Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 16

MEETING DATE: **December 11, 2024**

SUBJECT: **Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2023**

SUBMITTED FOR: __ **Consent** ___ **Deliberation and Action** _X_ **Receive and File**

RECOMMENDATION

Receive and file the SCERS Annual Comprehensive Financial Report (the ACFR) based on the audited financial statements and auditor reports as of and for the fiscal year ended June 30, 2024, issued by SCERS' independent auditor, Brown Armstrong Accountancy Corporation (Brown Armstrong).

PURPOSE

This item supports the Strategic Management Plan by maintaining transparent communications to stakeholders and promoting fiscal responsibility and stewardship.

DISCUSSION

This item fulfils the requirements of Sections 25250 and 25253 of the Government Code of the State of California to prepare an Annual Financial Report. This report is prepared and audited in consult with external auditors selected by the Sacramento County Employees' Retirement System's Board of Retirement.

On November 19, 2024, Brown Armstrong presented the June 30, 2024, SCERS financial statement audit results to the Audit Committee. The presentation included significant audit matters required by professional standards and the audit results. Brown Armstrong rendered an unmodified (or "clean") opinion on SCERS' financial statements. In addition to rendering an unmodified opinion on SCERS' financial statements, Brown Armstrong has completed its review of SCERS' annual comprehensive financial report for year ended, June 30, 2024, provided for review.

FINANCIAL HIGHLIGHTS

- SCERS' net position restricted for pension benefits as of June 30, 2024, totaled $13,309.6 million, an increase of $946.3 million or 7.7% from the $12,363.3 million in net position as of June 30, 2023.

- For the fiscal year ended June 30, 2024, SCERS' total fund net return of 9.2% was 0.2% lower than the investment policy benchmark returns of 9.4% and 2.45% higher than the actuarial rate of return of 6.75%. During fiscal year 2023-24, investments with the strongest returns came from domestic, international, and emerging equity. Net investment income after investment fees and expenses was $1,104.6 million for the fiscal year ended June 30, 2024.

- As of June 30, 2024, SCERS' total pension liability was $15.0 billion, up slightly from $14.4 billion as of June 30, 2023. The employers' Net Pension Liability (NPL) was $1.7 billion as of June 30, 2024, a decrease from the $2.0 billion as of June 30, 2023. The decrease in employers' net pension liability is primarily a result of higher investment returns than benchmarked.

- For the fiscal years ended June 30, 2024 and 2023, the combined employer and member contributions were $557.6 and $510.7 million, respectively, for an increase of $46.9 million or 9.2%. The increase in employer contributions for the fiscal year ended June 30, 2024, was $20.1 million, or by about 14.4%, over the fiscal year ended June 30, 2023. Accordingly, there was an increase in employee contributions of $26.8 million, or by about 7.2%, over the fiscal year ended June 30, 2023.

- For the fiscal year ended June 30, 2024, total deductions of $751.8 million comprised of benefit payments, withdrawal of contributions, and administrative expenses. Total deductions increased by $26.6 million, or 3.7%, in the fiscal year end. The primary cause of the increase was due to the increase in monthly benefit payments resulting from an increase in the number of retired members, benefit amounts, and the annual cost-of-living adjustment paid to retirees and beneficiaries.

ATTACHMENTS

- SCERS Annual Financial Report for the year ended June 30, 2024
- Report to the Audit Committee and Board of Retirement
    - Required Communication to the Members of the Audit Committee and Board of Retirement in Accordance with Professional Standards (SAS 114)
    - 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*

/S/

Margo Allen
Chief Operations Officer

/S/

Eric Stern
Chief Executive Officer

Retirement Board Order

Sacramento County Employees' Retirement System

Before the Board of Retirement
December 11, 2024

AGENDA ITEM:

Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2023

THE BOARD OF RETIREMENT hereby accepts the recommendation of staff to receive and file the SCERS Annual Comprehensive Financial Report (the ACFR) based on the audited financial statements and auditor reports as of and for the fiscal year ended June 30, 2024, issued by SCERS' independent auditor, Brown Armstrong Accountancy Corporation (Brown Armstrong).

I HEREBY CERTIFY that the above order was passed and adopted on December 11, 2024 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES:
(Present but not voting)

James Diepenbrock
Board President

Eric Stern
Chief Executive Officer and
Board Secretary

2023-2024

SCERS

ANNUAL COMPREHENSIVE

FINANCIAL REPORT

For the Fiscal Year ended June 30, 2024

Sacramento County Employees' Retirement System
Sacramento, California

A Fiduciary Component Unit of the County of Sacramento,
Sacramento, California

2023-2024

SCERS

ANNUAL COMPREHENSIVE

FINANCIAL REPORT

WITH INDEPENDENT AUDITOR'S REPORT

For the Fiscal Year ended June 30, 2024

A Fiduciary Component Unit of the County of Sacramento, Sacramento, California

Issued By:

ERIC STERN
Chief Executive Officer

MARGO ALLEN
Chief Operations Officer

Sacramento County Employees' Retirement System

980 9th Street, Suite 1900
Sacramento, CA 95814

SCERS.gov

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SECTION ONE

Introduction

CORE VALUE

Stewardship

By recognizing the trust members put in us to manage assets and resources prudently, to sustain SCERS for future generations.

ERIC STERN, Chief Executive Officer
MARGO ALLEN, Chief Operations Officer
STEVE DAVIS, Chief Investment Officer
KEITH RIDDLE, Chief Benefits Officer
TIM TAYLOR, Chief Technology Officer
JASON MORRISH, General Counsel

SCERS

NOVEMBER 20, 2024

BOARD OF RETIREMENT AND SCERS' MEMBERS
Sacramento County Employees' Retirement System
980 9th Street, Suite 1900
Sacramento, CA 95814

Dear Retirement Board Members and SCERS' Members:

As Chief Executive Officer of the Sacramento County Employees' Retirement System (SCERS or the System), I am pleased to present this Annual Comprehensive Financial Report (ACFR or the Report) for the fiscal year ended June 30, 2024.

I trust that readers of this Report and members of the System will find this information helpful in understanding SCERS and its commitment to financial integrity and customer service.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation in this Report rests with the management of the System. To the best of management's knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the System.

The System

SCERS is a cost-sharing multiple-employer public employee retirement system, enacted and administered in accordance with the provisions of the County Employees Retirement Law of 1937 **(California Government Code Section 31450, et seq) (1937 Act)** and the **California Public Employees' Pension Reform Act of 2013 (PEPRA)**. Since its establishment by the Sacramento County Board of Supervisors in 1941, SCERS has provided retirement, disability, and survivors' benefits to eligible participants of the System Under Article XVI, Section 17 of the Constitution of the State of California, the SCERS Board of Retirement (the Board) is vested with plenary authority and fiduciary responsibility for the investment of money and the administration of the System. Together, the provisions of the State Constitution and the 1937 Act establish SCERS as a separate and independent governmental entity from the public employers that participate in SCERS. At June 30, 2024, the County of Sacramento (and its Elected Officials); Superior Court of California, County of Sacramento; and nine Special Districts participated in SCERS.

Accounting System and Reports

Management of SCERS is responsible for establishing and maintaining internal controls designed to ensure that the System's assets are protected from loss, theft, or misuse. Responsibility for the accuracy, completeness, and fair presentation of information, and all disclosures in this Report and in the System's records, rests with SCERS' management. Brown Armstrong Accountancy Corporation, a certified public accounting firm, has audited the financial statements and related disclosures. The financial statement audit provides reasonable assurance that SCERS' financial statements are presented in conformity with generally accepted accounting principles (GAAP) in the United States and are free from material misstatements. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) The cost of a control should not exceed the benefits likely to be derived; and (2) The assessment of costs and benefits requires estimates and judgments by management.

This report has been prepared in accordance with GAAP as promulgated by the Governmental Accounting Standards Board (GASB). GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The System's MD&A can be found immediately following the independent auditor's report.

Investments – General Authority and SCERS

Article XVI, Section 17 of the Constitution of the State of California provides that "...notwithstanding any other provisions of law or this Constitution, the Retirement Board of a public pension or retirement system shall have plenary authority and fiduciary responsibility for investment of monies and administration of the system... ." Article XVI, Section 17(a) further provides that "...the Retirement Board of a public pension or retirement system shall have sole and exclusive fiduciary responsibility over the assets... ."

SCERS maintains an overall investment policy designed to achieve a diversified investment portfolio. An integral part of the investment policy is the strategic asset allocation, which is designed to provide an optimal mix of asset classes with return expectations that correspond to expected liabilities. The strategic asset allocation also emphasizes maximum diversification of the portfolio to protect the System from the possibility that a particular asset class may experience poor investment performance in a given period.

The current strategic asset allocation model was established as a result of an asset allocation study conducted in 2021. SCERS' strategic asset allocation views risk exposures through multiple lenses, including functional and common factor exposures, in order to manage and maintain allocations that are aligned with SCERS' investment philosophy and objectives. This multiple lens approach uses a functional framework to group and classify segments of SCERS' portfolio in order to link segments that are exposed to similar economic environments and risk factors, and which would be expected to have similar roles and outcomes in a portfolio. The functional grouping takes a simplified approach at the asset category level, by breaking the portfolio into three asset categories, with greater complexity reserved at the asset class level. The asset categories include: (1) Growth, (2) Diversifying, and (3) Real Return.

SCERS' strategic asset allocation has heavy allocations to growth assets that can drive returns. However, it also maintains meaningful diversification, especially to investment strategies with low and negative correlations to equity markets that can reduce portfolio volatility and protect against significant market drawdowns. It is also expected to generate meaningful cash flow for SCERS.

For the fiscal year ended June 30, 2024, SCERS' investments provided a 9.2% rate of return (net of fees), compared to the investment policy benchmark return of 9.4%.

More detailed information regarding SCERS' strategic asset allocation, professional investment advisors, and investment performance can be found in the Investment Section of this Report.

Actuarial Funding Status

SCERS' overall funding objective is to meet long-term benefit promises by maintaining a well-funded plan status through a combination of superior investment returns and employer and member contributions, which are both minimized and maintained as level as possible for each generation of active members. The greater the level of overall plan funding, the larger the ratio of assets accumulated to the actuarial accrued liability and the greater the investment potential. The advantage of a well-funded plan is that the benefits earned by participants are funded during their working careers and not by future generations of taxpayers.

To help reduce year-to-year volatility in employer contribution rates due to fluctuations in investment performance, SCERS smooths the investment gains and losses over a seven-year period. This not only stabilizes contribution rates, but also improves the ability of the employer to plan for possible future increases or decreases in the contribution rates.

SCERS engaged an independent actuarial consulting firm, Segal, to conduct its annual actuarial valuation as of June 30, 2024. Triennially, the System requests that its actuary perform an analysis of the appropriateness of all economic and non-economic assumptions. The most recent triennial analysis was performed as of June 30, 2022, and as a result of that analysis, the Board approved certain changes to the actuarial assumptions, which were incorporated in the actuarial valuation as of June 30, 2024.

At June 30, 2024, SCERS' funding ratio on a market value of assets basis was 88.7%, with the market value of assets totaling $13.3 billion. On an actuarial basis, the funding ratio was 88.1%, with the actuarial value of assets totaling $13.2 billion and the actuarial accrued liability totaling $15.0 billion. Deferred gains under the smoothing methodology as of June 30, 2024 is $99.7 million (as compared to a loss of $59.8 million as of June 30, 2023). Deferred investment gains/(losses) are recognized over a rolling seven-year period.

Budget

The Board approves SCERS' annual budget. The 1937 Act limits SCERS' annual administrative expenses, excluding the costs of administration for computer software and hardware and computer technology consulting services (IT costs), to twenty-one hundredths of one percent (0.21%) of the System's actuarial accrued liability. SCERS' administrative expenses have historically been below the limitation. Administrative expenses, excluding IT costs, were $11.7 million, which represented 0.08% of the System's actuarial accrued liability for the fiscal year ended June 30, 2024.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the **Certificate of Achievement** for Excellence in Financial Reporting to SCERS for its ACFR for the fiscal year ended June 30, 2023. In order to be granted this national award, a governmental entity must publish an easily readable and efficiently organized ACFR that meets the highest standards of governmental financial reporting. This was the twenty-fourth consecutive year that SCERS has received this prestigious award.

A Certificate of Achievement is valid for a period of one year. Management believes that this current ACFR continues to meet the requirements for earning a Certificate of Achievement, and it will be submitted to the GFOA for consideration of the award.

Acknowledgments

This Report is intended to provide complete and reliable information with respect to the responsible stewardship of SCERS. The compilation of this Report is a product of the combined and dedicated effort of the System's staff. This Report is also a reflection of the leadership of the SCERS Board in assuring prudent fiduciary oversight of SCERS. I would like to take this opportunity to express my thanks to the SCERS Board, Staff, and advisors for their commitment to SCERS and for working so diligently to ensure the successful operation of the System.

Respectfully submitted,

ERIC STERN
Chief Executive Officer

Certificate of Achievement

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Sacramento County Employees' Retirement System
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

Board of Retirement

President
JAMES DIEPENBROCK
Appointed by Board of Supervisors

Present term expires December 31, 2025

Vice President
ROBERT AGUALLO, JR.
Appointed by Board of Supervisors

Present term expires December 31, 2024

Trustee
KEITH DEVORE
Appointed by Board of Supervisors

Present term expires June 30, 2027

Trustee
RONALD SUTER
Appointed by Board of Supervisors

Present term expires June 30, 2027

Ex-Officio
CHAD RINDE
Sacramento County Director of Finance

Member mandated by law

Trustee
M. TEPA BANDA
Elected by Miscellaneous Members

Present term expires December 31, 2025

Trustee
ALINA MANGRU
Elected by Miscellaneous Members

Present term expires December 31, 2024

Trustee
JACK NOBLE
Elected by Safety Members

Present term expires December 31, 2024

Alternate Safety Trustee
CHRIS GIBONEY
Elected by Safety Members

Present term expires December 31, 2024

Trustee
MARTHA HOOVER
Elected by Retired Members

Present term expires December 31, 2025

Alternate Retiree Trustee
DAVE IRISH
Elected by Retired Members

Present term expires December 31, 2025

For a list of current Retirement Board Members please visit:

SCERS.gov/retirement-board-members

Organization Chart

Board of Retirement

ERIC STERN
Chief Executive Officer

MARGO ALLEN
Chief Operations Officer

- Accounting and financial reporting
- Budgeting and cash flow analysis
- Human resources
- Facilities and safety
- Administration and records
- Enterprise risk management

STEVE DAVIS
Chief Investment Officer

- Investment policy and objectives
- Investment compliance and performance reporting
- Asset allocation
- Manager searches Manager due diligence
- Proxy voting and corporate governance
- Board education on investment issues

KEITH RIDDLE
Chief Benefits Officer

- Service, disability, deferred, and reciprocal retirements
- Pension payroll administration
- Seminar presentations and member retirement counseling
- Retirement publications and communications
- Death benefits and service credit purchases
- Community property interest resolution

TIM TAYLOR
Chief Technology Officer

- Information technology strategic planning
- Implementation and maintenance of IT solutions IT policy, procedures, and practice oversight
- Coordination with external IT entities

JASON MORRISH
General Counsel

- Legal representation and counsel to SCERS Board and staff
- Legal service planning and budgeting
- Oversight of outside legal counsel
- Evaluation of securities litigation
- Analysis of state and federal legislation

Participating Employers

Employer	Date Entered System
County of Sacramento	July 1, 1941
County of Sacramento, Elected Officials: • Board of Supervisors • Sheriff • Assessor • District Attorney	July 1, 1941
Sacramento Metropolitan Fire District*	March 1, 1957
Sunrise Recreation and Park District	August 1, 1961
Fair Oaks Cemetery District	March 1, 1962
Carmichael Recreation and Park District	January 1, 1967
Mission Oaks Recreation and Park District	February 1, 1976
Sacramento Employment and Training Agency (SETA)	June 1, 1979
Orangevale Recreation and Park District	March 3, 1987
Elk Grove Cosumnes Cemetery District	April 28, 1987
Galt-Arno Cemetery District	July 1, 1987
Superior Court of California, County of Sacramento**	June 25, 2006
Rio Linda Elverta Recreation and Park District	October 1, 2017

* North Highlands Fire District (NHFD) was formed in 1951 and became a participating SCERS employer in the late 1950s. In 1984, the NHFD consolidated with the Citrus Heights Fire District who through several mergers eventually became part of the Sacramento Metropolitan Fire District (SMFD). SMFD is not an active employer.
Florin Fire Protection District (FFPD) entered the system on July 1, 1974 and terminated its membership on December 31, 1996. On December 1, 2000, SMFD became successor, and employees of FFPD became employees of SMFD. SMFD is not an active employer.

** Prior to June 25, 2006, Superior Court of California member information was included in the totals for the County of Sacramento.

Professional Consultants

Actuary

Segal

Auditor

Brown Armstrong Accountancy Corporation

Custodian

State Street Corporation

Investment Consultant

Cliffwater, LLC

The Burgiss Group, LLC

The Townsend Group

Verus

Legal Counsel

Foley & Lardner, LLP

Friedman Kaplan Seiler Adelman & Robbins, LLP.

Hanson Bridgett, LLP

Nossaman, LLP

Patrick M.K. Richardson, Esq.

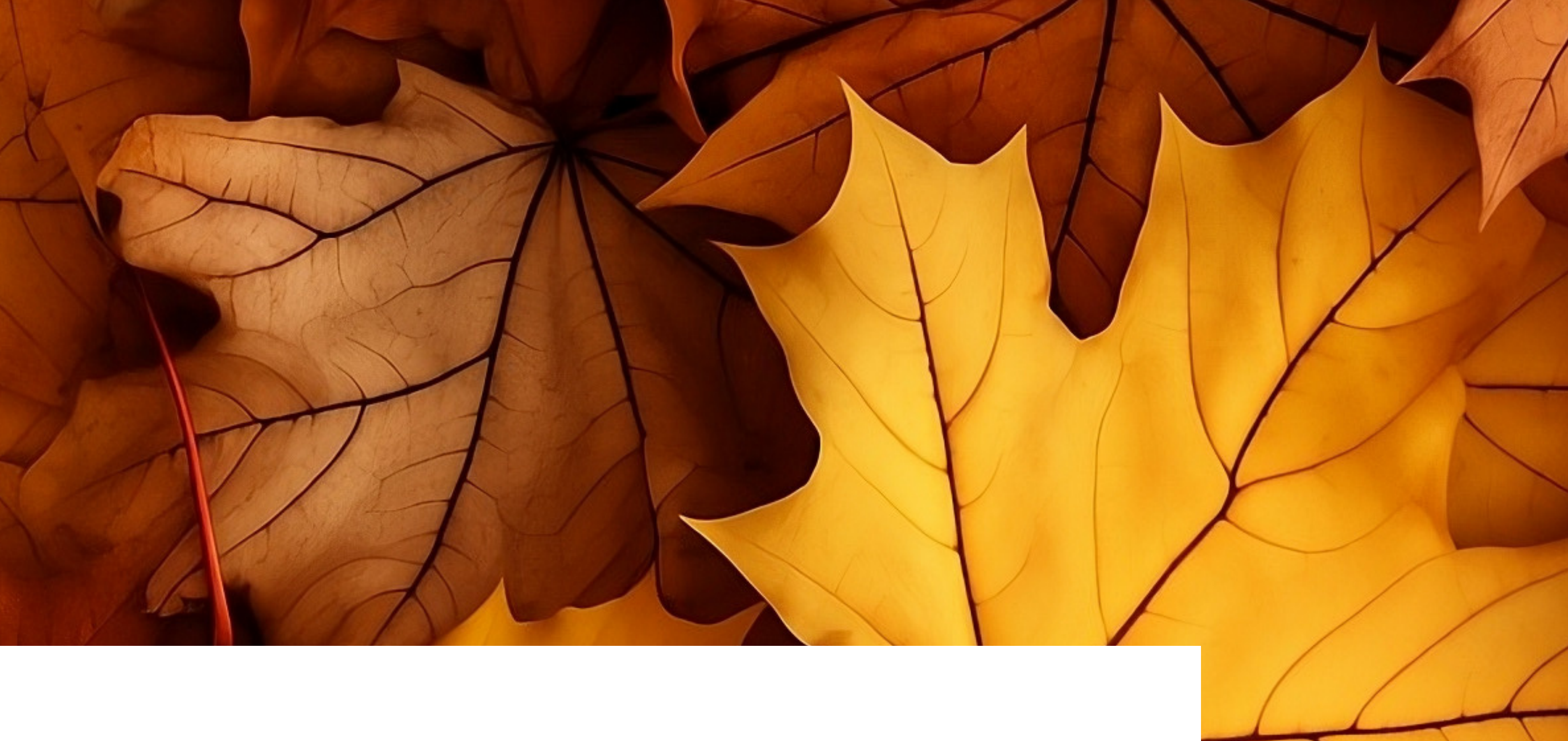
Reed Smith LLP

Others

Sorello Solutions, LLC.

Wayne Davis

NOTE: In the Investment Section of this report, investment professionals are listed on pages 93-94, and the schedules of manager fees and equity brokerage commissions are located on pages 90 and 91.



SECTION TWO

Financial

CORE VALUE

Communicating

Clearly and concisely, recognizing that members and employers expect us to act with integrity, transparency, and honesty.

Independent Auditor's Report

BROWN ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

www.ba.cpa
661-324-4971

INDEPENDENT AUDITOR'S REPORT

To the Audit Committee and Board of Retirement of the
Sacramento County Employees' Retirement System
Sacramento, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Statement of Fiduciary Net Position of the Sacramento County Employees' Retirement System (SCERS), a pension trust fund of the County of Sacramento, as of June 30, 2024, the related 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 SCERS' basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the fiduciary net position of SCERS as of June 30, 2024, and the changes in fiduciary net position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SCERS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SCERS' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

Management is also responsible for maintaining a current plan instrument, including all SCERS plan amendments; administering SCERS; and determining that SCERS' transactions that are presented and disclosed in the financial statements are in conformity with SCERS' plan provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SCERS' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SCERS' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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 MD&A and RSI in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise SCERS' basic financial statements. The accompanying other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements 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 GAAS. In our opinion, the other supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introduction, investment, actuarial, and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited SCERS' June 30, 2023, basic financial statements, and our report dated November 17, 2023, expressed an unmodified opinion on those audited basic financial statements. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2023, is consistent in all material respects, with the audited basic financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2024, on our consideration of SCERS' 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 SCERS' 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 SCERS' internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Stockton, California
November 20, 2024

Management's Discussion and Analysis

This section presents Management's Discussion and Analysis (MD&A) of the financial activities of the Sacramento County Employees' Retirement System (SCERS, the System, or the Plan) for the fiscal year ended June 30, 2024. Readers are encouraged to consider the narrative overview and information presented in this MD&A in conjunction with the Letter of Transmittal beginning on **page 6** of this report and the Basic Financial Statements, Notes to the Basic Financial Statements, Required Supplementary Information, and Other Supplemental Information.

Financial Highlights

As of June 30, 2024, SCERS' fiduciary net position restricted for pension benefits and program administration (net position) totaled $13,309.6 million. This represented an increase of $946.3 million or 7.7% from the $12,363.3 million in SCERS' net position as of June 30, 2023.

Additions to net position were $1,698.1 million and $1,258.1 million for the fiscal years ended June 30, 2024 and 2023, respectively. The total additions for the fiscal year ended June 30, 2024, increased by $440 million, or 35%, over the fiscal year ended June 30, 2023. The primary reason for the increase in additions was the investment performance.

Deductions from net position were $751.8 million and $725.2 million for the fiscal years ended June 30, 2024 and 2023, respectively. The total deductions for the fiscal year ended June 30, 2024, increased by $26.6 million or 3.7% over the fiscal year ended June 30, 2023. The primary reason for the increase in total deductions was due to the increased annual cost-of-living adjustment, and the increased number of retirees. A component of the total deduction, administrative expenses, decreased by 56.0% for fiscal year ended June 30, 2024, compared to last year, due to the $17.1 million impairment of the pension administration system that took place in fiscal year ended June 30, 2023.

