2021 Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2021

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

the path forward

The past year has been extraordinary and not one that anyone could have predicted. Unfortunately, for many it has been a time of hardship and loss. Sadly, the COVID-19 pandemic is not over, and we are all working through its impact and unknown long-term effects.

Even in the most challenging of circumstances, SamCERA has achieved strong performance for the fund. Our resilience during the pandemic is due to the strength and diversity of our portfolio and our commitment to stay focused on our strategy.

Our confidence to thrive through adversity has strengthened our foundation and reaffirmed our mission and commitment to our membership.

With this strong foundation, we look towards the path forward with the confidence and knowledge of our accomplishments as being indicative of what we can achieve, even during the most challenging of times.

San Mateo County Employees' Retirement Association

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

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2021

Scott Hood
Chief Executive Officer

Michael Coultrip
Chief Investment Officer

Tat-Ling Chow
Finance Officer

SamCERA

100 Marine Parkway, Suite 125

Redwood City, California 94065

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Board of Retirement

San Mateo County Employees' Retirement Association

Dear Trustees:

I am pleased to present the Annual Comprehensive Financial Report (ACFR) of the San Mateo County Employees' Retirement Association (SamCERA) for the fiscal year ended June 30, 2021. This report is intended to provide an overview of SamCERA's financial, investment, and actuarial status as of that date.

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

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

Authority, Responsibilities & Duties

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

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

The Board consists of nine Trustees and two alternates. Four positions are appointed by the Board of Supervisors. Four Trustees are elected from their respective membership: two from the General Members, one from the Safety Members, and one from the Retired Members. The County Treasurer is a member of the Board by virtue of the publicly elected office. All Trustees serve for a term of three years except the County Treasurer. In addition, there is one elected Safety Member Alternate and one elected Retired Member Alternate. The officers for the Board for fiscal year 2020-21 were: Al David, Chair; Robert Raw, Vice Chair; and Katherine O'Malley, Secretary. Other members of the Board were: Sandie Arnott, Eric Tashman, Benedict J. Bowler, Mark Battey, Paul Hackleman, and Kurt Hoefer. Alternate Trustees were Susan Lee and Alma Salas.

The Board has adopted the Regulations of the Board of Retirement, and among other policies, its Mission & Goals; Investment Policy Statement; Conflict of Interest Code; and Code of Conduct, which reflect the Board's guiding policies. The Board annually adopts an operating budget for the administration of SamCERA, which is discussed in the Financial Section beginning on page 27. A breakdown of the budget allotment versus actual expenses is presented on pages 70-73. 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 delegated by the County Health Officer to help the Board fulfill its duties. The Board's primary professional consultants are highlighted in the organizational chart on page 22.

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

Employers participating in the retirement system include the County, the Superior Court 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 83% of SamCERA's active members are classified as General Members while the remaining are public safety employees classified as Safety or Probation Members.

Financial

The certified public accounting firm of Brown Armstrong Accountancy Corporation provides financial audit services to SamCERA. The objective of this financial audit is to ensure that

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

Investments

SamCERA's portfolio fair value increased significantly to $5.982 billion as of June 30, 2021, as the net combination of portfolio appreciation and contributions, less total deductions (i.e., benefits paid, administrative expense, etc.), added approximately $1.202 billion to the fund.

This fiscal year's returns of 24.3% net of investment management fees for the fiscal year ended June 30, 2021, outperformed SamCERA's policy benchmark return by 0.8%. This fiscal-year performance resulted in below median performance relative to SamCERA's peers, as defined by large (greater than $1 billion in assets) public plans.

During the year SamCERA approved a new benchmark policy portfolio as part of its annual asset allocation review. The new policy portfolio tweaks the old portfolio by adding 2% to the Growth bucket and reducing Diversifying by 2%, while keeping the overall allocation to Inflation Hedge unchanged. The new policy was in effect from January 1, 2021.

Actuarial

SamCERA continues to be a statewide leader in funding assumptions and was pleased to be ranked the 3rd most actuarially conservative among California retirement systems in a May 2021 survey from Roeder Financial. The survey ranks the funding assumptions used by California's public pension systems from "most conservative" to "most optimistic." SamCERA's continued high ranking was due mainly to its relatively low assumed rate of return of 6.50% and its current funding method, where the June 30, 2008 Unfunded Actuarial Accrued Liability (UAAL) is amortized over a 15-year fixed period ending June 30, 2023. Subsequent changes in the UAAL in years following June 30, 2008, are being amortized separately over new 15-year periods. At its May 2021 Board meeting, the Board lowered its assumed investment earnings rate from 6.5% to 6.25% to reflect lower expected future investment returns.

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

Plan Funding Status

SamCERA maintains a funding goal that will fully fund the system's liabilities while maintaining employer contributions, as a percentage of payroll, as level as possible for the plan sponsors. Milliman acts as the plan's actuary and performs actuarial valuations, which are presented to the Board annually. The purpose of the valuation is to determine the financial health of the plan at a given point in time and to recommend the employer and member contribution rates for the upcoming fiscal year. Triennially, Milliman conducts an experience study of SamCERA members and makes recommendations to the Board on key economic and noneconomic assumptions. The most recent triennial experience study was completed for the period ended April 30, 2020.

Milliman's actuarial valuation as of June 30, 2021, determined that the funding ratio increased from 86.4% to 88.1%. This increase was due primarily to strong investment returns for the first six months of the fiscal year. The Employer Normal Cost Rate increased to 11.55% for fiscal year 2022-23 from 10.90% of covered payroll for fiscal year 2021-22 for all plans combined. Additionally, the portion of the employer's contribution rate that finances the UAAL increased from 28.01% of pay to 29.21%. Despite the increase to the Normal Cost and the UAAL portion of the Statutory Contribution Rate, the increase is offset due to phasing-in the reduction to the assumed earnings rate over a three-year period. The net result is a decrease in the Statutory Contribution Rate to 38.33% from 38.91% in the previous year.

Supplemental Contributions

In 2013, a Memorandum of Understanding (MOU) was established between the County and SamCERA in which the County was committed to accelerate the pay down of its UAAL by making supplemental contributions. The contributions paid above the statutorily required contribution rate, along with the earnings in the County's Supplemental Contribution Account (CSCA), overall have grown to approximately $237 million as of June 30, 2021. Furthermore, the County is committed to continue making supplemental contributions over the next two years. In September of 2015, the District also entered into an MOU with SamCERA to make supplemental contributions to pay down its UAAL. The overall contributions and earnings in the District's Supplemental Contribution Account are about $1.1 million as of June 30, 2021.

Cost of Living Adjustment

Due to inflation, most SamCERA retirees and beneficiaries received a Cost of Living Adjustment (COLA) between 1.5% and 3.0%, depending on the COLA limit of their plan. The COLA for all plans was 1.5% with two exceptions. Probation Plan 1 members who retired on or before April 1, 2019 and received more than 1.5% (upper limit of 3%) used the available balance in their COLA Bank, and Plan 3 members are not eligible for a COLA.

Information Technology

Staff made significant progress on development of the new MySamCERA mobile application. The improved application will offer an improved user interface, more features than the existing mobile application, and make it easier for members to access and manage their retirement account information. To safeguard member data, a thorough vulnerability test was completed before going live with the new application.

Strategic Planning

SamCERA has been making steady progress in implementing the strategic plan which was updated in 2019. The strategic plan will continue to evolve as our organizational needs change, giving the opportunity to employ a more thoughtful, intentional planning approach that is aimed at achieving the newly adopted goals and objectives. SamCERA continues to pursue its three major goals described below, all of which are derived from and consistent with SamCERA's mission statement.

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

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

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

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

- OPERATIONS GOAL
  Constantly improve the effectiveness of SamCERA's services and the efficiency of its operations.

  Operationally, SamCERA will continue to focus on strengthening its internal control procedures with a focus on cybersecurity, enhancing features and ensuring consistent connectivity to our pension administration system, undertaking a succession planning strategy, and improving our business continuity plan.

Notable Accomplishments during Fiscal Year 2020-2021

- Implemented new processes to provide services to members during the COVID-19 pandemic including virtual member counseling and virtual retirement seminars.
- Implemented additional procedures to strengthen internal controls over recording/ reporting of investment activities.
- Began the process to replace existing PBX phone system with a modern VoIP phone system.
- Began the process to upgrade boardroom audio visual equipment.

Certificate of Achievement and Acknowledgements

For the twenty-fourth consecutive year, the Government Finance Officers Association (GFOA) has awarded SamCERA its Certificate of Achievement for Excellence in Financial Reporting. This award was in recognition of SamCERA's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. The certificate is reproduced on page 18. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

SamCERA is also the recipient of the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for the eighteenth year running and has received this honor for the PAFR for the fiscal year ended June 30, 2020.

Additionally, the Public Pension Coordinating Council (the Council) presented SamCERA with its Public Pension Standards Award for 2020. This award recognizes that SamCERA has met professional standards for plan funding and administration as set forth in the Public Pension Standards of the Council. The standards judge retirement systems on their Funding Adequacy, Comprehensive Benefit Program, Actuarial Valuation, Independent Audit, Investments and Communications. The award is reproduced on page 19.

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

Acknowledgments

I would like to thank the Board of Retirement for their continued commitment to advance initiatives which allow us to administer a financially secure retirement plan to our membership. The teamwork and collaboration of the Board, SamCERA staff, consultants, and our participating employers directly contributed to the success we experienced while navigating a challenging year.

As we take the path forward together into the next fiscal year, SamCERA remains dedicated to prudently manage the fund while providing the highest level of service to our members, employers, and stakeholders.

Respectfully submitted,

Scott Hood
Chief Executive Officer

October 18, 2021

GFOA Certificate of Achievement

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

San Mateo County Employees' Retirement Association California

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

PPCC Public Pension Standards Award

Public Pension Coordinating Council

Public Pension Standards Award
For Funding and Administration
2020

Presented to

San Mateo County Employees' Retirement Association

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

Presented by the Public Pension Coordinating Council, a confederation of

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

Alan H. Winkle
Program Administrator

MISSION

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

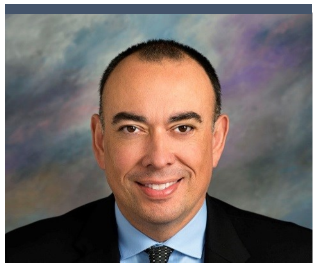
GOALS

- Provide caring, fair, accurate, timely and knowledgeable professional services and information to members and other stakeholders.
- Prudently manage the assets in order to appropriately fund the actuarial liabilities of the retirement system, to ensure the ability to pay all earned benefits while minimizing the costs to employers.
- Constantly improve the effectiveness of SamCERA's services and the efficiency of its operations.

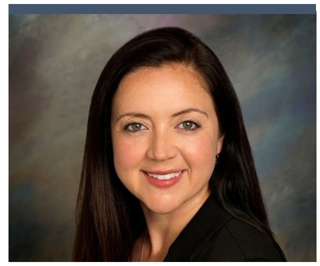
BOARD OF RETIREMENT

The Board manages the employees' Retirement Fund which is administered in accordance with the law solely for the benefit of the active and retired members of the system and their eligible beneficiaries.

AL DAVID
Chair
Elected by the General Members
Third Member



ROBERT RAW
Vice Chair
Elected by the Safety Members
Seventh Member



KATHERINE O'MALLEY
Secretary
Elected by the General Members
Second Member

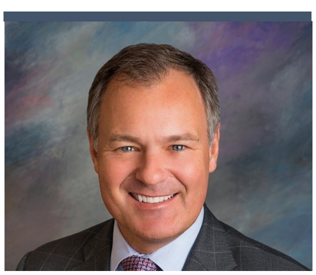
SANDIE ARNOTT
Board Member
Ex Officio per the 1937 Act
First Member

ERIC TASHMAN
Board Member
Appointed by the Board of Supervisors
Fourth Member

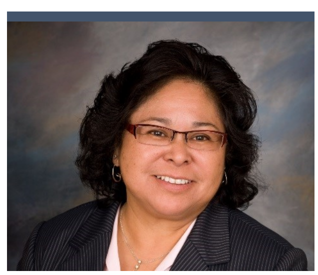
BENEDICT J. BOWLER
Board Member
Appointed by the Board of Supervisors
Fifth Member

MARK BATTEY
Board Member
Appointed by the Board of Supervisors
Sixth Member

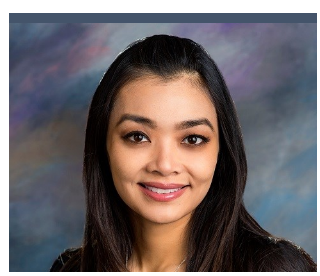
PAUL HACKLEMAN
Board Member
Elected by the Retired Members
Eighth Member



KURT HOEFER
Board Member
Appointed by the Board of Supervisors
Ninth Member



ALMA SALAS
Board Member
Elected by the Retired Members
Retiree Alternate



SUSAN LEE
Board Member
Elected by the Safety Members
Safety Alternate

BOARD OF RETIREMENT

Al David, Chair; Robert Raw, Vice Chair; Katherine O'Malley, Secretary; Sandie Arnott, Eric Tashman, Ben Bowler, Mark Battey, Paul Hackleman, and Kurt Hoefer

ALTERNATE TRUSTEES

Susan Lee and Alma Salas

Medical Advisor
Vacant

Investment Consultant
Verus Advisory, Inc.
Margaret Jadallah

Actuarial Services
Milliman, Inc.
Nick Collier

Financial Audit
Brown Armstrong Accountancy Corporation
Ashley Green

CHIEF EXECUTIVE OFFICER
Scott Hood

LEGAL COUNSEL
Paul Okada

CHIEF INVESTMENT OFFICER
Michael Coultrip

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

ASSISTANT EXECUTIVE OFFICER
Gladys Smith

CHIEF TECHNOLOGY OFFICER
Tariq Ali

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

EXECUTIVE SECRETARY
Anne Trujillo

COMMUNICATIONS SPECIALIST
Natasha Jeong

RETIREMENT BENEFITS MANAGER
Elizabeth LeNguyen

- **SENIOR RETIREMENT ANALYST** — Celedonia Amacker
- **SENIOR RETIREMENT ANALYST** — JulieAnne Nagal
- **RETIREMENT ANALYST** — Janet Nishimura
- **RETIREMENT ANALYST** — Stacy Groza-Davis
- **RETIREMENT SUPPORT SPEC.** — Ruby Ann Boyette
- **RETIREMENT SUPPORT SPEC.** — Esther Barnett

FINANCE OFFICER
Tat-Ling Chow

- **SENIOR ACCOUNTANT** — Chezelle Milan
- **SENIOR ACCOUNTANT** — Vacant
- **ACCOUNTANT** — Susan Fong
- **ACCOUNTANT** — Hollie Song-Duell

KEY

- Consultant
- Staff

See page 108 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 Accounting Corporation
Consulting Actuary	Milliman, Inc.
Commercial Banking	Union Bank
Custodian	Northern Trust Corporation
Disability Counsel	Byers/Richardson
India Tax Agent	BSR & Co. LLP
Investment Consultant	Verus Advisory, Inc.
Investment Software	eVestment Alliance, LLC
Litigation Securities Class Action Services	ISS Governance
Pension Administration Software System	Vitech
Security Monitoring Counsel	Berman Tabacco Bernstein Litowitz Berger and Grossman Grant and Elsenhofer LLP
Stock Distribution Broker	Merrill Lynch, Pierce, Fenner & Smith Inc.
Taiwan Tax Agent	Faith Global Company, Limited
Tax Counsel	Reed Smith LLP
Trade Cost Analysis Consultant	Zeno AN Solutions

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Financial Section

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BROWN ARMSTRONG
Certified Public Accountants

www.ba.cpa
661-324-4971

INDEPENDENT AUDITOR'S REPORT

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

Report on the Basic Financial Statements and Other Information

We have audited the accompanying Statement of Fiduciary Net Position of the San Mateo County Employees' Retirement Association (SamCERA), a pension trust fund of the County of San Mateo, as of June 30, 2021; 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, 2021, listed as other information in the table of contents.

Management's Responsibility for the Basic Financial Statements and Other Information

SamCERA's management is responsible for the preparation and fair presentation of these basic financial statements and other information in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these basic financial statements and other information based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements and other information are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements and other information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements and other information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to SamCERA's preparation and fair presentation of the basic financial statements and other information 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.

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

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

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

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements and other information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the basic financial statements and the other information referred to above present fairly, in all material respects, the fiduciary net position of SamCERA as of June 30, 2021; 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, 2021, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements 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 that collectively comprise SamCERA's basic financial statements and the other information. The supplementary information and the introductory, investment, actuarial, statistical, and compliance sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary 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. Such 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 or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, investment, actuarial, statistical, and compliance sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and other information and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2021, 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.

Report on Summarized Comparative Information

We have previously audited SamCERA's June 30, 2020, financial statements, and our report dated October 19, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2020, is consistent in all material respects, with the audited financial statements from which it has been derived.

Restrictions on Use

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Stockton, California
October 18, 2021

Management's discussion and analysis for fiscal year 2020-21

This section of the San Mateo County Employees' Retirement Association's (SamCERA) Annual Comprehensive Financial Report (ACFR) provides a narrative overview and analysis of SamCERA's financial activities for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here, in conjunction with the Notes to the Basic Financial Statements beginning on page 42.

Financial Highlights

- SamCERA's prime objective is to meet long-term benefit obligations through investment income and contributions. The fiscal strength of the Retirement Fund continues to improve with remarkable positive returns on investments in the reporting period.

- As of June 30, 2021, SamCERA's net position held in trust for pension benefits (total assets minus total liabilities) hit a record high of $5.98 billion, an increase of $1.2 billion, or 25%, 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 about $1.5 billion, an increase of 372% from a year ago. The increase was driven predominantly by the robust growth in investment income due to market appreciation and supplementary contributions from the primary plan sponsor, the County of San Mateo (the County).

- The net return on investments from the entire portfolio surged to 24.3% from -0.2% the previous fiscal year. The equity markets flourished amid the pandemic, triggered largely by a multitude of massive monetary and fiscal stimulus. The conditions provided plenty of room for market appreciation, creating lucrative returns to the portfolio.

- Statutory required contributions from employers and members showed a modest increase of $26.7 million and $3.3 million, respectively. The key drivers included increases in contribution rates as well as increases in covered payroll.

- The County contributed $39.7 million in supplementary contributions versus $0.0 a year ago. Under a Memorandum of Understanding between the County and SamCERA, the County can make supplementary contributions to accelerate the payoff of its unfunded actuarial accrued liability at its discretion.

- Total deductions from the Retirement Fund were $270.6 million, a moderate increase of $16.3 million, or 6%, from the prior fiscal year. The increase was expected, due mainly to the annual cost of living adjustment and the continued growth in the number of retired members receiving benefits.

- The Retirement Plan was 88.1% funded as of June 30, 2021, reflecting a slight increase of 1.7% from 86.4% a year ago. Although the overall investment return was impressive, the improvement in funded ratio was partially offset by the effects from lowering the assumed investment return to 6.25% from 6.50%.

Overview of Financial Statements

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

Basic Financial Statements

The basic financial statements are prepared using the accrual basis of accounting, which is similar to 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, 2021. The difference between assets and liabilities is reported as "Net Position Restricted for Pensions," which represents funds available to pay pension benefits. Over time, increases and decreases in Net Position Restricted for Pensions may serve as an indicator of whether SamCERA's financial position is improving or declining. This statement can be found on page 40 of this report.

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

Notes to the Basic Financial Statements

Notes to the Basic Financial Statements are an integral part of the basic financial statements and provide additional information that is essential to obtain a thorough understanding of the data provided in the basic financial statements. The notes also provide detailed information of key policies and activities during the reporting period. Notes to the Basic Financial Statements can be found on pages 42-74 of this report.

Required Supplementary Information

Required Supplementary Information presents information that GASB requires to accompany the basic financial statements. Such information is an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. In addition to the Management's Discussion and Analysis, Required Supplementary Information consists of schedules discussed below and can be found on pages 75-80.

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

Supplementary Information

Supplementary Information includes several schedules detailing administrative, information technology and investment expenses, as well as payments to consultants (for fees paid to outside professionals other than investment advisors). Supplementary Information and the accompanying notes can be found on pages 81-83 of this report.

Other Information

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

Under GASB Statement No. 68, plan sponsors are required to report Net Pension Liability on their balance sheets and changes in Net Pension Liability on their operating statements as pension expenses, deferred inflows of resources, and deferred outflows of resources. Other Information can be found on pages 84-86 of this report.

Financial Analysis

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

Analysis of Fiduciary Net Position

The following table compares SamCERA's net position as of June 30 for the current and prior fiscal years. SamCERA's net position as of June 30, 2021, was approximately $5.98 billion, an increase of $1.2 billion, or 25%, over the reporting period.

Statement of Fiduciary Net Position

As of June 30 (Dollars in Thousands)

	2021	2020	Increase (Decrease) Amount	Increase (Decrease) Percentage
Assets				
Cash and cash equivalents	$ 153,467	$ 107,990	$ 45,477	42%
Cash management overlay	64,054	54,095	9,959	18%
Securities lending cash collateral	4,574	2,424	2,150	89%
Receivables	71,243	95,960	(24,717)	-26%
Investments at fair value	5,760,383	4,598,816	1,161,567	25%
Capital assets, net	4,587	5,209	(622)	-12%
Total assets	6,058,308	4,864,494	1,193,814	25%
Liabilities				
Investment management fees payable	3,151	2,035	1,116	55%
Due to broker for investments purchased	66,319	78,242	(11,923)	-15%
Securities lending collateral due to borrowers	4,574	2,424	2,150	89%
Other	2,178	1,291	887	69%
Total liabilities	76,222	83,992	(7,770)	-9%
Net position restricted for pensions	$ 5,982,086	$ 4,780,502	$ 1,201,584	25%

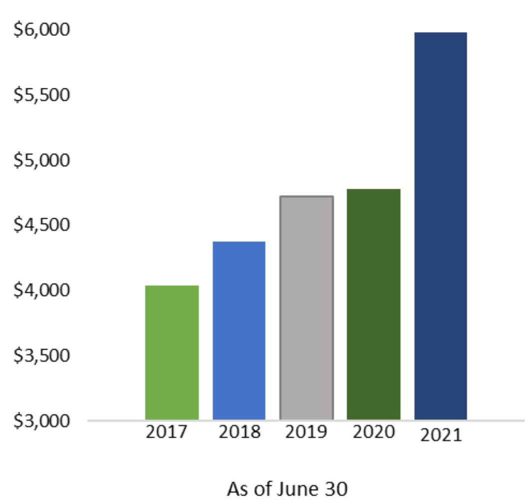
Assets. SamCERA's total assets increased by $1.2 billion, or 25%, from a year ago. Significant changes include the following:

- Cash and cash equivalents increased by $45.5 million. A larger amount of cash was held for liquidity purposes as the investment portfolio grew because of market appreciation.
- Cash management overlay increased by $10.0 million. The foreign currency balance of the international equity accounts increased in proportion to the growth in the portfolios due to strong market conditions. As a result, additional cash was needed to maintain an appropriate level of currency hedge and provide enough cash collateral as a buffer for potential volatility in foreign exchange rates.
- Securities lending cash collateral increased by about $2.2 million. Although the fair value of securities on loan and the required collateral in return was about the same as last fiscal year, borrowers opted to put more cash in lieu of non-cash as collateral this fiscal year. In securities lending transactions, borrowers are required to transfer cash or other securities as collateral valued at 102% for U.S. securities and 105% for non-U.S. securities plus accrued interest.
- Receivables overall decreased by $24.7 million. In mid-June of 2020, a significant stock distribution from a private equity fund was sold. The proceeds from the sale did not arrive until July 2, 2020.

