

2025 Annual Comprehensive Financial Report

FOR FISCAL YEAR ENDED JUNE 30, 2025



SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
REDWOOD CITY, STATE OF CALIFORNIA
A COMPONENT UNIT OF THE COUNTY OF SAN MATEO

San Mateo County Employees' Retirement Association (SamCERA)

A Component Unit of the County of San Mateo

**ANNUAL
COMPREHENSIVE
FINANCIAL REPORT
Fiscal Year Ended June 30, 2025**

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

TABLE OF CONTENTS

INTRODUCTORY SECTION

Administrator’s Letter of Transmittal.....	11
GFOA Certificate of Achievement (ACFR).....	18
GFOA Certificate of Achievement (PAFR).....	19
PPCC Public Pension Standards Award	20
SamCERA’s Mission and Goals	21
Members of the Board of Retirement.....	22
Organizational Chart	24
List of Professional Consultants (Other Than Investment Managers)	25

FINANCIAL SECTION

Independent Auditor’s Report	29
Management’s Discussion and Analysis.....	32
Basic Financial Statements	
Statement of Fiduciary Net Position	43
Statement of Changes in Fiduciary Net Position.....	44
Notes to the Basic Financial Statements	
Note 1: Plan Description.....	45
Note 2: Summary of Significant Accounting Policies.....	49
Note 3: Funding Policy.....	52
Note 4: Member Contributions	53
Note 5: Employer Contributions.....	54
Note 6: Deposits and Investments	57
Note 7: Pension Disclosures	68
Note 8: Plan Reserves.....	70
Note 9: Administrative Expenses.....	73
Note 10: Information Technology Expenses	76
Note 11: Risk Management.....	77
Note 12: Related Party Transactions.....	78
Note 13: Commitments.....	78
Note 14: Contingent Liability.....	78
Note 15: Subsequent Event.....	78

FINANCIAL SECTION (CONTINUED)

Required Supplementary Information	
Schedule of Changes in Net Pension Liability and Related Ratios of Participating Employers	79
Schedule of Employer Contributions.....	81
Schedule of Investment Returns	82
Notes to the Required Supplementary Information	82
Supplementary Information	
Schedule of Administrative Expenses	85
Schedule of Information Technology Expenses	85
Schedule of Investment Expenses.....	86
Schedule of Payments to Consultants (Other Than Investment Advisors)	86
Notes to the Supplementary Information	87
Other Information	
Schedule of Employer Pension Amounts Allocated by Cost-Sharing Plan (GASB Statement No. 68)	88
Schedule of Cost-Sharing Employer Allocations (GASB Statement No. 68)	89
Notes to the Other Information	89

INVESTMENT SECTION

Chief Investment Officer's Report	93
Investment Consultant's Report on Investment Activities	98
Investment Beliefs, Objectives, and Policy.....	103
Investment Summary	105
Asset Allocation (Target Policy vs. Actual)	106
Asset Allocation as a Percentage of Fair Value	106
Policy Benchmark	107
Schedule of Portfolio Returns (Net of Fees).....	108
Top Ten Equity Securities and Fixed Income Securities	109
List of Investment Managers.....	110
Schedule of Professional Services and Fees.....	111
Top Ten Broker Commissions.....	111

ACTUARIAL SECTION

Actuary's Certification	115
Actuarial Valuation	118
Rate of Separation from Active Service - All Plans	123
Actuarial Methods and Assumptions (For Funding Purposes)	125
Schedule of Active Members and Participating Employers	126
Schedule of Retirees and Beneficiaries Added to and Removed from Rolls	126
Schedule of Active Member Valuation Data	127
Summary of Significant Actuarial Statistics and Measures	128
Valuation Assets	129
Actuarial Valuation - SamCERA's Resources	130
Actuarial Valuation - SamCERA's Liabilities	130
Schedule of Funding Progress	131
Schedule of Funded Ratio	131
Actuarial Analysis of Financial Experience	132
Solvency Test	132

STATISTICAL SECTION

Changes in Fiduciary Net Position	136
Schedule of Additions to Fiduciary Net Position by Source	137
Schedule of Deductions from Fiduciary Net Position by Type	137
Total Fiduciary Net Position	138
Changes in Fiduciary Net Position	138
Summary of Retired Benefits, Refunds, and Inactive Members	139
Number of Retirees and Beneficiaries Receiving Benefits	141
Average Monthly Benefit to Retirees and Beneficiaries	141
Schedule of Average Pension Benefit Payments.....	142
Distribution of Retired Members by Age and Retirement Year	
All Plans Combined.....	144
Schedule of Active Members and Participating Employers	145
Schedule of Average Monthly Salary of Active Members	146
Employer and Member Contribution Rates	148
Employer Contribution Rates for All Plans Combined as a Percentage of Covered Payroll.....	148
History of Employer Statutory Contribution Rates	149

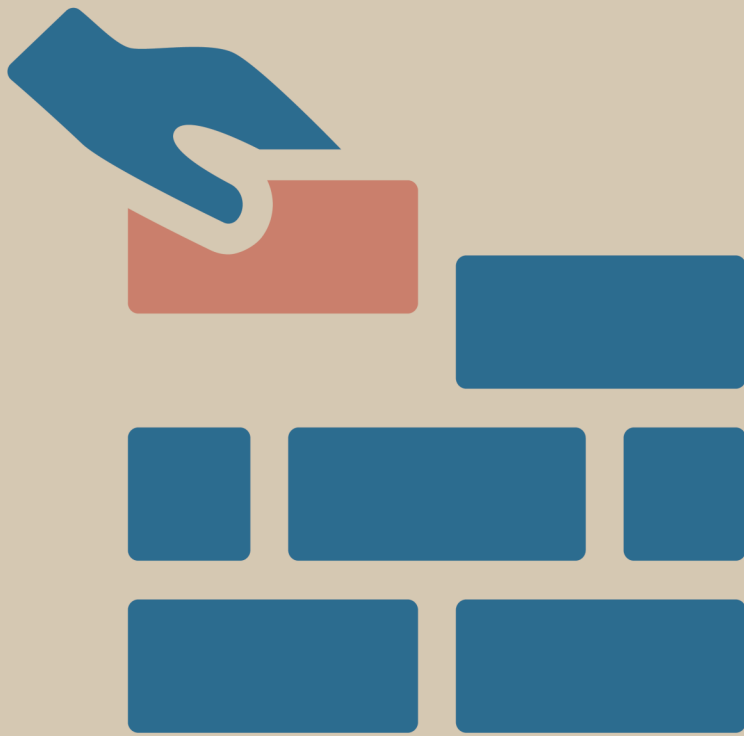
COMPLIANCE SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	153
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Laying the Foundation

INTRODUCTORY SECTION



A strong structure begins with a solid foundation. This section provides the essential background and context for understanding the pension system's mission, governance, and goals. Just as a well-built foundation supports everything above it, these fundamentals sustain our long-term commitment to members and employers. With careful planning, transparency, and a clear vision, our foundation lays the groundwork for stability and endurance in the years ahead.

Letter of Transmittal

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



Scott Hood
Chief Executive Officer

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, 2025. This report is intended to provide an overview of SamCERA's financial, investment, and actuarial information for the fiscal year just ended and reflects our ongoing commitment to strong governance, transparency, and service excellence.

Under Government Code 31593, SamCERA is required to conduct an annual audit and report upon its financial condition. The financial audit performed by Brown Armstrong Accountancy Corporation (Brown Armstrong), a certified public accounting firm, 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 32-42, providing a narrative analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Strength at Its Foundation, Designed to Endure

This year’s theme, “Strength at Its Foundation, Designed to Endure,” reflects the ongoing mission of our pension system: to provide long-term security and benefits to SamCERA’s membership and their beneficiaries. Just as a lasting structure depends on a strong foundation, our system is built on principles of fiscal responsibility, prudent investment, and steadfast integrity. With these supports in place, we are designed to endure, ensuring that our system remains strong for generations to come.

Notable Accomplishments in Fiscal Year 2024-25

Guided by this theme, SamCERA advanced several initiatives to strengthen our services, security, and outreach. Highlights include:

- **Launching a new SamCERA website** with a modern design and intuitive navigation to better connect members with resources.
- **Introducing Multi-Factor Authentication** for MySamCERA accounts, adding an essential layer of security to protect member information.
- **Requiring stronger, more secure passwords** across the member portal to further enhance cybersecurity measures.
- **Expanding member outreach** by hosting educational events, webinars, and engagement opportunities to help members understand their benefits and retirement planning options.
- **Initiating the transition to the “.gov” domain** which helps safeguard SamCERA’s online presence, provides opportunities for enhanced cybersecurity support, and adds credibility to our digital communications.

These accomplishments reflect our commitment to balance innovation with security, while continuously improving the member experience.

Looking ahead, SamCERA remains steadfast in its focus on long-term sustainability, its commitment to preserving a well-funded system, its ability to adapt to evolving economic conditions, and its ongoing efforts to enhance the member experience through all appropriate and effective means.

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 fund all earned benefits while minimizing employer contributions and operational expenses whenever possible.

The Board consists of nine Trustees. Four seats 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), and the County Treasurer 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 2024-25 were Alma Salas, Chair; Kimathi Marangu, Vice Chair; and Sandie Arnott, Secretary. Other members of the Board were Laurel Finnegan, Kurt Hofer, Katherine O'Malley, Elaine Orr, Rachel Perkel, and Robert Raw. Alternate Trustees were April DeCarsky and Nicole McKay.

The Board has adopted the Regulations of the Board of Retirement and separate policies that govern the plan. Among these are SamCERA's Mission & Goals, Investment Policy Statement, Conflict of Interest Code, and Code of Conduct; all of which reflect the Board's guiding principles. 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 73-77. 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 24.

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 serving 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 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 annual financial audit performed by Brown Armstrong is to ensure that SamCERA's financial statements are fairly presented in conformity with GAAP. During the audit, internal controls are reviewed to ensure that SamCERA has adequate controls in place to ensure reliable financial reporting and to comply with prevailing laws and regulations. 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 \$7.2 billion as of June 30, 2025, with an increase of \$732.1 million, mostly from portfolio appreciation and supplemental contributions from the County.

The portfolio returned 10.6% net of investment management fees for the fiscal year ended June 30, 2025, and underperformed SamCERA's policy benchmark return of 10.9% by 0.3%. Despite this underperformance, the net return of 10.6% exceeded the assumed earnings rate of 6.25% by 4.35%.

Actuarial Valuation

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 a May 2025 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 earnings rate of 6.25%, funding method, and amortization structure. Beginning July 1, 2024, all outstanding Unfunded Actuarial Accrued Liability (UAAL) layers were consolidated into a single layer and amortized over a 15-year period. Any subsequent gains and losses are reflected over new 15-year amortization periods.

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 in 2023, and the next study will be conducted next year in 2026.

SamCERA also triennially engages an independent actuarial consulting firm to audit the triennial experience study and the annual actuarial valuation of its pension plan conducted by Milliman. 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, and the next actuarial audit will be conducted next year in 2026.

Plan Funding Status

SamCERA strives to fully 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 2025 valuation determined that the plan's funding ratio increased to 89.3% as of June 30, 2025, from 87.6% a year ago. The increase was primarily due to investment income from favorable market conditions, as all four composites had positive returns for the fiscal year, and from supplemental contributions from the County.

The employer statutory contribution rate, which is comprised of the Employer Normal Cost rate and a separate component to amortize the UAAL, decreased slightly by 0.59% to 25.91% of pay for fiscal year beginning July 1, 2026. The employer normal cost rate for all plans combined decreased slightly to 11.42% of pay for fiscal year 2026, from 11.61% for fiscal year 2025, and the portion that funds the UAAL decreased 0.4% to 14.49% for fiscal year 2026.

Supplemental Contributions

In January 2025, a second Memorandum of Understanding (MOU) was executed between the County and SamCERA in which the County continued its commitment to accelerate the pay down of its UAAL by making supplemental contributions, which is separately accounted for in the County Supplementary Contribution Account (CSCA). Along with the earnings, the balance in the CSCA has grown to \$261.1 million as of June 30, 2025. In September of 2015, the District also entered into an MOU with SamCERA to make supplemental contributions, which is deposited in the District Supplementary Contribution Account (DSCA), to pay down its UAAL. The DSCA balance amounted to \$1,525 as of June 30, 2025.

Cost-of-Living Adjustment

The Board of Retirement approved a Cost-of-Living Adjustment (COLA) effective April 1, 2025, for SamCERA retirees and beneficiaries. The COLA was between 2.0% and 3.0%, dependent on the COLA limit of each plan.

- The COLA for Plan 1 General, Safety, and Probation members was 3.0%.
- 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. Current priorities focus on prudent investment management, enhanced risk management, operational efficiency, governance, and member service. These priorities ensure that SamCERA remains well-positioned to navigate future challenges and opportunities.

- **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.

Certificate of Achievement and Acknowledgments

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, 2024. This was the twenty-eighth 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. We believe that our current ACFR 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, 2024, and has received this honor for the past twenty-two years. The award is reproduced on page 19.

Additionally, the Public Pension Coordinating Council (the Council) presented SamCERA with its Public Pension Standards Award for 2024. 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

The strength of SamCERA lies not only in its financial foundation but also in the people who guide and support it. We extend our gratitude to our stakeholders for their trust and partnership, which form the bedrock of our mission.

Thank you to the staff and management team at SamCERA for their dedication in serving our members and for their efforts in producing this year's ACFR. I would also like to express my sincere appreciation to the Board of Retirement and to our consultants – Brown Armstrong, and Milliman, Inc. – whose professionalism and expertise continue to support our success.

On a personal note, I have announced my plan to retire in 2026. It has been an honor to serve SamCERA's members, employers, and the Board of Retirement. While leadership may change, SamCERA's strong foundation, dedicated staff, and steadfast governance will continue to thrive. The Board and staff are well prepared to carry on this mission with the same commitment and integrity that have always guided this organization – carrying SamCERA forward with strength at its foundation, designed to endure.

Respectfully submitted,



Scott Hood
Chief Executive Officer
October 23, 2025

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, 2024

Christopher P. Morill

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, 2024

Christopher P. Morill

Executive Director/CEO

PPCC PUBLIC PENSION STANDARDS AWARD



Public Pension Coordinating Council

***Public Pension Standards Award
For Funding and Administration
2024***

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)

A handwritten signature in cursive script that reads "Alan H. Winkle".

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.

Board of Retirement (June 30, 2025)

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.



Alma Salas
Chair

Elected by the
Retired Members
Eighth Member



Kimathi Marangu
Vice Chair

Appointed by the
Board of Supervisors
Fifth Member



Sandie Arnott
Secretary

Ex. Officio per
the 1937 Act
First Member



Katherine O'Malley
Board Member

Elected by the
General Members
Second Member



Laurel Finnegan
Board Member

Elected by the
General Members
Third Member



Elaine Orr
Board Member

Appointed by the
Board of Supervisors
Fourth Member



Rachel Perkel
Board Member

Appointed by the
Board of Supervisors
Sixth 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

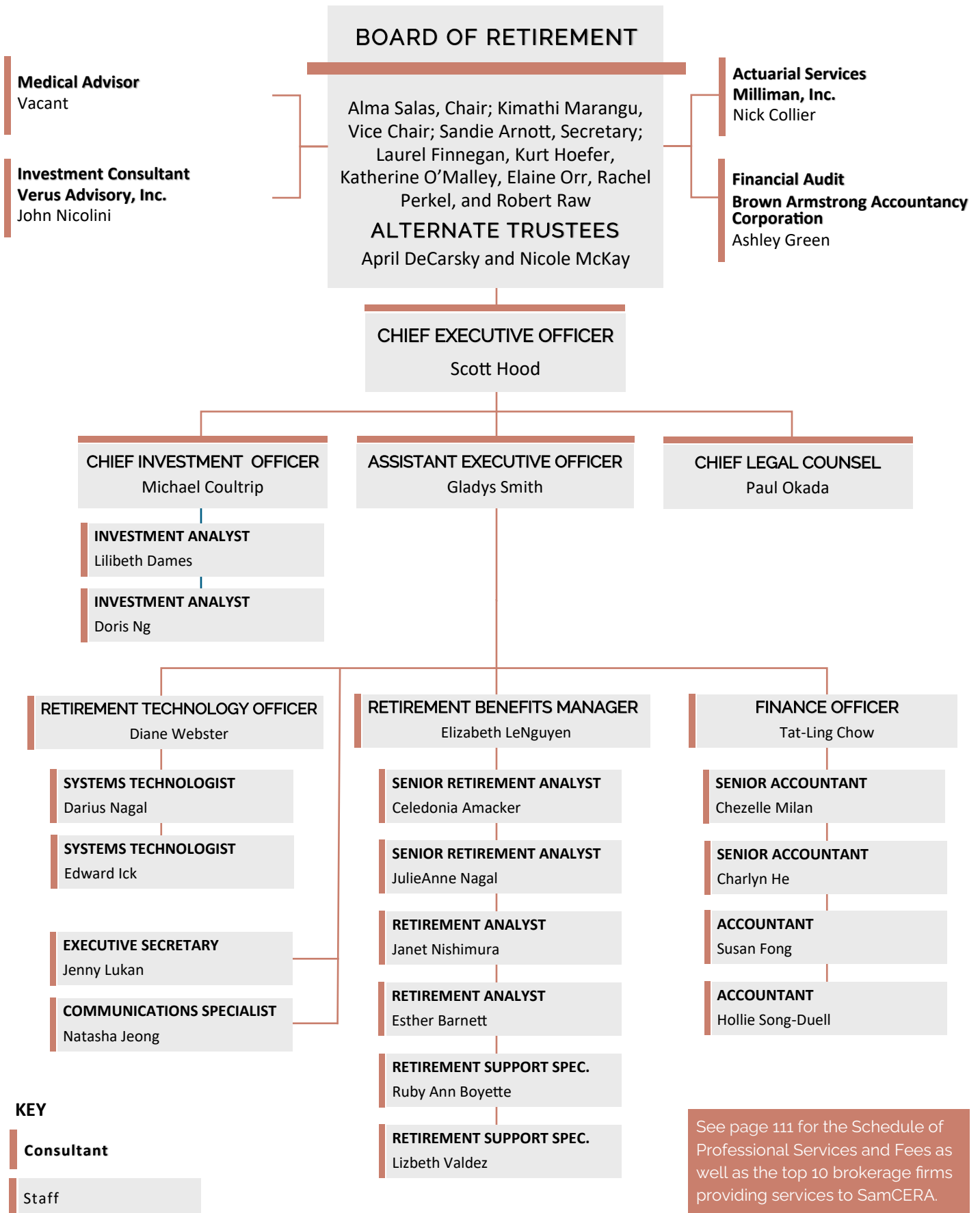
Elected by the
Retired Members
Retiree Alternate



April DeCarsky
Board Member

Elected by the
Safety Members
Safety Alternate

Organizational Chart



See page 111 for the Schedule of Professional Services and Fees as well as the top 10 brokerage firms providing services to SamCERA.

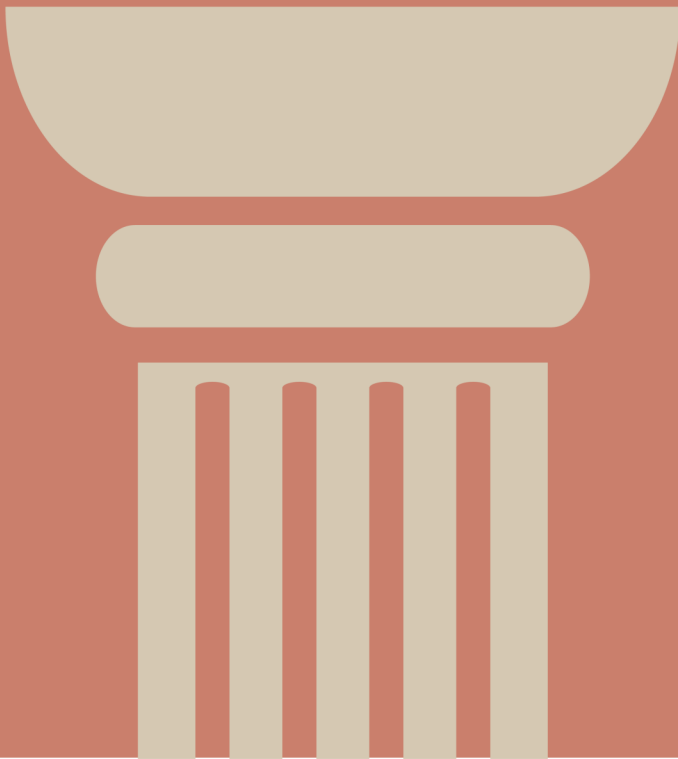
LIST OF PROFESSIONAL CONSULTANTS (OTHER THAN INVESTMENT MANAGERS)

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	Accelex Technology
Investment Software	eVestment Alliance, LLC
Pension Administration Software System	Vitech
Portfolio Analytics	Venn by Two Sigma
Securities Litigation Class Action Services	ISS Governance
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.
Trade Cost Analysis Consultant	Zeno AN Solutions

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Pillars of Strength

FINANCIAL SECTION



The financial section provides information representing the pillars that support our pension system. Built on sound accounting, prudent budgeting, and responsible stewardship, these pillars ensure our system remains strong. By maintaining fiscal discipline and safeguarding our assets, we uphold the promise that our foundation will stand firm for generations to come.