SCERS' funding objective is to meet long-term benefit obligations through contributions and investment earnings. To achieve level and predictable contribution costs from one year to the next, SCERS bases the determination of contribution rates on an actuarial asset valuation method that gradually adjusts to the fair (market) value of assets (asset smoothing). Under this actuarial asset valuation methodology, investment market returns for the fiscal year above or below the assumed investment return rate (6.75% which was used to determine the contribution rates for the fiscal year ended June 30, 2024) are recognized over seven years (the asset smoothing period). This smoothed value is referred to as the Actuarial Value of Assets. By using the Actuarial Value of Assets to determine the contribution rates, SCERS is able to lower the year-to-year volatility in contribution rates that would come from using the fair value of assets.

As of June 30, 2024, SCERS' total pension liability was $15,002.0 million, an increase from $14,358.9 million as of June 30, 2023. The employers' net pension liability was $1,692.4 million as of June 30, 2024, which decreased from $1,995.6 million as of June 30, 2023. The fiduciary net position as a percentage of total pension liability increased to 88.7% as of June 30, 2024, from 86.1% as o f June 30, 2023.

Overview Of The Financial Statements

This MD&A serves as an introduction to the basic financial statements and other information accompanying the basic financial statements, which are comprised of the following components:

- **Statement of Fiduciary Net Position** – Pension Trust Fund and Custodial Fund
- **Statement of Changes in Fiduciary Net Position** – Pension Trust Fund and Custodial Fund
- **Notes to the Basic Financial Statements**
- **Required Supplementary Information**
- **Other Supplemental Information**

A Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position are presented for the fiduciary funds as of and for the fiscal year ended June 30, 2024, along with comparative total information as of and for the fiscal year ended June 30, 2023. These financial statements reflect the resources available to pay benefits to retirees and beneficiaries as of year-end, and the changes in those resources during the year.

The fiduciary fund statements report SCERS' net position restricted for pension benefits and program administration. Over time, increases or decreases in net position serve as one indicator of whether SCERS' financial health is improving or deteriorating. Other factors, such as market conditions or the System's fiduciary net position as a percentage of the employers' total pension liability, should also be considered in measuring the System's overall health.

The Notes to the Basic Financial Statements are an integral part of the financial reports and provide additional information that is essential for a full understanding of the data provided in the financial statements.

In addition to the financial statements and accompanying notes, this report presents certain **Required Supplementary Information** which includes the employers' changes in net pension liability and related ratios, actuarially determined contributions (ADC), actuarial assumptions used to calculate the ADC, historical money-weighted rate of return and other required supplementary information related to SCERS' defined benefit pension plan as required by **Governmental Accounting Standards Board (GASB) Statement No. 67**.

Schedules of administrative expenses, investment fees and expenses, and payments to consultants are presented as **Other Supplementary Information** following the Required Supplementary Information.

Financial Analysis

Fiduciary Net Position

SCERS' net position restricted for pension benefits and program administration as of June 30, 2024, totaled $13,309.6 million, an increase of $946.3 million or 7.7% from the $12,363.3 million in net position as of June 30, 2023. The increase in net position for the fiscal year ended June 30, 2024, resulted from increased investment income, which was used to pay the benefits and expenses that exceeded the contributions received during the fiscal year.

For the fiscal year ended June 30, 2024, the total fund return, net of fees, of 9.2% was 0.2% lower than the return of the investment policy benchmark of 9.4%. During fiscal year 2023-24, investments with the strongest returns came from the global equity, private credit, and public credit investments.

In the fiscal year ended June 30, 2024, the increase in cash and short-term investments was the result of an increase in short-term investment with fiscal agents. Additionally, the increase in securities lending collateral and securities lending liability as of June 30, 2024, reflected a higher level of activity in the securities lending industry. Receivables increased by $77.6 million representing 26.2% rise as of June 30, 2024. Major increase resulted from an increase in trading activity at year-end by the external investment managers. The analysis was conducted based on the restatement of receivable amount for fiscal year 2023, which has been provided for comparative purposes. It is important to note that this restatement does not impact the beginning net position, fund balance nor fund net position for the current and prior year.

The table below outlines the reclassification of receivables, with further details presented in the notes to The Basic Financial Statements.

Reclassification Adjustment Disclosure

AS OF JUNE 30, 2024

(Amounts Expressed in Thousands)

Asset/Liability	Category	As Originally Reported June 2023	Reclassified June 2023	Adjustment
Asset	Receivables	$382.7	$296.0	($86.7)
Liability	Investment purchases and other	587.3	500.6	($86.7)

The table below compares SCERS' fiduciary net position as of June 30, 2024, and 2023:

Fiduciary Net Position

AS OF FISCAL YEAR ENDED JUNE 30

(Amounts Expressed in Millions)

	2024	Restated 2023	Increase/ (Decrease)	% Change
Assets				
Cash and short-term investments	$599.5	$591.3	$8.2	1.4%
Receivables	373.6	296.0	77.6	26.2
Investments	13,022.2	11,997.9	1,024.3	8.5
Securities lending collateral	283.6	195.2	88.4	45.3
Other assets	1.8	1.2	0.6	50.0
Capital assets, net	5.1	4.9	0.2	4.1
Total assets	14,285.8	13,086.5	1,199.3	9.2
Liabilities				
Other liabilities	16.3	31.0	(14.7)	(47.4)
Investment purchases and other	683.7	500.6	183.1	36.6
Securities lending obligation	276.2	191.6	84.6	44.2
Total liabilities	976.2	723.2	253.0	35.0
Net position restricted for pension benefits and program administration	**$13,309.6**	**$12,363.3**	**$946.3**	**7.7%**

GASB Statement No. 67 redefined pension liability and expense for financial reporting purposes but does not apply to contribution amounts for pension funding purposes. When measuring the total pension liability, GASB uses the same actuarial cost method and the same type of discount rate as SCERS uses for funding. Therefore, the employers' total pension liability measured for financial reporting purposes shown in this report is determined on the same basis as SCERS' actuarial accrued liability measured for funding purposes.

SCERS retains an independent actuarial firm, **Segal**, to perform the annual actuarial valuations to determine the employers' total pension liability (expected future benefits) and ADC. The annual actuarial valuation measures the current and projected assets and liabilities of the retirement system, as well as the System's funded status. This information forms the basis for establishing the actuary's recommendations for the employer and member contribution rates for the upcoming fiscal year to pay the expected future benefits.

As of June 30, 2024, the employers' total pension liability was $15,002.0 million, and the net pension liability (the total pension liability less the Plan's fiduciary net position) was $1,692.4 million. The Plan's fiduciary net position as a percentage of the total pension liability was 88.72%. In general terms, this ratio means that as of June 30, 2024, SCERS had approximately 89 cents available for each dollar of anticipated future liability.

The Required Supplementary Information presents additional information regarding the net pension liability.

Reserves

SCERS' reserves are established in accordance with the requirements of the **County Employees Retirement Law of 1937 (1937 Act)**, utilizing contributions and the accumulated investment income, after recognition of administrative and investment expenses. Under **GASB Statement No. 67**, investments are stated at fair value and include the recognition of unrealized gains and losses. For actuarial funding purposes, SCERS utilizes a seven-year smoothing methodology under which a portion of the market gains and losses is recognized and allocated to the reserves through interest crediting. The market stabilization reserve tracks the difference between the fair value of assets (equivalent to the net position restricted for pension benefits and program administration) and the smoothed actuarial value of assets.

SCERS' market stabilization reserve increased from -$59.8 million as of June 30, 2023, to $99.7 million as of June 30, 2024, due to investment gains exceeding the actuarial assumed rate of return.

The following table presents a reserve summary as of fiscal years ended June 30, 2024, and 2023:

Net Position Restricted For Pension Benefits At June 30

AS OF FISCAL YEAR ENDED JUNE 30

(Amounts Expressed in Millions)

	2024	Restated 2023
Member reserve	$1,194.1	$1,100.5
Employer reserve	3,422.5	3,273.3
Retiree and death benefit reserve	8,194.0	7,678.4
Contingency reserve	399.3	370.9
Total allocated reserves and designations	13,209.9	12,423.1
Market stabilization reserve	99.7	(59.8)
Net position restricted for pension benefits and program administration	**$13,309.6**	**$12,363.3**

Note: More information on the restatement of the 2023 reserve balance is on **page 40**.

Changes in Fiduciary Net Position

The following table presents the changes in fiduciary net position for the fiscal years ended June 30, 2024, and 2023.

Changes In Fiduciary Net Position

FOR THE FISCAL YEAR ENDED JUNE 30

(Amounts Expressed in Millions)

	2024	2023	Increase/ (Decrease)	% Change
Additions				
Member contributions	$159.6	$139.5	$20.1	14.4%
Employer contributions	398.0	371.2	26.8	7.2
Net investment income (loss)	1,244.2	786.9	457.3	58.1
Net securities lending income	1.4	1.3	0.1	7.7
Investment fees and expenses	(141.0)	(77.3)	(63.7)	82.4
Other income	2.4	1.9	0.5	26.3
Health premiums collected	33.5	34.6	(1.1)	(3.2)
Total additions	1,698.1	1,258.1	440.0	35.0
Deductions				
Benefits paid	698.8	655.6	43.2	6.6
Withdrawal of contributions	7.1	6.8	0.3	4.4
Administrative expenses	12.4	28.2	(15.8)	(56.0)
Health premiums remitted	33.5	34.6	(1.1)	(3.2)
Total deductions	751.8	725.2	26.6	3.7
Increase (decrease) in net position	946.3	532.9	413.4	77.6
Net position, beginning	**12,363.3**	**11,830.4**	**532.9**	**4.5**
Net position, ending	**$13,309.6**	**$12,363.3**	**$946.3**	**7.7%**

Note: MD&A **Statement of Changes in Fiduciary Net Position** is rounded to the nearest million as compared to the Basic Financial **Statement of Changes in Fiduciary Net Position** which is rounded to the nearest thousand. This may contain few rounding differences.

Additions to Net Position

Financing for the benefits that SCERS provides to its members is derived primarily through the collection of employer contributions and member contributions, and investment earnings. For the fiscal years ended June 30, 2024 and 2023, total additions were $1,698.1 million and $1,258.1 million, respectively.

For the fiscal years ended June 30, 2024 and 2023, the combined employer and member contributions were $557.6 million and $510.7 million, respectively, for an increase of $46.9 million. Individually, there was an increase in employer contributions for the fiscal year ended June 30, 2024, of $26.8 million or 7.2% compared to the fiscal year ended June 30, 2023. There was an increase in member contributions of $20.1 million or 14.4% over the fiscal year ended June 30, 2023.

Net investment income after investment fees and expenses was $1,104.6 million and $710.9 million for the fiscal years ended June 30, 2024 and 2023, respectively. The net investment gains were primarily driven by the investment performance of the portfolio. The Investment Section of this report provides a detailed discussion of the investment markets and investment performance.

Deductions from Net Position

SCERS' net position was primarily used for the payment of benefits to members and beneficiaries, for the payment of contribution refunds to terminated employees, and for the cost of administering the System. For the fiscal years ended June 30, 2024 and 2023, total deductions were $751.8 million and $725.2 million, respectively.

Deductions increased by $26.6 million or 3.7% in the fiscal year ended June 30, 2024. The primary cause of the increase in deductions was due to the increase in monthly benefit payments resulting from an increase in the number of retired members and the annual cost-of-living adjustment paid to retirees and beneficiaries.

The Board of Retirement approves SCERS' annual administrative budget. The **1937 Act** limits SCERS' annual administrative expenses, excluding the costs of administration for computer software and hardware and computer technology consulting services (IT costs), to twenty-one hundredths of one percent (0.21%) of the System's actuarial accrued liability. Administrative expenses of $11.7 million for the fiscal year ended June 30, 2024, excluding IT costs, were 0.08% of the System's actuarial accrued liability. SCERS' administrative expenses have historically been below the limitation.

Currently Known Facts, Conditions, Or Decisions

On July 30, 2020, the California Supreme Court issued a decision in the case of **Alameda County Deputy Sheriffs' Association et al. v. Alameda County Employees' Retirement Association and Board of Retirement of ACERA ("Alameda")**. SCERS processed corrections during the 2022-23 and 2023-24 fiscal years. SCERS is in the process of making additional corrections during the 2024-25 fiscal year. SCERS determined that the contribution and pension payment adjustments, in aggregate, will be immaterial to the System.

SCERS' Fiduciary Responsibilities

SCERS' Board of Retirement and management staff are fiduciaries of the pension trust fund. Under the California Constitution and California state law, the net position must be used exclusively for the benefit of plan participants and their beneficiaries.

Requests For Information

This report is designed to provide the Board of Retirement, SCERS members, participating employers, taxpayers, and other stakeholders and interested parties with a general overview of SCERS' finances and to show accountability for the money SCERS receives.

Questions about this report or requests for additional financial information may be addressed to:

Sacramento County Employees' Retirement System
980 9th Street, Suite 1900
Sacramento, CA 95814

Copies of this report are available at the above address and on the System's website at:
SCERS.gov/post/annual-comprehensive-financial-report-acfr

Statement Of Fiduciary Net Position

AS OF JUNE 30, 2024, WITH COMPARATIVE TOTALS AS OF JUNE 30, 2023

(Amounts Expressed in Thousands)

	2024			Restated 2023
	Pension Trust Fund	Custodial Fund	Total Fund	Total Fund
Assets				
Cash and short-term investments				
Cash invested with Sacramento County treasurer	$6,407	$2,359	$8,766	$10,510
Other cash and cash equivalents	20,463	-	20,463	203,853
Short-term investments with fiscal agents	570,225	-	570,225	376,949
Total cash and short-term investments	597,095	2,359	599,454	591,312
Receivables				
Member and employer contributions	45,413	-	45,413	37,869
Accrued investment income	33,629	-	33,629	30,450
Investment sales and other	294,615	-	294,615	227,656
Total receivables	373,657	-	373,656	295,975
Investments				
Equity	5,437,080	-	5,437,080	4,781,134
Fixed income	2,429,821	-	2,429,821	2,242,284
Real assets	1,280,633	-	1,280,633	1,060,383
Real estate	867,436	-	867,436	999,559
Absolute return	840,864	-	840,864	845,895
Private credit	420,495	-	420,495	415,913
Private equity	1,745,892	-	1,745,892	1,652,724
Total investments	13,022,221	-	13,022,221	11,997,892
Securities lending collateral	283,577	-	283,577	195,198
Other assets	1,840	-	1,840	1,196
Capital assets, net	5,063	-	5,063	4,883
Total assets	**14,283,453**	**2,359**	**14,285,812**	**13,086,456**
Liabilities				
Warrants payable	2,120	-	2,120	3,329
Accounts payable and other accrued liabilities	6,303	2,359	8,662	21,879
Securities lending obligation	276,160	-	276,160	191,566
Investment purchases and other	683,734	-	683,734	500,542
Compensated absences - Current	44	-	44	36
Lease liability - Current	538	-	538	450
Compensated absences - Non-Current	663	-	663	599
Lease liability - Non-Current	4,259	-	4,259	4,797
Total liabilities	**973,821**	**2,359**	**976,180**	**723,198**
Net position restricted for pension benefits and program administration	**$13,309,632**	**$ -**	**$13,309,632**	**$12,363,258**

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

Note: More information on the 2023 restatement is on **page 41**.

Statement Of Changes In Fiduciary Net Position

FOR THE FISCAL YEAR ENDED JUNE 30, 2024,
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Amounts Expressed in Thousands)

	2024			2023
	Pension Trust Fund	Custodial Fund	Total Fund	Total Fund
Additions				
Contributions				
Member	$159,654	$ -	$159,654	$139,521
Employer	397,981	-	397,981	371,248
Total contributions	557,635	-	557,635	510,769
Investment income (loss)				
Net appreciation (depreciation) in fair value of investments	923,320	-	923,320	503,818
Other investment income	320,877	-	320,877	283,126
Less: Investment fees and expenses	(141,038)	-	(141,038)	(77,347)
Net investment income (loss)	1,103,159	-	1,103,159	709,597
Securities lending income	17,918	-	17,918	10,753
Securities lending expense				
Borrower rebate expense	(16,270)	-	(16,270)	(9,114)
Securities lending management fees	(295)	-	(295)	(330)
Net income from securities lending	1,353	-	1,353	1,309
Other income	2,389	-	2,389	1,816
Health premiums collected	-	33,587	33,587	34,620
Total additions	**1,664,536**	**33,587**	**1,698,123**	**1,258,111**
Deductions				
Benefits paid	698,773	-	698,773	655,591
Withdrawal of contributions	6,967	-	6,967	6,815
Administrative expenses	12,422	-	12,422	28,178
Health premiums remitted	-	33,587	33,587	34,620
Total deductions	**718,162**	**33,587**	**751,749**	**725,204**
Net increase (decrease) in net position	**946,374**	**-**	**946,374**	**532,907**
Net position restricted for pension benefits and program administration				
Beginning of year	12,363,258	-	12,363,258	11,830,351
Ending of year	**$13,309,632**	**$ -**	**$13,309,632**	**$12,363,258**

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

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2024

Note 1 - Plan Description

The Sacramento County Employees' Retirement System (SCERS, the System) is a cost-sharing multiple-employer defined benefit pension plan, which operates under the **County Employees Retirement Law of 1937 (Section 31450 et seq of the California Government Code) (1937 Act)** and the **California Public Employees' Pension Reform Act of 2013 (PEPRA)**. The System was created by resolution of the Sacramento County (the County) Board of Supervisors on July 1, 1941, to provide retirement, disability, and death benefits for qualified employees of the County and participating Special Districts (Special Districts or Member Districts). SCERS is governed by an eleven member Board of Retirement. Four are appointed by the County Board of Supervisors; six are elected by the members of the System (two by the Miscellaneous members, two by the Safety members and two by the Retiree members); and the County Director of the Department of Finance serves as an Ex-Officio member. An alternate Safety member and an alternate Retiree member are also elected by those respective member groups. The System is legally and fiscally independent of the County.

At June 30, 2024, participating local government employers consisted of the County of Sacramento (and its Elected Officials), Superior Court of California, and nine special districts.

The System's membership consists of the following categories:

- **Miscellaneous Tier 1 -** Includes all members other than Safety who have a membership start date prior to September 27, 1981.
- **Miscellaneous Tier 2 -** Includes all members other than Safety who have a membership start date on or after September 27, 1981, and prior to June 27, 1993, and who elected not to become members of Miscellaneous Tier 3.
- **Miscellaneous Tier 3 -** Includes all members other than Safety who have a membership start date on or after June 27, 1993, and prior to January 1, 2013 and those Miscellaneous Tier 2 members who elected to become members of this class. The Miscellaneous Tier 3 is closed to employees of Sacramento County who have a membership start date on or after January 1, 2012.
- **Miscellaneous Tier 4 -** Includes members other than Safety who are employees of Sacramento County and have a membership start date on or after January 1, 2012 but prior to January 1, 2013.
- **Miscellaneous Tier 5 -** Includes all members other than Safety who have a membership start date on or after January 1, 2013.
- **Safety Tier 1 -** Includes employees whose principal duties consist of law enforcement or fire suppression work or who occupy positions designated by law as safety positions and who have a membership start date prior to June 25, 1995.
- **Safety Tier 2 -** Includes employees whose principal duties consist of law enforcement or fire suppression work or who occupy positions designated by law as safety positions and who have a membership start date on or after June 25, 1995 but prior to January 1, 2012.

- **Safety Tier 3 -** Includes employees whose principal duties consist of law enforcement or fire suppression work or who occupy positions designated by law as safety positions and who have a membership start date on or after January 1, 2012 but prior to January 1, 2013.
- **Safety Tier 4 -** Includes employees whose principal duties consist of law enforcement or fire suppression work or who occupy positions designated by law as safety positions and who have a membership start date on or after January 1, 2013.

System's Membership

As of June 30, 2024 and June 30, 2023, the System's membership consisted of:

	2024	Restated 2023*	Increase/(Decrease)
Active Members:			
Vested			
Miscellaneous Tier 1	6	7	(1)
Miscellaneous Tier 2	23	28	(5)
Miscellaneous Tier 3	4,067	4,424	(357)
Miscellaneous Tier 4	258	264	(6)
Miscellaneous Tier 5	2,607	2,235	372
Total Vested Miscellaneous	6,961	6,958	3
Safety Tier 1	9	14	(5)
Safety Tier 2	665	762	(97)
Safety Tier 3	108	112	(4)
Safety Tier 4	621	540	81
Total Vested Safety	1,403	1,428	(25)
Total Vested	**8,364**	**8,386**	**(22)**
Non-Vested			
Miscellaneous Tier 3	18	25	(7)
Miscellaneous Tier 4	21	28	(7)
Miscellaneous Tier 5	4,552	4,050	502
Total Non-Vested Miscellaneous	4,591	4,103	488
Safety Tier 1	2	1	1
Safety Tier 2	2	2	-
Safety Tier 3	11	11	-
Safety Tier 4	720	664	56
Total Non-Vested Safety	735	678	57
Total Non-Vested	**5,326**	**4,781**	**545**
Total Active Members	**13,690**	**13,167**	**523**

* There was a shift of 13 members from Active Members - Non-Vested Miscellaneous 5 to Active Members - Vested Miscellaneous 5

	2024	Restated 2023	Increase/(Decrease)
Retirees and beneficiaries currently receiving benefits:			
Miscellaneous - Service	9,390	8,939	451
Miscellaneous - Beneficiary	1,402	1,605	(203)
Miscellaneous - Nonservice-Connected Disability	235	237	(2)
Miscellaneous - Service-Connected Disability	188	178	10
Total Miscellaneous	11,215	10,959	256
Safety - Service	2,308	2,234	74
Safety - Beneficiary	481	483	(2)
Safety - Nonservice-Connected Disability	17	18	(1)
Safety - Service-Connected Disability	264	240	24
Total Safety	3,070	2,975	95
Total Retirees and Beneficiaries	**14,285**	**13,934**	**351**
Terminated employees entitled to benefits but not yet receiving them:			
Miscellaneous Tier 1	14	17	(3)
Miscellaneous Tier 2	58	71	(13)
Miscellaneous Tier 3	2,082	2,160	(78)
Miscellaneous Tier 4	137	133	4
Miscellaneous Tier 5	2,200	1,886	314
Total Miscellaneous	4,491	4,267	224
Safety Tier 1	9	12	(3)
Safety Tier 2	261	283	(22)
Safety Tier 3	14	14	-
Safety Tier 4	160	126	34
Total Safety	444	435	9
Total Terminated Members	**4,935**	**4,702**	**233**
Grand Total	**32,910**	**31,803**	**1,107**

Pension Benefits

The System's benefits are established by the provisions of the **1937 Act** and **PEPRA** and provide for retirement, death, and disability benefits. All permanent full-time and part-time employees of the County, Superior Court and Special Districts are eligible to participate in the System. Upon reaching five years of service, participants have earned the right to receive a retirement benefit, subject to certain restrictions if retirement is prior to attaining age 50 or if less than 10 years of service has been achieved for Miscellaneous Tiers 1, 2, 3 and 4 and Safety Tiers 1, 2, and 3, or prior to attaining age 52 or if less than 5 years of service has been achieved for Miscellaneous Tier 5, or prior to attaining age 50 or if less than 5 years of service has been achieved for Safety Tier 4.

Effective June 29, 2003, the County Board of Supervisors adopted new benefit formulas for all SCERS members, including the employees of Special Districts, for service credit prospectively from June 29, 2003, and for County employees, retroactively to service credit which precedes that date. In accordance with applicable retirement law, each SCERS Special District's governing body determined whether or not to apply these formulas retroactively for service credit earned prior to June 29, 2003 by their employees.