- Investments overall increased by $1.2 billion. Significant changes include the following:
  - Public Equity increased by $545.2 million, due mainly to market appreciation. As international and U.S. equity markets continued to strengthen throughout the fiscal year, investments in the international equity portfolio appreciated by nearly $275.0 million and the U.S. equity portfolio by nearly $250.0 million.
  - Fixed Income increased by $110.7 million. Given the increasing strength of the equity markets, new capital of $75.0 million was added to fixed income assets. Additionally, opportunistic funds performed very well during the fiscal year, a key driver for the remaining increase in fair value.
  - Alternatives increased by $267.3 million. As part of the effort to rebalance the investment portfolio commenced last fiscal year, $100 million was allocated to various hedge funds. The remaining increase was largely from market appreciation.
  - Inflation Hedge increased by $238.3 million, partly from additional contributions to public real assets and partly from appreciation in real estate and real asset (public and private) funds.
- **Liabilities.** SamCERA's total liabilities decreased by $7.8 million, or 9%, from a year ago. Significant changes are discussed below.
  - Due to broker for investments purchased decreased by $11.9 million, due primarily to the timing difference between trade and settlement dates.
  - Securities lending cash collateral due to borrowers increased by $2.2 million. The increase in liability was triggered by and in parallel with the increase in securities lending cash collateral discussed earlier.

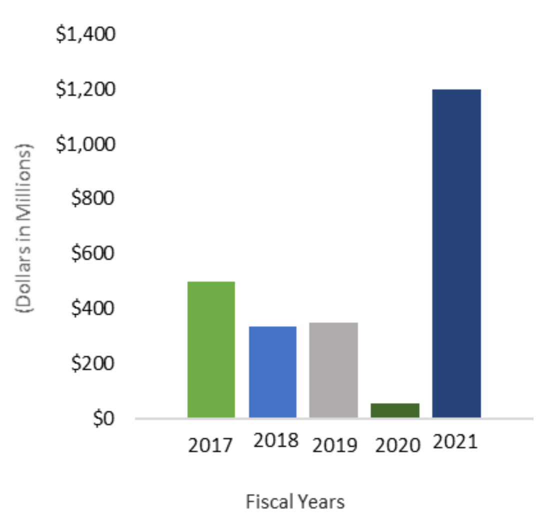
SamCERA's Fiduciary Net Position

As of June 30 (Dollars in Millions)



Changes in SamCERA's Fiduciary Net Position

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



The changes in fiduciary net position are determined by total additions less total deductions. The table below shows condensed information about total additions to, and total deductions from, the fiduciary net position. The overall change in net position during the reporting period amounted to $1.20 billion, a significant increase compared to $57 million a year ago.

Statement of Changes in Fiduciary Net Position

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

			Increase (Decrease)	
	2021	2020	Amount	Percentage
Additions				
Employer contributions	$ 225,302	$ 198,583	$ 26,719	13%
Employer supplementary contributions	39,700	-	39,700	N/A
Member contributions	73,967	70,631	3,336	5%
Net investment income	1,133,127	42,355	1,090,772	2575%
Net securities lending income	50	37	13	35%
Total additions	1,472,146	311,606	1,160,540	372%
Deductions				
Service retirement benefits	229,731	212,633	17,098	8%
Disability retirement benefits	28,342	27,602	740	3%
Survivor, death and other benefits	1,283	1,790	(507)	-28%
Member refunds	2,796	3,796	(1,000)	-26%
Administrative expenses	7,060	6,372	688	11%
Information technology expenses	1,350	2,021	(671)	-33%
Total deductions	270,562	254,214	16,348	6%
Changes in net position	1,201,584	57,392	1,144,192	1994%
Net position restricted for pensions				
Beginning of year	4,780,502	4,723,110	57,392	1%
End of year	$ 5,982,086	$ 4,780,502	$ 1,201,584	25%

Additions. Total additions to the Retirement Fund for the fiscal year were $1.47 billion, showing approximately $1.2 billion, or 372%, increase over the year. Significant changes are discussed below.

- Employer contributions increased by $26.7 million, partly from the increase in contributions (from 33.67% last fiscal year to 37.86% this fiscal year) and partly from the overall increase in covered payroll.
- Supplementary contributions from the County were $39.7 million. This amount was intended to catch up missing contributions of $29.7 million slated for fiscal year 2019-20 and scheduled contributions of $10 million for fiscal year 2020-21. The supplementary contributions will be used to accelerate the payoff of its unfunded actuarial accrued liability.

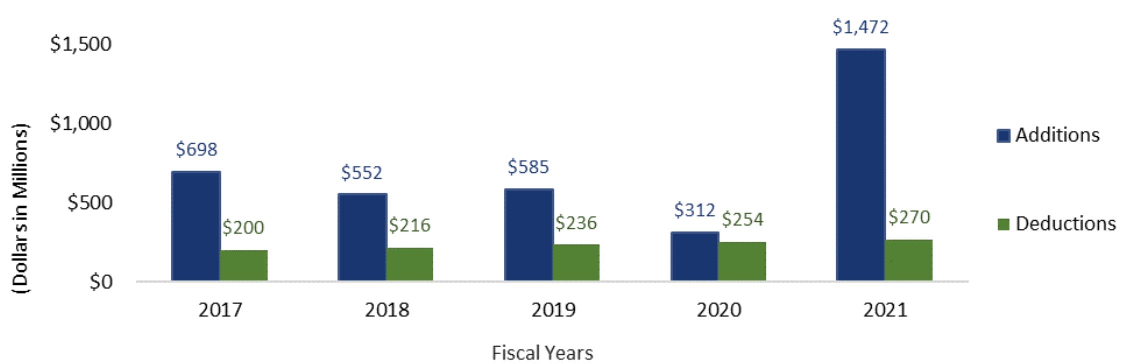
- Member contributions increased by $3.3 million, partly from the increase in required contributions (from 12.11% last fiscal year to 12.46% this fiscal year) and partly from the overall increase in pensionable income of 1.2%.
- Interest and dividends increased by $10.5 million. The increase was spread across the entire portfolio because of positive returns on investments.
- Net appreciation in fair value of investments increased by $1.1 billion. The robust strength in equity markets created a net increase in fair value of $125.0 million in fixed income assets, $650.0 million in public equity, $150.0 million in alternatives, and $150.0 million in inflation hedge assets. The net investment return from the entire portfolio this year was 24.3%, significantly higher than the -0.2% the previous year.
- Investment expenses increased by $25.5 million. Robust returns on investments accounted for exceptional growth in the overall value of assets under management, reflecting strong performances achieved by many of SamCERA's investment managers and causing a proportional increase in both management and performance fees.

Deductions. Total deductions from the Retirement Fund were $270.6 million, $16.3 million or 6% higher than last fiscal year. Significant changes are explained below:

- Service retirement benefits increased by $17.1 million, or 8%. The increase was expected, due mainly to the annual cost of living adjustment and the modest increase in the number of retirees receiving pension benefits.
- Administrative expenses went up by $0.7 million, primarily from scheduled increases in salaries, benefits, and rent for leased facilities.
- Information technology expenses went down by $0.7 million. To support post-implementation services, a total of $0.6 million was used in the previous fiscal year to acquire a warranty for the latest pension system upgrade and service hours for the years to come.

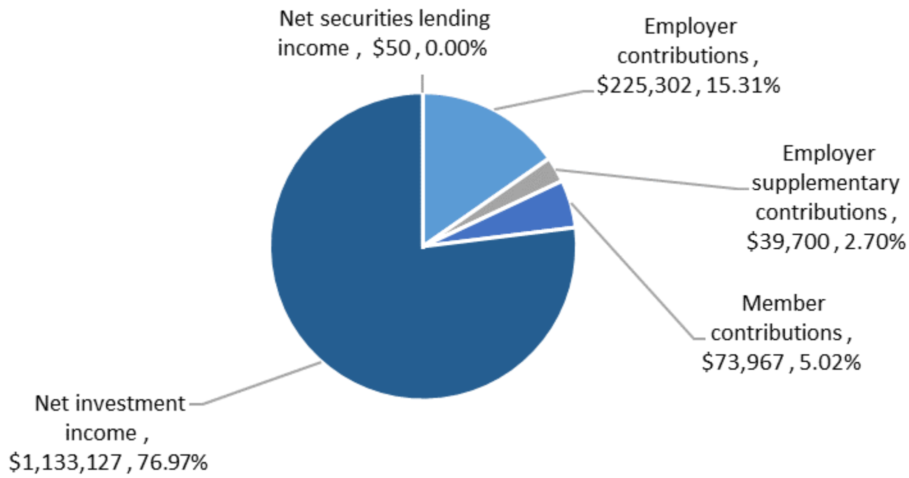
Additions to and Deductions from the Retirement Fund

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



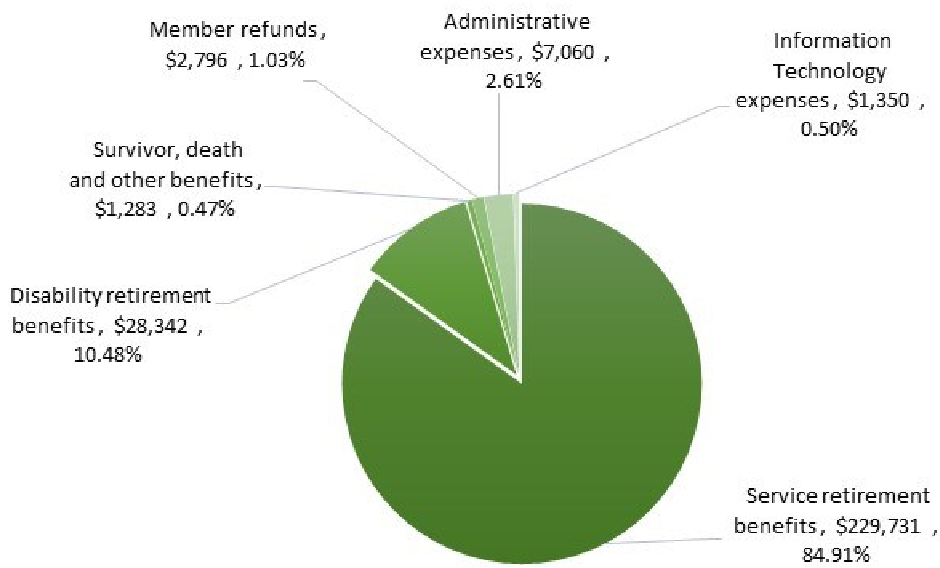
Additions to Fiduciary Net Position

For the Fiscal Year Ended June 30, 2021 (Dollars in Thousands)



Deductions from Fiduciary Net Position

For the Fiscal Year Ended June 30, 2021 (Dollars in Thousands)



Actuarial Valuation

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

In the actuarial valuation, the actuary uses several 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 assets, liabilities, and future contribution requirements. The economic and demographic assumptions selected are 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 (Board) adopted the actuary's recommendation to retain the economic assumptions employed in the 2019 valuation, with investment return at 6.50%, inflation at 2.50%, wage at 3.00%, and payroll growth at 3.00%. The Board also set the 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 recommendations to modify several demographic assumptions based on the triennial Investigation of Experience Study discussed in the following section.

In May 2021, the Board accepted the actuary's recommendations to lower the assumed investment return from 6.50% to 6.25% and 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.

Triennial Experience Study

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

Plan Assets, Liabilities, and Funded Ratio

The Funded Ratio measures the funding adequacy of a retirement system. According to the latest actuarial valuation as of June 30, 2021, the plan's funded ratio (actuarial value of assets to actuarial accrued liabilities) increased to 88.1% as of June 30, 2021, from 86.4% a year ago. The increase was due primarily to strong positive investment returns and employer supplementary contributions to amortize the unfunded actuarial accrued liability (UAAL).

As of June 30, 2021, the actuarial value of plan assets was $5.5 billion, and the actuarial accrued liability was $6.2 billion. The difference between these two amounts represents the unfunded actuarial accrued liability (the gap between promised benefits and the funding available to meet those obligations), which amounted to $738 million (or 122.9% of the collective covered payroll of participating employers, totaling $600 million for the fiscal year). The assets used in the calculation of the funded ratio include the values of the County's and the San Mateo County Mosquito and Vector Control District's Supplementary Contribution Accounts.

Requests for Information

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

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

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

Statement of Fiduciary Net Position

As of June 30, 2021 (with comparative amounts as of June 30, 2020)

	2021	2020
ASSETS		
Cash and short-term investments:		
Cash and cash equivalents	$ 153,467,110	$ 107,989,686
Cash management overlay	64,054,219	54,095,321
Securities lending cash collateral	4,574,275	2,423,778
Total cash and short-term investments	222,095,604	164,508,785
Receivables:		
Contributions	15,060,101	12,376,867
Due from broker for investments sold	48,257,671	78,103,219
Investment income	7,838,202	5,390,580
Securities lending income	3,029	2,752
Other	83,607	86,859
Total receivables	71,242,610	95,960,277
Investments at fair value:		
Public equity	2,411,436,689	1,866,264,297
Fixed income	1,545,541,099	1,434,811,710
Alternatives	860,701,348	593,379,227
Inflation hedge	942,703,531	704,360,824
Total investments at fair value	5,760,382,667	4,598,816,058
Capital assets	8,324,720	8,108,286
Less: accumulated depreciation	(3,737,459)	(2,898,888)
Capital assets, net of accumulated depreciation	4,587,261	5,209,398
Total assets	6,058,308,142	4,864,494,518
LIABILITIES		
Investment management fees payable	3,151,269	2,035,363
Due to broker for investments purchased	66,319,257	78,241,899
Securities lending collateral due to borrowers	4,574,275	2,423,778
Other	2,177,391	1,291,165
Total liabilities	76,222,192	83,992,205
NET POSITION RESTRICTED FOR PENSIONS	**$ 5,982,085,950**	**$ 4,780,502,313**

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

Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended June 30, 2021 (with comparative amounts for the fiscal year ended June 30, 2020)

	2021	2020
ADDITIONS		
Contributions:		
Employer	$ 225,302,472	$ 198,582,998
Employer supplementary	39,700,000	-
Member	73,966,484	70,630,765
Total contributions	338,968,956	269,213,763
Investment income:		
Interest and dividends	87,240,822	76,762,516
Net appreciation in fair value of investments	1,110,924,843	5,173,433
Total investment income	1,198,165,665	81,935,949
Less: investment expenses	(65,039,394)	(39,581,080)
Net investment income	1,133,126,271	42,354,869
Securities lending income:		
Earnings	12,916	35,620
Rebates	51,515	16,474
Fees	(14,156)	(14,741)
Net securities lending income	50,275	37,353
Total additions	1,472,145,502	311,605,985
DEDUCTIONS		
Benefits:		
Service retirement benefits	229,730,556	212,632,929
Disability retirement benefits	28,342,469	27,601,908
Survivor, death, and other benefits	1,282,749	1,790,029
Total benefits	259,355,774	242,024,866
Member refunds	2,796,160	3,796,276
Administrative expenses	7,059,702	6,371,363
Information technology expenses	1,350,229	2,021,102
Total deductions	270,561,865	254,213,607
Net increase	1,201,583,637	57,392,378
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of year	4,780,502,313	4,723,109,935
End of year	**$ 5,982,085,950**	**$ 4,780,502,313**

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

Notes to the Basic financial statements

Note 1: Plan Description

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

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

General

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

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

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

(2) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character with like objectives.

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

Pension Plans

SamCERA has 12 defined benefit 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/Probation members: 1, 2, 4, 5, 6, and 7. The tables on the following two pages provide details for each of these plans.

Pension Plan Membership

Plan membership as of June 30, 2021, is displayed in the table below.

Plan	One	Two	Three	Four	Five	Seven	Total
Retirees and beneficiaries currently receiving benefits							
General	1,242	2,188	122	1,053	16	20	4,641
Safety	262	256	-	135	4	2	659
Probation	96	120	-	75	-	1	292
Subtotal	1,600	2,564	122	1,263	20	23	5,592
Inactive employees entitled to but not currently receiving benefits (Deferred)							
General	7	227	68	772	108	642	1,824
Safety	-	9	-	41	12	32	94
Probation	-	16	-	41	1	10	68
Subtotal	7	252	68	854	121	684	1,986
Current employees, vested							
General	2	355	45	1,639	190	741	2,972
Safety	-	22	-	184	48	89	343
Probation	-	5	-	130	8	21	164
Subtotal	2	382	45	1,953	246	851	3,479
Current employees, non-vested							
General	-	1	4	8	92	1,566	1,671
Safety	-	-	-	1	16	160	177
Probation	-	-	-	-	-	29	29
Subtotal	-	1	4	9	108	1,755	1,877
Total Members	**1,609**	**3,199**	**239**	**4,079**	**495**	**3,313**	**12,934**

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

Note 2: As of June 30, 2021, there were no members in Plan 6.

Benefit Provisions

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

Benefit Plans

As of June 30, 2021

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

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

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

Benefit Plans (Continued)

As of June 30, 2021

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

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

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

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

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

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

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

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

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

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

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

Recognition of Contributions, Benefits, and Refunds

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

Investment Policy and Valuation

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

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

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

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

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

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

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

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

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

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

Foreign Currency Transactions

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

Securities Lending Activity

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

Income from Investments

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

Receivables

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

Capital Assets

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

Most capital assets are information technology related. The estimated useful life for hardware is determined to be five years, and for software is ten years. The routine upgrade of information technology systems, hardware, software, and maintenance are deemed appropriate as expenses for the current fiscal year. As of June 30, 2021, SamCERA's total capital assets, net of accumulated depreciation, approximated to $4.6 million.

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.

Subsequent Events

Subsequent events are those events or transactions that occur subsequent to the year-end date of the financial statements, but prior to the issuance of the annual comprehensive financial report, that may have a material effect on the financial statements or disclosures contained therein. After fiscal year-end, the Board of Retirement approved a $30 million capital commitment to an opportunistic credit partnership on July 27, 2021. The Board also approved a $10 million capital commitment to a private equity partnership at its meeting on August 24, 2021.

Note 3: Funding Policy

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

The CERL establishes the basic contribution obligations for employers and members to the pension plan. The employer and member contribution rates adopted by the Board are based on recommendations from an independent actuary in accordance with membership type (General, Safety, and Probation) and the plan in which a member belongs.

In determining both employer and member contribution rates, assumptions are made about future events that may affect the amount and timing of benefits to be paid and assets to be accumulated. Methods and assumptions used to determine contribution rates are discussed in the Required Supplementary Information and the Actuarial Sections. The actuarial valuation of plan assets and liabilities is normally carried out as of June 30 of each year.

The contribution rates as determined as of June 30, 2021, are subject to “one year” deferral. Thus, the new contribution rates from the June 2021 valuation are effective on July 1, 2022. As of June 30, 2021, the Retirement Fund was 88.1% funded, reflecting a modest increase of 1.7% from a year ago.

Note 4: Member Contributions

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

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

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

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

The member contribution rates for all plans combined increased from 12.11% for fiscal year 2020 to 12.46% for fiscal year 2021. The increase was triggered mainly by lowering the assumed investment return by a quarter percent to 6.50% effective from July 1, 2020. This assumption change increased member contribution rates for all plans.

Note 5: Employer Contributions

Employer contribution rates for each plan are determined pursuant to Government Code Section 31453 of the CERL, using the entry age normal cost method based upon a level percentage of projected payroll. These rates include an estimated amount necessary to finance benefits earned by members during the current year (normal cost) and an amount to amortize the unfunded actuarial accrued liability (UAAL). Under the current funding method, the June 30, 2008 UAAL is amortized over a fixed period ending June 30, 2023. Changes in the UAAL in subsequent years are being amortized separately over new 15-year periods from the valuation date at which the difference is calculated.

Contributions from employers (County, Courts, and District) consist of two components: the Normal Cost, which covers the value of benefits earned by active members during the year less member contributions; and the Unfunded Actuarial Accrued Liability (UAAL), which reflects the excess of actuarial accrued liability over the actuarial value of the plan assets.

EMPLOYER STATUTORY CONTRIBUTION RATES AS A PERCENTAGE OF COVERED PAYROLL

	2021	2020	Change
Gross Normal Cost	23.73%	22.68%	1.05%
Member Contributions	(12.46%)	(12.11%)	(0.35%)
Normal Cost	11.27%	10.57%	0.70%
UAAL Amortization	26.59%	23.10%	3.49%
Total Employer Statutory Contribution Rate [1]	**37.86%**	**33.67%**	**4.19%**
County Contribution Rate	38.06%	33.85%	4.21%
Courts Contribution Rate	35.22%	31.03%	4.19%
SMCM&VCD Contribution Rate	12.58%	12.13%	0.45%

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

The employer normal cost rate increased from 10.57% of covered payroll for fiscal year 2020 to 11.27% for fiscal year 2021. The employer UAAL rate, reflecting a layered amortization over 15 years, increased from 23.10% of covered payroll for fiscal year 2020 to 26.59% for fiscal year 2021. The increases are due primarily to the change in the investment return assumption from 6.75% in the 2018 valuation to 6.50% in the 2019 valuation, which determined the employer statutory contribution rates with effective date from July 1, 2020.

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

Schedule of Employer Contributions

Fiscal Year Ended June 30	(a) Actual Employer Contributions	(b) Actuarially Determined Contributions	(a) - (b) Supplementary Contributions		Percentage of Actuarially Determined Contributions Received
2012	$150,950	$139,407	$11,543		100%
2013	144,308	131,294	13,014		100%
2014	202,877	152,877	50,000	(1)	100%
2015	180,704	169,814	10,890	(2)	100%
2016	191,094	170,046	21,048	(3)	100%
2017	198,727	164,877	33,850	(4)	100%
2018	207,257	179,627	27,630	(5)	100%
2019	245,498	194,830	50,668	(6)	100%
2020	198,583	198,583	-		100%
2021	265,002	225,302	39,700	(7)	100%

(1) The County made a supplementary contribution of $50 million to accelerate the pay down of its UAAL.

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

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

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

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

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

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

Supplementary Contributions from San Mateo County

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

Deposits in the CSCA will receive interest at the actual market investment return rate, net of fees and costs. In fiscal year 2021, total supplementary contributions to the CSCA amounted to $39.7 million. The CSCA had an aggregate reserve account balance of $237.0 million as of June 30, 2021. The resources in the CSCA are systematically recognized to provide an offset to the County's Statutory Contribution Rate. Without the recognition of the CSCA, the County's statutory contribution rate would be higher.

The County paid its annual required contributions for fiscal year 2021 via two semi-annual prepayments (one in July 2020 and another in January 2021). The prepayments were based on the adopted actuarially determined contribution rate and the projected covered payroll by plan, discounted by the assumed investment rate of return. Throughout the year, the prepayments were periodically reduced by actual contributions as determined by the adopted contribution rate and the actual covered payroll by plan. Near fiscal year-end, SamCERA performed a "true-up" calculation to ensure that the County's annual statutory contribution to SamCERA was fully settled. Any excess balance in the prepayment account will be applied towards the County's contribution for the upcoming fiscal year.

Supplementary Contributions from San Mateo County Mosquito and Vector Control District

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

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

As of June 30, 2021, the DSCA had an aggregate reserve account balance of $1.1 million. Based on the latest amendment to the Memorandum of Understanding between SamCERA and the District, the resources in the DSCA will be recognized in five years starting from June 30, 2019, to provide an offset to the District's statutory contribution rate. Without the recognition of the DSCA, the District's statutory contribution rate would be higher.

