

# SamCERA

San Mateo County Employees' Retirement Association



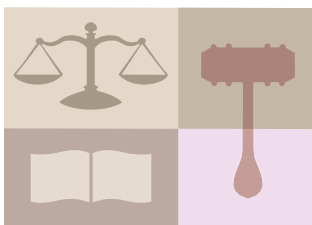
## Summary Annual Financial Report Fiscal Year ended 6/30/2004

### Introduction

This is a summary of the 2004 Comprehensive Annual Financial Report (CAFR) for the San Mateo County Employees' Retirement Association (*SamCERA*). It highlights the financial status and significant developments of *SamCERA* for the fiscal year ended June 30, 2004. To obtain more detailed information about *SamCERA*, please access the CAFR on our website at [www.samcera.org](http://www.samcera.org), or contact our office for a copy.

### About SamCERA

SamCERA was created by the Board of Supervisors in 1944 to provide retirement, disability and death benefits for its eligible employees in accordance with California's County Employees' Retirement Law of 1937 (the 1937 Act) and other applicable law, statutes and regulations. The Board of Retirement, staff and contract professionals all serve as fiduciaries for SamCERA's members.



### Financial Highlight

During the fiscal year, *SamCERA*'s net assets increased from \$1.233 billion to \$1.435 billion, or a gain of 16%, due primarily to market appreciation. Revenue for the year was \$280 million, which includes member and employer contributions of \$87 million, investment gains of \$193 million and other additions of \$226 thousand. Disbursements increased from \$72 million to \$78 million over the prior year, or 8.74%. Most of the increase was due to an increase in benefits paid to retirees.

*SamCERA*'s funding objective is to meet its long-term benefit obligations through contributions and investment income. As of June 30, 2004, the Funded Ratio of actuarial assets to actuarial liabilities was 77.5%.

<i>SamCERA's Net Assets</i>	6/30/2004	6/30/2003	Change in \$	Percent
Investments at Fair Value	\$1,428,595,232	\$1,228,233,377	\$200,361,855	16%
Other Assets	\$21,472,070	\$28,076,893	(\$6,604,823)	-24%
Total Assets	\$1,450,067,302	\$1,256,310,270	\$193,757,032	15%
Total Liabilities	\$14,707,879	\$23,038,733	(\$8,330,854)	-36%
<b>Net Assets</b>	<b>\$1,435,359,423</b>	<b>\$1,233,271,537</b>	<b>\$202,087,886</b>	<b>16%</b>

### Significant Events

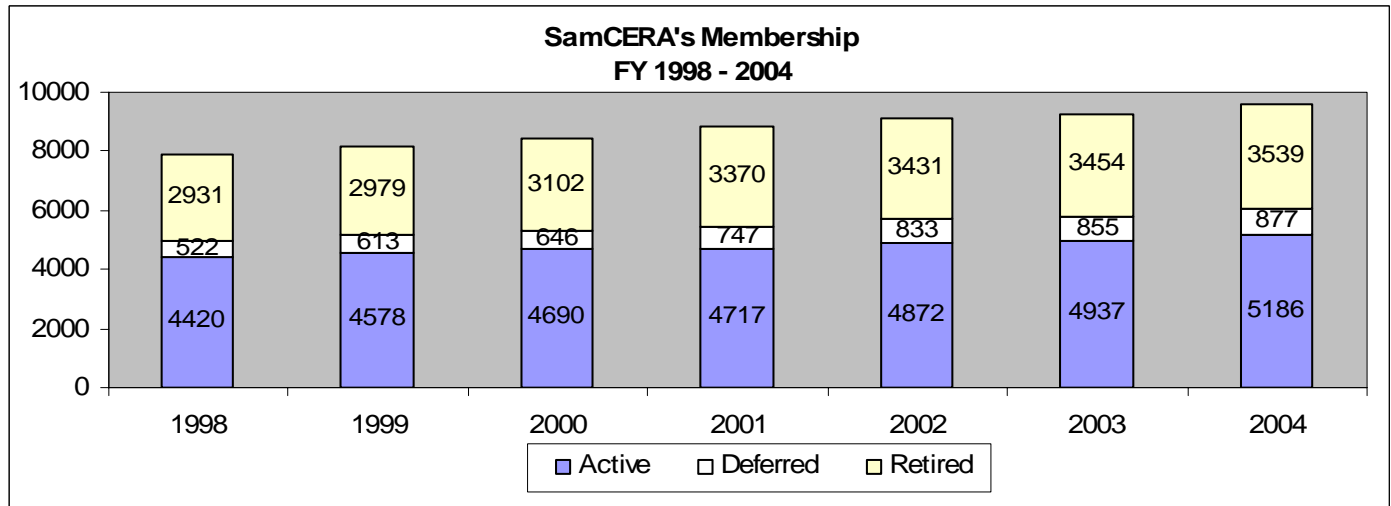
During the 2003-2004 fiscal year, *SamCERA* implemented new benefit formulas for Active and Deferred County General, Safety & Probation members, while maintaining the old formula for all Retired, Mosquito Abatement and Plan 3 members.