Retirement benefits under Miscellaneous Tiers 1, 2 and 3 and Safety Tiers 1 and 2 are as follows:

- Members covered under Miscellaneous Tier 1 who retire at age 50 are entitled to a retirement benefit, payable monthly for life, equal to 1.47 percent of their final average salary for each year of credited service. This benefit includes a cost-of-living adjustment of up to 4 percent annually. Final average salary is the member's average salary for the highest twelve consecutive months of credited service.
- Members covered under Miscellaneous Tier 2 who retire at age 50 are entitled to a retirement benefit, payable monthly for life, equal to 1.47 percent of their final average salary for each year of credited service. There is no cost-of-living adjustment. Final average salary is the member's average salary for the highest thirty-six consecutive months of credited service.
- Members covered under Miscellaneous Tier 3 who retire at age 50 are entitled to a retirement benefit, payable monthly for life, equal to 1.47 percent of their final average salary for each year of credited service. This benefit includes a cost-of-living adjustment of up to 2 percent annually. Final average salary is the member's average salary for the highest thirty-six consecutive months of credited service.
- Members covered under Safety Tier 1 who retire at age 50, or thereafter, are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final average salary for each year of credited service. This benefit includes a cost-of-living adjustment of up to 4 percent annually. Final average salary is the member's average salary for the highest twelve consecutive months of credited service.
- Members covered under Safety Tier 2 who retire at age 50, or thereafter, are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final average salary for each year of credited service. This benefit includes a cost-of-living adjustment of up to 2 percent annually. Final average salary is the member's average salary for the highest thirty-six consecutive months of credited service.

The retirement benefits of Miscellaneous Tiers 1, 2, and 3 members who retire after age 50 are increased by an age factor for each quarter year of age up to a maximum of 2.61 percent of final average salary for each year of credited service at age 62.

Members whose employers determined not to retroactively apply the formulas to service credit earned prior to June 29, 2003 will continue to have their retirement benefits for that service calculated pursuant to the formulas in effect at the time the service was earned (i.e., Safety and Miscellaneous members who retire at age 50 earn 2 percent and 1.1 percent, respectively, of their final average salary for each year of credited service).

Effective January 1, 2012, the County Board of Supervisors adopted new tiers for County employees hired on or after January 1, 2012, but before January 1, 2013. Retirement benefits under these tiers are as follows:

- Members covered under Miscellaneous Tier 4 who retire at age 50 are entitled to a retirement benefit, payable monthly for life, equal to 1.18 percent of their final average salary for each year of credited service. This benefit includes a cost-of-living adjustment of up to 2 percent annually. Final average salary is the member's average salary for the highest thirty-six consecutive months of credited service.
- Members covered under Safety Tier 3 who retire at age 50 are entitled to a retirement benefit, payable monthly for life, equal to 2.29 percent of their final average salary for each year of credited service. This benefit includes a cost-of-living adjustment of up to 2 percent annually. Final average salary is the member's average salary for the highest thirty-six consecutive months of credited service.

The retirement benefits of Miscellaneous Tier 4 members who retire after age 50 are increased by an age factor for each quarter year of age up to a maximum of 2.43 percent of final average salary for each year of credited service at age 65. The retirement benefits of Safety Tier 3 members who retire after age 50 are increased by an age factor for each quarter year of age up to a maximum of 3 percent of final average salary for each year of credited service at age 55.

Effective January 1, 2013, with the implementation of **PEPRA**, the County Board of Supervisors adopted new tiers for employees of the County, Superior Court and Special Districts who are eligible to participate in the System and who were hired on or after January 1, 2013. Retirement benefits under these new tiers are as follows:

- Members covered under Miscellaneous Tier 5 who retire at age 52 are entitled to a retirement benefit, payable monthly for life, equal to 1 percent of their final average salary for each year of credited service. This benefit includes a cost-of-living adjustment of up to 2 percent annually. Final average salary is the member's average salary for the highest thirty-six consecutive months of credited service.
- Members covered under Safety Tier 4 who retire at age 50 are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final average salary for each year of credited service. This benefit includes a cost-of-living adjustment of up to 2 percent annually. Final average salary is the member's average salary for the highest thirty-six consecutive months of credited service.

The retirement benefits of Miscellaneous Tier 5 members who retire after age 52 are increased by an age factor for each quarter year of age up to a maximum of 2.5 percent of final average salary for each year of credited service at age 67. The retirement benefits of Safety Tier 4 members who retire after age 50 are increased by an age factor for each quarter year of age up to a maximum of 2.7 percent of final average salary for each year of credited service at age 57.

Member Termination

Upon separation from employment with a participating employer, members' accumulated contributions are refundable with interest accrued through the prior six-month period ended June 30 or December 31. Interest on member accounts is credited semiannually on June 30 and December 31. Withdrawal of such accumulated contributions results in forfeiture of the related benefits.

Financing

Benefits payable by the System are financed through member contributions, employer contributions, and earnings from investments. Member contributions are required by law. Contribution rates, which are actuarially determined, are based on age at entry into the System (a single rate is used for members entering the System after January 1, 1975). County, Superior Court and Special Districts' contributions are actuarially determined to provide for the balance of contributions needed to fund benefits. All contribution rates are reviewed and revised annually. The authority for both benefit provisions and contribution obligations are derived from the **1937 Act** and **PEPRA**.

Note 2 – Summary Of Significant Accounting Policies

SCERS reports fiduciary funds at June 30, 2024, which include pension trust and custodial funds. The pension trust fund and custodial fund are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. The custodial fund accounts for assets held by SCERS in a custodial capacity on behalf of the participating employers to fund the Retiree Medical and Dental Insurance Program. See **Note 8** for a detailed description of the program.

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and reporting guidelines set forth by the Governmental Accounting Standards Board (GASB).

Valuation of Investments

The majority of the investments held at June 30, 2024 are in the custody of, or controlled by, State Street Bank, the System's custodian bank. The System's investment portfolio consists of domestic and international equities, domestic and international fixed income, real assets, real estate, absolute return, private credit, and private equity. The diversity of the System's investment portfolio requires a wide range of techniques to determine fair value. Investments are valued at their fair values in accordance with **GASB Statement No. 72**, Fair Value Measurement and Application, which results in the recognition of fair value gains and losses. See **Note 3, Section 2** for disclosures related to investment classification and valuation.

Contributions and Benefits

Member and employer contributions are recognized when due pursuant to statutory requirements. Benefits and refunds are recognized when the benefits are currently due and payable in accordance with the terms of the Plan.

Income and Expenses

Interest income is recognized as it accrues. Dividend income is recognized when the dividends are declared. Realized gains and losses and unrealized gains and losses on investments are combined and reported together as net appreciation (depreciation) in the fair value of investments. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made. Investment purchases and sales are recorded based on trade date accounting.

Securities Lending

Securities lending transactions are short-term collateralized loans of the System's securities for the purpose of generating additional investment income. For each lending transaction, the System receives either cash collateral or non-cash collateral. The underlying securities out on loan are reported on the System's **Statement of Fiduciary Net Position** as if the lending transactions had not occurred. Cash collateral received for the loaned securities is reported as securities lending obligation on the Statement of Fiduciary Net Position. Cash collateral is reinvested in the lending agent's cash collateral investment pool, valued at fair value, and reported as securities lending collateral on the Statement of Fiduciary Net Position. Non-cash collateral held is not reported on the Statement of Fiduciary Net Position nor is there a corresponding liability reported on the financial statement as the System does not have the ability to pledge or sell them without a borrower default. See **Note 3, Section 3** for disclosures related to securities lending transactions.

Capital Assets

Capital assets are carried at cost, net of accumulated depreciation and amortization. SCERS' capitalization threshold is an initial cost of $10,000 and two years of useful life. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the depreciable assets or over the term of the lease. The estimated useful lives for the assets in each category are as follows:

Capital Assets	Estimated Useful Lives
Computer Software	3 years
Computer Hardware	5 years
Office Equipment	5 years
Office Furniture	5 years
Office Lease (Right-to-use lease assets)	20 years (lease term)
Building improvements	7 years
Information System	15 years

Total Net Capital Assets of $5.06 million include $4.16 million related to right-to-use lease asset. SCERS' office located at **980 9th Street, Suite 1900, Sacramento, CA 95814** is the only lease reported under **GASB Statement No. 87** concurrently exceeding the $10,000 capitalization threshold. The original lease period from March 1, 2011, and April 30, 2021, was extended to April 30, 2031. SCERS does not plan to extend the lease after April 30, 2031. There are no outstanding lease commitments nor impairment losses recognized, and other payments or variables excluded in previous lease liability are not recognized this year.

The rental amount is expected to increase annually by 3% approximately from $58,021 to $75,769 per month during the renewal lease term from May 1, 2021, to April 30, 2031. SCERS determined a 5% annual interest rate based on researching the average calculation of present value of minimum lease payment in lieu of the lessor not providing an interest rate.

Future Lease Payment Maturity Schedule

AS OF JUNE 30, 2024

(Amounts Expressed in Thousands)

Year	Interest	Principal	Total Payment
2024-25	$228	$538	$766
2025-26	200	588	788
2026-27	169	642	811
2027-28	136	700	836
2028-29	99	761	860
2029-30	60	827	887
2030-31	17	741	758
Total	**$909**	**$4,797**	**$5,706**

Other Assets

Other assets consist of other accounts receivable, prepaid expenses, and accrued interest receivable.

Administrative Expenses

Administrative costs are financed through employer contributions, member contributions and earnings from investments.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect disclosures and reported amounts. Actual results could differ from those estimates. The current liability portion of compensated absences is based on budget estimates.

Comparative Totals

The Basic Financial Statements includes prior year summarized comparative information in total but not at the level of detail required for presentation in conformity with accounting principles generally accepted in the U.S. Accordingly, such information should be read in conjunction with SCERS' financial statements for the fiscal year ended June 30, 2023, from which the summarized information was derived.

New Accounting Pronouncements

GASB Statement No. 100, Accounting Changes and Error Corrections - An amendment of **GASB Statement No. 62**, was issued in June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in the absence of specific transition provisions in the new pronouncement. This Statement requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This Statement also requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature and quantitative effects should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective with fiscal years beginning after June 15, 2023, and reporting periods thereafter. SCERS implemented the applicable provision of this Statement for the fiscal year ending June 30, 2024.

GASB Statement No. 101, Compensated Absences, was issued in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurements guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement requires that liability for certain types of compensated absences including parental leave, military leave, and jury duty leave not be recognized until the leave commences. The requirements of this Statement are effective with fiscal years beginning after December 15, 2023, and reporting periods thereafter. SCERS implemented the applicable provision of this Statement for the fiscal year ending June 30, 2024.

Reclassification in the Financial Statements Resulting from a Change in Accounting Principles or an Error Correction

GASB Statement No. 100, Accounting Changes and Error Corrections, outlines the disclosure requirements related to reclassification in the Financial Statements that arise from a Change in Accounting Principle or an Error Correction. During SCERS' initial implementation of GASB Statement No. 101, Compensated Absences, it was observed that the total compensated absences liability had been previously categorized under current liabilities, specifically within the line item "Accounts payable and other accrued liabilities" in the **Statement of Fiduciary Net Position**. According to **GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments**, governments are mandated to report compensated absences as long-term liabilities, with two components: the portion expected to be settled within one year and the portion anticipated to be settled beyond one year. Consequently, in fiscal year 2023-24, SCERS adopted GASB Statement No. 101, Compensated Absences, resulting in the reclassification of the amount into current and non-current liabilities in the Statement of Fiduciary Net Position, thereby reflecting the two components along with supplementary note disclosures. This correction of error did not impact the beginning net position, fund balance, nor fund net position for the current and prior years. For comparative financial statements, the same line items were reclassified in fiscal year 2022-23.

Compensated Absences

SCERS implemented the applicable provision of **GASB Statement No. 101, Compensated Absences** for the fiscal year ending June 30, 2024. SCERS employees are granted vacation in varying amounts based on labor agreements and years of services. Certain job classifications within specific labor agreements provide compensated time off in lieu of overtime compensation. Sick leave is earned by regular, full-time employees. SCERS does not pay accumulated sick leave to employees who terminate before retirement. Sick leave hours not used during the period are carried forward to future years, with no limit to the number of hours accumulated. Any sick leave hours unused at the time of an employee's retirement is added to the actual period of service. Management employees, based on labor agreements, have an option to cash-out 50% of unused sick leave and roll 50% to pension service credits, or roll 100% into pension service credits. SCERS accrues compensated absences for liable payments made directly to the employees. The compensated absences rolled into pension service credits is not recorded as a liability. Compensated absences are calculated based on the employee's pay rate and leave balance as of the date of the financial statements. Management employees who are eligible for retirement or have reached retirement age are assumed to cash-out 50% of unused sick leave. The current portion of liability is estimated based on budget and historical trend.

Compensated Absences balance as of June 30, 2024 and June 30, 2023:

(Amounts Expressed in Thousands)

	2024	2023
Beginning Balance as of July 1	$635	$451
Net change in liability - Increase/(Decrease)	72	184
Ending Balance as of June 30	**$707**	**$635**
Compensated Absences - Current	$44	$36
Compensated Absences - Non-current	$663	$599

Restatement of Reserve Balances

The employer reserve account and the retiree and death benefit reserve account for the fiscal year 2023 was restated. This correction reclassified an entry from the employer reserve account to the retiree and death benefit reserve account. There was no impact on the total allocated reserve account balance in fiscal year 2023. See below table that reconciles balances as previously reported to balances as adjusted as of June 30, 2023.

Net Position Restricted for Pension Benefits

AS OF JUNE 30, 2023

(Amounts Expressed in Millions)

	Balance As Previously Reported	Adjustment	Adjusted balance
Member reserve	$1,100.5	-	$1,100.5
Employer reserve	3,286.0	(12.7)	3,273.3
Retiree and death benefit reserve	7,665.7	12.7	7,678.4
Contingency reserve	370.9	-	370.9
Total allocated reserves and designations	12,423.1	-	12,423.1
Market stabilization reserve	(59.8)	-	(59.8)
Net position restricted for pension benefits and program administration	**$12,363.3**	**-**	**$12,363.3**

Restatement of Investment Receivables and Investment Payables

In the preparation of the 2024 financial statements, the system identified a derivative reclassification adjustment necessary to more accurately reflect the nature of the investment receivables and payables.

For comparative purposes, the 2023 financial statements have been reclassified as follows:

Investment sales and other: Investment receivable for derivatives reported under investment sales and other has been reclassified to investment purchases and other. As a result, investment sales and other for 2023 decreased by $86.7 million.

Investment purchases and other: Investment payable for derivatives reported under investment purchases and other was reclassified, decreasing investment purchases and other by $86.7 million.

These reclassifications have no impact on total net position or the overall financial condition of the system as of June 30, 2023.

The following table summarizes the reclassifications:

Reclassification Adjustment Disclosure

AS OF JUNE 30, 2023

(Amounts Expressed in Thousands)

Category	As Originally Reported June 2023	Reclassified June 2023	Adjustment
Investment receivable	$5,065,980	$5,065,980	$ -
Investment receivable – derivatives	96,538,572	9,830,357	(86,708,215)
Investment receivable - securities	212,759,749	212,759,749	-
Total investment sales and other	**314,364,301**	**227,656,086**	**(86,708,215)**
Investment purchased	475,442,138	475,442,138	-
Investment payable - other	14,095,667	14,095,667	-
Investment payable - derivatives	97,712,478	11,004,263	(86,708,215)
Total Investment purchases and other	**587,250,283**	**500,542,068**	**(86,708,215)**
Net Position	**($272,885,982)**	**($272,885,982)**	**$ -**

The reclassification aligns the financial statement presentation with current standards and does not affect SCERS' total net position or cash flows.

Note 3 - Cash And Investments

Section 1: Investment Policies

Article XVI, Section 17 of the Constitution of the State of California provides that "...notwithstanding any other provisions of law or this Constitution, the Retirement Board of a public pension or retirement system shall have plenary authority and fiduciary responsibility for investment of monies and administration of the system... ." Article XVI, Section 17(a) further provides that "...the Retirement Board of a public pension or retirement system shall have sole and exclusive fiduciary responsibility over the assets...". The investment authority for the System rests primarily through the "prudent person rule," as set forth in **Section 31595 of the 1937 Act**, which establishes a standard for all fiduciaries, including anyone with investment authority on behalf of the System.

Asset Allocation

SCERS maintains an overall investment policy designed to achieve a diversified investment portfolio. An integral part of the investment policy is the strategic asset allocation, which is designed to provide an optimal mix of asset classes with return expectations that correspond to expected liabilities. The strategic asset allocation also emphasizes maximum diversification of the portfolio to reduce the range of outcomes to which the portfolio is subject, and to protect the System from the possibility that a particular asset class may experience poor investment performance in a given period. The System's adopted asset allocation policy as of June 30, 2024, is as follows:

Asset Class	Target Allocation
Equity	40 %
Fixed Income	18
Private Equity	11
Real Estate	9
Real Assets	7
Absolute Return	7
Private Credit	5
Cash	2
Liquid Real Return	1
Total	100 %

Section 2: Investment Summary

Cash Invested with Sacramento County Treasurer

The System invests cash held for benefit payments and general operations in the County Treasurer's pool. The County Treasury Oversight Committee is responsible for regulatory oversight of the pool. The System's share of the County Treasurer's pool is separately accounted for, and interest earned, net of related expenses, is apportioned quarterly based on the proportion of the System's average daily cash balance to the total of the pooled cash and investments.

The value of the System's pooled shares is determined on an amortized cost basis, which approximates fair value. The fair value of the System's cash invested with the County Treasurer for both pension trust and custodial funds totaled $8.8 million at June 30, 2024. The pool was not rated, and the weighted-average maturity of the pool was 274 days as of June 30, 2024.

Interest earned but not received from the County Treasurer at year end is reported as a component of accrued investment income on the **Statement of Fiduciary Net Position**. Cash and investments included within the County Treasurer's pool are described in the **County's Annual Comprehensive Financial Report**.

Other Cash and Cash Equivalents

At June 30, 2024, other cash and cash equivalents constituted balances in bank demand deposit accounts of $20.5 million.

Short-Term Investments with Fiscal Agents

Short-term investments, which include highly-liquid investments expected to be utilized by the System within 30-90 days, are reported at fair value. These investments may include securities that have a maturity in excess of 90 days but are readily marketable. As of June 30, 2024, the fair value of the System's short-term investments with fiscal agents was $570.2 million. These totals consisted of investments in the State Street Short-Term Investment Fund (STIF). The STIF is designed to provide qualified benefit plans with an investment vehicle that may be accessed on a daily basis. The STIF is limited to investing in securities that are rated A-1 by Moody's Investors Services (Moody's) and P-1 by Standard & Poor's Corporation (S&P) at the time of issuance. As of June 30, 2024, the STIF is not rated by credit rating agencies. Most investments range in maturity from overnight to 90 days with 33.07% of the investment over 90 days. For the fiscal year ended June 30, 2024, the weighted-average maturity was 34 days.

Fair Value of Investments

The System measures and records its investments using fair value measurement guidelines established by U.S. generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1 - Fair value is determined using unadjusted quoted prices in active markets for identical assets or liabilities accessible on the measurement date.

Level 2 - Fair value is determined using quoted prices in inactive markets or significant observable inputs (including, but not limited to, quoted prices for similar investments, interest rates, foreign exchange rates, volatility and credit spreads), either directly or indirectly. These inputs may be derived principally from, or corroborated by, observable market data through correlation or by other means.

Level 3 - Fair value is determined using unobservable inputs, including situations where there is little market activity, if any, for the asset or liability.

The System had the following recurring fair value measurements at June 30, 2024:

Investment by Fair Value Level

JUNE 30, 2024
(Amounts Expressed in Thousands)

		Fair Value Measurements by Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Securities				
Communication Services	$289,743	$289,743	$ -	$ -
Consumer Discretionary	425,547	425,547	-	-
Consumer Staples	208,263	208,263	-	-
Energy	192,744	192,744	-	-
Financials	560,089	560,089	-	-
Health Care	502,965	502,965	-	-
Industrials	616,751	616,751	-	-
Information Technology	834,057	834,057	-	-
Materials	140,412	140,412	-	-
Private Placement	6,508	6,508	-	-
Real Estate	63,627	63,627	-	-
Utilities	58,914	58,914	-	-
Total Equity Securities	**3,899,620**	**3,899,620**	**-**	**-**
Fixed Income Securities				
Securitized Obligations				
Asset-Backed Securities	$372,577	$ -	$372,577	$ -
Credit Obligations				
Corporate Bonds	256,894	240	256,654	-
Municipals	6,774	-	6,774	-
Yankees	30,532	-	30,532	-
U.S. Government and Agency Obligations				
Agency Securities	129,125	-	129,125	-
U.S. Treasury	915,534	-	915,534	-
International Government	4,595	-	4,595	-
Collateralized Mortgage Obligations	127,289	-	127,289	-
Mortgage Pass-Through				
FHLMC	92,153	-	92,153	-
FNMA	357,795	-	357,795	-
GNMA	124,340	-	124,340	-
Total Fixed Income Securities	**2,417,608**	**240**	**2,417,368**	**-**
Total Investments by Fair Value Level	**$6,317,228**	**$3,899,860**	**$2,417,368**	**$ -**

Investments Measured at the Net Asset Value (NAV)

JUNE 30, 2024
(Amounts Expressed in Thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)*	Redemption Notice Period
Equity Commingled Funds	$1,537,460	$ -	Daily, monthly	1 - 60 days
Fixed Income Commingled Funds	12,213	-	Monthly, quarterly	30 - 90 days
Real Assets	1,280,633	336,720	Quarterly and 3-Years	90 days
Real Estate	867,436	161,371	Monthly and quarterly	30 - 90 days
Absolute Return	840,864	-	Monthly and quarterly	30 - 90 days
Private Credit	420,495	200,100	Not applicable	-
Private Equity	1,745,892	673,260	Not applicable	-
Securities Lending Collateral	283,577	-	Not applicable	-
Total Investments Measured at the NAV	**6,988,570**			
Total Investments	**$13,305,798**			

*Not applicable for closed end real assets, real estate, private credit and private equity funds.

Note: In the event of significant asset outflows for a particular fund, the timing of redemption proceeds could extend beyond those disclosed.

Investment Derivative Instruments

JUNE 30, 2024
(Amounts Expressed in Thousands)

		Fair Value Measurements by Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Forwards	$384	$ -	$384	$ -
Options	10	-	10	-
Swaps	98,107	-	98,107	-
Liabilities				
Forwards	(248)	-	(248)	-
Options	(91)	-	(91)	-
Swaps	(97,518)	-	(97,518)	-
Total Investment Derivative Instruments	**$644**	**$ -**	**$644**	**$ -**

Equity Securities

The majority of the System's domestic and international equity securities are actively traded on major stock exchanges or over-the-counter (OTC). Investments listed or traded on a securities exchange are valued at fair value as of the close of trading on the valuation day. Fair value is determined based on the last reported trade price on the exchange considered to be the primary market for such security. Listed investments that are not traded on a particular day are valued at the last known price which is deemed best to reflect their fair value. Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Fixed Income Securities

Debt securities consist of investments in customized separate accounts and commingled funds which primarily invest in negotiable obligations of the U.S. Government and U.S. Government-sponsored agencies, U.S. and non-U.S. corporations, securitized offerings backed by residential and commercial mortgages, and non-dollar denominated sovereign states. Debt securities that are not actively traded are valued by pricing vendors, which use modeling techniques that include market observable inputs required to develop a fair value, and are classified in Level 2. Typical inputs include recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the asset type.

Equity and Fixed Income Commingled Funds

Certain equity and fixed income investments are invested in a commingled fund to provide dedicated exposure to a specific segment of the market and are valued at the Net Asset Value (NAV). An example would be an emerging market equity mandate invested through a commingled fund, or a core plus fixed income mandate where SCERS receives the high yield credit exposure through a commingled fund that is managed by the investment manager. The most significant input into the NAV of such an entity is the value of its investment holdings. These holdings are valued by the fund manager on a continuous basis and audited annually. The valuation assumptions are based upon both market and property specific inputs which are not observable and involve a certain degree of expert judgment.

Investments Measured at the Net Asset Value (NAV)

Investments valued using the NAV per share (or its equivalent) are investments in non-governmental pooled investment vehicles (i.e., limited partner or non-managing member interest or LP/LLC interest). These alternative investments, unlike more traditional investments, generally do not have readily obtainable fair values and are generally valued at the most recent net asset value per unit or based on capital account information available from the general partners of such vehicles. If the June 30 valuations are not available, the value is derived from the most recent available valuation, taking into account the subsequent cash flow activities.

