased 713.5 additional service hours from Vitech at $240 per hour totaling $171,240. In contrast, the original budget was significantly lower with 400 service hours at $250 per hour totaling $100,000.

- The budget for hosting PASS on Amazon Web Services platform was overestimated by approximately $42,200, offsetting nearly 60% of the budget overrun mentioned earlier.

Note 11: Risk Management

SamCERA is exposed to various risks of losses 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. Additionally, SamCERA purchased a separate general and an automobile liability of $2 million per occurrence. The Retirement Board members and management 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 $20 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: Treasurer, Controller, Procurement, Human Resources, Information Services, Public Works, Sheriff, and Elections. Payments for the services provided are on a cost-reimbursement basis.

Note 13: Commitments

As of June 30, 2024, SamCERA had a total “uncalled capital” of $615.0 million with $327.0 million in private equity investments, $116.0 million in private real asset investments, $56.0 million in real estate investments, and $116.0 million in opportunistic 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.

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Required Supplementary Information

The schedule below displays the components of total pension liability, fiduciary net position, and net pension liability of all participating employers that were determined in conformity with requirements prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 67.

Schedule of Changes in Net Pension Liability and Related Ratios of Participating Employers

Fiscal Years Ended June 30	2024	2023	2022	2021	2020
Total Pension Liability					
Service cost	$ 138,093,629	$ 127,087,071	$ 127,053,592	$ 120,103,792	$ 119,882,786
Interest on total pension liability	440,491,643	408,627,062	390,243,837	376,951,077	356,056,094
Effect of assumption changes or inputs	-	158,032,502	-	190,798,284	12,726,983
Effect of economic/demographic gains	118,764,020	104,095,708	60,711,252	3,782,768	78,235,977
Benefit payments and refund of contributions	(322,508,198)	(302,829,608)	(280,909,528)	(262,151,934)	(245,821,142)
Net change in total pension liability	374,841,094	495,012,735	297,099,153	429,483,987	321,080,698
Total pension liability, beginning	6,881,892,780	6,386,880,045	6,089,780,892	5,660,296,905	5,339,216,207
Total pension liability, ending (a)	**$ 7,256,733,874**	**$ 6,881,892,780**	**$6,386,880,045**	**$6,089,780,892**	**$5,660,296,905**
Fiduciary Net Position					
Employer contributions	$ 185,572,103	$ 248,938,203	$ 249,946,179	$ 265,002,472	$ 198,582,998
Member contributions	82,330,650	77,666,128	73,967,823	73,966,484	70,630,765
Investment income (loss) net of investment expenses	540,652,056	341,245,832	(366,626,155)	1,133,176,546	42,392,222
Benefit payments and refund of contributions	(322,508,198)	(302,829,608)	(280,909,528)	(262,151,934)	(245,821,142)
Administrative and technology expenses	(9,396,844)	(9,652,501)	(8,789,823)	(8,409,931)	(8,392,465)
Net change in fiduciary net position	476,649,767	355,368,054	(332,411,504)	1,201,583,637	57,392,378
Fiduciary net position, beginning	6,005,042,500	5,649,674,446	5,982,085,950	4,780,502,313	4,723,109,935
Fiduciary net position, ending (b)	**$ 6,481,692,267**	**$ 6,005,042,500**	**$5,649,674,446**	**$5,982,085,950**	**$4,780,502,313**
Net pension liability, ending = (a) - (b)	**$ 775,041,607**	**$ 876,850,280**	**$ 737,205,599**	**$ 107,694,942**	**$ 879,794,592**
Fiduciary net position as a % of total pension liability	89.32%	87.26%	88.46%	98.23%	84.46%
Covered payroll [1]	$ 676,865,990	$ 631,144,281	$ 611,956,610	$ 600,368,542	$ 593,295,084
Net pension liability as a % of covered payroll	114.50%	138.93%	120.47%	17.94%	148.29%

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

Note:

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.

In 2023, based on the results from the Triennial Experience Study, the Board adopted new demographic and economic assumptions for the valuation as of June 30, 2023.

In 2024, the Board adopted the actuary's recommendations to use the same assumptions adopted in 2023 for the valuation as of June 30, 2024.

Schedule of Changes in Net Pension Liability and Related Ratios of Participating Employers (Continued)

Fiscal Years Ended June 30	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	$ 108,644,383	$ 107,738,142	$ 96,411,681	$ 96,308,679	$ 90,955,831
Interest on total pension liability	336,260,838	319,776,913	306,404,154	290,843,506	272,953,777
Effect of assumption changes or inputs	167,870,889	-	147,541,839	85,538,873	-
Effect of economic/demographic gains	91,316,336	27,753,956	4,834,605	17,875,272	50,655,233
Benefit payments and refund of contributions	(227,185,123)	(209,054,603)	(193,240,280)	(182,863,698)	(171,466,218)
Net change in total pension liability	476,907,323	246,214,408	361,951,999	307,702,632	243,098,623
Total pension liability, beginning	4,862,308,884	4,616,094,476	4,254,142,477	3,946,439,845	3,703,341,222
Total pension liability, ending (a)	**$5,339,216,207**	**$4,862,308,884**	**$4,616,094,476**	**$4,254,142,477**	**$3,946,439,845**
Fiduciary Net Position					
Employer contributions	$ 245,498,411	$ 207,256,713	$ 198,727,135	$ 191,094,488	$ 180,704,280
Member contributions	67,695,627	64,204,278	62,160,101	56,068,706	48,011,698
Investment income (loss) net of investment expenses	271,691,483	280,146,398	436,675,706	29,299,764	111,630,036
Benefit payments and refund of contributions	(227,185,123)	(209,054,603)	(193,240,280)	(182,863,698)	(171,466,218)
Administrative and technology expenses	(8,551,977)	(7,293,262)	(7,009,169)	(6,687,091)	(6,097,422)
Net change in fiduciary net position	349,148,421	335,259,524	497,313,493	86,912,169	162,782,374
Fiduciary net position, beginning	4,373,961,514	4,038,701,990	3,541,388,497	3,454,476,328	3,291,693,954
Fiduciary net position, ending (b)	**$4,723,109,935**	**$4,373,961,514**	**$4,038,701,990**	**$3,541,388,497**	**$3,454,476,328**
Net pension liability, ending = (a) - (b)	**$ 616,106,272**	**$ 488,347,370**	**$ 577,392,486**	**$ 712,753,980**	**$ 491,963,517**
Fiduciary net position as a % of total pension liability	88.46%	89.96%	87.49%	83.25%	87.53%
Covered payroll (1)	$ 554,734,196	$ 535,937,622	$ 510,132,014	$ 472,384,955	$ 439,017,764
Net pension liability as a % of covered payroll	111.06%	91.12%	113.18%	150.88%	112.06%

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

Note:

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.

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

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

Schedule of Employer Contributions

Fiscal Year Ended June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll [1]	As a % of Covered Payroll: Actuarially Determined Contribution	As a % of Covered Payroll: Actual Employer Contribution	
2015	$ 169,814,170	$ 180,704,280	$(10,890,110)	$ 439,017,764	38.68%	41.16%	2
2016	170,046,059	191,094,488	(21,048,429)	472,384,955	36.00%	40.45%	2, 3
2017	164,877,135	198,727,135	(33,850,000)	510,132,014	32.32%	38.96%	2, 3
2018	179,626,584	207,256,713	(27,630,129)	535,937,622	33.52%	38.67%	2
2019	194,830,054	245,498,411	(50,668,357)	554,734,196	35.12%	44.26%	2
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%	2
2022	234,746,179	249,946,179	(15,200,000)	611,956,610	38.36%	40.84%	2
2023	238,938,203	248,938,203	(10,000,000)	631,144,281	37.86%	39.44%	4
2024	175,572,103	185,572,103	(10,000,000)	676,865,990	27.42%	25.94%	4

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

2 The County contributed additional funding of $10.0 million plus the difference in the actuarially determined contribution rate and 37.14%.

3 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 its actuarially determined contribution, respectively.

4 The County contributed additional funding of $10.0 million to accelerate the pay down of its UAAL.

The table below denotes the money-weighted rate of return that measures investment performance, net of investment manager expenses, adjusted for the changing amounts invested.

Schedule of Investment Returns

Fiscal Years Ended June 30

	2024	2023	2022 [3]	2021 [2]	2020
Annual money-weighted rate of return, net of investment manager expenses [1]	9.12%	5.12%	-4.51%	24.29%	-0.26%
	2019	**2018**	**2017**	**2016**	**2015**
Annual money-weighted rate of return, net of investment manager expenses [1]	5.26%	6.53%	12.48%	0.49%	3.37%

Note : The time-weighted rate of return for fiscal year 2024 was 9.2%, which calculated 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% for fiscal year 2022 from 24.29% for fiscal year 2021, 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, 2024, are determined by the actuarial valuation as of June 30, 2022. Details of actuarial methods and assumptions selected for the 2022 valuation are summarized on page 84.

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 included 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%. In July 2014, the Board also approved several changes in demographic assumptions based on the 2014 Triennial Experience Study. The key changes included a slight reduction in retirement rate, an 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 reduced 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 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 employer contribution rate, small decreases in member contribution rates for Plan 7, and small increases in member contribution rates for all other plans.

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 reaffirmed the assumptions from 2021 for the June 30, 2022 valuation. The approved economic assumptions were as follows: investment return at 6.25%, inflation at 2.50%, wage growth 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 to be phased in for the second year of the 3-year period.

In May 2023, the Board approved some changes to economic assumptions, most notably a 0.25% increase to the inflation, wage growth, and payroll growth assumptions. In July 2023, as a result of the Triennial Experience Study, the Board adopted certain changes to demographic assumptions. The new assumptions resulted in a slight decrease in the funded status and a modest increase in the employer and employee contribution rates effective July 1, 2024.

In June 2024, the Board adopted Milliman's recommendation to make no changes to the existing assumptions that were used for last year's valuation. The economic assumptions to be used for the 2024 valuation were: investment return at 6.25%, local inflation at 2.75%, wage growth at 3.25%, and payroll growth at 3.25%.

Below is a summary of methodologies and assumptions employed for the 2022 valuation. The results from this valuation were used to determine contribution rates for participating employers and members effective from July 1, 2023.

Actuarial Valuation as of June 30, 2022 (For Funding Purposes)	
Valuation Date	June 30, 2022
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	6.25%, net of plan investment and administrative expenses
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, 2022 actuarial valuation report for details.
Retirement	See June 30, 2022 actuarial valuation report for details.
Disablement	See June 30, 2022 actuarial valuation report for details.
Mortality	See June 30, 2022 actuarial valuation report for details.

Supplementary Information

The schedule below offers details on administrative expenses incurred by San Mateo County Employees' Retirement Association (SamCERA) during the reporting period.

Schedule of Administrative Expenses	
Fiscal Year Ended June 30, 2024	
Salaries and Benefits	
Salaries	$ 3,955,775
Benefits	1,782,140
Total Salaries and Benefits	**5,737,915**
Services and Supplies	
Board Expenses	5,200
Insurance	143,620
Medical Record and Hearing Services	213,298
Member Education	61,845
Education and Conference	86,949
Transportation and Lodging	87,776
Property and Equipment	15,846
General Office Supplies	26,930
Postage and Printing	26,998
Leased Facilities	753,734
County Services	512,041
Audit Services	43,333
Other Administration	49,873
Total Services and Supplies	**2,027,443**
Total Administrative Expenses	**$ 7,765,358**

The schedule below offers details on information technology expenses incurred by SamCERA during the reporting period.

Schedule of Information Technology Expenses	
Fiscal Year Ended June 30, 2024	
Computer equipment and software	$ 6,110
IT infrastructure - software license maintenance	676,354
IT infrastructure - tools and equipment	52,602
IT infrastructure - contract IT services	36,040
Technology research and development	1,158
Depreciation	859,222
Total Information Technology Expenses	**$ 1,631,486**

The schedule below provides details on investment expenses incurred by SamCERA during the reporting period.

Schedule of Investment Expenses	
Fiscal Year Ended June 30, 2024	
Investment Management Fees (by Asset Class)	
Public Equity	$ 4,239,157
Fixed Income	12,451,416
Alternatives	14,172,257
Inflation Hedge	11,258,042
Cash	1,227,652
Total Investment Management Fees	43,348,524
Other Investment Expenses	
Investment Consultant	607,934
Actuarial Consulting	161,895
Master Custodian	344,675
Other Professional Services	129,915
Total Other Investment Expenses	1,244,419
Other Investment Related Expense	16,285,542
Interest Paid on Prepaid Contributions	3,416,004
Total Investment Expenses	**$ 64,294,489**

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.

Schedule of Payments to Consultants (Other Than Investment Advisors)	
Fiscal Year Ended June 30, 2024	
Custodian Services	
Northern Trust Corporation	$ 344,675
Actuarial Consulting Services	
Milliman, Inc.	161,895
Audit Services [1]	
Brown Armstrong Accountancy Corporation	43,333
Other Professional Services	129,915
Total Payments to Consultants	**$ 679,818**

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

NOTES TO THE SUPPLEMENTARY INFORMATION

Administrative Services Budget

The passage of Assembly Bill 609 in October 2010 changed the County Employees' Retirement Law of 1937's (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 they 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."

Schedule of Employer Pension Amounts Allocated by Cost-Sharing Plan

The Schedule of Employer Pension Amounts Allocated by Cost-Sharing Plan provides a detailed breakdown of how pension-related amounts are distributed among participating employers. This information helps employers to understand their financial obligations.

Schedule of Employer Pension Amounts Allocated by Cost-Sharing Plan (GASB Statement No. 68) as of June 30, 2024

		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	$ 739,882,010	$ 149,208,226	$ 24,546,977	$ 75,431,695	$ 14,782	$ 249,201,680	$ 1,247,246	$ 1,247,246	$ 300,618,406	$ 14,857	$ 300,633,263
San Mateo County Superior Court	32,035,308	6,460,397	1,062,832	3,266,031	498,567	11,287,827	20,622	20,622	13,016,134	(172,835)	12,843,299
San Mateo County Mosquito & Vector Control District	3,124,289	630,059	103,654	318,524	758,869	1,811,106	4,350	4,350	1,269,417	157,978	1,427,395
Total	$775,041,607	$156,298,682	$ 25,713,463	$ 79,016,250	$ 1,272,218	$262,300,613	$ 1,272,218	$ 1,272,218	$314,903,957	$ -	$314,903,957

Schedule of Cost-Sharing Employer Allocations

The Schedule of Cost-Sharing Employer Allocations shows how pension liabilities and related costs are distributed among participating employers.

Schedule of Cost-Sharing Employer Allocations (GASB Statement No. 68)

Fiscal Year Ended June 30, 2024

Employer	Actual Employer Contributions	Actuarially Determined Contributions	Employer Proportionate Share [1]	Net Pension Liability
County of San Mateo	$177,607,312	$167,607,312	95.4635%	$ 739,882,010
San Mateo County Superior Court	7,257,038	7,257,038	4.1334%	32,035,308
San Mateo County Mosquito & Vector Control District	707,753	707,753	0.4031%	3,124,289
Total	**$185,572,103**	**$175,572,103**	**100.0000%**	**$ 775,041,607**

[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, 2024, and (4) GASB Statement No. 68 Actuarial Valuation based on a June 30, 2024, Measurement Date for Employer Reporting as of June 30, 2024, 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, 2024, 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, 2023 (the beginning of the measurement period ended June 30, 2024).

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/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, 2024, 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.

Investment Section

1987

1989

1986

1988

San Mateo County Board of Supervisors provided for the payment of member contributions on a pre-tax basis.

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Redwood City, CA 94065
Phone: (650) 599-1234
Web: www.samcera.org
Email: samcera@samcera.org

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 period ended June 30, 2024. 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 fair value increased to $6.482 billion as of June 30, 2024, as the net combination of portfolio appreciation and contributions, less total deductions (i.e., benefits paid, administrative expense, etc.), added approximately $477 million to the fund.

SamCERA's portfolio returned 9.2% net of investment management fees for the fiscal year ended June 30, 2024, underperforming SamCERA's policy benchmark return of 11.7% by 2.5%. This fiscal-year performance resulted in below 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 ending June 30, 2024.