INDEPENDENT AUDITOR'S REPORT



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 fiduciary component unit of the County of San Mateo (the County), reported as a pension trust fund of the County, as of June 30, 2025; 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, 2025, 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, 2025; 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, 2025, 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 Trustun 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

REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

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, 2024, basic financial statements and other information, and our report dated October 17, 2024, 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, 2024, 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 23, 2025, 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.

Stockton, California
October 23, 2025

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR FISCAL YEAR 2024-25

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, 2025, 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 45.

Financial Highlights

- SamCERA's prime objective is to meet its 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, 2025, SamCERA's net position held in trust for pension benefits (total assets minus total liabilities) reached a record high of \$7.2 billion, an increase of \$732.1 million or 11% 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 \$1.1 billion, denoting a 34% increase from a year ago. The majority of the increase came from investment income due to favorable market conditions.
- SamCERA's portfolio experienced a robust growth with a net return of 10.6% this year versus 9.2% last year. Except for the Liquidity asset class, positive returns spread across the entire portfolio, particularly from investments in Alternatives and Inflation Hedge funds.
- In February 2025, the County of San Mateo (the County) contributed \$50.0 million in supplemental contributions. In a new Memorandum of Understanding (MOU), the County laid out its plan to continue making supplemental contributions through June 2030. This arrangement was continued to stabilize required contributions in future years and to accelerate the pay down of its unfunded liabilities.
- Total deductions from the Retirement Fund amounted to \$352.6 million, a 6% increase from a year ago. The key drivers were the annual cost-of-living adjustment to pension benefits and the continued growth in the number of benefit recipients.
- The Retirement Fund was 89.3% funded as of June 30, 2025, posting a modest increase of 1.7% from 87.6% a year ago. The increase in funded ratio was primarily due to the recognition of investment returns that were greater than expected as well as supplemental contributions from the County.
- As of June 30, 2025, the actuarial accrued asset and actuarial accrued liability of the Retirement Fund amounted to \$6.9 billion and \$7.7 billion, respectively. Their difference of \$830.6 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, 2025. 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 43 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 44 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 45-78 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, 2025, approximated to \$7.2 billion, an increase of \$0.7 billion or 11% over the reporting period.

Statement of Fiduciary Net Position

June 30

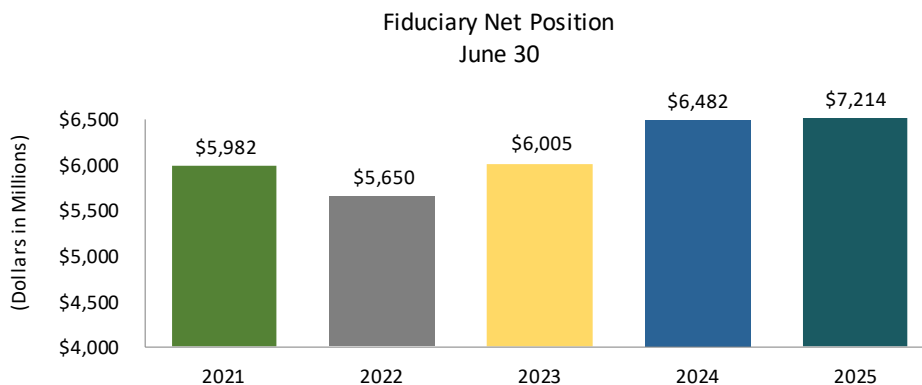
Dollars in Thousands

	2025	2024	Increase (Decrease)	
			Amount	Percentage
Assets				
Cash and cash equivalents	\$ 176,526	\$ 168,837	\$ 7,689	5%
Cash management overlay	24,107	12,191	11,916	98%
Securities lending cash collateral	147,228	4,401	142,827	3245%
Receivables	50,685	67,191	(16,506)	-25%
Prepaid expenses	353	325	28	9%
Investments at fair value	7,024,023	6,314,790	709,233	11%
Capital assets, net	2,788	4,155	(1,367)	-33%
Total assets	7,425,710	6,571,890	853,820	13%
Liabilities				
Investment management fees payable	2,014	2,297	(283)	-12%
Due to broker for investments purchased	51,646	75,644	(23,998)	-32%
Securities lending collateral due to borrowers	147,228	4,401	142,827	3245%
Lease liability	1,452	1,965	(513)	-26%
Other	9,570	5,891	3,679	62%
Total liabilities	211,910	90,198	121,712	135%
Net position restricted for pensions	\$ 7,213,800	\$6,481,692	\$ 732,108	11%

Assets. SamCERA's total assets increased by \$853.8 million or 13% from a year ago. Significant changes include the following:

- *Cash and cash equivalents* increased by \$7.7 million. A full redemption from a low-volatility manager brought in \$30.0 million, which was partially offset by a \$16.0 million decrease in deposit with the County Treasurer to support operational needs and a \$6.0 million reduction in investment manager cash accounts to fund investment opportunities.
- *Cash management overlay* increased by \$11.9 million. The cash overlay program uses derivative instruments to enhance returns, manage risks, and increase efficiency. To meet margin call needs, \$10.0 million was transferred to the cash overlay account.
- *Securities lending cash collateral* increased by \$142.8 million. In July 2024, SamCERA's custodian implemented several changes to its securities lending program that were approved by SamCERA's Board to increase flexibility and enhance the program's income potential while maintaining a similar risk profile. These changes had a direct and significant impact on the total fair value of securities on loan, increasing from \$4.3 million as of June 30, 2024, to \$144.0 million as of June 30, 2025. Since borrowers are required to provide additional cash collateral above the value of securities on loan at 102%, the total value of cash collateral increased accordingly.

- *Receivables* overall decreased by \$16.5 million. The decrease was largely driven by two sizeable trades that were executed in June 2024 but settled after the new fiscal year commenced in July and August of 2024.
- *Investments at fair value* increased by \$709.2 million, primarily due to the following factors:
 - *Public Equity* increased by \$199.2 million, primarily from market appreciation as the market conditions in public equity continued to flourish.
 - *Fixed Income* increased by \$158.1 million. As part of its target asset allocation policy, SamCERA added three investment managers into its Fixed Income portfolio with initial capital of \$79.0 million in aggregate and poured an additional \$10.0 million into an existing account. The remaining increase was largely due to market appreciation spread across the asset class.
 - *Alternatives* increased by \$149.3 million. The Private Equity portfolio posted an aggregated market appreciation of \$90.0 million, mainly with \$67.0 million from a successful completion of an Initial Public Offer (IPO) transaction and \$15.0 million from an exceptional execution of Absolute Return strategies. Additionally, SamCERA increased its allocation to Absolute Return by \$29.0 million by providing \$15.0 million additional capital to an existing fund and \$14.0 million initial funding to a newly hired manager.
 - *Inflation Hedge* increased by \$223.8 million. SamCERA invested an additional \$173.0 million capital into its Inflation Hedge portfolio, with \$73.0 million in Public Real Assets, \$33.0 million in several newly committed Private Real Assets, and \$67.0 million in Real Estate. The remaining increase was predominantly attributed to market appreciation under favorable market conditions.
 - *Liquidity* decreased by \$21.2 million. The decrease was largely due to a \$17.0 million market depreciation in SamCERA’s currency overlay fund. Additionally, SamCERA’s cashflow-matched account reported a \$3.5 million loss.
- *Net Capital Assets* decreased by \$1.4 million, due largely to the depreciation/amortization of capital assets.



Liabilities. SamCERA's total liabilities increased by \$121.7 million or 135% from a year ago. Significant changes are discussed below.

- *Due to broker for investments purchased* decreased by \$24.0 million. The decrease was predominantly linked to two separate trades, with \$11.0 million in a fixed income investment and \$10.0 million in a Broad Market Duration fund. These trades were executed in June 2024 but settled after a new fiscal year began in July 2024.
- *Securities lending cash collateral due to borrowers* increased by \$142.8 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.
- *Other Liabilities* increased by \$3.7 million, due primarily to excess payments above the statutory contributions from employers.

During the reporting period, the net position increased by \$732.1 million, due primarily to the robust growth in investment returns 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				
	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>Percentage</u>
Additions				
Employer contributions	\$ 189,302	\$ 175,572	\$ 13,730	8%
Employer supplemental contributions	50,000	10,000	40,000	400%
Member contributions	88,536	82,331	6,205	8%
Net investment income	756,868	540,652	216,216	40%
Total additions	<u>1,084,706</u>	<u>808,555</u>	<u>276,151</u>	<u>34%</u>
Deductions				
Service retirement benefits	300,414	281,573	18,841	7%
Disability retirement benefits	35,197	34,309	888	3%
Survivor and death benefits	1,403	1,350	53	4%
Refunds of member contributions	5,871	5,277	594	11%
Administrative expenses	8,090	7,765	325	4%
Information technology expenses	1,623	1,632	(9)	-1%
Total deductions	<u>352,598</u>	<u>331,906</u>	<u>20,692</u>	<u>6%</u>
Net increase in net position	<u>732,108</u>	<u>476,649</u>	<u>255,459</u>	<u>54%</u>
Net position restricted for pensions				
Beginning of year	6,481,692	6,005,043	476,649	8%
End of year	<u>\$7,213,800</u>	<u>\$6,481,692</u>	<u>\$ 732,108</u>	<u>11%</u>

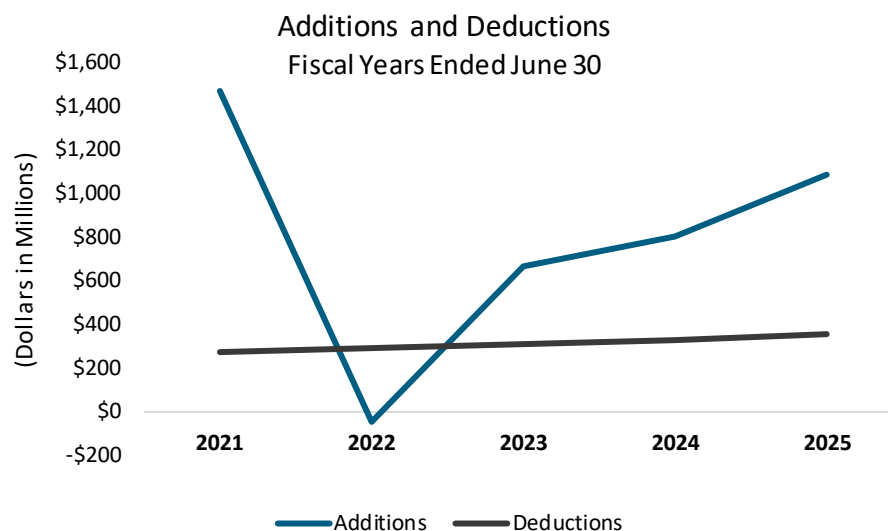
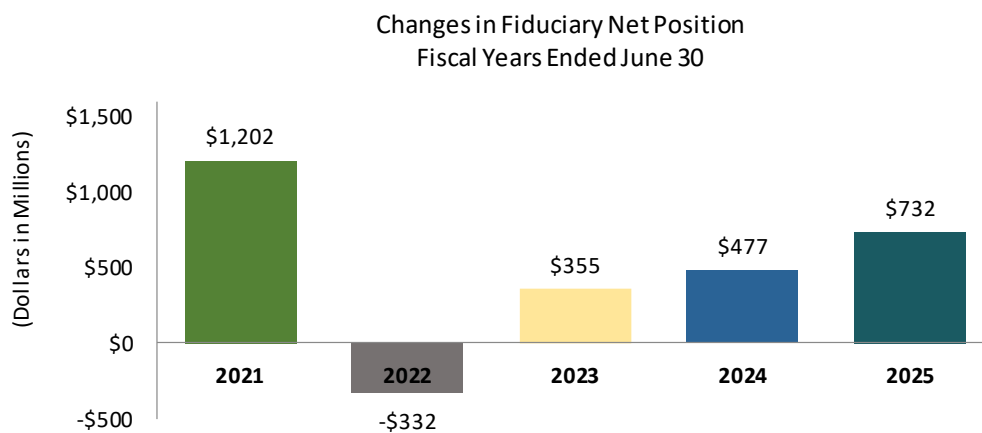
Additions. Total additions to the Retirement Fund were \$1.1 billion, an increase of \$276.2 million or 34% over the year. Significant changes are discussed below.

- *Employer contributions* increased by \$13.7 million. Contributions are determined by applying applicable contribution rates to pensionable income. The increase reflected a combined effect from a 0.45% uptick in the employer contribution rate (from 26.19% for fiscal year 2024 to 26.64% for fiscal year 2025) and a \$48.0 million increase in pensionable income due primarily to scheduled increases from the latest MOUs between employers and respective bargaining units.
- *Employer supplemental contributions* increased by \$40.0 million. In January 2025, the County executed an MOU with SamCERA in which the County laid out a plan to accelerate the pay down of its unfunded liability through June 2030. In February 2025, the County transferred its first supplemental payment of \$50.0 million to the Retirement Fund.
- *Member contributions* increased by \$6.2 million. The increase represented a cumulative effect from a 0.14% increase in the member contribution rate (from 12.27% for fiscal year 2024 to 12.41% for fiscal year 2025) and the \$48.0 million increase in overall pensionable income explained earlier.
- *Net investment income* increased by \$216.2 million, which resulted from the following:
 - *Interest and dividends* increased by \$15.1 million, with nearly \$12.0 million dividend income from international equity and private equity funds and \$4.0 million interest income from SamCERA's core bond strategies.
 - *Net appreciation in fair value of investments* increased by \$236.1 million. The appreciation was mainly driven by strong performance in various areas, with \$95.0 million in private equity, of which \$69.0 million was from a successful Initial Public Offer (IPO) transaction, \$67.0 million in public equity due to volatile but positive market conditions, \$54.0 million in real estate from the favorable market environment, and \$20.0 million in SamCERA's core fixed income and private real assets.
 - *Investment expenses* increased by \$35.2 million. Of this amount, \$30.0 million was attributable to performance fees, primarily in SamCERA's private equity and private real assets portfolios. The remaining \$5.0 million increase was imputable to management fees, either triggered by fee increases in certain private market funds or new funds added to SamCERA's portfolio.

Deductions. Total deductions from the Retirement Fund were \$352.6 million, an increase of \$20.7 million or 6% over the year. Significant changes are explained below.

- *Service retirement benefits* increased by \$18.8 million, predominantly due to the annual cost-of-living adjustment (2.0% or 3.0% depending on the plan type) to pension benefits. Additionally, the number of benefit recipients increased by 154 over the prior year.

- *Disability retirement benefits* rose by \$0.9 million. The increase was predominantly due to the annual cost-of-living adjustment (2% or 3% depending on the plan type) while the number of benefit recipients remained nearly the same as last fiscal year.
- *Refunds of member contributions* increased by \$0.6 million. The total number of refunds and rollovers processed increased by 19% or 24 requests, from 127 requests for fiscal year 2024 to 151 requests for fiscal year 2025.
- *Administrative expenses* increased by \$0.3 million, largely driven by payroll increases due to the cost-of-living adjustment in accordance with the latest labor contracts between employers and respective bargaining units.



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 the 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 cost-of-living adjustment (COLA) assumption for Plans 1 and 2 in accordance with the inflation assumption. In July 2020, the Board also accepted the actuary's recommendation to modify several demographic assumptions based on the Triennial Experience Study.

In May 2021, the Board accepted the actuary's recommendation to lower the assumed investment return from 6.50% to 6.25% and 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 detail 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 the 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 (fresh-start method) to reset the current accrued unfunded liability to a new 15-year amortization period and layer subsequent unfunded liabilities 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 for the 2024 valuation. The key assumptions include investment return at 6.25%, local inflation at 2.75%, wage growth at 3.25%, and payroll growth at 3.25%.

In April 2025, the Board decided to use the same assumptions used in the 2024 valuation for the 2025 valuation.

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 detail 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, 2025, the plan's funded ratio (actuarial value of assets to actuarial accrued liabilities) increased modestly to 89.3% as of June 30, 2025, from 87.6% a year ago. The increase was primarily due to the recognition of investment returns that were greater than expected by the assumptions and employer supplemental contributions. If future experience is exactly as assumed, SamCERA is projected to be 100% funded in June 2032.

As of June 30, 2025, the actuarial value of plan assets was \$6.9 billion, and the actuarial accrued liability was \$7.7 billion. The difference between these two amounts represents the unfunded actuarial accrued liability, which amounted to \$830.6 million (or 114.6% of the collective covered payroll of participating employers, totaling \$724.9 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.

Technology Project Management

In July 2025, the Board approved a 3-year contract with Linea Consulting (Linea) that offers information technology project management consulting services. Linea will work with SamCERA to meet its operational, administrative, and logistical needs; enhance risk management measures concerning cybersecurity and data recovery capabilities; and improve members' experience. Task areas undertaken by Linea include managing Pension Administration Software System replacement, reengineering business processes, cleansing data in the existing pension system, automating manual workflows, and enhancing cybersecurity, IT controls, audit strategy, and status reporting.

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.gov. 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, 2025

(WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 2024)

	2025	2024
ASSETS		
Cash and short-term investments:		
Cash and cash equivalents	\$ 176,526,096	\$ 168,836,673
Cash management overlay	24,107,345	12,191,411
Securities lending cash collateral	147,227,953	4,400,951
Total cash and short-term investments	347,861,394	185,429,035
Receivables:		
Contributions	2,149,698	1,641,117
Due from broker for investments sold	29,653,095	49,663,417
Investment income	15,053,624	12,940,583
Securities lending income	41,959	3,273
Other	3,786,415	2,942,511
Total receivables	50,684,791	67,190,901
Prepaid expenses	352,961	325,024
Investments at fair value:		
Public equity	2,942,232,634	2,743,032,845
Fixed income	1,657,028,555	1,498,942,052
Alternatives	929,757,697	780,416,525
Inflation hedge	1,268,470,245	1,044,637,006
Liquidity	226,534,129	247,762,006
Total investments at fair value	7,024,023,260	6,314,790,434
Capital assets	12,003,613	11,977,457
Less: accumulated depreciation/amortization	(9,216,013)	(7,822,714)
Capital assets, net of accumulated depreciation/amortization	2,787,600	4,154,743
Total assets	7,425,710,006	6,571,890,137
LIABILITIES		
Investment management fees payable	2,013,970	2,297,138
Due to broker for investments purchased	51,645,646	75,643,694
Securities lending cash collateral due to borrowers	147,227,953	4,400,951
Lease liability	1,451,699	1,965,063
Other	9,570,074	5,891,024
Total liabilities	211,909,342	90,197,870
NET POSITION RESTRICTED FOR PENSIONS	\$ 7,213,800,664	\$ 6,481,692,267

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, 2025

(WITH COMPARATIVE AMOUNTS FOR FISCAL YEAR ENDED JUNE 30, 2024)

	2025	2024
ADDITIONS		
Contributions:		
Employer	\$ 189,302,401	\$ 175,572,103
Employer supplemental	50,000,000	10,000,000
Member	88,535,780	82,330,650
Total contributions	327,838,181	267,902,753
Investment income:		
Interest, dividends, and other investment income	170,583,909	155,437,450
Net increase in the fair value of investments	685,518,516	449,369,405
Securities lending income:		
Gross earnings	6,417,528	277,466
Rebate income (expenses)	(6,033,410)	31,863
Less: Bank fees	(84,364)	(169,639)
Net securities lending income	299,754	139,690
Total investment income	856,402,179	604,946,545
Less: Investment expenses	(99,533,992)	(64,294,489)
Net investment income	756,868,187	540,652,056
Total additions	1,084,706,368	808,554,809
DEDUCTIONS		
Benefits:		
Service retirement	300,414,436	281,572,406
Disability retirement	35,196,863	34,308,872
Survivor and death	1,402,860	1,349,422
Total benefits	337,014,159	317,230,700
Refunds of member contributions:		
Separation	4,702,842	3,812,197
Death	1,168,350	1,465,301
Total refunds	5,871,192	5,277,498
Administrative expenses	8,089,545	7,765,358
Information technology expenses	1,623,075	1,631,486
Total deductions	352,597,971	331,905,042
Net increase in net position	732,108,397	476,649,767
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of year	6,481,692,267	6,005,042,500
End of year	\$ 7,213,800,664	\$ 6,481,692,267

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, and 3 are closed to new entrants.

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) (Note: Plan 4 closed simultaneously with the implementation of Plan 5 and Plan 6.)	7/13/97 - 7/9/11	7/13/97 - 1/7/12
	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 (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.)	7/10/11 - 12/31/12	1/8/12 - 12/31/12
	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 4 is 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: Plan 5 is available for certain Safety and Probation members as well as members with reciprocity.

Note 3: Plan 6 is available for Safety Management and Probation members.

Note 4: FAC stands for "Final Average Compensation."

Pension Plan Membership

Plan membership as of June 30, 2025, is displayed in the table below.

