



# SamCERA

San Mateo County Employees' Retirement Association

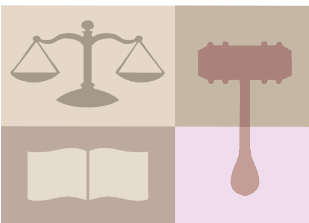
Summary Annual  
Financial Report  
for the Fiscal Year Ended  
6/30/2005

## Introduction

This is a summary of the 2005 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, 2005. 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 at 650-599-1234 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 Highlights

For the fiscal year ending June 30, 2005, *SamCERA*'s net assets increased by \$164 million, or 11% primarily as a result of market appreciation. *SamCERA*'s \$1.6 billion in net assets are held in trust for ongoing pension obligations and benefits to plan participants and their beneficiaries. Revenue for the year was \$251 million, which includes member and employer contributions of \$111 million and investment gain of \$140 million. Expenses increased \$8 million to \$87 million. The increase was mostly due to increased benefits paid.

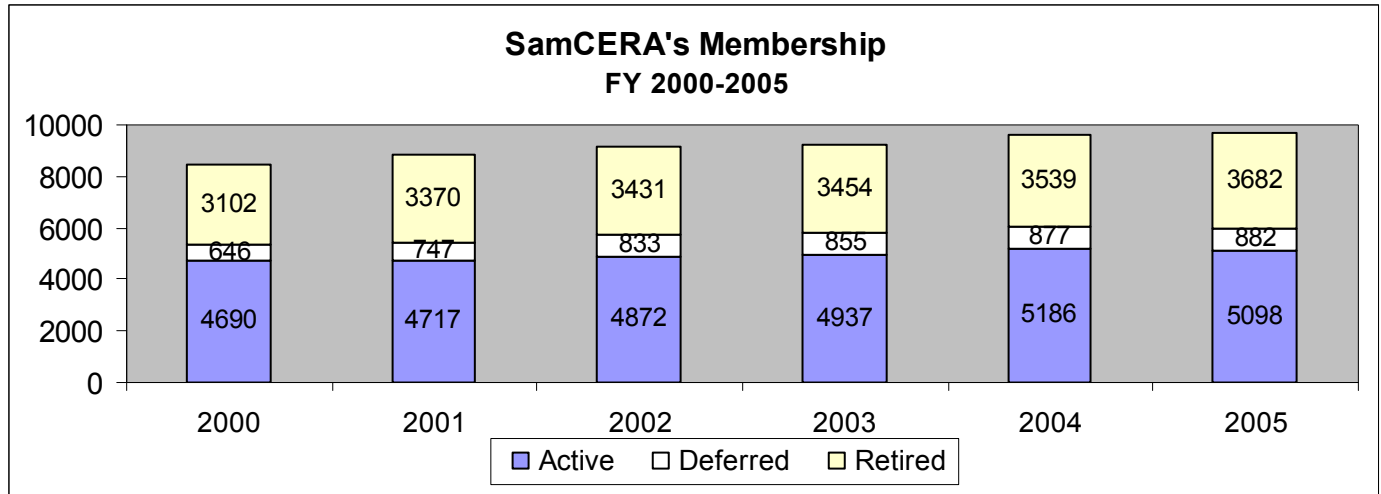
*SamCERA*'s funding objective is to meet its long-term benefit obligations through contributions and investment income. As of the June 30, 2004 valuation report, the funded ratio of actuarial assets to actuarial liabilities was 75.6%.