In May, *SamCERA* commenced implementation of the Court-ordered retroactive component of the *Ventura* decision. This special project recalculates retroactive contribution and pension benefits for eligible retirees. The *Ventura* enhancements effect about 30% of those who retired before 1999 and are based on special classes of pay that were not included at the time of retirement.

In May the Board announced that CEO Sid McCausland would retire March 31, 2005. As of this writing, David Bailey has been hired as the new CEO to start the transition in January 2005. Mr. Bailey has been the Deputy Director of Oregon Public Employees' Retirement System since 1993.

## Membership

SamCERA's members include all permanent employees of the County of San Mateo and the San Mateo County Mosquito Abatement District. As of June 30, 2004, SamCERA has 5,186 active members, 877 deferred members, and 3,539 retired members. This is an increase of 249 active members, 22 deferred, and 85 retired members from June 30, 2003. More than 85% of SamCERA's members are classified as General members, the remainder are law enforcement employees classified as Safety or Probation Safety members.



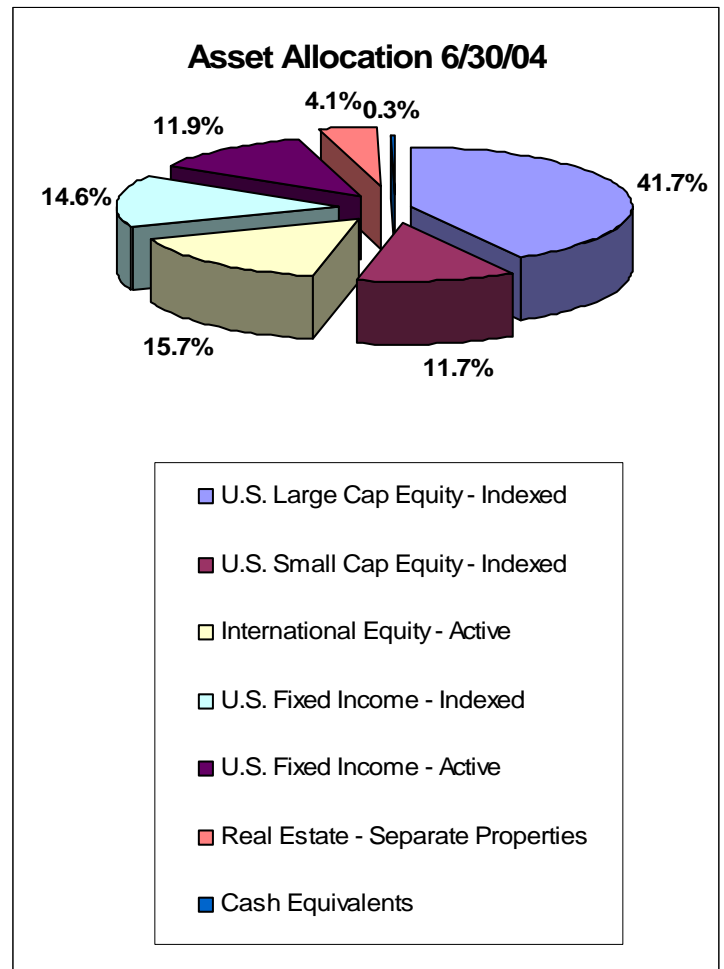
## Investments

The increase in net assets is a direct result of strict adherence to SamCERA's Investment plan, which with the asset allocation and rebalancing policy has

enabled the association to participate in the upturn in the market.