Table One: SamCERA Total Fund Net Performance Characteristics Ended June 30, 2024

	1 Year	3 Years	5 Years	10 Years
SamCERA Return	9.2%	3.2%	6.4%	6.1%
Benchmark Return	11.7%	4.4%	7.4%	6.7%
Excess Return	-2.5%	-1.2%	-1.0%	-0.6%
Peer Rank Return (Percentile)	**59th**	**47th**	**79th**	**66th**
SamCERA Risk (Standard Deviation)	6.3	7.4	8.4	7.5
Benchmark Risk (Standard Deviation)	6.9	8.6	9.0	7.9
Peer Median Risk (Standard Deviation)	7.9	9.0	10.1	8.3
SamCERA Sharpe Ratio	0.6	0.1	0.5	0.6
Benchmark Sharpe Ratio	0.9	0.2	0.6	0.7
Peer Median Sharpe Ratio	0.6	0.1	0.5	0.6

SamCERA's portfolio had lower returns than its policy benchmark over all historical periods. However, consistent with its risk-based approach, SamCERA's portfolio also exhibited lower risk levels to its policy benchmark (and the median plan) over all historical periods. Taken together, the more significant underperformance over the past year impacted longer-term periods and resulted in lower risk-adjusted returns over all periods, while relative to the median plan, the portfolio matched the risk-adjusted returns over all periods.

Return/Risk Measure

As described in the Investment Objectives section of SamCERA's Investment Policy Statement, 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, 2024.

Table Two: SamCERA Composite Net Performance for Trailing Year Ended June 30, 2024

Composite	Allocation (%)	Composite Return	Benchmark Return	Excess Return
Growth	58.7	13.6%	19.5%	-5.9%
Diversifying	18.2	4.2%	3.6%	0.6%
Inflation Hedge	16.4	0.9%	-2.5%	3.4%
Liquidity	6.7	5.6%	5.0%	0.6%

All four composites had positive returns for the fiscal year. Growth was the best performing composite and returned 13.6%, while Inflation Hedge returned 0.9% and was the lowest returning composite. Liquidity returned 5.6%, while Diversifying returned 4.2%.

Three of the composites had positive relative returns compared to their respective benchmark, with Inflation Hedge outperforming by 3.4% (even though it was our lowest returning composite on an absolute basis). Liquidity and Diversifying both outperformed by 0.6%, while Growth underperformed by 5.9%.

Market Review

The U.S. economy has continued to show impressive resiliency, especially the job market. This resulted in equity markets rallying aggressively, especially in the second half of the fiscal year. The breadth of the rally continued to be narrow and driven mostly by generative AI hype, as large technology stocks such as Nvidia, Meta, Alphabet, Microsoft, and Apple led the market higher. The market-capitalization weighted S&P 500 Index was up 15.3% during the six months ended June 2024. For comparison, the equal-weighted S&P 500 index was up only 5.1%, or one third as much as the market-weighted index (which has a much larger weighting to the big technology companies). For the full fiscal year, the S&P 500 Index was up 24.6%, while the equal weighted version was up less than half that at 11.8%.

The U.S. Federal Reserve last hiked short-term rates in July, and then paused for the remainder of the fiscal year to assess market conditions. As of the date of this writing, it is looking like the Fed will begin cutting rates starting in September. The current Fed Funds upper range is 5.5%, which is the highest rate in over 22 years.

The improvement on the fight against the rate of inflation stalled a bit during the year as shelter inflation proved to be stickier than expected, although the U.S. Federal Reserve has communicated (and the markets fully expect) it to begin cutting rates in September. The year-over-year percent change in the U.S. Consumer Price Index for All Urban Consumers (CPI-U) was 3.0% as of the end of the fiscal year, which is off substantially from the 9.1% increase seen in June 2022. However, this is still higher than the Fed's stated 2% inflation target.

The U.S. equity market (as measured by the Russell 3000 Index, a broad basket of U.S. stocks) returned 23.1%. Large-capitalization stocks in the U.S. (as measured by the Russell 1000 Index) were higher by 23.9%, while smaller-capitalization stocks (as measured by the Russell 2000 Index) were higher by 10.1%.

International equity markets also increased during the fiscal year. The developed international equity market, as measured by the MSCI EAFE, was up 11.5%, while emerging market equity, as measured by the MSCI Emerging Markets Index, returned 12.5%.

Turning to fixed income, there was substantial interest rate volatility during the fiscal year as market participants adjusted their expectations for rate cuts throughout the year. For example, the 10-year rate ended last fiscal year at 3.81%. It shot up to just under 4.6% by the end of September, before drifting back down to 3.9% by year end. Then it increased to 4.2% by the end of March before ending up at 4.36% by the end of June. While longer-term interest rates increased, shorter-term two-year rates fell. The two-year rate is most sensitive to expectations of U.S. Federal Reserve actions and reflects the markets' belief that rate cuts are imminent. The yield curve was still inverted during the year, which is when short-term rates are higher than longer-term rates. The inversion lessened towards the end of the year as market participants expect the Fed to begin its interest rate cut cycle in September. The 10-

year U.S. Treasury yield increased 0.55% during the fiscal year, ending at 4.36%, up from 3.81% at the beginning of the fiscal year.

The broad U.S. bond market (as measured by the Bloomberg Barclays U.S. Aggregate Index) returned 2.6% on the year. Even though interest rates rose during the year, core fixed income still had positive returns due in part to the higher yields prevalent in the market, which act as a cushion when rates increase. This feature makes fixed income more compelling than it has been in the past few years.

Portfolio Activities / Changes

In November, SamCERA approved replenishing the cash flow match pool to include fiscal year 2026's net cash flows, while also adding an additional year's worth (fiscal year 2027), resulting in pre-funding the next four years' worth of expected net benefit payments (for fiscal years 2024, 2025, 2026, and 2027). No additional new money is expected to be needed, due to higher expected contributions into the plan and higher fixed income yields. As a result, there were no changes to SamCERA's current asset allocation.

SamCERA evaluates potential cash flow match replenishment on an annual basis after its actuarial valuation is completed for the most recent fiscal year end. This annual evaluation is expected to take place during the 4th quarter.

In the Growth category, we continued building out and further diversifying our opportunistic credit portfolio. First, we added a new $60 million dedicated securitized credit strategy funded from cash. In addition, we also added a new $60 million dedicated emerging market debt strategy, funded via a combination of rebalancing from other opportunistic credit managers ($20 million) and the balance from cash ($40 million). SamCERA also made commitments worth $111 million to five new private equity partnerships. SamCERA has $847.5 million in total commitments in its private equity program across venture capital, buyouts, and special situations.

Within the Diversifying category, we restructured and downsized our absolute return portfolio. One of the strategies in the portfolio closed and returned money to investors. We took the opportunity to reallocate a portion of the proceeds to the remaining three strategies within absolute return, with the remainder going into defensive fixed income (also within Diversifying). The net result is we are slightly overweight to defensive fixed income and underweight to absolute return.

In the Inflation Hedge category, SamCERA made commitments worth $80 million to three new infrastructure partnerships in its private real assets program, bringing total commitments to $499.8 million within private real assets. In addition, SamCERA's board approved a $35 million commitment to Beach Point Capital Real Estate Debt Fund for its real estate portfolio.

The table below summarizes the current interim policy (which was effective July 1, 2023). The long-term strategic asset allocation policy will include a 1% increase to Private Equity (funded from public equity), which will take multiple quarters to reach the target.

SamCERA Interim Asset Allocation Policy	Current Interim Policy	Long-Term Policy
Growth	59.0%	59.0%
Domestic Equity	23.0%	22.0%
International Equity	18.0%	18.0%
Private Equity	7.0%	8.0%
Opportunistic Credit	11.0%	11.0%
Diversifying	**18.5%**	**18.5%**
Defensive Fixed	12.5%	12.5%
Absolute Return	6.0%	6.0%
Inflation Hedge	**17.0%**	**17.0%**
Public Real Assets	3.0%	3.0%
Real Estate	9.0%	9.0%
Private Real Assetes	5.0%	5.0%
Liquidity	**5.5%**	**5.5%**
Cash Flow Matched	4.5%	4.5%
Cash & Cash Equivalents	1.0%	1.0%

Conclusion

SamCERA continues to maintain a primary emphasis on risk control and ensuring that it has sufficient liquidity available to meet its benefit payments. With the establishment of a dedicated cash-flow match strategy, SamCERA will be better able to opportunistically take advantage of return-seeking opportunities across the portfolio during market volatility. Finally, as always, we will use our long-term investment policy to guide us through these dynamic times.

Respectfully Submitted,

Michael R Coultrip

Michael Coultrip
Chief Investment Officer
September 9, 2024

INVESTMENT CONSULTANT'S REPORT ON INVESTMENT ACTIVITIES

Verus

September 13th, 2024

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

Dear Board Members:

2024 Summary
Risk assets have delivered strong performance over the past year, with the front half of 2024 acting as a continuation of 2023. Expectations for a recession fell by the wayside, as economic growth proved to be resilient. The "soft landing" narrative was strengthened, as inflation has slowed down, while the economy has continued to grow. In more recent months, some economic data has shown signs of cooling, specifically in the labor market. However, it appears that much of this slowdown may be a return to normalcy that reflects pre-pandemic conditions, instead of a labor market that would precede a coming recession. Expectations for interest rate cuts were far more ambitious a year ago, but markets have now solidified expectations that the Federal Reserve will begin cutting interest rates before the end of the year, providing a tailwind to both equities and fixed income.

Risk assets outside of the United States continued to lag the domestic market. Developed economies largely experienced stagnation, as the Eurozone saw very low GDP growth, the U.K. emerged from recession, and the Japanese economy contracted. Despite poor growth, falling inflation allowed the European Central Bank to cut interest rates in June, which provided a tailwind for risk assets. In emerging economies, China has remained a prominent story, with population decline and a tumbling housing market threatening its future growth prospects. Two main emerging market countries have outperformed most risk assets: Taiwan continues to benefit from its exposure to semiconductors amid growing AI investment, while India has delivered strong economic growth across its economy.

U.S. Equity
Domestic shares expanded upon the previous year's outperformance during the first half of 2024, beating both developed and emerging market equities. The S&P 500 index advanced +24.6% over the past year as U.S. equities prove to be the best performing asset class. Concerns have bubbled up over increasing absolute and relative valuations, leading to some fears of a correction. However, domestic stocks have climbed further as investment in artificial intelligence (AI) boosted earnings expectations, and lower inflation has led to expectations for a handful of interest rate cuts in the fall.

Index concentration remains an important story in U.S. equity markets, with the S&P 500 Equal Weighted Index significantly lagging the flagship index, returning just +11.8% over the last year. However, there appears to have been a split within the "Magnificent Seven", with some notable companies outperforming the rest. Nvidia is still the headline story of the AI investment boom, returning +192.1% over the last year, while delivering earnings growth of +629%. While none of the other companies have matched the success of Nvidia, Meta (+76.1%), Google (+52.3%), Amazon (+48.2%) and Microsoft (+32.3%) have all outperformed the index while delivering strong earnings growth. Apple (+9.2%) and Tesla (-24.4%) have both lagged after reporting revenue declines in Q1.

These Magnificent Seven movements have had substantial implications on size and style investing, which have both seen significantly widening gaps from the previous year. Over the last year, Growth has returned +33.5%, significantly outperforming the +13.1% gain from Value. Small cap (Russell 2000 Index)

SEATTLE | LOS ANGELES | SAN FRANCISCO | PITTSBURGH | CHICAGO | VERUSINVESTMENTS.COM has also failed to deliver excess returns, gaining just +10.1% over the last year, lagging the +23.9% gain posted by the large cap Russell 1000 Index.

Investors will be watching earnings closely, especially those of technology companies that have gained due to rosy expectations around artificial intelligence. With forward valuations hovering around one standard deviation above the 10-year average, markets are pricing in double-digit earnings growth over the next couple years. Markets are hoping for earnings to meet these expectations, and for companies involved in AI investment to start showing strong profitability across those products and services.

International Equity

International equities posted gains in the first half of 2024, although these markets were unable to match the remarkable performance of U.S. equities. Emerging markets barely outperformed international developed shares, which benefitted from higher exposure to semiconductor stocks, and a more growth-oriented set of companies. The MSCI EM Index has returned +12.5% over the last year, just over the +11.6% gain of the MSCI EAFE Index.

International developed shares performed well, despite some very material weaknesses in the macroeconomic picture. Japanese equities, the largest country weight in the MSCI EAFE index, saw the strongest performance, with the TOPIX returning +12.7% in unhedged currency terms, and +32.5% in hedged currency terms. The Japanese Yen has declined -10.2% relative to the dollar over the past six months, which played a part in boosting exports that become cheaper with a weakening currency. High earnings growth, as well as the end of negative interest rate policy and deflation, have provided a tailwind to Japanese equity markets over the last year. In Europe, falling inflation and an interest rate cut in June lifted an equity market that had otherwise been held back by very low growth. In the past year, the Euro Stoxx 50 returned +12.0% in unhedged currency terms, and +16.3% in hedged currency terms.

Emerging market equities narrowly outperformed international developed equities, while lagging the United States, returning +12.5% in unhedged currency terms, and +15.8% in hedged currency terms, over the last year. Technology exposure is responsible for much of the growth in emerging markets. Taiwan, the second-largest weight in the MSCI EM Index, holds a 70% weight in Information Technology. This provided a substantial tailwind, since the MSCI Taiwan Index returned +41.4% over the past year as TSMC (who alone makes up 50% of the MSCI Taiwan Index) is the world's largest manufacturer of semiconductors, producing chips for companies including Nvidia and Apple. India has also performed well, with the MSCI India Index posting a +34.9% gain. India's GDP has been growing on an average pace of 6-7% per year, with policies supportive of economic growth and strong positioning within global supply chains.

Fixed Income

Fed policy expectations continued to dominate risk asset behavior over the past year. One year ago, markets were expecting four interest rate cuts by the end of 2024. At the end of 2023, the market expected four rate cuts to occur in the first half of 2024, with two more in the second half of the year. Instead, there have been no rate cuts, with just two or three priced in before the end of 2024. Interest rates staying higher for longer has been a headwind for long-duration assets over the past year (Bloomberg U.S. Treasury Long -5.6%), as the two-year yield moved from 4.90% to 4.77%, and the ten-year yield moved from 3.84% to 4.40%.

As of June, it had been 11 months since the Federal Reserve implemented its final interest rate hike. Comments made by FOMC members have suggested that higher interest rates have had a material impact on economic activity and have been effective at slowing inflation. With inflation down to 3.0% for CPI and 2.6% for Core PCE (the Fed's preferred inflation gauge), and cooling labor market numbers, the Fed has signaled it is time to cut rates.

Core fixed income (Bloomberg U.S. Aggregate) has risen just +2.6% over the past year, as yield increases have outweighed the benefits of the higher rate environment. The shorter end of the curve fared much better than the long end, returning +4.5% throughout the same period. Investors were compensated by taking credit risk, as emerging market debt in hard currency terms (+9.2%), high yield (+10.4%), and Bank Loans (+11.1%) all provided excess returns to investors as spreads have contracted throughout much of the last year. Emerging market debt in local currency terms gained just +0.7%, the only major credit sub-index to underperform treasuries, which gained +5.5%.

Credit conditions have held up surprisingly well over the past year, with default activity slowing down as fears around weaker economic growth have been fading. Spreads continued to contract, with high-yield and investment grade option adjusted spreads moving from 390 bps to 309 bps and 123 bps to 94 bps, respectively. More recently, default activity has slowed down to $37B in default/distressed exchanges taking place in the first half of 2024, which was -14% lower than the same period last year. Eighty percent of that default activity has come from bank loans, which is the largest gap between the two asset classes in the last ten years. High yield default rates are down to 1.8%, materially lower than the long-term average of 3.4%.

Commodities

After fiscal year 2022-2023's -9.6% decline in commodity prices, some of those losses were regained, with the Bloomberg Commodity Index rising +5.0% over the last year. A large driver of these gains was an increase in Energy prices, with Brent Crude Oil contracts increasing +21.6% over the past year. Early in the year, OPEC+ agreed to cut production, and while the group are considering increasing production again later in the year, the market is expecting inventory to decline due to the high demand of summer months. Grains, the second largest weight in the index, declined -19.7% over the first half of the year, as favorable weather has led to an increase in supply, while demand for U.S. crops has declined in favor of cheaper Brazilian crops. Industrial Metals (+13.0%), Precious Metals (+22.5%), Softs (+17.7%), and Livestock (+2.4%) make up the other half of the index, providing a boost in performance to the overall commodity complex.