SamCERA Membership								
June 30, 2025								
Plan	One	Two	Three	Four	Five	Six	Seven	Total
Retirees and beneficiaries currently receiving benefits								
General	1,005	2,346	129	1,477	60		107	5,124
Safety	239	271		225	16		16	767
Probation	82	124		151			1	358
Subtotal	1,326	2,741	129	1,853	76		124	6,249
Inactive employees entitled to but not currently receiving benefits (Deferred)								
General	2	138	43	1,033	193		1,500	2,909
Safety		6		37	17		101	161
Probation		6		33	5	1	22	67
Subtotal	2	150	43	1,103	215	1	1,623	3,137
Current employees, vested								
General	1	157	26	1,204	186		1,503	3,077
Safety		5		102	51		156	314
Probation				58	5		37	100
Current employees, non-vested								
General			1	5	43		1,913	1,962
Safety					16		193	209
Probation							12	12
Subtotal	1	162	27	1,369	301		3,814	5,674
Total Members	1,329	3,053	199	4,325	592	1	5,561	15,060

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 members. 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 Federal Bureau of Labor Statistics Consumer Price Index for the San Francisco-Oakland-Hayward area. The increase is capped at 5% for General and Safety members in Plan 1; 3% for Probation members in Plan 1 and all members in Plan 2; and 2% for members in Plans 4, 5, 6, and 7. Plan 3 has no COLA. For Plan 1 members, when the CPI exceeds the maximum COLA in any year, the excess is credited to their COLA Bank that may be used in future years when the CPI falls below the applicable percentage.

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 over 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/amortization. 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/amortization, approximated to \$2.8 million as of June 30, 2025. The liability from an office space lease is determined based on prevailing standards and amortized over the lease term. Future lease payments are as follows:

Lease Liability			
Fiscal Year (June 30)	Principal	Interest	Total
2026	\$550,476	\$84,180	\$634,656
2027	590,269	44,387	634,656
2028	310,954	6,380	317,334
Total	\$1,451,699	\$134,947	\$1,586,646

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.

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%.

In January 2025, the County entered into a new Memorandum of Understanding (MOU) with SamCERA to accelerate the pay down of its UAAL. Under this MOU, the County intended to make two separate \$50 million supplemental contributions on or before the end of fiscal year 2024-25 and fiscal year 2029-30, respectively. Apart from this arrangement, the County can make additional supplemental contributions above its Statutory Contribution Rate (SCR) in any given year. In its sole discretion, the County can adjust or make none of these supplemental contributions. In February 2025, the County transferred \$50 million supplemental contributions to SamCERA.

The actuarial valuation of plan assets and liabilities is always performed after fiscal year-end. Contribution rates determined as of June 30, 2025, are subject to a "one year" deferral. Thus, the new contribution rates from the June 2025 valuation will become effective on July 1, 2026. The Retirement Fund was 89.3% funded as of June 30, 2025, reflecting a modest increase from 87.6% a year ago. The increase was mainly due to the recognition of investment returns greater than expected by the assumptions as well as supplemental contributions from the County. The 2025 valuation revealed that the UAAL is \$830.6 million as of June 30, 2025.

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, 2024, are based on investment return assumption of 6.25% approved by the Board. The member contribution rate for all plans combined increased slightly by 0.14% of pay to 12.41% for fiscal year 2025. 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 SCR, after taking into account any offsets from the supplemental contributions discussed later.

Employer Contribution Rates			
	Fiscal Year Beginning		Increase
	July 1, 2024	July 1, 2023	(Decrease)
Gross Normal Cost	24.16%	23.64%	0.52%
Member Contributions	(12.41%)	(12.27%)	(0.14%)
Employer Normal Cost	11.75%	11.37%	0.38%
UAAL Amortization	14.89%	16.04%	(1.15%)
Calculated Employer Rate	26.64%	27.41%	(0.77%)
Deferred Recognition of 2021 Assumptions	-	(1.22%)	1.22%
Total Employer Rate ⁽¹⁾	26.64%	26.19%	0.45%
County Contribution Rate	26.62%	26.19%	0.43%
Court Contribution Rate	26.35%	26.02%	0.33%
District Contribution Rate	28.03%	25.06%	2.97%

⁽¹⁾ The total Employer Statutory Contribution Rate of 26.64% is the aggregate rate for all employees.

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. The SCR increased slightly by 0.45% of pay (which is a weighted average for all plans) from 26.19% for fiscal year 2024 to 26.64% for fiscal year 2025. The employer normal cost increased marginally by 0.38% of pay to 11.75% for fiscal year 2025, and the employer UAAL decreased modestly by 1.15% of pay to 14.89% for fiscal year 2025.

Schedule of Employer Contributions

Dollars in Thousands				
	(a)	(b)	(a) - (b)	
Fiscal Year Ended	Actual	Actuarially	Supplemental	Percentage of Actuarially
June 30	Employer	Determined	Contributions	Determined
	Contributions	Contributions		Contributions Received
2016	\$191,094	\$170,046	\$21,048 ^{1, 2}	100%
2017	198,727	164,877	33,850 ^{1, 2}	100%
2018	207,257	179,627	27,630 ¹	100%
2019	245,498	194,830	50,668 ¹	100%
2020	198,583	198,583	-	100%
2021	265,002	225,302	39,700 ¹	100%
2022	249,946	234,746	15,200 ¹	100%
2023	248,938	238,938	10,000 ¹	100%
2024	185,572	175,572	10,000 ³	100%
2025	189,302	239,302	50,000 ³	100%

¹ In 2014, the San Mateo County Board of Supervisors implemented a policy (effective through 2023) to accelerate the elimination of the County UAAL. Contributions more than the Actuarially Determined Contribution through 2023 are related to that policy except as noted in footnote 2.

² 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.

³ Discretionary contributions more than the Actuarially Determined Contribution were made by San Mateo County.

Supplemental Contributions from San Mateo County

In November 2013, the County entered into a Memorandum of Understanding (MOU) 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.

In January 2025, the County executed a new MOU with SamCERA to continue its efforts in paying down the County's UAAL. Under this MOU, the County intended to provide two separate supplemental contributions of \$50.0 million each in fiscal year 2025 and fiscal year 2030. In addition, the County can make supplemental contributions of other amounts at any given fiscal year. All the above mentioned contributions can be adjusted or revoked at the County's sole discretion.

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 2025, total supplemental contributions to the CSCA amounted to \$50.0 million. As of June 30, 2025, the CSCA had an aggregate account balance of \$261.1 million. 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 via two semi-annual prepayments (in July 2024 and in January 2025). 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 conducted 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 required 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, 2025, the DSCA had an aggregate account balance of \$1,525. Based on the latest amendment to the MOU 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, 2025, \$130.0 million of cash was held in a pooled short-term investment fund with the Northern Trust Corporation and \$6.4 million in the investment pool with the County Treasurer. Cash held by investment managers at year-end amounted to \$40.1 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 \$290,713 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.

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. In November 2024, the Board approved a revised asset allocation policy that included two changes within the public equity portfolio. First, the target allocation to low volatility strategies was eliminated. Second, the U.S. equity and international equity allocation was adjusted, increasing U.S. equity to 60.0% of the total public equity portfolio (up from 55.0%). SamCERA's updated investment policy took effect in January 2025.

Target Asset Allocation. As of June 30, 2025, 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 60.1% in Growth assets, 17.8% in Diversifying assets, 17.6% in Inflation Hedge assets, and 4.5% 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 (after deducting inflation, but before deducting investment expenses) that were used to derive the long-term expected investment rate of return assumption.

Long-Term Expected Real Rates of Return		
	June 30, 2025	
Asset Class	Target Allocation	Long-Term Expected Rate of Return
Growth		
Public Equity	41.0%	3.6%
Private Equity	7.0%	6.6%
Opportunistic Credit	11.0%	3.2%
Diversifying		
Defensive Fixed Income	12.5%	1.9%
Absolute Return	6.0%	3.0%
Inflation Hedge		
Real Estate	9.0%	4.8%
Private Real Assets	5.0%	5.1%
Public Real Assets	3.0%	5.1%
Liquidity		
Cash Flow Matched	4.5%	1.5%
Cash & Cash Overlay	1.0%	1.4%
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 10.6% 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 10.56% 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 seventeen 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 Analysis			
June 30, 2025			
Commingled Fixed Income Portfolio	Fair Value	Weighted Average Maturity (Years)	Effective Duration (Years)
Opportunistic Credit Funds ⁽¹⁾	\$ 801,210,130	4.73	2.34

⁽¹⁾ This category consists of seventeen opportunistic Credit Funds managed by 400 Capital, Angelo Gordon (three funds), Beach Point, Brigade Capital Management, Blackrock (two funds), Comvest, Diameter, Eaton Vance, GoldenTree, One Williams Street, PIMCO (two funds) and White Oak (two funds).

Interest Rate Risk Analysis (Continued)

June 30, 2025

Investment Portfolio ⁽¹⁾	Fair Value	Weighted Average Maturity (Years)	Effective Duration (Years)
Asset Backed Securities	\$ 74,524,857	15.4	2.4
Collateralized Bonds	249,811	12.8	-0.2
Commercial Mortgage-Backed	39,258,295	22.1	2.3
Corporate Bonds	124,381,093	8.2	5.1
Government Agencies	9,937,539	10.1	6.1
Government Bonds	334,957,040	14.9	10.1
Government Mortgage-Backed Securities	250,035,781	24.1	6.2
Government Commercial Mortgage-Backed	11,766,960	26.2	4.0
Municipal/Provincial Bonds	4,109,564	12.7	7.8
Non-Government Backed CMOs	6,597,485	35.0	5.2
Total	\$ 855,818,425		

⁽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, 2025, is summarized in the table on the right.

S&P Quality Breakdown for Investment in Bonds

June 30, 2025

Credit Risk	Separately Managed Accounts	Commingled Management
AAA	1.7%	1.8%
AA	1.5%	4.1%
A	6.1%	2.9%
BBB	9.0%	16.5%
B	0.3%	18.9%
Not Rated	12.1%	55.8%
US Government Guaranteed	69.3%	0.0%
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, 2025, 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, 2025, 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. Per SamCERA's Investment Policy, SamCERA allows forward currency contracts and currency futures as defensive currency hedging to mitigate foreign currency risk on the portfolio. International equity and global bond managers are permitted to invest in authorized countries. The table below indicates the magnitude of risk for each foreign currency denominated in U.S. dollars. Foreign investments held within commingled fund vehicles are excluded from analysis below.

Foreign Currency Risk						
June 30, 2025						
Foreign Currency	Common Stock	Partnerships	Foreign Currency	Variation Margin	Pending FX Transactions	Total
Australian Dollar	\$ 6,269,026		\$ 9		\$ (2,973,842)	\$ 3,295,193
Brazilian Real	5,007,470					5,007,470
Canadian Dollar	14,313,047		14,303	\$ 73,721	(9,629,094)	4,771,977
Swiss Franc	30,540,403		(16)			30,540,387
HK Offshore Chinese Yuan Renminbi	7,872,082					7,872,082
Danish Krone	4,359,724		4			4,359,728
Euro	137,318,596	\$ 17,027,491	15			154,346,102
British Pound Sterling	97,792,132		125,624			97,917,756
Hong Kong Dollar	33,833,002					33,833,002
Indian Rupee	5,339,706		3			5,339,709
Japanese Yen	87,963,367		150,632		(30,879,663)	57,234,336
South Korean Won	3,809,104					3,809,104
Mexican Peso	2,665,472					2,665,472
Swedish Krona	23,379,637					23,379,637
Singapore Dollar	16,028,218					16,028,218
New Taiwan Dollar	21,250,291					21,250,291
Total	\$ 497,741,277	\$ 17,027,491	\$ 290,574	\$ 73,721	\$ (43,482,599)	\$ 471,650,464

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 occurs 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, 2025, the derivatives held an aggregate notional amount of \$202.1 million. The fair value of derivatives totaling -\$8.5 million is reported in the Statement of Fiduciary Net Position as part of the cash management overlay and liquidity. Changes in fair value during fiscal year 2025 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, 2025, is not material.

Investment Derivatives				
June 30, 2025				
Type of Derivatives	Notional Value	Fair Value		
		6/30/25	6/30/24	Change
Interest Rate Contract - Short	\$ (8,695,250)	\$ (4,528)	\$ 115,921	\$ (120,449)
Interest Rate Contract - Long	171,134,695	351,742	(187,890)	539,632
Foreign Exchange Contracts - Long	(6,185,322)	(8,967,113)	7,509,341	(16,476,454)
Equity Contracts - Long	45,849,858	106,679	(45,157)	151,836
Total	\$ 202,103,981	\$ (8,513,220)	\$ 7,392,215	\$ (15,905,435)

Interest Rate Risk – Derivatives. The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. An interest rate swap is an example whose fair value is highly sensitive to interest rate changes.

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, 2025, 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, 2025, on behalf of SamCERA, the securities lending agent lent SamCERA's securities to borrowers under the securities lending agreement. In return, SamCERA received cash and obligations issued or guaranteed by the U.S. government, or its agencies or instrumentalities. Borrowers were required to deliver collateral for each loan equal to (1) loaned securities denominated in U.S. dollars or sovereign debt issued by foreign governments, with a margin of at least 102% of the fair value of the loaned securities; and (2) loaned securities not denominated in U.S. dollars, or whose primary trading market was not located in the United States, with a margin of at least 105% of the fair value of the loaned securities. In addition, borrowers were required to maintain the designated margin percentage of collateral on a daily basis. SamCERA imposes the following restrictions on the loans that the securities lending agent makes on SamCERA's behalf:

- 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 Organization for Economic Cooperation and Development (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 lendable 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, 2025, the fair value of securities on loan reported and the total collateral held amounted to \$166.1 million and \$169.9 million (with \$147.2 million in cash collateral and \$22.7 million in non-cash collateral), respectively. The amount of collateral exceeded the amount of securities on loan by \$3.8 million. The securities on loan include U.S. equities, international equities, corporate fixed income, and U.S. Government fixed income. The cash collateral received on each loan was invested in a short-term investment pool, the Northern Trust Collective SL Core Short Term Investment Fund, managed by the securities lending agent. The average maturity of securities on loan was approximately 280 days as of June 30, 2025.

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 Northern Trust Collective SL Core Short Term Investment Fund (the Fund) which is not rated by credit rating agencies. The Fund is an investment vehicle for cash reserves that seeks to offer a competitive rate of return through a portfolio of high-grade, short-term, money market instruments. Principal preservation is the primary objective, with liquidity management also emphasized to provide for redemption of units on any business day. Admissions and withdrawals may be made at a constant \$1.0 net asset value. Interest is accrued and distributed monthly. The fund invests primarily in high quality securities. Within quality, maturity, and sector diversification guidelines, the Fund invests in those securities with the most attractive yields.

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, 2025, the Fund had an interest rate sensitivity of 15 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 66) is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

As of June 30, 2025, 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, 2025			
Investments by Fair Value Level	June 30, 2025	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
DEBT SECURITIES			
Asset Backed Securities	\$ 74,524,857		\$ 74,524,857
Collateralized Mortgage Obligations	6,847,300		6,847,300
Commercial Mortgage-Backed	39,258,295		39,258,295
Corporate Bonds	295,181,742		295,181,742
Government Agencies	9,937,539		9,937,539
Government Commercial Mortgage-Backed	11,766,960		11,766,960
Government Mortgage-Backed Securities	250,035,778		250,035,778
Municipal Bonds	4,109,564		4,109,564
US Government Securities	399,675,682		399,675,682
Total Debt Securities	<u>1,091,337,717</u>		<u>1,091,337,717</u>
EQUITY SECURITIES ⁽¹⁾			
Foreign Stocks	527,330,917	\$ 527,330,917	
US Common & Preferred Stock	140,453,269	140,453,269	
Total Equity Securities	<u>667,784,186</u>	<u>667,784,186</u>	
COMMINGLED FUNDS			
Domestic Equity Funds	1,242,827,955		1,242,827,955
International Equity Funds	615,769,545		615,769,545
International Bond Funds	69,877,880		69,877,880
Public Real Asset Funds	315,730,311		315,730,311
Total Commingled Funds	<u>2,244,205,691</u>		<u>2,244,205,691</u>
DERIVATIVES ⁽²⁾			
Foreign Exchange Contracts	(8,985,162)		(8,985,162)
COLLATERAL FROM SECURITIES LENDING			
	147,227,953	147,227,953	
Total Investments by Fair Value Level	<u>4,141,570,385</u>	<u>\$ 815,012,139</u>	<u>\$ 3,326,558,246</u>
Investments Measured at the Net Asset Value (NAV)			
Domestic Bond Funds	731,332,250		
Domestic Equity Funds	328,254,892		
International Equity Funds	87,596,056		
Real Estate Funds	520,021,656		
Absolute Return Funds	369,121,311		
Private Equity Funds	560,636,386		
Private Real Asset Funds	432,718,277		
Total Investments Measured at NAV	<u>3,029,680,828</u>		
Total Investments	<u>\$ 7,171,251,213</u>		
Derivatives ⁽³⁾			
Interest Rate Contract - Short	\$ (4,528)		\$ (4,528)
Interest Rate Contract - Long	351,742		351,742
Foreign Exchange Contracts - Long	(8,967,113)		(8,967,113)
Equity Contracts - Long	106,679		106,679
Total Derivatives	<u>\$ (8,513,220)</u>		<u>\$ (8,513,220)</u>

⁽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	6/30/2025	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Opportunistic Credit Funds ⁽¹⁾	\$ 731,332,250	\$ 121,794,718	Not Eligible	Not applicable
Domestic Equity Funds ⁽¹⁾	328,254,892		Monthly	10 days
International Equity Funds ⁽¹⁾	87,596,056		Monthly	10 days
Real Estate Funds ⁽²⁾	520,021,656	57,379,675	Quarterly, Not Eligible	45 days, Not applicable
Absolute Return ⁽³⁾	369,121,311		Monthly	30 days
Private Equity Funds ⁽⁴⁾	560,636,386	295,753,081	Not Eligible	Not applicable
Private Real Asset Funds ⁽⁴⁾	432,718,277	116,068,898	Not Eligible	Not applicable
Total	\$ 3,029,680,828	\$ 590,996,372		

⁽¹⁾ **Bond and Equity Funds.** This type includes seventeen 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 two real estate debt funds that originate 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 seven are ineligible for redemption.

⁽³⁾ **Absolute Return.** This strategy consists of four multi-strategy hedge funds/absolute return funds. One fund delivers efficient exposure to a well-diversified portfolio of hedge fund strategies. The second fund is an alternative risk premia strategy based on supply and demand constraints, behavioral biases, and asymmetric risk. The third fund is a large multi-factor strategy hedge fund focused on merger arbitrage. The fourth 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 twenty 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, 2025.

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

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.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2025, 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	<u>June 30, 2025</u>
Total pension liability	\$ 7,585,125,271
Less: Plan fiduciary net position	<u>(7,213,800,664)</u>
Employers' net pension liability	<u>\$ 371,324,607</u>
Plan fiduciary net position as a % of total pension liability	95.10%
Covered payroll ⁽¹⁾	\$724,883,699
Employers' net pension liability as a % of covered payroll	51.23%

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, 2025
Measurement date	June 30, 2025
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, 2025, 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)	Effective with the June 30, 2023 valuation, all outstanding UAAL layers were consolidated into a single layer and amortized over a 15-year period (fresh-start method) beginning July 1, 2024. Effective with June 30, 2024 valuation, new layers are established to amortize newly emerging gains and losses over their own 15-year closed period.
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⁽¹⁾ In accordance with GASB Statement No. 82, covered payroll is the payroll on which contributions are based.

⁽²⁾ Differ 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, 2025			
	1% Decrease 5.42%	Current Discount Rate 6.42%	1% Increase 7.42%
Total pension liability	\$ 8,665,107,267	\$ 7,585,125,271	\$ 6,705,946,509
Less: Fiduciary net position	(7,213,800,664)	(7,213,800,664)	(7,213,800,664)
Net pension liability	<u>\$ 1,451,306,603</u>	<u>\$ 371,324,607</u>	<u>\$ (507,854,155)</u>

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, 2025, are presented in the table below.

Reserves Required for Reporting Purposes by the 1937 Act	
June 30, 2025	
Valuation Reserves	
Member Reserve	\$ 1,072,636,856
Employer Advance Reserve	2,066,109,681
Retiree Reserve	1,695,891,994
Cost-of-Living Adjustment Reserve	1,977,964,974
County Supplementary Contribution Account Reserve	261,055,101
District Supplementary Contribution Account Reserve	1,525
Undistributed Earnings/Losses Reserve	(144,333,250)
Total Valuation Reserves	<u>6,929,326,881</u>
Contingency Reserve	69,924,088
Market Stabilization Account	<u>214,549,695</u>
Total Reserves (Fair Value of Net Assets)	<u>\$ 7,213,800,664</u>

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 $\pm 20\%$ 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 \$214.5 million as of June 30, 2025.

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 rate credited to the Member Reserve shall not be less than zero. The “assumed investment earnings rate” is the rate used to determine employer rates for the fiscal year in which the allocation is taking place.