Absolute Return

Absolute return investments are made on a direct basis in limited partnerships, commingled funds, separate accounts, and through externally managed customized separate accounts (CSA). Each CSA manager's investments consist of portfolio funds and co-investments as well as marketable securities held from time to time as a result of a distribution from a portfolio fund.

Absolute return investments include commingled funds that invest in domestic and international investment strategies including: (1) Market neutral strategies such as equity or fixed income market neutral, fixed income arbitrage, and convertible bond arbitrage; (2) Event driven strategies such as risk arbitrage, merger arbitrage, distressed debt, credit and other event-driven strategies; (3) Equity and credit long/short strategies where there is a combination of long and short positions primarily in exchange traded securities, with a net market exposure less than 100% of that of the overall equity or fixed income market (strategies may be focused on U.S., non-U.S., and/or specialty mandates); (4) Global Macro strategies such as all market portfolios, opportunistic long-only, managed futures, currency, dedicated short selling strategies or other specialty strategies; and (5) Multi-strategies where absolute return managers invest using a combination of previously described strategies.

Absolute return investments are generally less liquid as compared to equity and fixed income and more liquid as compared to private market investments, such as real assets, real estate, private credit, and private equity. Direct absolute return investments consist of securities traded on national security exchanges, as well as securities that do not have readily determinable fair values (illiquid securities). For CSAs, the fund manager's evaluation of the fair value of portfolio funds is based on the most recent available valuation information provided to them by the portfolio funds, adjusted for subsequent distributions from and capital contributions to such portfolio funds, if any.

Typically, the fair value of investments is determined by the fund manager in good faith and in compliance with the following guidelines:

- The value of illiquid investments is determined by the fund manager in good faith and in compliance with the definition of fair value under U.S. GAAP **(Financial Accounting Standards Board (FASB) Accounting Standards Codification, Topic 820, Fair Value Measurements and Disclosures)**; however, in some circumstances certain illiquid investments may require reporting financial information and valuations in accordance with accounting standards other than U.S. GAAP, such as under International Financial Reporting Standards.
- Securities that are traded on a national securities exchange are valued at their last reported sales prices on the valuation date on the national securities exchange on which such securities are principally traded or on a consolidated tape which includes such exchange, or, if there are no sales on such date on such exchange or consolidated tape, securities are typically valued at the mean between the last "bid" and "ask" prices at the close of trading on such date on the largest national securities exchange on which such securities are traded.
- Securities not traded on a national securities exchange, but traded over-the-counter, are valued at the last reported sales price as reported by the Nasdaq National Market of the Nasdaq Stock Market, or if such prices are not reported by the Nasdaq Stock Market, as reported by the National Quotation Bureau, Inc., or if such prices are not reported by the National Quotation Bureau, the valuation of options or notional principal contracts not traded on a national securities exchange may be determined in good faith by a reliable source selected by the fund manager.

- Commodity interests traded on a United States or foreign exchange are valued at their last reported settlement price on the valuation date on the exchange on which such interests were purchased or sold. Commodity interests not traded on a United States or foreign exchange are valued at the mean between their last "bid" and "asked" prices on the date as of which the value is being determined, as reported by a reliable source selected in good faith by the fund manager.
- Short-term money market instruments and bank deposits are valued at cost plus accrued interest to the date of valuation.

Real Assets and Real Estate

Real assets and real estate investments are held in limited partnerships. Limited partner interest is valued using the NAV of the partnership. Core and core plus real estate is held typically as a limited partner in a commingled fund and is valued at NAV. The most significant input into the NAV of such an entity is the value of its investment holdings. These holdings are valued by the general partners on a recurring basis, audited annually, and periodically appraised by an independent third party. The valuation assumptions are based upon both market and property specific inputs which are not observable and involve a certain degree of expert judgment. Real assets and real estate investments are held in open-ended and closed-ended commingled funds. Closed-ended commingled funds are long-term and illiquid in nature. As a result, investors are subject to redemption restrictions, which generally limit distributions and restrict the ability of limited partners to exit a partnership investment. These investments cannot be redeemed with the funds unless sold in a secondary market. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over 2 to 15 years.

Private Credit and Private Equity

Private credit investments include direct limited partnerships, commingled funds, and separate accounts that invest in direct lending, and opportunistic lending strategies. Private equity investments include limited partnerships, commingled funds and fund of funds (FoF) that invest in domestic and international private buyouts, venture capital, growth equity and distressed debt. Private credit and private equity investments are made both on a direct basis in limited partnerships, commingled funds, separate accounts, and through externally managed FoF. Each FoF manager's investments consist of portfolio funds and co-investments as well as marketable securities held from time to time as a result of a distribution from a portfolio fund.

These investments are long-term and illiquid in nature. As a result, limited partners are constrained in their ability to exit a partnership investment prior to its dissolution, other than selling their interest in a private equity secondary market. Distributions are received through cash flows and the liquidation of the underlying assets of the fund. It is expected that the underlying assets of the fund would be liquidated over 8 to 15 years.

Limited partner interest in commingled funds is valued by using the NAV of the partnership. The most significant input into the NAV of such an entity is the value of its investment holdings. These holdings are valued by the general partners on a recurring basis, audited annually, and periodically appraised by an independent third party.

Typically, the fair value of all investments is determined by the fund manager in good faith and in compliance with the definition of fair value under U.S. GAAP (**FASB Accounting Standards Codification, Topic 820, Fair Value Measurements and Disclosures**). In some circumstances, partnership agreements require reporting financial information and valuations in accordance with accounting standards other than U.S. GAAP, such as under International Financial Reporting Standards. The measure of fair value by the fund manager is typically conducted on a quarterly basis. Marketable securities are valued according to the most recent public market price with appropriate discounts to reflect any contractual or regulatory restriction upon sale.

The fair value of each investment as reported does not necessarily represent the amount that may ultimately be realized, since such amounts depend upon future circumstances that cannot reasonably be determined until the position is actually liquidated. The evaluation of the fair value of portfolio funds is based on the most recent available valuation information provided by each fund, adjusted for subsequent distributions from and capital contributions to such portfolio funds, if any. The evaluation of the fair value of co-investments is based on the most recent information available at the time of valuation ascribed to such investments by the sponsor partnership. If the manager does not agree with this valuation, holds different securities than the sponsor partnership, is unable to obtain the sponsor partnership's valuation, or has information that results in a different valuation, the manager may use their own internal evaluation of fair value. The assumptions are based upon the nature of the investment and the underlying business. The valuation techniques vary based upon investment type and involve a certain degree of expert judgment.

Investment Derivative Instruments

The fair values of derivative contracts can be affected by changes in interest rates, foreign exchange rates, commodity prices, credit spreads, market volatility, expected return, liquidity and other factors. The majority of the System's derivative instruments are traded in the OTC derivative market and are classified within Level 2. OTC derivatives classified within Level 2 are valued using models that utilize actively quoted or observable market input values from external market data providers, third-party pricing vendors and/or recent trading activity. The fair values of OTC derivatives for swaps and forward contracts are determined using discounted cash flow models. The fair values of option contracts and warrants are determined using Black-Scholes option pricing models. These models' key inputs include the contractual terms of the respective contract along with significant observable inputs, including interest rates, currency rates, credit spreads, equity prices, index dividend yield, volatility, and other factors. The fair value of rights is calculated using the same parameters used for pricing options, including the rights' subscription price, prevailing interest rates, time to expiration, and the share price of the underlying stock, taking into consideration the level of its volatility. Futures positions are exchange traded and settled in cash on a daily basis and thus have no fair value.

Annual Money-Weighted Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested. For the fiscal year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 8.87%.

Section 3: Securities Lending

State statutes permit the System to participate in securities lending transactions and, pursuant to a Securities Lending Authorization Agreement, the System has authorized State Street Bank and Trust Company (State Street) to act as its agent in lending the System's securities to broker-dealers and banks pursuant to an approved loan agreement.

During the fiscal year ended June 30, 2024, on behalf of the System, State Street loaned securities held by State Street as custodian, including U.S. government and agency obligations, domestic corporate bonds, and domestic and international equities and received, as collateral, U.S. and foreign currency, U.S. government bonds, U.S. corporate bonds, U.S. equity, and international equity securities. The System does not have the ability to pledge or sell security collateral absent a borrower default. Borrowers are required to deliver collateral for each loan equal to a minimum of 100% of the fair value of the loaned security.

During the fiscal year ended June 30, 2024, SCERS did not impose any restrictions on the amount of the loans that State Street made on its behalf. During the fiscal year ended June 30, 2024, there were no failures to return loaned securities or pay distributions thereon by any borrowers. Moreover, there were no losses resulting from a default of the borrowers or State Street.

SCERS and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. Since the collateral received from the borrowers was greater than the amounts borrowed, the System had minimal credit risk exposure to the borrowers. Furthermore, the lending agreement with State Street requires the custodian to indemnify the System if the borrower fails to return the loaned securities.

Additional information regarding the cash collateral investment pool (collateral pool) follows:

Method for Determining Fair Value. The fair value of investments held by the collateral pool is based upon valuations provided by a recognized pricing service.

Policy for Utilizing Amortized Cost Method. Because the collateral pool does not meet the requirements of **Rule 2a-7 of the Investment Company Act of 1940**, State Street has valued the collateral pool investments at fair value for reporting purposes.

Regulatory Oversight. The collateral pool is not registered with the Securities and Exchange Commission. State Street, and consequently the investment vehicles it sponsors (including the collateral pool), are subject to the oversight of the Federal Reserve Board and the Massachusetts Commissioner of Banks. The fair value of the System's position in the collateral pool is the same as the System's pro rata share of the collateral pool.

Collateral and related securities on loan at June 30, 2024, were as follows:

(Amounts Expressed in Thousands)

Security Description	Fair Value of Reinvested Cash Collateral	Cash Collateral Value	Non-Cash Collateral Value	Fair Value of Securities on Loan
Fixed Income	$210,107	$204,906	$72,878	$277,559
Equity	73,470	71,253	23,667	95,380
Total	**$283,577**	**$276,159**	**$96,545**	**$372,939**

Securities Lending Collateral Credit Risk

All of the cash collateral received for securities lending is invested in the State Street Compass Fund Liquidity Pool (The Compass Fund), which is not rated by credit rating agencies. At the time of purchase, all securities with maturities of 13 months or less must be rated at least A1, P1 or F1 and all securities with maturities in excess of 13 months must be rated A- or A3 by any two of the nationally-recognized statistical rating organizations or, if unrated, be of comparable quality. The fund may invest in other State Street managed vehicles provided they conform to the guidelines.

Securities Lending Collateral Interest Rate Risk

The Compass Fund's Investment Policy Guidelines provide that the lending agent shall maintain the dollar- weighted average maturity of The Compass Fund in a manner that the lending agent believes is appropriate to the objective of The Compass Fund, provided that (i) in no event shall any Eligible Security be acquired with a remaining legal final maturity of greater than 18 months, (ii) the lending agent shall maintain a dollar- weighted average maturity of The Compass Fund not to exceed 75 calendar days and (iii) the lending agent shall maintain a dollar-weighted average maturity to final of The Compass Fund not to exceed 180 calendar days. As of June 30, 2024, the weighted average maturity was 15.86 days.

Section 4: Deposit And Investment Risks

Pursuant to **GASB Statement No. 40, Deposit and Investment Risk Disclosure**, the following schedules disclose the System's investments subject to certain types of risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations. This is measured by the assignment of ratings by nationally-recognized statistical rating organizations. The ratings used to determine the quality of the individual securities are the ratings provided by Standard & Poor's (S&P). If there are no ratings provided by S&P, then the ratings provided by Moody's and Fitch Group are used, respectively.

SCERS utilizes external investment managers to manage its portfolios. SCERS' Investment Policy specifies that fixed income investments will include both active and passive index investments in U.S. Treasury and agency securities, corporate bonds, mortgage-backed and asset-backed securities and non-dollar denominated sovereign and corporate debt.

SCERS' portfolio is comprised of actively-managed investment strategies in which each strategy will have a minimum average credit quality rating by a Nationally Recognized Statistical Rating Organization (NRSRO). Portfolio diversification is constrained by investment guideline parameters for each individual strategy in order to minimize overall market and credit risk.

SCERS' portfolio is comprised of actively-managed investment strategies in which each strategy will have a minimum average credit quality rating by a Nationally Recognized Statistical Rating Organization (NRSRO). Portfolio diversification is constrained by investment guideline parameters for each individual strategy in order to minimize overall market and credit risk.

The following table depicts the fixed income assets by credit rating as of June 30, 2024:

(Amounts Expressed in Thousands)

								Mortgage Pass-Through		
Credit Rating	Total	Securitized Obligations	Credit Obligations	Commingled Funds	U.S. Government & Agency Obligations	International Government	Collateralized Mortgage Obligations	FHLMC	FNMA	GNMA
AAA	$300,510	$111,573	$1,528	$ -	$103,418	$ -	$83,991	$ -	$ -	$ -
AA+	148,693	1,407	258	-	24,913	-	5,187	39,122	77,806	-
Aa1	984	881	-	-	-	-	103	-	-	-
AA	9,941	8,328	1,595	-	-	-	18	-	-	-
Aa2	913	66	196	-	-	-	651	-	-	-
AA-	7,448	-	6,279	-	-	-	1,169	-	-	-
Aa3	2,087	719	241	-	-	-	1,127	-	-	-
A+	16,876	411	16,142	-	323	-	-	-	-	-
A1	2,880	1,069	1,701	-	-	-	110	-	-	-
A	31,322	2,308	28,982	-	-	-	32	-	-	-
A2	502	502	-	-	-	-	-	-	-	-
A3	3,869	-	2,118	-	-	-	1,751	-	-	-
A-	53,628	640	52,002	-	-	-	986	-	-	-
BBB+	51,003	-	49,464	-	-	-	1,539	-	-	-
Baa1	1,287	-	1,016	-	-	-	271	-	-	-
BBB	59,287	-	56,680	-	199	1,825	583	-	-	-
Baa2	191	-	191	-	-	-	-	-	-	-
BBB-	39,939	1,787	36,179	-	-	375	1,598	-	-	-
Baa3	2,011	-	577	-	-	-	1,434	-	-	-
BB+	10,259	862	7,910	-	-	732	755	-	-	-
Ba1	682	-	200	-	-	-	482	-	-	-
BB	7,363	1,907	5,157	-	-	-	299	-	-	-
Ba2	1,312	302	-	-	-	1,010	-	-	-	-
BB-	6,926	-	5,839	-	183	515	389	-	-	-
Ba3	131	-	131	-	-	-	-	-	-	-
B+	5,844	-	5,726	-	-	-	118	-	-	-
B1	555	344	211	-	-	-	-	-	-	-
B	6,375	-	5,147	-	-	-	1,228	-	-	-
B2	250	-	250	-	-	-	-	-	-	-
B-	3,711	-	2,800	-	-	-	911	-	-	-
CCC+	1,280	-	1,280	-	-	-	-	-	-	-
CCC	601	-	347	-	-	-	254	-	-	-
CCC-	43	-	43	-	-	-	-	-	-	-
CC	877	513	137	-	89	138	-	-	-	-
D	370	370	-	-	-	-	-	-	-	-
NA*	1,039,874	-	-	-	915,534	-	-	-	-	124,340
NR**	609,997	238,588	3,873	12,213	-	-	22,303	53,031	279,989	-
Total	**$2,429,821**	**$372,577**	**$294,200**	**$12,213**	**$1,044,659**	**$4,595**	**$127,289**	**$92,153**	**$357,795**	**$124,340**

* NA represents securities explicitly guaranteed by the U.S. government, which are not subject to the GASB Statement No. 40 credit risk disclosure requirements.
** NR represents those securities that are not rated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of June 30, 2024, the System had no single issuer that exceeds 5% of total investments per **GASB Statement No. 40** disclosure requirements or any one issuer which represents 5% or more of total fiduciary net position in accordance with **GASB Statement No. 67**. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are exempt from the disclosure requirements.

The System's investment policy does not allow more than 5% of the total portfolio fair value to be invested in any one issuer, and as of June 30, 2024, the System had no issuer that exceeds 5% of total portfolio fair value. As noted in the previous discussion of credit risk, manager investment guidelines place limitations on the maximum holdings in any one issuer.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event a financial institution or counterparty fails, the System would not be able to recover the value of its deposits, investments, or securities. As of June 30, 2024, the bank balance of cash and cash equivalents on deposit with SCERS' custodian bank and financial institutions totaled $11.6 million, of which $11.4 million was not insured by the Federal Deposit Insurance Corporation (FDIC) and was exposed to custodial credit risk. The System believes that the risk is not significant because the cash is held with major financial institutions.

As of June 30, 2024, deposits held in the System's name for the margin accounts of $9.0 million were not insured or not collateralized, and these deposits were exposed to custodial credit risk.

As of June 30, 2024, 100% of the System's investments held with the custodian were held in the System's name, and the System is not exposed to custodial credit risk related to these investments. There are no general policies relating to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Due to custodian report changes, the System has modified its methodology used in prior years from effective duration to weighted average maturity (WAM) beginning July 1, 2023. The System employs the WAM method to assess and disclose its interest rate risk. WAM measures the average time securities in the investment portfolio reach maturity, with each security's maturity date weighted by its market value. This approach helps to quantify the sensitivity of the portfolio to changes in interest rates. Securities with longer maturities typically exhibit greater price sensitivity to interest rate fluctuations.

The following table depicts the weighted average maturity in years of the long-term fixed income portfolio as of June 30, 2024.

(Amounts Expressed in Thousands)

Type of Securities	Fair Value	Weighted Average Maturity (Years)
Securitized Obligations		
Asset-Backed Securities	$372,577	1.07
Credit Obligations		
Corporate Bonds	256,894	1.08
Municipals	6,774	0.10
Yankees	30,532	0.08
U.S. Government & Agency Obligations		
Agency Securities	129,125	0.35
U.S. Treasury	915,534	3.72
International Government	4,595	0.01
Collateralized Mortgage Obligations	127,289	1.29
Mortgage Pass-Through		
FHLMC	92,153	1.03
FNMA	357,795	4.06
GNMA	124,340	1.47
No Weighted Average Maturity		
Commingled Fund	12,213	0.01
Total Fair Value with Weighted Average	**$2,429,821**	**1.19**

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The following table represents cash and investments held in a foreign currency as of June 30, 2024:

(Amounts Expressed in Thousands)

Local Currency Name	Cash and Cash Equivalents	Equity	Fixed Income	Real Assets	Real Estate	Private Credit	Private Equity	Total
Australian Dollar	$481	$51,880	$ -	$ -	$ -	$ -	$ -	$52,361
Canadian Dollar	1,676	98,240	66	-	-	-	-	99,982
Danish Krone	222	69,377	-	-	-	-	-	69,599
Euro Currency	1,382	469,445	20,496	10,612	175,467	29,073	117,693	824,168
Hong Kong Dollar	377	27,053	-	-	-	-	-	27,430
Japanese Yen	1,811	286,136	-	-	13,224	-	-	301,171
New Israeli Sheqel	-	11,939	-	-	-	-	-	11,939
New Zealand Dollar	18	122	-	-	-	-	-	140
Norwegian Krone	67	12,202	-	-	-	-	-	12,269
Polish Zloty	51	-	-	-	-	-	-	51
Pound Sterling	4,027	198,304	2,458	-	284	-	-	205,073
Singapore Dollar	50	14,070	-	-	-	-	-	14,120
Swedish Krona	101	36,950	-	-	-	-	-	37,051
Swiss Franc	-	118,924	-	-	-	-	-	118,924
Yuan Renminbi	16	-	-	-	-	-	-	16
Total	**$10,279**	**$1,394,642**	**$23,020**	**$10,612**	**$188,975**	**$29,073**	**$117,693**	**$1,774,294**

Foreign currency is comprised of international investment proceeds and income to be repatriated into U.S. dollars and funds available to purchase international securities. The System does not have a foreign currency risk policy.

Highly Sensitive Investments

As of June 30, 2024, SCERS' investments included Collateralized Mortgage Obligations and Mortgage Pass- Through securities totaling $700.6 million. These securities are highly sensitive to interest rate fluctuations in that they are subject to early payment in a period of declining interest rates. The resulting reduction in expected total cash flows affects the fair value of these securities.

As of June 30, 2024, total commodities investments were $24.9 million. The investments consist of commodity futures hedge fund-of-funds and exposure through a customized, diversified real assets strategy.

Spot commodity prices have historically been a poor investment and have declined in real terms. However, investment in collateralized commodity futures can provide higher returns. The futures market is an efficient way for producers to hedge price risk by forward-selling commodities at lower prices relative to spot prices to investors and speculators generating a roll yield (backwardation).

In general, commodities are volatile investments that are prone to large price spikes. By investing in commodity futures, investors get exposure to short-term price movement and risk, as well as long-term price trends. This price volatility and the need for producers to hedge their production provides the fundamental rationale for why investment managers pay the risk premium to speculators and long-only investors in the commodity markets.

Section 5: Derivative Instruments

The System's investment portfolios contain individual securities as well as investments in external investment pools. The System's investment policy allows investment managers to use derivative instruments for certain purposes and within certain parameters. Such instruments include futures contracts, currency forward contracts, option contracts, swap agreements, and rights and warrants. The System uses derivatives to minimize the exposure of certain investments to adverse fluctuations in financial and currency markets, as an alternative to investments in the cash market in which the manager is permitted to invest, and as an additional yield curve and/or duration management strategy. The System does not use derivatives for speculative purposes or to create leverage, however, this does not apply to investments in external pools. As of June 30, 2024, the derivative instruments held by the System are considered investments and not hedges for accounting purposes. The gains and losses arising from this activity are recognized as incurred in the **Statement of Changes in Fiduciary Net Position**.

The table below presents the related net appreciation/(depreciation) in fair value, the fair value and the notional value of derivative instruments outstanding at June 30, 2024:

(Amounts Expressed in Thousands)

Investment Derivative Instruments	Net Appreciation/ (Depreciation) in Fair Value of Investments	Financial Statement Classification	Fair Value	Notional
Forwards	$678	Investment Sales and Other	$136	$77,438
Futures	(28,469)	Investment Sales and Other	-	609,609
Options	226	Investment Purchases and Other	(81)	(4,998)
Rights/Warrants	27	Investment Sales and Other	-	-
Swaps	815	Investment Purchases and Other	589	98,020
Total Derivative Instruments	**$(26,723)**		**$644**	

Futures contracts are financial instruments that derive their value from underlying indices or reference rates and are marked-to-market at the end of each trading day. Daily settlement of gains and losses occur on the subsequent business day. As a result, the instruments themselves have no fair value at June 30, 2024, or at the end of any trading day. Daily settlement of gains and losses is a risk control measure to limit counterparty credit risk. Futures variation margin amounts are settled each trading day and recognized in the financial statements under net appreciation/(depreciation) in fair value of investments as they are incurred.

Forward contracts are obligations to buy or sell a currency or other commodity at a specified exchange rate and quantity on a specific future date. The fair value of the foreign currency forwards is the unrealized gain or loss calculated based on the difference between the specified exchange rate and the closing exchange rate as of June 30, 2024.

Counterparty Credit Risk

The table below presents the counterparty credit ratings of the System's non-exchange traded investment derivative instruments outstanding and subject to loss at June 30, 2024:

(Amounts Expressed in Thousands)

S&P Rating	Forward	Swaps	Total
A	$3	$ -	$3
A-	72	-	72
A+	213	128	341
AA-	94	-	94
BBB+	-	245	245
Investments in Asset Position	382	373	755
Investments in Liability Position	(246)	(82)	(328)
Total Investments in Asset/(Liability) Position	**$136**	**$291**	**$427**

The System could be exposed to risk if the counterparties to derivative contracts are unable to meet the terms of the contracts. The System's investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. The System anticipates that the counterparties will be able to satisfy their obligations under the contracts.