Currency

The story within currency markets so far in 2024 has been one of dollar strength, with the dollar trading stronger against its three major pairs. The DXY increased from 102.9 to 105.9 over the course of the past year. The Pound Sterling and Euro both weakened against the dollar, declining -0.6% and -1.8%, respectively. Much of this decline is likely due to the carry trade that favored the U.S. dollar. The European Central Banks cut interest rates in June, while the Federal Reserve has waited to cut interest rates. This differential means that holding the dollar pays more than holding the Euro, incentivizing investors to buy the dollar, and sell the Euro. The Japanese Yen saw more extreme movements against the dollar, falling -10.2%. The interest rate differential between the U.S. and Japan is far greater than either of the European currencies, with the Bank of Japan recently exiting many years of a negative interest rate environment earlier in 2024. It's widely believed that the BoJ sold U.S. dollars to offset some of the declines that the yen was experiencing.

Outlook

The last year has been strong for risk assets, as AI-related investments led to a rally in mega cap technology companies, and broader fears of a recession began to flame out at the beginning of 2024. It is looking more likely that the Federal Reserve was successful in engineering a soft landing, something that has arguably only been done once before, in the mid-1990s. There are some signs of late cycle behavior, with high asset valuations, tight credit spreads, and strong economic growth. However, falling inflation and a steepening yield curve as interest rates are cut have traditionally been indicative of a trough in the business cycle. If some of these characteristics take place without a recession, it could give way for a "reset" to the beginning of a new cycle, where easing policy can create conditions for a period of sustained growth.

While growth has been resilient and there are expectations for interest rates cuts, both domestic equity and credit markets appear to be priced optimistically. Equity markets are priced for high earnings growth, which creates downside risks in the case that efficiency gains in AI do not live up to expectations or prove to be costly and with a longer time horizon to profitability. There have also been some signs of consumer weakness in lower-income segments, as many families are still struggling to adjust to higher price levels and have not seen commensurate gains in wages. Credit spreads are historically low, and a decrease in profitability among companies could result in some equity-like volatility, should a broader contraction take place. Internationally, the Eurozone continues to face poor growth, despite interest rate cuts, while poor demographic trends in China still weigh on investor sentiment. While investors have seen strong returns over the past fiscal year, material risks remain and high valuations could create an environment for a some downside mean reversion, should signs of weakness begin to show and optimistic forecasts not come to fruition.

Plan Investment Results

The San Mateo County Employees' Retirement Association Total Plan returned 9.2% net of fees for the fiscal year ended 6/30/24. The Total Plan lagged its policy index for this time-period. For the fiscal year, the Total Plan ranked in the 59th percentile for Public Fund Defined Benefit Plans greater than $1 billion. SamCERA has positioned itself as a more conservative plan by having a lower equity allocation than peers. Despite this, SamCERA return was slightly below the median of its peer group during the fiscal year.

The U.S. Equity portfolio lagged its U.S. equity policy benchmark on a net of fee basis during the fiscal year (20.7% versus 23.1% for the Russell 3000 Index) which placed it in the 58th percentile of its peers. Within U.S. Equity, the low volatility manager has a lower beta and is more diversified than its Russell 1000 Index benchmark. The strategy underperformed the broader U.S. Markets.

During the fiscal year, the International Equity Composite lagged its composite benchmark, returning 9.9% net of fees compared to 14.5% for the MSCI ACWI ex-US IMI Index (50% hedged). SamCERA's international growth and value managers both lagged their respective benchmarks during the 1-year time period.

For the fiscal year, the Private Equity composite ranked in the top 17th percentile of peers at 9.0% but failed to keep up with the public market equivalent benchmark, the Russell 3000 +3% which gained 32.3%. Private Equity valuations are typically slower to react to market adjustments and will have lagging valuations, which was the primary reason for relative underperformance.

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 0.9% compared to –2.5% for the blended Inflation Hedge index. SamCERA's real estate and private real asset portfolios beat their benchmarks by 1.5% and 7.6% respectively.

The Inflation Hedge portfolio, Fixed Income asset class, and Liquidity strategy outperformed during the Fiscal Year, but couldn't overcome the conservative implementation and benchmark mismatch (Private Equity) in the Growth portfolio.

Asset Allocation and Manager Structure

Over the fiscal year ended 6/30/24, the Plan conducted an asset allocation review. The review resulted in modest adjustments to the allocation. The most impactful change was cutting the low volatility mandate by half to 4% of the portfolio. SamCERA also reviewed its asset allocation in late 2023 and increased the cash flow matching portfolio to 4-years' worth of net cash flows.

Sincerely,

John Nicolini, Managing Director, Senior Consultant

Joseph Abdou, Consultant

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.
- Focus on income and capital appreciation should be balanced and not overly dependent on one or the other.
- 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.
- Incorporating sustainability criteria into the decision-making process can positively impact long-term risk and reward characteristics of an investment.

Investment Objectives

The Board shall develop an investment program, consistent with the Investment Beliefs and General Investment Policies, to meet the primary goal of ensuring liquidity is available to provide for the required monthly benefit payments in a timely manner. In addition, the following secondary objectives will be considered:

1. 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.
2. Achieve long-term real growth while minimizing the funded status volatility.
3. 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 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, and reevaluate on an annual basis.

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

F. Determine whether to replenish the cash flow match account on an annual basis.

G. Delegate to staff the management of existing investment managers, and for those strategies in separately managed accounts and evergreen (or open-end) commingled fund structures, the on-going adjustments to allocations to such managers consistent with the investment policies and investment ranges contained in Section 6.0.

H. 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.

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

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

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

The investment summary below reports the fair value and the percentage of the portfolio's total fair value by type.

Investment Summary

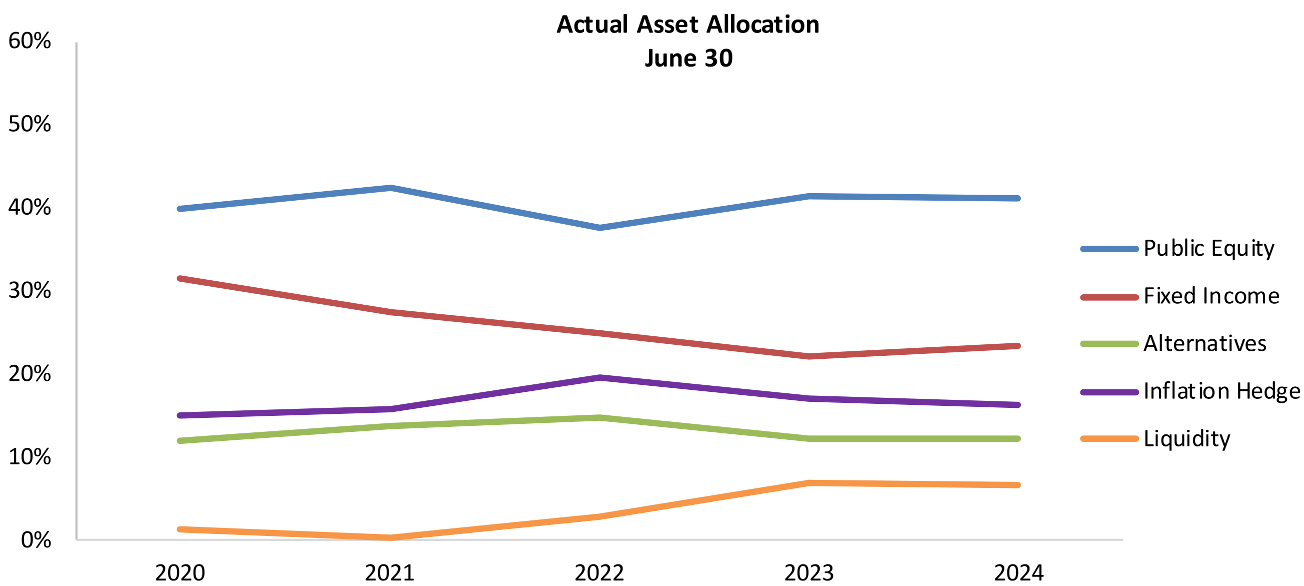
June 30, 2024

ASSET CLASS	Assets Under Management	Percentage of Assets Under Management [1]
Public Equity	$ 2,743,032,845	43.4%
Fixed Income	1,498,942,052	23.7%
Alternatives	780,416,525	12.4%
Inflation Hedge	1,044,637,006	16.6%
Liquidity	247,762,006	3.9%
Total Net Portfolio Value	**$ 6,314,790,434**	**100.0%**

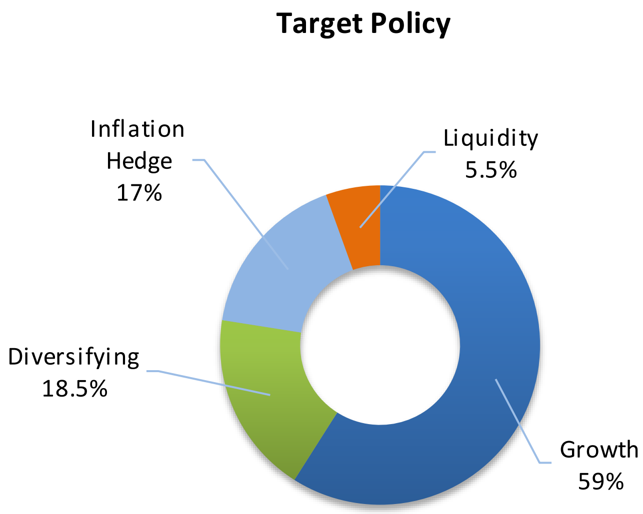
[1] The percentage is based on the total investment assets under management as reported on the Statement of Fiduciary Net Position.

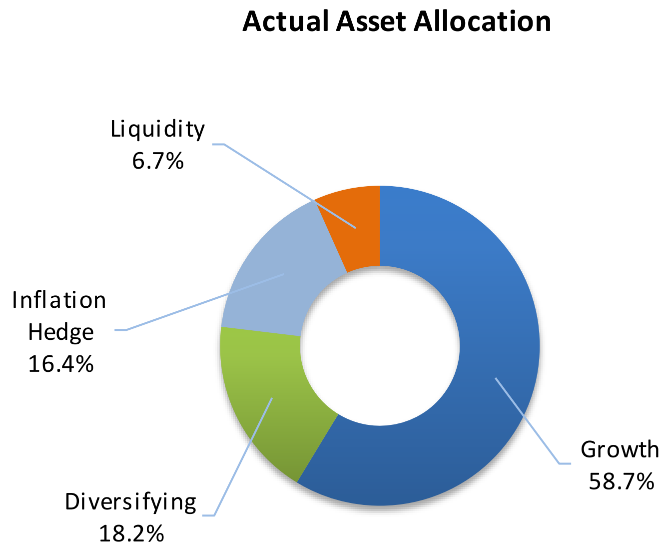
RECONCILIATION TO STATEMENT OF FIDUCIARY NET POSITION

Total Net Portfolio Value	$ 6,314,790,434
Cash Equivalents	185,429,035
Receivables	67,190,901
Prepaid Expenses	325,024
Capital Assets, Net of Accumulated Depreciation	4,154,743
Liabilities	(90,197,870)
Fiduciary Net Position as of June 30, 2024	**$ 6,481,692,267**



ASSET ALLOCATION (TARGET POLICY VS. ACTUAL) June 30, 2024

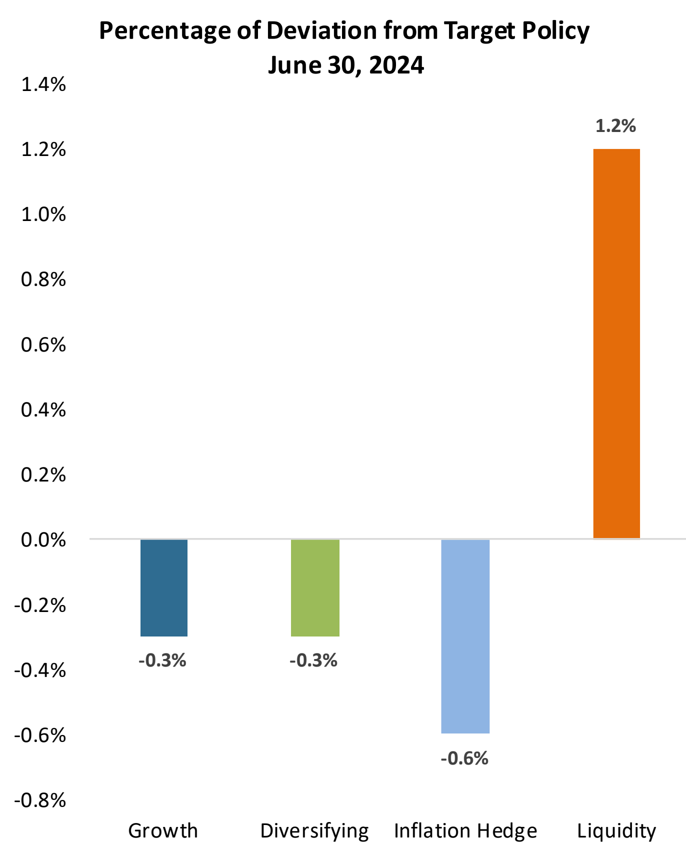




ASSET ALLOCATION AS A PERCENTAGE OF FAIR VALUE

Investment	Target Policy as of June 30, 2024	Actual as of June 30, 2024
Growth	**59.0%**	**58.7%**
Domestic Equity	23.0%	23.0%
International Equity	18.0%	18.3%
Private Equity	7.0%	6.6%
Opportunistic Credit	11.0%	10.8%
Diversifying	**18.5%**	**18.2%**
Defensive Fixed	12.5%	12.5%
Absolute Return	6.0%	5.7%
Inflation Hedge	**17.0%**	**16.4%**
Public Real Assets	3.0%	3.0%
Real Estate	9.0%	8.0%
Private Real Assets	5.0%	5.4%
Liquidity	**5.5%**	**6.7%**
Cash Flow Matched	4.5%	5.0%
Cash & Cash Equivalents	1.0%	1.7%
Total	**100%**	**100%**

Note:
The actual asset allocation as of June 30, 2024, was based on the total investment assets under management with overlay as reported on SamCERA's investment consultant's performance report.



Asset Class	Policy Benchmark (June 30, 2024)
Growth Assets	
Domestic Equity	23% Russell 3000
International Equity	9% Morgan Stanley Capital International ex-United States Investable Market Indexes (MSCI ex-US IMI) Net 9% Morgan Stanley Capital International ex-United States Investable Market Indexes (MSCI ex-US IMI) 100% Hedged
Private Equity	7% Russell 3000 + 3% (1-quarter lag)
Opportunistic Credit	11% Blend: 73% Bloomberg US Corporate High Yield + 27% Credit Suisse Leveraged Loan Index (1-quarter lag)
Diversifying Assets	
Defensive Fixed Income	12.5% Blend: 76% Bloomberg Aggregate + 24% Bloomberg Long Treasury
Hedge Funds/Absolute Return	6% Secured Overnight Financing Rate (SOFR) + 4%
Inflation Hedge	
Real Estate	9% National Council of Real Estate Investment Fiduciaries Open-End Diversified Core Equity (NCREIF ODCE)
Private Real Asset	5% Blend: 25% Standard & Poor (S&P) Global Large-MidCap Commodity and Resource + 75% S&P Global Infrastructure + 2% (1-quarter lag)
Public Real Asset	3% Blend: 25% Bloomberg Roll Select Commodity + 25% Standard & Poor (S&P) Global Large-MidCap Commodity and Resource 25% S&P Global Infrastructure + 25% Barclays Treasury Inflation Protected Securities (TIPS)
Liquidity	4.5% Bloomberg US Government/Credit 1-3 Year TR
	1% 91-day Treasury-Bills

Schedule of Portfolio Returns (Net of Fees)

Performance as of June 30, 2024

Risk Bucket	Total Time-Weighted Rate of Return [1] One Year	Three Years	Five Years
Growth Portfolio	**13.6%**	**N/A**	**N/A**
Growth Benchmark	19.5%	N/A	N/A
Domestic Equity	20.7%	8.2%	12.4%
Domestic Equity Benchmark	23.1%	8.1%	14.1%
International Equity	9.9%	0.3%	6.4%
International Equity Benchmark	14.5%	3.3%	7.5%
Private Equity	9.0%	3.4%	19.2%
Private Equity Benchmark	32.3%	12.8%	17.4%
Opportunistic Credit	9.0%	2.6%	4.2%
Opportunistic Credit Benchmark	10.4%	1.6%	3.9%
Private Credit	3.9%	4.3%	5.6%
Private Credit Benchmark	12.4%	5.8%	5.3%
Diversifying Portfolio	**4.2%**	**N/A**	**N/A**
Diversifying Benchmark	3.6%	N/A	N/A
Defensive Fixed Income	2.5%	-3.2%	-0.1%
Defensive Fixed Income Benchmark	0.7%	-3.6%	-0.6%
Absolute Return	7.3%	4.4%	1.4%
Absolute Return Benchmark	9.4%	7.2%	6.2%
Inflation Hedge Portfolio	**0.9%**	**4.8%**	**3.7%**
Inflation Hedge Benchmark	-2.5%	4.3%	5.1%
Real Estate	-7.8%	1.9%	3.1%
Real Estate Benchmark	-9.3%	1.9%	3.2%
Private Real Asset	12.3%	12.1%	10.6%
Private Real Asset Benchmark	4.7%	7.8%	7.2%
Public Real Assets	4.9%	4.2%	1.8%
Public Real Assets Benchmark	5.1%	4.3%	4.4%
Liquidity Portfolio	**5.6%**	**N/A**	**N/A**
Liquidity Benchmark	5.0%	N/A	N/A
Cash Flow-Matched Liquidity	5.6%	N/A	N/A
Cash Flow-Matched Liquidity Benchmark	4.9%	N/A	N/A
Cash & Cash Overlay	5.7%	3.4%	2.3%
Cash & Cash Overlay Benchmark	5.4%	3.0%	2.2%
Total	**9.2%**	**3.2%**	**6.4%**
Policy Benchmark	11.7%	4.4%	7.4%

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

Top Ten Equity Securities [1]

June 30, 2024

Shares	Company Name	Fair Value
138,515	Microsoft Corp	$ 61,909,447
270,755	Apple Inc	57,026,464
442,954	Nvidia Corp Com	54,722,496
173,024	Amazon Com Inc	33,436,897
40,810	Meta Platforms Inc Com CL A	20,577,025
109,478	Alphabet Inc Capital Stock CL A	19,941,337
91,737	Alphabet Inc Capital Stock CL C	16,826,429
505,121	Taiwan Semiconductor Manufacturing Inc.	15,040,818
15,843	Eli Lilly & Co	14,344,141
34,091	Berkshire Hathaway Inc	13,868,378
	Total Top Ten Equity Securities	**$ 307,693,432**

[1] A complete list of portfolio holdings in SamCERA separately held accounts is available upon request.