Summary of Net Assets	06-30-2005	06-30-2004	Change in \$
Investments at Fair Value	\$1,579,525,190	\$1,428,595,232	\$150,929,958
Other Assets	\$117,948,719	\$21,472,070	\$96,476,649
<b>Total Assets</b>	<b>\$1,697,473,909</b>	<b>\$1,450,067,302</b>	<b>\$247,406,607</b>
Total Liabilities	\$98,204,208	\$14,707,879	\$83,496,329
<b>Net Assets</b>	<b>\$1,599,269,701</b>	<b>\$1,435,359,423</b>	<b>\$163,910,278</b>

Change in Net Assets	06-30-2005	06-30-2004	Change in \$
Employer Contribution	\$76,930,928	\$60,041,821	\$16,889,107
Employee Contribution	\$33,647,561	\$27,094,196	\$6,553,365
Net Investment Gain	\$140,131,203	\$193,106,848	(\$52,975,645)
Other Revenue	\$79,472	\$226,318	(\$146,846)
<b>Total Additions</b>	<b>\$250,789,165</b>	<b>\$280,469,183</b>	<b>(\$29,680,018)</b>
Retiree Benefit	\$83,182,487	\$74,016,331	\$9,166,156
Member Refund	\$1,458,257	\$1,734,439	(\$276,182)
Admin Expense	\$2,234,610	\$1,911,755	\$322,855
Other Expense	\$3,533	\$718,772	(\$715,239)
<b>Total Disbursement</b>	<b>\$86,878,887</b>	<b>\$78,381,297</b>	<b>\$8,497,590</b>
<b>Net Addition</b>	<b>\$163,910,278</b>	<b>\$202,087,886</b>	<b>(\$38,177,608)</b>

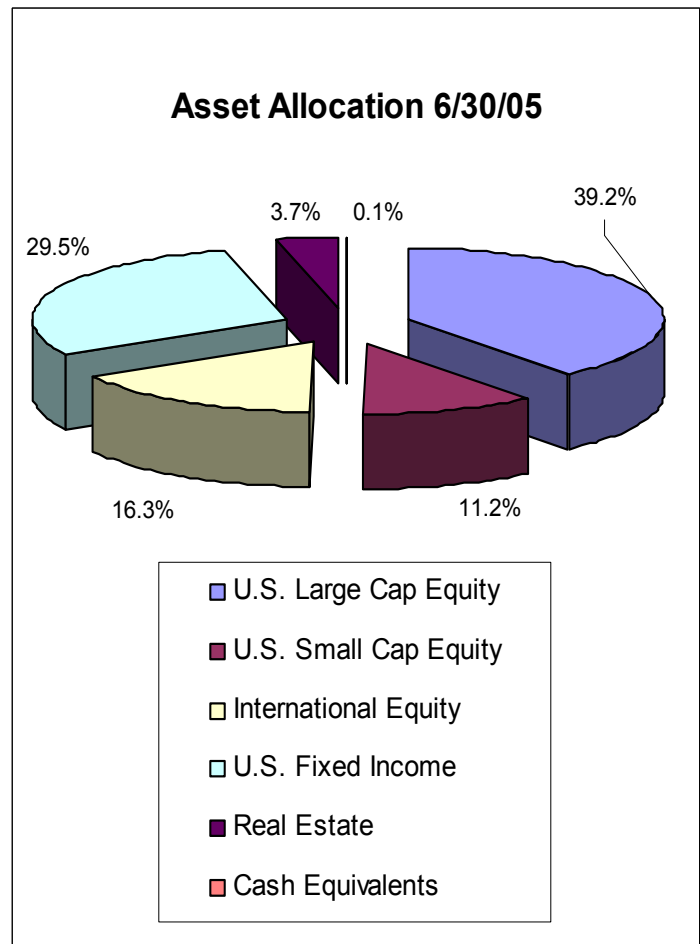
## Membership

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, 2005, SamCERA had 5,098 active members, 882 deferred members, and 3,682 retired members. The numbers reflect a decrease of 88 active members, and increases of 5 deferred and 143 retired members. 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