The aggregate fair value of investment derivative instruments in an asset position subject to counterparty risk as of June 30, 2024, was $0.76 million. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. The System did not have any master netting agreements with its counterparties as of June 30, 2024, except that certain investment managers used netting arrangements at their discretion to minimize counterparty risks. The above schedules present exposure for similar instruments with the same counterparty on a net basis.

At June 30, 2024, the System did not have any significant exposure to counterparty credit risk with any single party.

Interest Rate Risk

At June 30, 2024, the System is exposed to interest rate risk on its derivative instruments as presented in the following tables:

(Amounts Expressed in Thousands)

		Investment Maturities (in years)			
Investment Type	**Total Fair Value**	**Less Than 1**	**1 - 5**	**6 - 10**	**More than 10**
Credit Default Swaps Bought	$(24)	$ -	$(24)	$ -	$ -
Credit Default Swaps Written	128	-	128	-	-
Fixed Income Options Bought	-	-	-	-	-
Fixed Income Options Written	-	-	-	-	-
Interest Rate Swaps	485	(41)	178	118	230
Total	**$589**	**$(41)**	**$282**	**$118**	**$230**

Derivative Instruments Highly Sensitive to Interest Changes

(Amounts Expressed in Thousands)

Investment Type	Reference Rate	Fair Value	Notional Value
Interest Rate Swaps	Receive Variable 12-month SONIA, Pay Fixed 1%	$179	$2,895
Interest Rate Swaps	Receive Variable 12-month SONIA, Pay Fixed 1.15%	76	423
Interest Rate Swaps	Receive Variable 12-month SONIA, Pay Fixed 1.2%	42	196
Interest Rate Swaps	Receive Variable 12-month SOFR, Pay Fixed 1.35%	230	550
Interest Rate Swaps	Receive Variable 12-month SOFR, Pay Fixed 4.80509%	15	8,330
Interest Rate Swaps	Receive Variable 12-month SOFR, Pay Fixed 4.699%	(9)	2,360
Interest Rate Swaps	Receive Variable 0-month SOFR, Pay Fixed 4.699%	(7)	10,545
Interest Rate Swaps	Pay Variable 0-month SOFR, Receive Fixed 4.94625%	(9)	4,028
Interest Rate Swaps	Pay Variable 0-month SOFR, Receive Fixed 5.11%	(5)	5,300
Interest Rate Swaps	Pay Variable 0-month SOFR, Receive Fixed 5.088%	(16)	13,206
Interest Rate Swaps	Pay Variable 12-month SOFR, Receive Fixed 5.38429%	(9)	26,765
Interest Rate Swaps	Pay Variable 0-month SOFR, Receive Fixed 5.113%	(2)	20,580
Total Interest Rate Swaps		**$485**	**$95,178**

Foreign Currency Risk

At June 30, 2024, the System was exposed to foreign currency risk on its investments in forward contracts and swaps denominated in foreign currencies as presented in the following tables:

(Amounts Expressed in Thousands)

	Forward Contracts			
Currency Name	**Net Receivables**	**Net Payables**	**Swaps**	**Total Exposure**
Brazilian Real	$(95)	$7	$ -	$(88)
Canadian Dollar	13	34	-	47
Chilean Peso	(3)	7	-	4
Colombian Peso	(25)	-	-	(25)
Czech Koruna	(16)	(29)	-	(45)
Euro Currency	-	11-	(24)	86
Hungarian Forint	(6)	10	-	4
Indian Rupee	3	-	-	3
Indonesian Rupiah	(3)	(1)	-	(4)
Japanese Yen	(5)	6	-	1
Mexican Peso (new)	14	-	-	14
New Taiwan Dollar	3	(1)	-	2
Philippine Peso	1	-	-	1
Polish Zloty	(2)	7	-	5
Pound Sterling	9	16	298	323
Singapore Dollar	-	2	-	2
Peruvian Sol	-	5	-	5
South African Rand	25	(3)	-	22
South Korean Won	-	(1)	-	(1)
Thailand Baht	-	(3)	-	(3)
Turkish Lira	39	(3)	-	36
Yuan Renminbi Offshore	(5)	26	-	21
Total	**$(53)**	**$189**	**$274**	**$410**

The System has investments in futures contracts. As indicated on the preceding pages, futures variation margin accounts are settled each trading day and recognized as realized gains/(losses) as they are incurred. As a result, the foreign futures contracts have no fair value at June 30, 2024.

Note 4 – Pension Liability And Significant Assumptions

The employers' net pension liability (i.e., the total pension liability determined in accordance with **GASB Statement No. 67** less the System's fiduciary net position) as of June 30, 2024 is shown below:

(Amounts Expressed in Thousands)

	2024
Total Pension Liability	$15,002,017
Less: Fiduciary Net Position	13,309,632
Net Pension Liability	**$1,692,385**
Fiduciary Net Position as a % of Total Pension Liability	88.72%

The actuarial valuation of the System involves estimates of the amounts reported and assumptions about the probability of occurrence of events far into the future. Some examples include future salary increases and future employee mortality. The net pension liability is subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Triennially, the System requests that its actuary, Segal, perform an analysis of the appropriateness of all economic and non-economic assumptions. The last triennial analysis was performed as of June 30, 2022, and as a result of that analysis, the Board of Retirement approved certain changes to the actuarial assumptions, which were incorporated in the actuarial valuation report as of June 30, 2024.

Disclosure of Information about Actuarial Methods and Assumptions

The required **Schedule of Changes in Net Pension Liability and Related Ratios**, immediately following the **Notes to the Basic Financial Statements**, presents multi-year trend information about whether the employers' net pension liability is increasing or decreasing over time.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial Methods and Renewal Application Part A and B:

The following significant actuarial assumptions were used to measure the total pension liability as of June 30, 2024:

	2024
Discount rate	6.75%
Inflation rate	2.50%
Real across-the-board salary increase	0.25%
Projected salary increases*	4.25% - 9.75%

* Includes inflation at 2.50% plus real across-the-board salary increase of 0.25% plus merit and promotional increases as of June 30, 2024.

	2024
Assumed post-retirement benefit increase:	
Miscellaneous Tier 1	2.75%
Miscellaneous Tier 2	0.00%
Miscellaneous Tier 3	2.00%
Miscellaneous Tier 4	2.00%
Miscellaneous Tier 5	2.00%
Safety Tier 1	2.75%
Safety Tier 2	2.00%
Safety Tier 3	2.00%
Safety Tier 4	2.00%

Post-Retirement Mortality:	
a) Service	**For Miscellaneous Members - Pub-2010** General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 10% for males and increased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
	For Safety Members - Pub-2010 Safety Healthy Retiree Amount- Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021.
b) Disability	**For Miscellaneous Disabled Members - Pub-2010** Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females), with rates unadjusted for males and increased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
	For Safety Disabled Members - Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females), with rates increased by 5% for males and unadjusted for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
c) Beneficiary	**Beneficiary not currently in Pay Status - Pub-2010** General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 10% for males and increased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
	Beneficiaries in Pay Status - Pub-2010 General Contingent Survivor Amount-Weighted Above-Median Monthly Table (separate tables for males and females) projected generationally with the two-dimensional mortality improvement scale MP-2021.
Member Contribution Rate:	**For Miscellaneous Members - Pub-2010** General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 10% for males and 5% for females, projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP-2021, weighted 40% male and 60% female .
	For Safety Members - Pub-2010 Safety Healthy Retiree Amount- Weighted Above-Median Mortality Table (separate tables for males and females) with rates decreased by 5% for males, projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP-2021, weighted 75% male and 25% female.

Pre-Retirement Mortality:	**For Miscellaneous Members - Pub-2010** General Employee Amount- Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021, updated from MP-2019.
	For Safety Members - Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021, updated from MP-2019.
Other Assumptions:	Analysis of **actuarial experience studies** for the periods of July 1, 2019, through June 30, 2022, as of June 30, 2024.

Assumed Asset Allocation

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption, as of June 30, 2024, are summarized in the table below:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Global Equity	40%	7.1%
Fixed Income – Core	12	2.0
Private Equity	11	10.1
Real Assets	7	7.3
Absolute Return	7	3.0
Core Real Estate	6	3.9
Private Credit	5	6.7
Fixed Income – U.S. Treasury	4	1.3
Liquid Real Return	2	4.4
Opportunistic Real Estate	1.5	8.6
Value Added Real Estate	1.5	6.7
Public Credit – High Yield	1	4.6
Public Credit – Leveraged Loan	1	4.1
Cash	1	0.6
Total	**100%**	**5.9%**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The discount rate used to measure the total pension liability was 6.75% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that member contributions will be made based on the current contribution rate and that employer contributions will be made at the end of each pay period based on the actuarially determined contribution rates. For this purpose, only the employer contributions that are intended to fund benefits for current Plan members and their beneficiaries are included.

Projected employer contributions that are intended to fund the service cost for future Plan members and their beneficiaries, as well as projected contributions from future Plan members, are not included.

Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments for current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2024.

In accordance with **GASB Statement No. 67** regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the table below presents the employers' net pension liability as of June 30, 2024, calculated using the discount rate, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate.

(Amounts Expressed in Thousands)

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net pension liability as of June 30, 2024	$3,701,817	$1,692,386	$42,325

Note 5 - Contributions Required And Contributions Made

Contributions to the Plan are made pursuant to **Section 31584 of the 1937 Act**. The System's funding policy provides for periodic contributions at actuarially-determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate adequate assets to pay benefits when due. Members of the System are required to contribute, and such contributions range from 4.16% to 24.33% of annual covered salary for fiscal year 2023-24 depending on the member's tier, employer, and bargaining unit. Each employer of the System is obligated by State law to make all required contributions to the Plan and, depending on the participating employer and their employees' tiers, such contribution rates range from 11.37% to 69.13% of covered payroll for fiscal year 2023-24. The required contributions include current service cost and amortization of any unfunded prior service cost as of June 30, 2012, over a period of 23 years from June 30, 2012, amortization of any unfunded service costs resulting in actuarial gains or losses and amortization of any unfunded service costs resulting from changes in actuarial assumptions and methods over a 20-year period, amortization of any unfunded service costs resulting from Plan amendments over a 15-year period and amortization of any unfunded service costs resulting from retirement incentive programs over a period of up to 5 years.

Employer contribution rates are determined using the entry age normal cost method based on a level percentage of payroll. The System also uses this actuarial method to amortize the unfunded liability, if applicable. Member and employer contributions for the fiscal year ended June 30, 2024, totaled $557.6 million. Included in this total are employer contributions of $398.0 million in fiscal year 2023-24, of which $363.7 million was made by the County of Sacramento. Member contributions were $159.6 million in fiscal year 2023-24. All contributions were made in accordance with actuarially-determined contribution requirements based on the actuarial valuations performed as of June 30, 2022.

Note 6 – Reserves

Member and employer contributions are allocated to various legally required reserve accounts based on actuarial determinations. Descriptions of the purpose for the reserve and designated accounts are provided below.

Member reserve represents the balance of member contributions. Additions include member contributions, and interest earnings. Deductions include refunds of member contributions and transfers to retiree and death benefit reserves.

Employer reserve represents the balance of employer contributions for future retirement payments to current active members. Additions include contributions from the employer and interest earnings. Deductions include transfers to retiree and death benefit reserves, lump sum death benefits, and payments under California Government Code Sections 31725.5 and 31725.6 related to alternative employment for members otherwise entitled to disability retirement benefits.

Retiree and death benefit reserves represent the balance of transfers from member reserves, employer reserves, and interest earnings, less payments to retirees, and payments to beneficiaries of retired members who are deceased.

Contingency reserve was created to serve as a reserve against deficiencies in future earnings and unexpected expenses. Investment gains and losses are recognized (smoothed) over a seven-year period.

Total allocated reserves and designations represent the smoothed actuarial value of assets (the fair value of assets less the unrecognized/deferred gains and losses) and is the sum of the preceding reserves.

Market stabilization reserve represents the unrecognized/deferred gains and losses and is the difference between the smoothed actuarial value of assets and the net position restricted for pension benefits at fair value.

The employer reserve account and the retiree and death benefit reserve account for the fiscal year 2022-23 was restated. This correction reclassified an entry from the employer reserve account to the retiree and death benefit reserve account. There was no impact on the total allocated reserve balance in fiscal year 2022-23.

A summary of the various reserve accounts, which comprise net position restricted for pension benefits at June 30, 2024, is as follows:

(Amounts Expressed in Thousands)

	2024
Member reserve	$1,194,096
Employer reserve	3,422,533
Retiree and death benefit reserve	8,194,050
Contingency reserve	399,289
Total allocated reserves and designations	12,209,968
Market stabilization reserve	99,664
Net position restricted for pension benefits and program administration	**$13,309,632**

Note 7 - Plan Termination

SCERS is administered in accordance with the provisions of the **1937 Act** found in the California Government Code at Section 31450 et seq. Once adopted by the governing body of a county, there are no provisions in the 1937 Act which permit the governing body of the county to terminate the Plan. **Section 31564** permits the governing body of a district to withdraw its employees if certain prerequisites are met. The governing body of a county or district can adopt optional provisions within the 1937 Act via ordinance or resolution. Once adopted, Section 31483 permits the governing body of a county or district to terminate the applicability of the optional provisions after a future date as specified in a subsequent ordinance or resolution.

Note 8 - Retiree Medical And Dental Insurance Program

Plan Description

The Sacramento County Retiree Medical and Dental Insurance Program (the Program) is a multiple-employer medical and dental plan, which is sponsored and administered by the County of Sacramento and financed by three participating employers. SCERS' role in regard to the Program is limited to collecting monies from the retirees and participating employers, and forwarding monies to County of Sacramento Employee Benefit Office for processing of payment. The activities of the Program are accounted for in the custodial fund. SCERS does not provide any funding for the Program.

Below is the list of employers participating in the Program as of June 30, 2024:

- County of Sacramento
- Sacramento Metropolitan Fire District
- Sacramento Employment and Training Agency

The Program provides medical and/or dental subsidy/offset payments to eligible retirees. The Sacramento County Board of Supervisors, at its own discretion, sets the amount of subsidy/offset payment available to eligible County retirees on a year-to-year basis. The medical subsidy amounts for special districts' retirees are varied and are established by each of the special district.

Eligibility

County annuitants who retired after May 31, 2007 - According to the Program's Administrative Policy, only County annuitants from bargaining unit 003, who retired after May 31, 2007, may be eligible for a premium subsidy/offset depending on the annuitant's credited service hours and type of retirement.

Special Districts' annuitants - The medical subsidy amounts for special districts' annuitants are varied and are established by each of the member districts.

There are no vested benefits associated with the Program. The Program does not create any contractual, regulatory, or other vested entitlement to present or future retirees, their spouses, or dependents for medical and/or dental benefits, or subsidy/offset payments at any particular level, or at all. The County of Sacramento and other participating employers may, in their sole discretion, amend or terminate, in whole or in part, the Program by Resolution of the Board of Supervisors.

Contributions and Reserves

The System does not have any authority to establish or amend the obligations of the Plan members and employers to contribute to the Program. SCERS does not determine the contribution rate or collect the required contributions from employers. Monies received by the System in excess of liabilities to pay premiums are recognized as liabilities payable to the employers. There are no net position or legally required reserve accounts for the Program.

Request for Information

Requests for additional financial information regarding the Program may be addressed to:

County of Sacramento
Department of Finance, Auditor-Controller Division

700 H Street, Room 3650

Sacramento, CA 95814

https://finance.saccounty.gov/AuditorController/Pages/default.aspx

Note 9 – Contingencies

The System is involved in litigation relating to various matters. In the opinion of management, after consultation with legal counsel, the outcome of these matters is not expected to have a material adverse effect on the System's financial statements.

Note 10 – Subsequent Events

The System has evaluated subsequent events through November 20, 2024, the date on which the financial statements were available to be issued. There were no subsequent events identified by management which would require disclosure in the financial statements.

Required Supplementary Information

Schedule Of Changes In Net Pension Liability And Related Ratios

FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30

(Amounts Expressed in Thousands)

	2024	2023	2022	2021	2020
Total pension liability					
Service cost	$287,892	$270,740	$264,372	$265,224	$241,474
Interest	964,837	912,500	873,481	855,203	830,663
Differences between expected and actual experience	96,174	279,701	74,494	74,045	50,651
Changes of assumptions	-	(20,664)	-	(324,177)	216,097
Benefit payments, including refunds of member contributions	(705,740)	(662,407)	(618,892)	(578,421)	(540,750)
Net change in total pension liability	643,163	779,870	593,455	291,874	798,135
Total pension liability - beginning	**14,358,854**	**13,578,984**	**12,985,529**	**12,693,655**	**11,895,520**
Total pension liability - ending (a)	**15,002,017**	**14,358,854**	**13,578,984**	**12,985,529**	**12,693,655**
Plan fiduciary net position					
Contributions - member	159,654	139,521	132,526	120,597	126,354
Contributions - employer	395,854	360,674	323,610	292,534	274,055
Contributions – withdrawn employer (1) (2) (3)	4,516	12,390	(14,284)	5,816	5,114
Net investment income/(loss)	1,104,512	710,907	(547,787)	2,753,409	301,373
Benefit paid	(698,773)	(655,591)	(614,345)	(575,329)	(537,698)
Withdrawal of contributions	(6,967)	(6,816)	(4,547)	(3,092)	(3,053)
Administrative expenses	(12,422)	(28,178)	(8,971)	(9,165)	(8,460)
Net change in plan fiduciary net position	946,374	532,907	(733,798)	2,584,770	157,685
Plan fiduciary net position - beginning	**12,363,258**	**11,830,351**	**12,564,149**	**9,979,379**	**9,821,694**
Plan fiduciary net position - ending (b)	**13,309,632**	**12,363,258**	**11,830,351**	**12,564,149**	**9,979,379**
Net pension liability - ending (a-b)	**$1,692,385**	**$1,995,596**	**$1,748,633**	**$421,380**	**$2,714,276**
Plan fiduciary net position as a percentage of the total pension liability	88.7%	86.1%	87.1%	96.8%	78.6%
Covered payroll	$1,330,913	$1,175,393	$1,078,235	$1,034,343	$1,059,984
Net pension liability as a percentage of covered payroll	127.2%	169.8%	162.2%	40.7%	256.1%

(1) Effective fiscal year ended 2018, the interest portion of withdrawn employer contributions was reported as Other Income on the **Statement of Changes in Fiduciary Net Position**.

(2) The withdrawn employer contributions reflected accrual of estimated unfunded actuarial accrued liability for which the withdrawn employer is contractually required to pay the System.

(3) This balance also includes other miscellaneous income.

Schedule Of Changes In Net Pension Liability And Related Ratios (Continued)

FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30

(Amounts Expressed in Thousands)

	2019	2018	2017	2016	2015
Total pension liability[1]					
Service cost	$238,685	$234,325	$193,490	$186,438	$185,428
Interest	783,932	747,682	706,016	675,920	643,427
Differences between expected and actual experience	165,493	18,566	(46,244)	(49,245)	(6,447)
Changes of assumptions	-	-	823,712	-	-
Benefit payments, including refunds of member contributions	(505,853)	(468,308)	(432,066)	(405,702)	(374,657)
Net change in total pension liability	682,257	532,265	1,244,908	407,411	447,751
Total pension liability - beginning	**11,213,263**	**10,680,998**	**9,436,090**	**9,028,679**	**8,580,928**
Total pension liability - ending (a)	**11,895,520**	**11,213,263**	**10,680,998**	**9,436,090**	**9,028,679**
Plan fiduciary net position					
Contributions - member	121,843	99,906	89,489	77,494	68,143
Contributions - employer	240,238	198,331	201,928	207,884	221,823
Contributions – withdrawn employer (1) (2) (3)	45,404	182	2,000	1,136	1,136
Net investment income/(loss)	675,726	844,489	1,048,915	(72,399)	158,222
Benefit paid	(502,944)	(465,354)	(429,754)	(403,356)	(372,369)
Withdrawal of contributions	(2,909)	(2,954)	(2,312)	(2,346)	(2,288)
Administrative expenses	(7,601)	(6,888)	(6,906)	(6,362)	(5,854)
Net change in plan fiduciary net position	569,757	667,712	903,360	(197,949)	68,813
Plan fiduciary net position - beginning	**9,251,937**	**8,584,225**	**7,680,865**	**7,878,814**	**7,810,001**
Plan fiduciary net position - ending (b)	**9,821,694**	**9,251,937**	**8,584,225**	**7,680,865**	**7,878,814**
Net pension liability - ending (a-b)	**$2,073,826**	**$1,961,326**	**$2,096,773**	**$1,755,225**	**$1,149,865**
Plan fiduciary net position as a percentage of the total pension liability	82.6%	82.5%	80.4%	81.4%	87.3%
Covered payroll	$ 1,017,885	$985,375	$958,934	$912,421	$873,328
Net pension liability as a percentage of covered payroll	203.7%	199.0%	218.7%	192.4%	131.7%

(1) Effective fiscal year ended 2018, the interest portion of withdrawn employer contributions was reported as Other Income on the **Statement of Changes in Fiduciary Net Position**.

(2) The withdrawn employer contributions reflected accrual of estimated unfunded actuarial accrued liability for which the withdrawn employer is contractually required to pay the System.

(3) This balance also includes other miscellaneous income.

Schedule Of Employer Contributions

FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30

(Amounts Expressed in Thousands)

	2024	2023	2022	2021	2020
Actuarially determined contribution (ADC)	395,853	$360,674	$323,610	$292,534	$274,055
Contributions in relation to the ADC	395,853	360,674	323,610	292,534	274,055
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$1,330,913	$1,175,393	$1,078,235	$1,034,343	$1,059,984
Contributions in relation to the ADC as a percentage of covered payroll	29.7%	30.7%	30.0%	28.3%	25.9%

	2019	2018	2017	2016	2015
Actuarially determined contribution (ADC)	$240,238	$198,331	$201,928	$207,884	$221,823
Contributions in relation to the ADC	240,238	198,331	201,928	207,884	221,823
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$1,017,885	$985,375	$958,934	$912,421	$873,328
Contributions in relation to the ADC as a percentage of covered payroll	23.6%	20.1%	21.1%	22.8%	25.4%

Schedule Of Annual Money-Weighted Rate Of Return

FOR THE FISCAL YEARS ENDED JUNE 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expenses	8.9%	6.0%	(4.3)%	27.4%	3.1%	7.2%	9.8%	13.6%	(1.0)%	2.0%

Notes To The Required Supplementary Information

For The Fiscal Year Ended June 30, 2024

The schedules presented in the Required Supplementary Information provide information to help promote an understanding of the employers' net pension liability over time on a fair value of assets basis. The **Schedule of Changes in Net Pension Liability and Related Ratios** includes historical trend information about the System's total pension liability and the progress made in accumulating sufficient assets to pay benefits when due.

The Schedule of Employer Contributions presents historical trend information about the actuarially determined contribution and the actual contributions made. The Schedule of Annual Money-Weighted Rate of Return presents investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

Methods and Assumptions Used to Establish Actuarially Determined Contribution Rates

The following actuarial methods and assumptions were used to determine the fiscal year 2023-24 contribution rates reported in the Schedule of Employer Contributions:

Valuation date:	Actuarial valuation report as of June 30, 2022
Actuarial cost method:	Entry Age Actuarial Cost Method
Amortization method:	Level percentage of payroll
Remaining amortization period:	The remaining amortization period on the balance of the June 30, 2012 Unfunded Actuarial Liability (UAAL) is 13 years as of June 30, 2022. Effective June 30, 2013, any changes in UAAL due to actuarial gains or losses or due to changes in actuarial assumptions or methods will be amortized over a 20-year closed period effective with each valuation. Any change in UAAL that arises due to plan amendments will be amortized over its own declining 15-year period and any change in UAAL due to retirement incentive programs will be amortized over a declining period of up to 5 years.
Asset valuation method:	The fair value of assets less unrecognized returns from each of the last six years. Unrecognized return is equal to the difference between actual and expected returns on a fair value basis and is recognized over a seven-year period. The deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 30% of the fair value of assets.