Top Ten Fixed Income Securities [1]

June 30, 2024

Security	Coupon (%)	Maturity	Fair Value
US Treasury	0.500	3/31/2025	$ 30,419,956
US Treasury	1.375	11/15/2040	11,136,736
US Treasury	4.375	8/31/2028	8,889,570
US Treasury	0.625	5/15/2030	8,123,619
Fannie Mae	6.000	10/1/2053	6,636,280
Freddie Mac	5.500	9/1/2053	6,586,264
Federal Home Ln Mtg Corp	5.000	7/1/2053	6,482,937
US Treasury	2.250	5/15/2051	6,289,570
US Treasury	4.125	8/15/2053	6,244,701
US Treasury	1.375	8/15/2050	6,141,094
Total Top Ten Fixed Income Securities			**$ 96,950,727**

[1] A complete list of portfolio holdings in SamCERA separately held accounts is available upon request.

List of Investment Managers

June 30, 2024

GROWTH

Domestic Equity

BlackRock
DE Shaw
PGIM Quant Solutions
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
Charlesbank Capital Partners
Clayton, Dubilier & Rice
Davidson Kempner
Eclipse Ventures
Emergence Capital Partners
Endeavour Capital Fund
General Catalyst Partners
Genstar Capital
Great Hill Partners
Gridiron Capital
Kinderhook Industries
MGG Investment Group
Oak Hill Advisors
Peak Rock Capital
Sixth Street
Strategic Value Partners
Summit Partners
Sycamore Partners
TCW
Third Rock Ventures
Warburg Pincus

GROWTH (Continued)

Opportunistic Credit

Beach Point Capital Management
BlackRock
Brigade Capital Management
Comvest Partners
Eaton Vance
One William Street
PIMCO
TPG/Angelo Gordon
White Oak

DIVERSIFYING

Fixed Income

DoubleLine Capital
Fidelity Institutional Asset Management
NISA Investment Advisors

Absolute Return

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 Asset Management
Cerberus Capital Management
CIM Group
EnCap Investments
EQT Fund Management
EverStream Energy Capital Management
KKR & Co
KSL Capital Partners
LS Power
Quantum Energy Partners
Taurus Funds Management
Tiger Infrastructure Partners
Vision Ridge Partners

LIQUIDITY

Cash Flow Matched

Insight Investment

Cash & Currency Overlay

Parametric Portfolio Associates
Record Currency Management

Schedule of Professional Services and Fees

Fiscal Year Ended June 30, 2024

	Management Fees	Fair Value
ASSETS UNDER MANAGEMENT		
Public Equity	$ 4,239,157	$ 2,743,032,845
Fixed Income	12,451,416	1,498,942,052
Alternatives	14,172,257	780,416,525
Inflation Hedge	11,258,042	1,044,637,006
Liquidity	1,227,652	247,762,006
Total	**$ 43,348,524**	**$ 6,314,790,434**
OTHER INVESTMENT EXPENSES		
Investment Consultant	$ 607,934	
Actuarial Consulting	161,895	
Master Custodian	344,675	
Other Professional Services	129,915	
Total	**$ 1,244,419**	

Top Ten Broker Commissions

Fiscal Year Ended June 30, 2024

Brokerage Firm	Amount of Commission	Number of Shares Traded	Commission per share
Morgan Stanley & Co LLC	$ 8,542	32,207,397	0.000265
UBS AG London Branch	7,825	914,193	0.008559
Jefferies International Ltd	7,293	1,650,824	0.004418
JP Morgan Securities LLC/JPMC	6,927	2,888,048	0.002399
Merrill Lynch International Ltd	6,150	620,303	0.009915
Morgan Stanley & Co International	5,596	341,400	0.016391
Bank of America Corporation	5,284	27,257,771	0.000194
China Intl Capital Corp HK Secs Ltd	4,655	1,596,641	0.002915
Goldman Sachs & Co	4,532	1,941,555	0.002334
JP Morgan Securities PLC	4,437	383,949	0.011556
Total	**$ 61,241**	**69,802,081**	**0.000877**

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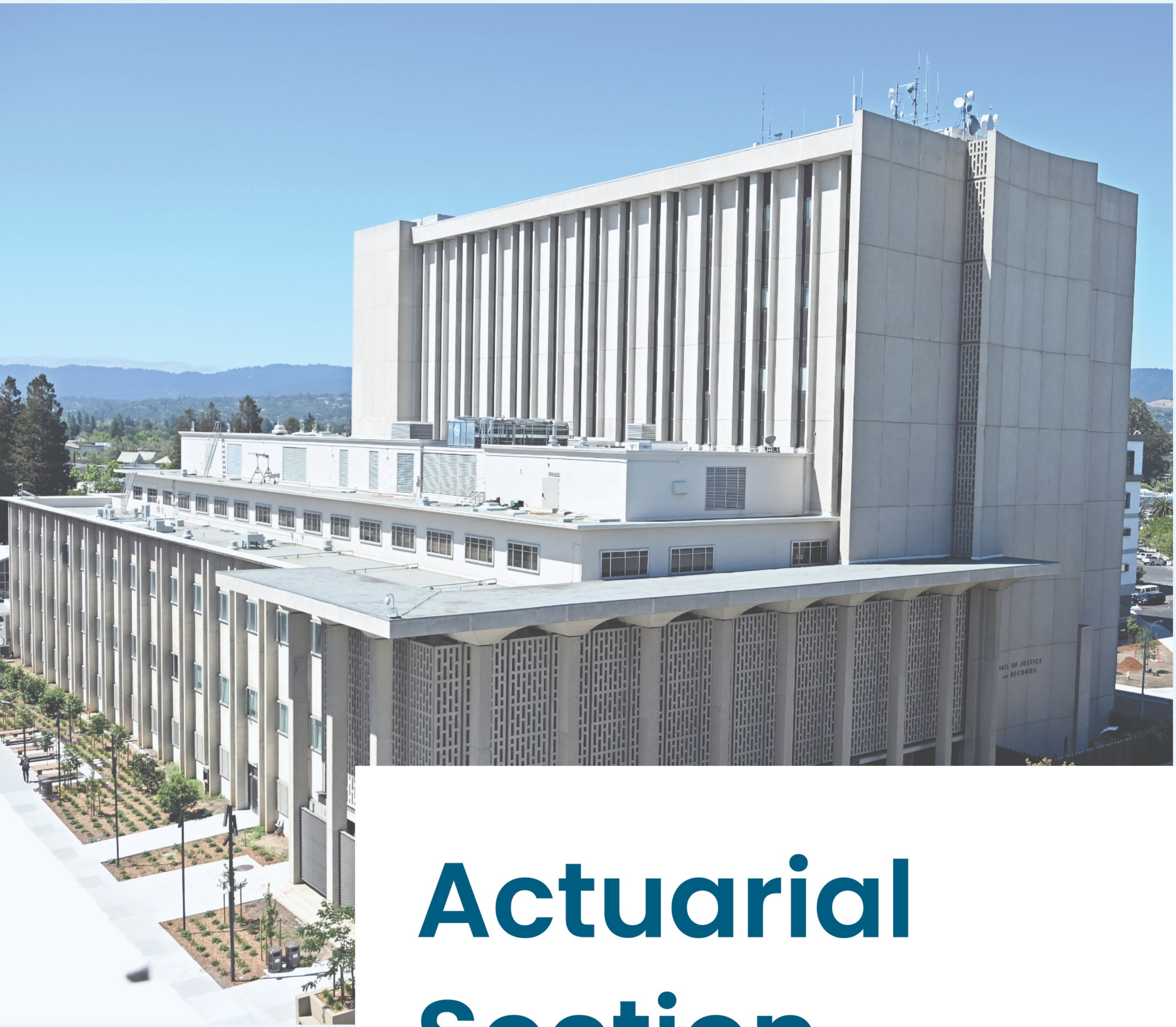

Actuarial Section

1994

1996

1993

1995

SamCERA became an independent entity from San Mateo County. The Association is now governed by the Board of Retirement, and Sid McCausland was appointed as its first administrator.

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ACTUARY'S CERTIFICATION

Milliman

1301 Fifth Avenue
Suite 3800
Seattle, WA 98101-2605
USA

Tel +1 206 624 7940

milliman.com

October 7, 2024

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

Re: 2024 Actuarial Certification

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, 2022	90.7%
June 30, 2023	88.3%
June 30, 2024	87.6%

The funded ratio decreased in the last year due primarily due to the recognition of investment returns less than expected by the assumptions and actuarial losses on the Actuarial Accrued Liability (AAL), including salary increases and retiree cost-of-living (COLA) adjustments higher than expected by the assumptions. This decrease was partially offset by employer contributions made to amortize the Unfunded Actuarial Accrued Liability (UAAL).

It is our opinion that SamCERA continues in sound financial condition as of June 30, 2024 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 UAAL as of June 30, 2023 is funded over a closed 15-year period beginning July 1, 2024. The amortization of subsequent changes in the UAAL is funded over separate closed 15-year layers that are determined annually. The UAAL contribution rate is subject to certain minimum rates and adjusted for employer-specific supplemental contribution accounts. This funding policy is projected to result in the funded ratio reaching 100% over a period not more than 15 years if all assumptions are met.

In preparing the June 30, 2024 funding valuation report, we relied, without audit, on information (some oral and some in writing) supplied by SamCERA. This information includes, but is not limited to, statutory provisions, employee data, and financial information. 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

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Board of Retirement
October 7, 2024
Page 2

noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

The valuation is based on our understanding of SamCERA's current benefit provisions and the actuarial assumptions that were reviewed and adopted by the Board. Demographic and economic assumptions were most recently updated for the June 30, 2023 actuarial valuation, based on the triennial investigation of experience study as of April 30, 2023. At its meeting on June 4, 2024 the Board reaffirmed all assumptions adopted for the June 30, 2023 actuarial valuation for use in the June 30, 2024 actuarial valuation. The assumptions and methods used for financial reporting under Governmental Accounting Standards Board (GASB) Statement No. 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.

Actuarial computations presented in the valuation report are for the purpose 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 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. The five-year recognition occurs after current period gains or losses are offset against prior period gains or losses. The actuarial value of assets is restricted to be no more than 20% above or below the market value. In our opinion, the actuarial assumptions and methods are internally consistent, individually reasonable and, in combination, offer a reasonable estimate of the anticipated experience of SamCERA and are expected to have no significant bias. We further believe they meet the parameters of GASB Statement No. 67 and No. 68 for fulfilling financial accounting requirements.

Future actuarial measurements may differ significantly from the current measurements as presented in the funding valuation report and the GASB 67 and 68 disclosure report due to factors such as: experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in the program provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

The valuation results were developed using models employing standard actuarial techniques. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice. Reliance on other experts is reflected in Milliman's capital market assumptions and in Milliman's expected return model maintained by Milliman investment consultants.

The funding valuation report, GASB 67 and 68 disclosure report, and this letter have been prepared exclusively for SamCERA for a specific and limited purpose. It is a complex, technical analysis that assumes a high level of knowledge concerning SamCERA operations. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. No third-party recipient of Milliman's work product who desires professional guidance should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their specific needs.

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Milliman

Board of Retirement
October 7, 2024
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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. Funding liabilities by type
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
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 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.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the *Code of Professional Conduct* and *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States*, published by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Sincerely,

Nick Collier, ASA, EA, MAAA
Consulting Actuary

Craig Glyde, ASA, EA, MAAA
Consulting Actuary

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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 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 recommended to the San Mateo County Board of Supervisors for adoption.

Participating employers and members are responsible for making contributions 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 employer responsibility (commonly known as the employer normal cost).

Employers are responsible for funding any shortfalls in accrued liability for the past service arising from changes in 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 member contribution rates.

Valuation Objective

The purpose of the annual valuation is to determine employer and member contribution rates (as a level percentage of payroll) that will provide sufficient resources to pay all expected future benefits not funded by current assets. Details for the actuarially determined and actual contributions of the past fiscal years can be found in the Financial Section under the Required Supplementary Information.

Valuation

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. Recommended contribution rates, after adoption, will be subject to a “one year” deferral. Thus, the new contribution rates determined in the June 30, 2024 valuation will become effective on July 1, 2025.

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

Actuarial Cost Method

The actuary uses the entry age normal cost method for the annual actuarial valuation. Under this method, the actuarial present value of 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 known as 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 (which includes information technology 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 retirement 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.

Effective with the June 30, 2023 valuation, all outstanding UAAL layers are combined into a single layer, which will be amortized over a 15-year period beginning July 1, 2024, as a level percentage of the projected salaries of present and future members over the remaining period from the valuation date. This method is commonly referred to as a closed amortization method. In future years, new layers will be established to amortize emerging gains and losses over their own 15-year closed period.

Actuarial Asset Valuation Method

The actuarial asset valuation method used is a 5-year smoothed recognition method with a 20% corridor. This method incorporates appreciation (or depreciation) in investments to smooth asset values by averaging the excess of the actual over the expected income 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 amount towards the County's UAAL rate. The balance in the DSCA is amortized over five years effective June 30, 2018, with the offset amount towards the District's UAAL rate. Any future UAAL layers are amortized over a new five-year period. 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 are thoroughly reviewed during the "Triennial Experience Study" that is simultaneously conducted every three years by two actuaries: the consulting actuary and the independent auditing actuary. This study examines the actual experience of the membership for the past three years to determine if changes to the underlying assumptions are necessary.

The consulting actuary uses these assumptions to project the future experience of SamCERA members and earnings that may affect the projected benefit flows and anticipated investment earnings. Any variations from these assumptions in future experience will affect the estimated costs of SamCERA benefits.

In July 2019, the Board approved to reduce the assumed investment return to 6.50% for the June 30, 2019 valuation, compared to 6.75% 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 decided to lower the assumed investment return from 6.50% to 6.25% and to reaffirm all the other assumptions in the June 30, 2020 valuation to be used for the June 30, 2021 valuation. In addition, the Board agreed to phase in the statutory employer rate increase due to the assumption changes over three years, 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: investment return at 6.25%, inflation at 2.50%, wage growth at 3.00%, and payroll growth at 3.00%. The cost-of-living adjustment (COLA) assumption for Plans 1 and 2 was set in accordance with the inflation assumption, and the employer contribution rate increase was phased in for the second year of the 3-year period.

In May 2023, the Board approved some changes to the economic assumptions, most notably a 0.25% increase to the inflation, wage growth, and payroll growth assumptions. In July 2023, as a result of the Triennial Experience Study, the Board adopted certain changes to the demographic assumptions. The new assumptions resulted in a slight decrease in the funded status and a modest increase in the employer and employee contribution rates effective July 1, 2024.