Note 6: Deposits and Investments

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

Deposits

SamCERA has deposits with an outside financial institution, the Northern Trust Corporation, as well as with the County in an investment pool account, which is custodied at 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. Earnings and losses from the County investment pool are shared among pool participants. All deposits are reported at cost, which approximates 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, 2021, $70.0 million of cash was held in a pooled short-term investment fund with the Northern Trust Corporation and $11.6 million in the investment pool with the County Treasurer. Cash held by investment managers at year-end amounted to $71.9 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 $415,087 is uninsured and uncollateralized. Thus, this amount is subject to custodial credit risk. SamCERA does not have a general policy addressing custodial credit risk. The fair value of SamCERA's position in the pool is the same as the value of the pool shares.

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

Investments

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

Investment Policy. The Investment Policy is strategized to reduce risk through a prudent diversification of the investment portfolio across a broad selection of distinct asset classes. During the fiscal year, the Board approved a new policy portfolio as part of its annual asset allocation review. The new policy portfolio tweaks the old portfolio by adding 2% to the Growth bucket and reducing Diversifying by 2%, while keeping the overall allocation to Inflation Hedge unchanged. The new policy was in effect from January 1, 2021.

Target Asset Allocation. As of June 30, 2021, SamCERA's target asset allocation consists of 41% in public equity, 28% in fixed income, 13% in alternatives, 17% in the inflation hedge, and 1% in the liquidity asset class. The actual asset allocation at fiscal year-end consisted of 42.5% in public equity, 27.6% in fixed income, 13.7% in alternatives, 15.8% in inflation hedge, and 0.4% in the liquidity asset class. See the Investment Section for further details.

Money-Weighted Rate of Return. The money-weighted rate of return expresses investment performance, net of pension plan investment expenses, adjusted for the timing of cash flows and the changing amounts invested. For the fiscal year ended June 30, 2021, the annual money-weighted rate of return was 24.3% on SamCERA's investments, net of investment manager fees.

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

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

Long-Term Expected Real Rate of Return

As of June 30, 2021

Asset Class	Target Allocation	Expected Rate of Return
Public Equity	41%	3.4%
Fixed Income	28%	0.5%
Alternatives	13%	5.0%
Inflation Hedge	17%	3.7%
Liquidity	1%	-1.3%
Total	**100%**	

Investment Risk

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

Each investment manager, with whom we hold 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 we hold a commingled fund investment, is required to follow its fiduciary duties with respect to the fund. The guidelines require the investment return performance of each manager be compared with the performance of a relative passive market index over specific periods. SamCERA's investment consultant and staff constantly monitor the performance of all investment managers for compliance with respective guidelines.

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

Interest Rate Risk Analysis

As of June 30, 2021

Commingled Fixed Income Portfolio	Fair Value	Weighted Average Maturity (Years)	Effective Duration (Years)
Opportunistic Credit Funds [1]	$ 598,322,807	2.82	6.07
Western Asset Management	224,383,666	1.5	7.68
Total	**$ 822,706,473**		

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

Interest Rate Risk Analysis (Continued)

As of June 30, 2021

Investment Portfolio [1]	Fair Value	Weighted Average Maturity (Years)	Effective Duration (Years)
Asset Backed Securities	$ 80,933,449	18.3	3.4
Collateralized Bonds	500,026	10.3	2.8
Commercial Mortgage-Backed	45,803,177	23.9	4.2
Corporate Bonds	174,726,109	9.7	6.7
Government Agencies	6,459,085	16.9	8.4
Government Bonds	229,127,390	10.9	9.0
Government Mortgage Backed Securities	154,068,025	22.5	4.7
Government Commercial Mortgage-Backed	15,147,920	20.0	5.6
Index Linked Government Bonds	4,197,019	22.1	13.2
Municipal Bonds	3,179,280	14.2	8.6
Non-government Backed CMOs	8,693,146	34.8	5.3
Total	**$ 722,834,626**		

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. SamCERA's Investment Policy seeks to maintain a diversified portfolio of fixed income instruments to obtain the highest total return for the fund at an acceptable level of risk within the asset class. The quality of SamCERA's investments in bonds as of June 30, 2021, is summarized in the table on the right.

S&P Quality Breakdown for SamCERA's Investment in Bonds

As of June 30, 2021

Credit Risk	Separately Managed Accounts	Commingled Management
AAA	18.4%	7.0%
AA	1.9%	2.5%
A	0.9%	2.6%
BBB	18.7%	9.7%
Less than B	1.1%	28.5%
Not Rated	59.0%	49.8%
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, 2021, SamCERA had no investments that were exposed to custodial credit risk.

Concentration of Credit Risk. This risk is the risk 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, 2021, SamCERA does not have investments in a single issuer with five percent or more of SamCERA's fiduciary net position.

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

Foreign Currency Risk Analysis

As of June 30, 2021

Foreign Currency	Common Stock	Preferred Stock	Partnerships	Foreign Currency	Variation Margin	Total
Australian Dollar	$ 15,933,209	$ -	$ -	$ -	$ -	$ 15,933,209
Brazilian Real	3,704,149	-	-	-	-	3,704,149
Canadian Dollar	5,393,097	-	-	10,093	119,910	5,523,100
Swiss Franc	12,988,550	-	-	-	-	12,988,550
HK Offshore Chinese Yuan Renminbi	3,691,787	-	-	-	-	3,691,787
Danish Krone	3,943,652	-	-	-	-	3,943,652
Euro	152,759,243	7,737,307	7,558,903	(10)	-	168,055,443
British Pound Sterling	101,135,136	-	-	19,763	-	101,154,899
Hong Kong Dollar	45,888,406	-	-	-	-	45,888,406
Indian Rupee	16,253,188	-	-	-	-	16,253,188
Japanese Yen	140,779,123	-	-	231,859	-	141,010,982
South Korean Won	4,085,839	-	-	-	-	4,085,839
Mexican Peso	1,675,777	-	-	-	-	1,675,777
Swedish Krona	28,693,569	-	-	-	-	28,693,569
Singapore Dollar	13,775,323	-	-	-	-	13,775,323
South African Rand	5,672,432	-	-	-	-	5,672,432
Total	**$ 556,372,480**	**$ 7,737,307**	**$ 7,558,903**	**$ 261,705**	**$ 119,910**	**$ 572,050,305**

Derivatives

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

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

The derivative instruments held by SamCERA are considered investments and not hedges for accounting purposes. As of June 30, 2021, the derivatives held an aggregate notional amount of -$390.1 million. The fair value of derivatives totaling $2.2 million is reported in the Statement of Fiduciary Net Position as part of the cash management overlay and inflation hedge. Changes in fair value during fiscal year 2021 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, 2021, is not material.

INVESTMENT DERIVATIVES

As of June 30, 2021

Type of Derivatives	Notional Value	Fair Value
Interest Rate Contract - Short	$ (1,926,875)	$ 10,105
Interest Rate Contract - Long	71,580,289	193,071
Foreign Exchange Contracts - Short	(415,520,910)	1,711,705
Foreign Exchange Contracts - Long	(4,192,240)	3,625
Equity Contracts - Long	(40,004,754)	285,256
Total	**$ (390,064,490)**	**$ 2,203,762**

Interest Rate Risk – Derivatives. SamCERA's investments in interest rate derivatives are highly sensitive to changes in interest rates. The investment maturities for most of the investments in the table above are 3 months or less. The investment maturity for $12.7 million of investments in derivatives is 3-6 months.

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

Custodial Credit Risk – Derivatives. As of June 30, 2021, SamCERA's derivatives were not subject to custodial credit risk. However, they are subject to other risks.

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

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

Securities Lending Activity

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

For the fiscal year ended June 30, 2021, on behalf of SamCERA, the securities lending agent lent SamCERA's securities to borrowers under the securities lending agreement. In return, SamCERA received cash and obligations issued or guaranteed by the U.S. government, or its agencies or instrumentalities. Borrowers were required to deliver collateral for each loan equal to (1) loaned securities denominated in U.S. dollars or sovereign debt issued by foreign governments, with a margin of at least 102% of the fair value of the loaned securities; and (2) loaned securities not denominated in U.S. dollars, or whose primary trading market was not located in the United States, with a margin of at least 105% of the fair value of the loaned securities. In addition, borrowers were required to maintain the designated margin percentage of collateral on a daily basis.

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

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

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

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

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

As of June 30, 2021, the fair value of securities on loan reported and the total collateral held amounted to $8.5 million and $8.7 million (with $4.6 million in cash collateral and $4.1 million in non-cash collateral), respectively. The amount of collateral exceeded the amount of securities on loan by $210,547. The securities on loan include U.S. equities and international equities. The cash collateral received on each loan was invested in a short-term investment pool, the Northern Institutional Liquid Assets Portfolio (NILAP), managed by the securities lending agent. The average maturity of securities on loan was approximately 41 days as of June 30, 2021. SamCERA does not have the ability to pledge or sell non-cash collateral delivered absent a borrower default. Therefore, such non-cash collateral is not reported on the Statement of Fiduciary Net Position. There were no violations of legal or contractual provisions, and no borrower or lending agent default losses known to the securities lending agent.

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

Securities Lending Collateral Interest Rate Risk. Cash collateral from loans of securities are invested in the Fund. The Fund's average effective duration is restricted to 60 days or less. As of June 30, 2021, the Fund had an interest rate sensitivity of 21 days.

Fair Value Measurement

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

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

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

As of June 30, 2021, SamCERA did not hold any investments classified in Level 3. Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using the following approaches:

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

FAIR VALUE MEASUREMENT

As of June 30, 2021

Investments by Fair Value Level	June 30, 2021	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using: Significant Other Observable Inputs (Level 2)
DEBT SECURITIES			
Asset Backed Securities	$ 80,933,449		$ 80,933,449
Commercial Mortgage-Backed	54,996,348		54,996,348
Corporate Bonds	174,726,109		174,726,109
Foreign Government Securities	9,226,587		9,226,587
Municipal Bonds	3,179,280		3,179,280
US Government Securities	399,772,852		399,772,852
Total Debt Securities	722,834,625		722,834,625
EQUITY SECURITIES			
Foreign Stocks	632,097,135	$ 632,097,135	
US Common & Preferred Stock	569,897,268	569,897,268	
Total Equity Securities	1,201,994,403	1,201,994,403	
COMMINGLED FUNDS			
Domestic Bond Funds	224,383,667		224,383,667
Domestic Equity Funds	530,596,488		530,596,488
International Equity Funds	372,152,063		372,152,063
Liquid Pool Funds	360,643,195		360,643,195
Total Commingled Funds	1,487,775,413		1,487,775,413
COLLATERAL FROM SECURITIES LENDING	4,574,275	4,574,275	
Total Investments by Fair Value Level	**3,417,178,716**	**$ 1,206,568,678**	**$ 2,210,610,038**
Investments Measured at the Net Asset Value (NAV)			
Domestic Bond Funds	520,622,614		
Global Bond Funds	77,700,193		
Domestic Equity Funds	198,434,973		
International Equity Funds	108,258,762		
Real Estate Funds	456,490,615		
Hedge Funds/Absolute Return	401,402,966		
Private Equity Funds	459,298,382		
Private Real Asset Funds	125,569,721		
Total Investments Measured at NAV	**2,347,778,226**		
Total Investments	**$ 5,764,956,942**		
Derivatives			
Interest Rate Contracts - Short	$ 10,105	$ -	$ 10,105
Interest Rate Contracts - Long	193,071	-	193,071
Foreign Exchange Contracts - Short	1,711,705	-	1,711,705
Foreign Exchange Contracts - Long	3,625	-	3,625
Equity Contracts - Long	285,256	285,256	-
Total Derivatives	**$ 2,203,762**	**$ 285,256**	**$ 1,918,506**

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

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

INVESTMENTS MEASURED AT NET ASSET VALUE (NAV)

As of June 30, 2021

Investments Measured at NAV	6/30/2021	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Domestic Bond Funds [1]	$ 520,622,614	$ 53,167,534	Monthly, Not Eligible	15 days, Not applicable
Global Bond Funds [1]	77,700,193	-	Monthly	15 days
Domestic Equity Funds [1]	198,434,973	-	Monthly	10 days
International Equity Funds [1]	108,258,762	-	Monthly	10 days
Real Estate Funds [2]	456,490,615	87,801,236	Quarterly, Not Eligible	45 days, Not applicable
Hedge Funds/Absolute Return [3]	401,402,966	-	Daily, Monthly	5-30 days
Private Equity Funds [4]	459,298,382	234,927,284	Not Eligible	Not applicable
Private Real Asset Funds [4]	125,569,721	131,663,234	Not Eligible	Not applicable
Total	**$ 2,347,778,226**	**$ 507,559,288**		

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

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

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

(4) **Private Equity and Real Asset Funds.** This type includes thirty-four private equity funds, investing primarily in Buyout Funds, Venture Capital, and Debt/Special Situations. This type also includes thirteen 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, 2021.

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

Actuarial Methods and Assumptions

Each year SamCERA engages an independent actuarial consulting firm to perform an annual actuarial valuation in accordance with requirements under GASB Statement No. 67. In the valuation, the actuary employs generally accepted actuarial methods and assumptions to determine the total pension liability, the plan fiduciary net position, and the employers' net pension liability. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations, which reflect a long-term perspective, are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2021 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.

Sensitivity Analysis

The employers' net pension liability changes with adjustments to the discount rate. The table on page 67 presents the net pension liability of all participating employers at year-end, using the current discount rate of 6.42%, and what the net pension liability would be using a discount rate that is one percent lower or one percent higher than the current discount rate.

Schedule of Employer Net Pension Liability

As of June 30, 2021

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

Net Pension Liability	**June 30, 2021**
Total pension liability	$ 6,089,780,892
Less: Plan fiduciary net position	(5,982,085,950)
Employers' net pension liability	**$ 107,694,942**
Plan fiduciary net position as a % of total pension liability	98.23%
Covered payroll	$ 600,368,542
Employers' net pension liability as a % of covered payroll	17.94%

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

Discount rate 6.42%

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

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

Valuation date	June 30, 2021
Measurement date	June 30, 2021
Key assumptions	
Investment rate of return [(1)]	6.42%
General wage increases	3.00%
CPI-U Inflation	2.25%
CPI Inflation	2.50%
Mortality	Various rates based on mortality tables described in the June 30, 2021, actuarial valuation.
Actuarial experience study	July 1, 2017 to April 30, 2020
Actuarial cost method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	80% to 120% of fair value
Amortization of Unfunded Actuarial Accrued Liability (UAAL) [(2)]	UAAL as of June 30, 2008, is amortized over a closed 15-year period ending June 30, 2023. Subsequent changes in the UAAL are amortized over separate closed 15-year layers that are determined annually ("layer" amortization).

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

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

Sensitivity Analysis

As of June 30, 2021

	1% Decrease	Discount Rate	1% Increase
Total pension liability	$ 6,973,308,442	$ 6,089,780,892	$ 5,372,132,106
Less: Fiduciary net position	(5,982,085,950)	(5,982,085,950)	(5,982,085,950)
Net pension liability	**$ 991,222,492**	**$ 107,694,942**	**$ (609,953,844)**

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 non-valuation reserves, and the market stabilization account. The plan reserves as of June 30, 2021, are presented in the following table.

Reserves Required by the CERL for Reporting Purposes

As of June 30, 2021

Valuation Reserves	
Member Reserve	$ 895,744,573
Employer Advance Reserve	1,379,732,982
Retiree Reserve	1,380,172,681
Cost of Living Adjustment Reserve	1,642,623,638
County Supplementary Contribution Account Reserve	236,971,881
District Supplementary Contribution Account Reserve	1,109,806
Total Valuation Reserves	5,536,355,561
Non-Valuation Reserves	
Contingency Reserve	55,444,026
Undistributed Earnings/Losses Reserve	(30,609,675)
Total Non-Valuation Reserves	24,834,351
Market Stabilization Account	420,896,038
Total Reserves (Fair Value of Assets)	**$ 5,982,085,950**

Valuation Reserves

The valuation reserves are made up of the following:

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

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

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

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

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

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

Non-Valuation Reserves

The Board established the Contingency Reserve of which the value is not used to determine statutory contribution rates.

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

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

Market Stabilization Account

The Market Stabilization Account is designed to minimize the impact of short-term volatility in the fair value of the retirement fund on employer and member contribution rates by smoothing market returns over a five-year period. The Board adopted a Market Stabilization Account policy to limit the actuarial value of assets so as not to exceed ±20% of the fair value.

The balance in this account, arising from a *Five-year Actuarial Smoothing Policy*, represents the difference between (1) the aggregate amount initially deferred (or smoothed) from the ten most recent semi-annual periods and (2) the aggregate amount subsequently recognized for semi-annual interest crediting from the same ten periods. Deferred investment earnings/losses are amortized over five years in accordance with a schedule established by the actuary. The balance in the Market Stabilization Account was $421 million as of June 30, 2021.

Interest Crediting

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

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 one half of the assumed investment earnings rate, or the actuarial earnings rate for the prior six-month period immediately preceding the period in which interest is being credited. The "assumed investment earnings rate" is the rate used to determine employer rates for the fiscal year in which the allocation is taking place. The rate credited to the Member Reserve shall not be less than zero.

To the extent of the net available earnings, interest is credited to all components of valuation reserves (except the Member Reserve, the CSCA Reserve, the DSCA Reserve, and the Undistributed Earnings/Losses Reserve) at a rate of one-half of the assumed investment earnings rate.

When allocable earnings are insufficient to cover interest credits to the reserves specified as discussed earlier, the funding in the Contingency Reserve may be used to cover the shortage. However, in no event may the Contingency Reserve be allowed to drop below one percent of the actuarial value of assets.

Under the CERL, excess earnings over one percent of SamCERA's total assets may be transferred from the Contingency Reserve into the Employer Advance Reserve for payment of benefits. Whenever possible, SamCERA strives to keep the Contingency Reserve at 3% of the actuarial value of assets as described in its Interest Crediting Policy.

Note 9: Administrative Expenses

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

SamCERA's actual administrative expenses for the reporting period amounted to 0.13% of the accrued actuarial liability as of June 30, 2019 (the latest information available when preparing the administrative budget for fiscal year 2021). Information technology expenses are excluded from this limit.

The following tables show allowable administrative expenses and budget-to-actual analysis of administrative expenses for the fiscal year ended June 30, 2021.

Administrative Expenses for the Fiscal Year Ended June 30, 2021, Compared to Actuarial Accrued Liability as of June 30, 2019

(Dollars in Thousands)

Actuarial accrued liability (AAL) as of June 30, 2019	$	5,459,978	(a)
Maximum allowed for administrative expenses (AAL*0.21%)	$	11,466	(b)
Operating budget for administrative expenses	$	7,233	(c)
Actual administrative expenses	$	7,060	(d)
Excess of allowed over actual administrative expenses	$	4,406	=(b) - (d)
Excess of budgeted over actual administrative expenses	$	173	=(c) - (d)
Actual administrative expenses as a percentage of actuarial accrued liability as of June 30, 2019		**0.13%**	**= (d)/(a)**

SAMCERA'S ADMINISTRATIVE EXPENSES, BUDGET VS. ACTUAL

For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Under/(Over) Budget	% of Budget Remaining
Salaries and benefits	$ 5,548,167	$5,654,980	$ (106,813)	-2%
Services and supplies	1,684,816	1,404,722	280,094	17%
Total expenses	**$ 7,232,983**	**$7,059,702**	**$ 173,281**	**2%**

Salaries and benefits. Total expenses were $5.7 million, slightly above the budget by 2%. The key factors for the budget overrun are explained below.

- Salaries – The Chief Legal Counsel position was double filled for six weeks to ensure a successful transition between the past and present incumbents. In addition, the cash-out of terminal pay and accrued holiday time was higher than anticipated.
- Benefits – The projected pension contributions slightly fell short of the actual.

Services and Supplies. Total expenses were $1.4 million, moderately below budget by 17%. Below are the areas in which the actual expenses were significantly different from estimated.

- Insurance. The premium for a one-year fiduciary liability insurance policy increased by nearly 20%, way above projections.
- Medical Record and Hearing Services. The actual level of services was moderately below budget. Only a handful of members applying for disability were recommended for an independent medical evaluation. Additionally, only one formal hearing was held for a disability case.
- Member Education. The realized savings were primarily from "no show" registrants. Specific educational courses are consistently offered to help members enhance their financial knowledge in retirement planning. Departments are required to pay a pre-determined amount for failure of the member to show up after enrollment.
- Education and Conference and Transportation and Lodging. Training, conferences, and related traveling and lodging expenses were significantly below projections. Despite anticipated reopening of businesses in the second half of the fiscal year, on-site training and conferences were hindered by the rising cases of virus variants.
- General Office Supplies. The usage of general office supplies was below expectation as staff continued to work remotely almost the entire fiscal year until mid-June of 2021.
- Postage and Printing. The actual spending in mailing and printing was far below budget. Except for January 2021, mailing of monthly pension benefit statements was suspended since the pandemic outbreak. Additionally, communications with members were mostly conveyed through electronic means while staff were telecommuting.

- County Services. The budget overrun was mainly triggered by sharing “indirect costs” as determined by the County’s Cost Allocation Plan. The cost sharing requirement was introduced in late August of 2020 and not included in the adopted budget for fiscal year 2020-21. To support its operation, SamCERA employs services from various County departments such as Elections, Human Resources, Health System, Controller’s Office and Information Services.
- Audit Services. Because of the pandemic, both audits (final audit of fiscal year 2019-20 in August 2020 and interim audit of fiscal year 2020-21 in June 2021) were conducted remotely, causing a modest decline in billable amounts. Under the contract with Brown Armstrong Accountancy Corporation, SamCERA agrees to reimburse travel and lodging expenses incurred by auditors while conducting fieldwork on-site.
- Other Administration. This budget item was mainly for legal services concerning disability and taxation. The need for such services was much less than anticipated.

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 mandated limit of 0.21% discussed earlier. As a result, SamCERA prepares a separate information technology budget starting with fiscal year 2012 when this code was enacted. The table below presents the budget-to-actual analysis of technology expenses for the fiscal year ended June 30, 2021.

SamCERA’s Information Technology Expenses, Budget vs. Actual

For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Under Budget	% of Budget Remaining
Computer equipment and software	$ 30,000	$ 13,336	$ 16,664	56%
IT infrastructure - software license maintenance	529,500	426,728	102,772	19%
IT infrastructure - maintenance tools and equipment	300,000	116,426 (a)	183,574	61%
IT infrastructure - contract IT services	306,000	171,601 (b)	134,399	44%
IT infrastructure - imaging	50,000	-	50,000	100%
Technology research and development	10,000	-	10,000	100%
Total expenses	**$1,225,500**	**$728,091**	**$497,409**	**41%**

(a) A server of $57,765 and a computer of $8,669 were capitalized and reported under capital assets on the Statement of Fiduciary Net Position for the fiscal year ended June 30, 2021.

(b) The development of a mobile application by an outside consulting firm was budgeted under "contract IT services." Its year-to-date expense of $150,000 was capitalized and reported under capital assets on the Statement of Fiduciary Net Position for the fiscal year ended June 30, 2021. This project is expected to be completed in fiscal year 2022.

Note: Depreciation of $838,572 is a non-cash expense and therefore not included in the adopted budget. This amount is reported on the Statement of Changes in Fiduciary Net Position for the fiscal year ended June 30, 2021.

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

- Computer Equipment and Software. Actual spending was far below budget as the need for acquisition or replacement of computer equipment fell short of expectations.

- IT Infrastructure - Software License Maintenance. The overall maintenance of the pension administration software was over-estimated by approximately 19%.

- IT Infrastructure - Maintenance Tools & Equipment. Actual spending was much less than anticipated. To create a robust business environment in face of emerging needs, funds were set aside to replace existing servers, laptops, and equipment. With priorities shifted to time-sensitive projects, scheduled upgrades to the wireless microwave, WiFi network, and telephone system were suspended.

- IT Infrastructure - Contract IT Services. Actual spending was way below budget. Certain projects, which required outside professional help, were not fully completed due to time constraints. These projects included developing a new mobile application and enhancing the audio and video technologies in the conference and Board rooms.