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, 2023, the latest information available when preparing the administrative budget for fiscal year 2025.

Administrative Expenses for Fiscal Year Ended June 30, 2025 Compared to Actuarial Accrued Liability as of June 30, 2023				
Dollars In Thousands				
Actuarial accrued liability (AAL) as of June 30, 2023	\$ 7,035,641			(a)
Maximum allowed for administrative expenses (AAL*0.21%)	\$ 14,775			(b)
Operating budget for administrative expenses	\$ 8,713			(c)
Actual administrative expenses	\$ 8,091			(d)
Excess of allowed over actual administrative expenses	\$ 6,684			=(b) - (d)
Excess of budgeted over actual administrative expenses	\$ 622			=(c) - (d)
Actual administrative expenses as a percentage of actuarial accrued liability as of June 30, 2023				0.12% = (d)/(a)

The budget-to-actual administrative expenses for fiscal year 2025, prepared using the budgetary basis of accounting, are presented below.

Administrative Expenses (Budget vs. Actual)				
Fiscal Year Ended June 30, 2025				
Administrative Expenses	Budget	Actual	Under Budget	% of Budget Remaining
Salaries and benefits	\$6,390,046	\$6,119,966	\$ 270,080	4%
Services and supplies	2,322,709	1,971,251	351,458	15%
Total expenses	\$8,712,755	\$8,091,217	\$ 621,538	7%

Administrative Expenses (Budget vs. Actual)

Fiscal year ended June 30, 2025

	Budget	Actual	Under (Over) Budget	% of Budget Used
Salaries and Benefits				
Salaries	\$ 4,488,711	\$ 4,209,269	\$ 279,442	94%
Benefits	1,901,335	1,910,697	(9,362)	100%
Total Salaries and Benefits	6,390,046	6,119,966	270,080	96%
Services and Supplies				
Board Expenses	8,000	5,600	2,400	70%
Insurance	120,000	178,711	(58,711)	149%
Medical Record and Hearing Services	125,000	102,950	22,050	82%
Member Education	70,000	61,545	8,455	88%
Education and Conference	149,562	122,272	27,290	82%
Transportation and Lodging	159,753	84,755	74,998	53%
Property and Equipment	55,800	37,603	18,197	67%
General Office Supplies	40,000	30,113	9,887	75%
Postage and Printing	25,000	30,414	(5,414)	122%
Leased Facilities	767,742	717,712	50,030	93%
County Services	643,752	451,569	192,183	70%
Audit Services	64,800	65,481	(681)	101%
Other Administration	93,300	82,526	10,774	88%
Total Services and Supplies	2,322,709	1,971,251	351,458	85%
Total	\$ 8,712,755	\$ 8,091,217	\$ 621,538	93%

Reconciliation of Administrative expenses between budgetary basis and accrual basis

Total Administrative expenses (Budgetary Basis)	\$ 8,091,217
Net amortized lease expense	(1,672) ⁽¹⁾
Total expenses (Accrual Basis)	\$ 8,089,545

(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 \$1,672 between the above schedule and the Statement of Changes in Fiduciary Net Position.

Salaries and benefits. Actual expenses for salaries and benefits were \$6.1 million, slightly below projections by 4%.

- **Salaries** were slightly below budget by 6%. The Retirement Technology Officer position remained unfilled until mid-September 2024. Additionally, actual costs on extra help and experience pay were less than anticipated.
- **Benefits** were marginally over budget by \$9,362 since the employer's federal payroll taxes to fund Social Security and Medicare benefits were slightly above estimations.

Services and Supplies. Total expenses were \$2.0 million, moderately below budget by 15%.

Areas where actual expenses were modestly or significantly above projections are discussed below.

- **Insurance.** Fiduciary liability exposure increased as SamCERA's portfolio grew and became more complex. As a result, Staff adopted the insurance broker's recommendation to increase

the overall fiduciary insurance coverage from \$15 million to \$20 million. This decision caused a proportional increase in insurance premiums.

- **Postage and Printing.** To enhance the ongoing interaction with members, Staff ordered extra copies of calendar planners and published an additional newsletter (three editions in fiscal year 2025 vs. two in fiscal year 2024) for distribution to members. Both were unanticipated and not included in the budget.

Areas where actual expenses were modestly or significantly below budget are discussed below.

- **Medical Record and Hearing Services.** The total number of disability cases that required independent medical examinations, reviews, and/or hearings has dropped significantly to 18 cases for fiscal year 2025 from 41 cases for fiscal year 2024 (in which conscientious efforts were deliberately directed to clear the backlog from prior years).
- **“Education and Conference” and “Transportation and Lodging”.** Staff and trustees did not attend all seminars and conferences that were budgeted for, and that triggered a domino effect on associated transportation and lodging outlays.
- **Property and Equipment.** The purchase of certain ergonomic furniture was not executed as planned. In addition, the usage cost of a copier was less than anticipated under a new agreement with Toshiba Business Solutions.
- **General Office Supplies.** The need to replenish office essentials fell short of expectations as the journey towards a paperless environment continues.
- **Leased Facilities.** SamCERA received a total rental credit of \$21,851 after the property management company completed its true-up calculations on SamCERA’s pro rata share of common area maintenance and property tax charges. In addition, the amount budgeted for tenant improvements has not been utilized.
- **County Services.** The actual charge from the County cost allocation plan for fiscal year 2025 was much lower than anticipated. To meet its business needs, SamCERA obtains services from multiple County departments, such as the Election Office, Human Resources, and the Information Services Department. Indirect costs of such services are separately determined through the County Cost Allocation Plan and passed onto departments receiving services. Additionally, the budgets allocated for certain County services were not fully depleted as demands were below projections.
- **Other Administration.** The residual budget was intended to defray designs for the potential office relocation, which did not transpire as anticipated since the relocation plan had been suspended. On a side note, majority of the budget for this category was allocated to finance legal services from private counsels specializing in disability and tax matters, which turned out closely in line with projections.

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. About 58% of the budget (or \$0.8 million) was strategically utilized during fiscal year 2024-25. The following table shows the budget-to-actual analysis of technology expenses, prepared using the budgetary basis of accounting. Areas where actual expenses were significantly under budget are as follows:

Information Technology Expenses (Budget vs. Actual)				
Fiscal Year Ended June 30, 2025				
	Budget	Actual	Under Budget	% of Budget Remaining
Computer equipment and software	\$ 25,000	\$ 19,130 ^a	\$ 5,870	23%
IT infrastructure - software license maintenance	753,200	623,948 ^b	129,252	17%
IT infrastructure - tools and equipment	225,000	6,432	218,568	97%
IT infrastructure - contract IT services	328,000	142,632 ^c	185,368	57%
IT infrastructure - imaging	25,000	-	25,000	100%
Technology research and development	9,000	3,418	5,582	62%
Total expenses	\$ 1,365,200	\$ 795,560	\$ 569,640	42%

Reconciliation of IT expenses between budgetary basis and accrual basis

Total expenses (Budgetary Basis)	\$ 795,560
Expenses reclassified to capital assets	(5,787) ^a
Expenses reclassified to prepaid expenses	(404,562) ^b
Expenses reclassified to capital assets	(2,500) ^c
Depreciation/Amortization	863,739 ^d
Prior year prepaid expenses reclassified to expenses	376,625
Total expenses (Accrual Basis)	\$ 1,623,075

^a A \$5,787 folding machine was reclassified and reported as capital assets in the Statement of Fiduciary Net Position as of June 30, 2025, for financial reporting purposes.

^b A total of \$404,562 prepayment, which was made in exchange for technical support from the pension system vendor with a bulk discount, was reclassified and reported as prepaid expenses in the Statement of Fiduciary Net Position as of June 30, 2025.

^c A \$2,500 website development cost was reclassified and reported as capital assets in the Statement of Fiduciary Net Position as of June 30, 2025.

^d Depreciation/amortization of \$863,739 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, 2025.

- **Computer Equipment and Software.** Staff invested in targeted tools that enhance operating efficiency, including a tri-fold machine, a microcomputer, a desktop scanner, and a cloud communication platform. The appropriation for “unforeseen” software was ultimately not utilized.

- **IT Infrastructure – Software License Maintenance.** Actual costs for the following services fell short of expectations:
 - For Relational Database Service and Elastic Compute Cloud by Amazon Web Services, prepayments were made in prior fiscal year through November 2025.
 - For digital deployment on platforms and websites, actual costs were lower than expected.
 - For virtualization and cloud computing by VMware, prepayments were made in prior fiscal year through July 2026.
- **IT Infrastructure – Tools & Equipment Maintenance.** The infrastructure expansion project was intentionally deferred to align with long-term usability and disaster recovery planning. This preserves flexibility and ensures resources can be deployed at the optimal time.
- **IT Infrastructure – Contract IT Services.** Nearly half of the budget amount was not utilized as certain projects have been deferred or are underway. Cybersecurity enhancements and portal development are progressing, while the audio and video upgrades were rescheduled to align with broader modernization efforts. Importantly, some projects were completed under budget, reflecting cost efficiency.
- **IT Infrastructure – Imaging.** The budget has remained intact as staff are reassessing available solutions, ensuring that the selected approach will align seamlessly with existing workflows and long-term document management practices.
- **Technology Research and Development (R&D).** The R&D budget provides staff with opportunities to explore new technologies that may enhance operational efficiency and member services. The budget was not fully utilized as priorities were given to time-sensitive projects.

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 separately purchased a 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 \$20.0 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, 2025, SamCERA had a total “uncalled capital” of \$591.0 million with \$295.7 million in private equity investments, \$116.1 million in private real asset investments, \$57.4 million in real estate investments, and \$121.8 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 litigations are adjudicated or reported. As for unasserted claims, future writs of mandates could be filed to reverse the Board’s decisions on disability matters.

Note 15: Subsequent Event

SamCERA has evaluated events through October 23, 2025, which is the date the financial statements were issued. On August 26, 2025 subsequent to the balance sheet date, the Board approved a \$15.0 million capital commitment to a venture capital fund within SamCERA’s Growth portfolio. This nonrecognized subsequent event did not require adjustment to the amounts reported in the accompanying financial statements.

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	2025	2024	2023	2022	2021
Total Pension Liability					
Service cost	\$ 146,887,431	\$ 138,093,629	\$ 127,087,071	\$ 127,053,592	\$ 120,103,792
Interest on total pension liability	464,477,071	440,491,643	408,627,062	390,243,837	376,951,077
Effect of assumption changes or inputs	-	-	158,032,502	-	190,798,284
Effect of economic/demographic gains	59,912,246	118,764,020	104,095,708	60,711,252	3,782,768
Benefit payments and refund of contributions	(342,885,351)	(322,508,198)	(302,829,608)	(280,909,528)	(262,151,934)
Net change in total pension liability	328,391,397	374,841,094	495,012,735	297,099,153	429,483,987
Total pension liability, beginning	7,256,733,874	6,881,892,780	6,386,880,045	6,089,780,892	5,660,296,905
Total pension liability, ending (a)	\$ 7,585,125,271	\$ 7,256,733,874	\$ 6,881,892,780	\$ 6,386,880,045	\$ 6,089,780,892
Fiduciary Net Position					
Employer contributions	\$ 239,302,401	\$ 185,572,103	\$ 248,938,203	\$ 249,946,179	\$ 265,002,472
Member contributions	88,535,780	82,330,650	77,666,128	73,967,823	73,966,484
Investment income (loss) net of investment expenses	756,868,187	540,652,056	341,245,832	(366,626,155)	1,133,176,546
Benefit payments and refund of contributions	(342,885,351)	(322,508,198)	(302,829,608)	(280,909,528)	(262,151,934)
Administrative and technology expenses	(9,712,620)	(9,396,844)	(9,652,501)	(8,789,823)	(8,409,931)
Net change in fiduciary net position	732,108,397	476,649,767	355,368,054	(332,411,504)	1,201,583,637
Fiduciary net position, beginning	6,481,692,267	6,005,042,500	5,649,674,446	5,982,085,950	4,780,502,313
Fiduciary net position, ending (b)	\$ 7,213,800,664	\$ 6,481,692,267	\$ 6,005,042,500	\$ 5,649,674,446	\$ 5,982,085,950
Net pension liability, ending = (a) - (b)	\$ 371,324,607	\$ 775,041,607	\$ 876,850,280	\$ 737,205,599	\$ 107,694,942
Fiduciary net position as a % of total pension liability	95.10%	89.32%	87.26%	88.46%	98.23%
Covered payroll ⁽¹⁾	\$ 724,883,699	\$ 676,865,990	\$ 631,144,281	\$ 611,956,610	\$ 600,368,542
Net pension liability as a % of covered payroll	51.23%	114.50%	138.93%	120.47%	17.94%

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

Note:

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 recommendation to use the same assumptions adopted in 2023 for the valuation as of June 30, 2024.

In 2025, the Board adopted the actuary's recommendation to make no changes to the existing assumptions when conducting the 2025 valuation.

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

Fiscal Years Ended June 30	2020	2019	2018	2017	2016
Total Pension Liability					
Service cost	\$ 119,882,786	\$ 108,644,383	\$ 107,738,142	\$ 96,411,681	\$ 96,308,679
Interest on total pension liability	356,056,094	336,260,838	319,776,913	306,404,154	290,843,506
Effect of assumption changes or inputs	12,726,983	167,870,889	-	147,541,839	85,538,873
Effect of economic/demographic gains	78,235,977	91,316,336	27,753,956	4,834,605	17,875,272
Benefit payments and refund of contributions	(245,821,142)	(227,185,123)	(209,054,603)	(193,240,280)	(182,863,698)
Net change in total pension liability	321,080,698	476,907,323	246,214,408	361,951,999	307,702,632
Total pension liability, beginning	5,339,216,207	4,862,308,884	4,616,094,476	4,254,142,477	3,946,439,845
Total pension liability, ending (a)	\$5,660,296,905	\$5,339,216,207	\$4,862,308,884	\$4,616,094,476	\$ 4,254,142,477
Fiduciary Net Position					
Employer contributions	\$ 198,582,998	\$ 245,498,411	\$ 207,256,713	\$ 198,727,135	\$ 191,094,488
Member contributions	70,630,765	67,695,627	64,204,278	62,160,101	56,068,706
Investment income (loss) net of investment expenses	42,392,222	271,691,483	280,146,398	436,675,706	29,299,764
Benefit payments and refund of contributions	(245,821,142)	(227,185,123)	(209,054,603)	(193,240,280)	(182,863,698)
Administrative and technology expenses	(8,392,465)	(8,551,977)	(7,293,262)	(7,009,169)	(6,687,091)
Net change in fiduciary net position	57,392,378	349,148,421	335,259,524	497,313,493	86,912,169
Fiduciary net position, beginning	4,723,109,935	4,373,961,514	4,038,701,990	3,541,388,497	3,454,476,328
Fiduciary net position, ending (b)	\$4,780,502,313	\$4,723,109,935	\$4,373,961,514	\$4,038,701,990	\$ 3,541,388,497
Net pension liability, ending = (a) - (b)	\$ 879,794,592	\$ 616,106,272	\$ 488,347,370	\$ 577,392,486	\$ 712,753,980
Fiduciary net position as a % of total pension liability	84.46%	88.46%	89.96%	87.49%	83.25%
Covered payroll⁽¹⁾	\$ 593,295,084	\$ 554,734,196	\$ 535,937,622	\$ 510,132,014	\$ 472,384,955
Net pension liability as a % of covered payroll	148.29%	111.06%	91.12%	113.18%	150.88%

⁽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.

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

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	Actual Employer Contribution	
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%	2
2024	175,572,103	185,572,103	(10,000,000)	676,865,990	25.94%	27.42%	4
2025	189,302,401	239,302,401	(50,000,000)	724,883,699	26.11%	33.01%	4

- ¹ In accordance with GASB Statement No. 82, covered payroll is the payroll on which contributions are based.
- ² In 2014, the San Mateo County Board of Supervisors implemented a policy (effective through 2023) to accelerate the elimination of the County UAAL. Contributions more than the Actuarially Determined Contribution through 2023 are related to that policy except as noted in footnote 3.
- 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 Discretionary contributions more than the Actuarially Determined Contribution were made by San Mateo County.

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					
	2025	2024	2023	2022 ³	2021 ²
Annual money-weighted rate of return, net of investment manager expenses¹	10.61%	9.12%	5.12%	-4.51%	24.29%
	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment manager expenses¹	-0.26%	5.26%	6.53%	12.48%	0.49%

Note: The time-weighted rate of return for fiscal year 2025 was 10.56%, 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, 2025, are determined by the actuarial valuation as of June 30, 2023. Details of actuarial methods and assumptions selected for the 2023 valuation are summarized on page 84.

Changes in Assumptions

In June 2014, the Board of Retirement (the Board) approved the actuary's recommendation to change 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 the 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 the employer contribution rate, small decreases in the member contribution rates for Plan 7, and small increases in the 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 the 2023 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%.

In April 2025, the Board adopted the actuary’s recommendation to make no changes to the existing assumptions that were used for the 2024 valuation.

Below is a summary of methodologies and assumptions employed for the 2023 valuation. The results from this valuation were used to determine contribution rates for participating employers and members effective from July 1, 2024.

Actuarial Valuation as of June 30, 2023 (For Funding Purposes)	
Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll
Amortization Period	Unfunded accrued actuarial liability (UAAL) as of June 30, 2008, is amortized over a closed 15-year period ended June 30, 2023. Effective with the June 30, 2023 valuation, 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.
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, 2023 actuarial valuation report for details.
Retirement	See June 30, 2023 actuarial valuation report for details.
Disablement	See June 30, 2023 actuarial valuation report for details.
Mortality	See June 30, 2023 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, 2025

Salaries and Benefits

Salaries	\$ 4,209,269
Benefits	1,910,697
Total Salaries and Benefits	<u>6,119,966</u>

Services and Supplies

Board Expenses	5,600
Insurance	178,711
Medical Record and Hearing Services	102,950
Member Education	61,545
Education and Conference	122,272
Transportation and Lodging	84,755
Property and Equipment	37,603
General Office Supplies	30,113
Postage and Printing	30,414
Leased Facilities	716,040
County Services	451,569
Audit Services	65,481
Other Administration	82,526
Total Services and Supplies	<u>1,969,579</u>
Total Administrative Expenses	<u>\$ 8,089,545</u>

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, 2025

Computer equipment and software	\$ 13,343
IT infrastructure - software license maintenance	596,011
IT infrastructure - tools and equipment	6,432
IT infrastructure - contract IT services	140,132
Technology research and development	3,418
Depreciation/amortization	863,739
Total Information Technology Expenses	<u>\$ 1,623,075</u>

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

Schedule of Investment Expenses	
Fiscal Year Ended June 30, 2025	
Investment Management Fees (by Asset Class)	
Public Equity	\$ 8,473,637
Fixed Income	14,671,090
Alternatives	31,906,859
Inflation Hedge	19,615,584
Cash Overlay	1,324,072
Liquidity	<u>241,704</u>
Total Investment Management Fees	<u>76,232,946</u>
Other Investment Expenses	
Investment Consultant	626,731
Actuarial Consulting	120,750
Master Custodian	265,732
Other Professional Services	<u>99,125</u>
Total Other Investment Expenses	<u>1,112,338</u>
Other Investment Related Expense	18,155,528
Interest Paid on Prepaid Contributions	<u>4,033,180</u>
Total Investment Expenses	<u>\$ 99,533,992</u>

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)	
For the Fiscal Year Ended June 30, 2025	
Custodian Services	
Northern Trust Corporation	\$ 265,733
Actuarial Consulting Services	
Milliman, Inc.	120,750
Audit Services⁽¹⁾	
Brown Armstrong Accountancy Corporation	65,481
Other Professional Services	<u>99,125</u>
Total Payments to Consultants	<u>\$ 551,089</u>

(1) Audit fees were included 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 as 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 as 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."

OTHER INFORMATION

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, 2025

Employer	Deferred Outflows of Resources				Deferred Inflows of Resources				Pension Expense Excluding That Attributable to Employer-Paid Member Contributions		
	Differences Between Expected and Actual Experience	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Net Differences Between Actual and Projected Investment Earnings	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Net Differences Between Actual and Projected Investment Earnings	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Proportionate Share of Contributions	Total Deferred Resources	Proportionate Share of Pension Expense	Net Amortization of Deferred Amounts from 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	\$ 124,858,341	\$ 37,846,511	\$ 37,846,511	\$ 2,857,059	\$ 199,631,396	\$ 831,497	\$ 200,462,893	\$ 129,477,004	\$ 544,838	\$ 130,021,842	\$ 355,707,621
San Mateo County Superior Court	4,912,035	1,488,914	1,488,914	332,378	7,853,671	2,829,343	10,683,014	5,093,737	(784,205)	4,309,532	13,993,845
San Mateo County Mosquito & Vector Control District	569,745	172,699	172,699	504,215	910,944	32,812	943,756	590,821	239,367	830,188	1,623,141
Total	\$ 130,340,121	\$ 99,508,124	\$ 99,508,124	\$ 3,693,652	\$ 208,396,011	\$ 3,693,652	\$ 212,089,663	\$ 135,161,562	\$ -	\$ 135,161,562	\$ 371,324,607

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, 2025				
Employer	Actual Employer Contributions	Actuarially Determined Contributions	Employer Proportionate Share ¹	Net Pension Liability
County of San Mateo	\$231,340,815	\$181,340,815	95.7942%	\$ 355,707,621
San Mateo County Superior Court	7,134,104	7,134,104	3.7686%	13,993,845
San Mateo County Mosquito & Vector Control District	827,482	827,482	0.4372%	1,623,141
Total	\$239,302,401	\$189,302,401	100.0000%	\$ 371,324,607

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, 2025, and (4) GASB Statement No. 68 Actuarial Valuation based on a June 30, 2025, Measurement Date for Employer Reporting as of June 30, 2025, 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, 2025, 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, 2024 (the beginning of the measurement period ended June 30, 2025).