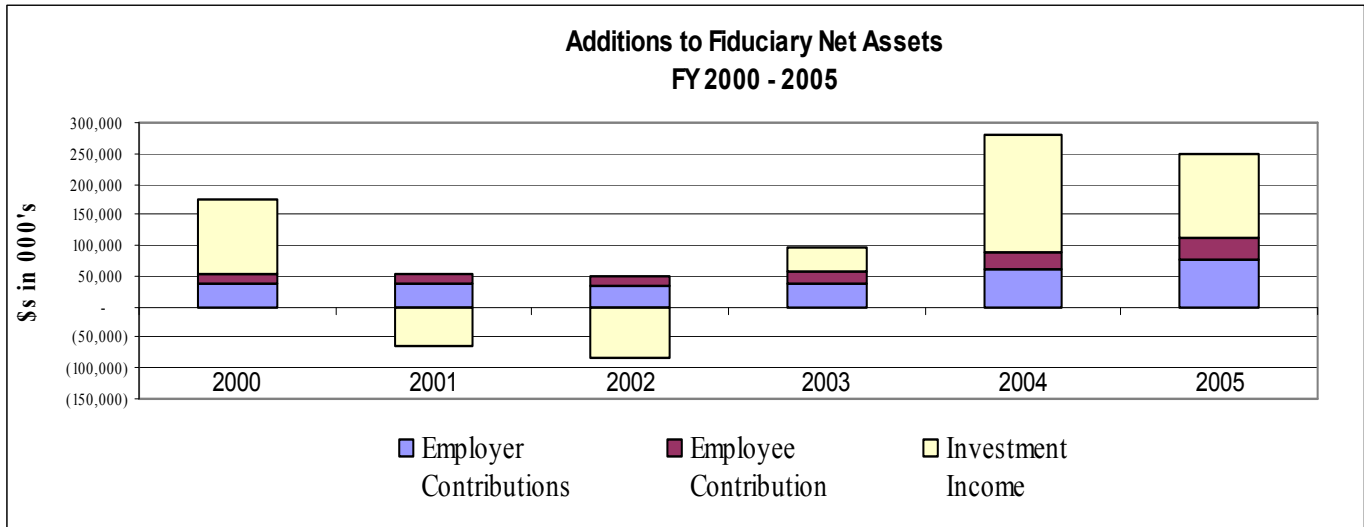
In FY 2004-2005, the Board of Retirement reviewed and reaffirmed the asset allocation of 65% equities, 29% fixed income, and 6% real estate. SamCERA then studied its manager structure and implemented portfolio changes that increased active management in the fixed income, domestic small cap equity and international equity portfolios. In addition, the association changed its real estate allocation by contributing its separate property real estate portfolio to a core real estate fund as a founding investor.



Investment Asset Class	Market Value 6/30/05 \$s in 000's	1 Yr Return	3 Yr Return
Large Cap US Equity	\$626,666	9.45%	9.72%
Small Cap US Equity	\$179,437	9.76%	12.88%
International Equity	\$259,415	14.73%	9.35%
U.S. Fixed Income	\$470,890	7.49%	6.21%
Real Estate	\$59,252	23.23%	15.47%
Cash	\$969	3.03%	2.56%
<b>Total</b>	<b>\$1,596,629</b>	<b>10.15%</b>	<b>9.75%</b>

## Additions to Fiduciary Net Assets

SamCERA's portfolio outperformed its benchmark and returned 10.15% in FY 2004-2005. The investment program added \$140 million to net assets. Contributions for employers and employees continued to increase due to enhanced benefit formulas and past poor investment returns. Total employer contribution was \$77 million, a 28% increase from the prior year. Total employee contribution which includes cost sharing was \$33.6 million, an increase of 24% from the prior year.