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Actuarial assumptions:		
Investment rate of return:	6.75%, net of pension plan investment expense, including inflation	
Inflation rate:	2.50%	
Projected salary increases:	4.25% - 9.75% varying by service, including inflation	
Assumed post-retirement benefit increase:	Miscellaneous Tier 1	0.00%
	Miscellaneous Tier 2	2.00%
	Miscellaneous Tier 3	2.00%
	Miscellaneous Tier 4	2.00%
	Miscellaneous Tier 5	2.75%
	Safety Tier 1	2.00%
	Safety Tier 2	2.00%
	Safety Tier 3	2.00%
	Safety Tier 4	2.75%
Other assumptions:	Same as the assumptions used in the funding actuarial valuation as of June 30, 2022.	
Other information:	All members with membership dates on or after January 1, 2013, enter the new tiers (i.e., Miscellaneous Tier 5 and Safety Tier 4) created by the **California Public Employees' Pension Reform Act of 2013 (PEPRA)**.	

Changes in Methods and Assumptions in Net Pension Liability

Valuation date as of June 30:

2023
- The inflation rate was reduced from 2.75% to 2.50% to reflect the gradual decline of average inflation rates over the last several years.

2021
- Beginning with this **GASB Statement No. 67** actuarial valuation, we no longer add the Contingency Reserve to the Actuarial Accrued Liability when we develop the funded status on a Fair Value and Actuarial Value basis as of June 30, 2021. Because this change does not affect the values used to determine the UAAL on a Valuation Value of Assets basis, there is no impact on the employers' UAAL contribution rate.

2020

- The inflation rate was reduced from 3.0% to 2.75% to reflect the gradual decline of average inflation rates over the last several years.
- The investment rate of return was reduced from 7.00% to 6.75% to reflect the projected real rate of return for the next 10-15 years based on SCERS' asset allocation model and risk tolerance.
- The salary increase assumption was reduced from 3.0% to 2.75% to maintain the current real "across the board" salary increase assumption at 0.25%. This means that the combined inflationary and real "across the board" salary increases will decrease from 3.25% to 3.00%.
- The retirement rates were adjusted to be more in line with the experience.
- The mortality rates were adjusted and a generational approach was used to reflect a slight mortality improvement.
- Termination rates were adjusted to reflect a lower incidence of termination for Miscellaneous and Safety members.
- The disability rates were adjusted to reflect slightly lower incidence of disability for Miscellaneous and Safety members.
- Maintain assumption for new Miscellaneous disabled retirees to anticipate conversions of unused sick leave at retirement.
- Maintain assumption for assumed average entry ages of 35 for Miscellaneous and 29 for Safety.

2017

- The inflation rate was reduced from 3.25% to 3.0% to reflect the gradual decline of average inflation rates over the last several years.
- The investment rate of return was reduced from 7.50% to 7.00% to reflect the projected real rate of return for the next 10-15 years based on SCERS' asset allocation model and risk tolerance.
- The salary increase assumption was adjusted slightly to reflect past experience.
- The retirement rates were adjusted to be more in line with the experience.
- The mortality rates were adjusted and a generational approach was used to reflect a slight mortality improvement.
- Termination rates were adjusted to reflect lower incidence of termination, with a lower proportion electing to receive a deferred vested benefit.
- The disability rates were adjusted to reflect slightly lower incidence of disability for Miscellaneous and Safety members.
- An assumption was introduced for new Miscellaneous disabled retirees to anticipate conversions of unused sick leave at retirement.

2014

- The mortality rates were adjusted to reflect a slight mortality improvement.
- Termination rates were adjusted to reflect lower incidence of termination, with a higher proportion electing to receive a deferred vested benefit.
- Years of service instead of age was used in determining and applying the merit and promotional rates of salary increase.

Other Supplementary Information

For The Fiscal Year Ended June 30, 2024

Schedule of Administrative Expenses

(Amounts Expressed in Thousands)

Administrative Expense	2024
Salaries and benefits	$8,016
Professional services	1,341
County allocated expenses	894
Depreciation	606
Information technology	349
Rent and lease	287
Pension payroll services	278
Printing and postage	263
Insurance Liability	207
Other	181
Total administrative expenses	**$12,422**

Schedule of Investment Fees and Expenses

(Amounts expressed in thousands)

Investment Expense	2024
Private equity	$58,130
Real assets	24,400
Equity	14,183
Real estate	14,141
Private credit	11,181
Absolute return	10,025
Fixed income	4,609
Other investment expenses and fees	2,060
Investment consulting fees	1,844
Custodian fees	465
Total investment fees and expenses	**$141,038**

Schedule of Payments to Consultants

(Amounts expressed in thousands)

Consultant Expense	2024
Legal	$635
Actuarial	324
Medical consulting	313
IT consulting	302
Audit	82
Total consultant expense	**$1,656**

SECTION THREE

Investment

CORE VALUE

Excellence

By taking pride in our work, maintaining high expectations, and focusing on results.

Chief Investment Officer's Report

Introduction

For the fiscal year ended June 30, 2024, the Sacramento County Employees' Retirement System (SCERS) generated a 9.2% net return. The strong fiscal year return was fueled by moderating inflation, resilient economic data, and anticipation of upcoming interest rate cuts by the Federal Reserve (Fed). The 9.2% fiscal year return was well above SCERS' 6.75% actuarial rate of return and came in slightly under SCERS' policy index return of 9.4%. Assets under management ended the fiscal year at $13.3 billion, well ahead of the prior fiscal year's $12.4 billion level of assets.

SCERS' general investment consultant, Verus, prepared the investment returns cited in this transmittal using information it receives from SCERS' custodian bank and investment managers.

Market Overview

Inflation has moderated from its pandemic highs and the Federal Reserve (Fed) recently implemented its first interest rate cut since March of 2020, to cut borrowing costs as the labor market has shown some signs of weakening in recent months. The fed funds rate increased from 0.25% to 5.5% from March 2022 through July 2023 as the Fed battled inflation, and that rate has stayed at this level for over a year as the Fed balanced its pursuit to control inflation while attempting to mitigate the potential impacts of higher rates on the economy, including the labor market.

Inflation has come a long way since the aftermath of the pandemic, where inflation peaked at 9.1% in 2022. As of August 2024, headline Consumer Price Index (CPI) inflation sits at 2.5%, still above the Fed's 2% target, but below the 3.7% level around this time last year. Core inflation, which strips out more volatile food and energy, sits at 3.2%. Services inflation continues to be the stickiest, driven by shelter and transportation services. The Fed tends to look at the Personal Consumption Expenditures (PCE) price index over CPI and that measure sits at 2.2%, closer to the Fed's target.

The Fed has a dual mandate to support full employment and keep inflation rates low and stable. While inflation has moderated significantly, prices are not yet stable. The labor market has shown some recent weakness which has garnered the Fed's attention, as evidenced by its 50 basis point interest rate cut in September of 2024, and targeted cuts the remainder of the year. The unemployment rate has ticked up in recent months to 4.2%, off a low of 3.5% earlier in the year, though it remains low by historical standards. However, net monthly payroll gains have slowed from monthly highs of close to 300,000 new jobs earlier in the year but are expected to stabilize at around 100,000. Recent Fed statements and remarks have acknowledged the growing balance of risks in the economic outlook to both parts of its dual mandate.

U.S. economic data remains robust as second quarter 2024 Gross Domestic Product (GDP) came in at an annualized rate of 3.0%, up from a weaker 1.6% print during the first quarter. The U.S. economy is forecasted to grow at a solid rate over the next few years, between 2.0% and 3.0%. With moderating inflation, the Fed is in the good position of being able to lower interest rates even though economic growth is solid and the unemployment rate is still relatively low.

Outside of the U.S., the economic outlook is mostly sluggish. While the Eurozone has seen a decline in inflation which will allow the ECB to cut rates at a steady pace, there are fewer expectations that this will boost consumer demand, and GDP forecasts are sluggish at around 1.0% over the next few years. The UK also experienced its first rate cut since 2020, but similar to the Eurozone growth forecasts are sluggish with GDP of between 1.0% and 1.5% over the next few years. In Japan, the Bank of Japan ended negative rates in March and raised the short-term borrowing rate to 0.25% with additional rate hikes expected going forward. GDP growth has been strong recently, fueled by improved consumer spending as inflation levels off at around 2% and the country looks to stay out of the deflationary environment of the prior decade.

Emerging economies are forecast to grow at around 4.0% over the next few years, led by India with GDP forecasts of above 6%. China recently introduced a broad stimulus package aimed at reviving its slowing economy which included interest rate cuts and a substantial stimulus package. The measures injected liquidity and a boost to the stock market, though there are concerns as to whether the measures will be enough to boost China's economy, which is forecasted to grow at around 4.0% over the next few years.

Geopolitical risks continue to be front and center with Russia's ongoing invasion of Ukraine and a rapidly escalating Middle East conflict which has extended beyond Israel's war against Hamas, to Hezbollah and recent Iran missile attacks against Israel.

Nearly all market segments generated positive returns during SCERS' 2023-24 fiscal year. Major global market returns for the fiscal year were as follows: domestic equity markets (Russell 3000 Index) returned 23.1%; international equity markets (MSCI ACWI ex US) returned 11.6%; emerging equity markets (MSCI Emerging Markets Index) returned 12.5%; fixed income markets (Bloomberg US Aggregate Index) returned 2.6%; absolute return markets (HFRI Fund of Funds Composite Index) returned 8.4%; and commodities (Bloomberg Commodity Index) returned 5.0%. Real estate continued its struggles from last year in the higher interest rate environment and secular headwinds within certain property types, as the NFI-ODCE Index returned -9.3%.

Within equity markets, growth stocks at 33.5% (Russell 1000 Growth Index) continued their multi-year trend of outperforming value stocks at 13.1% (Russell 1000 Value Index), fueled by the concentrated outperformance of a handful of large capitalization technology stocks. As a result, large capitalization stocks at 23.9% (Russell 1000 Index) outperformed small capitalization stocks at 10.1% (Russell 1000 Index). International equity stocks at 11.6% (MSCI EM Index) underperformed U.S. equities, with lagging performance across developed and emerging markets.

Fixed income markets generated moderate returns in a volatile year. Treasuries generated returns of 1.5% (Bloomberg Barclays U.S. Treasury Index), as longer duration Treasury yields experience significant fluctuations during the year, with the 10-year yield increasing from 3.84% on June 30, 2023, to 4.34% on June 30, 2024. The yield curve remained inverted with short-term rates higher than longer-term rates. The credit sectors performed well, with high yield bonds returning 10.4% (Bloomberg Barclays U.S. Corporate High Yield Index), and investment grade corporate credit returning 4.4% (Bloomberg U.S. Credit Index). The broad-based Bloomberg Barclays Aggregate index, which contains an equal mix of Treasuries, agency mortgages, and investment grade credit, generated a return of 2.6%.

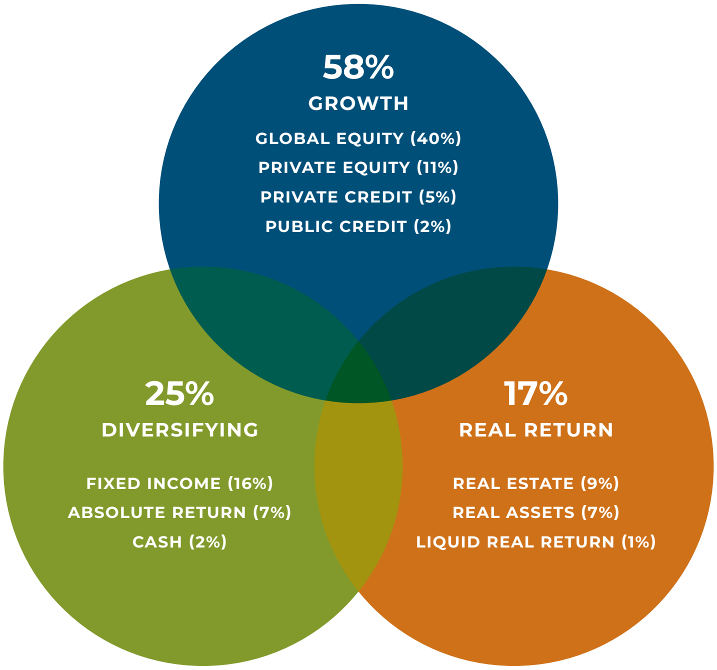
The landscape for the current environment is best characterized by a balance between controlling inflation and maintaining economic growth, coupled with evolving labor market dynamics. Financial markets, while resilient, have experienced their share of volatility, and further volatility and geopolitical uncertainties loom ahead. The coming year should present both challenges and opportunities for SCERS' investment portfolio, emphasizing the importance of a disciplined and dynamic strategic asset allocation in navigating a shifting landscape.

Asset Allocation

SCERS' investment program is structured around a strategic asset allocation model established by SCERS' Board with the assistance of SCERS' investment staff, general investment consultant Verus, alternative assets consultant Cliffwater LLC, and real estate consultant The Townsend Group. The objective of the asset allocation model is to ensure the diversification of investments in a manner that generates a desired rate of investment return with an acceptable level of investment risk. To achieve this, the asset allocation is broadly diversified across asset categories, asset classes, and within asset classes to provide consistent long-term performance. The asset allocation targets are not tactical, but rather, are long term in nature, consistent with the long-term nature of SCERS' benefit obligations. The asset allocation model is reviewed every three to five years, but the long-term capital market assumptions for the various asset classes and sub-asset classes are reviewed and adjusted as appropriate each year. Research has shown that the asset allocation mix is the largest driver of investment performance.

SCERS' strategic asset allocation views risk exposures through multiple lenses, including functional and common factor exposures, in order to manage and maintain allocations that are aligned with SCERS' investment philosophy and objectives. This multiple lens approach uses a functional framework to group and classify portions of SCERS' portfolio in order to link segments that are exposed to similar economic environments and risk factors, and which would be expected to have similar roles and outcomes in a portfolio. The functional grouping takes a simplified approach at the asset category level, by breaking the portfolio into three asset categories, with greater complexity reserved at the asset class level. The asset categories include: (1) Growth; (2) Diversifying; and, (3) Real Return.

Asset Categories



The Growth asset category includes those segments of the portfolio that tend to perform best in a high growth and low/moderate inflationary environment, including most equity and credit investments. In contrast, they tend to perform poorly during recessionary periods, when GDP growth is contracting, or during certain periods when inflation rises expectantly. Growth assets tend to comprise the dominant allocation within most institutional investment portfolios, including that of SCERS. The Diversifying asset category includes those segments of the portfolio which are expected to protect capital and perform better than the Growth asset category during dislocated and stressed market environments, including traditional fixed income and absolute return strategies. The Real Return asset category includes those segments of the portfolio that protect against inflation, generate cash flow, and provide further portfolio diversification, including private real estate, infrastructure, energy, and agriculture investments, as well as liquid real return investments.

SCERS' strategic asset allocation has an expected return profile in line with SCERS' actuarial assumed rate of return. The strategic asset allocation takes a risk-balanced approach that maintains heavy allocations to growth assets that can drive returns. However, it also maintains meaningful diversification, especially to investment strategies with low and negative correlations to equity markets that can reduce portfolio volatility and protect against significant market drawdowns. It is also expected to generate meaningful cash flow for SCERS' plan. A risk-balanced approach has proven valuable over economic and market cycles. The strategic asset allocation contains a meaningful allocation to higher returning, diversifying, and less liquid private market investments, so tracking SCERS' liquidity profile in order to maintain sufficient liquidity and cash flows in order to meet benefit payment obligations is a key focus of the Board and SCERS' investment staff.

The strategic asset allocation also maintains a 2% dedicated cash allocation. Given that SCERS is a mature plan with a greater level of benefit payments going out than contributions coming in on an annual basis, a dedicated cash allocation adds an additional layer of liquidity and helps close this gap in an environment where investment earnings fall short of target.

SCERS is still transitioning the portfolio to the strategic asset allocation adjustments made during the last asset liability modeling study approved in 2021. Implementation activity during 2024 included conducting manager searches within the public market asset classes and meaningful implementation within the private markets, consistent with Board-approved annual investment plans. SCERS will initiate an asset liability modeling (ALM) study during the 2024-25 fiscal year to determine if any revisions should be made to the strategic asset allocation.

The performance summary section of the Chief Investment Officer's Report will highlight the performance of the asset categories, and their underlying asset classes.

Investment Portfolio Implementation

In addition to providing assistance to the Board in establishing the strategic asset allocation model, SCERS' investment staff and consultants assist in developing investment policy statements, conduct searches for and recommend the selection of investment managers, monitor investment manager performance and compliance, advise on developments in the investment markets, and analyze and develop recommendations for possible tactical adjustments and new investment initiatives.

SCERS utilizes external investment managers to invest the System's assets. As of June 30, 2024, SCERS' assets were invested across:

- **Global Equity -** 9 separate account portfolios and 7 commingled funds
- **Fixed Income -** 6 separate account portfolios
- **Absolute Return -** 1 fund-of-funds separate account portfolio and 10 fund partnerships
- **Private Equity -** 1 separate account portfolio, 3 fund-of-funds partnerships, and 83 fund partnerships
- **Private Credit -** 1 separate account portfolio and 19 fund partnerships
- **Real Estate -** 7 core real estate fund partnerships and 20 non-core real estate fund partnerships
- **Real Assets -** 1 separate account portfolio and 31 fund partnerships
- **Liquid Real Return -** 1 commingled fund

Significant investment activity during the fiscal year included the following:

- In Global Equity, SCERS invested $75 million in a global equity fund within the Global/Unconstrained segment of the Global Equity asset class.
- In Absolute Return, SCERS redeemed $56.1 million from one fund and made one new fund investment during the fiscal year.
- In Private Equity, SCERS made two new direct private equity fund commitments of $80 million in aggregate and added $10 million in additional capital to an existing private equity fund during the fiscal year.
- In Private Credit, SCERS made two new direct private credit fund commitments of $90 million in aggregate during the fiscal year.
- In Real Assets, SCERS made one new direct real assets fund commitment of $50 million during the fiscal year.
- In Real Estate, SCERS did not make any real estate fund commitments during the fiscal year.

In a slower fundraising environment within the private markets, SCERS was active making new commitments during the year, though at the lower end of budget ranges. Due to the longer investment period for private market commitments, the importance of maintaining vintage year diversification, and the objective of investing with top tier investment managers, investment activity within the private markets can moderate from year to year. SCERS consistently allocates to new funds annually within the private markets to account for existing funds that sell investments and distribute capital back to SCERS, while newer funds draw down capital and make new investments.

SCERS' custodial bank is State Street Bank and Trust (State Street). In addition to asset custody services, State Street provides securities lending services to SCERS and, through State Street Global Advisors and State Street Global Markets, administers a portfolio overlay program and a brokerage commission recapture program, respectively. The portfolio overlay program assures that SCERS' portfolio exposures are consistent with the strategic asset allocation targets through cost-effective rebalancing, using investment proxies to close gaps relative to target allocation levels and to eliminate 'cash drag'. For the fiscal year ended June 30, 2024, SCERS earned a net income of approximately $1.4 million from securities lending and received commission recapture income of approximately $25,000.

SCERS' primary legal services related to the investment program are provided by specialized outside legal counsel and fiduciary counsel.

During the fiscal year, SCERS completed the implementation of a third-party portfolio analytics software system to better understand exposures and risks holistically across the portfolio. Also during the fiscal year, investment educational sessions were provided to the Board by SCERS' staff and investment consultants. The educational sessions included presentations regarding: (1) fiduciary duties and investment considerations; (2) asset protection; (3) an overview of the asset liability study process; and, (4) education on each of SCERS' major asset classes.

SCERS Investment Objectives

SCERS' investment objectives are set forth in the Board's Master Investment Policy Statement and through customized investment policy statements for each asset category.

At the highest level, SCERS' investment objectives are:

Overarching Plan Objectives:

- Provide for current and future benefit payments to plan participants and their beneficiaries, and sustain the plan over its useful life
- Diversify plan assets as its main defense against large market drawdowns
- Preserve a degree of liquidity ample to meet benefit payments and capital calls, without incurring substantial transaction costs or "fire sales" of illiquid holdings
- Incur costs that are reasonable and consistent with industry standards
- Achieve funding goals, including the maintenance of funded status and manageable, consistent contribution rates
- Maintain risk exposure required to meet return requirements, while limiting drawdown exposure

Investment Performance Objectives:

- Generate returns in excess of policy benchmarks at the total fund and asset class levels over rolling three-year periods
- Achieve real (after inflation) returns at the total fund level that are at or above the actuarial real return (assumed return less per capita pay growth) over complete market cycles
- For asset classes and actively managed portfolios, achieve net returns that exceed policy benchmarks, and rank in the top half of a competitive, after-fee universe

Proxy Voting Guidelines and Procedures

As a fiduciary, the Board has an obligation to manage SCERS' assets in the best interest of the plan participants. The Board retains third-party services to provide guidance for voting proxies and acting on corporate actions, such as mergers and acquisitions. For the fiscal year ended June 30, 2024, a majority of proxies were voted through an electronic voting platform provided by Institutional Shareholder Services, with the assistance of research and analysis provided by Institutional Shareholder Services and Glass Lewis & Co.

Summary of Investment Results

SCERS monitors capital market investment returns through reference to recognized and easily obtainable market indices, which are used as asset class benchmarks. The benchmark index performance by asset class for one, three, and five years is shown within the Investment Results schedule. The asset class benchmark returns are weighted by the asset allocation to provide a policy-weighted return based on SCERS' total fund. SCERS presents its returns using a time-weighted rate of return methodology based upon market values. SCERS' general investment consultant, Verus, prepared the investment returns cited in this section using information it received from SCERS' custodian bank and investment managers. The total fund performance is reported net and gross of investment management fees.

For the fiscal year ended June 30, 2024, SCERS' total fund return was 9.2%, net of investment management fees. The net return for the fiscal year was slightly below both SCERS' policy weighted benchmark return of 9.4%, but well above the actuarial return objective of 6.75%. Returns were positive across all market segments, except for real estate. Positive returns were led by public equities and private credit.

Over the trailing three-year period, SCERS' annualized investment return was 5.9% net of fees, impacted by the challenging calendar year 2022, when both equites and fixed income were down meaningfully in the rising interest rate environment. The three-year annualized return was below the actuarial return objective of 6.75%, and slightly below SCERS' policy benchmark return of 3.9%. Over the longer trailing five-year and ten-year periods, SCERS' annualized investment return was 8.0%, and 7.1%, respectively, net of fees. Both the five- and ten-year annualized returns were above the actuarial return objective of 6.75%, and above SCERS' policy benchmark returns of 7.2% and 6.7%, respectively.

SCERS also assesses its investment performance relative to a peer group of other public funds utilizing a series of universe comparisons provided by Verus. For the fiscal year, the median public fund in the InvestorMetrics Universe of public funds with assets of greater than $1 billion was 9.8%. SCERS' net return of 9.2% ranked in the 60th percentile. SCERS was impacted by having less exposure to public equities, which led market performance. Over the three-, five-, and ten-year periods, SCERS ranked in the 29th, 26th, and 24th percentiles, respectively.

Growth Asset Category

The Growth asset category is comprised of the following asset classes: Global Equity, Private Equity, Public Credit, and Private Credit. The Growth asset category returned 14.8% for the fiscal year, net of fees, SCERS' best performing asset category. It was led by Global Equity (public equities) (+18.0%), in addition to strong returns across Private Equity (+7.0%), Public Credit (+9.2%), and Private Credit (+10.2%). The Growth asset category return slightly trailed the policy benchmark return of 15.1%. For the three-year period, SCERS' Growth asset category annualized return was 4.8%, net of fees, below the policy benchmark return of 5.3%. The Growth asset category and benchmark return is a weighted average of the underlying asset class and benchmark returns, based on their weights within SCERS' strategic asset allocation.

Diversifying Asset Category

The Diversifying asset category is comprised of the following asset classes: Fixed Income, Absolute Return and Cash. The Diversifying asset category returned 4.0% for the fiscal year, net of fees, benefiting from strong returns from Absolute Return (+6.9%), and moderate Fixed Income returns (+2.5%). Cash returned 5.4%, benefiting from the high interest rate environment. The return of the Diversifying asset category was slightly above the policy benchmark return of 3.8%. For the three-year period, SCERS' Diversifying asset category annualized return was -0.7%, net of fees, above the policy benchmark return of -1.1%, affected by the impact of rising interest rates on the Fixed Income asset class. The Diversifying asset category and benchmark return is a weighted average of the underlying asset class and benchmark returns, based on their weights within SCERS' strategic asset allocation.