In June 2024, the Board adopted the actuary's recommendation to make no changes to the existing assumptions that were used for last year's valuation. The economic assumptions to be used for the 2024 valuation are: investment return at 6.25%, local inflation at 2.75%, wage growth at 3.25%, and payroll growth at 3.25%.

Key Economic Assumptions for the 2024 Valuation

General Wage Growth. The assumed rate of annual wage increase is 3.25%.

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 2.50%.

CPI Inflation. The assumed rate of inflation is 2.75%.

General Payroll Increase. The projected payroll increase is 3.25%.

Key Demographic Assumptions for the 2024 Valuation

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 3.25% 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, Service Retired, Disabled Retired, and Deferred Members. All mortality rates used are quoted from the PubG-2010 table and projected with the MP-2021 Mortality Improvement Scale.

Separation from Active Status. The probabilities of termination of employment due to the causes stated below are presented on pages 123-124. 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 0.03 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: The member retires after meeting age and service requirements for reasons other than disability.
- Withdrawal: The member terminates the employment and elects a refund of member contributions or a deferred vested retirement benefit.
- Service Disability: The member receives disability retirement; disability is service related.
- Ordinary Disability: The member receives disability retirement; disability is not service related.
- Service Death: The member dies before retirement; death is service related.
- Ordinary Death: The member dies before retirement; death is not service related.

Rate of Separation From Active Service - All Plans

	Other Terminations			All Plans				
Years of Service	Ordinary [1]	Vested	Age	Disability Ordinary	Disability Service	Death while Active Ordinary	Death while Active Service	Service Retirement [2]
General Plans 1, 2, & 4 Male Members								
0	0.12000	0.03000	20	0.00015	0.00025	0.00033	0.00000	0.00000
5	0.01541	0.05159	30	0.00015	0.00025	0.00032	0.00000	0.00000
10	0.00943	0.03157	40	0.00020	0.00035	0.00059	0.00000	0.00000
15	0.00435	0.02465	50	0.00110	0.00120	0.00134	0.00000	0.03600
20	0.00285	0.01615	60	0.00120	0.00245	0.00287	0.00000	0.18000
30 & Above	0.00000	0.00000	75	N/A	N/A	N/A	N/A	1.00000
General Plans 1, 2, & 4 Female Members								
0	0.12000	0.03000	20	0.00015	0.00025	0.00012	0.00000	0.00000
5	0.01541	0.05159	30	0.00015	0.00025	0.00014	0.00000	0.00000
10	0.00943	0.03157	40	0.00020	0.00035	0.00032	0.00000	0.00000
15	0.00435	0.02465	50	0.00110	0.00120	0.00075	0.00000	0.03600
20	0.00285	0.01615	60	0.00120	0.00245	0.00167	0.00000	0.18000
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	0.00033	0.00000	0.00000
5	0.06700	0.00000	30	0.00000	0.00000	0.00032	0.00000	0.00000
10	0.00000	0.04100	40	0.00000	0.00000	0.00059	0.00000	0.00000
15	0.00000	0.02900	50	0.00000	0.00000	0.00134	0.00000	0.00000
20	0.00000	0.01900	60	0.00000	0.00000	0.00287	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	0.00012	0.00000	0.00000
5	0.06700	0.00000	30	0.00000	0.00000	0.00014	0.00000	0.00000
10	0.00000	0.04100	40	0.00000	0.00000	0.00032	0.00000	0.00000
15	0.00000	0.02900	50	0.00000	0.00000	0.00075	0.00000	0.00000
20	0.00000	0.01900	60	0.00000	0.00000	0.00167	0.00000	0.03000
30 & Above	0.00000	0.01000	75	N/A	N/A	N/A	N/A	1.00000
General Plan 5 Male Members								
0	0.12000	0.03000	20	0.00015	0.00025	0.00033	0.00000	0.00000
5	0.01541	0.05159	30	0.00015	0.00025	0.00032	0.00000	0.00000
10	0.00943	0.03157	40	0.00020	0.00035	0.00059	0.00000	0.00000
15	0.00435	0.02465	50	0.00110	0.00120	0.00134	0.00000	0.02880
20	0.00285	0.01615	60	0.00120	0.00245	0.00287	0.00000	0.14400
30 & Above	0.00000	0.00000	75	N/A	N/A	N/A	N/A	1.00000
General Plan 5 Female Members								
0	0.12000	0.03000	20	0.00015	0.00025	0.00012	0.00000	0.00000
5	0.01541	0.05159	30	0.00015	0.00025	0.00014	0.00000	0.00000
10	0.00943	0.03157	40	0.00020	0.00035	0.00032	0.00000	0.00000
15	0.00435	0.02465	50	0.00110	0.00120	0.00075	0.00000	0.02880
20	0.00285	0.01615	60	0.00120	0.00245	0.00167	0.00000	0.14400
30 & Above	0.00000	0.00000	75	N/A	N/A	N/A	N/A	1.00000
General Plan 7 Male Members								
0	0.12000	0.03000	20	0.00015	0.00025	0.00033	0.00000	0.00000
5	0.01541	0.05159	30	0.00015	0.00025	0.00032	0.00000	0.00000
10	0.00943	0.03157	40	0.00020	0.00035	0.00059	0.00000	0.00000
15	0.00435	0.02465	50	0.00110	0.00120	0.00134	0.00000	0.02880
20	0.00285	0.01615	60	0.00120	0.00245	0.00287	0.00000	0.14400
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.

2. Service retirement rates shown are for members with 20 to 29 years of service (General Plans) and 20 to 24 years of service (Safety Plans).

Rate of Separation From Active Service - All Plans (Continued)

Years of Service	Other Terminations: Ordinary [1]	Other Terminations: Vested	Age	All Plans: Disability: Ordinary	All Plans: Disability: Service	All Plans: Death while Active: Ordinary	All Plans: Death while Active: Service	All Plans: Service Retirement [2]
General Plan 7 Female Members								
0	0.12000	0.03000	20	0.00015	0.00025	0.00012	0.00000	0.00000
5	0.01541	0.05159	30	0.00015	0.00025	0.00014	0.00000	0.00000
10	0.00943	0.03157	40	0.00020	0.00035	0.00032	0.00000	0.00000
15	0.00435	0.02465	50	0.00110	0.00120	0.00075	0.00000	0.02880
20	0.00285	0.01615	60	0.00120	0.00245	0.00167	0.00000	0.14400
30 & Above	0.00000	0.01000	75	N/A	N/A	N/A	N/A	1.00000
Safety and Probation Plans 1, 2 & 4 Male Members								
0	0.06000	0.04000	20	0.00000	0.00100	0.00037	0.00010	0.00000
5	0.00750	0.02250	30	0.00000	0.00165	0.00037	0.00010	0.00000
10	0.00425	0.01275	40	0.00000	0.00315	0.00053	0.00010	0.00000
15	0.00120	0.00880	50	0.00000	0.01000	0.00108	0.00010	0.26000
20 & Above	0.00000	0.00000	65	N/A	N/A	N/A	N/A	1.00000
Safety and Probation Plans 1, 2 & 4 Female Members								
0	0.06000	0.04000	20	0.00000	0.00100	0.00014	0.00010	0.00000
5	0.00750	0.02250	30	0.00000	0.00165	0.00024	0.00010	0.00000
10	0.00425	0.01275	40	0.00000	0.00315	0.00044	0.00010	0.00000
15	0.00120	0.00880	50	0.00000	0.01000	0.00082	0.00010	0.26000
20 & Above	0.00000	0.00000	65	N/A	N/A	N/A	N/A	1.00000
Safety and Probation Plans 5 & 6 Male Members								
0	0.06000	0.04000	20	0.00000	0.00100	0.00037	0.00010	0.00000
5	0.00750	0.02250	30	0.00000	0.00165	0.00037	0.00010	0.00000
10	0.00425	0.01275	40	0.00000	0.00315	0.00053	0.00010	0.00000
15	0.00120	0.00880	50	0.00000	0.01000	0.00108	0.00010	0.20800
20 & Above	0.00000	0.00000	65	N/A	N/A	N/A	N/A	1.00000
Safety and Probation Plans 5 & 6 Female Members								
0	0.06000	0.04000	20	0.00000	0.00100	0.00014	0.00010	0.00000
5	0.00750	0.02250	30	0.00000	0.00165	0.00024	0.00010	0.00000
10	0.00425	0.01275	40	0.00000	0.00315	0.00044	0.00010	0.00000
15	0.00120	0.00880	50	0.00000	0.01000	0.00082	0.00010	0.20800
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	0.06000	0.04000	20	0.00000	0.00100	0.00037	0.00010	0.00000
5	0.00750	0.02250	30	0.00000	0.00165	0.00037	0.00010	0.00000
10	0.00425	0.01275	40	0.00000	0.00315	0.00053	0.00010	0.00000
15	0.00120	0.00880	50	0.00000	0.01000	0.00108	0.00010	0.20800
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	0.06000	0.04000	20	0.00000	0.00100	0.00014	0.00010	0.00000
5	0.00750	0.02250	30	0.00000	0.00165	0.00024	0.00010	0.00000
10	0.00425	0.01275	40	0.00000	0.00315	0.00044	0.00010	0.00000
15	0.00120	0.00880	50	0.00000	0.01000	0.00082	0.00010	0.20800
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.
2. Service retirement rates shown are for members with 20 to 29 years of service (General Plans) and 20 to 24 years of service (Safety Plans).

Actuarial Methods and Assumptions (For Funding Purposes)

VALUATION DATE	June 30, 2024
ACTUARIAL COST METHOD	Entry Age Normal Cost
ACTUARIAL EXPERIENCE STUDY	July 1, 2020 to April 30, 2023
AMORTIZATION METHOD	Level percentage of projected payroll
AMORTIZATION PERIOD	Effective with the June 30, 2023 valuation, all outstanding Unfunded Actuarial Accrued Liability layers are combined into a single layer, which will be amortized over a 15-year period beginning July 1, 2024. In future years, new layers will be established to amortize emerging gains and losses over their own 15-year closed period.
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 actual asset value.

ACTUARIAL ASSUMPTIONS

Economic assumptions:

A. General wage increases	3.25%
B. Investment earnings	6.25%
C. Growth in active membership	0.00%
D. CPI-U inflation	2.50%
E. CPI inflation	2.75%

Demographic assumptions:

A. Salary increases due to service	See 2024 actuarial valuation report for details
B. Service retirement from active service	See 2024 actuarial valuation report for details
C. Separation from active service (other than service retirement)	See 2024 actuarial valuation report for details
D. Probability of refund of contributions upon vested termination	See 2024 actuarial valuation report for details
E. Mortality for active members after termination and service retired members	See 2024 actuarial valuation report for details
F. Mortality for members retired for disability	See 2024 actuarial valuation report for details
G. Mortality for beneficiaries	See 2024 actuarial valuation report for details

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

Schedule of Active Members and Participating Employers

June 30

	2024	2023	2022	2021	2020
County of San Mateo					
General Members	4,638	4,424	4,294	4,375	4,379
Safety Members	475	461	476	520	522
Probation Members	125	146	170	193	223
Subtotal	5,238	5,031	4,940	5,088	5,124
San Mateo County Superior Court					
General Members	268	281	287	249	256
San Mateo County Mosquito and Vector Control District					
General Members	22	22	22	19	20
Total Active Membership	**5,528**	**5,334**	**5,249**	**5,356**	**5,400**
Percentage of Membership by Employer					
County of San Mateo	94.75%	94.32%	94.11%	95.00%	94.89%
San Mateo County Superior Court	4.85%	5.27%	5.47%	4.65%	4.74%
San Mateo County Mosquito and Vector Control District	0.40%	0.41%	0.42%	0.35%	0.37%
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
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
2023	330	27,113	177	6,815	5,932	309,756	7.0%	4,351
2024	326	27,850	163	7,998	6,095	329,608	6.4%	4,507

(1) Amount added to rolls includes cost-of-living adjustments 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
2024	General	4,928	$600,309,684	$121,816	3.8%
	Safety	475	81,183,849	170,913	2.4%
	Probation	125	17,023,753	136,190	3.8%
	Total	**5,528**	**$698,517,286**	**$126,360**	**3.6%**
2023	General	4,727	$554,563,518	$117,318	3.3%
	Safety	461	76,973,479	166,971	13.8%
	Probation	146	19,161,180	131,241	5.5%
	Total	**5,334**	**$650,698,177**	**$121,991**	**4.3%**
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%**

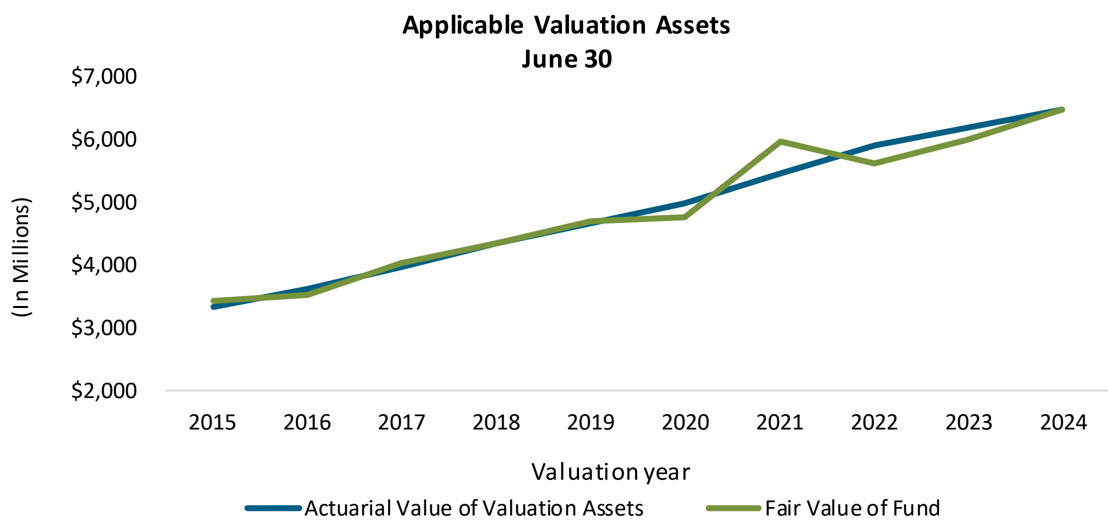
Note: See further details for participating employers and active members in the Statistical Section.