- IT Infrastructure - Imaging. A plan was slated to convert paper documents held by Finance, Investment and Administration teams to digital by fiscal year-end using the County SharePoint software solution. This plan was temporarily put on hold as staff were not available on-site to support the conversion due to telecommuting.

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

Note 11: Risk Management

SamCERA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. Such risks are managed by SamCERA through its participation with the County's self-insurance program and commercial insurance policies. SamCERA is covered by the County's self-insurance program for general liability and workers' compensation.

Additional coverage for various types of risks are provided through the County's commercial insurance carriers in accordance with the terms set forth in individual insurance policies. Pursuant to a Memorandum of Understanding between SamCERA and the County, SamCERA pays a pro-rata share of total insurance cost incurred by the County based on employee count.

The Retirement Board members and senior staff purchase separate fiduciary liability insurance for the actual or alleged breach of fiduciary duties through a policy provided by RLI Insurance Company of Peoria, Illinois. The coverage is limited to $10 million in the aggregate for all loss combined including defense costs.

Note 12: Related Party Transactions

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

Note 13: Commitments

As of June 30, 2021, SamCERA had a total “uncalled capital” of $507.6 million with $234.9 million in private equity investments, $131.7 million in private real asset investments, $87.8 million in real estate investments, and $53.2 million in private credit investments. Due to the nature of these investments, some of these commitments will gradually be funded over the next 1-5 years, depending on the partnership’s vintage year.

Note 14: Contingent Liability

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

Required Supplementary Information

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

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

For the Fiscal Years Ended June 30	2021	2020	2019	2018
Total Pension Liability				
Service cost	$ 120,103,792	$ 119,882,786	$ 108,644,383	$ 107,738,142
Interest on total pension liability	376,951,077	356,056,094	336,260,838	319,776,913
Effect of assumption changes or inputs	190,798,284	12,726,983	167,870,889	-
Effect of economic/demographic gains (losses)	3,782,768	78,235,977	91,316,336	27,753,956
Benefit payments and refund of contributions	(262,151,934)	(245,821,142)	(227,185,123)	(209,054,603)
Net change in total pension liability	429,483,987	321,080,698	476,907,323	246,214,408
Total pension liability, beginning	5,660,296,905	5,339,216,207	4,862,308,884	4,616,094,476
Total pension liability, ending (a)	**$6,089,780,892**	**$5,660,296,905**	**$5,339,216,207**	**$4,862,308,884**
Fiduciary Net Position				
Employer contributions	$ 265,002,472	$ 198,582,998	$ 245,498,411	$ 207,256,713
Member contributions	73,966,484	70,630,765	67,695,627	64,204,278
Investment income net of investment expenses	1,133,176,546	42,392,222	271,691,483	280,146,398
Benefit payments and refund of contributions	(262,151,934)	(245,821,142)	(227,185,123)	(209,054,603)
Administrative and technology expenses	(8,409,931)	(8,392,465)	(8,551,977)	(7,293,262)
Net change in fiduciary net position	1,201,583,637	57,392,378	349,148,421	335,259,524
Fiduciary net position, beginning	4,780,502,313	4,723,109,935	4,373,961,514	4,038,701,990
Fiduciary net position, ending (b)	**$5,982,085,950**	**$4,780,502,313**	**$4,723,109,935**	**$4,373,961,514**
Net pension liability, ending = (a) - (b)	$ 107,694,942	$ 879,794,592	$ 616,106,272	$ 488,347,370
Fiduciary net position as a % of total pension liability	98.23%	84.46%	88.46%	89.96%
Covered payroll	$ 600,368,542	$ 593,295,084	$ 554,734,196	$ 535,937,622
Net pension liability as a % of covered payroll	17.94%	148.29%	111.06%	91.12%

Note: *Changes of assumptions.*

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

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

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

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

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

Note: *Changes of assumptions.*

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

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

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

Schedule of Employer contributions

Last Ten Fiscal Years

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

Fiscal Year Ended June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll [1]	As a % of Covered Payroll: Actuarially Determined Contribution	As a % of Covered Payroll: Actual Employer Contribution	
2012	$ 139,406,807	$ 150,949,791	$(11,542,984)	$ 418,915,989	33.28%	36.03%	2
2013	131,293,846	144,308,171	(13,014,325)	404,360,891	32.47%	35.69%	2
2014	152,877,362	202,877,362	(50,000,000)	416,273,731	36.73%	48.74%	3
2015	169,814,170	180,704,280	(10,890,110)	439,017,764	38.68%	41.16%	3
2016	170,046,059	191,094,488	(21,048,429)	472,384,955	36.00%	40.45%	3, 4
2017	164,877,135	198,727,135	(33,850,000)	510,132,014	32.32%	38.96%	3, 4
2018	179,626,584	207,256,713	(27,630,129)	535,937,622	33.52%	38.67%	3
2019	194,830,054	245,498,411	(50,668,357)	554,734,196	35.12%	44.26%	3
2020	198,582,998	198,582,998	-	593,295,084	33.47%	33.47%	
2021	225,302,472	265,002,472	(39,700,000)	600,368,542	37.53%	44.14%	2

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

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

3 The County of San Mateo (the County) Board of Supervisors implemented a policy to eliminate the County's unfunded actuarial accrued liability (UAAL) by 2023. Contributions in excess of the Actuarially Determined Contribution are related to this policy unless noted otherwise.

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

Schedule of Investment Returns

For the Fiscal Years Ended June 30

The time-weighted rate of return measures a fund's compounded rate of growth over a specific time period, whereas the money-weighted rate of return measures investment performance, net of investment manager expenses, adjusted for the changing amounts actually invested. This schedule will ultimately show information for the past ten fiscal years. Additional years will be displayed as they become available prospectively.

	2021 [3]	2020	2019	2018	2017	2016	2015	2014
Annual time-weighted rate of return, net of investment manager expenses [1, 2]	24.28%	-0.20%	5.40%	6.70%	12.58%	0.74%	3.53%	17.29%
Annual money-weighted rate of return, net of investment manager expenses [1]	24.29%	-0.26%	5.26%	6.53%	12.48%	0.49%	3.37%	17.22%

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

2 The annual time-weighted rate of return is calculated by SamCERA's investment consultant. This calculation is based on fiscal year-end investment performance except for Private Equity and Private Real Assets. The quarterly statements for Private Equity and Private Real Assets are usually released 2-4 months after quarter-end and, for this reason, the investment consultant reports SamCERA's Private Equity and Private Real Assets' returns on a one-quarter lagged basis. The June 30 return for these two sub-asset classes are based on the "rolling" performance from the 4th quarter of last fiscal year to the 3rd quarter of this fiscal year. The resulting investment performance return from this calculation method generally does not deviate significantly from the return computed by SamCERA's actuary, which is directly derived from the audited financial statements of the reporting period.

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

Notes to the Required Supplementary Information

Actuarial Valuation Methods and Assumptions

The employer statutory contribution rates for the fiscal year ended June 30, 2021, are determined by the actuarial valuation as of June 30, 2019. Details of actuarial methods and assumptions selected for the 2019 valuation are summarized on page 80.

Changes in Assumptions

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

Board also approved several changes in demographic assumptions based on the 2014 Triennial Experience Study. The key changes include a slight reduction in retirement rate, a slight update to the probability of eligible survivors, and an adjustment of the expected age difference between member and survivor for female numbers. These changes increased the expected contribution rates and decreased the funded ratio of the Retirement Fund.

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

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

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

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

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

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

Below is a summary of methodologies and assumptions employed for the 2019 valuation. The results from this valuation were used to determine contribution rates for participating employers and members effective from July 1, 2020.

ACTUARIAL VALUATION AS OF JUNE 30, 2019 (FOR FUNDING PURPOSES)

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll
Amortization Period	UAAL as of June 30, 2008, is amortized over a closed 15-year period ending June 30, 2023. Subsequent changes in the UAAL are amortized over separate closed 15-year layers which are determined annually.
Asset Valuation Method	5-year smoothed recognition of asset gains and losses (determined as the difference of the actual fair value to the expected fair value), which cannot vary more than 20% from the fair value.
Actuarial Assumptions	
General wage increases	3.00%
Investment earnings	6.50%, net of pension plan investment and administrative expenses
Growth in active membership	0.00%
Consumer Price Index (CPI) inflation	2.50%
Demographc Assumptions	
Salary increases due to service	See June 30, 2019 actuarial valuation report for details.
Retirement	See June 30, 2019 actuarial valuation report for details.
Disablement	See June 30, 2019 actuarial valuation report for details.
Mortatlity	See June 30, 2019 actuarial valuation report for details.

Supplementary Information

Schedule of Administrative Expenses

For the Fiscal Year Ended June 30, 2021

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

Salaries & Benefits	
Salaries	$ 3,774,552
Benefits	1,880,428
Total Salaries & Benefits	**5,654,980**
Services & Supplies	
Board Expenses	6,100
Insurance	86,075
Medical Evaluation	46,719
Member Education	56,198
Education & Conference	20,399
Transportation & Lodging	33,836
Property & Equipment	18,899
General Office Supplies	24,551
Postage, Printing & Copying	14,358
Leased Facilities	646,337
County Services	389,581
Audit Services	48,617
Other Administration	13,052
Total Services & Supplies	**1,404,722**
Total Administrative Expenses	**$ 7,059,702**

Schedule of Information Technology Expenses

For the Fiscal Year Ended June 30, 2021

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

Computer equipment and software	$ 13,336
IT infrastructure - software license maintenance	426,728
IT infrastructure - maintenance tools and equipment	49,992
IT infrastructure - contract IT services	21,601
Depreciation Expense	838,572
Total Information Technology Expenses	**$ 1,350,229**

Schedule of Investment Expenses

For the Fiscal Year Ended June 30, 2021

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

Investment Management Fees (by Asset Class)	
Public Equity	$ 4,759,408
Fixed Income	14,195,523
Alternatives	13,857,906
Inflation Hedge	11,561,679
Cash	229,727
Total Investment Management Fees	44,604,243
Other Investment Expenses	
Investment Consultant	499,211
Actuarial Consulting	161,533
Master Custodian	348,700
Other Professional Services	90,643
Total Other Investment Expenses	1,100,087
Other Investment Related Expense	15,611,600
Interest Paid on Prepaid Contributions	3,723,464
Total Investment Expenses	**$ 65,039,394**

Schedule of Payments to Consultants (Other Than Investment Advisors)

For the Fiscal Year Ended June 30, 2021

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

Custodian Services	
Northern Trust Corporation	$ 348,700
Actuarial Consulting Services	
Milliman, Inc.	106,850
Cheiron, Inc.	54,683
Audit Services [(1)]	
Brown Armstrong Accountancy Corporation	48,617
Other Professional Services	90,643
Total Payments to Consultants	**$ 649,493**

(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 (the CERL) system administration expense limit from 23 basis points of total assets to 21 basis points of Accrued Actuarial Liabilities.

Information Technology Budget

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

Professional Services Budget

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

Government Code §31596.1 states the following:

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

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

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

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

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

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

Other Information

Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan (GASB Statement No. 68)

As of June 30, 2021

		Deferred Outflows of Resources				Deferred Inflows of Resources			Pension Expense Excluding That Attributable to Employer-Paid Member Contributions		
Employer	Net Pension Liability	Differences Between Expected and Actual Economic Experience	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Net Differences Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Allocable Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Pension Expense Excluding That Attributable to Employer-Paid Member Contributions
County of San Mateo	$ 103,775,232	$ 88,512,761	$209,953,087	$ 2,418,193	$ 300,884,041	$ 454,906,712	$ 132,808	$ 455,039,520	$ 123,691,051	$ 1,284,099	$ 124,975,150
San Mateo County Superior Court	3,789,870	3,232,485	7,667,484	323,192	11,223,161	16,613,187	2,175,367	18,788,554	4,517,196	(1,124,862)	3,392,334
San Mateo County Mosquito & Vector Control District	129,840	110,744	262,686	-	373,430	569,164	433,210	1,002,374	154,758	(159,237)	(4,479)
Total	**$107,694,942**	**$ 91,855,990**	**$217,883,257**	**$ 2,741,385**	**$312,480,632**	**$ 472,089,063**	**$ 2,741,385**	**$ 474,830,448**	**$128,363,005**	**$ -**	**$128,363,005**

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

	Fiscal Year Ended June 30, 2021			
Employer	Actual Employer Contributions	Actuarially Determined Contributions	Employer Allocation Percentage	Net Pension Liability
County of San Mateo	$256,802,269	$217,102,269	96.3603%	$ 103,775,232
San Mateo County Superior Court	7,928,572	7,928,572	3.5191%	3,789,870
San Mateo County Mosquito & Vector Control District	271,631	271,631	0.1206%	129,840
Total	$265,002,472	$225,302,472	100.0000%	$ 107,694,942

Note: Employer allocation percentage (or proportionate share) 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) the Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan, (2) the Schedule of Cost Sharing Employer Allocations, (3) the GASB Statement No. 67 Actuarial Valuation as of June 30, 2021, and (4) the GASB Statement No. 68 Actuarial Valuation based on a June 30, 2021 Measurement Date for Employer Reporting as of June 30, 2022; in accordance with generally accepted accounting principles (GAAP) in the United States of America as applicable to governmental organizations based on information provided by SamCERA. These documents provide the required information for financial reporting related to SamCERA that employers may use in their financial statements.

Use of Estimates in the Preparation of the Documents

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

Amortization of Deferred Outflows and Deferred Inflows of Resources

The difference between projected and actual investment earnings on pension plan investments is amortized over five years on a straight-line basis. One-fifth was recognized in pension expense during the measurement period. The remaining difference between projected and actual investment earnings on pension plan investments as of June 30, 2021, 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, 2020 (the beginning of the measurement period ended June 30, 2021).

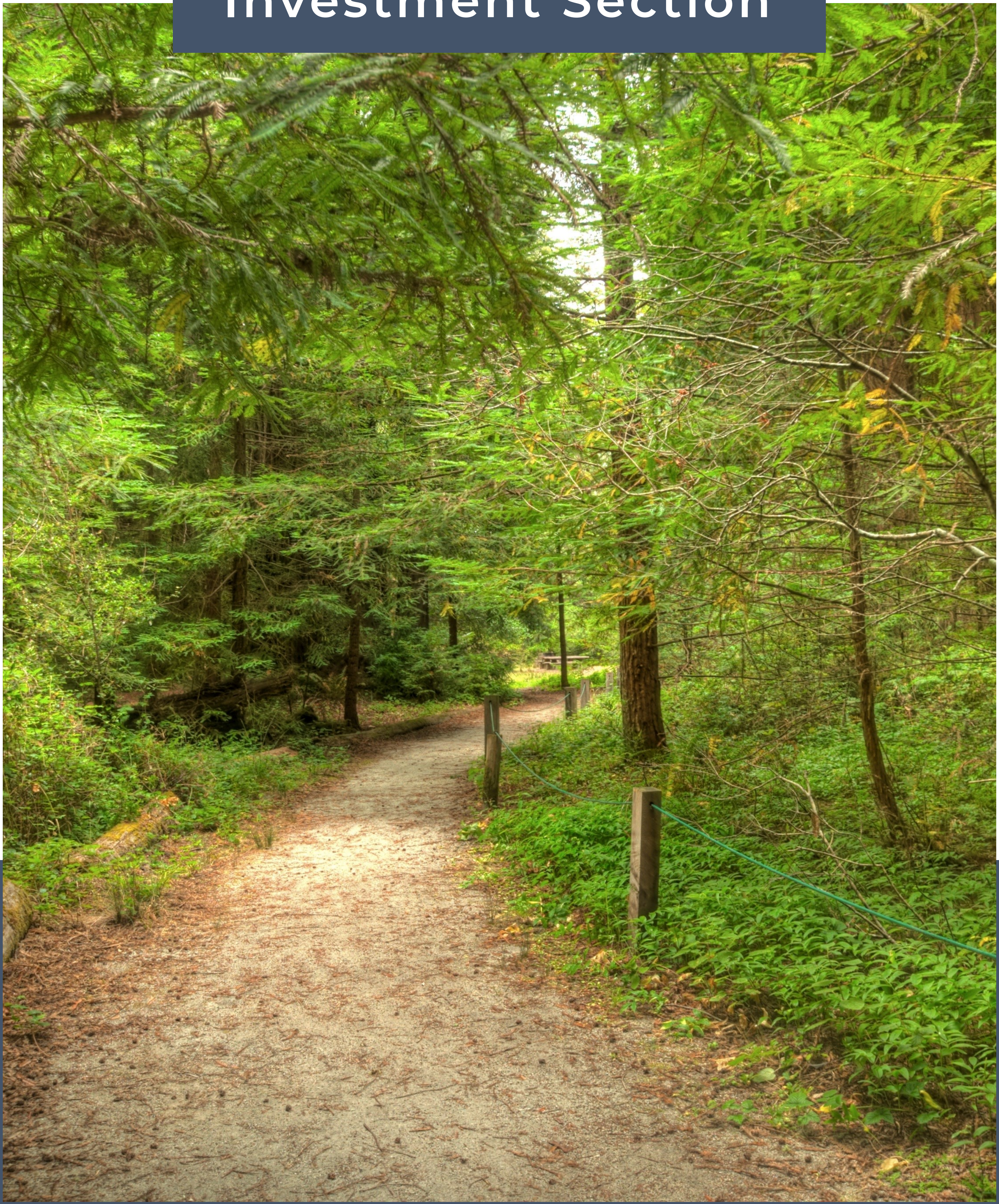
Prior period changes of assumptions and differences between expected and actual experience continue to be recognized based on the expected remaining service lives of all employees calculated as of those prior measurement dates.

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

The difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended on June 30, 2021, is recognized over the average expected remaining service lives of all employees that are provided with pensions through the pension plan determined as of the beginning of the measurement period.

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

Investment Section



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Board of Retirement
San Mateo County Employees' Retirement Association

Dear Trustees:

On behalf of SamCERA's investment team, I am pleased to report on the pension fund's investments and portfolio performance for the period ended June 30, 2021. 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.

Portfolio Performance

SamCERA's portfolio fair value increased significantly to $5.982 billion as of June 30, 2021, as the net combination of portfolio appreciation and contributions, less total deductions (i.e., benefits paid, administrative expense, etc.), added approximately $1.202 billion to the fund.

SamCERA's portfolio returned 24.3% net of investment management fees for the fiscal year ended June 30, 2021, outperforming SamCERA's policy benchmark return by 0.8%. This fiscal-year performance resulted in below median performance relative to SamCERA's peers, as defined by large (greater than $1 billion in assets) public plans. Table One below shows net performance characteristics for the total fund over 1, 3, 5, and 10-year trailing periods ending June 30, 2021.

The portfolio had a higher return and lower risk (defined as standard deviation of returns) than the policy benchmark during the past fiscal year, resulting in a higher risk-adjusted return. Underperformance in the two prior fiscal years, along with elevated risk over this period, resulted in the portfolio having a lower risk-adjusted return relative to the benchmark over longer-term time periods. The portfolio exhibited lower risk levels than the peer median plan, resulting in similar or higher risk-adjusted returns across all periods.

Return/Risk Measure

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

Table One: SamCERA Total Fund Net Performance Characteristics Ended June 30, 2021

	1 Year	3 Years	5 Years	10 Years
SamCERA Return	24.3%	9.4%	9.5%	8.1%
Benchmark Return	23.5%	10.3%	10.2%	8.6%
Excess Return	0.8%	-0.9%	-0.7%	-0.5%
Peer Rank Return (Percentile)	86th	84th	86th	51st
SamCERA Risk (Standard Deviation)	6.1	9.4	7.7	8.0
Benchmark Risk (Standard Deviation)	6.8	9.3	7.6	8.2
Peer Median Risk (Standard Deviation)	7.8	10.7	8.7	8.3
SamCERA Sharpe Ratio	3.9	0.9	1.1	0.9
Benchmark Sharpe Ratio	3.4	1.0	1.2	1.0
Peer Median Sharpe Ratio	3.4	0.9	1.1	0.9

Table Two below shows the current allocation and the primary composite relative returns for the year ended June 30, 2021.

Table Two: SamCERA Composite Net Performance for Trailing Year Ended June 30, 2021

Composite	Allocation (%)*	Composite Return	Benchmark Return	Excess Return
Public Equity	42.5	37.8%	39.7%	-1.9%
Fixed Income	27.6	5.7%	3.5%	2.2%
Alternatives	13.7	47.8%	30.9%	16.9%
Inflation Hedge	15.8	16.5%	20.8%	-4.3%

* Liquidity balance was 0.4% as of June 30, 2021.

All four of SamCERA's asset class composites had positive returns for the fiscal year. The best performing composite was Alternatives and returned 47.8%, while Fixed Income returned 5.7% and was the lowest returning asset class composite. Public Equity returned 37.8%, while Inflation Hedge returned 16.5%.

Inflation Hedge was the worst performer relative to its benchmark return. Conversely, Alternatives provided the highest positive absolute return as well as the highest level of relative outperformance during the fiscal year.

Market Review

Optimism provided by the massive monetary and fiscal stimulus, combined with the emergency use authorization of COVID-19 vaccines, resulted in an impressive risk-on environment during the fiscal year. Global risk markets provided impressively large positive returns. For example, the broad U.S. equity market (as measured by the Russell 3000 Index, a broad basket of U.S. stocks) returned 44.2%. Large-capitalization stocks in the U.S. (as measured by the Russell 1000 Index) were higher by 43.1%, while smaller-capitalization stocks (as measured by the Russell 2000 Index) were higher by an impressive 62%. In terms of S&P 500 Index sector performance, there was a large gap between winners and losers. More economic-sensitive sectors performed best, with financials (up 61.8%) providing the highest return, followed by industrials, energy, and materials. Utilities (up 15.8%) performed the worst (but were still positive), followed by consumer staples and healthcare. All twelve S&P 500 sectors were positive during the year.

The broad international equity market also had strong positive returns during the year. The developed international equity market, as measured by the MSCI EAFE, was up 32.4%, while emerging market equity, as measured by the MSCI Emerging Markets Index, returned 40.9%. Longer-term interest rates increased during the year as inflation expectations increased, and with shorter-term rates anchored near 0% by the Fed, the U.S. yield curve steepened. The 10-year U.S. Treasury yield increased 0.78% during the fiscal year, ending at 1.44%, up from 0.66% at the beginning of the year. These higher interest rates resulted in high quality fixed income having slightly negative fiscal-year returns.

The broad U.S. bond market (as measured by the Bloomberg Barclays U.S. Aggregate Index) returned -0.3% on the year, while long-duration Treasuries returned -10.6%. High yield bonds had strong returns on the year (+15.4%), as the negative impact of higher interest rates were more than offset by tighter high yield spreads.

Portfolio Activities / Changes

During the year SamCERA approved a new benchmark policy portfolio as part of its annual asset allocation review.

The new policy portfolio tweaks the old portfolio by adding 2% to the Growth bucket and reducing Diversifying by 2%, while keeping the overall allocation to Inflation Hedge unchanged. The new policy was in effect from January 1, 2021.

Within the Growth category, SamCERA made commitments worth $125 million to seven new private equity partnerships. SamCERA has $581.5 million in total commitments in its private equity program across venture capital, buyouts, and special situations. In addition, SamCERA re-upped with two current private credit managers within its opportunistic credit program. We committed $35 million to White Oak Yield Spectrum V and an additional $10 million to Blackrock Direct Lending Fund IX.