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, 2025, 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.

Built to Withstand

INVESTMENT SECTION



Our investment program is designed with resilience in mind — to weather market fluctuations and economic shifts while continuing to grow the assets that secure our members' retirements. This section demonstrates how our portfolio is built to withstand challenges and adapt to changing conditions, reinforcing the enduring strength of our foundation through disciplined strategy, diversification, and a focus on long-term results.



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, 2025. 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 \$7.214 billion as of June 30, 2025, as the net combination of portfolio appreciation and contributions, less total deductions (i.e., benefits paid, administrative expense, etc.), added approximately \$732 million to the fund.

SamCERA's portfolio returned 10.6% net of investment management fees for the fiscal year ended June 30, 2025, higher than SamCERA's assumed earnings rate of 6.25%, but slightly underperforming SamCERA's policy benchmark return of 10.9%. This fiscal-year performance resulted in above median performance relative to SamCERA's peers, as defined by large (greater than \$1 billion in assets) public plans. Table One below shows net performance characteristics for the total fund over 1, 3, 5, and 10- year trailing periods ended June 30, 2025.

Table One: SamCERA Total Fund Net Performance Characteristics Ended June 30, 2025

	1 Year	3 Years	5 Years	10 Years
SamCERA Return	10.6%	8.3%	8.6%	6.8%
Benchmark Return	10.9%	9.7%	9.3%	7.5%
Excess Return	-0.3%	-1.4%	-0.7%	-0.7%
Peer Rank Return (Percentile)	42nd	71st	63rd	69th
SamCERA Risk (Standard Deviation)	4.7	6.7	7.0	7.5
Benchmark Risk (Standard Deviation)	4.6	7.8	7.8	7.9
Peer Median Risk (Standard Deviation)	5.3	8.1	8.5	8.2
SamCERA Sharpe Ratio	1.2	0.6	0.8	0.7
Benchmark Sharpe Ratio	1.3	0.7	0.8	0.7
Peer Median Sharpe Ratio	1.0	0.6	0.7	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 both the policy benchmark and the median plan over longer time horizons (though risk was slightly higher over the past year). Taken together, the more significant underperformance during more recent periods resulted in lower risk-adjusted returns over the one and three-year periods, while SamCERA’s risk-adjusted return matched over longer-term periods (five and ten years). Relative to the median plan, the portfolio either matched or had a higher risk-adjusted return over all historical 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, 2025.

Table Two: SamCERA Composite Net Performance for Trailing Year Ended June 30, 2025				
Composite	Allocation (%)	Composite Return	Benchmark Return	Excess Return
Growth	60.1	13.9%	13.6%	0.3%
Diversifying	17.8	5.2%	6.3%	-1.1%
Inflation Hedge	17.6	6.4%	8.5%	-2.1%
Liquidity	4.5	5.3%	5.7%	-0.4%

All four composites had positive returns for the fiscal year. Growth was by far the best performing composite and returned 13.9%, while Diversifying returned 5.2% and was the lowest returning composite. Inflation Hedge returned 6.4%, while Liquidity returned 5.3%.

One of the composites had positive relative returns compared to its respective benchmark, with Growth outperforming by 0.3%. Inflation Hedge had the largest underperformance at -2.1%, followed by Diversifying underperforming its benchmark by -1.1%.

Market Review

The U.S. economy has continued to show impressive resiliency, especially the job market, in the face of elevated geopolitical and policy uncertainty, particularly in the second half of the fiscal year. This economic backdrop allowed the general equity market to post strong returns on the back of solid earnings, AI enthusiasm, and expectations of interest rate cuts by the Federal Reserve.

After much anticipation, the U.S. Federal Reserve began its rate cutting cycle during the year, beginning with a 50-basis point cut to their Fed Funds target in September 2024, followed by cuts of 25 basis points each in November and December. All told the Fed Funds target was lowered 100 basis points from a 5.5% upper target (which was the highest rate in over 22 years) to a 4.5% upper target.

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. The year-over-year percent change in the U.S. Consumer Price Index for All Urban Consumers (CPI-U) was 2.7% as of the end of the fiscal year, which was a bit lower from the 3.0% increase seen in June 2024. 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 15.3%. Large-capitalization stocks in the U.S. (as measured by the Russell 1000 Index) were higher by 15.7%, while smaller-capitalization stocks (as measured by the Russell 2000 Index) were higher by 7.7%.

International equity markets also increased during the fiscal year and had higher returns than U.S. equity markets. The developed international equity market, as measured by the MSCI EAFE, was up 17.7%, while emerging market equity, as measured by the MSCI Emerging Markets Index, returned 15.3%.

Turning to fixed income, the broad U.S. bond market (as measured by the Bloomberg Barclays U.S. Aggregate Index) returned 6.1% on the year as interest rates fell, although there was substantial interest rate volatility during the fiscal year as market participants adjusted to policy changes and expectations for rate cuts throughout the year. For example, the 10-year rate ended last fiscal year at 4.36%. It reached a low of just over 3.6% in September 2024 and then rose to a high of just under 4.8% in January 2025, before drifting back down to 4.23% by year end. As previously mentioned, the Federal Reserve cut their Fed Funds target rate by 100 basis points during the year. This resulted in a bull steepener yield curve in which interest rates fall across the yield curve, but shorter-term rates fall more sharply than longer-term rates. For longer-duration bonds, concerns about the U.S. government rising debt levels resulted in U.S. Treasury investors requiring a higher term premium to invest in longer-maturity bonds compared to shorter-maturity bonds.

Portfolio Activities / Changes

In November, the Board approved a new asset allocation policy. First the Board approved partially replenishing the cash flow match pool to include a portion of fiscal year 2028’s net cash flows. This required contributing \$35 million to our cash flow-matched account, which is expected to meet the net benefit payments for fiscal years 2025, 2026, 2027, and partially for 2028. Importantly this required no change to the cash-flow match target allocation as we were currently below target.

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.

Additionally, while the new policy has no allocation changes at the primary performance driver composite level (Growth, Diversifying, Inflation Hedge, and Liquidity), the Board approved two changes within the public equity portion of the Growth category. First, the low volatility target allocation was removed, and second, the U.S. Equity/International Equity split has been adjusted so that U.S. Equity comprises 60% of total public equity (up from 55% previously).

SamCERA’s Asset Allocation Policy is shown below:

Asset Allocation Policy: Performance Driver

	Current Policy
Growth	59.0%
Public Equity	41%
Private Equity *	7%
Opportunistic Credit	11%
Diversifying	18.5%
Core Fixed Income	12.5%
Absolute Return	6.0%
Inflation Hedge	17.0%
Real Estate	9.0%
Private Real Assets	5.0%
Public Real Assets	3.0%
Liquidity	5.5%
Cash Equivalents	1.0%
Cash Flow Matched	4.5%

* Long-term target is 8%.

Turning to portfolio activities, in the Growth category, we continued building out and further diversifying our opportunistic credit portfolio. First, we added a new \$60 million multi-strategy credit strategy, funded via a combination of rebalancing from other opportunistic credit managers (\$40 million) and the balance from cash (\$20 million). In addition, we also committed \$100 million to two additional opportunistic credit strategies. We committed \$60 million to a long global credit-oriented fund and committed \$40 million to an asset-based private credit strategy. In private equity, SamCERA made commitments worth \$100 million to four new private equity partnerships. SamCERA has \$922.5 million in total commitments in its private equity program across venture capital, buyouts, and special situations.

Within the Diversifying category, we committed \$70 million to a fundamental global multi-strategy style fund to our absolute return portfolio to help diversify our existing quantitative managers.

In the Inflation Hedge category, SamCERA didn't make any new commitments in its private real assets program, keeping total commitments to \$503.4 million. In real estate, SamCERA made a \$35 million commitment to a value-added real estate manager within the real estate portfolio, and a \$30 million commitment to an existing open-end core fund.

Conclusion

The portfolio's strong absolute performance for the fiscal year is satisfying given the extreme levels of episodic volatility, driven in large part by policy uncertainty around tariffs and the changing of the international economic order. SamCERA was prepared for this volatility, with our primary emphasis on risk control and focus on liquidity to take advantage as opportunities arise. Finally, as always, we will use our long-term investment policy to guide us through these dynamic times.

Respectfully Submitted,



Michael Coultrip
Chief Investment Officer
September 25, 2025

INVESTMENT CONSULTANT'S REPORT ON INVESTMENT ACTIVITIES



September 30th, 2025

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

Dear Board Members:

2025 Summary

Risk assets delivered strong performance over the past year, bringing global equities to +16.2% (MSCI ACWI Index). Fixed income assets also finished with strong positive performance, as spreads narrowed and treasury yields moved lower. During this period, markets delivered a bumpy ride throughout elections and a change in U.S. administration, shifting trade policy and tariff announcements which contributed to an April selloff following "Liberation Day", and some Treasury yield volatility due to uncertainty on timing of Federal Reserve rate cuts and fears around the nation's fiscal path. Although investors had expected domestic economic growth to slow in 2025, that slowing has so far proven more moderate than many had feared despite initial tariff concerns. Inflation did not reach the Federal Reserve's 2% goal, but showed some progress, now fluctuating in a 2.5%-3.0% range. Tariff-driven price increases were observed in specific categories but have so far not been broadly impactful. We expect sticky inflation and generally stronger-than-expected economic conditions to result in fewer rate cuts from the Federal Reserve and a higher-for-longer interest rate environment. The full economic effects of shifting trade policy will likely not be known until later in the year and into 2026.

International equities outperformed U.S. equities, though most of this outperformance was due to currency movements as the dollar fell sharply in the first half of 2025. Outperformance became particularly significant following the April market selloff, but a surprisingly strong rebound from U.S. equities has helped recoup much of that margin.

U.S. Equity

Domestic equities underperformed over the past year (S&P 500 +15.2% vs. MSCI ACWI ex-US +17.7%). Equity gains have been narrow, with a handful of mega-cap stocks propelling the index higher. Forward P/E multiples climbed back to high levels, driven by earnings momentum in mega-cap growth stocks, and S&P 500 dividend yield fell to a historic low of 1.3%. Sentiment around artificial intelligence boosted long-term expectations for growth and contributed to investor enthusiasm despite lofty index valuations. A corporate productivity boom fueled by artificial intelligence investments may provide a path to further strong market gains despite elevated valuations, already high profit margins, higher cost of debt, and a moderation of economic growth.

Many investors have attributed this effect to trade policy—specifically aggressive U.S. trade negotiations with a wide variety of trading partners. This presents the U.S. with more trade friction and greater risks to its economy relative to its trading partners that each face trade negotiations with only a single country. During the April selloff, questions circulated around whether U.S. exceptionalism had ended and that non-U.S. assets were set for a comeback.

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However, this story faded after U.S. markets roared back to new highs in the subsequent months.

International Equity

International developed outperformed U.S. equities over the past year (MSCI EAFE +17.5%), but this was largely due to currency effects from dollar depreciation. European equities led the way among other regions (MSCI Euro +22.2%) during that period, with Germany (MSCI Germany +41.1%) showing impressive gains on optimism that relaxation of government debt limits and stimulus programs could kickstart a new wave of growth via more rapid industrial production and reinvestment.

Emerging market equities also outperformed the U.S. very slightly (MSCI EM +15.3%) fueled by a bounce back in Chinese markets (MSCI China +34.1%). However, despite this rally, Chinese equities remain a significant detractor from emerging market performance over the longer-term, as demonstrated by China's -31% total underperformance over the past 10 years relative to the rest of the emerging markets complex (MSCI EM ex-China).

Fixed Income

The 10-year U.S. Treasury yield continues to hover around 4.2%, although yields moved in a very wide range from slightly below 4.0% following April's selloff to 4.6% after Moody's downgraded the U.S. credit rating and fears circulated around the country's fiscal path.

The Federal Reserve kept rates steady again in June in a target range of 4.25%-4.50%, expressing concerns about possible inflationary impacts of tariffs. Chair Jerome Powell at the meeting said that policymakers are "well positioned to wait" and that there were few signs of economic weakening. Markets are pricing in two rate cuts by the end of 2025, while the U.S. yield curve has returned to an upward sloping shape—the steepest since early 2022 when the Federal Reserve began quickly hiking interest rates. The 10-year U.S. Treasury yield was 0.6% higher than the 2-year yield as of June 30th. President Trump continued to place pressure on Jerome Powell to cut rates, and discussions are underway for electing a new Fed chairman in 2026.

Fixed income assets delivered high single-digit returns over the past year as medium- and shorter-term Treasury yields moved lower and credit spreads tightened. Core fixed income showed a +6.7% return (Bloomberg U.S. Aggregate) while high yield bonds returned +10.4% (Bloomberg U.S. Corporate High Yield). Despite increased borrowing costs, credit default activity has remained muted with no defaults occurring in June, which was only the third instance of no monthly defaults since 2022. Loans continued to surpass bonds in both default and distressed activity. High yield bond default rates rose 21 bps to 1.4% during Q2, well below the long-term annual average of over 3.0%. Loan default rates, by comparison, dropped slightly to 3.8%. High yield credit spreads tightened from 3.2% to 2.9% while investment grade spreads narrowed from 0.9% to 0.8%.

Commodities

The Bloomberg Commodity Index delivered robust returns over the past year, up +5.8%. Gold and Copper delivered an incredible rally during the period, followed by Natural Gas. Central bank purchases, easing global monetary policy, and geopolitical tensions were likely tailwinds to gold prices, as well as the concern around fiscal situations of various global governments.

Verus⁷⁷

2

Commodity futures curves have been in backwardation recently which has allowed for more positive total returns from the asset class.

Currency

In a reversal of 2024 trends, a depreciating U.S. dollar resulted in very significant volatility and gains for investors without a currency-hedging program in place. The dollar has fallen approximately -10% year-to-date which contributed to a +11.6% return to international developed equities (MSCI EAFE). Over the fiscal year ending June 30th, unhedged currency exposure added +7.4% to international developed equity returns and +2.3% to emerging market equities (MSCI EM). While it is difficult to attribute currency movements to individual causes, it is reasonable to assume that shifting trade policy, a weakening economy, and expectations for Federal Reserve rate cuts have had an impact on the recent dollar path.

Private Equityⁱ

Private markets have broadly faced a period of underperformance or mild outperformance relative to public markets, though this poor performance is mostly unrealized given the long-term nature of private markets. Direct private equity funds outperformed public markets by only +0.6% annualized over the past five years and +1.2% annualized over the past decade, ending December 31st (FTSE U.S. Direct Private Equity vs. Russell 3000 on a PME basis) while private real estate returns outperformed REITs by +0.1% annualized over the past five years and +2.3% annualized over the past decade (FTSE U.S. Real Estate Index vs. Wilshire REIT Index on a PME basis). Private natural resource funds outperformed the public market index by +0.6% annualized over the past five years and underperformed by -0.9% annualized over the past decade (FTSE Global Natural Resources vs. MSCI World Natural Resources on a PME basis).

If the very strong rally in public markets were to moderate, this could bring private asset performance more in line with historical trends. We continue to believe that private market investments offer structural advantages that will deliver for investors over a longer-term period.

Private equity outperformed public equity (+14.0% versus +10.3% for the Russell 3000 Index PME) for the year ending March 31st, on a public market equivalent basis. Fundraising has slowed, with approximately \$193 billion raised in Q1 across global private equity markets compared to \$225 billion raised over the same period during 2024. Deal count was substantially less, at 296 relative to 445 during the same period last year. In 2024, funds in the quickest top quartile were raised in 11.1 months. In 2024, this sped up to 9.0 months. The median fund took 18.7 relative to 19.1 months the year prior.

Private Creditⁱⁱ

Private credit returned +10.2% for the year ending March 31st. A majority of this return is attributable to income, given that private loans have floating rate coupons. This compared to a +7.7% return from U.S. high yield bonds (Bloomberg U.S. High Yield Index) and +7.0% return from bank loans (S&P UBS Leveraged Loans).

Fundraising in closed-end vehicles rebounded substantially, at \$68.7 billion during Q1 across 42 funds, relative to \$30.4 billion the same period of 2024 across 25 funds.

Real Estateⁱⁱⁱ

Verus⁷⁷⁷

NFI-ODCE total return gross of fees for Q1 2025 was +1.1%, similar to +1.2% in the previous quarter, and up from -2.4% a year ago. For the one-year ending March 30th, 2025, the NFI-ODCE total return gross of fees was +2.0%, comprised of 4.2% income and a -2.1% price appreciation return, a significant improvement from recent years of deep losses. The index consists of 25 funds totaling \$278 billion of gross real estate assets. Investors' net outflows continued at -\$1.7 billion being pulled out during Q1, which compared to -\$3.4 billion last quarter.

Outlook

The U.S. economy remains relatively strong—a stable labor market and consumer spending trends suggest a low chance of recession in 2025. Tariff inflation effects appear very small so far, though more effects will likely show in the coming quarters. Domestic risk asset pricing fully reflects this good outcome, and we are back to an environment where high prices may temper investor enthusiasm to take much more risk than policy.

We expect moderate positive growth in 2025 with no recession. Inflation may rise to around 3-3.5% by end of year due to tariffs and other price pressures traditionally associated with good economic growth. We do not believe that this would be enough inflation to spook markets or to cause major disruptions. The labor market will likely continue to show mixed signals but remain generally stable with less hiring, and possibly signs of growing labor productivity which could add to investor sentiment. Earnings forecasts, which are currently high (+10.3% earnings growth for 2025) could further propel U.S. equities despite high valuations.

Plan Investment Results

The San Mateo County Employees' Retirement Association Total Plan returned 10.6% net of fees for the fiscal year ended 6/30/25. The Total Plan lagged its policy index (10.9%) for this time-period. For the fiscal year, the Total Plan ranked in the 42nd 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 above the median for the 1-year time period.

The U.S. Equity portfolio beat its U.S. equity policy benchmark on a net of fee basis during the fiscal year (16.6% versus 15.3% for the Russell 3000 Index) which placed it in the 2nd percentile of its peers. Within U.S. Equity, the quantitative large cap manager contributed to performance, as did a sizable allocation to the passive Russell 1000 Index Fund.

During the fiscal year, the International Equity Composite beat its composite benchmark, returning 15.8% net of fees compared to 15.7% for the MSCI ACWI ex-US IMI Index (50% hedged). SamCERA's international growth lagged its benchmarks during the 1-year time period, while the Value manager outperformed during the fiscal year.

For the fiscal year, the Private Equity composite ranked in the top 20th percentile of peers at 8.4% but failed to keep up with the public market equivalent benchmark, the Russell 3000 +3% which gained 10.2%. 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 6.4% compared to 8.5% for the blended Inflation Hedge index. SamCERA's real estate and private real asset portfolios lagged their benchmarks by 2.8% and 5.8% respectively. The private real asset portfolio outperformed its peer universe by 360bps over the same time period.

Within the Diversifying portfolio, Fixed Income class outperformed gaining 5.8% vs 5.0% for the benchmark, however Absolute return lagged gaining 3.8% vs 8.8% for the benchmark.

Asset Allocation and Manager Structure

Over the fiscal year ended 6/30/25, the Plan conducted an asset allocation review. The review resulted in modest adjustments to the allocation. The most impactful change was eliminating the low volatility mandate. SamCERA also increased its US Equity allocation relative to International Equity to account for shifting weights within the global Indices.

Sincerely,



John Nicolini, Managing Director, Senior Consultant



Joseph Abdou, Consultant

¹ Source: Pitchbook

² Source: Verus, FTSE C/A Global All Private Equity (Buyout, Venture Capital, Growth, Fund of Funds and Secondary)

³ Source: NCREIF

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.gov.

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 and diversification than a simple implementation of our Asset Allocation Policy Benchmark (consisting of four primary asset classes: 1) Global Equities, 2) Core Bonds, 3) Short-Term Bonds, and 4) Core Real Estate). This will be measured by having lower portfolio drawdowns over a full market cycle than the simple implementation of our Asset Allocation Policy Benchmark.

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.