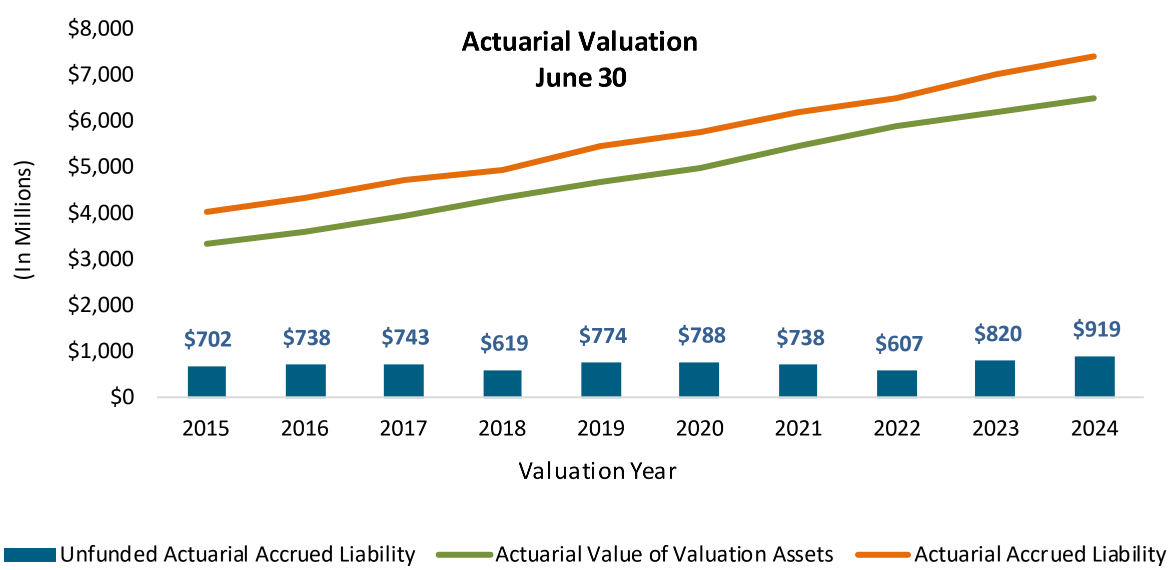
Summary of Significant Actuarial Statistics and Measures

	June 30, 2024	June 30, 2023	Relative Change
Active Members			
Number of Members	5,528	5,334	3.6%
Average Age	44.6	44.8	(0.4)%
Average Credited Service	9.7	10.1	(4.0)%
Covered Payroll ($ in Thousands)	$676,866	$631,144	7.2%
Average Monthly Salary	$10,530	$10,166	3.6%
Retired Members			
Number of Members			
Service Retirement	4,818	4,700	2.5%
Disability Retirement	525	508	3.3%
Beneficiaries	752	724	3.9%
Average Age	71.6	71.5	0.1%
Actual Retiree Benefits Paid ($ in Thousands)	$317,231	$298,934	6.1%
Average Monthly Pension	$4,507	$4,351	3.6%
Number of Inactive Members	3,042	2,424	25.5%
Assets			
Fair Value of Fund ($ in Thousands)	$6,481,692	$6,005,043	7.9%
Return on Fair Value	9.1%	6.0%	
Valuation Assets ($ in Thousands)	$6,498,988	$6,215,283	4.6%
Return on Valuation Assets	5.5%	4.5%	
Liability Values ($ in Thousands)			
Actuarial Accrued Liability	$7,418,282	$7,035,641	5.4%
Unfunded Actuarial Accrued Liability	$919,294	$820,358	12.1%
Deferred Asset (Gains) Losses	$82,943	$273,020	
Funded Ratio			
Based on Valuation Assets	87.6%	88.3%	(0.8)%

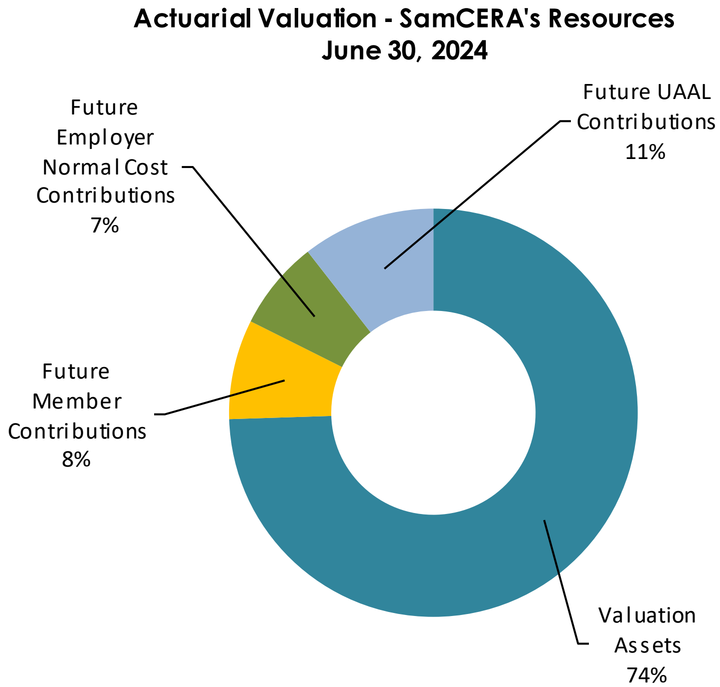
VALUATION ASSETS

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.

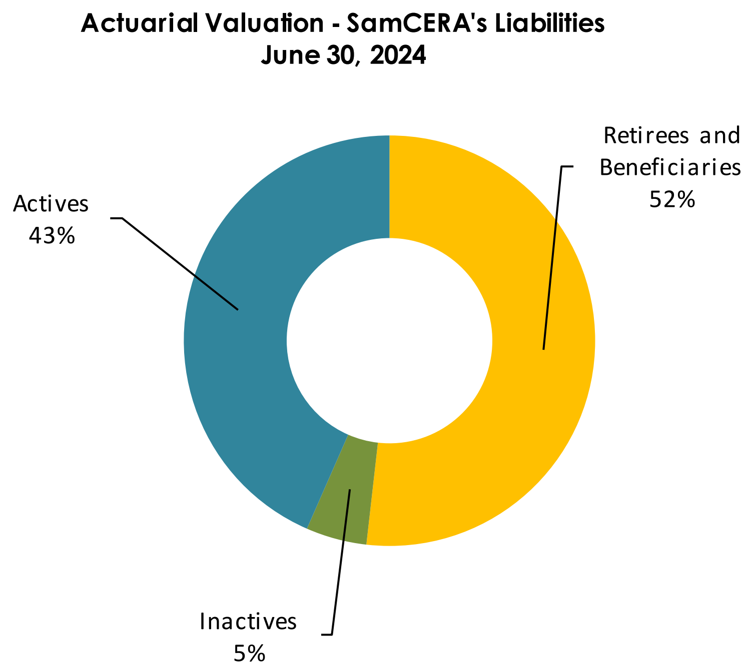




SamCERA's resources equal actuarial assets plus expected future contributions from both employers and members.



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



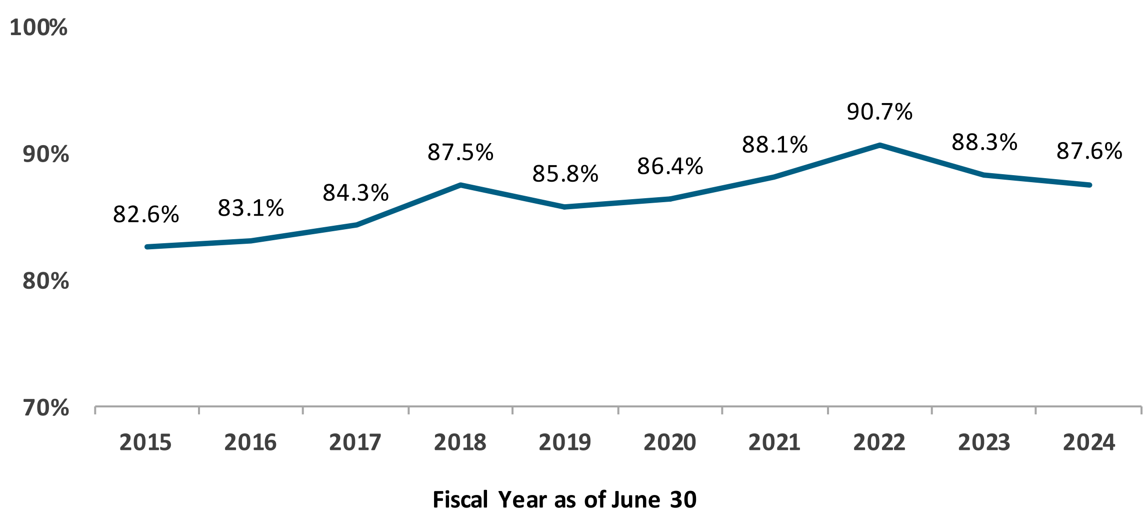
Schedule of Funding Progress

Dollars in Thousands

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
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%
2023	6,215,283	7,035,641	820,358	88.3%	631,144	129.98%
2024	6,498,988	7,418,282	919,294	87.6%	676,866	135.82%

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



Actuarial Analysis of Financial Experience

Dollars in Thousands

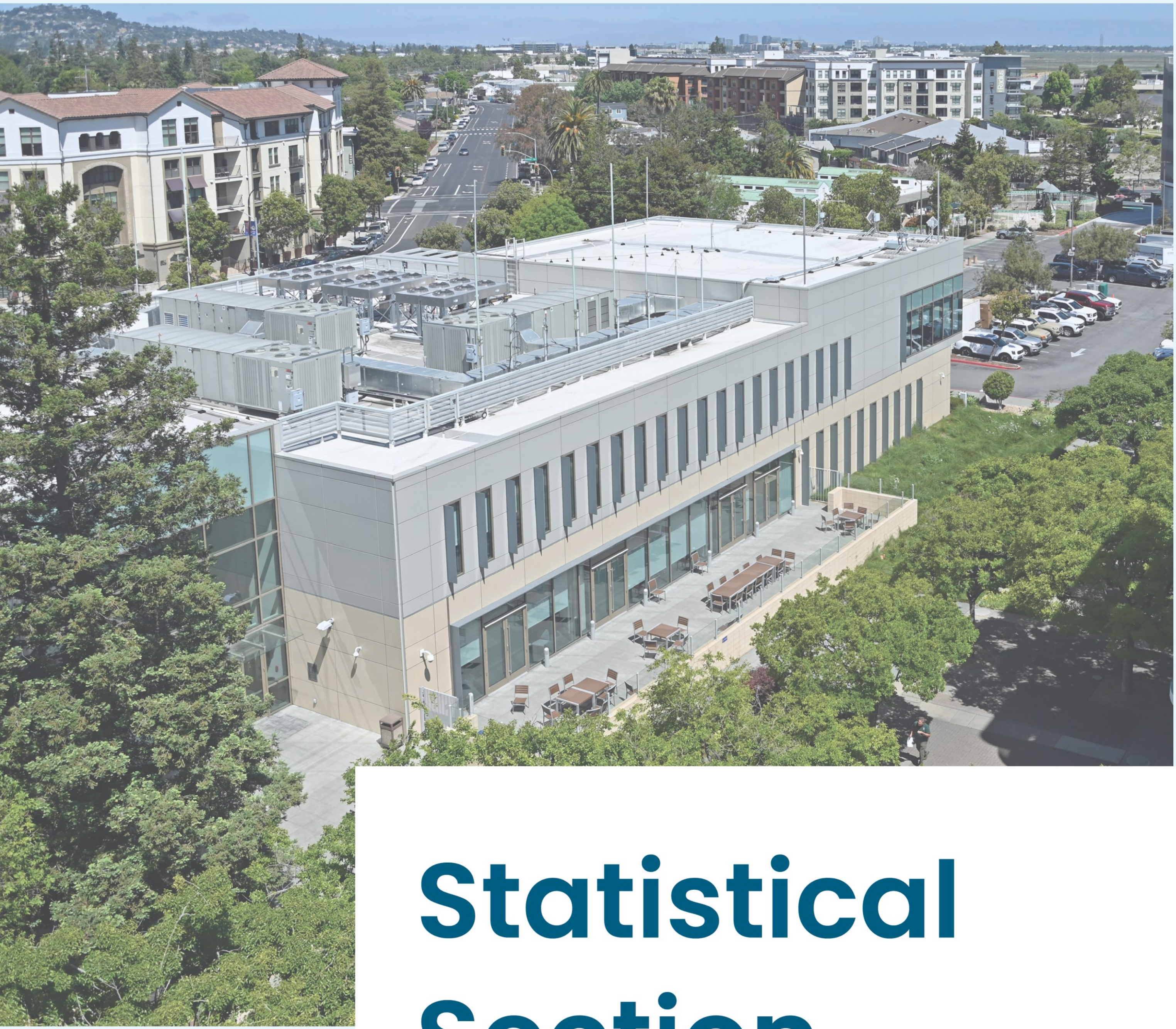
Summary of (Gains) Losses	Change in Liability 2024	2023	2022	2021	2020
Unfunded Liability as of July 1	$ 820,358	$ 607,145	$ 738,108	$ 787,737	$ 774,476
Expected Change in Unfunded Actuarial Accrued Liability	(60,525)	(134,643)	(138,405)	(157,668)	(85,527)
Salary (Gain) Loss	26,489	31,440	34,541	12,064	25,190
Retiree COLA more (less) than Expected	18,973	33,389	16,379	(25,973)	18,992
Asset (Gain) Loss	48,156	101,991	(47,017)	(87,748)	15,884
Change Due to Assumption Changes	-	161,882	-	197,720	11,593
Data Adjustments/Improvements	36,957	-	-	-	-
Miscellaneous Experience	28,886	19,154	3,539	11,976	27,129
Unfunded Actuarial Accrued Liability as of June 30	**$ 919,294**	**$ 820,358**	**$ 607,145**	**$ 738,108**	**$ 787,737**

Solvency Test

Dollars in Thousands

Actuarial Valuation Date as of June 30	Valuation Assets	Actuarial Accrued Liabilities: Active Member Contributions (A)	Retirees and Beneficiaries[1] (B)	Active Members (Employer Financed Portion) (C)	Portion of Actuarial Accrued Liabilities Covered by Assets (A)	(B)	(C)
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%
2023	6,215,283	973,282	4,623,434	1,438,925	100%	100%	43%
2024	6,498,988	1,015,973	4,935,508	1,466,801	100%	100%	37%

[1] Includes inactive members.



Statistical Section

2011

2013

2012

2014

The California Public Employees' Pension Reform Act became effective.

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STATISTICS

The Statistical 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.

FINANCIAL INFORMATION

- Changes in Fiduciary Net Position reports changes in net position.
- Additions to Fiduciary Net Position by Source reflects income sources to SamCERA.
- Deductions from Fiduciary Net Position by Type displays benefits and refunds to members, administrative expenses, information technology expenses, and other expenses.

OPERATIONAL INFORMATION

Retiree and Benefit Information details benefits paid to retirees and their beneficiaries, terminated members, and inactive members via the following schedules or graphics.

- Summary of Retired Benefits, Refunds, and Inactive Members
- Number of Retirees and Beneficiaries Receiving Benefits
- Average Monthly Benefit to Retirees and Beneficiaries
- Average Pension Benefit Payments
- Distribution of Retired Members by Age and Retirement Year - All Plans Combined

Active Members by Employer depicts the number of active members by employer and the average monthly salary of active members via the following schedules or graphics.

- Active Members and Participating Employers
- Average Monthly Salary of Active Members

Employer and Member Contribution Rates enumerate the contribution rates by plan via the following schedules or graphics.

- Employer and Member Contribution Rates
- Employer Contribution Rates for All Plans Combined as a Percentage of Covered Payroll
- History of Employer Statutory Contribution Rates

This section presents historical information about SamCERA's finances and operations for the past ten fiscal years.

Changes in Fiduciary Net Position

Fiscal Year Ended June 30

Dollars in Thousands

	2024	2023	2022	2021	2020
Additions					
Employer Contributions	$175,572	$238,938	$234,746	$225,302	$198,583
Employer Supplemental Contributions	10,000	10,000	15,200	39,700	-
Member Contributions	82,331	77,666	73,968	73,967	70,631
Net Investment Income (Loss) [1]	540,652	341,246	(366,626)	1,133,177	42,392
Total Additions	**808,555**	**667,850**	**(42,712)**	**1,472,146**	**311,606**
Deductions					
Retiree Benefits [2]	317,232	297,884	276,291	259,201	241,489
Refunds of Member Contributions [2]	5,277	4,944	4,619	2,951	4,332
Administrative Expenses	7,765	7,836	7,197	7,060	6,372
Information Technology Expenses	1,632	1,817	1,593	1,350	2,021
Total Deductions	**331,906**	**312,481**	**289,700**	**270,562**	**254,214**
Changes in Pension Plan Net Position	**$476,649**	**$355,369**	**($332,412)**	**$1,201,584**	**$57,392**

	2019	2018	2017	2016	2015
Additions					
Employer Contributions	$194,830	$179,627	$164,877	$170,046	$169,814
Employer Supplemental Contributions	50,668	27,630	33,850	21,048	10,890
Member Contributions	67,696	64,204	62,160	56,069	48,012
Net Investment Income (Loss) [1]	271,691	280,119	436,649	24,390	111,630
Other Additions	-	27	27	4,910	-
Total Additions	**584,885**	**551,607**	**697,563**	**276,463**	**340,346**
Deductions					
Retiree Benefits [2]	223,318	204,728	190,364	179,366	168,087
Refunds of Member Contributions [2]	3,867	4,326	2,876	3,498	3,379
Administrative Expenses	6,057	5,849	5,983	5,962	5,350
Information Technology Expenses	2,495	1,444	996	714	629
Other Expenses	-	-	30	11	119
Total Deductions	**235,737**	**216,347**	**200,249**	**189,551**	**177,564**
Changes in Pension Plan Net Position	**$349,148**	**$335,260**	**$497,314**	**$86,912**	**$162,782**

Note: There were no "Other Additions" and "Other Expenses" for fiscal years 2019-2024.

[1] Starting fiscal year 2023-24, net securities lending income is reported as part of the "Net Investment Income (Loss)" rather than separately. Prior year figures have been restated to reflect the change.

[2] Starting fiscal year 2023-24, refunds of residual contributions from deceased retirees are reported under "Refunds of Member Contributions" rather than "Other Benefits" (which was previously reported as part of Retiree Benefits). Prior year figures have been restated to reflect the change.