Real Return Asset Category

The Real Return asset category is comprised of the following asset classes: Real Estate, Real Assets, and Liquid Real Return. The Real Return asset category struggled this year, returning -1.4%, net of fees. The poor result was driven by the negative performance of Real Estate (-9.8%), which continues to face challenges in the higher interest rate environment, and particularly within the office property type. Real Assets continues to be a bright spot and returned 6.2%, while Liquid Real Return generated positive returns of 2.4%. The -1.4% return of the Real Return asset category was slightly ahead of the policy benchmark return of -1.7%. For the three-year period, SCERS' Real Return asset category annualized return was 6.0%, net of fees, slightly below the policy benchmark return of 6.1%. The Real Return asset category and benchmark return is a weighted average of the underlying asset class and benchmark returns, based on their weights within SCERS' strategic asset allocation. The Real Return asset category return includes the State Street Global Advisors Real Assets Strategy, which is the proxy used within SCERS' Overlay Program to replicate exposure while the asset class is implemented.

Additional information regarding SCERS' investment program can be found on the pages immediately following this report.

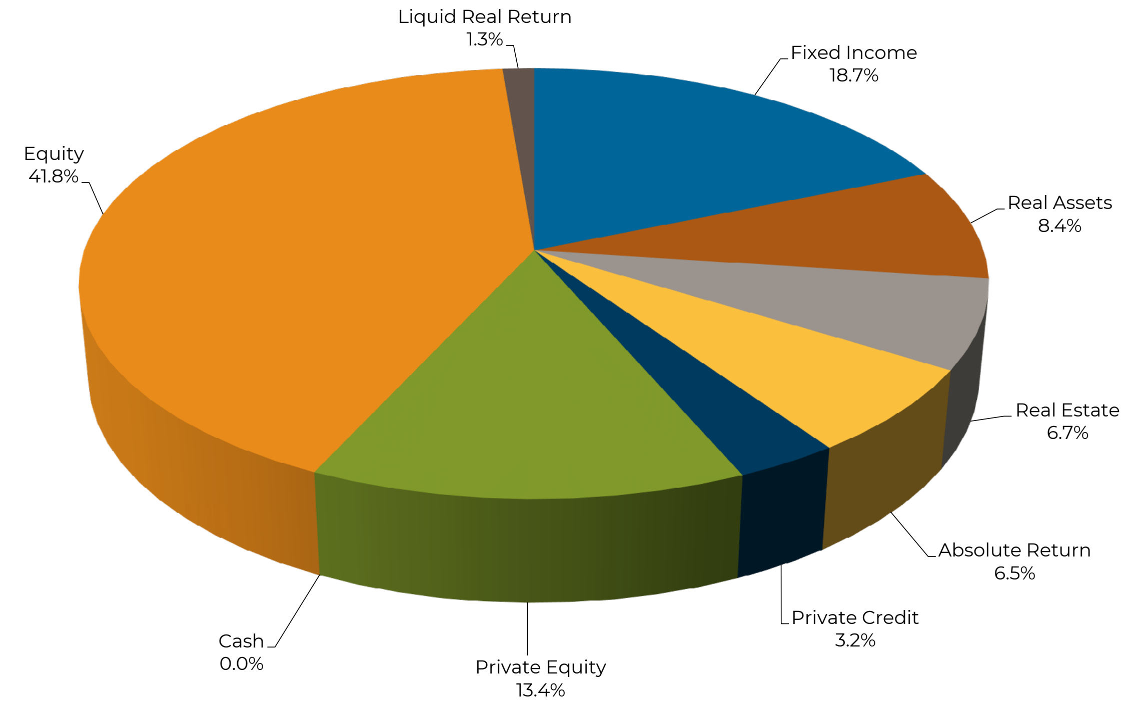
Respectfully submitted,

STEVE DAVIS
Chief Investment Officer

Asset Allocation

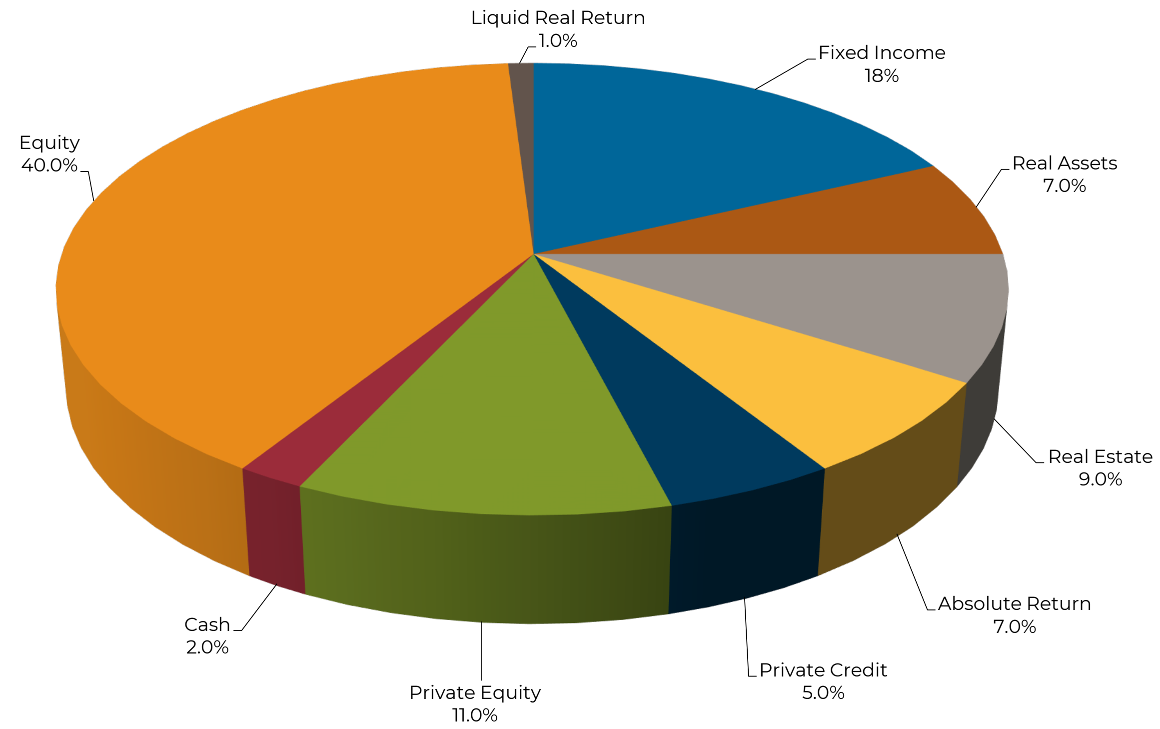
Actual Asset Allocation

AS OF JUNE 30, 2024



Target Asset Allocation

AS OF JUNE 30, 2024



Investment Results

FOR THE PERIOD ENDED JUNE 30, 2024

	Annualized		
	1 Year	3 Years	5 Years
Growth Asset Category[1]	**14.8 %**	**4.8 %**	**10.9 %**
Benchmark: Growth Custom[1]	15.1 %	5.3 %	10.4 %
Global Equity	**18.0**	**4.0**	**10.1**
Benchmark: MSCI ACWI IMI	18.4	4.7	10.4
Private Equity	**7.0**	**7.4**	**16.2**
Benchmark: Cambridge Associates All PE 1 Qtr Lag[6]	4.9	7.5	13.6
Public Credit	**9.2**	**2.2**	**4.8**
Benchmark: Brigade Custom[2]	10.8	3.8	4.6
Private Credit	**10.2**	**8.1**	**9.2**
Benchmark: Credit Suisse Leveraged Loan + 2% 1 Qtr Lag	14.6	7.9	7.4
Diversifying Asset Category[1]	**4.0**	**-0.7**	**1.6**
Benchmark: Diversifying Custom[1]	3.8	-1.1	1.1
Fixed Income	**2.5**	**-2.9**	**0.1**
Benchmark: Fixed Income Custom[8]	3.3	-2.5	0.0
Absolute Return	**6.9**	**3.8**	**4.5**
Benchmark: HFRI Fund of Funds Conservative Index	6.8	3.5	4.9
Cash	**5.4**	**3.2**	**2.2**
Benchmark: Secured Overnight Financing Rate	5.5	3.2	2.3

	Annualized		
	1 Year	3 Years	5 Years
Real Return Asset Category[1]	**-1.4 %**	**6.0 %**	**5.8 %**
Benchmark: Real Return Custom[1]	-1.7 %	6.1 %	5.3 %
Real Estate	**-9.8**	**1.7**	**4.1**
Benchmark: Real Estate Custom[5]	-10.0	2.6	3.4
Real Assets	**6.2**	**13.9**	**8.9**
Benchmark: Private Real Assets Custom[3]	7.4	11.9	8.1
Liquid Real Return	**2.4**	1.6	**3.6**
Benchmark: SSgA Real Asset[4]	5.6	**2.6**	4.0
SCERS Total Fund - Gross	9.4	4.0	8.2
SCERS Total Fund - Net	**9.2**	**3.8**	**8.0**
Benchmark: Policy Index[7]	9.4	3.9	7.2

Notes: Unless noted, returns were prepared by Verus Advisory, Inc., and shown on a net of fee basis and included the overlay effect. Return calculations were prepared using a time-weighted rate of return. Investment return and index return for real assets, real estate, private credit, and private equity are one quarter in arrears.

1 The asset category and benchmark return is a weighted average of the underlying asset class and benchmark returns, based on their weights within SCERS' strategic asset allocation.

2 The Brigade Custom benchmark consists of 50% ICE BofA ML High Yield II and 50% Credit Suisse Leveraged Loans.

3 As of 1/19/22, the Private Real Assets Custom benchmark consists of 30% Cambridge Associates Private Energy 1 Qtr Lag, 60% Cambridge Associates Private Infrastructure 1 Qtr Lag, 10% NCREIF Farmland Index. From 7/1/17-1/18/22, the Private Real Assets Custom benchmark consisted of 35% Cambridge Associates Private Energy 1 Qtr Lag, 45% Cambridge Associates Private Infrastructure 1 Qtr Lag, 10% NCREIF Farmland 1 Qtr Lag, and 10% NCREIF Timberland Index Lagged.
Prior to that the benchmark consisted of 100% CPI-U Headline +5%.

4 As of 3/2/18, the SSgA Real Asset Benchmark consists of 30% BBgBarc 1-10 Yr US TIPS, 25% S&P Global Infrastructure, 15% FTSE EPRA/NAREIT Developed Liquid, 10% BBgBarc Roll Select Commodity TR, 10% BBgBarc USD Floating Rate Note<5yr, and 10% S&P Global Large Mid Cap Commodity Resources. From 10/1/15-3/1/18, the SSgA Real Asset Benchmark consisted of 20% BBgBarc Roll Select Commodity TR, 20% MSCI World Natural Resources, 20% S&P Global Infrastructure, 10% BBgBarc US Govt Inflation-Linked 1-10 Yrs, 10% BBgBarc US TIPS, 10% FTSE EPRA/NAREIT Developed Liquid, and 10% S&P MLP.

5 As of 1/19/22, the Real Estate Custom benchmark consists of 60% NFI-ODCE and 40% NFI-ODCE net+1% 1Q Lag. From 7/1/17-1/18/22, the Real Estate Custom benchmark consisted of 65% NFI-ODCE and 35% NFI-ODCE net+1% 1Q Lag. Prior to that the benchmark consisted of 100% NCREIF.

6 As of 4/1/17, the Private Equity benchmark consists of 100% Thomson Reuters C|A All PE 1 Qtr Lag. From 1/1/12- 3/31/17 the benchmark consisted of 100% Russell 1000 +3% 1QL.

7 From 7/01/2023, the Policy Index benchmark consists of 12% Bloomberg Aggregate, 4% Bloomberg US Treasury, 1% ICE BofA ML High Yield II, 2.1% Cambridge Associates Private Energy 1 Qtr Lag, 4.2% Cambridge Associates Private Infrastructure 1 Qtr Lag, 1% Credit Suisse Leverage Loans, 5% Credit Suisse Leverage Loans +2% 1 Qtr Lag, 7% HFRI FoF Conservative Index, 40% MSCI ACWI IMI, 5.4% NFI-ODCE, 3.6% NFI-ODCE net +1% 1Q Lag, 0.7% NCREIF Farmland 1 Qtr Lag, 11% Cambridge Associates All PE 1 Qtr Lag, 0.1% Bloomberg Roll Select Commodity Total Return, 0.1% Bloomberg Barclays U.S. Floating Rate Note <5 Yr, 0.1% S&P Global LargeMidCap Commodity and Resources, 0.25% S&P Global Infrastructure Index - Net of Tax on Dividend, 0.3% Bloomberg Barclays U.S. Government Inflation-Linked 1-10 Yrs, 0.15% FTSE EPRA Nareit Developed Liquid Index, and 2% Secured Overnight Financing Rate.

From 4/01/2022, the Policy Index benchmark consists of 12% Bloomberg Aggregate, 4% Bloomberg US Treasury, 1% ICE BofA ML High Yield II, 2.1% Cambridge Associates Private Energy 1 Qtr Lag, 4.2% Cambridge Associates Private Infrastructure 1 Qtr Lag, 1% Credit Suisse Leverage Loans, 5% Credit Suisse Leverage Loans +2% 1 Qtr Lag, 7% HFRI FoF Conservative Index, 40% MSCI ACWI IMI, 5.4% NFI-ODCE, 3.6% NFI-ODCE net +1% 1Q Lag, 0.7% NCREIF Farmland 1 Qtr Lag, 11% Cambridge Associates All PE 1 Qtr Lag, 0.2% Bloomberg Roll Select Commodity Total Return, 0.2% Bloomberg Barclays U.S. Floating Rate Note <5 Yr, 0.2% S&P Global LargeMidCap Commodity and Resources, 0.5% S&P Global Infrastructure Index - Net of Tax on Dividend, 0.6% Bloomberg Barclays U.S. Government Inflation-Linked 1-10 Yrs, 0.3% FTSE EPRA Nareit Developed Liquid Index, and 1% Secured Overnight Financing Rate.

From 7/1/2019 to 3/31/2022, the Policy Index benchmark consisted of 10% BBgBarc Aggregate, 5% BBgBarc US Treasury, 1% ICE BofA ML High Yield II, 2.5% Cambridge Associates Private Energy 1 Qtr Lag, 3.2% Cambridge Associates Private Infrastructure 1 Qtr Lag, 2.4% FTSE WGBI ex US Unhedged, 1% Credit Suisse Leverage Loans, 4% Credit Suisse Leverage Loans +2% 1 Qtr Lag, 0.6% JPM GBI EM Diversified, 3% HFRI FoF Composite Index + 1%, 7% HFRI FoF Conservative Index, 20% MSCI ACWI ex US, 4.6% NFI-ODCE, 2.5% NFI-ODCE net +1% 1Q Lag, 0.7% NCREIF Farmland 1 Qtr Lag, 0.7% Timberland Index Lagged, 20% Russell 3000, 9% Thomson Reuters C|A All PE 1 Qtr Lag, 0.2% Bloomberg Roll Select Commodity Total Return, 0.2% Bloomberg Barclays U.S. Floating Rate Note <5 Yr, 0.2% S&P Global LargeMidCap Commodity and Resources, 0.5% S&P Global Infrastructure Index - Net of Tax on Dividend, 0.6% Bloomberg Barclays
U.S. Government Inflation-Linked 1-10 Yrs, 0.3% FTSE EPRA Nareit Developed Liquid Index, and 1% ICE LIBOR Spot/Next Overnight USD.

8 The Fixed Income Custom benchmark consists of 75% Bloomberg U.S. Aggregate Index and 25% Bloomberg U.S. Treasury Index.

Summary Of Investment Assets

AS OF JUNE 30, 2024

(Amounts Expressed in Thousands)

	Fair Value*	Percentage of Total Investments
Type of investments		
Equity	$5,496,265	40.14%
Fixed income	2,656,030	19.40
Real assets	1,280,973	9.36
Real estate	867,436	6.33
Absolute return	840,864	6.14
Private credit	420,495	3.07
Private equity	1,745,892	12.75
Total investments at fair value	13,307,955	97.19
Cash and short-term investments		
Cash and short-term investments (unallocated)	378,555	2.76
Cash invested with Sacramento County Treasurer	6,407	.05
Total cash and short-term investments	384,962	2.81
Total investments	**$13,692,917**	**100.00%**

*Certain investment fair values reported in this schedule include cash held by the external investment managers and short-term investments based on the nature of how the investment portfolios are managed.

Summary Of Manager Fees

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Amounts Expressed in Thousands)

Type of Investment	Assets Under Management*	Manager Fees
Equity	$5,496,265	$14,183
Fixed income	2,656,030	4,609
Real assets	1,280,973	24,400
Real estate	867,436	14,141
Absolute return	840,864	10,025
Private credit	420,495	11,181
Private equity	1,745,892	58,130
Total	**$13,307,955**	**$136,669**

Source: State Street Bank and Burgiss.

*Certain investment fair values reported in this schedule include cash held by the external investment managers and short-term investments based on the nature of how the investment portfolios are managed.

Schedule Of Equity Brokerage Commission

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Brokerage Firm	Commission Per Share*	Shares/Par Value	Total Commission*
Goldman Sachs + Co LLC	$0.0034	13,984,476	$47,985
Capital Institutional Svcs Inc Equities	0.0300	1,324,018	39,721
Cowen And Company, LLC	0.0391	910,978	35,631
Jefferies, LLC	0.0063	5,395,494	33,813
Morgan Stanley Co Incorporated	0.0019	17,056,483	33,158
J.P. Morgan Securities PLC	0.0048	6,550,187	31,685
Citibank, N.A.	0.0038	8,035,428	30,520
Virtu Americas LLC	0.0219	1,288,610	28,240
State Street Bank and Trust Company	0.0100	2,694,024	26,940
UBS AG	0.0053	4,936,222	26,336
Merrill Lynch International	0.0095	2,646,475	25,247
BNP Paribas Securities (Asia) Ltd	0.0308	689,800	21,254
Barclays Capital LE	0.0074	2,576,251	18,942
BNP Paribas Securities Services	0.0048	3,699,151	17,725
Société Générale Securities Services	0.0206	809,622	16,709
J.P. Morgan Securities LLC	0.0058	2,636,171	15,236
BOFA Securities, Inc.	0.0040	3,756,054	14,934
CLSA Singapore Pte Ltd	0.0112	1,120,007	12,521
Mizuho Securities USA, Inc	0.0076	1,564,900	11,886
Liquidnet, Inc	0.0327	351,672	11,508
Cowen And Company, LLC	0.0504	222,270	11,197
RBC Capital Markets, LLC	0.0328	328,362	10,785
Instinet UK, Ltd.	0.0054	1,883,718	10,168
William Blair & Company, LLC	0.0354	280,028	9,914
Citigroup Global Markets, Inc.	0.0087	1,076,419	9,366
BNP Paribas Arbitrage	0.0219	411,087	9,016
Citibank International PLC	0.0345	232,810	8,021
Royal Bank of Canada Europe LTD	0.1094	73,173	8,006
Jefferies International Ltd	0.0040	2,000,952	7,942
Daiwa SBCM Europe	0.0262	300,400	7,875
Pershing Securities Limited	0.0171	457,453	7,843
All Other Brokerage Firms**	1.8441	46,782,798	179,149
Total Brokerage Commissions	**$ 0.0057**	**136,075,493**	**779,269**
Brokerage Commission Recapture			(24,662)
Net Brokerage Commissions			**$754,607**

* Commission Per Share is rounded to the nearest four decimal points. Amounts in Total Commission are actual unrounded commission amounts.

** All other brokerage firms is comprised of approximately 116 additional firms, each receiving less than 1% of total commissions.
A complete listing of brokerage fees is available.

Ten Largest Stock Holdings (By Fair Value)

AS OF JUNE 30, 2024

(Amounts expressed in thousands)

Rank	Shares	Security Name	Fair Value
1	305,206	Microsoft Corp.	$136,412
2	513,343	Apple Inc.	108,120
3	853,489	Nvidia Corp.	105,440
4	519,969	Amazon.Com Inc.	100,484
5	127,921	Meta Platforms Inc. Class A	64,500
6	319,770	Alphabet Inc. Class C	58,652
7	285,002	Novo Nordisk A/S B	41,189
8	209,823	Alphabet Inc. Class A	38,219
9	29,242	ASML Holding N.V.	30,218
10	57,885	United Health Group Inc.	29,479
Total of ten largest stock holdings			**$712,713**

Note: A complete list of stock holdings is available upon request.

Ten Largest Bond Holdings (By Fair Value)

AS OF JUNE 30, 2024

(Amounts expressed in thousands)

Rank	Par	Security Name	Interest Rate	Maturity	Fair Value
1	116,710,000	United States Treasury N/B	3.88%	8/15/2033	$112,279
2	75,194,000	United States Treasury N/B	3.00%	8/15/2052	56,568
3	40,380,000	United States Treasury N/B	4.25%	6/30/2029	40,213
4	42,588,000	FNMA TBA 15 YR	2.50%	7/15/2039	38,449
5	36,770,000	FNMA TBA 30 YR	5.00%	7/15/2054	35,535
6	34,811,000	United States Treasury N/B	4.35%	5/15/2034	34,822
7	34,930,000	FNMA TBA 30 YR	5.50%	8/15/2054	34,445
8	33,610,000	United States Treasury N/B	4.50%	7/15/2026	33,465
9	33,615,000	FNMA TBA 30 YR	3.50%	8/15/2054	29,755
10	30,571,073	Federal Home Loan PC Pool	4.00%	6/1/2052	27,995
Total of ten largest bond holdings					**$443,526**

Note: A complete list of bond holdings is available upon request.

Investment Managers/Funds

AS OF JUNE 30, 2024

Equity

Acadian Asset Management
Alliancebernstein L.P.
Allspring Global Investments
AQR US Enhanced Equity
ARGA Emerging Markets Equity Fund
Artisan Partners Global Opportunities
Baillie Gifford & Co.
Brookfield Liquid Real Return
D.E. Shaw & Co.
Eagle Capital Management
JP Morgan Asset Management
Lazard Asset Management
LSV Asset Management
Nikko Asset Management CIT
Oaktree Emerging Markets Equity Fund LP
Snyder Capital Management
Walter Scott International EAFE Income Growth
Weatherbie Capital, LLC
William Blair International Small Cap Growth Portfolio

Fixed Income

Brandywine Global Investment Management, LLC
Brigade Capital Management
Neuberger Berman Group, LLC
PGIM, Inc.
Reams Asset Management
TCW Group

Liquid Real Return

State Street Global Advisors

Real Assets

Agriculture Capital Management
Ara Partners
ArcLight Capital Partners, LLC
BlackRock, Inc.
Brookfield Asset Management, Inc.
Digital Colony Management, LLC
EnCap Investments
EQT Partners
Equilibrium Capital Management, Inc.
Harrison Street Real Estate Capital, LLC
I Squared Capital
IFM Investors
Meridiam
NGP Energy Capital Management, LLC
Paine Schwartz Partners, LLC
Pantheon Ventures
Quantum Capital Group
Ridgewood Infrastructure, LLC
Tailwater Capital, LLC
The Carlyle Group

Real Estate

Asana Partners, LLC
Brookfield Asset Management, Inc.
CIM Group
Clarion Partners, LLC
DRC Savills Investment Management
ECE Real Estate Partners
Hammes Realty Advisors, LLC
KKR & Co., Inc.
LaSalle Investment Management
MetLife Investment Management
Nordic Real Estate Partners
Principal Asset Management
Prologis, Inc.
Sculptor Capital Management, Inc.
Seven Seas Advisors Co., Ltd.
The Carlyle Group
The Townsend Group

Absolute Return

Aristeia Partners, L.P.
BlackRock Event Driven Equity Fund
Elliott International Limited
GCM Grosvenor
GCM Grosvenor
Graham Capital Management
Junto Capital Management
Laurion Capital Management
Marshall Wace, LLP
PSquared Asset Management AG
Third Point, LLC
Tudor Investment Corporation

Private Credit

Ares Management, LLC
Athyrium Capital Management, LLC
Benefit Street Partners, LLC
BlackRock, Inc.
Brookfield Asset Management, Inc.
IFM Investors
Metric Capital Partners
OrbiMed Advisors, LLC
Shamrock Capital Advisors, LLC
Silver Point Capital
Sky Leasing, LLC
Summit Partners

Private Equity

Abbott Capital Management, LLC
Accel-KKR
Ardian
Atalaya Capital Management
Canvas Management Company, LLC
Cortec Group Management Services, LLC
CRV, LLC
CVC Capital Partners, PLC
Davidson Kempner Capital Management
Dyal Capital
Garrison Investment Group
Gridiron Capital, LLC
H.I.G. Capital, LLC
HarbourVest Partners
Khosla Ventures
Linden Capital Partners, LLC
Marlin Equity Partners
New Enterprise Associates
Oaktree Capital Management, Inc.
OrbiMed Advisors, LLC
RCP Advisors
RRJ Capital
Shamrock Capital Advisors, LLC
Sixth Street Partners
Spectrum Equity Management, Inc.
Strategic Value Partners, LLC
Summit Partners
Thoma Bravo, LLC
Threshold Ventures
Trinity Ventures
TSG Consumer Partners, LLC
Waterland Private Equity Investments
Wayzata Investment Partners, LLC
Wynnchurch Capital, LLC

Overlay Program

State Street Global Advisors

Investment Consultant

Cliffwater, LLC
The Burgiss Group, LLC
The Townsend Group
Verus

Other Investment Service Providers

BSR & Co., LLP - tax services

Capital Economics - investment-related economic research

eVestment - analytics service provider

Financial Recovery Technologies - class action and antitrust litigation recovery

MSCI - portfolio analytics and investment accounting third-party service provider

Stroock & Stroock & Lavan, LLP

SECTION FOUR

Actuarial

CORE VALUE

Responsibility

By taking ownership of work, following through, holding ourselves accountable, and embracing ethical behavior.