*The retirement portfolio returned 15.56% over the past fiscal year.*

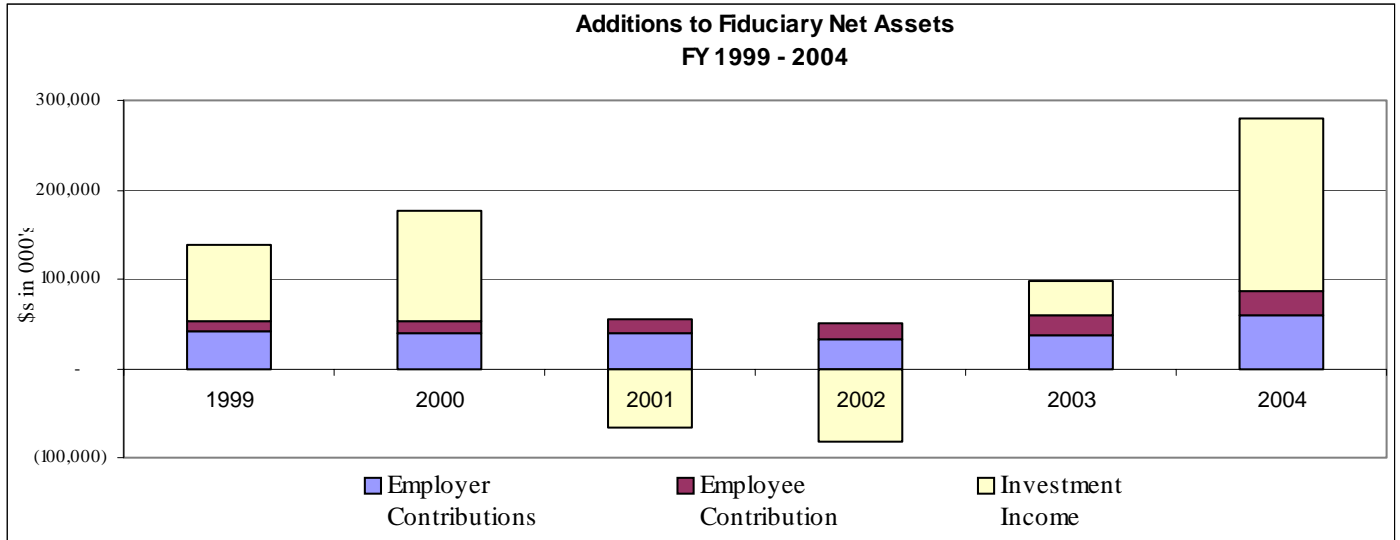
Investment Asset Class	Market Value 6/30/04	1 Yr Return	3 Yr Return
LargeCap US Equity	\$600,366	19.5%	-0.3%
SmallCap US Equity	\$168,146	33.5%	6.2%
International Equity	\$226,683	25.1%	1.4%
U.S. Fixed Income	\$375,187	0.8%	6.7%
Real Estate	\$58,214	8.6%	8.0%
Cash	\$16,292	2.3%	2.6%
<b>Total</b>	<b>\$1,444,888</b>	<b>15.6%</b>	<b>4.1%</b>



## Additions to Fiduciary Net Assets

Additions to SamCERA’s net asset increased significantly in all categories. Employer contributions increased \$24 million, or 66%, largely due to the increased contribution rates associated with the enhanced benefit formulas and poor investment markets. Employee contribution increased \$4.4 million or 20% due to contribution rate increases and member purchases. Investment related income increased \$155 million, or 362%, as the market rebounded.

Additions to SamCERA’s net assets for the past several years are shown below.