Schedule of Additions to Fiduciary Net Position by Source

Dollars in Thousands

Fiscal Year Ended June 30	Member Contributions	Employer Contributions	Net Investment Income (Loss) [3]	Other [3]	Total Additions
2015	$48,012	$180,704	$111,630	$-	$340,346
2016	56,069	191,094	24,390	4,910	276,463
2017	62,160	198,727	436,649	27	697,563
2018	64,204	207,257	280,119	27	551,607
2019	67,696	245,498	271,691	-	584,885
2020	70,631	198,583	42,392	-	311,606
2021	73,967	265,002	1,133,177 [1]	-	1,472,146
2022	73,968	249,946	(366,626) [2]	-	(42,712)
2023	77,666	248,938	341,246	-	667,850
2024	82,331	185,572	540,652	-	808,555

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

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

(3) Starting fiscal year 2023-24, net securities lending income is reported as part of the "Net Investment Income (Loss)" rather than separately. Prior year figures have been restated to reflect the change.

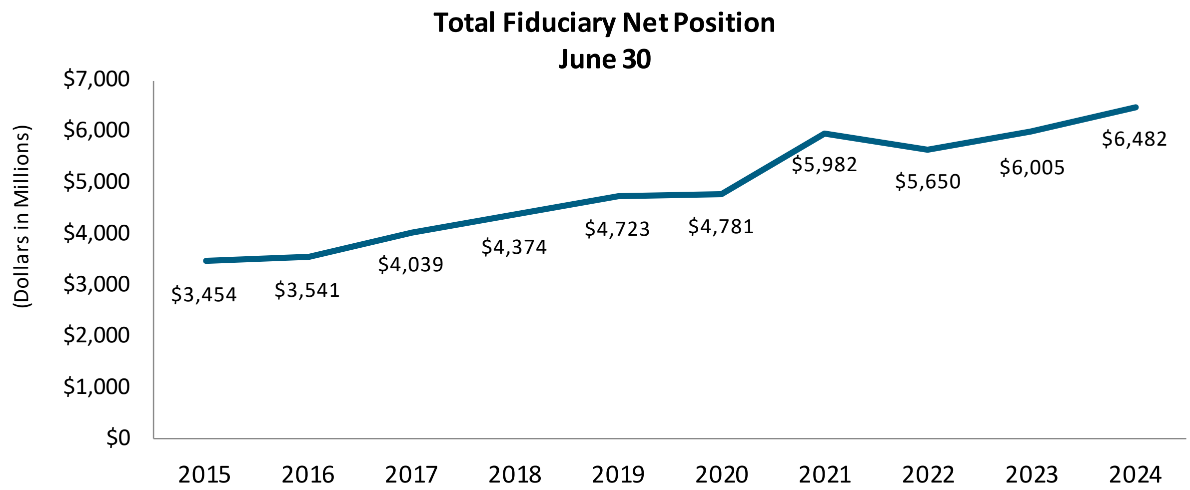
Schedule of Deductions from Fiduciary Net Position by Type

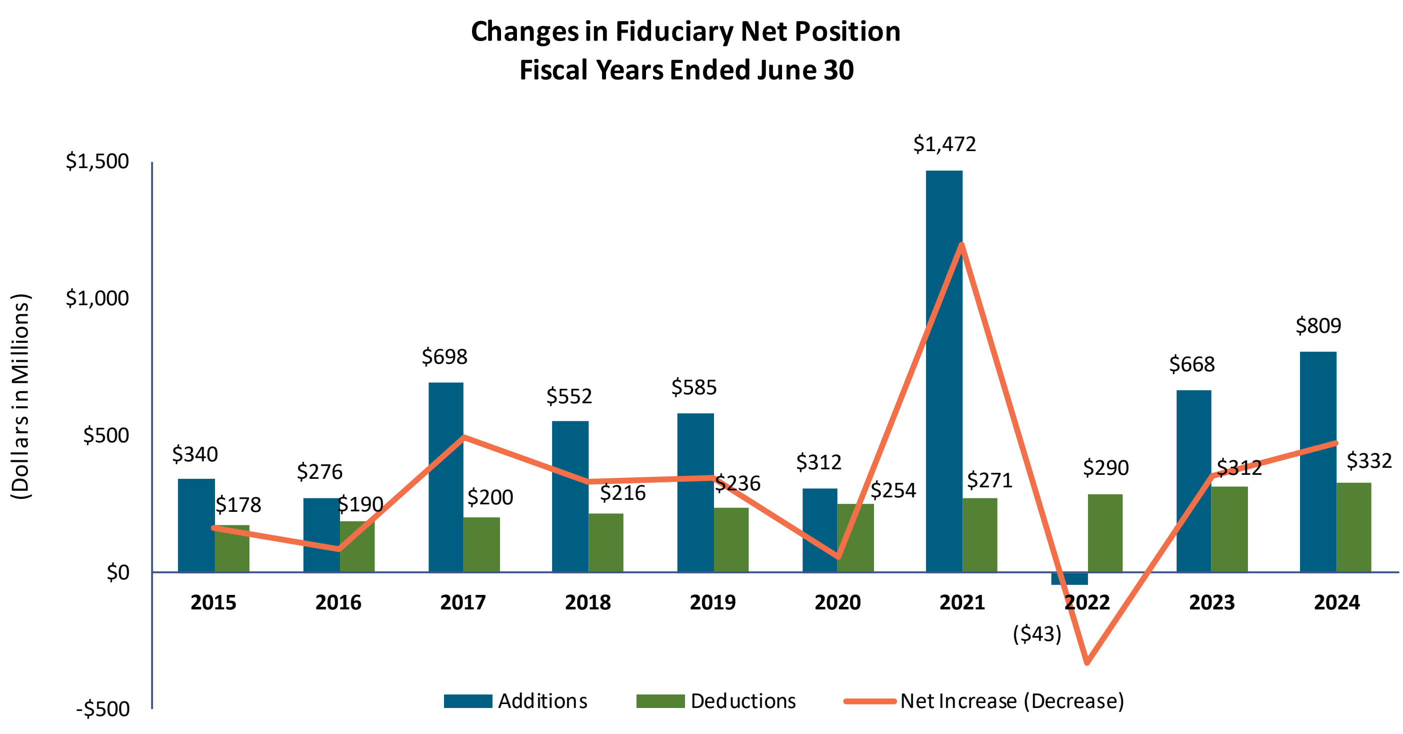
Dollars in Thousands

Fiscal Year Ended June 30	Service Retirement Benefits	Disability Retirement Benefits	Survivor Benefits	Death Benefits	Other Benefits [2]	Refunds of Member Contributions [2]	Administrative Expenses	Information Technology Expenses	Other Expenses	Total Deductions
2015	$147,267	$20,038	$661	$91	$30	$3,379	$5,350	$629	$119	$177,564
2016	157,513	21,091	653	82	27	3,498	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	249	-	3,867	6,057	2,495	-	235,737
2020	212,633	27,602	958	296	-	4,332	6,372	2,021	-	254,214
2021	229,731	28,342	1,071	57	-	2,951	7,060	1,350	-	270,562
2022	246,251	28,675	1,109	256	-	4,619 [1]	7,197	1,593	-	289,700
2023	266,317	30,196	1,088	283	-	4,944	7,836	1,817	-	312,481
2024	281,573	34,309	1,185	165	-	5,277	7,765	1,632	-	331,906

(1) The number of member refunds went up to 142 in fiscal year 2022 from 92 in fiscal year 2021.

(2) Starting fiscal year 2023-24, refunds of residual contributions from deceased retirees are reported under "Refunds of Member Contributions" rather than "Other Benefits." Prior year figures have been restated to reflect the change.


Total Fiduciary Net Position
June 30
(Dollars in Millions)
$7,000
$6,000
$5,000
$4,000
$3,000
$2,000
$1,000
$0
$3,454
$3,541
$4,039
$4,374
$4,723
$4,781
$5,982
$5,650
$6,005
$6,482
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024


Changes in Fiduciary Net Position
Fiscal Years Ended June 30
(Dollars in Millions)
$1,500
$1,000
$500
$0
-$500
$340
$178
$276
$190
$698
$200
$552
$216
$585
$236
$312
$254
$1,472
$271
($43)
$290
$668
$312
$809
$332
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
Additions
Deductions
Net Increase (Decrease)

Summary of Retired Benefits, Refunds, and Inactive Members

RETIRED MEMBERS	2024	2023	2022	2021	2020
Service Retirement (1), (2)					
Number	5,413	5,269	5,140	4,943	4,799
Annual Benefit	$281,572,406	$266,316,948	$246,250,375	$229,730,556	$212,632,929
Average Monthly Payment	$4,335	$4,212	$3,992	$3,873	$3,692
Disability Retirement (1), (2)					
Number	647	630	606	615	621
Annual Benefit	$34,308,872	$30,196,733	$28,674,627	$28,342,469	$27,601,908
Average Monthly Payment	$4,419	$3,994	$3,943	$3,840	$3,704
Active Death Survivor, Death Benefits & Other Benefits					
Number	35	33	33	34	34
Annual Benefit	$1,349,422	$1,371,878	$1,365,968	$1,128,265	$1,253,699
Average Monthly Payment	$3,213	$3,464	$3,449	$2,765	$3,073
Total Retired Members & Beneficiaries					
Number	6,095	5,932	5,779	5,592	5,454
Annual Benefit	$317,230,700	$297,885,559	$276,290,970	$259,201,290	$241,488,536
Average Monthly Payment	$4,337	$4,185	$3,984	$3,863	$3,690
REFUNDS					
General					
Number	119	100	142	92	132
Separation	$3,378,780	$2,663,818	$2,870,245	$1,934,351	$2,561,203
Death	$871,337	$1,608,830	$1,347,345	$494,614	$1,047,027
Safety					
Number	8	7	10	8	12
Separation	$433,417	$535,188	$342,181	$521,679	$724,376
Death	$593,964	$136,213	$58,787	$0	$0
Total Refunds	$5,277,498	$4,944,049	$4,618,558	$2,950,644	$4,332,606
INACTIVE MEMBERS	3,042	2,424	2,224	1,986	1,882

(1) Includes retirees and beneficiaries.

(2) The headcounts for Service Retirement and Disability Retirement are based on updated information.

Note: Effective fiscal year 2023-24, refunds of residual contributions from deceased retirees are reported under "Refunds" rather than "Other Benefits." Accordingly, prior year numbers have been restated to reflect this change.

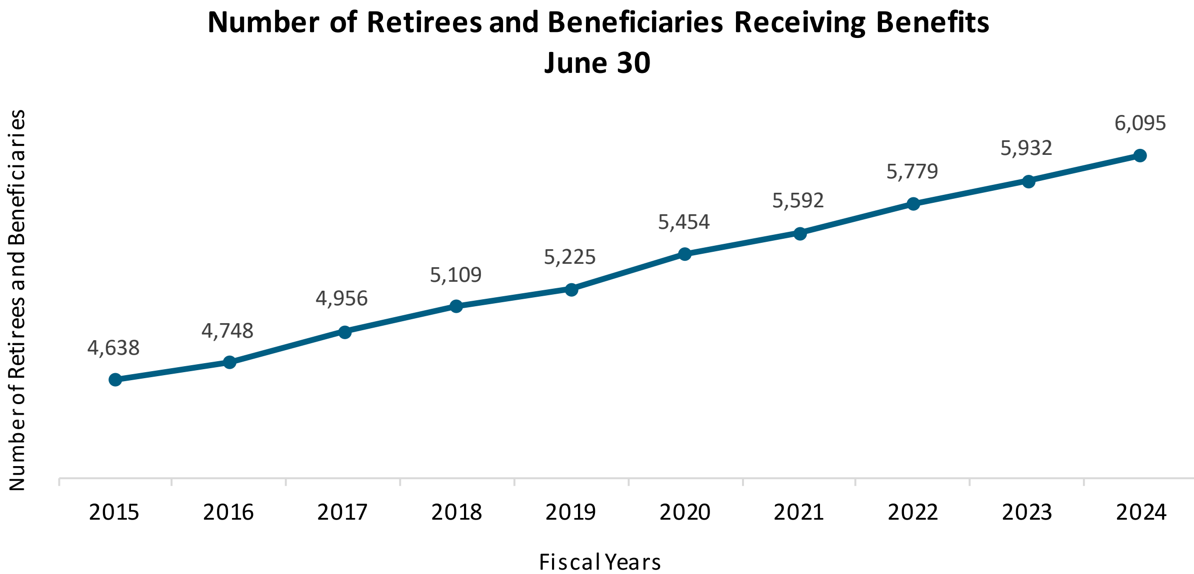
Summary of Retired Benefits, Refunds, and Inactive Members (Continued)

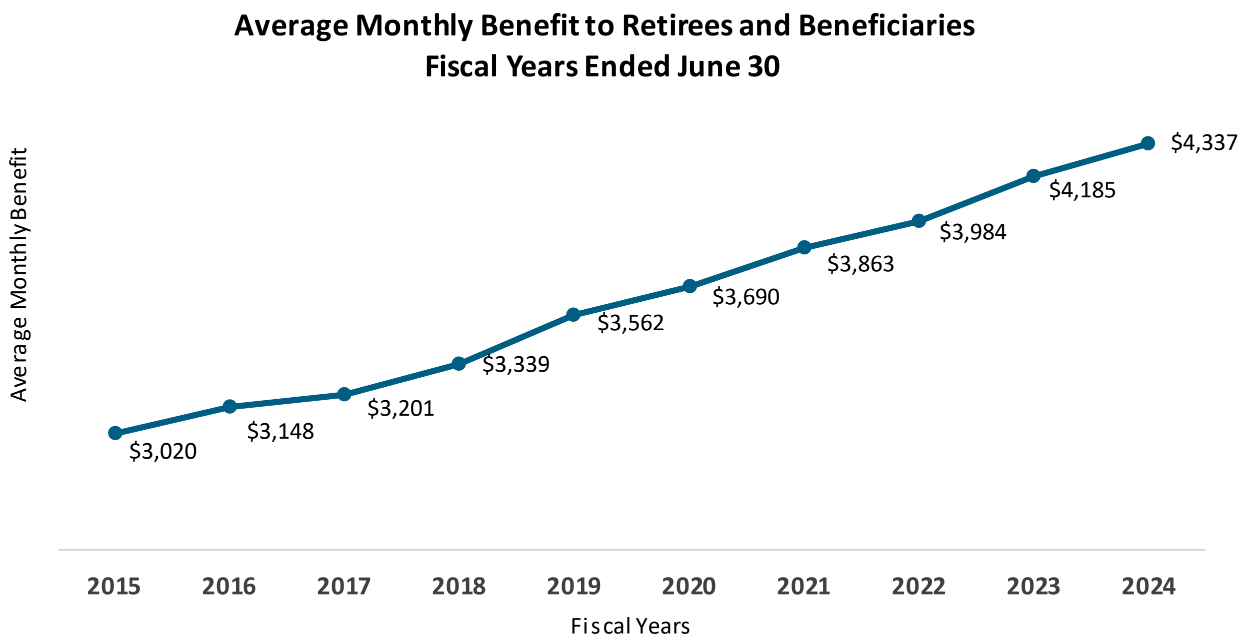
RETIRED MEMBERS	2019	2018	2017	2016	2015
Service Retirement [(1), (2)]					
Number	4,590	4,487	4,345	4,162	4,067
Annual Benefit	$196,874,097	$179,880,342	$166,975,634	$157,513,099	$147,266,945
Average Monthly Payment	$3,574	$3,341	$3,202	$3,154	$3,018
Disability Retirement [(1), (2)]					
Number	605	593	583	557	539
Annual Benefit	$25,211,881	$23,872,145	$22,689,813	$21,090,529	$20,038,671
Average Monthly Payment	$3,473	$3,355	$3,243	$3,155	$3,098
Active Death Survivor, Death Benefits & Other Benefits					
Number	30	29	28	29	32
Annual Benefit	$1,232,466	$976,386	$698,946	$762,486	$781,091
Average Monthly Payment	$3,424	$2,806	$2,080	$2,191	$2,034
Total Retired Members & Beneficiaries					
Number	5,225	5,109	4,956	4,748	4,638
Annual Benefit	$223,318,444	$204,728,873	$190,364,393	$179,366,114	$168,086,707
Average Monthly Payment	$3,562	$3,339	$3,201	$3,148	$3,020
REFUNDS					
General					
Number	136	125	125	161	112
Separation	$2,672,868	$2,589,438	$2,511,145	$2,820,371	$2,600,641
Death	$1,101,480	$663,503	$0	$301,903	$433,616
Safety					
Number	9	12	9	7	5
Separation	$92,331	$1,072,789	$364,742	$375,311	$345,253
Death	$0	$0	$0	$0	$0
Total Refunds	$3,866,679	$4,325,730	$2,875,887	$3,497,585	$3,379,510
INACTIVE MEMBERS	1,767	1,666	1,487	1,486	1,384

(1) Includes retirees and beneficiaries.