Asset Allocation Policy: Performance Driver View

	Old Policy	New Policy
Growth	**55%**	**57%**
Public Equity	39%	41%
Private Equity	6%	6%
Opportunistic Credit	10%	10%
Diversifying	**28%**	**26%**
Core Fixed Income	21%	18%
Absolute Return	6%	7%
Liquidity	1%	1%
Inflation Hedge	**17%**	**17%**
Real Estate	10%	9%
Private Real Assets	3%	4%
Public Real Assets	4%	4%

Within the Diversifying category, we further diversified the manager risk within our absolute return portfolio by adding two new strategies, CFM Systematic Global Macro and Acadian Multi-Asset Absolute Return. Both absolute return strategies will help SamCERA "diversify its diversifiers" by providing a more compelling expected positive carry compared to bond duration, given the current suppressed interest rate environment. In the Liquidity portion of the portfolio, SamCERA continued contemplating the potential impacts that plan maturity may have on the plan, with emphasis on ways SamCERA can manage its cash flow needs by potentially establishing a liquidity buffer.

Within the Inflation Hedge category, we made commitments worth $45 million to two new partnerships in its private real assets program, bringing the total commitments to $279.8 million. In real estate, we added two value-add strategies. We committed $30 million to a new strategy, Stockbridge Value Add Fund IV, and a $50 million 're-up' to a current manager (Invesco Value Add Fund VI).

Conclusion

High current valuations across most markets (following the tremendous investment returns of the past year), combined with low interest rates globally, produce an environment in which go forward return prospects appear to be muted and more nuanced. In addition, given the plethora of potential risks, from higher inflation pressures, Fed tapering uncertainty, large fiscal deficits/debt, asset price bubbles, and geopolitical risks, "balance" will continue to be key to successfully navigating the future. SamCERA continues to keep a balanced risk posture without relying too much on any single asset, strategy, or return stream.

We will also strive to balance our long-term investment time horizon with thoughtful assessment of more shorter-term opportunities. We will balance seeking return (offense) with lowering risk/capital preservation (defense). We will balance portfolio income and portfolio capital appreciation. And as always, we will use our long-term investment policy to guide us through these dynamic times.

Respectfully Submitted,

Michael R Coultrip

Michael Coultrip
Chief Investment Officer
September 9, 2021

Investment Consultant's Report on Investment Activities

September 17, 2021

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

Dear Board Members:

Market Environment

Two steps forward, one step back, two steps forward, one step back. Slow and bumpy improvement probably best describes the trajectory of the global economy over the last year. The faster-than-expected distribution of highly effective vaccines within the developed world paved the way for gradual reopening of developed economies, but emerging economies with less access to quality vaccines were less prepared to deal with the litany of more-virulent mutations and had to respond with more draconian social distancing controls to mitigate increases in case growth. Risk-on sentiment propelled financial markets forward, backstopped by continued support from global central banks, the light at the end of the tunnel provided by vaccines, and the inclination of markets to shrug off big surprises on earnings and economic data. Expectations for a strong rebound in economic growth and inflation over the intermediate-term sparked a rotation from the growth sectors that had performed well through the crisis toward more value-orientated sectors prospectively positioned to outperform in a period of rising interest rates. This reflation trade thrived from around mid-August until mid-May but began to unravel late in the fiscal year as a result of concerns about the Delta Covid-19 variant impeding a full and swift global economic recovery, as well as a hawkish pivot from the Federal Reserve which reduced the likelihood of higher inflation and interest rates over the longer term. Looking ahead, the major questions investors are grappling with center around the staying power of high levels of inflation, the timeframe over which the Federal Reserve may begin to taper asset purchases, the outlook for fiscal stimulus, and the capability of companies to sustain high enough levels of earnings growth to justify elevated valuations.

U.S. Equity

Up and to the right has been the story for U.S. equity prices over the past year as investors largely looked through the shorter-term impact of pandemic-related shutdowns and bet that fiscal and monetary support would be able to build a bridge to a post-pandemic world. As of June 30th, 2020, the S&P 500 Index remained -8.4% beneath its previous high-water mark of 3386. By August 18th, the overall index had reached a fresh all-time high, and would proceed to close at record high levels in 53 of the 218 remaining trading days in the fiscal year, delivering a 40.8% total return along the way. Realized and implied volatility receded to levels more in line with longer-term historical averages. Since making its full recovery in August of 2020, the largest drawdown from prior peak levels suffered by the S&P 500 Index was -9.6%, and between November 4th 2020 and June 30th 2021, the index never closed further than 5% beneath its previous record high.

Corporate revenues began to recover over the year, and higher operating leverage ratios which resulted from a litany of cost-saving initiatives implemented during the pandemic worked to supercharge earnings growth. Per FactSet, the estimated year-over-year earnings growth for the S&P 500 Index as of Q2 2021 is 64.0%. If that rate were to materialize, it would mark the highest year-over-year rate reported by the

SEATTLE | LOS ANGELES | SAN FRANCISCO | PITTSBURGH | VERUSINVESTMENTS.COM index since Q4 2009 (109.1%). Despite the massive increase in corporate earnings, increasing prices prevented a material rerating of U.S. equity valuations, which remain at stretched levels relative to recent history. The forward 12-month price-to-earnings ratio of the S&P 500 Index remains at 21.4x -- well above both the five-year (18.1x) and ten-year (16.2x) averages. It is worth noting, however, that forward earnings estimates 12 months ago proved far too pessimistic, as analysts underestimated the strength of profit growth which resulted in an overestimation of valuations.

In terms of size and style, small-cap equities (Russell 2000 Index +62.0%) made back some lost ground relative to large-cap equities (Russell 1000 Index +43.1%) and the value factor (Russell 1000 Value Index +43.7%) narrowly outperformed the growth factor (Russell 1000 Growth Index +42.5). Much of the outperformance of the value factor was driven by the reflation trade which dominated the market narrative from around August when news broke about the successful mRNA vaccines to around mid-May and June when concerns around the Delta variant and a hawkish Fed pivot pushed down the long end of the U.S. yield curve. That reflation trade favored sectors more heavily weighted in the value benchmarks, including financials, industrials, and materials, which returned 57.6%, 47.5%, and 46.0% over the fiscal year, respectively.

International Equity

Global equities largely tracked U.S. equities over the trailing twelve months, and the MSCI ACWI Index returned 39.3% in U.S. dollar terms, with weakness in the U.S. dollar providing a slight boost to returns experienced by unhedged U.S. investors. Emerging market equities delivered a total return of 40.9% in U.S. dollar terms, edging out U.S. equities (S&P 500 Index +40.8%) and outpacing international developed equities (MSCI EAFE +32.4%).

The superior performance of emerging market equities was driven by a rebound in its Latin American contingent broadly, and Brazil and Mexico specifically. The MSCI Brazil Index returned +46.6%, boosted by a 10% appreciation of the Brazilian real relative to the U.S. dollar. In Mexico, stocks advanced 55.9%, as the Mexican peso appreciated 15.4% relative to the dollar. In Asia, Taiwanese (+70.5%) and Korean (+66.2%) equites delivered impressive returns, but Chinese equities returned just 27.4%, materially lagging the global opportunity set. Chinese equities began to sell off in late February, with the initial catalyst being a decision from the People's Bank of China to shift its focus away from ensuring accommodative financial conditions to enable a swift economic recovery and toward limiting the risks of excessive leverage which has been building up in certain segments of the economy, most notably the domestic housing market. This shift in focus from ensuring economic recovery to managing the risks of financial excesses resulted in a marginal tightening of liquidity across the region, which sparked a sell-off in some of the high-flying tech companies that had driven emerging market outperformance in the early days of the pandemic. Losses in China accelerated in the second quarter of 2021 when regulators in China cracked down on some national champions in the IT industry over concerns around the risks of the data gathered by those companies falling into the wrong hands, which could undermine the position of the Communist Party of China. While it appears that both general liquidity conditions have begun to improve and the tech crackdown has showed signs of easing, these issues remain front and center for the broader emerging market equity universe.

In Europe, stocks returned just 26.6% in local terms, but the strong run of the euro relative to the dollar boosted performance for unhedged U.S. investors in European equities to 35.1%. Inflation in Europe has picked up more slowly than in the U.S. or the emerging markets. This, combined with the Eurozone's relative inflexibility with regard to fiscal policy, likely supports the case that the European Central Bank will have the longest runway for continuing to provide monetary accommodation. In the first half of 2021, concerns around the spread of the Delta variant pushed ECB policymakers to accelerate the pace of purchases within the Pandemic Emergency Purchase Program to provide additional support over the short-term, with the goal of preserving conditions for a robust recovery. The most recent commentary from ECB President Lagarde reflected a "guardedly optimistic" outlook for the economy but did not mention any expected changes to policy in the near term. Within the international developed complex in Asia, Japanese equities underperformed in both local (+28.4%) and U.S. dollar (+24.8%) terms. The Japanese yen was one of the few currencies which depreciated relative to the dollar over the last year, due in part to the significant increase in U.S. Treasury yields above Japanese government bond yields, which officials at the Bank of Japan have committed to keeping within a relatively narrow range (within 25 basis points of 0.0%).

Fixed Income

The reflation narrative and debate over the persistence of higher inflation rates largely directed the global fixed income markets over the last year. In the U.S., the 10-year Treasury yield rose from 0.66% to a post-pandemic peak of 1.74% by the end of the first quarter of 2021, before moderating to 1.47% by the end of the fiscal year. Breakeven inflation rates tracked Treasury yields in terms of direction – the ten-year breakeven inflation rate rose from 1.34% to an eight-year high of 2.56% in May before moderating slightly during the last few weeks of the fiscal year. Overall, the Fed has remained steadfast in its view that recent increases in inflation rates have been a byproduct of the broad economic reopening, pandemic-related supply chain disruptions, and low base effects (inflation is a year-over-year calculation which means the depressed prices of early 2020 create the appearance of rising inflation). In other words, their view is that increases in inflation are more likely to be transitory than persistent. An analysis of the drivers of inflation growth on balance appear to support this view - most of the acceleration in price growth of the last year can be attributed increases in gas prices as the energy sector has recovered, and a surge in used car and truck sales. Increases in gas and energy have been highly impacted by the fact that energy prices reached extremely low levels in early 2020, as oil prices actually went *negative* in the futures market. However, owner's equivalent rent (OER) may be pushing up prices in a more structural way. OER is much slower moving due to the impact of 12-month lease arrangements and the longer time it takes for price increases to flow through to consumers more broadly. Proponents of the persistent inflation argument may point to this category, as well as recent increases in wages as evidence that price growth may prove sustainable.

In any case, the Fed appears to be focusing more on the risks to the labor market and economic recovery of pulling back on accommodative policy too early, rather than the risk of runaway inflation. This likely stoked a sizeable steepening in the yield curve and a surge in longer-term interest and breakeven inflation rates. However, at their June meeting, Fed officials signaled that a full labor market recovery was more of a "when" question rather than an "if" question and appeared to be shifting more focus onto inflation over the shorter term, which markets took as hawkish on the margin. Following the release, the market-implied number of fed funds range hikes by the end of 2023 picked up to between two and three, slightly higher than the two hikes implied by the June edition of the Federal Open Market Committee's dot plot. Rising expectations for rate hikes in the shorter-term helped to drive down interest rates on the long-end of the curve, due to the path-dependent nature of longer-term growth and inflation expectations: more restrictive policy in the near-term is likely to reduce the potential for growth longer-term and reduces the likelihood of longer-term inflation. Currently, conversations at the Fed are focused on the optimal time to begin tapering asset purchases. The Fed is still buying $80 billion in Treasuries and $40 billion in mortgage-backed securities per month, and division appears to be forming within the Fed regarding the ideal complexion of the taper. Some members of the committee have pointed to the health of the housing market and argued that mortgage-backed security purchases could perhaps be cut back before Treasuries, while other members are in favor of a proportional unwind over time. We will continue to follow developments.

In terms of performance, global treasuries returned 1.2% in U.S. dollar terms, with U.S. Treasuries underperforming (-3.5%), and longer-duration Treasuries in the U.S. faring the worst (-10.6%). Large increases in breakeven inflation rates helped to buffer Treasury inflation-protected securities from the impact of increasing interest rates, and the Bloomberg Barclays TIPS Index returned 6.5%. Credit spreads compressed to the lowest level since the Global Financial Crisis and default rates fell to below average levels, supporting outperformance of riskier credit. In the U.S., corporates within the Bloomberg Barclays Aggregate Index delivered a return of 3.3%, high-yield credit returned 15.4% as spreads dipped from 6.26% to 2.68%, and bank loans advanced 11.7%. Outside of the U.S., hard-currency denominated emerging markets debt climbed 6.8%, while local-currency emerging market debt returned 6.6%. While emerging market debt spreads have remained at compressed levels, increases in benchmark interest rates pushed forward by central bankers within the complex sent total yields slightly higher, which weighed on performance. The anticipation of further hikes could put pressure on prices.

PLAN INVESTMENT RESULTS

The San Mateo County Employees' Retirement Association (the Association) total Plan returned 24.3% net of fees for the fiscal year ended 6/30/21. The total Plan outperformed its policy index which returned 23.5% for this time period. For the fiscal year, the total Plan ranked in the 86th percentile for Public Fund Defined Benefit Plans greater than $1 billion. SamCERA has positioned itself as a more conservative Plan than most of the peer group, most notably by having lower equity exposure in the portfolio. The biggest positive drivers of fiscal year performance for the Plan on an absolute basis came from Private Equity, Domestic Equity, and International Equity. Diversifying strategies in the portfolio posted positive gains, but were relative detractors compared to riskier assets for the fiscal year.

The U.S. Equity portfolio underperformed its U.S. equity policy benchmark on a net of fee basis during the fiscal year (38.6% versus 44.2% for the composite benchmark, respectively), which placed it in the bottom quartile of the peer universe. Within U.S. Equity, SamCERA's low volatility large cap managers underperformed their respective benchmarks and detracted the most within the asset class. Low Volatility managers typically hold positions with lower beta than the market, and don't keep up when there are strong bull markets.

During the fiscal year, the International Equity Composite outperformed its composite benchmark, returning 36.9% net of fees compared to 34.5% for the MSCI ACWI ex-US IMI Index (50% hedged). This result ranked in the 62nd percentile of the peer group. During the fiscal year, value made a comeback after several years of growth-oriented dominance (MSCI ACWI ex US Value returned 38.3% vs 34.1% for the MSCI ACWI ex US Growth Index). The Plan terminated its dedicated emerging markets manager and instead added emerging markets as a component of its passive international mandate (MSCI ACWI ex-US IMI Index) and across its active managers over the past fiscal year.

For the fiscal year, the Plan's Total Fixed Income Composite net return of 5.7% beat the Blended Fixed Income benchmark return of 3.5% during the period. On a relative basis, SamCERA's managers in the core fixed income composite outperformed their respective benchmarks which contributed to the composite's outperformance. Higher yielding Opportunistic Credit strategies were most additive to total fixed income performance (14.0% vs 11.5% for the BB BA Intermediate High Yield Index). The Plan continues to add Private Credit managers in order to bring the asset class closer to its target allocation.

SamCERA's Alternatives portfolio, comprised of Private Equity and Absolute Return strategies, outperformed for the year ended June 30, 2021 (47.8% versus 30.9% for the blended composite benchmark). The Private Equity portfolio outperformed on a time-weighted basis (86.4%) versus the Russell 3000 + 3% 1 quarter lagged index (65.5%). The Absolute Return composite returned 7.9% beating the 4.1% gain for the SOFR +4% benchmark. SamCERA changed its benchmark for the Absolute Return asset class from London Interbank Offered Rate (LIBOR) + 4% to SOFR +4%. The change was due to the eventual discontinuation of LIBOR. SOFR is the overnight cash borrowing rate collateralized by Treasuries. Over the fiscal year, SamCERA added two managers during the fiscal year to diversify the absolute return portfolio.

Over the fiscal year, SamCERA's Inflation Hedge portfolio, comprised of real estate, private real assets, and a liquid real asset pool (publicly listed infrastructure, commodities, natural resources, and now TIPS) returned 16.5% compared to 20.8% for the blended Inflation Hedge index. The Real Estate component provided a positive return of 7.6% for the fiscal year which lagged the National Council of Real Estate Investment Fiduciaries Open-End Diversified Core Equity (NCREIF ODCE) Index (8.0%). The Plan continues to diversify its real estate exposure. The liquid real asset pool, a liquid proxy used as a funding vehicle for private real assets recovered from last year's fall and gained 29.3% for the fiscal year, essentially matching the 29.2% gain for the passive blended benchmark. The Inflation Hedge was a notable contributor to total fund portfolio after facing several years of headwinds.

ASSET ALLOCATION AND MANAGER STRUCTURE

Over the fiscal year ended 6/30/21, the Plan lowered its actuarial rate by 25 bps to 6.25%. SamCERA completed an asset allocation study and made minor changes to the asset allocation. Over the fiscal year, the Plan increased domestic and international equity by 1%, lowered core fixed income by 3%, and increased absolute return by 1%. Infrastructure within private real assets was modestly increased at the expense of natural resources.

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

Sincerely,

Margaret Jadallah

Margaret S. Jadallah

Verus

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Investment beliefs, Objectives, and Policy

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

Investment Beliefs

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

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

Investment Objectives

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

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

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

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

Investment Policy

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

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

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

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

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

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

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

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

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

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

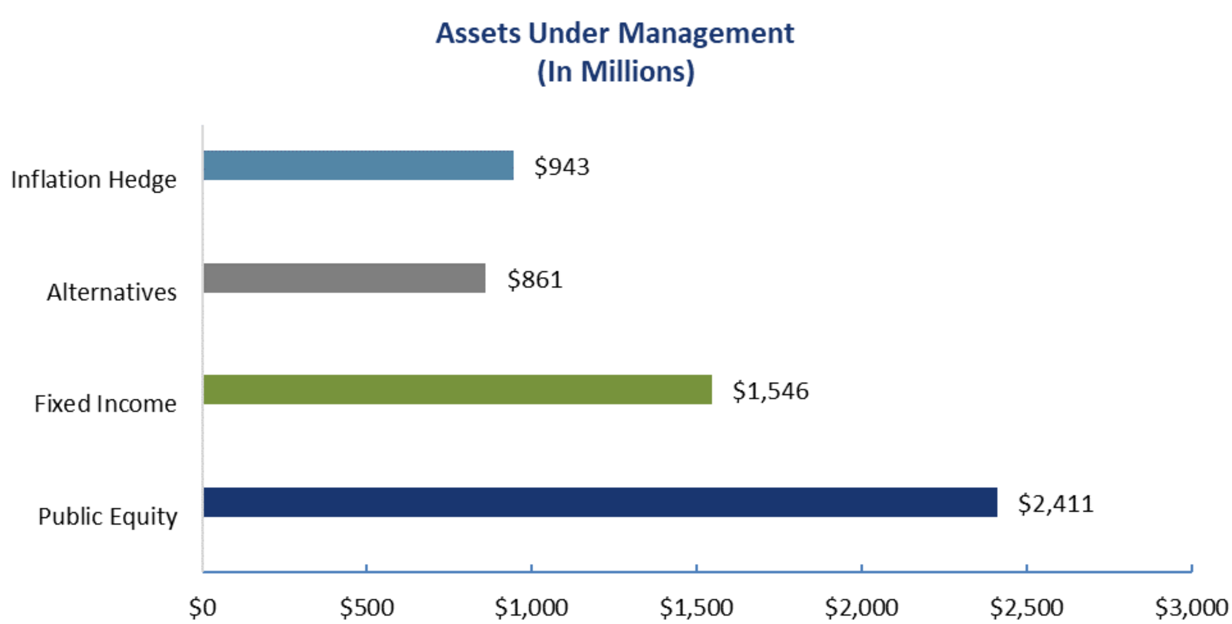
INVESTMENT SUMMARY

As of June 30, 2021

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

ASSET CLASS	Assets Under Management
Public Equity	$ 2,411,436,689
Fixed Income	1,545,541,099
Alternatives	860,701,348
Inflation Hedge	942,703,531
Total Net Portfolio Value	**$ 5,760,382,667**

RECONCILIATION TO STATEMENT OF FIDUCIARY NET POSITION	
Total Net Portfolio Value	$ 5,760,382,667
Cash Equivalents	222,095,604
Receivables	71,242,610
Capital Assets, Net of Depreciation	4,587,261
Payables	(76,222,192)
Fiduciary Net Position as of June 30, 2021	**$ 5,982,085,950**

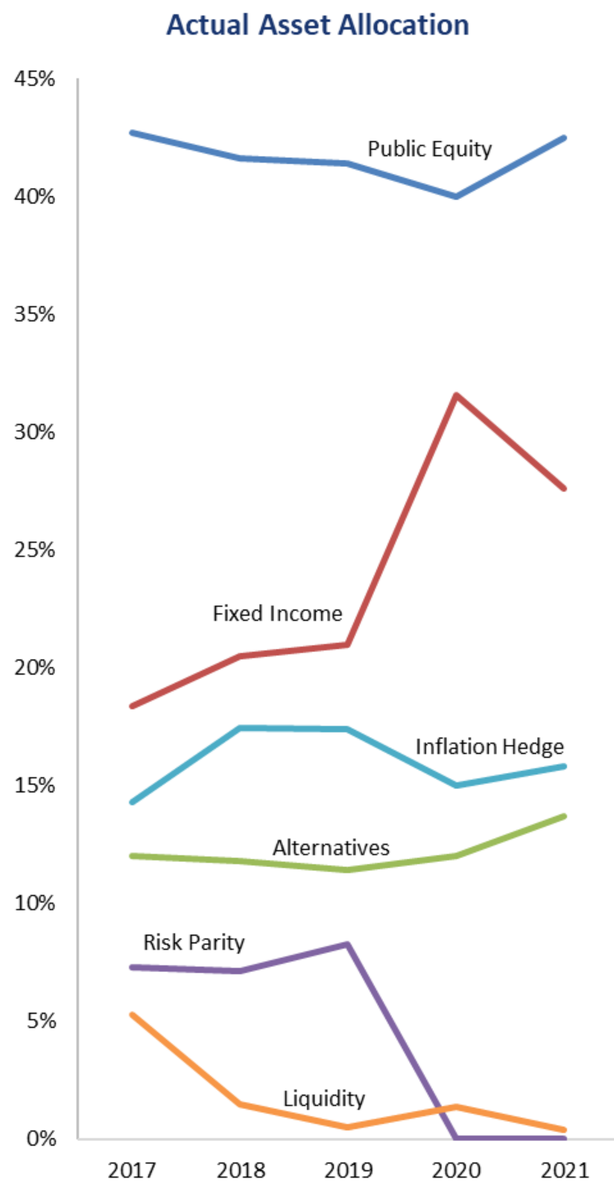


ASSET ALLOCATION AS A PERCENTAGE OF FAIR VALUE

As of June 30, 2021

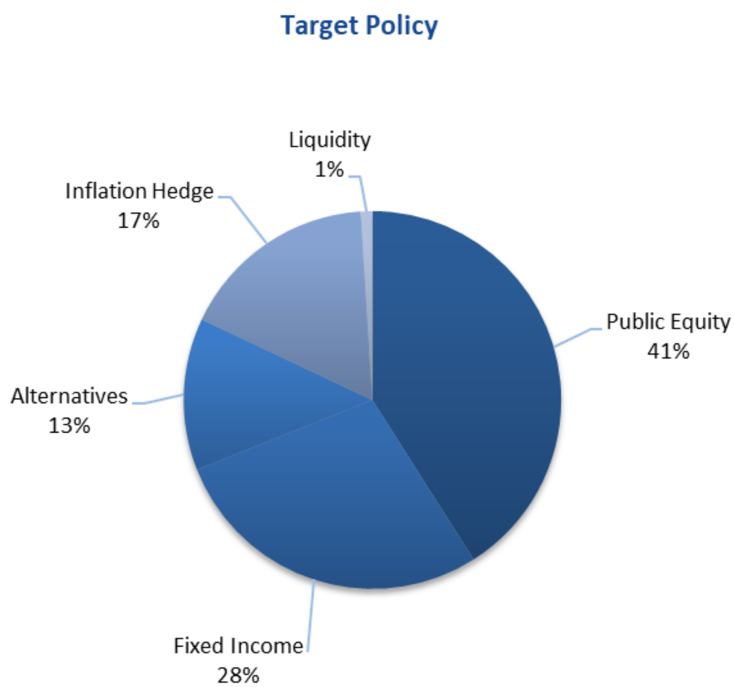
Asset Class	Target Policy as of June 30, 2021	Actual as of June 30, 2021
Public Equity	41%	42.5%
Fixed Income	28%	27.6%
Alternatives	13%	13.7%
Inflation Hedge	17%	15.8%
Liquidity	1%	0.4%
Total	100%	100%