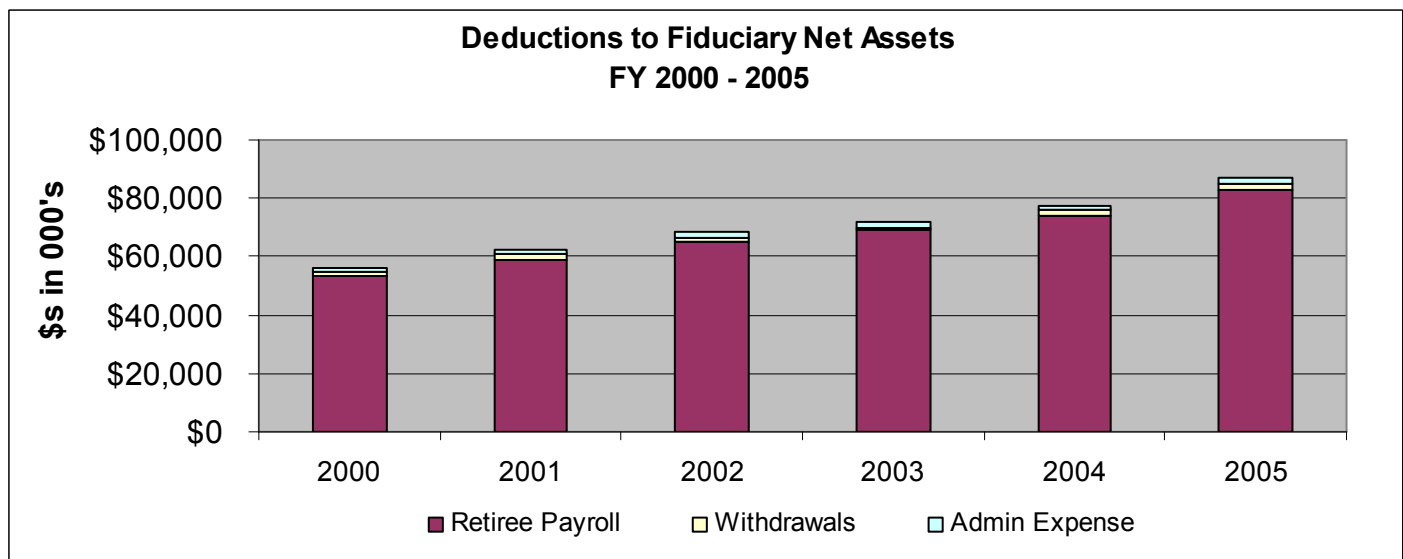


## Deductions to Fiduciary Net Assets

Deductions increased \$8 million to \$87 million in FY 2004-2005. Retiree payroll increased while member withdrawals declined compared to the prior year. Retiree payroll expense totaled \$83.2 million, a 12% increase from FY 03-04. Administrative expense increased \$323,000 or 17 percent to

*There were 207 new retirees in FY04-05. The lower than expected number may be due to the low (1%) cola granted in April.*

\$2.2 million, \$176,000 of which was attributed to the implementation and completion of the Ventura decision. There was a 25% increase in staff payroll mostly due to the retirement of the Chief Executive Officer and double filling of the position during the transition.



## ***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**

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



## **Staff**

David Bailey, CEO  
Scott Hood, AEO (on military leave)  
Gary Clifton, Investment Finance Manager  
Anne Palu, Retirement Benefits Manager  
Tariq Ali, Information Technology Manager  
Mabel Wong, Management 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

## **Looking Ahead**

**January 2006:** *SamCERA* is seeking a new firm to provide actuarial services. The most important function of the actuary is to help the board set the contribution rates for both employers and employees. *SamCERA* expects to have its new actuarial firm under contract in January 2006.

**Ongoing:** The *SamCERA* staff developed a Strategic Plan in 2005 which was adopted by the Board of Retirement in November. The plan includes issuing surveys to better track customer satisfaction with *SamCERA* services, updating member publications, and improving the website, among other things. The plan includes 33 specific projects and will be updated on an annual basis.

**Staff:** *SamCERA's* Assistant Executive Officer, Lt. Col. Scott Hood is currently serving with the Army Reserve in Bagdad where he is helping to coordinate the national elections. Staff looks forward to his return sometime in 2006.