(2) The headcounts for Service Retirement and Disability Retirement are based on updated information.

Note: Effective fiscal year 2023-24, refunds of residual contributions from deceased retirees are reported under "Refunds" rather than "Other Benefits." Accordingly, prior year numbers have been restated to reflect this change.





Note: Starting fiscal year 2023-24, refunds of residual contributions from deceased retirees are reported under "Refunds of Member Contributions" rather than "Other Benefits." Prior year figures have been restated to reflect the change.

Schedule of Average Pension Benefit Payments

	Years of Service Credit						
7/1/2023 - 6/30/2024	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Retirees - Service and Disabilities							
Average Monthly Gross Benefit	$530	$1,619	$3,250	$4,546	$6,462	$8,815	$10,327
Average Final Compensation	$10,898	$10,121	$10,678	$10,254	$11,013	$12,485	$12,134
Number of Retirees	14	39	30	39	64	36	18
Beneficiaries							
Average Monthly Gross Benefit	$686	$1,695	$2,049	$2,736	$2,688	$5,984	$5,746
Average Final Compensation	$8,001	$7,207	$8,326	$7,238	$6,822	$7,817	$10,523
Number of Beneficiaries	3	6	13	11	8	9	11
7/1/2022 - 6/30/2023	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Retirees - Service and Disabilities							
Average Monthly Gross Benefit	$665	$1,782	$2,697	$4,644	$5,535	$7,123	$9,743
Average Final Compensation	$9,410	$9,607	$9,168	$10,633	$10,050	$10,619	$12,448
Number of Retirees	19	49	36	42	49	23	35
Beneficiaries							
Average Monthly Gross Benefit	$1,842	$1,922	$2,017	$2,316	$3,150	$4,952	$5,475
Average Final Compensation	$3,365	$8,714	$5,830	$6,450	$6,189	$5,865	$5,760
Number of Beneficiaries	3	4	11	6	12	4	8
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

Schedule of Average Pension Benefit Payments (Continued)

	Years of Service Credit						
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
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

Distribution of Retired Members by Age and Retirement Year - All Plans Combined

June 30

	Retirement Year								Total
Age	**Pre-1990**	**1990-1994**	**1995-1999**	**2000-2004**	**2005-2009**	**2010-2014**	**2015-2019**	**2020-2024**	**Count**
Under 35	-	-	-	-	-	3	2	4	9
35-39	-	-	1	-	1	1	-	4	7
40-44	-	-	-	1	-	2	7	9	19
45-49	-	-	-	-	2	6	14	34	56
50-54	-	-	-	-	8	8	20	173	209
55-59	-	-	2	8	13	13	168	255	459
60-64	-	-	8	10	17	128	265	354	782
65-69	-	1	10	20	96	198	368	330	1023
70-74	1	7	14	94	215	337	322	134	1124
75-79	3	12	96	162	280	265	147	67	1032
80-84	6	53	113	179	200	97	48	43	739
85-89	20	67	85	85	35	23	14	16	345
90-94	33	37	58	13	16	16	13	7	193
95-99	29	20	9	2	3	3	7	4	77
100 & Over	12	2	2	1	1	1	1	1	21
Total Count	**104**	**199**	**398**	**575**	**887**	**1101**	**1396**	**1435**	**6095**

Schedule of Active Members and Participating Employers

June 30

	2024	2023	2022	2021	2020
Active Membership					
County of San Mateo					
General Members	4,638	4,424	4,294	4,375	4,379
Safety Members	475	461	476	520	522
Probation Members	125	146	170	193	223
Subtotal	5,238	5,031	4,940	5,088	5,124
San Mateo County Superior Court					
General Members	268	281	287	249	256
San Mateo County Mosquito and Vector Control District					
General Members	22	22	22	19	20
Total Active Membership	**5,528**	**5,334**	**5,249**	**5,356**	**5,400**
Percentage of Membership by Employer					
County of San Mateo	94.75%	94.32%	94.11%	95.00%	94.89%
San Mateo County Superior Court	4.85%	5.27%	5.47%	4.65%	4.74%
San Mateo County Mosquito and Vector Control District	0.40%	0.41%	0.42%	0.35%	0.37%
Total Percentage of Membership	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

	2019	2018	2017	2016	2015
Active Membership					
County of San Mateo					
General Members	4,350	4,343	4,303	4,170	4,092
Safety Members	530	508	503	495	479
Probation Members	237	256	274	271	282
Subtotal	5,117	5,107	5,080	4,936	4,853
San Mateo County Superior Court					
General Members	240	239	237	231	222
San Mateo County Mosquito and Vector Control District					
General Members	20	21	20	20	20
Total Active Membership	**5,377**	**5,367**	**5,337**	**5,187**	**5,095**
Percentage of Membership by Employer					
County of San Mateo	95.16%	95.16%	95.18%	95.16%	95.25%
San Mateo County Superior Court	4.46%	4.45%	4.44%	4.45%	4.36%
San Mateo County Mosquito and Vector Control District	0.38%	0.39%	0.38%	0.39%	0.39%
Total Percentage of Membership	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Schedule of Average Monthly Salary of Active Members

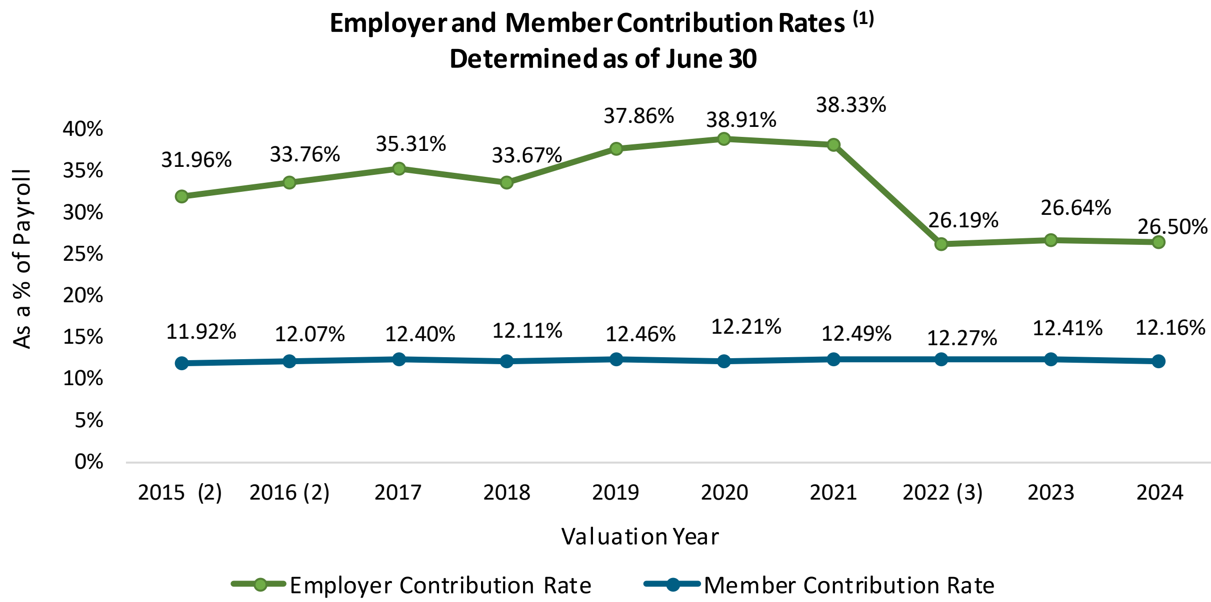
Fiscal Years Ended June 30 (by Plan and Membership Type)

Plan	2024	2023	2022	2021	2020
General Plan 1	$19,884	$19,119	$18,575	$18,022	$11,102
General Plan 2	12,721	11,908	11,516	10,957	10,665
General Plan 3	10,265	9,283	8,850	8,623	8,221
General Plan 4	11,795	11,163	10,680	10,087	9,671
General Plan 5	12,750	11,974	11,659	11,092	10,635
General Plan 7	9,113	8,730	8,291	8,014	7,726
Average Monthly Salary for General Plan	**$10,151**	**$9,777**	**$9,463**	**$9,173**	**$8,897**
Safety Plan 1	$ -	$ -	$ -	$ -	$ -
Safety Plan 2	17,682	17,112	16,177	15,162	15,125
Safety Plan 4	16,911	15,851	14,157	13,494	13,204
Safety Plan 5	16,106	15,378	13,127	12,619	12,367
Safety Plan 6	-	-	-	-	-
Safety Plan 7	12,569	12,201	10,507	9,765	9,581
Average Monthly Salary for Safety Plan	**$14,243**	**$13,914**	**$12,232**	**$11,671**	**$11,610**
Probation Plan 1	$ -	$ -	$ -	$ -	$ -
Probation Plan 2	12,468	11,699	11,203	10,641	10,174
Probation Plan 4	12,035	11,406	10,927	10,359	9,827
Probation Plan 5	11,425	11,024	10,219	9,911	9,343
Probation Plan 6	-	-	-	-	-
Probation Plan 7	10,215	9,794	8,983	8,378	7,598
Average Monthly Salary for Probation Plan	**$11,349**	**$10,937**	**$10,371**	**$9,835**	**$9,289**
Average Monthly Salary for All Plans	**$10,530**	**$10,166**	**$9,743**	**$9,439**	**$9,176**

Schedule of Average Monthly Salary of Active Members (Continued)

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

Plan	2019	2018	2017	2016	2015
General Plan 1	$9,793	$10,121	$11,305	$9,945	$9,235
General Plan 2	10,088	9,526	8,994	8,636	8,186
General Plan 3	7,872	7,462	7,484	7,173	6,747
General Plan 4	9,302	8,534	8,134	7,807	7,386
General Plan 5	10,180	9,672	8,980	8,485	7,735
General Plan 7	7,395	6,974	6,737	6,714	6,315
Average Monthly Salary for General Plan	**$8,622**	**$8,128**	**$7,869**	**$7,694**	**$7,351**
Safety Plan 1	$ -	$ -	$14,434	$15,810	$14,712
Safety Plan 2	14,197	13,607	13,528	12,505	11,545
Safety Plan 4	12,391	11,894	11,381	10,729	9,919
Safety Plan 5	11,708	11,349	10,544	9,940	9,145
Safety Plan 6	-	-	-	16,793	16,010
Safety Plan 7	9,030	8,747	8,356	7,538	6,701
Average Monthly Salary for Safety Plan	**$11,146**	**$10,958**	**$10,786**	**$10,364**	**$9,728**
Probation Plan 1	$ -	$ -	$7,722	$7,261	$7,038
Probation Plan 2	9,908	9,061	9,069	8,349	8,012
Probation Plan 4	9,103	8,714	8,270	7,454	7,267
Probation Plan 5	8,587	8,219	7,612	6,429	6,106
Probation Plan 6	-	-	7,347	6,259	5,739
Probation Plan 7	6,973	6,676	6,121	5,962	5,684
Average Monthly Salary for Probation Plan	**$8,678**	**$8,379**	**$8,061**	**$7,391**	**$7,216**
Average Monthly Salary for All Plans	**$8,873**	**$8,407**	**$8,154**	**$7,933**	**$7,567**



[1] Contribution rates determined as of the valuation date will become effective a year later. For example, contribution rates determined as of June 30, 2024, will become effective on July 1, 2025.

[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 was primarily due to the full amortization of the unfunded actuarial accrued liability 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, 2025**	**July 1, 2024**	**Change**
Gross Normal Cost	23.77%	24.16%	(0.39)%
Less: Member Contributions	(12.16)%	(12.41)%	(0.25)%
Employer Normal Cost	11.61%	11.75%	(0.14)%
UAAL Amortization [3]	14.89%	14.89%	0.00%
Total Employer Statutory Contribution Rate [2]	**26.50%**	**26.64%**	(0.14)%
Statutory Contribution Rate by Employer			
County of San Mateo	26.48%	26.62%	(0.14)%
San Mateo County Superior Court	26.38%	26.35%	0.03%
San Mateo County Mosquito & Vector Control District	27.81%	28.03%	(0.22)%

(1) Detailed contribution rates by plan are reported on the 2024 valuation report.

(2) Total Employer Statutory Contribution Rate of 26.50% is the aggregate rate for all employers.

(3) The UAAL amortization rate (before SCA offset) for each member class is the greater of the fiscal year beginning 2023 UAAL amortization rate (with phase-in and before SCA offset) for the respective class and those calculated in this year's valuation.

History of Employer Statutory Contribution Rates

Valuation Date	General Members (County)			General Members (Court)			General Members (District)		
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%
2023	10.41%	12.07%	22.48%	10.49%	15.86%	26.35%	12.27%	15.76%	28.03%
2024	10.39%	12.19%	22.58%	10.52%	15.86%	26.38%	12.00%	15.81%	27.81%

Notes:

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

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

3 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 District members) contribute 50% of the cost of COLA, in addition to current member rates and cost-sharing. Additionally, pick-up contributions were discontinued for members with benefits negotiated under the Probation and Detention Association (PDA) bargaining unit.

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

5 Effective July 1, 2018, members of 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
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)		
2023	19.23%	29.49%	48.72%	20.20%	33.33%	53.53%	Same as Probation (exclude Managers)		
2024	18.82%	29.67%	48.49%	19.70%	34.37%	54.07%	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 2015 actuarial valuation, Plan 1, 2, and 4 members of the Union of American Physicians and Dentists (UAPD) and the California Nurses Association (CNA), and Probation members (Managers) contribute 50% of the cost of Cost-of-Living Adjustment (COLA), in addition to current member rates and cost-sharing.

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5 Effective July 1, 2018, members of 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.

Compliance Section

2022

2024

2021

2023

SamCERA fund reached $6.5 billion as of 6/30/24.

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Compliance

BROWN ARMSTRONG
Certified Public Accountants

www.ba.cpa
661-324-4971

REQUIRED COMMUNICATION TO THE MEMBERS OF THE BOARD OF RETIREMENT AND AUDIT COMMITTEE IN ACCORDANCE WITH PROFESSIONAL STANDARDS (SAS 114)

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

We have audited 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, 2024, and have issued our report thereon dated October 17, 2024. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 18, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by SamCERA are described in Note 2, Summary of Significant Accounting Policies, to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2024. We noted no transactions entered into by SamCERA during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events as well as assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting SamCERA's financial statements were:

- Management's estimate of the fair value of investments was derived by various methods as detailed in the notes to the financial statements. We evaluated the key factors and assumptions used to develop the estimate of the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

- The contribution amounts and net pension liability as detailed in the notes to the financial statements are based on the actuarially-presumed interest rate and assumptions. We evaluated the key factors and assumptions used to develop the estimates of the contribution amounts and net pension liability in determining that they are reasonable in relation to the financial statements taken as a whole.

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Bakersfield, CA 93309
661-324-4971

FRESNO
10 River Park Place East, Suite 208
Fresno, CA 93720
559-476-3592

STOCKTON
2423 West March Lane, Suite 202
Stockton, CA 95207
209-451-4833

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosures for deposits and investments in Notes 2 and 6 to the financial statements, Summary of Significant Accounting Policies and Deposits and Investments, respectively, were derived from SamCERA's investment policy. Management's estimate of the fair value of investments was derived by various methods as detailed in the notes to the financial statements.

- Additionally, the disclosures related to the funding policies, net pension liability, and actuarial methods and assumptions in Note 3, Funding Policy; Note 4, Member Contributions; Note 5, Employer Contributions; and Note 7, Pension Disclosures, were derived from actuarial valuations, which involved estimates of the value of reported amounts and probabilities about the occurrence of future events far into the future.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We did not identify any misstatements as a result of our audit procedures.

Disagreements with Management
For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations
We have requested certain representations from management that are included in the management representation letter dated October 17, 2024.

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to SamCERA's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as SamCERA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters
We applied certain limited procedures to the Management's Discussion and Analysis, Schedule of Changes in Net Pension Liability and Related Ratios of Participating Employers, Schedule of Employer Contributions, Schedule of Investment Returns, and Notes to the Required Supplementary Information, which are Required Supplementary Information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 the audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

2

We were engaged to report on the Schedule of Administrative Expenses, Schedule of Information Technology Expenses, Schedule of Investment Expenses, Schedule of Payments to Consultants (Other Than Investment Advisors), and Notes to the Supplementary Information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory, investment, actuarial, statistical, and compliance sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Members of the Board of Retirement, Audit Committee, and management of SamCERA and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Stockton, California
October 17, 2024

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SamCERA
SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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