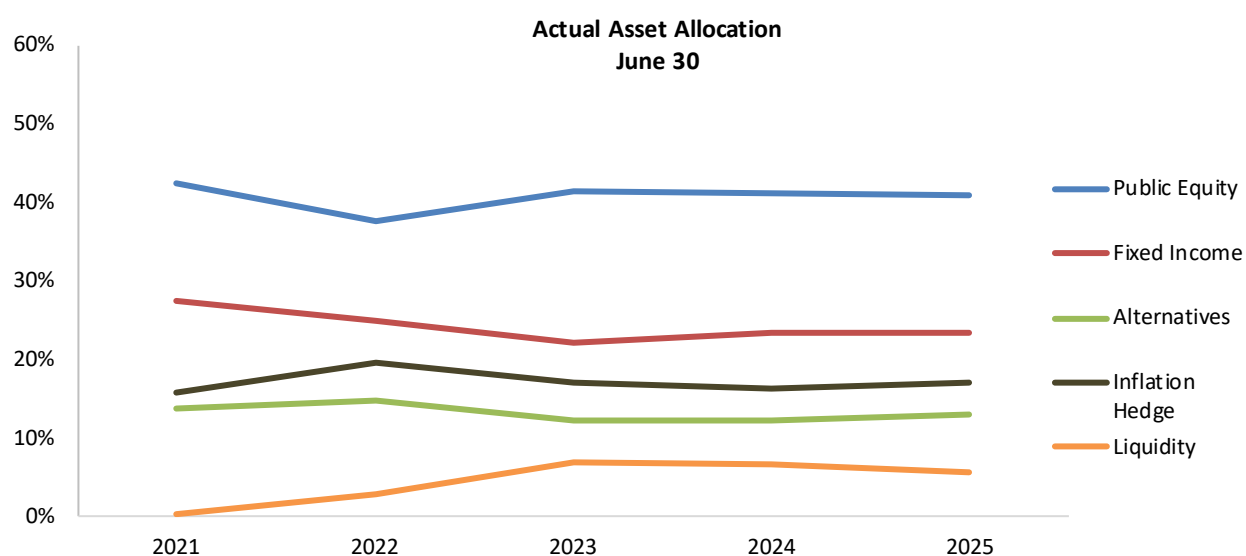
The investment summary below reports the fair value and the percentage of the portfolio's total fair value by type.

Investment Summary		
June 30, 2025		
<u>ASSET CLASS</u>	<u>Assets Under Management</u>	<u>Percentage of Assets Under Management ⁽¹⁾</u>
Public Equity	\$ 2,942,232,634	41.9%
Fixed Income	1,657,028,555	23.6%
Alternatives	929,757,697	13.2%
Inflation Hedge	1,268,470,245	18.1%
Liquidity	226,534,129	3.2%
Total Net Portfolio Value	\$ 7,024,023,260	100.0%

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

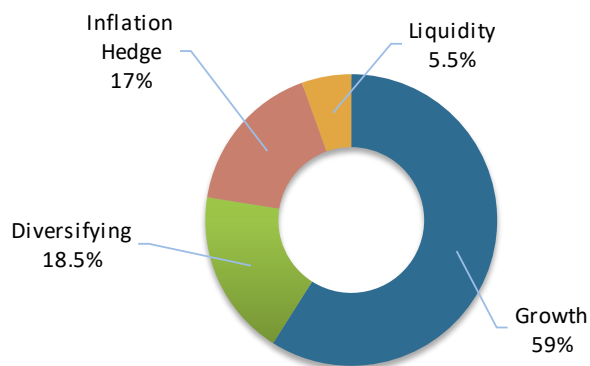
RECONCILIATION TO STATEMENT OF FIDUCIARY NET POSITION

Total Net Portfolio Value	\$ 7,024,023,260
Cash Equivalents	347,861,394
Receivables	50,684,791
Prepaid Expenses	352,961
Capital Assets, Net of Accumulated Depreciation/Amortization	2,787,600
Liabilities	(211,909,342)
Fiduciary Net Position as of June 30, 2025	\$ 7,213,800,664

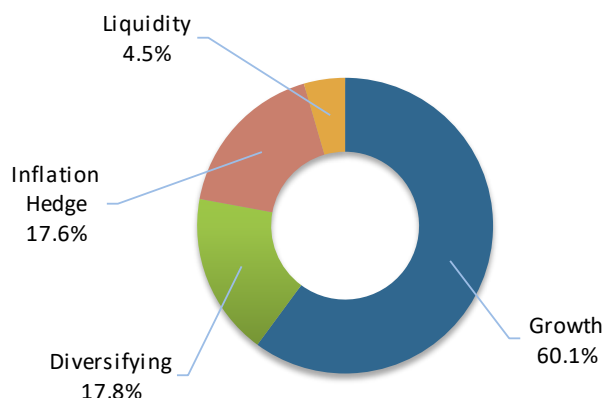


ASSET ALLOCATION (TARGET POLICY VS. ACTUAL) June 30, 2025

Target Policy



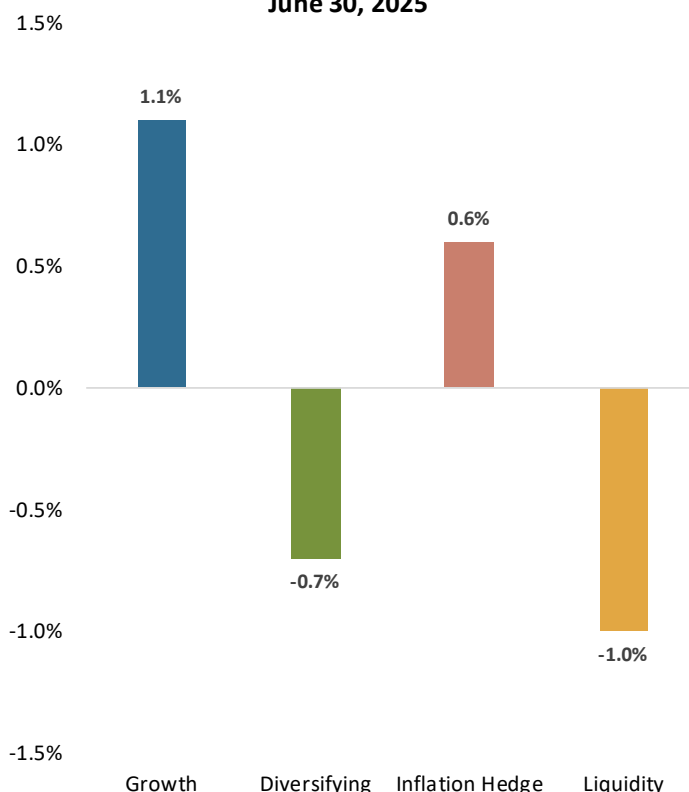
Actual Asset Allocation



ASSET ALLOCATION AS A PERCENTAGE OF FAIR VALUE

Investment	Target Policy as of June 30, 2025	Actual as of June 30, 2025
Growth	59.0%	60.1%
Domestic Equity	23.0%	24.2%
International Equity	18.0%	17.7%
Private Equity	7.0%	7.0%
Opportunistic Credit	11.0%	11.2%
Diversifying	18.5%	17.8%
Defensive Fixed	12.5%	12.6%
Absolute Return	6.0%	5.2%
Inflation Hedge	17.0%	17.6%
Public Real Assets	3.0%	4.4%
Real Estate	9.0%	7.3%
Private Real Assets	5.0%	5.9%
Liquidity	5.5%	4.5%
Cash Flow Matched	4.5%	3.4%
Cash & Cash Equivalents	1.0%	2.2%
Cash Overlay *	0.0%	-1.1%
Total	100%	100%

**Percentage of Deviation from Target Policy
June 30, 2025**



* The future offsets were -\$76.4 million, resulting from using the leverage of futures in the Cash Overlay Program. The futures help maintain target asset allocations and liquidity without trading actual securities.

Asset Class	Policy Benchmark
June 30, 2025	
Growth Assets	
Domestic Equity	25% Russell 3000
International Equity	8% Morgan Stanley Capital International ex-United States Investable Market Indexes (MSCI ex-US IMI) Net
	8% 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)

Schedule of Portfolio Returns (Net of Fees)			
Performance as of June 30, 2025			
Risk Bucket	Total Time-Weighted Rate of Return ⁽¹⁾		
	One Year	Three Years	Five Years
Growth Portfolio	13.9%	12.5%	N/A
Growth Benchmark	13.6%	15.1%	N/A
Domestic Equity	16.6%	17.6%	15.4%
Domestic Equity Benchmark	15.3%	19.1%	16.0%
International Equity	15.8%	13.3%	9.9%
International Equity Benchmark	15.7%	14.4%	11.2%
Private Equity ⁽²⁾	8.4%	3.3%	17.4%
Private Equity Benchmark	10.2%	11.2%	21.2%
Opportunistic Credit	9.5%	N/A	N/A
Opportunistic Credit Benchmark	8.7%	9.0%	6.7%
Public Credit	10.9%	8.0%	6.5%
Public Credit Benchmark	10.3%	9.9%	6.0%
Private Credit	6.2%	5.0%	5.9%
Private Credit Benchmark	4.6%	6.3%	8.4%
Diversifying Portfolio	5.2%	2.6%	N/A
Diversifying Benchmark	6.3%	4.0%	1.4%
Defensive Fixed Income	5.8%	2.5%	-0.5%
Defensive Fixed Income Benchmark	5.0%	1.6%	-1.3%
Absolute Return	3.8%	2.8%	5.0%
Absolute Return Benchmark	8.8%	8.7%	6.9%
Inflation Hedge Portfolio	6.4%	1.5%	7.4%
Inflation Hedge Benchmark	8.5%	0.0%	8.3%
Real Estate	0.7%	-4.0%	2.8%
Real Estate Benchmark	3.5%	-5.4%	3.4%
Private Real Asset	9.7%	7.5%	14.6%
Private Real Asset Benchmark	15.5%	5.6%	16.5%
Public Real Assets	11.7%	5.2%	10.3%
Public Real Assets Benchmark	11.3%	5.2%	10.3%
Liquidity Portfolio	5.3%	4.6%	N/A
Liquidity Benchmark	5.7%	4.0%	N/A
Cash Flow-Matched Liquidity	5.4%	4.4%	N/A
Cash Flow-Matched Liquidity Benchmark	5.9%	3.8%	N/A
Cash & Cash Overlay	5.1%	5.0%	3.2%
Cash & Cash Overlay Benchmark	4.7%	4.6%	2.8%
Total	10.6%	8.3%	8.6%
Policy Benchmark	10.9%	9.7%	9.3%

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

⁽²⁾ The 1-year Private Equity return does not include a \$51 million increase in fair value for one particular private equity fund as of June 30, 2025, due to lagged reporting.

Top Ten Equity Securities ⁽¹⁾

June 30, 2025

Shares	Company Name	Fair Value
503,355	Nvidia Corp Com	\$ 79,841,019
160,140	Microsoft Corp	79,655,008
318,296	Apple Inc	65,304,762
207,129	Amazon Com Inc	45,441,974
47,145	Meta Platforms Inc Com CL A	34,796,966
99,721	Broadcom Inc Com	27,488,015
125,513	Alphabet Inc Capital Stock CL A	22,119,125
39,825	Berkshire Hathaway Inc	19,345,890
60,736	Tesla Inc Com	19,293,363
102,198	Alphabet Inc Capital Stock CL C	18,128,890
Total Top Ten Equity Securities		<u>\$ 411,415,012</u>

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

Top Ten Fixed Income Securities ⁽¹⁾

June 30, 2025

Security	Coupon (%)	Maturity	Fair Value
US Treasury	4.75	5/15/2054	\$ 13,578,075
US Treasury	1.38	11/15/2040	11,540,529
Fannie Mae	3.00	2/25/2052	9,664,485
US Treasury	4.125	8/15/2053	8,607,282
US Treasury	1.38	8/15/2050	7,800,002
Fannie Mae	5.50	9/1/2054	7,672,224
US Treasury	1.25	5/15/2050	7,099,019
Fannie Mae SR 24-103 CL FM FLTG	Floating	1/25/2055	7,087,074
US Treasury	4.13	2/29/2032	6,680,511
US Treasury	3.88	8/15/2034	6,678,351
Total Top Ten Fixed Income Securities			<u>\$ 86,407,552</u>

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

List of Investment Managers

June 30, 2025

GROWTH

Domestic Equity

BlackRock
DE Shaw
PGIM Quant Solutions

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
DCVC
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
Public Pension Capital
Sixth Street
Strategic Value Partners
Summit Partners
Sycamore Partners
TCW
Third Rock Ventures
Warburg Pincus

GROWTH (Continued)

Opportunistic Credit

400 Capital
Beach Point Capital Management
BlackRock
Brigade Capital Management
Comvest Partners
Diameter Capital Partners
Eaton Vance
GoldenTree Asset Management
One William Street
PIMCO
White Oak
TPG Angelo Gordon

DIVERSIFYING

Fixed Income

DoubleLine Capital
Fidelity Institutional Asset Management
NISA Investment Advisors

Absolute Return

Capital Fund Management
Graham Capital Management
Farallon Capital Management
PIMCO

INFLATION HEDGE

Public Real Assets

State Street Global Advisors

Real Estate

Beach Point Capital Management
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, 2025

	Management Fees	Fair Value
Assets Under Management		
Public Equity	\$ 8,473,637	\$ 2,942,232,634
Fixed Income	14,671,090	1,657,028,555
Alternatives	31,906,859	929,757,697
Inflation Hedge	19,615,584	1,268,470,245
Liquidity	241,704	226,534,129
Subtotal - Investment	74,908,874	7,024,023,260
Cash Overlay	1,324,072	24,107,345
Total	\$ 76,232,946	\$ 7,048,130,605
Other Investment Expenses		
Investment Consultant	\$ 626,731	
Actuarial Consulting	120,750	
Master Custodian	265,733	
Other Professional Services	99,125	
Total	\$ 1,112,339	

Top Ten Broker Commissions

Fiscal Year Ended June 30, 2025

Brokerage Firm	Amount of Commission	Number of Shares Traded	Commission per share
Pershing LLC	\$ 50,052	29,559,111	0.001693
Credit Lyonnais Secs (Asia) Taiwan	17,760	605,000	0.029355
Merrill Lynch International Limited	16,913	2,005,647	0.008433
BofA Securities	12,623	3,746,529	0.003369
UBS Securities	11,894	2,701,728	0.004402
Jefferies International Limited	10,649	1,112,553	0.009572
Bank of America Corporation	10,545	9,423,541	0.001119
Morgan Stanley & Co LLC	9,042	19,151,155	0.000472
JP Morgan Securities LLC	7,997	1,976,207	0.004047
BNP Paribas Arbitrage	7,442	1,989,121	0.003741
All Other Brokerage Firms	124,857	8,160,148,738	0.000015
Total	\$ 279,774	8,232,419,330	0.000034

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Engineered for Stability

ACTUARIAL SECTION



Like a precisely engineered structure, our actuarial framework is built on careful calculations, tested assumptions, and expert analysis. This section outlines the funding strategies and methodologies that ensure stability over decades, not just years. By aligning present contributions with future obligations, we ensure that the system remains balanced, sustainable, and firmly grounded in the principles of enduring security.

ACTUARY'S CERTIFICATION



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

Tel +1 206 624 7940

milliman.com

October 3, 2025

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

Re: 2025 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, 2023	88.3%
June 30, 2024	87.6%
June 30, 2025	89.3%

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

It is our opinion that SamCERA continues in sound financial condition as of June 30, 2025 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, 2025 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

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

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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 April 22, 2025 the Board reaffirmed all assumptions adopted for the June 30, 2023 actuarial valuation for use in the June 30, 2025 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. The actuarial assumptions and methods used for funding purposes meet the parameters set by actuarial standards of practice.

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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Board of Retirement
October 3, 2025
Page 3

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

NJC/CJG/cc

Craig Glyde, ASA, EA, MAAA
Consulting Actuary

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

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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 typically 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 of 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.

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, 2025 valuation will become effective on July 1, 2026.

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 in 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 toward 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 the 2023 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%.

In April 2025, the Board adopted the actuary's recommendation to make no changes to the existing assumptions when conducting the 2025 valuation.

Key Economic Assumptions

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

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.
- **Termination of Employment:** 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								
Years of Service	Other Terminations		Age	All Plans				Service Retirement ²
	Ordinary ¹	Vested		Disability		Death while Active		
				Ordinary	Service	Ordinary	Service	
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).

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

Years of Service	Other Terminations		Age	All Plans				
	Ordinary ¹	Vested		Disability		Death while Active		Service Retirement ²
				Ordinary	Service	Ordinary	Service	
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, 2025
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 2025 actuarial valuation report for details
B. Service retirement from active service	See 2025 actuarial valuation report for details
C. Separation from active service (other than service retirement)	See 2025 actuarial valuation report for details
D. Probability of refund of contributions upon vested termination	See 2025 actuarial valuation report for details
E. Mortality for active members after termination and service retired members	See 2025 actuarial valuation report for details
F. Mortality for members retired for disability	See 2025 actuarial valuation report for details
G. Mortality for beneficiaries	See 2025 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

Schedule of Active Members and Participating Employers					
June 30					
	2025	2024	2023	2022	2021
County of San Mateo					
General Members	4,769	4,638	4,424	4,294	4,375
Safety Members	523	475	461	476	520
Probation Members	112	125	146	170	193
Subtotal	5,404	5,238	5,031	4,940	5,088
San Mateo County Superior Court					
General Members	249	268	281	287	249
San Mateo County Mosquito and Vector Control District					
General Members	21	22	22	22	19
Total Active Membership	5,674	5,528	5,334	5,249	5,356
Percentage of Membership by Employer					
County of San Mateo	95.24%	94.75%	94.32%	94.11%	95.00%
San Mateo County Superior Court	4.39%	4.85%	5.27%	5.47%	4.65%
San Mateo County Mosquito and Vector Control District	0.37%	0.40%	0.41%	0.42%	0.35%
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

Fiscal Year Ended	Added to Rolls ⁽¹⁾		Removed from Rolls		Rolls at Year-End		
	Number	Annual Benefits (in Thousands)	Number	Annual Benefits (in Thousands)	Number	Total Retiree Payroll (in Thousands)	Average Monthly Benefits
2016	233	\$15,347	123	\$5,030	4,748	\$186,197	\$3,268
2017	310	16,738	102	3,867	4,956	199,068	3,347
2018	315	21,360	162	5,242	5,109	215,186	3,510
2019	306	24,547	190	5,769	5,225	233,964	3,731
2020	362	23,862	133	4,862	5,454	252,963	3,865
2021	270	19,466	132	4,327	5,592	268,102	3,995
2022	363	27,963	176	6,607	5,779	289,458	4,174
2023	330	27,113	177	6,815	5,932	309,756	4,351
2024	326	27,850	163	7,998	6,095	329,608	4,507
2025	299	25,427	145	5,346	6,249	349,689	4,663

⁽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
2025	General	5,039	\$641,566,176	\$127,320	4.5%
	Safety	523	89,333,801	170,810	-0.1%
	Probation	112	15,078,643	134,631	-1.1%
	Total	5,674	\$745,978,620	\$131,473	4.0%
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%

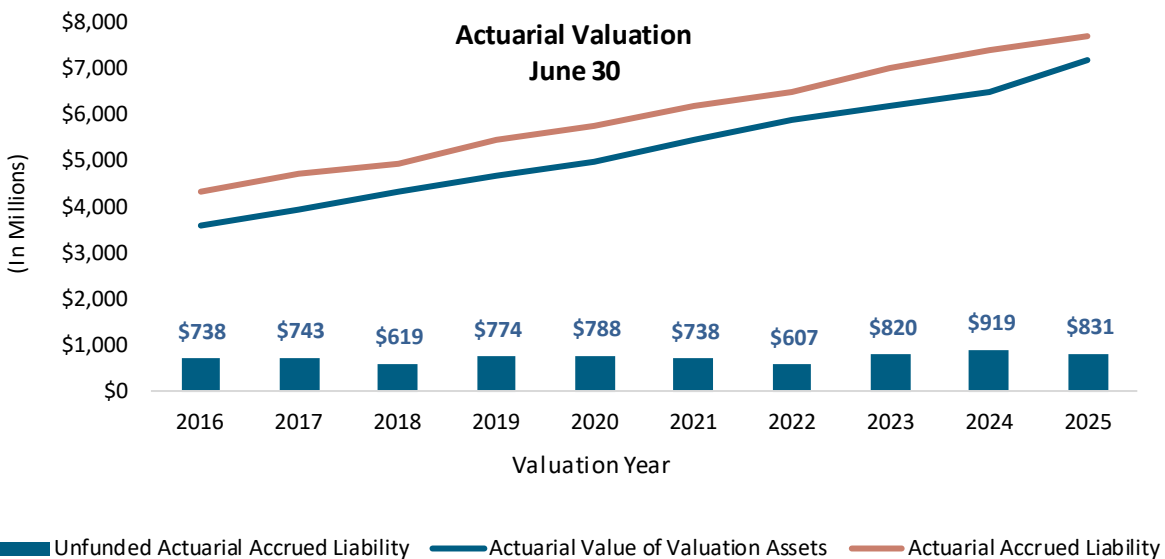
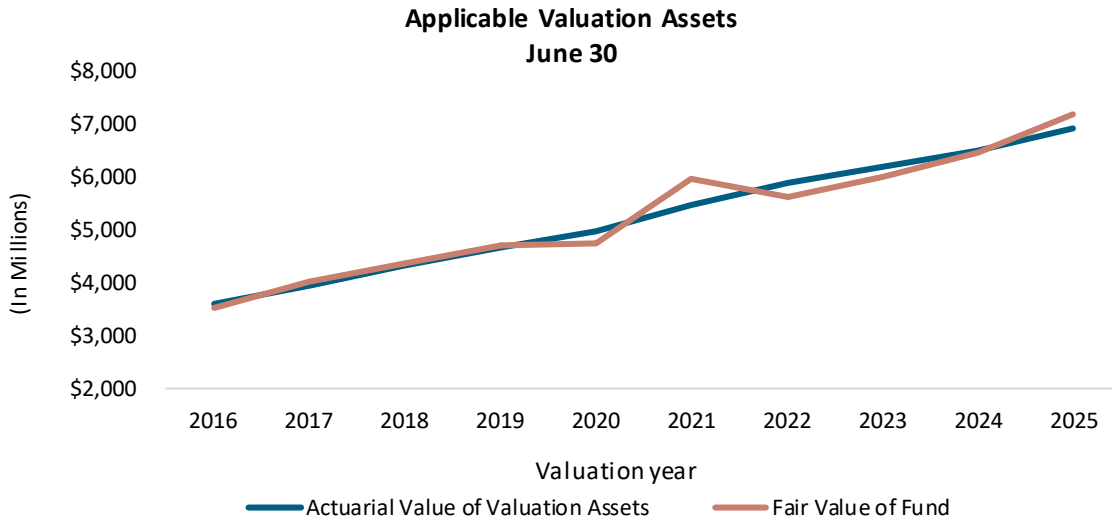
Note: See further details about participating employers and active members in the Statistical Section.