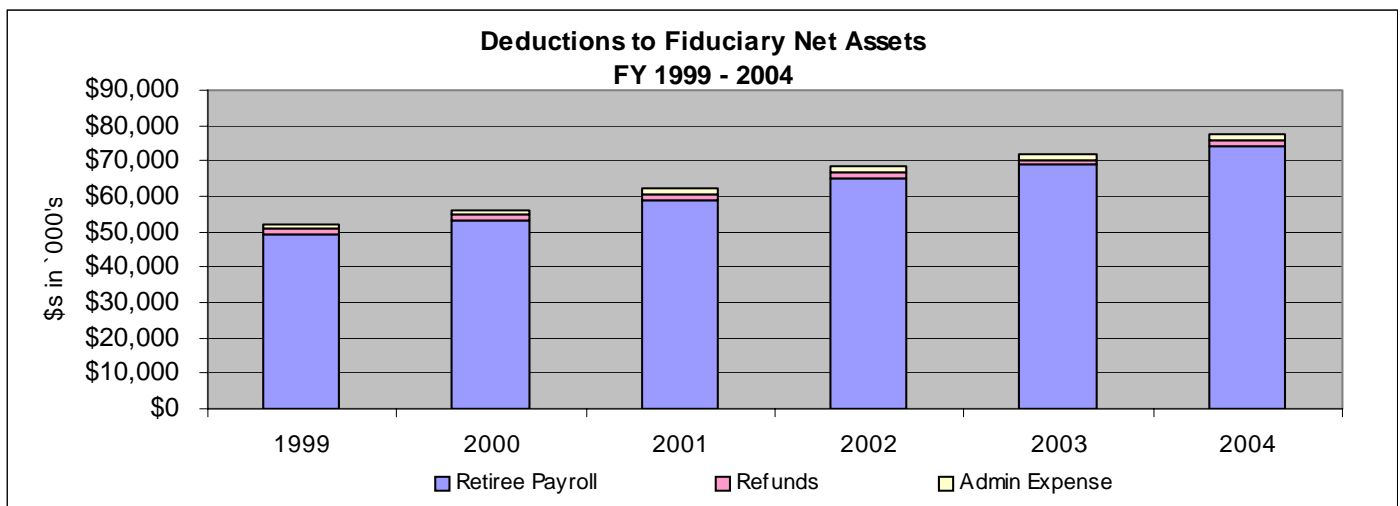


## Deductions to Fiduciary Net Assets

Both retiree benefits and member refunds increased in the last fiscal year. These trends are attributable to the overall economic environment and implementation of enriched retirement benefits. These factors led numerous active members to submit their retirement applications.

*Applications for Retirement increased by 52, or 41%.  
Number of Member refunds increased by 65, or 57%*

Administrative expenses increased by \$24,863, or 1% in FY 2003-2004, primarily due to normal staff merit and longevity increases. Deductions to SamCERA’s net assets for the past several years are shown below.



## **SamCERA**

San Mateo County Employees'  
Retirement Association

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We're on the web!

[www.samcera.org](http://www.samcera.org)

Your questions, comments and  
concerns are important. Contact us!

## **SamCERA's Mission**

SamCERA exists to serve as Loyal Fiduciary for our members, retirees and beneficiaries; and to serve as Prudent Administrator of our County's Retirement System.

## **SamCERA's Goals**

To provide caring, fair, accurate, timely and knowledgeable professional service to our clients and our public.

To prudently manage the assets and appropriately fund the actuarial liabilities of the Retirement system, so as to minimize the costs to our County, while assuring our ability to pay all earned benefits.

To constantly improve the effectiveness of our services and the efficiency of our operations.



## **Board of Retirement**

Alma R. Salas, Chair  
Kenneth A. Lewis, Vice Chair  
Tom E. Bryan, Secretary  
Lee Buffington  
Donna Wills Colson  
James Hooley  
Michael E. McMahon  
Bette Perroton Stuart  
Emily Tashman

## **Staff**

Sid McCausland, CEO  
Scott Hood, AEO  
Gary Clifton, Investment Finance Manager  
Mabel Wong, Management Analyst  
Tariq Ali, Information Technology Analyst  
Janell LeBlanc, Retirement Analyst  
Susie Lamica, Retirement Analyst  
Celedonia Amacker, Retirement Analyst  
Lilibeth Dames, Retirement Analyst  
Chezelle Milan, Senior Accountant  
Mel Cruz, Retirement Analyst—Controller  
Elizabeth LeNguyen, Office Specialist



*Working together for your  
retirement benefit for life!*

## **Looking Ahead**

**January 2005:** SamCERA is scheduled to implement a new Safety & Probation benefit formula

David Bailey joins SamCERA in January as our new CEO.

**March 2005:** SamCERA is scheduled to implement a new County General benefit formula.

Sid McCausland, our current CEO, retires in March.

**April 2005:** Scott Hood, our Assistant Executive Officer, is scheduled to be mobilized for a tour of active duty with the U.S. Army.

April 30th Retiree benefit payments will include SamCERA's 2005 cost-of-living allowance increases. (The size of the increase will be announced in a newsletter in March.)