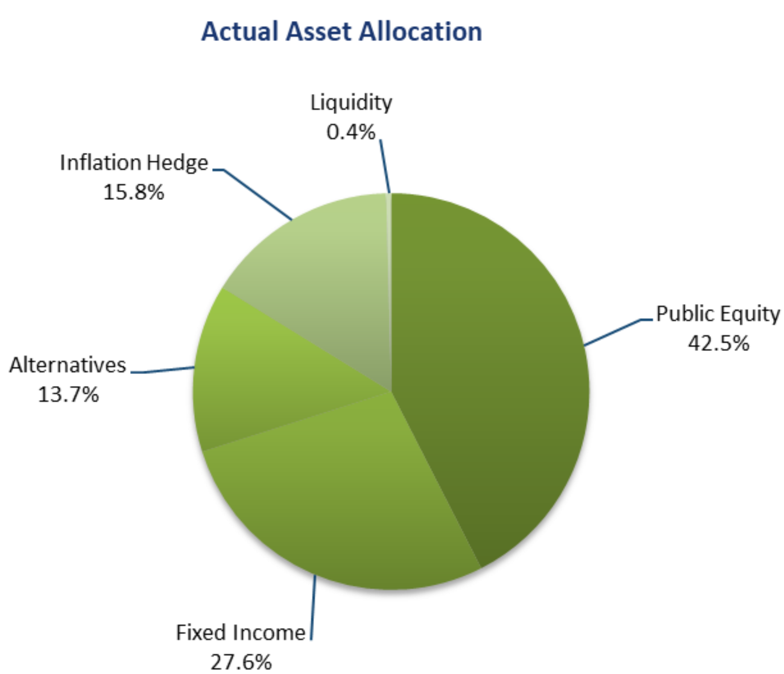
Investment	Target Policy as of June 30, 2021	Actual as of June 30, 2021
Growth	57%	62.4%
Public Equity	41%	42.5%
Private Equity	6%	6.9%
Opportunistic Credit	10%	13.0%
Diversifying	26%	21.8%
Core Fixed Income	18%	14.6%
Absolute Return	7%	6.8%
Liquidity	1%	0.4%
Inflation Hedge	17%	15.8%
Real Estate	9%	7.7%
Private Real Assets	4%	2.0%
Public Real Assets	4%	6.1%
Total	**100%**	**100%**



Asset Allocation (Target Policy vs. Actual)

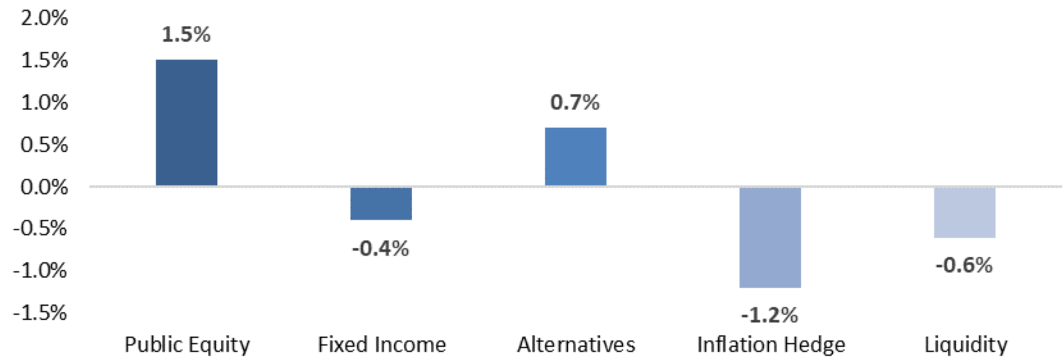
As of June 30, 2021





Percent of Deviation from Asset Allocation

As of June 30, 2021



Benchmarks

As of June 30, 2021

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

Schedule of Portfolio Returns

Performance as of June 30, Net of Fees

	Total Time-Weighted Rate of Return [2]		
Asset Class	One Year	Three Years	Five Years
Public Equity	**37.8%**	**13.2%**	**13.8%**
Public Equity Benchmark	39.7%	14.4%	14.9%
Domestic Equity	38.6%	15.1%	15.7%
Domestic Equity Benchmark	44.2%	18.7%	17.9%
International Equity	36.9%	11.0%	11.5%
International Equity Benchmark	34.5%	9.4%	11.3%
Fixed Income	**5.7%**	**5.7%**	**5.1%**
Fixed Income Benchmark	3.5%	6.1%	4.1%
Core Fixed Income	1.6%	5.4%	3.7%
Core Fixed Income Benchmark	-0.3%	5.3%	3.0%
Opportunistic Credit	14.0%	6.4%	7.6%
Opportunistic Credit Benchmark	11.5%	8.0%	6.7%
Alternatives	**47.8%**	**16.6%**	**13.8%**
Alternatives Benchmark	30.9%	12.7%	12.4%
Private Equity	86.4%	35.8%	28.7%
Private Equity Benchmark	65.5%	20.2%	19.1%
Hedge Funds/Absolute Return	7.9%	-3.9%	-2.2%
Hedge Funds/Absolute Return Benchmark	4.1%	5.3%	5.3%
Inflation Hedge	**16.5%**	**2.2%**	**3.8%**
Inflation Hedge Benchmark	20.8%	5.8%	5.8%
Real Estate	7.6%	5.7%	6.6%
Real Estate Benchmark	8.0%	5.5%	6.6%
Private Real Asset	27.6%	3.3%	1.3%
Private Real Asset Benchmark	48.4%	7.0%	5.7%
Public Real Assets [1]	29.3%	-1.5%	*
Public Real Assets Benchmark	29.2%	3.4%	*
Cash Equivalents	**0.5%**	**0.9%**	**0.9%**
Cash Equivalents Benchmark	0.1%	1.2%	1.1%
Total	**24.3%**	**9.4%**	**9.5%**
Policy Benchmark	23.5%	10.3%	10.2%

(1) The allocation to dedicated Public Real Assets was initially funded in October 2016.

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

* Return information is not available.

Schedule of Top Ten Equities (1)

As of June 30, 2021

Shares	Company Name	Fair Value
202,935	Microsoft Corp	$ 48,742,057
384,554	Apple Inc	46,103,622
9,977	Amazon	29,764,683
10,523	Alphabet Inc Class A	23,453,785
68,680	Facebook Inc	21,340,109
5,997	Alphabet Inc Class C	12,860,663
51,065	Berkshire Hathaway Inc	12,600,663
206,713	Verizon Communications	10,873,308
71,359	Johnson & Johnson	10,430,567
16,405	Tesla Inc	9,540,553
	Total Top 10 Equities	**$ 225,710,010**

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

Schedule of Top Ten Fixed Income Securities (1)

As of June 30, 2021

Security	Coupon	Maturity	Fair Value
US Treasury	1.625	5/15/2031	$ 25,310,725
US Treasury	1.125	2/15/2031	17,450,764
US Treasury	0.250	7/31/2025	14,717,878
US Treasury	2.250	5/15/2051	13,565,640
US Treasury	1.250	5/31/2028	11,293,163
US Treasury	0.125	1/31/2021	8,686,509
US Treasury	1.625	11/15/2050	7,481,381
FNMA Pool	3.500	6/1/2050	7,441,303
US Treasury	0.125	8/15/2023	6,298,104
US Treasury	3.000	2/15/2047	6,035,356
Total Top 10 Fixed Income			**$ 118,280,823**

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

List of Investment Managers

As of June 30, 2021

GROWTH

Domestic Equity

BlackRock
DE Shaw
Quantitative Management Associates
Acadian Asset Management
PanAgora Asset Management

International Equity

Baillie Gifford
BlackRock
Mondrian Investment Partners

Private Equity

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

Opportunistic Credit

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

DIVERSIFYING

Fixed Income

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

Absolute Return

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

INFLATION HEDGE

Public Real Assets

State Street Global Advisors

Real Estate

Harrison Street
Invesco
PGIM
Stockbridge

Private Real Assets

Blue Road Capital
Brookfield
CIM Group
EnCap Investments
EQT Fund Management
EverStream Energy Capital Management
LS Power
Quantum Energy Partners
Taurus Funds Management
Vision Ridge

CASH OVERLAY AND CURRENCY HEDGE

Parametric Portfolio Associates

Schedule of Professional Services and Fees

For the Fiscal Year Ended June 30, 2021

	Management Fees	Fair Value
ASSETS UNDER MANAGEMENT		
Public Equity	$ 4,759,408	$ 2,411,436,689
Fixed Income	14,195,523	1,545,541,099
Alternatives	13,857,906	860,701,348
Inflation Hedge	11,561,679	942,703,531
Liquidity	229,727	64,054,219
Total	**$ 44,604,243**	**$ 5,824,436,886**

OTHER INVESTMENT EXPENSES	
Investment Consultant	$ 499,211
Actuarial Consulting	161,533
Master Custodian	349,700
Other Professional Services	90,643
Total	**$ 1,101,087**

Top 10 Broker Commissions

For the Fiscal Year Ended June 30, 2021

Brokerage Firm	Amount of Commission	Number of Shares Traded	Commission per share
BOFA Securities, Inc	$ 24,101	3,381,533	$ 0.01
Barclays Capital Inc	15,929	347,700	0.05
JP Morgan Securities LLC/JPMC	11,321	4,735,124	0.00
Merrill Lynch International	10,006	1,788,030	0.01
Jefferies International Ltd	6,761	1,694,025	0.00
Sanford C. Bernstein Ltd	6,254	1,252,204	0.00
Exane S.A.	5,327	602,905	0.01
CLSA Singapore PTE Ltd	3,978	975,700	0.00
JP Morgan Securities	3,500	953,376	0.00
UBS Financial Services	2,762	448,403	0.01
All Other Brokerage Firms	57,543	4,053,483,321	0.00
Total	**$ 147,482**	**4,069,662,321**	0.00

Actuarial Section

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Actuary's Certification

Milliman

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

Tel +1 206 624 7940

milliman.com

September 30, 2021

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

Dear Members of the Board:

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

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

Valuation Date	Funded Ratio
June 30, 2019	85.8%
June 30, 2020	86.4%
June 30, 2021	88.1%

The funded ratio increased in the last year due primarily due to employer contributions made to amortize the Unfunded Actuarial Accrued Liability (UAAL), County contributions in excess of the Statutory Contribution Rate, and investment returns greater than expected. This increase was partially offset by the impact of the investment return assumption change.

It is our opinion that SamCERA continues in sound financial condition as of June 30, 2021 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's contributions are set equal to the employer normal cost rate plus the amortization payment of any UAAL. The amortization of the initial UAAL as of June 30, 2008 is funded over a closed 15-year period ending June 30, 2023. The amortization of subsequent changes in the UAAL is funded over separate closed 15-year layers that are determined annually. This funding policy is projected to result in the funded ratio continuing to increase towards 100% over the next several years.

The June 30, 2021 valuation results are based on the membership data and the asset information provided by SamCERA. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes, although we have not audited the data at the source. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is found to be materially inaccurate or incomplete, our calculations will need to be revised.

The valuation is also based on our understanding of SamCERA's current benefit provisions and the actuarial assumptions that were reviewed and adopted by the Board. The demographic assumptions were last reviewed in detail in the triennial investigation of experience study as of April 30, 2020. The economic assumptions were reviewed in 2021. At its meeting on May 25, 2021 the Board adopted an investment return assumption of 6.25%

Board of Retirement
September 30, 2021
Page 2

for the June 30, 2021 valuation (compared to 6.50% for the June 30, 2020 valuation) and reaffirmed all other assumptions.

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

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

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

Our funding valuation report, GASB report, and this letter have been prepared exclusively for SamCERA for a specific and limited purpose. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. It is a complex, technical analysis that assumes a high level of knowledge concerning SamCERA's operations, and uses SamCERA's data, which Milliman has not audited. Any third party recipient of Milliman's work product who desires professional guidance should not rely upon Milliman's work product, but should engage qualified professionals for advice appropriate to its own specific needs. Please refer to the June 30, 2021 funding and GASB valuation reports for our full certification.

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

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

Milliman

Board of Retirement
September 30, 2021
Page 3

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

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

We certify that the assumptions and methods used for funding and financial reporting purposes in the June 30, 2021 funding and GASB valuations meet the parameters set by Actuarial Standards of Practice promulgated by the Actuarial Standards Board (ASB). We are members of the American Academy of Actuaries and have experience in performing valuations for public retirement systems.

Sincerely,

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

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

ACTUARIAL VALUATION

Introduction

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

Funding Policy

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

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

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

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

Valuation Objective

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

Valuation Policy

SamCERA engages an independent actuarial consulting firm to perform an annual valuation of the retirement fund as of June 30. The actuarial valuation calculates the value of future benefits, assesses the funded status, and establishes contribution rates for participating employers and members. The actuary applies specific actuarial methods and assumptions to project as closely as possible present contributions to meet future benefit obligations in accordance with prevailing Actuarial Standard of Practice. The recommended contribution rates, after adoption, will be subject to a "one year" deferral. Thus, the new contribution rates determined in the June 30, 2021 valuation will become effective on July 1, 2022.

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

Actuarial Cost Method

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

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

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

Amortization Method

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

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

Actuarial Asset Valuation Method

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

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

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

Actuarial Assumptions

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

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

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

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

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

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

Key Economic Assumptions

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

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

Consumer Price Index (CPI) Inflation. The assumed rate of inflation is 2.50%.

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

Key Demographic Assumptions

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

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

Mortality for Active and Service Retired Members

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

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

Mortality for Retired Disabled Members

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

Mortality for Deferred Member

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

Separation from Active Status. The probabilities of termination of employment due to the causes stated below are presented on pages 120-121. Each rate shown on these pages represents the probability that a member will separate from service at each age due to a particular reason. For example, a rate of 0.0300 for a member's service retirement at age 50 assumes that 30 out of 1,000 members who are age 50 will retire at that age.

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

- Service Retirement: Member retires after meeting age and service requirements for reasons other than disability.

- Withdrawal: Member terminates employment and elects a refund of member contributions, or a deferred vested retirement benefit.

- Service Disability: Member receives disability retirement; disability is service related.

- Ordinary Disability: Member receives disability retirement; disability is not service related.

- Service Death: Member dies before retirement; death is service related.

- Ordinary Death: Member dies before retirement; death is not service related.

Actuarial Methods and Assumptions (For Funding Purposes)

VALUATION DATE	June 30, 2021
ACTUARIAL COST METHOD	Entry Age Normal Cost
ACTUARIAL EXPERIENCE STUDY	July 1, 2017 to April 30, 2020
AMORTIZATION METHOD	Level percentage of projected payroll
AMORTIZATION PERIOD	UAAL as of June 30, 2008, is amortized over a closed 15-year period ending June 30, 2023. Subsequent changes in the UAAL are amortized over separate closed 15-year layers that are determined annually.
ASSET VALUATION METHOD	5-year smoothed recognition of asset gains and losses (determined as the difference of the actual fair value to the expected fair value), which cannot vary more than 20% from the fair value.

ACTUARIAL ASSUMPTIONS

Economic assumptions:

General wage increases	3.00%
Investment earnings	6.25%
Growth in Active membership	0.00%
CPI-U inflation	2.25%
CPI inflation	2.50%

Demographic assumptions:

Salary increases due to service	See 2021 actuarial valuation report for details
Retirement from active service	See 2021 actuarial valuation report for details
Disability from active service	See 2021 actuarial valuation report for details
Mortality for active members prior to termination	See 2021 actuarial valuation report for details
Other terminations of employment	See 2021 actuarial valuation report for details
Probability of refund of contributions upon vested information	See 2021 actuarial valuation report for details
Mortality for active members after termination and service retired members	See 2021 actuarial valuation report for details
Mortality for members retired for disability	See 2021 actuarial valuation report for details
Mortality for beneficiaries	See 2021 actuarial valuation report for details

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

Rate of Separation from Active Service - All Plans

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

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

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

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

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

Summary of Significant Actuarial Statistics and Measures

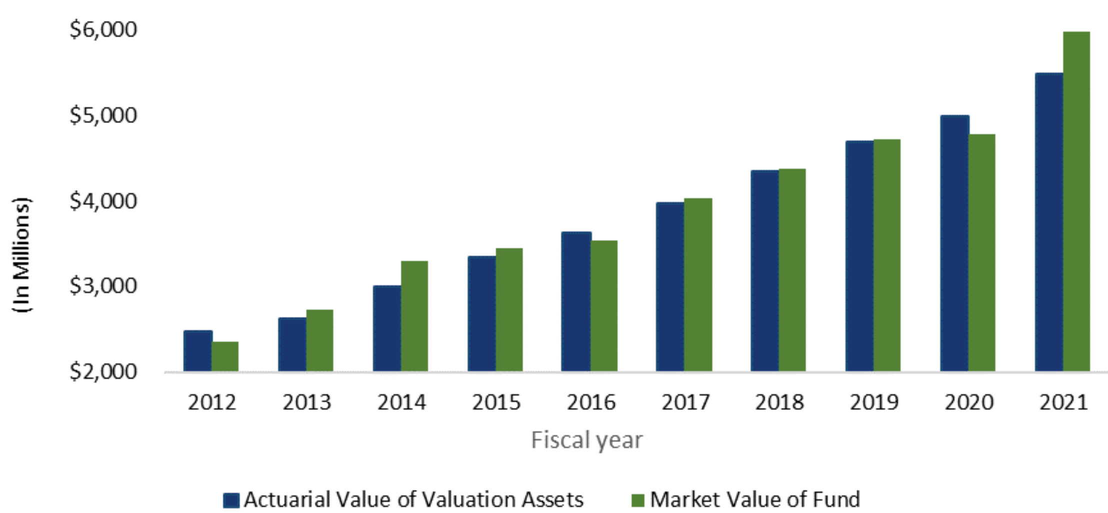
	June 30, 2021	June 30, 2020	Relative Change
Active Members			
Number of Members	5,356	5,400	(0.8)%
Average Age	45.1	45.0	0.2%
Average Credited Service	10.5	10.3	1.9%
Total Active Covered Payroll ($ in Thousands)	$600,369	$593,295	1.2%
Average Monthly Salary	$9,439	$9,176	2.9%
Retired Members			
Number of Members			
Service Retirement	4,421	4,292	3.0%
Disability Retirement	499	506	(1.4)%
Beneficiaries	672	656	2.4%
Average Age	71.5	71.3	0.3%
Actual Retiree Benefits Paid ($ in Thousands)	$259,356	$242,025	7.2%
Average Monthly Pension	$3,995	$3,865	3.4%
Number of Inactive Members	1,986	1,882	5.5%
Assets			
Market Value of Fund ($ in Thousands)	$5,982,086	$4,780,502	25.1%
Return on Market Value	23.5%	0.9%	
Valuation Assets ($ in Thousands)	$5,488,958	$4,998,316	9.8%
Return on Valuation Assets	8.2%	6.2%	
Liability Values ($ in Thousands)			
Actuarial Accrued Liability	$6,227,066	$5,786,054	7.6%
Unfunded Actuarial Accrued Liability	$738,108	$787,738	(6.3)%
Deferred Asset (Gains) / Losses	($437,683)	$268,302	
Funded Ratio			
Based on Valuation Assets	88.1%	86.4%	2.0%

Valuation Assets

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

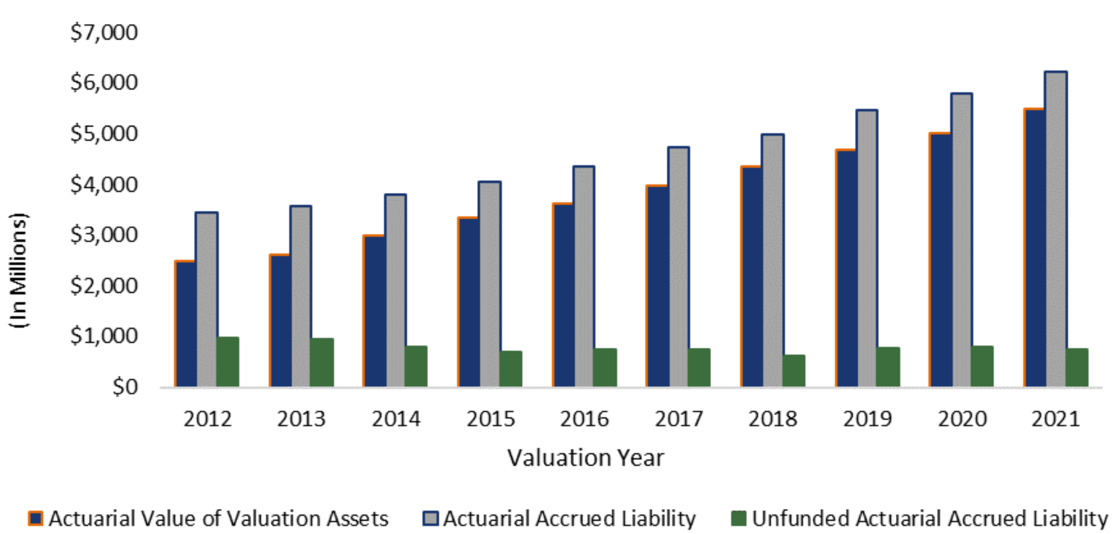
APPLICABLE VALUATION ASSETS

As of June 30



ACTUARIAL VALUATION

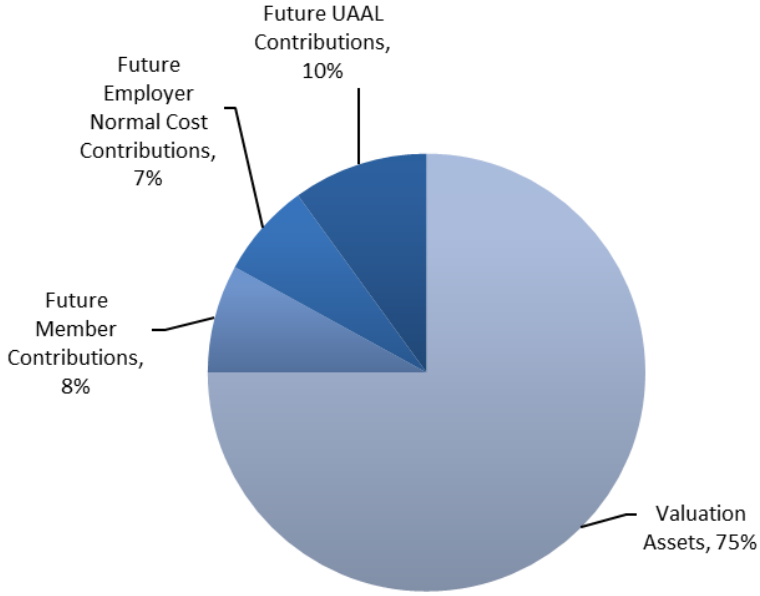
As of June 30



ACTUARIAL VALUATION—SAMCERA'S RESOURCES

As of June 30, 2021

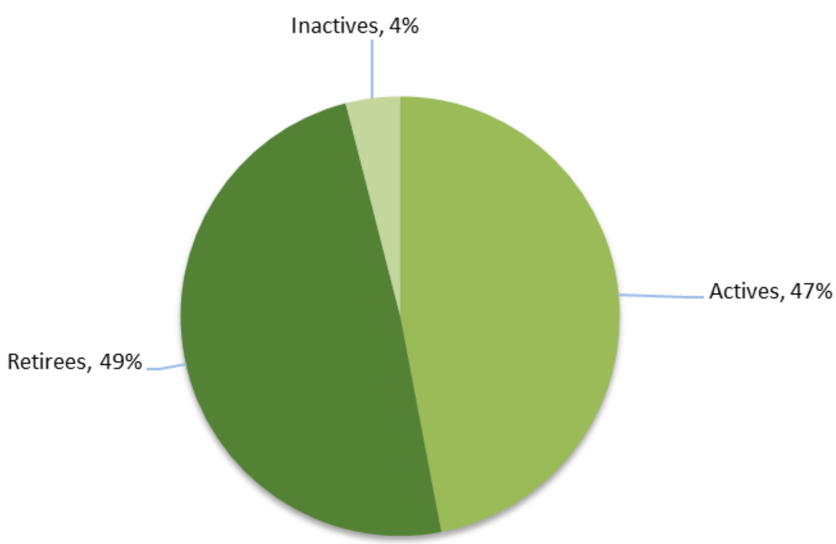
SamCERA's resources equal actuarial assets plus expected future contributions from both employers and members.