Summary of Significant Actuarial Statistics and Measures			
	June 30, 2025	June 30, 2024	Relative Change
Active Members			
Number of Members	5,674	5,528	2.6%
Average Age	44.4	44.6	(0.4)%
Average Credited Service	9.6	9.7	(1.0)%
Covered Payroll (\$ in Thousands)	\$ 724,884	\$ 676,866	7.1%
Average Monthly Salary	\$ 10,956	\$ 10,530	4.0%
Retired Members			
Number of Members			
Service Retirement	4,955	4,818	2.8%
Disability Retirement	528	525	0.6%
Beneficiaries	766	752	1.9%
Average Age	71.8	71.6	0.3%
Actual Retiree Benefits Paid (\$ in Thousands)	\$ 337,014	\$ 317,231	6.2%
Average Monthly Pension ¹	\$ 4,494	\$ 4,337	3.6%
Number of Inactive Members	3,137	3,042	3.1%
Assets			
Fair Value of Fund (\$ in Thousands)	\$ 7,213,801	\$ 6,481,692	11.3%
Return on Fair Value	11.7%	9.1%	
Valuation Assets (\$ in Thousands)	\$ 6,922,485	\$ 6,498,988	6.5%
Return on Valuation Assets	6.8%	5.5%	
Liability Values (\$ in Thousands)			
Actuarial Accrued Liability	\$ 7,753,103	\$ 7,418,282	4.5%
Unfunded Actuarial Accrued Liability	\$ 830,618	\$ 919,294	(9.6)%
Deferred Asset (Gains) Losses	\$ (221,392)	\$ 82,943	
Funded Ratio			
Based on Valuation Assets	89.3%	87.6%	1.9%

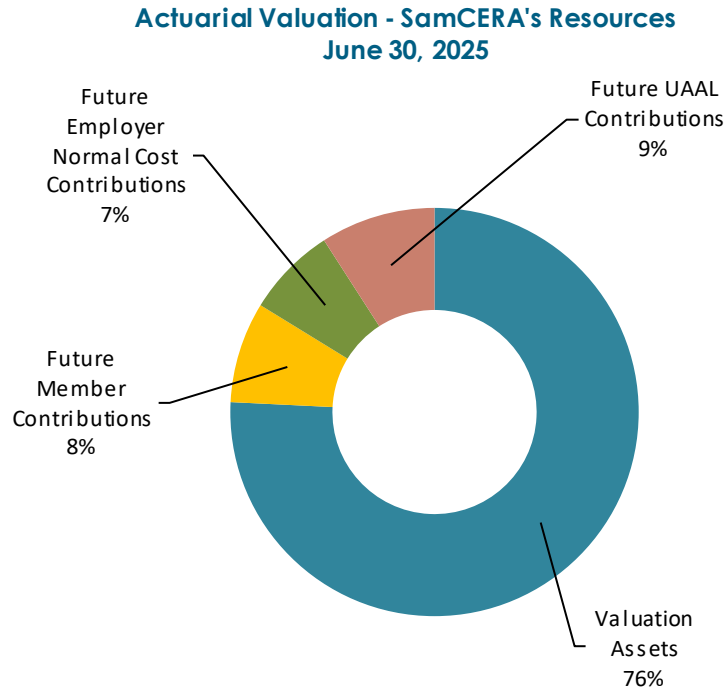
¹ The average monthly pension has been adjusted to reflect the correct amount based on the total actual number of benefit recipients of 6,249 and total actual benefits paid of \$337.0 million in fiscal year 2025.

VALUATION ASSETS

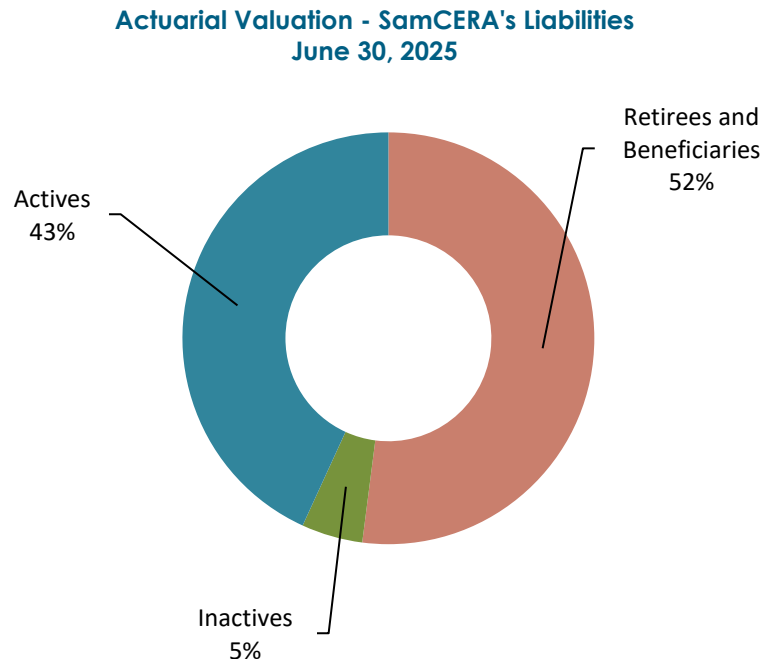
Valuation assets are the actuarial value of the fund, less the value of any reserves which have been set aside for current liabilities and special benefits (if any) to be funded outside of the actuarially determined contribution rates.



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.



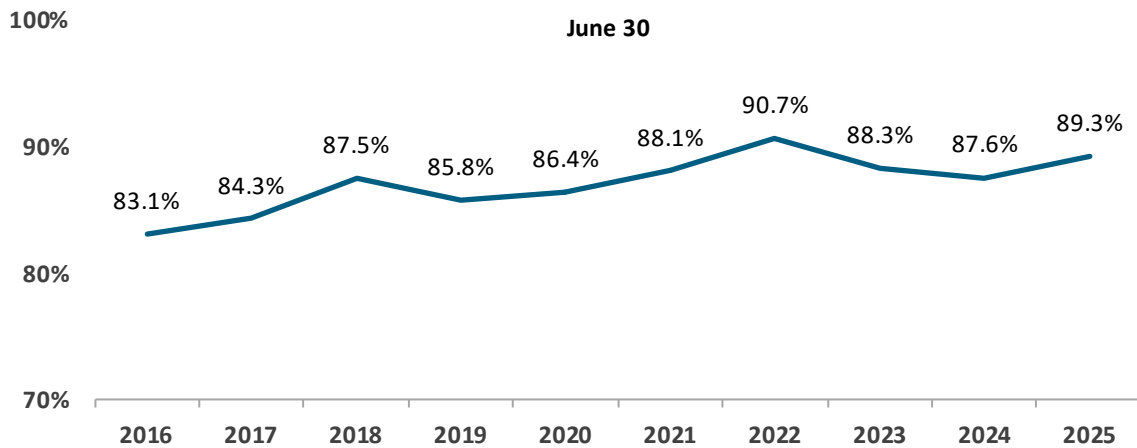
Schedule of Funding Progress

Dollars in Thousands

Actuarial Valuation Date as of June 30	(a) Actuarial Value of Valuation Assets	(b) Actuarial Accrued Liabilities	(b-a) Unfunded Actuarial Accrued Liabilities	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
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%
2025	6,922,485	7,753,103	830,618	89.3%	724,884	114.59%

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				
	2025	2024	2023	2022	2021
Unfunded Liability as of July 1	\$ 919,294	\$ 820,358	\$ 607,145	\$ 738,108	\$ 787,737
Expected Change in Unfunded Actuarial					
Accrued Liability	(108,862)	(60,525)	(134,643)	(138,405)	(157,668)
Salary (Gain) Loss	42,105	26,489	31,440	34,541	12,064
Retiree COLA more (less) than Expected	11,273	18,973	33,389	16,379	(25,973)
Asset (Gain) Loss	(34,359)	48,156	101,991	(47,017)	(87,748)
Change Due to Assumption Changes	-	-	161,882	-	197,720
Data Adjustments/Improvements	-	36,957	-	-	-
Miscellaneous Experience	1,167	28,886	19,154	3,539	11,976
Unfunded Actuarial Accrued Liability as of June 30	\$ 830,618	\$ 919,294	\$ 820,358	\$ 607,145	\$ 738,108

Solvency Test

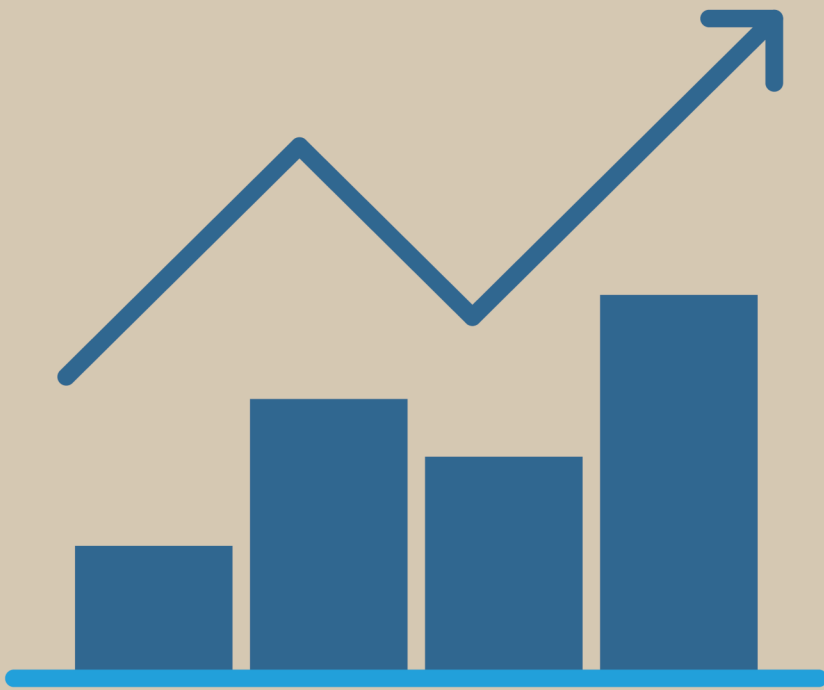
Dollars in Thousands

Actuarial Valuation Date as of June 30	Actuarial 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)
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%
2025	6,922,485	1,072,637	5,192,531	1,487,935	100%	100%	44%

⁽¹⁾ Includes inactive members.

The Framework in Numbers

STATISTICAL SECTION



Behind every decision, there is a framework — and behind that framework, there are numbers. This section presents the data that form the structural supports of our operations: membership trends, benefit distributions, and other key metrics. These numbers tell the story of our progress, challenges, and opportunities, revealing how a strong framework ensures the lasting integrity of the whole system.

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 and their beneficiaries, administrative expenses, information technology expenses, and other expenses if applicable.

OPERATIONAL INFORMATION

Members 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 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

Changes in Fiduciary Net Position

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					
	2025	2024	2023	2022	2021
Additions					
Employer Contributions	\$189,302	\$175,572	\$238,938	\$234,746	\$225,302
Employer Supplemental Contributions	50,000	10,000	10,000	15,200	39,700
Member Contributions	88,536	82,331	77,666	73,968	73,967
Net Investment Income (Loss)	756,868	540,652	341,246	(366,626)	1,133,177
Total Additions	1,084,706	808,555	667,850	(42,712)	1,472,146
Deductions					
Retiree Benefits	337,014	317,232	297,884	276,291	259,201
Refunds of Member Contributions	5,871	5,277	4,944	4,619	2,951
Administrative Expenses	8,090	7,765	7,836	7,197	7,060
Information Technology Expenses	1,623	1,632	1,817	1,593	1,350
Total Deductions	352,598	331,906	312,481	289,700	270,562
Changes in Pension Plan Net Position	\$732,108	\$476,649	\$355,369	(\$332,412)	\$1,201,584
	2020	2019	2018	2017	2016
Additions					
Employer Contributions	\$198,583	\$194,830	\$179,627	\$164,877	\$170,046
Employer Supplemental Contributions	-	50,668	27,630	33,850	21,048
Member Contributions	70,631	67,696	64,204	62,160	56,069
Net Investment Income (Loss)	42,392	271,691	280,119	436,649	24,390
Other Additions	-	-	27	27	4,910
Total Additions	311,606	584,885	551,607	697,563	276,463
Deductions					
Retiree Benefits	241,489	223,318	204,728	190,364	179,366
Refunds of Member Contributions	4,332	3,867	4,326	2,876	3,498
Administrative Expenses	6,372	6,057	5,849	5,983	5,962
Information Technology Expenses	2,021	2,495	1,444	996	714
Other Expenses	-	-	-	30	11
Total Deductions	254,214	235,737	216,347	200,249	189,551
Changes in Pension Plan Net Position	\$57,392	\$349,148	\$335,260	\$497,314	\$86,912

Note: There were no "Other Additions" or "Other Expenses" for fiscal years 2019-2025.

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)	Other	Total Additions
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
2025	88,536	239,302	756,868	-	1,084,706

⁽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.

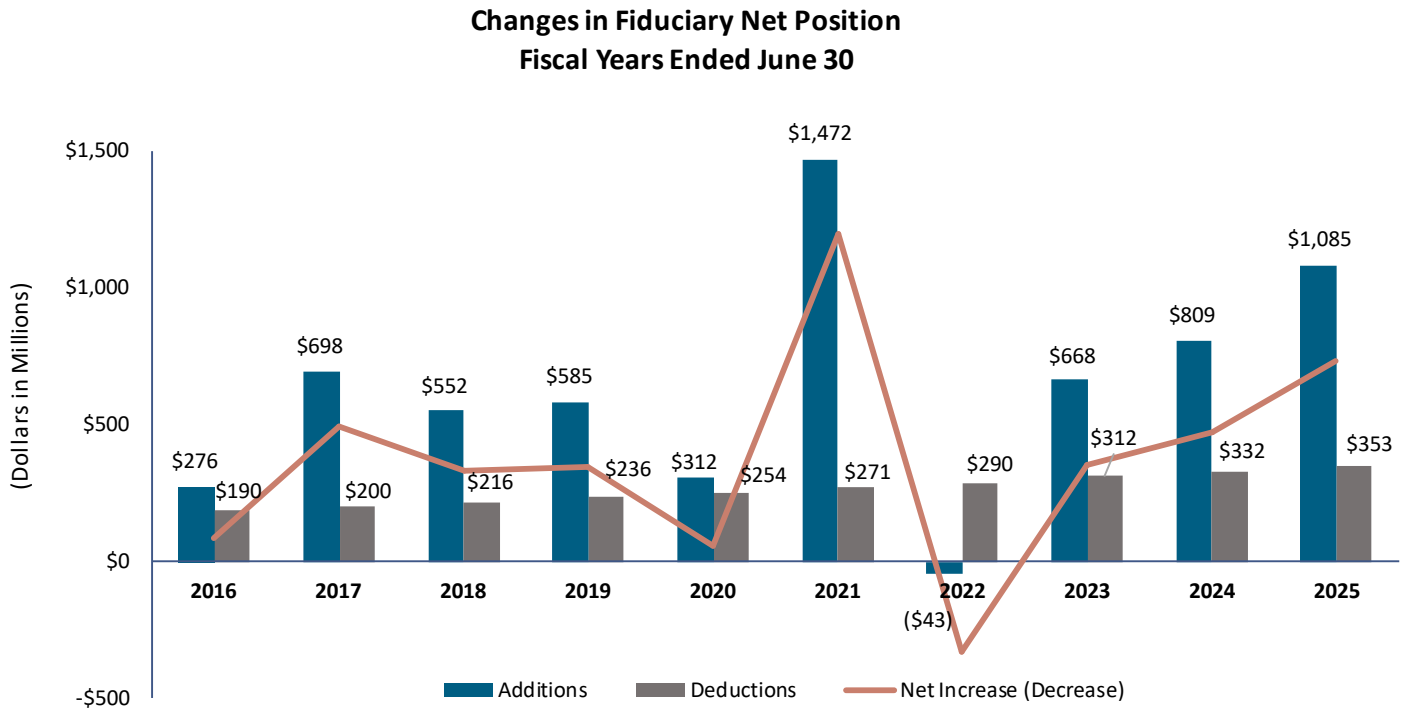
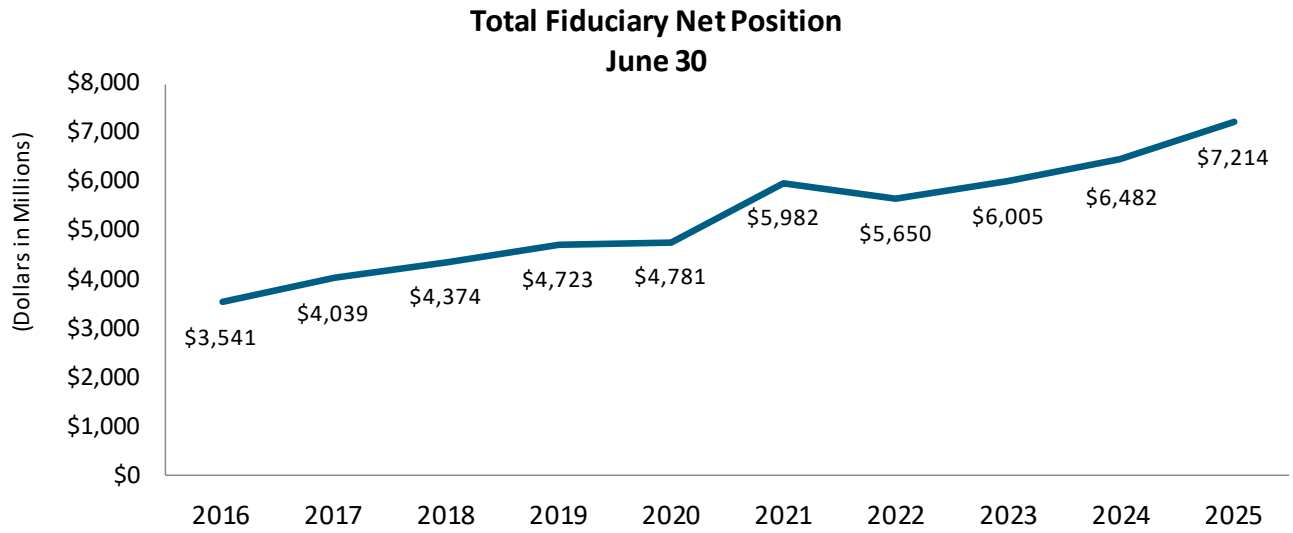
Schedule of Deductions from Fiduciary Net Position by Type

Dollars in Thousands

Fiscal Year Ended June 30	Service Retirement Benefits	Disability Retirement Benefits	Survivor Benefits	Death Benefits	Other Benefits	Refunds of Member Contributions	Administrative Expenses	Information Technology Expenses	Other Expenses	Total Deductions
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
2025	300,414	35,197	1,200	203	-	5,871	8,090	1,623	-	352,598

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

Total Fiduciary Net Position



Summary of Retired Benefits, Refunds, and Inactive Members

RETIRED MEMBERS	2025	2024	2023	2022	2021
Service Retirement ^{(1),(2)}					
Number	5,570	5,413	5,269	5,140	4,943
Annual Benefit	\$300,414,436	\$281,572,406	\$266,316,948	\$246,250,375	\$229,730,556
Average Monthly Payment	\$4,495	\$4,335	\$4,212	\$3,992	\$3,873
Disability Retirement ^{(1),(2)}					
Number	645	647	630	606	615
Annual Benefit	\$35,196,863	\$34,308,872	\$30,196,733	\$28,674,627	\$28,342,469
Average Monthly Payment	\$4,547	\$4,419	\$3,994	\$3,943	\$3,840
Active Death Survivor, Death Benefits & Other Benefits					
Number	34	35	33	33	34
Annual Benefit	\$1,402,860	\$1,349,422	\$1,371,878	\$1,365,968	\$1,128,265
Average Monthly Payment	\$3,438	\$3,213	\$3,464	\$3,449	\$2,765
Total Retired Members & Beneficiaries					
Number	6,249	6,095	5,932	5,779	5,592
Annual Benefit	\$337,014,159	\$317,230,700	\$297,885,559	\$276,290,970	\$259,201,290
Average Monthly Payment	\$4,494	\$4,337	\$4,185	\$3,984	\$3,863
REFUNDS					
General					
Number	134	119	100	142	92
Separation	\$3,487,453	\$3,378,780	\$2,663,818	\$2,870,245	\$1,934,351
Death	\$622,247	\$871,337	\$1,608,830	\$1,347,345	\$494,614
Safety					
Number	17	8	7	10	8
Separation	\$1,215,389	\$433,417	\$535,188	\$342,181	\$521,679
Death	\$546,103	\$593,964	\$136,213	\$58,787	\$0
Total Refunds	\$5,871,192	\$5,277,498	\$4,944,049	\$4,618,558	\$2,950,644
INACTIVE MEMBERS					
	3,137	3,042	2,424	2,224	1,986

⁽¹⁾ Includes retirees and beneficiaries.