ACTUARIAL VALUATION—SAMCERA'S LIABILITIES

As of June 30, 2021

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



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
2021	General	4,643	$511,069,950	$110,073	3.1%
	Safety	520	72,829,550	140,057	0.5%
	Probation	193	22,777,092	118,016	5.9%
	Total	**5,356**	**$606,676,592**	**$113,270**	**2.9%**
2020	General	4,655	$496,992,584	$106,765	3.2%
	Safety	522	72,724,015	139,318	4.2%
	Probation	223	24,856,263	111,463	7.0%
	Total	**5,400**	**$594,572,862**	**$110,106**	**3.4%**
2019	General	4,610	$476,944,186	$103,459	6.1%
	Safety	530	70,890,519	133,756	1.7%
	Probation	237	24,680,991	104,139	3.6%
	Total	**5,377**	**$572,515,696**	**$106,475**	**5.5%**
2018	General	4,603	$448,931,595	$97,530	3.3%
	Safety	508	66,799,289	131,495	1.6%
	Probation	256	25,741,800	100,554	4.0%
	Total	**5,367**	**$541,472,684**	**$100,889**	**3.1%**
2017	General	4,560	$430,613,886	$94,433	2.3%
	Safety	503	65,105,116	129,434	4.1%
	Probation	274	26,503,623	96,729	9.1%
	Total	**5,337**	**$522,222,625**	**$97,849**	**2.8%**
2016	General	4,421	$408,191,518	$92,330	4.7%
	Safety	495	61,564,028	124,372	6.5%
	Probation	271	24,034,819	88,689	2.4%
	Total	**5,187**	**$493,790,365**	**$95,198**	**4.8%**
2015	General	4,334	$382,303,295	$88,210	6.8%
	Safety	479	55,917,864	116,739	-0.4%
	Probation	282	24,418,977	86,592	3.1%
	Total	**5,095**	**$462,640,136**	**$90,803**	**5.8%**
2014	General	4,272	$352,918,558	$82,612	1.8%
	Safety	452	52,974,475	117,200	1.4%
	Probation	280	23,514,343	83,980	3.4%
	Total	**5,004**	**$429,407,376**	**$85,813**	**1.8%**
2013	General	4,173	$338,595,633	$81,140	0.5%
	Safety	452	52,233,510	115,561	-1.7%
	Probation	292	23,722,165	81,240	-1.1%
	Total	**4,917**	**$414,551,308**	**$84,310**	**0.4%**
2012	General	4,361	$351,965,689	$80,708	1.9%
	Safety	435	51,129,267	117,539	0.7%
	Probation	299	24,554,583	82,122	1.9%
	Total	**5,095**	**$427,649,539**	**$83,935**	**1.8%**

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

Solvency Test

(Dollars in Thousands)

Actuarial Valuation Date as of June 30,	Valuation Assets	Actuarial Accrued Liabilities: Active Member Contributions (A)	Actuarial Accrued Liabilities: Retirees and Beneficiaries[1] (B)	Actuarial Accrued Liabilities: Active Members (Employer Financed Portion) (C)	Portion of Actuarial Accrued Liabilities Covered by Assets: (A)	Portion of Actuarial Accrued Liabilities Covered by Assets: (B)	Portion of Actuarial Accrued Liabilities Covered by Assets: (C)
2012	$2,480,271	$498,569	$2,022,791	$921,193	100%	98%	0%
2013	2,618,639	534,276	2,157,590	880,884	100%	97%	0%
2014	2,993,187	584,080	2,285,328	927,634	100%	100%	13%
2015	3,343,550	628,287	2,451,544	965,955	100%	100%	27%
2016	3,624,726	679,246	2,635,409	1,047,641	100%	100%	30%
2017	3,976,717	735,102	2,811,651	1,173,097	100%	100%	37%
2018	4,351,502	783,887	3,032,813	1,153,835	100%	100%	46%
2019	4,685,502	769,137	3,369,094	1,321,747	100%	100%	41%
2020	4,998,316	858,906	3,609,214	1,317,934	100%	100%	40%
2021	5,488,958	895,745	3,908,520	1,422,801	100%	100%	48%

[1] Includes inactive members

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls

Fiscal Year Ended June 30,	Added to Rolls[1]: Number	Added to Rolls[1]: Annual Benefits (in Thousands)	Removed from Rolls: Number	Removed from Rolls: Annual Benefits (in Thousands)	Rolls at Year-End: Number	Rolls at Year-End: Total Retiree Payroll (in Thousands)	% Increase in Payroll	Average Monthly Benefits
2012	218	$14,379	90	$4,209	4,275	$144,845	7.6%	$2,823
2013	186	13,024	63	3,095	4,398	154,774	6.9%	2,933
2014	203	12,474	83	3,479	4,518	163,769	5.8%	3,021
2015	213	16,290	93	4,179	4,638	175,880	7.4%	3,160
2016	233	15,347	123	5,030	4,748	186,197	5.9%	3,268
2017	310	16,738	102	3,867	4,956	199,068	6.9%	3,347
2018	315	21,360	162	5,242	5,109	215,186	8.1%	3,510
2019	306	24,547	190	5,769	5,225	233,964	8.7%	3,731
2020	362	23,862	133	4,862	5,454	252,963	8.1%	3,865
2021	270	19,466	132	4,327	5,592	268,102	6.0%	3,995

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

ACTUARIAL ANALYSIS OF FINANCIAL EXPERIENCE

As of June 30 (Dollars in Thousands)

	Change in Liability				
Summary of (Gains) / Losses	**2021**	**2020**	**2019**	**2018**	**2017**
Unfunded Liability as of July 1	$ 787,737	$ 774,476	$ 619,033	$ 743,133	$ 737,570
Expected Change in Unfunded Actuarial Accrued Liability	(157,668)	(85,527)	(153,261)	(109,756)	(110,404)
Salary (Gain) / Loss	12,064	25,190	50,472	10,401	27,685
Retiree COLA more / (less) than Expected	(25,973)	18,992	21,749	12,203	7,050
Asset (Gain) / Loss	(87,748)	15,884	46,909	(42,796)	(28,286)
Change Due to Assumption Changes	197,720	11,593	173,944	-	133,221
Miscellaneous Experience	11,976	27,129	15,630	5,848	(23,703)
Unfunded Liability as of June 30	$ 738,108	$ 787,737	$ 774,476	$ 619,033	$ 743,133

SCHEDULE OF FUNDING PROGRESS

(Dollars in Thousands)

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

Actuarial Valuation Date as of June 30,	(a) Actuarial Value of Valuation Assets	(b) Actuarial Accrued Liability	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
2012	$2,480,271	$3,442,553	$962,282	72.0%	$418,916	229.71%
2013	2,618,639	3,572,750	954,111	73.3%	404,361	235.96%
2014	2,993,187	3,797,042	803,855	78.8%	416,274	193.11%
2015	3,343,550	4,045,786	702,236	82.6%	439,018	159.96%
2016	3,624,726	4,362,296	737,570	83.1%	472,385	156.14%
2017	3,976,717	4,719,850	743,133	84.3%	510,132	145.67%
2018	4,351,502	4,970,535	619,033	87.5%	535,938	115.50%
2019	4,685,502	5,459,978	774,476	85.8%	554,734	139.61%
2020	4,998,316	5,786,054	787,738	86.4%	593,295	132.77%
2021	5,488,958	6,227,066	738,108	88.1%	600,369	122.94%

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

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Statistical Section

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

Changes in Fiduciary Net Position

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

	2021	2020	2019	2018	2017
Additions					
Employer Contributions	$225,302	$198,583	$194,830	$179,627	$164,877
Employer Supplemental Contributions	39,700	-	50,668	27,630	33,850
Member Contributions	73,967	70,631	67,696	64,204	62,160
Total Contributions	338,969	269,214	313,194	271,461	260,887
Investment Income (Loss), net of Expenses	1,133,127	42,355	271,625	280,076	436,603
Securities Lending Income	50	37	66	43	46
Miscellaneous Additions	-	-	-	27	27
Total Additions	**1,472,146**	**311,606**	**584,885**	**551,607**	**697,563**
Deductions					
Retiree Benefits	259,356	242,025	223,614	204,728	190,364
Member Refunds	2,796	3,796	3,571	4,326	2,876
Administrative Expenses	7,060	6,372	6,057	5,849	5,983
Information Technology Expenses	1,350	2,021	2,495	1,444	996
Other Expenses	-	-	-	-	30
Total Deductions	**270,562**	**254,214**	**235,737**	**216,347**	**200,249**
Changes in Pension Plan Net Position	**$1,201,584**	**$57,392**	**$349,148**	**$335,260**	**$497,314**

	2016	2015	2014	2013	2012
Additions					
Employer Contributions	$170,046	$169,814	$152,877	$131,294	$139,407
Employer Supplemental Contributions	21,048	10,890	50,000	13,014	11,543
Member Contributions	56,069	48,012	46,594	55,408	49,687
Total Contributions	247,163	228,716	249,471	199,716	200,637
Investment Income (Loss), net of Expenses	24,112	111,320	482,050	326,983	(11,024)
Securities Lending Income	278	310	435	622	721
Miscellaneous Additions	4,910	-	179	160	29
Total Additions	**276,463**	**340,346**	**732,135**	**527,481**	**190,363**
Deductions					
Retiree Benefits	179,498	168,109	159,342	149,266	139,208
Member Refunds	3,366	3,357	3,214	5,750	3,627
Administrative Expenses	5,962	5,350	4,914	4,260	4,675
Information Technology Expenses	714	629	731	654	325
Other Expenses	11	119	65	29	-
Total Deductions	**189,551**	**177,564**	**168,266**	**159,959**	**147,835**
Changes in Pension Plan Net Position	**$86,912**	**$162,782**	**$563,869**	**$367,522**	**$42,528**

Schedule of Additions to Fiduciary Net Position by Source

(Dollars in Thousands)

Fiscal Year Ended June 30	Member Contributions	Employer Contributions	Investment Income (Loss)	Other	Total Additions
2012	$49,687	$150,950	$(11,204)	$750	$201,387
2013	55,408	144,308	326,983	782	527,481
2014	46,594	202,877	482,050	614	732,135
2015	48,012	180,704	111,320	310	340,346
2016	56,069	191,094	24,112	5,188	276,463
2017	62,160	198,727	436,603	73	697,563
2018	64,204	207,257	280,076	70	551,607
2019	67,696	245,498	271,625	66	584,885
2020	70,631	198,583	42,355	37	311,606
2021	73,967	265,002	1,133,127 (1)	50	1,472,146

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

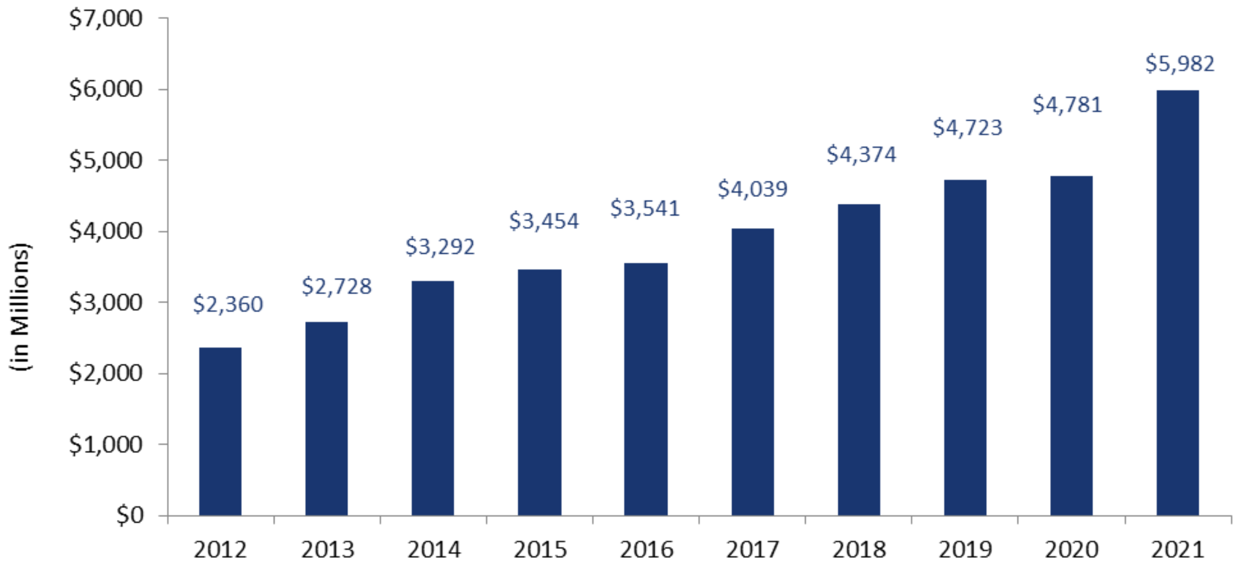
Schedule of Deductions from Fiduciary Net Position by Type

(Dollars in Thousands)

Fiscal Year Ended June 30	Service Retirement Benefits	Disability Retirement Benefits	Survivor Benefits	Death Benefits	Other Benefits	Member Refunds	Administrative Expenses	Information Technology Expenses	Other Expenses	Total Deductions
2012	$122,542	$15,532	$667	$28	$439	$3,627	$4,675	$325	$ -	$147,835
2013	131,639	16,705	650	39	233	5,750	4,260	654	29	159,959
2014	139,036	19,267	655	14	370	3,214	4,914	731	65	168,266
2015	147,267	20,038	661	91	52	3,357	5,350	629	119	177,564
2016	157,513	21,091	653	82	159	3,366	5,962	714	11	189,551
2017	166,975	22,690	661	27	11	2,876	5,983	996	30	200,249
2018	179,880	23,872	781	195	-	4,326	5,849	1,444	-	216,347
2019	196,874	25,212	983	250	295	3,571	6,057	2,495	-	235,737
2020	212,633	27,602	958	296	536	3,796	6,372	2,021	-	254,214
2021	229,731	28,342	1,071	57	155	2,796	7,060	1,350	-	270,562

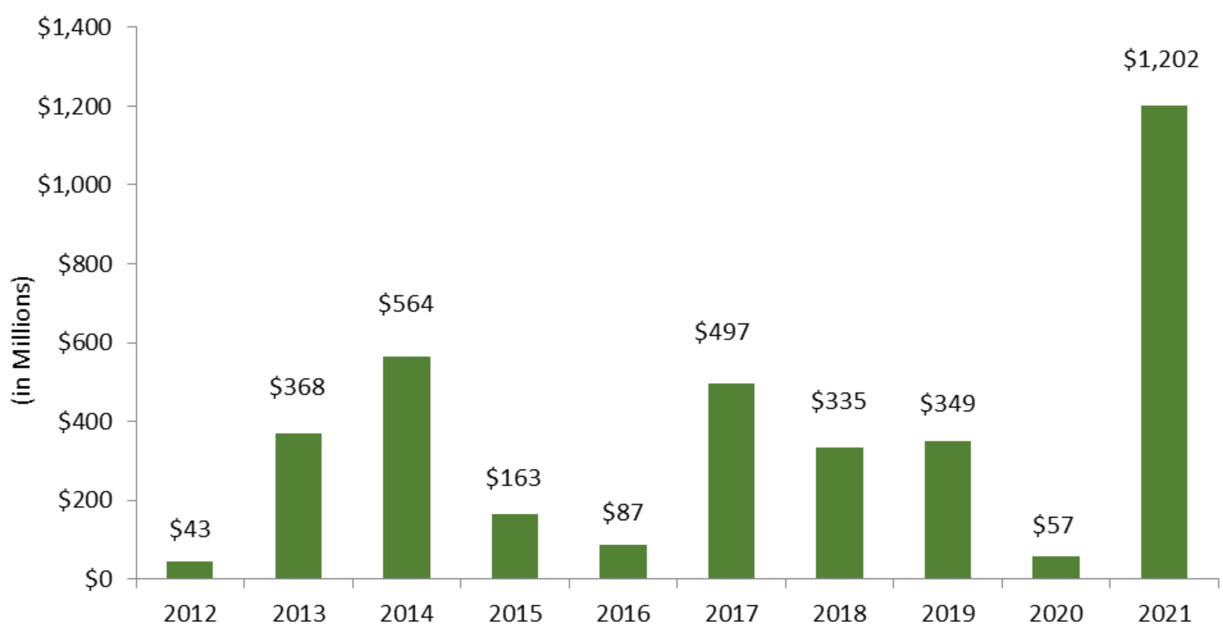
Total Fiduciary Net Position

As of June 30



Changes in Fiduciary Net Position

For the Fiscal Years Ended June 30



Summary of Retired Benefits, Refunds, and Inactive Members

	2021	2020	2019	2018	2017
RETIRED MEMBERS					
Service Retirement [1]					
Number	4,932	4,906	4,697	4,604	4,458
Annual Benefit	$229,730,556	$212,632,929	$196,874,097	$179,880,342	$166,975,634
Average Monthly Payment	$3,882	$3,612	$3,493	$3,256	$3,121
Survivor					
Number	34	34	30	29	27
Annual Benefit	$1,071,039	$958,068	$982,715	$781,459	$661,162
Average Monthly Payment	$2,625	$2,348	$2,730	$2,246	$2,041
Death					
Number	2	4	7	4	1
Annual Benefit	$57,226	$295,630	$249,751	$194,927	$26,646
Average Monthly Payment	$2,384	$6,159	$2,973	$4,061	$2,221
Other Benefits					
Number	7	4	4	-	1
Annual Benefit	$154,484	$536,331	$295,600	-	$11,138
Average Monthly Payment	$1,839	$11,174	$6,158	-	$928
Disability Retirement					
Number	617	506	487	472	469
Annual Benefit	$28,342,469	$27,601,908	$25,211,881	$23,872,145	$22,689,813
Average Monthly Payment	$3,828	$4,546	$4,314	$4,215	$4,032
Total Retired Members					
Number	5,592	5,454	5,225	5,109	4,956
Annual Benefit	$259,355,774	$242,024,866	$223,614,044	$204,728,873	$190,364,393
Average Monthly Payment	$3,865	$3,698	$3,566	$3,339	$3,201
REFUND					
General	$2,274,481	$3,177,699	$3,478,748	$3,252,941	$2,511,145
Safety	$521,679	$618,577	$92,331	$1,072,789	$364,742
Total Refund	$2,796,160	$3,796,276	$3,571,079	$4,325,730	$2,875,887
INACTIVE MEMBERS	**1,986**	**1,882**	**1,767**	**1,666**	**1,487**

[1] Includes beneficiaries.

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

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

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

[1] Includes beneficiaries.

Note 1 - This schedule is prepared by SamCERA based on the actual benefits disbursed.

Note 2 - Data prior to fiscal year 2013 is not available.

Schedule of Average Pension Benefit Payments

	Years of Service Credit						
7/1/2020 - 6/30/2021	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Retirees - Service and Disabilities							
Average Monthly Gross Benefit	$513	$2,075	$3,128	$4,652	$5,889	$8,463	$10,049
Average Final Compensation	$10,484	$11,773	$10,171	$10,552	$10,496	$12,023	$12,498
Number of Retirees	21	24	33	39	42	27	36
Beneficiaries							
Average Monthly Gross Benefit	$639	$1,126	$943	$1,720	$1,772	$5,752	$4,864
Average Final Compensation	$2,447	$7,875	$3,971	$3,664	$4,764	$6,840	$6,610
Number of Beneficiaries	11	6	3	6	2	5	5
7/1/2019 - 6/30/2020	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Retirees - Service and Disabilities							
Average Monthly Gross Benefit	$394	$1,450	$2,633	$3,875	$5,190	$7,485	$8,072
Average Final Compensation	$9,677	$9,801	$8,672	$9,005	$9,905	$11,042	$10,001
Number of Retirees	12	33	45	40	37	35	56
Beneficiaries							
Average Monthly Gross Benefit	$1,244	$1,954	$1,796	$3,080	$3,058	$5,083	$7,308
Average Final Compensation	$2,624	$5,459	$6,047	$9,860	$5,807	$7,574	$9,557
Number of Beneficiaries	6	3	6	9	5	5	5
7/1/2018 - 6/30/2019	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Retirees - Service and Disabilities							
Average Monthly Gross Benefit	$425	$1,564	$2,484	$4,013	$5,002	$7,792	$8,675
Average Final Compensation	$10,219	$9,667	$8,886	$8,901	$8,823	$11,094	$10,494
Number of Retirees	11	37	49	44	45	42	32
Beneficiaries							
Average Monthly Gross Benefit	$1,218	$1,828	$1,174	$134	$2,052	$3,757	$6,841
Average Final Compensation	$2,906	$9,453	$5,924	$6,644	$3,854	$4,246	$8,249
Number of Beneficiaries	11	4	5	1	2	5	5
7/1/2017 - 6/30/2018	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Retirees - Service and Disabilities							
Average Monthly Gross Benefit	$613	$1,327	$2,192	$3,541	$5,616	$6,728	$8,213
Average Final Compensation	$9,353	$8,032	$7,419	$8,210	$9,470	$9,686	$9,792
Number of Retirees	12	33	57	41	35	38	41
Beneficiaries							
Average Monthly Gross Benefit	$1,962	$1,460	$1,455	$1,861	$2,640	$6,712	$4,033
Average Final Compensation	$4,880	$8,022	$5,806	$6,311	$6,057	$6,777	$5,995
Number of Beneficiaries	13	10	9	5	6	8	7
7/1/2016 - 6/30/2017	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Retirees - Service and Disabilities							
Average Monthly Gross Benefit	$388	$1,429	$2,264	$3,155	$5,501	$6,533	$6,902
Average Final Compensation	$6,313	$6,428	$7,311	$7,237	$9,197	$9,440	$8,334
Number of Retirees	13	35	47	37	37	32	33
Beneficiaries							
Average Monthly Gross Benefit	$1,197	$574	$1,665	$2,916	$1,299	$ -	$ -
Average Final Compensation	$2,152	$3,564	$2,251	$3,852	$3,474	$ -	$ -
Number of Beneficiaries	8	6	5	1	1	-	-

Schedule of Average Pension Benefit Payments (Continued)

	Years of Service Credit						
7/1/2015 - 6/30/2016	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Retirees - Service and Disabilities							
Average Monthly Gross Benefit	$350	$1,536	$2,112	$3,210	$4,563	$5,841	$7,990
Average Final Compensation	$4,081	$6,646	$6,410	$9,032	$7,964	$8,548	$9,322
Number of Retirees	16	47	56	54	26	28	21
Beneficiaries							
Average Monthly Gross Benefit	$1,732	$1,038	$1,368	$1,361	$3,304	$3,036	$3,554
Average Final Compensation	*	$3,434	$4,173	$3,756	$5,429	$4,972	$5,372
Number of Beneficiaries	14	9	5	2	4	7	7
7/1/2014 - 6/30/2015	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Retirees - Service and Disabilities							
Average Monthly Gross Benefit	$564	$1,479	$2,538	$3,755	$4,264	$7,245	$6,140
Average Final Compensation	$4,191	$6,262	$7,158	$8,074	$7,548	$9,423	$7,752
Number of Retirees	21	35	52	35	20	38	31
Beneficiaries							
Average Monthly Gross Benefit	$1,753	$1,193	$1,120	$2,380	$2,147	$4,633	$6,036
Average Final Compensation	*	$3,587	$3,867	$6,994	$4,521	$8,971	$8,071
Number of Beneficiaries	11	3	3	6	5	5	6
7/1/2013 - 6/30/2014	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Retirees - Service and Disabilities							
Average Monthly Gross Benefit	$1,608	$1,758	$2,384	$3,351	$4,613	$6,349	$6,713
Average Final Compensation	$6,920	$6,729	$6,570	$7,614	$7,740	$9,292	$7,528
Number of Retirees	16	61	49	40	32	13	18
Beneficiaries							
Average Monthly Gross Benefit	$891	$660	$1,898	$946	$4,457	$3,550	$6,239
Average Final Compensation	*	$6,305	$5,433	$2,906	$7,872	$5,504	$6,611
Number of Beneficiaries	10	3	6	5	3	2	2
7/1/2012 - 6/30/2013	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Retirees - Service and Disabilities							
Average Monthly Gross Benefit	$643	$1,330	$2,513	$3,516	$5,226	$6,672	$7,309
Average Final Compensation	$5,234	$5,831	$7,321	$7,344	$8,135	$8,458	$7,818
Number of Retirees	16	39	59	21	30	24	20
Beneficiaries							
Average Monthly Gross Benefit	$1,434	$1,747	$1,494	$1,500	$1,321	$5,182	$4,166
Average Final Compensation	$589	$5,140	$5,255	$4,536	$3,446	$7,516	$6,039
Number of Beneficiaries	16	2	6	4	3	1	4
7/1/2011 - 6/30/2012	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Retirees - Service and Disabilities							
Average Monthly Gross Benefit	$897	$1,427	$2,328	$3,597	$5,175	$5,611	$7,527
Average Final Compensation	$4,235	$5,896	$6,667	$7,228	$7,812	$7,344	$7,763
Number of Retirees	19	37	47	25	47	32	29
Beneficiaries							
Average Monthly Gross Benefit	$1,789	$736	$2,382	$2,390	$1,658	$4,347	$4,878
Average Final Compensation	*	$3,913	$5,200	$5,818	$4,338	$6,102	$6,464
Number of Beneficiaries	16	1	5	4	5	3	4

* Information is not available.