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

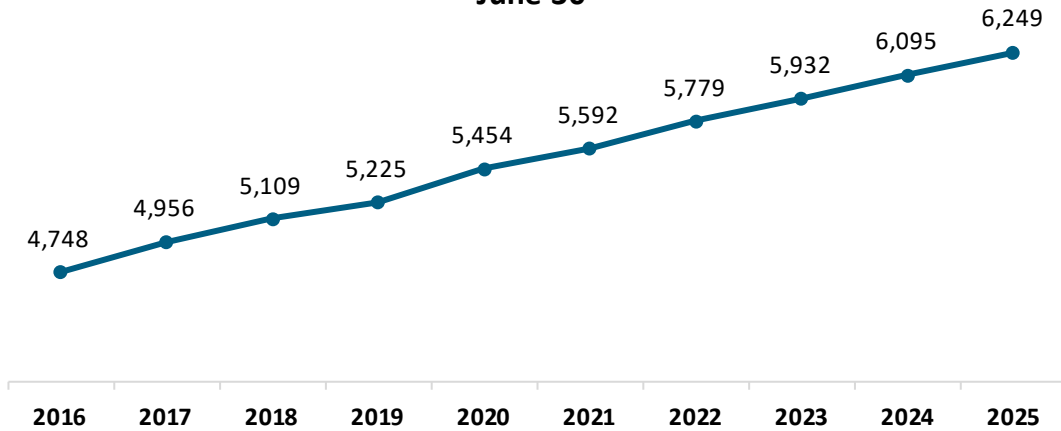
Summary of Retired Benefits, Refunds, and Inactive Members

Summary of Retired Benefits, Refunds, and Inactive Members (Continued)					
RETIRED MEMBERS	2020	2019	2018	2017	2016
Service Retirement ^{(1), (2)}					
Number	4,799	4,590	4,487	4,345	4,162
Annual Benefit	\$212,632,929	\$196,874,097	\$179,880,342	\$166,975,634	\$157,513,099
Average Monthly Payment	\$3,692	\$3,574	\$3,341	\$3,202	\$3,154
Disability Retirement ^{(1), (2)}					
Number	621	605	593	583	557
Annual Benefit	\$27,601,908	\$25,211,881	\$23,872,145	\$22,689,813	\$21,090,529
Average Monthly Payment	\$3,704	\$3,473	\$3,355	\$3,243	\$3,155
Active Death Survivor, Death Benefits & Other Benefits					
Number	34	30	29	28	29
Annual Benefit	\$1,253,699	\$1,232,466	\$976,386	\$698,946	\$762,486
Average Monthly Payment	\$3,073	\$3,424	\$2,806	\$2,080	\$2,191
Total Retired Members & Beneficiaries					
Number	5,454	5,225	5,109	4,956	4,748
Annual Benefit	\$241,488,536	\$223,318,444	\$204,728,873	\$190,364,393	\$179,366,114
Average Monthly Payment	\$3,690	\$3,562	\$3,339	\$3,201	\$3,148
REFUNDS					
General					
Number	132	136	125	125	161
Separation	\$2,561,203	\$2,672,868	\$2,589,438	\$2,511,145	\$2,820,371
Death	\$1,047,027	\$1,101,480	\$663,503	\$0	\$301,903
Safety					
Number	12	9	12	9	7
Separation	\$724,376	\$92,331	\$1,072,789	\$364,742	\$375,311
Death	\$0	\$0	\$0	\$0	\$0
Total Refunds	\$4,332,606	\$3,866,679	\$4,325,730	\$2,875,887	\$3,497,585
INACTIVE MEMBERS					
	1,882	1,767	1,666	1,487	1,486

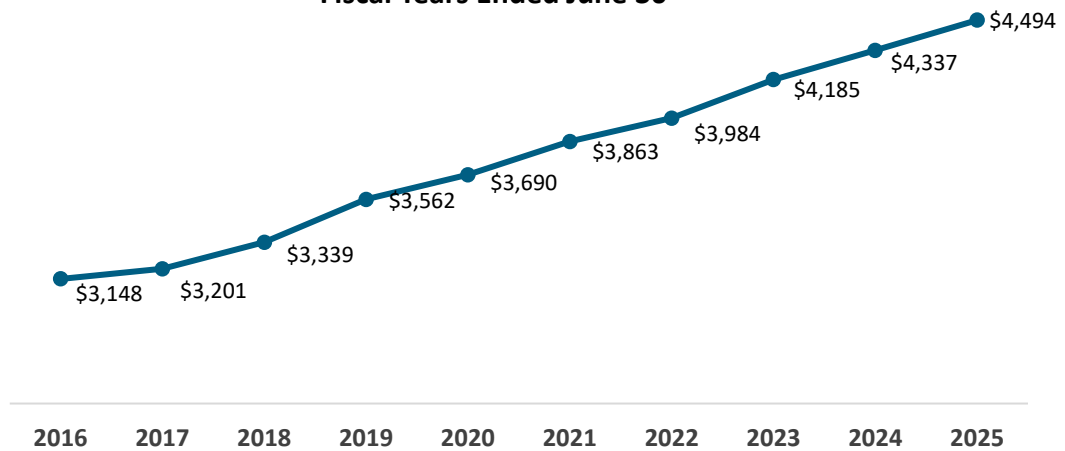
⁽¹⁾ Includes retirees and beneficiaries.

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

**Number of Retirees and Beneficiaries Receiving Benefits
June 30**



**Average Monthly Benefit to Retirees and Beneficiaries
Fiscal Years Ended June 30**



Schedule of Average Pension Benefit Payments

Schedule of Average Pension Benefit Payments							
7/1/2024 - 6/30/2025	Years of Service Credit						
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Retirees - Service and Disabilities							
Average Monthly Gross Benefit	\$767	\$1,296	\$3,548	\$5,537	\$6,536	\$9,189	\$9,101
Average Final Compensation	\$12,233	\$8,931	\$11,381	\$12,126	\$11,957	\$13,470	\$11,475
Number of Retirees	20	40	36	28	45	41	23
Beneficiaries							
Average Monthly Gross Benefit	\$2,053	\$1,447	\$1,700	\$3,158	\$4,110	\$6,717	\$5,259
Average Final Compensation	\$15,687	\$6,750	\$5,807	\$5,220	\$10,652	\$7,475	\$5,824
Number of Beneficiaries	2	9	13	9	2	4	5
7/1/2023 - 6/30/2024							
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							
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							
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							
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

Schedule of Average Pension Benefit Payments (Continued)							
7/1/2019 - 6/30/2020	Years of Service Credit						
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Retirees - Service and Disabilities							
Average Monthly Gross Benefit	\$394	\$1,450	\$2,633	\$3,875	\$5,190	\$7,485	\$8,072
Average Final Compensation	\$9,677	\$9,801	\$8,672	\$9,005	\$9,905	\$11,042	\$10,001
Number of Retirees	12	33	45	40	37	35	56
Beneficiaries							
Average Monthly Gross Benefit	\$1,244	\$1,954	\$1,796	\$3,080	\$3,058	\$5,083	\$7,308
Average Final Compensation	\$2,624	\$5,459	\$6,047	\$9,860	\$5,807	\$7,574	\$9,557
Number of Beneficiaries	6	3	6	9	5	5	5
7/1/2018 - 6/30/2019							
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							
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							
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							
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

* Information not available.

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

Distribution of Retired Members by Age and Retirement Year - All Plans Combined									
June 30									
Age	Retirement Year						Total Count		
	Pre-1995	1995-99	2000-04	2005-09	2010-14	2015-19		2020-24	2025-29
Under 35					3	1	5	9	
35-39				1	1		1	3	
40-44		1	1		2	3	10	17	
45-49				1	6	15	32	2	56
50-54				9	7	20	165	25	226
55-59		2	7	8	13	128	286	21	465
60-64		6	10	18	86	246	340	51	757
65-69		11	15	72	192	340	384	30	1044
70-74	4	10	71	182	319	357	167	9	1119
75-79	18	81	155	274	297	177	95	7	1104
80-84	42	114	174	230	113	56	50	3	782
85-89	87	78	100	56	25	17	16	1	380
90-94	50	56	26	15	17	12	13	2	191
95-99	49	9	2	2	3	4	3		72
100 & Over	16	2	1	1	1	2	1		24
Total Count	266	370	562	869	1085	1378	1568	151	6249

Schedule of Active Members and Participating Employers

June 30

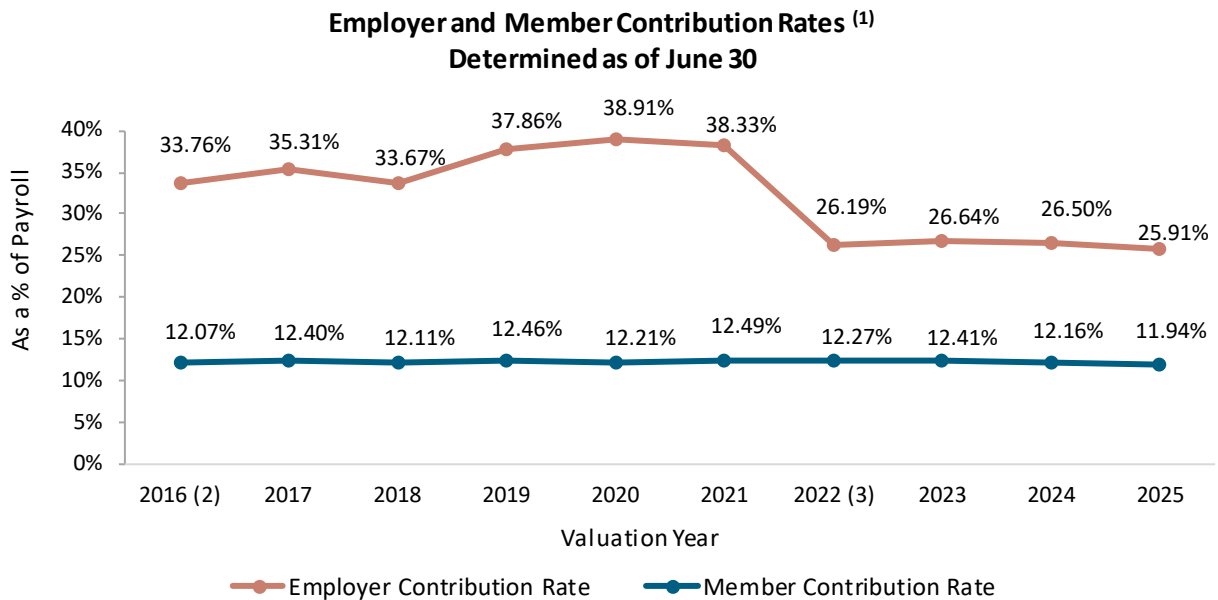
	2025	2024	2023	2022	2021
Active Membership					
County of San Mateo					
General Members	4,769	4,638	4,424	4,294	4,375
Safety Members	523	475	461	476	520
Probation Members	112	125	146	170	193
Subtotal	5,404	5,238	5,031	4,940	5,088
San Mateo County Superior Court					
General Members	249	268	281	287	249
San Mateo County Mosquito and Vector Control District					
General Members	21	22	22	22	19
Total Active Membership	5,674	5,528	5,334	5,249	5,356
Percentage of Membership by Employer					
County of San Mateo	95.24%	94.75%	94.32%	94.11%	95.00%
San Mateo County Superior Court	4.39%	4.85%	5.27%	5.47%	4.65%
San Mateo County Mosquito and Vector Control District	0.37%	0.40%	0.41%	0.42%	0.35%
Total Percentage of Membership	100.00%	100.00%	100.00%	100.00%	100.00%
Active Membership					
County of San Mateo					
General Members	4,379	4,350	4,343	4,303	4,170
Safety Members	522	530	508	503	495
Probation Members	223	237	256	274	271
Subtotal	5,124	5,117	5,107	5,080	4,936
San Mateo County Superior Court					
General Members	256	240	239	237	231
San Mateo County Mosquito and Vector Control District					
General Members	20	20	21	20	20
Total Active Membership	5,400	5,377	5,367	5,337	5,187
Percentage of Membership by Employer					
County of San Mateo	94.89%	95.16%	95.16%	95.18%	95.16%
San Mateo County Superior Court	4.74%	4.46%	4.45%	4.44%	4.45%
San Mateo County Mosquito and Vector Control District	0.37%	0.38%	0.39%	0.38%	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	2025	2024	2023	2022	2021
General Plan 1	\$34,843	\$19,884	\$19,119	\$18,575	\$18,022
General Plan 2	13,354	12,721	11,908	11,516	10,957
General Plan 3	10,894	10,265	9,283	8,850	8,623
General Plan 4	12,532	11,795	11,163	10,680	10,087
General Plan 5	13,392	12,750	11,974	11,659	11,092
General Plan 7	9,608	9,113	8,730	8,291	8,014
Average Monthly Salary for General Plan	\$10,610	\$10,151	\$9,777	\$9,463	\$9,173
Safety Plan 1	\$ -	\$ -	\$ -	\$ -	\$ -
Safety Plan 2	19,188	17,682	17,112	16,177	15,162
Safety Plan 4	17,634	16,911	15,851	14,157	13,494
Safety Plan 5	16,653	16,106	15,378	13,127	12,619
Safety Plan 6	-	-	-	-	-
Safety Plan 7	12,705	12,569	12,201	10,507	9,765
Average Monthly Salary for Safety Plan	\$14,234	\$14,243	\$13,914	\$12,232	\$11,671
Probation Plan 1	\$ -	\$ -	\$ -	\$ -	\$ -
Probation Plan 2	-	12,468	11,699	11,203	10,641
Probation Plan 4	12,260	12,035	11,406	10,927	10,359
Probation Plan 5	11,319	11,425	11,024	10,219	9,911
Probation Plan 6	-	-	-	-	-
Probation Plan 7	9,977	10,215	9,794	8,983	8,378
Average Monthly Salary for Probation Plan	\$11,219	\$11,349	\$10,937	\$10,371	\$9,835
Average Monthly Salary for All Plans	\$10,956	\$10,530	\$10,166	\$9,743	\$9,439

Schedule of Average Monthly Salary of Active Members (Continued)

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

Plan	2020	2019	2018	2017	2016
General Plan 1	\$11,102	\$9,793	\$10,121	\$11,305	\$9,945
General Plan 2	10,665	10,088	9,526	8,994	8,636
General Plan 3	8,221	7,872	7,462	7,484	7,173
General Plan 4	9,671	9,302	8,534	8,134	7,807
General Plan 5	10,635	10,180	9,672	8,980	8,485
General Plan 7	7,726	7,395	6,974	6,737	6,714
Average Monthly Salary for General Plan	\$8,897	\$8,622	\$8,128	\$7,869	\$7,694
Safety Plan 1	\$ -	\$ -	\$ -	\$14,434	\$15,810
Safety Plan 2	15,125	14,197	13,607	13,528	12,505
Safety Plan 4	13,204	12,391	11,894	11,381	10,729
Safety Plan 5	12,367	11,708	11,349	10,544	9,940
Safety Plan 6	-	-	-	-	16,793
Safety Plan 7	9,581	9,030	8,747	8,356	7,538
Average Monthly Salary for Safety Plan	\$11,610	\$11,146	\$10,958	\$10,786	\$10,364
Probation Plan 1	\$ -	\$ -	\$ -	\$7,722	\$7,261
Probation Plan 2	10,174	9,908	9,061	9,069	8,349
Probation Plan 4	9,827	9,103	8,714	8,270	7,454
Probation Plan 5	9,343	8,587	8,219	7,612	6,429
Probation Plan 6	-	-	-	7,347	6,259
Probation Plan 7	7,598	6,973	6,676	6,121	5,962
Average Monthly Salary for Probation Plan	\$9,289	\$8,678	\$8,379	\$8,061	\$7,391
Average Monthly Salary for All Plans	\$9,176	\$8,873	\$8,407	\$8,154	\$7,933



⁽¹⁾ Contribution rates determined as of the valuation date will become effective a year later. For example, contribution rates determined as of June 30, 2025, will become effective on July 1, 2026.

⁽²⁾ Statutory Contribution Rates reflect changes in member rates negotiated after the 2016 valuation.

⁽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		Change
	July 1, 2026	July 1, 2025	
Employer Statutory Contribution Rate ⁽¹⁾			
Gross Normal Cost	23.36%	23.77%	(0.41)%
Less: Member Contributions	(11.94)%	(12.16)%	(0.22)%
Employer Normal Cost	11.42%	11.61%	(0.19)%
UAAL Amortization ⁽³⁾	14.49%	14.89%	(0.40)%
Total Employer Statutory Contribution Rate ⁽²⁾	25.91%	26.50%	(0.59)%
Statutory Contribution Rate by Employer			
County of San Mateo	25.85%	26.48%	(0.63)%
San Mateo County Superior Court	26.25%	26.38%	(0.13)%
San Mateo County Mosquito & Vector Control District	27.49%	27.81%	(0.32)%

⁽¹⁾ Detailed contribution rates by plan are reported on the 2025 valuation report.

⁽²⁾ Total Employer Statutory Contribution Rate of 25.91% 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)		
	Normal	UAAL	Total	Normal	UAAL	Total	Normal	UAAL	Total
June 30									
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%
2025	10.21%	11.78%	21.99%	10.39%	15.86%	26.25%	11.63%	15.86%	27.49%

Notes:

- 1 Contribution rates shown are those calculated in the corresponding actuarial valuation. In some cases, actual contributions were higher.
- 2 Beginning with the 2012 actuarial valuation, Plans 1, 2, and 4 Probation members (excluding Managers) contribute 25% of the Cost-of-Living Adjustment (COLA), in addition to current member rates and cost-sharing.
- 3 Beginning with the 2015 actuarial valuation, Plans 1, 2, and 4 Probation members (Managers) contribute 50% of the cost of COLA, in addition to current member rates and cost-sharing.
- 4 Effective with the first pay period after June 30, 2016, all members (except those with benefits negotiated under Court Interpreters and Board of Supervisors bargaining units, and 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.
- 5 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.
- 6 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
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)		
2025		18.46%	29.13%	47.59%	19.36%	35.60%	54.96%	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 2012 actuarial valuation, Plans 1, 2, and 4 Probation members (excluding Managers) contribute 25% of the Cost-of-Living Adjustment (COLA), in addition to current member rates and cost-sharing.
- 3 Beginning with the 2015 actuarial valuation, Plans 1, 2, and 4 Probation members (Managers) contribute 50% of the cost of COLA, in addition to current member rates and cost-sharing.
- 4 Effective with the first pay period after June 30, 2016, all members (except those with benefits negotiated under Court Interpreters and Board of Supervisors bargaining units, and 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.
- 5 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.
- 6 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.

Anchored in Integrity

COMPLIANCE SECTION



Integrity is the anchor that holds the pension system steady through all tides. This section highlights our adherence to laws, regulations, and ethical standards — the safeguards that protect members, employers, and all stakeholders. By being anchored in integrity, we ensure that the foundation we have built remains unshakable, and that our commitment to transparency and accountability will endure far into the future.

COMPLIANCE



www.ba.cpa
661-324-4971

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements and other information (financial statements) of the San Mateo County Employees' Retirement Association (SamCERA), a fiduciary component unit of the County of San Mateo (the County), reported as a pension trust fund of the County, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise SamCERA's basic financial statements, and have issued our report thereon dated October 23, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SamCERA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SamCERA's internal control. Accordingly, we do not express an opinion on the effectiveness of SamCERA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of SamCERA's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SamCERA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SamCERA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SamCERA's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Stockton, California
October 23, 2025

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