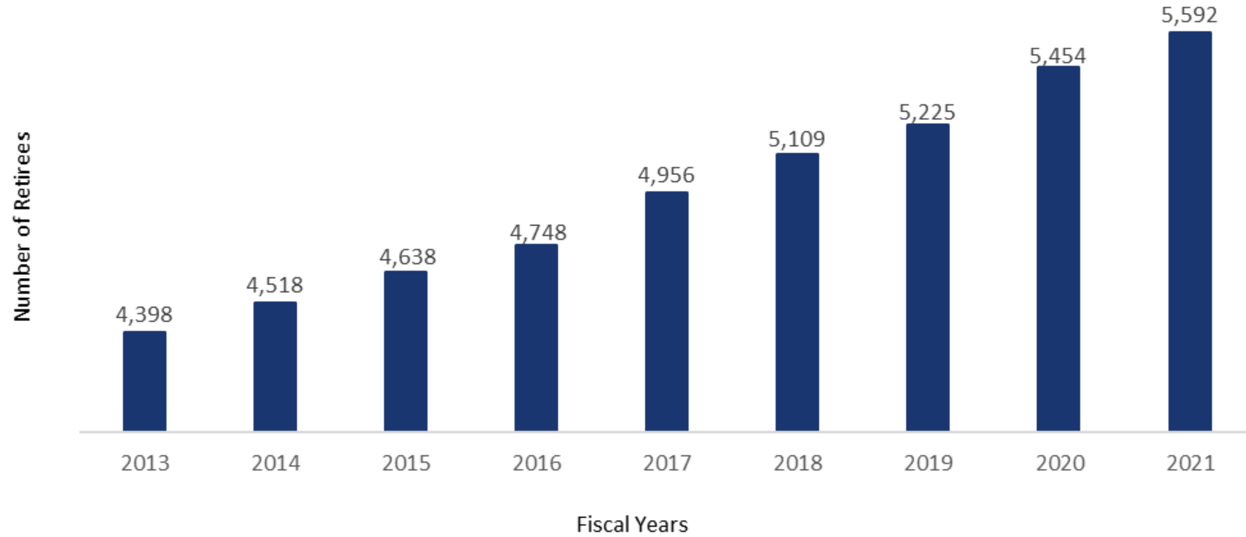
Distribution of Retired Members by Age and Retirement Year - All Plans Combined

As of June 30, 2021

	Retirement Year								Total
Age	Pre-1990	1990-1994	1995-1999	2000-2004	2005-2009	2010-2014	2015-2019	2020-2021	Count
Under 35	-	-	-	-	-	4	2	-	6
35-39	-	-	1	1	1	-	1	-	4
40-44	-	-	-	-	-	5	14	2	21
45-49	-	-	-	-	8	8	17	8	41
50-54	-	-	1	6	7	11	100	71	196
55-59	-	-	7	7	20	63	239	89	425
60-64	-	-	9	16	49	187	309	133	703
65-69	-	3	14	62	172	295	399	72	1,017
70-74	3	14	68	149	280	345	220	28	1,107
75-79	7	31	121	186	297	166	73	14	895
80-84	20	84	117	153	90	49	33	12	558
85-89	39	55	100	51	27	24	17	6	319
90-94	56	52	45	8	6	11	12	4	194
95-99	41	13	15	5	4	2	5	1	86
100 & Over	10	3	3	2	-	1	1	-	20
Total Count	**176**	**255**	**501**	**646**	**961**	**1,171**	**1,442**	**440**	**5,592**

Number of Retirees and Beneficiaries Receiving Benefits

As of June 30



Note: Information prior to fiscal year 2013 is not available.

Average Monthly Benefit to Retirees and Beneficiaries

For the Fiscal Years Ended June 30

Note: Information prior to fiscal year 2013 is not available.

Schedule of Average Monthly Salary of Active Members

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

	2021	2020	2019	2018	2017
General Plan 1	$18,022	$11,102	$9,793	$10,121	$11,305
General Plan 2	10,957	10,665	10,088	9,526	8,994
General Plan 3	8,623	8,221	7,872	7,462	7,484
General Plan 4	10,087	9,671	9,302	8,534	8,134
General Plan 5	11,092	10,635	10,180	9,672	8,980
General Plan 7	8,014	7,726	7,395	6,974	6,737
Average Monthly Salary for General Plan	**$9,173**	**$8,897**	**$8,622**	**$8,128**	**$7,869**
Safety Plan 1	$ -	$ -	$ -	$ -	$14,434
Safety Plan 2	15,162	15,125	14,197	13,607	13,528
Safety Plan 4	13,494	13,204	12,391	11,894	11,381
Safety Plan 5	12,619	12,367	11,708	11,349	10,544
Safety Plan 6	-	-	-	-	-
Safety Plan 7	9,765	9,581	9,030	8,747	8,356
Average Monthly Salary for Safety Plan	**$11,671**	**$11,610**	**$11,146**	**$10,958**	**$10,786**
Probation 1	$ -	$ -	$ -	$ -	$7,722
Probation 2	10,641	10,174	9,908	9,061	9,069
Probation 4	10,359	9,827	9,103	8,714	8,270
Probation 5	9,911	9,343	8,587	8,219	7,612
Probation 6	-	-	-	-	7,347
Probation 7	8,378	7,598	6,973	6,676	6,121
Average Monthly Salary for Probation Plan	**$9,835**	**$9,289**	**$8,678**	**$8,379**	**$8,061**
Average Monthly Salary for All Plans	**$9,439**	**$9,176**	**$8,873**	**$8,407**	**$8,154**

SCHEDULE OF AVERAGE MONTHLY SALARY OF ACTIVE MEMBERS (CONTINUED)

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

	2016	2015	2014	2013	2012
General Plan 1	$9,945	$9,235	$8,617	$8,104	$7,843
General Plan 2	8,636	8,186	7,584	7,355	7,340
General Plan 3	7,173	6,747	6,300	6,254	6,138
General Plan 4	7,807	7,386	6,873	6,662	6,580
General Plan 5	8,485	7,735	6,912	6,418	5,799
General Plan 7	6,714	6,315	5,721	5,433	N/A
Average Monthly Salary for General Plan	**$7,694**	**$7,351**	**$6,884**	**$6,762**	**$6,726**
Safety Plan 1	$15,810	$14,712	$14,091	$13,185	$12,624
Safety Plan 2	12,505	11,545	11,191	10,935	10,892
Safety Plan 4	10,729	9,919	9,581	9,402	9,351
Safety Plan 5	9,940	9,145	8,958	8,699	9,667
Safety Plan 6	16,793	16,010	14,381	12,374	N/A
Safety Plan 7	7,538	6,701	7,011	6,695	N/A
Average Monthly Salary for Safety Plan	**$10,364**	**$9,728**	**$9,767**	**$9,630**	**$9,795**
Probation 1	$7,261	$7,038	$6,874	$6,618	$6,618
Probation 2	8,349	8,012	7,699	7,445	7,454
Probation 4	7,454	7,267	6,922	6,622	6,686
Probation 5	6,429	6,106	5,916	5,242	4,949
Probation 6	6,259	5,739	5,216	4,808	5,239
Probation 7	5,962	5,684	5,807	7,742	5,239
Average Monthly Salary for Probation Plan	**$7,391**	**$7,216**	**$6,998**	**$6,770**	**$6,844**
Average Monthly Salary for All Plans	**$7,933**	**$7,567**	**$7,151**	**$7,026**	**$6,995**

Schedule of Active Members and Participating Employers

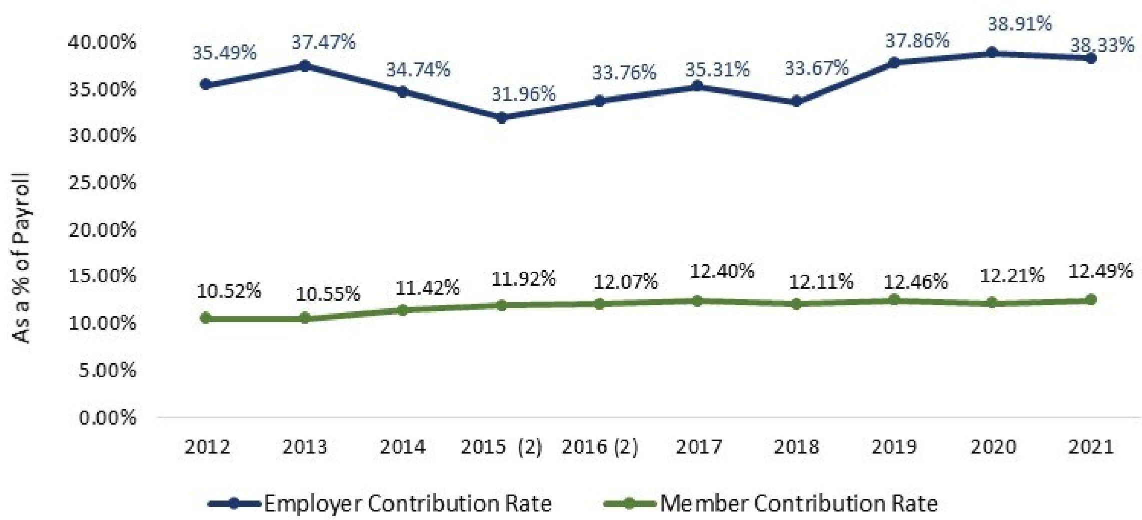
As of June 30

	2021	2020	2019	2018	2017
COUNTY OF SAN MATEO					
General Members	4,375	4,379	4,350	4,343	4,303
Safety Members	520	522	530	508	503
Probation Members	193	223	237	256	274
Subtotal	5,088	5,124	5,117	5,107	5,080
SAN MATEO COUNTY SUPERIOR COURT					
General Members	249	256	240	239	237
SAN MATEO COUNTY MOSQUITO & VECTOR CONTROL DISTRICT					
General Members	19	20	20	21	20
Total Active Membership	**5,356**	**5,400**	**5,377**	**5,367**	**5,337**
Percentage of Membership by Employer					
County of San Mateo	95.00%	94.89%	95.16%	95.16%	95.18%
San Mateo County Superior Court	4.65%	4.74%	4.46%	4.45%	4.44%
San Mateo County Mosquito and Vector Control District	0.35%	0.37%	0.37%	0.39%	0.37%
Total Percentage of Membership	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

	2016	2015	2014	2013	2012
COUNTY OF SAN MATEO					
General Members	4,170	4,092	4,014	3,906	4,078
Safety Members	495	479	452	452	435
Probation Members	271	282	280	292	299
Subtotal	4,936	4,853	4,746	4,650	4,812
SAN MATEO COUNTY SUPERIOR COURT					
General Members	231	222	239	249	268
SAN MATEO COUNTY MOSQUITO & VECTOR CONTROL DISTRICT					
General Members	20	20	19	18	15
Total Active Membership	**5,187**	**5,095**	**5,004**	**4,917**	**5,095**
Percentage of Membership by Employer					
County of San Mateo	95.16%	95.25%	94.84%	94.57%	94.45%
San Mateo County Superior Court	4.45%	4.36%	4.78%	5.06%	5.26%
San Mateo County Mosquito and Vector Control District	0.39%	0.39%	0.38%	0.37%	0.29%
Total Percentage of Membership	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Employer and Member Contribution Rates [1]

Determined as of June 30



(1) Contribution rates determined as of the valuation date will become effective a year later. For example, contribution rates determined as of June 30, 2021, will become effective on July 1, 2022.

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

Employer Contribution Rates for All Plans Combined as a Percentage of Covered Payroll

	Fiscal Year Beginning		
Employer Statutory Contribution Rate [1]	**July 1, 2022**	**July 1, 2021**	**Change**
Gross Normal Cost	24.04%	23.11%	0.93%
Less: Member Contributions	(12.49)%	(12.21)%	(0.28)%
Employer Normal Cost	11.55%	10.90%	0.65%
UAAL Amortization	29.21%	28.01%	1.20%
Calculated Employer Contribution Rate	40.76%	38.91%	1.85%
Deferred Recognition of 2021 Assumptions [2]	(2.43)%	-	(2.43)%
Total Employer Statutory Contribution Rate [3]	**38.33%**	**38.91%**	(0.58)%
Statutory Contribution Rate by Employer			
County of San Mateo	38.51%	39.14%	(0.63)%
San Mateo County Superior Court	35.73%	35.85%	(0.12)%
San Mateo County Mosquito & Vector Control District	12.10%	12.76%	(0.66)%

(1) Detailed contribution rates by plan are reported on the 2021 valuation report.

(2) The increase in employer contribution rate of 3.64% due to new assumptions was phased in through three equal installments, with 1.21% effective July 1, 2022 and 2.43% deferred to subsequent two years.

(3) The Total Employer Statutory Contribution Rate of 38.33% is the aggregate rate for all employers.

HISTORY OF EMPLOYER STATUTORY CONTRIBUTION RATES

Valuation Date	General Members (County & Court)			General Members (Nurses & UAPD)			General Members (SMCM&VCD)		
June 30	Normal	UAAL	Total	Normal	UAAL	Total	Normal	UAAL	Total
2012	9.98%	20.17%	30.15%	8.96%	20.17%	29.13%	11.68%	20.17%	31.85%
2013	9.74%	22.35%	32.09%	8.92%	22.35%	31.27%	11.70%	22.35%	34.05%
2014	10.12%	20.27%	30.39%	9.14%	20.21%	29.35%	11.72%	21.16%	32.88%

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

Notes:

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

2. Beginning with the 2010 actuarial valuation, the San Mateo County Mosquito and Vector Control District (SMCM&VCD) adopted the same benefit formula and member contribution rates as Plan 1, 2 and 4 General County members (excluding cost sharing and COLA sharing on member rates).

3. Beginning with the 2011 actuarial valuation, Plan 1, 2, and 4 members of the California Nurses Association (CNA) contribute 25% of the cost of COLA, in addition to current member rates and cost sharing.

4. Beginning with the 2012 actuarial valuation, Plan 1, 2, and 4 Probation members (excluding Managers) contribute 25% of the cost of COLA, in addition to current member rates and cost sharing.

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

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

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

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

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

History of Employer Statutory Contribution Rates (Continued)

Valuation Date	Safety Member			Probation Members (excluding Managers)			Probation Members (Managers)		
June 30	Normal	UAAL	Total	Normal	UAAL	Total	Normal	UAAL	Total
2012	19.05%	48.51%	67.56%	19.99%	26.71%	46.70%	Same as Probation (exclude Managers)		
2013	18.51%	50.33%	68.84%	18.33%	29.32%	47.65%	17.85%	29.32%	47.17%
2014	18.99%	46.48%	65.47%	18.92%	28.09%	47.01%	18.79%	28.09%	46.88%
2015	15.14%	43.58%	58.72%	15.31%	26.77%	42.08%	17.23%	26.77%	44.00%
2016	16.31%	44.25%	60.56%	15.94%	31.72%	47.66%	Same as Probation (exclude Managers)		
2017	17.28%	45.57%	62.85%	17.42%	32.87%	50.29%	Same as Probation (exclude Managers)		
2018	16.98%	44.68%	61.66%	16.95%	32.88%	49.83%	Same as Probation (exclude Managers)		
2019	18.02%	50.87%	68.89%	17.97%	42.55%	60.52%	Same as Probation (exclude Managers)		
2020	17.57%	54.42%	71.99%	18.30%	47.68%	65.98%	Same as Probation (exclude Managers)		
2021	18.84%	55.10%	73.94%	19.40%	50.12%	69.52%	Same as Probation (exclude Managers)		

Notes:

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

2. Beginning with the 2010 actuarial valuation, the San Mateo County Mosquito and Vector Control District (SMCM&VCD) adopted the same benefit formula and member contribution rates as Plan 1, 2 and 4 General County members (excluding cost sharing and COLA sharing on member rates).

3. Beginning with the 2011 actuarial valuation, Plan 1, 2, and 4 members of the California Nurses Association (CNA) contribute 25% of the cost of COLA, in addition to current member rates and cost sharing.

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

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Compliance Section

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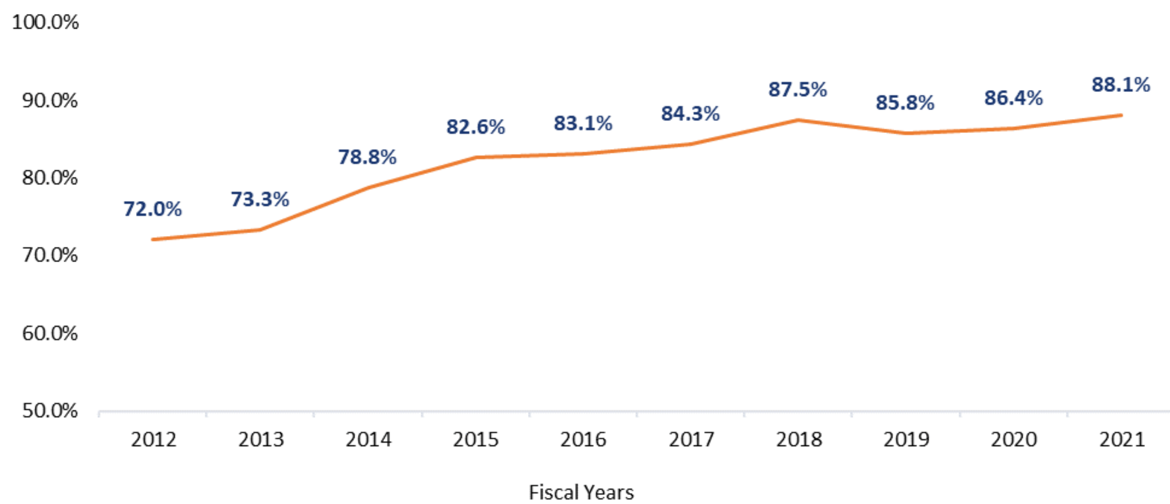
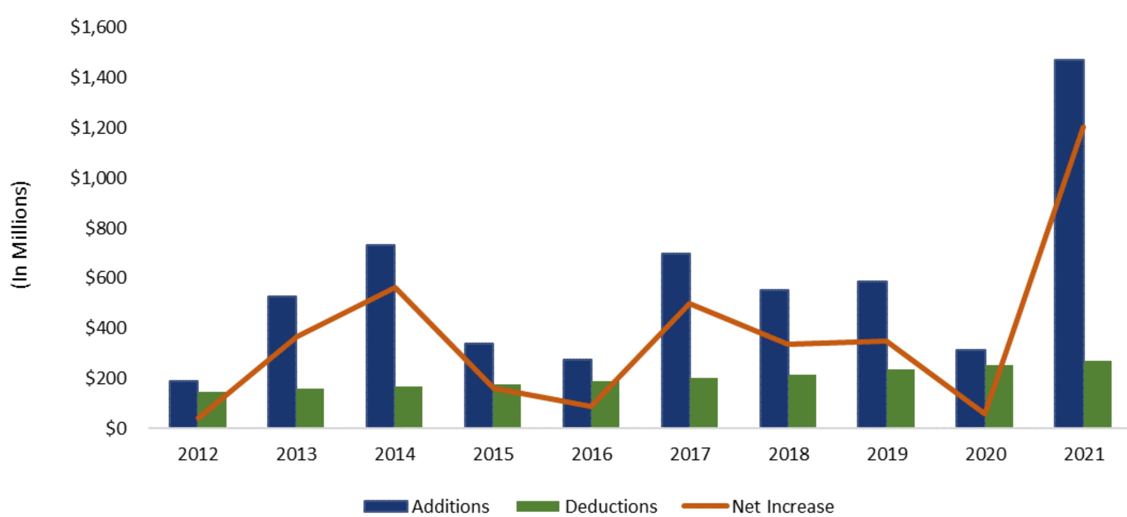
SAMCERA'S FUNDED RATIO

As of June 30



ADDITIONS TO AND DEDUCTIONS FROM SAMCERA'S NET POSITION

For the Fiscal Years Ended June 30



BROWN ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

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661-324-4971

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements and other information (financial statements) of the San Mateo County Employees' Retirement Association (SamCERA), a pension trust fund of the County of San Mateo, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise SamCERA's basic financial statements, and have issued our report thereon dated October 18, 2021.

Internal Control Over Financial Reporting

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

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

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

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209-451-4833

Compliance and Other Matters

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

Purpose of this Report

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Stockton, California
October 18, 2021

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Page 109: Courtesy of San Mateo County, Edgewood Park – Serpentine Trail

Page 129: Courtesy of San Mateo County, Devils Slide

Page 147: Courtesy of San Mateo County, Coyote Point Trail

THE FUTURE DEPENDS
ON WHAT YOU DO TODAY.

-Mahatma Gandhi

SamCERA

SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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