Segal

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segalco.com

Via Email

November 13, 2024

Board of Retirement
Sacramento County Employees' Retirement System
980 9th Street, Suite 1900
Sacramento, CA 95814-2738

Re: Actuarial Valuation for the Sacramento County Employees' Retirement System

Dear Members of the Board:

Segal prepared the Sacramento County Employees' Retirement System (SCERS) Actuarial Valuation and Review as of June 30, 2024. We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices and SCERS' funding policy adopted by the Board on June 19, 2013, reaffirmed by the Board on March 17, 2021, and amended on April 17, 2024. In particular, it is our understanding that the assumptions and methods used for funding purposes meet the parameters set by the Actuarial Standards of Practice (ASOPs).

As part of the Actuarial Valuation and Review as of June 30, 2024, Segal conducted an examination of all participant data for reasonableness. Summaries of the employee data used in performing the actuarial valuations over the past several years are provided in our valuation report. We did not audit the System's financial statements. For actuarial valuation purposes, Plan assets are valued at actuarial value. Under this method, the assets used to determine employer contribution rates take into account fair value by recognizing the differences between the total actual investment return at fair value and the expected investment return from the prior six years. Investment gains/losses are recognized over a seven-year period and the deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 30% of the fair value of assets.

One of the general goals of an actuarial valuation is to establish contribution rates which, over time, will remain level as a percentage of payroll unless Plan benefit provisions are changed. Actuarial funding is based on the entry age cost method. Under this method, the employer contribution rate provides for current cost (normal cost) plus a level percentage of payroll to amortize any unfunded actuarial accrued liability (UAAL). The UAAL is amortized over different periods depending on the source.

Board of Retirement
Sacramento County Employees' Retirement System
November 13, 2024
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The System's remaining outstanding balance of the June 30, 2012, UAAL is amortized as a level percentage of payroll over a declining 23-year period (with 11 years remaining as of June 30, 2024). Effective with the June 30, 2013, valuation, the change in UAAL that arises due to actuarial gains or losses or from changes in actuarial assumptions or methods at each valuation is amortized as a level percentage of payroll over its own declining 20-year period. Any change in UAAL that arises due to plan amendments will be amortized as a level percentage of payroll over its own declining 15-year period and any change in UAAL due to retirement incentive programs will be amortized as a level percentage of payroll over its own declining period of up to 5 years. The progress being made towards meeting the funding objective through June 30, 2024, is illustrated in the Schedule of Funding Progress.

Notes number 1, 4, and 5 to the Basic Financial Statements and the Required Supplemental Information (RSI) included in the Financial Section were prepared by the System based on the results of the Governmental Accounting Standards Board Statement 67 (GASBS 67) Actuarial Valuation as of June 30, 2024, and the Actuarial Valuation and Review as of June 30, 2024, both prepared by Segal. For the Financial Section of the Annual Comprehensive Financial Report (ACFR), Segal provided the Schedule of Changes in Net Pension Liability and Schedule of Employer Contributions as shown in the RSI. A listing of the other supporting schedules Segal prepared for inclusion in the Actuarial and Statistical Sections of the System's ACFR is provided below. These schedules were prepared based on the results of the actuarial valuation as of June 30, 2024, for funding purposes. All other schedules in the Actuarial and Statistical Sections of the System's ACFR were prepared by the System.

1. Retirees and beneficiaries added to and removed from retiree payroll;
2. Schedule of funded liabilities by type; and
3. Schedule of retiree members by type of benefit.

The valuation assumptions included in the Actuarial Section, including the assumptions for determining optional form of benefits, were adopted by the Retirement Board based on the June 30, 2022, Actuarial Experience Study recommending assumptions for use starting with the June 30, 2023, valuation. It is our opinion that the assumptions used in the June 30, 2024, valuation produce results, which, in the aggregate, anticipate the future experience of the Plan. Actuarial valuations are performed on an annual basis. An experience analysis is performed every three years. The next experience analysis is due to be performed as of June 30, 2025, and assumptions approved in that analysis will be applied in the June 30, 2026, valuation.

In the June 30, 2024, valuation, the ratio of the actuarial value of assets to actuarial accrued liabilities increased from 86.5% to 88.1%. The employer's rate has decreased from 29.81% of payroll to 28.74% of payroll, while the employee's rate has decreased from 11.36% of payroll to 11.33% of payroll. The decrease in the employer's rate is primarily due to the investment return greater than expected after asset smoothing and the effect of amortizing the UAAL over a larger than expected projected total salary. The decrease in the employee's rate is primarily due to changes in active member demographics.

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Segal

Board of Retirement
Sacramento County Employees' Retirement System
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Effective December 15, 2024, the Sacramento Area Sewer District (SacSewer) will become a new employer of SCERS. (As of the June 30, 2024, valuation date, members associated with SacSewer are still considered members of the County.) Pursuant to the terms of the Agreement between SCERS, SacSewer and the County, we have included a separate set of employer and employee rates for SacSewer members.

In the June 30, 2024, valuation, the actuarial value of assets excluded $99.7 million in deferred investment gains, which represented about 0.7% of the fair value of assets. If these deferred investment gains were recognized immediately in the actuarial value of assets, the funded percentage would increase from 88.1% to 88.7%, and the aggregate employer contribution rate would decrease from 28.7%* of payroll to 28.2%* of payroll.

The undersigned are Members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Sincerely,

Todd Tauzer

Todd Tauzer, FSA, MAAA, FCA, CERA
Senior Vice President and Actuary

Andy Yeung

Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary

Molly Calcagno

Molly Calcagno, ASA, MAAA, EA
Senior Actuary

ST/jl
Enclosures

cc: Eric Stern

* In calculating both of these contribution rates, we have excluded the $399.3 million available in the Contingency Reserve. If that amount were applied, the aggregate employer contribution rate would have decreased by about 2.1% of payroll.

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Segal

Summary Of Actuarial Assumptions And Methods

GASB Statement No. 67 rules only redefine pension liability and expense for financial reporting purposes, and do not apply to contribution amounts for pension funding purposes. Employers and pension plans can still develop and adopt funding policies under current practices. SCERS' Board of Retirement and management staff are responsible for establishing and maintaining the System's funding policy. When measuring the total pension liability, GASB uses the same actuarial cost method (Entry Age Method) and the same type of discount rate (expected return on assets) as SCERS uses for funding. This means that the Normal Cost component of the annual plan cost is determined on the same basis for funding and financial reporting.

The following assumptions and methods were based on the June 30, 2022 actuarial experience study, which was adopted by the Board in August 2023. These assumptions and methods were used to complete the June 30, 2024 actuarial valuation report.

Valuation Interest Rate and Rate of Return on Investments:	6.75%, net of administration and investment expenses
Inflation Rate:	2.50%
Real Across-the-Board Salary Increase:	0.25%
Projected Salary Increases:	4.25% - 9.75%, varying by service, including inflation and across-the-board salary increases
Member Contribution Crediting Rate:	5-year Treasury rate, assuming sufficient net investment earnings
Post-Retirement Cost-of-Living Adjustment:	
Miscellaneous Tier 1	2.75%
Miscellaneous Tier 2	0.00%
Miscellaneous Tier 3	2.00%
Miscellaneous Tier 4	2.00%
Miscellaneous Tier 5	2.00%
Safety Tier 1	2.75%
Safety Tier 2	2.00%
Safety Tier 3	2.00%
Safety Tier 4	2.00%

Post-Retirement Mortality Rates:	
a) Service	**Miscellaneous Members - Pub-2010** General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 10% for males and increased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
	Safety Members - Pub-2010 Safety Healthy Retiree Amount- Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021.
b) Disability	**Miscellaneous Disabled Members - Pub-2010** Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females), with rates unadjusted for males and increased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
	Safety Disabled Members - Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females), with rates increased by 5% for males and unadjusted for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
c) Beneficiary	**Beneficiary not currently in Pay Status - Pub-2010** General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 10% for males and increased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
	Beneficiaries in Pay Status - Pub-2010 General Contingent Survivor Amount-Weighted Above-Median Monthly Table (separate tables for males and females) projected generationally with the two-dimensional mortality improvement scale MP-2021.
Withdrawal Rates and Service Retirement Rates:	Refer to the June 30, 2022, Actuarial Experience Study.
Pre-Retirement Mortality Rates:	**Miscellaneous Members - Pub-2010** General Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021, updated from MP-2019.
	Safety Members - Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021, updated from MP-2019.
Mortality Rates for Member Contributions:	**Miscellaneous Members - Pub-2010** General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 10% for males and 5% for females, projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP-2021, weighted 40% male and 60% female
	Safety Members - Pub-2010 Safety Healthy Retiree Amount- Weighted Above-Median Mortality Table (separate tables for males and females) with rates decreased by 5% for males, projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP-2021, weighted 75% male and 25% female.

Mortality Rates for Disabled Member:	**Miscellaneous Members - Pub-2010** Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates unadjusted for males and increased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
	Safety Members - Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 5% for males and unadjusted for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Disability Incidence Rates: Refer to June 30, 2022 Actuarial Experience Study	**Miscellaneous Members -** 50% of disabled Miscellaneous members would receive a duty disability, and 50% will be assumed to receive a non-duty disability.
	Safety Members - Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 5% for males and unadjusted for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Average Entry Ages:	**Miscellaneous Members** - 35 **Safety Members -** 29
Percentage of Members Married at Retirement:	**Male Members -** 80% **Female Members -** 60%, increased from 55%
Retirement Age for Deferred Vested Members:	**Miscellaneous Non-Reciprocal Members** - 59 **Safety Members** - 52 **Miscellaneous Reciprocal Members -** 61 **Safety Non-Reciprocal Members** - 52 **Safety Reciprocal Members -** 55
Percentage Eligible for Reciprocal Benefits:	**Miscellaneous Members -** 25%, decreased from 30% **Safety Members -** 35%, decreased from 40%
Actuarial Value of Assets:	The fair value of assets less unrecognized returns in each of the last six years. Unrecognized return is equal to the difference between actual and expected returns on a fair value basis and is recognized over a seven-year period. The deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 30% of the fair value of assets.
Valuation Value of Assets:	Actuarial value of assets reduced by the value of non-valuation reserves and designations.
Actuarial Cost Method:	Entry Age Actuarial Cost Method. Entry Age is the age on the valuation date minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are based on costs allocated as a level percentage of compensation.
Amortization Policy:	The balance of the UAAL as of June 30, 2012 shall be amortized separately from any future changes in UAAL over a period of 23 years as of June 30, 2012.
	Any new UAAL as a result of actuarial gains or losses identified in the annual valuation as of June 30 will be amortized over a period of 20 years.
	Any new UAAL as a result of changes in actuarial assumptions or methods will be amortized over a period of 20 years.
	The change in UAAL as a result of any Plan amendments will be amortized over a period of 15 years and the change in UAAL resulting from retirement incentive programs will be amortized over a period of up to 5 years.
Changes in Actuarial Assumptions:	None.

Summary Of Plan Provisions

Briefly summarized below are the major provisions of the County Employees' Retirement Law of 1937, as amended through June 30, 2024, that are applicable to the Sacramento County Employees' Retirement System, a cost-sharing multiple-employer defined benefit pension plan.

Membership

There are five tiers applicable to Miscellaneous members.

- Tier 1 includes all members who entered prior to September 27, 1981.
- Tier 2 and Tier 3 include members who were hired on or after September 27, 1981 and June 27, 1993, respectively, but prior to January 1, 2012 for County members and January 1, 2013 for contracting districts.
- Tier 4 includes County employees who entered on or after January 1, 2012 but prior to January 1, 2013.

There are four tiers applicable to Safety members.

- Tier 1 includes all members who entered before June 25, 1995.
- Tier 2 includes members who entered on or after June 25, 1995 but before January 1, 2012.
- Tier 3 includes County employees who entered on or after January 1, 2012 but before January 1, 2013.
- Tier 4 includes any new Safety employee who becomes a member on or after January 1, 2013 and is subject to the provisions of the **California Public Employees' Pension Reform Act of 2013 (PEPRA)**, **California Government Code 7522** et seq. and **Assembly Bill (AB) 340**. These members are designated as **PEPRA** Safety.

Final Average Salary

Final average salary (FAS) is defined as the highest 12 consecutive months of compensation earnable for Miscellaneous Tier 1 and Safety Tier 1 and highest 36 consecutive months of compensation earnable or pensionable compensation for Miscellaneous Tier 2, Tier 3, Tier 4 and Tier 5 and Safety Tier 2, Tier 3 and Tier4. FAS for Miscellaneous Tier 5 and Safety Tier 4 is also subject to a compensation limit under state statute.

Return of Contributions

Upon separation from service, a member may elect to leave his or her contributions on deposit. If the member has five or more years of service, he or she may elect to receive a deferred benefit when eligible for retirement. Regardless of "vested" status, separated members may request a return of contributions, plus interest, at any time.

Service Retirement Benefit

Miscellaneous Tier 1, Tier 2, Tier 3 and Tier 4 and Safety Tier 1, Tier 2 and Tier 3 members with 10 years of service who have attained the age of 50 are eligible to retire. All members with 30 years of service (20 years for Safety), regardless of age, are eligible to retire.

Miscellaneous Tier 5 and Safety Tier 4 members with 5 years of service who have attained the age of 52 (age 50 for Safety) are eligible to retire.

All members who have attained the age of 70 are eligible to retire regardless of service.

The benefit expressed as a percentage of monthly FAS per year of service, depending on age at retirement, is illustrated below for typical ages. For members whose benefits are integrated with Social Security, the benefit is reduced by one-third of the percentage shown below times the first $350 of monthly FAS per year of service after January 1, 1956.

Age	Miscellaneous Tier 1, 2 and 3	Miscellaneous Tier 4	Miscellaneous Tier 5	Safety Tier 1 and 2	Safety Tier 3	Safety Tier 4
50	1.48%	1.18%	N/A	3.00%	2.29%	2.00%
52	1.48	1.18	1.00	3.00	2.29	2.00
55	1.95	1.49	1.30	3.00	3.00	2.50
60	2.44	1.92	1.80	3.00	3.00	2.70
62	2.61	2.09	2.00	3.00	3.00	2.70
65	2.61	2.43	2.30	3.00	3.00	2.70
67 and over	2.61	2.43	2.50	3.00	3.00	2.70

Disability Benefit

Members with five years of service, regardless of age, are eligible for non-service connected disability. For Miscellaneous Tier 1 members, the benefit is 1.5% (1.8% for Safety Tier 1 members) of FAS for each year of service. If this benefit does not equal one-third of FAS, the benefit is increased by the same percentage of FAS for the years which would have been credited to age 65 (age 55 for Safety members), but the total benefit in this case cannot be more than one-third of FAS .

For Tier 2, Tier 3, Tier 4 and Tier 5 members, the benefit is 20% of FAS for the first five years of service plus 2% for each additional year for a maximum of 40% of FAS.

If the disability is service connected, the member may retire regardless of length of service, with a benefit of 50% of FAS or 100% Service Retirement benefit, if greater.

Death Benefit (Before Retirement)

In addition to the return of contributions, a death benefit is payable to the member's beneficiary or estate equal to one month's salary for each completed year of service under the retirement system, based on the final year's average salary, but not to exceed six (6) month's salary .

If a member dies while eligible for service retirement or non-service connected disability, the spouse receives 60% of the allowance that the member would have received for retirement.

Death Benefit (After Retirement)

If a member dies after retirement, a $4,000 lump sum burial allowance is paid to the beneficiary or estate. If the retirement was for service connected disability, 100% of the member's allowance as it was at death is continued to the eligible spouse for life. Overpayments made to members may be collected from the burial allowance or continuance payments.

If the retirement was for other than service connected disability and the member elected the unmodified option, 60% of the member's allowance is continued to an eligible spouse for life.

An eligible spouse is a surviving spouse who was married to the member at least one year prior to the date of retirement.

Maximum Benefit

The maximum benefit payable to all Miscellaneous and Safety members or beneficiaries is the lower of 100% of FAS or the qualified plan dollar limits established by the Internal Revenue Service.

Cost-of-Living Adjustments

The maximum increase in retirement allowance is 4% per year for Miscellaneous Tier 1 and Safety Tier 1 members and 2% for Safety Tier 2, Tier 3 and Tier 4, and Miscellaneous Tier 3, Tier 4 and Tier 5 members.

Miscellaneous Tier 2 members have no cost-of-living benefit. The cost-of-living increases effective in the month of April are based on the average annual change in the Consumer Price Index for the calendar year preceding April.

Contribution Rates

Basic member contribution rates are designed to provide an average annuity at age 55 equal to 1/240 of FAS for Miscellaneous Tier 1, 2 and 3 members, at age 60 equal to 1/120 of FAS for Miscellaneous Tier 4 members and 1/100 of FAS at age 50 for Safety Tier 1, Tier 2 and Tier 3 members . For Miscellaneous Tier 5 and Safety Tier 4 members, the rates are 50% of the Normal Cost rate. For members integrated with Social Security, the above contributions except for Miscellaneous Tier 5 and Safety Tier 4 are reduced by one-third of that portion of such contribution payable with respect to the first $350 of monthly salary. Cost-of-living contribution rates are designed to pay for one-half of the future cost-of-living costs. Member contributions are refundable upon termination from the system.

Schedule Of Active Member Valuation Data

Valuation Date	Plan Type	Number	Annual Payroll (in thousands)	Annual Average Pay (in thousands)	% Increase/ (decrease) in Average Pay*
6/30/2024	Miscellaneous	11,552	$1,071,640	$92.8	4.68%
	Safety	2,138	287,009	134.2	0.04%
	Total	13,690	$1,358,649	$99.2	4.38%
6/30/2023	Miscellaneous	11,061	$980,197	$88.6	7.42%
	Safety	2,106	271,769	129.0	0.06%
	Total	13,167	$1,251,966	$95.1	7.20%
6/30/2022	Miscellaneous	10,703	$882,615	$82.5	2.73%
	Safety	2,054	249,025	121.2	1.76%
	Total	12,757	$1,131,640	$88.7	2.48%
6/30/2021	Miscellaneous	10,479	$841,176	$80.3	2.60%
	Safety	2,021	240,787	119.1	1.83%
	Total	12,500	$1,081,963	$86.6	2.28%
6/30/2020	Miscellaneous	10,565	$826,569	$78.2	3.21%
	Safety	2,085	243,943	117.0	3.80
	Total	12,650	$1,070,512	$84.6	3.33%
6/30/2019	Miscellaneous	10,584	$802,318	$75.8	2.86%
	Safety	2,094	236,023	112.7	3.52
	Total	12,678	$1,038,341	$81.9	3.02%
6/30/2018	Miscellaneous	10,586	$780,148	$73.7	2.24%
	Safety	2,091	227,668	108.9	0.43
	Total	12,677	$1,007,816	$79.5	2.07%
6/30/2017	Miscellaneous	10,577	$762,440	$72.1	3.26%
	Safety	2,010	217,919	108.4	2.31
	Total	12,587	$980,359	$77.9	2.84%
6/30/2016	Miscellaneous	10,363	$723,429	$69.8	1.80%
	Safety	2,030	215,126	106.0	2.20
	Total	12,393	$938,555	$75.7	1.88%
6/30/2015	Miscellaneous	10,093	$692,138	$68.6	1.84%
	Safety	1,979	205,203	103.7	1.36
	Total	12,072	$897,341	$74.3	1.78%

Source: Actuarial Valuation reports from June 30, 2015 through 2024.

Note: Refer to the Participating Employers in the Introductory Section for a list of participating employers who have joined the System for the last ten years.

* Reflects the increase in average salary for members at the beginning of the year versus those at the end of the year. It does not reflect the average salary increases received by members who worked the full year.

Retirees And Beneficiaries Added To And Removed From Retiree Payroll

Valuation Date	At Beginning of Year	Added During Year	Removed During Year	At End of Year	Annual Retiree Payroll (In thousands)	Payroll Added During Year* (In thousands)	Payroll Removed During Year (in thousands)	% Increase In Annual Retiree Payroll	Average Annual Allowance
6/30/2024	13,934	722	371	14,285	$721,948	$56,868	$13,625	6.37%	$50,539
6/30/2023	13,635	770	471[2]	13,934	678,705	54,281	15,474	6.06	48,709
6/30/2022	13,051	864	280[2]	13,635	639,898	59,817	9,957	8.45	46,931
6/30/2021	12,732	702	383	13,051	590,038	44,004	12,916	5.56	45,210
6/30/2020	12,381	693	342	12,732	558,950	47,214	11,455	6.83	43,901
6/30/2019	11,883	789	291	12,381	523,191	49,436	8,402	8.51	42,252
6/30/2018	11,396	758	271	11,883	482,157	44,173	7,891	8.14	40,572
6/30/2017	10,960	750	314	11,396	445,875	40,102	9,332	7.41	39,126
6/30/2016	10,541	727	308	10,960	415,105	35,144	8,591	6.83	37,875
6/30/2015	10,049	776	284	10,541	388,552	40,636	7,849	9.22	36,861

Source: Prepared by Segal

Note: Participants are counted once for each benefit received.

[1] Includes data adjustments and automatic cost-of-living adjustments granted on April 1 of each year.

[2] Retiree and beneficiary deaths during 2021/2022 were underreported as of June 30, 2022. These deaths were reported during 2022/2023.

Actuarial Analysis Of Financial Experience

(Amounts Expressed in Millions)

	Plans Year Ended June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Prior Valuation Unfunded Actuarial Liability	$2,307	$2,286	$2,380	$2,464	$2,192	$2,090	$2,016	$1,200	$1,190	$1,268
Salary Increase Greater (Less) than Expected	89	221	7	(36)	11	(24)	(40)	(3)	(39)	(39)
Asset Return Less (Greater) than Expected	(86)	(145)	(147)	3	20	8	6	3	62	(24)
Other Experience	(119)	(34)	46	(51)	25	118	108	(8)	(13)	(15)
Economic and Non-Economic Assumption Changes	-	(21)	-	-	216	-	-	824	-	-
Ending Unfunded Actuarial Accrued Liability	**$2,191**	**$2,307**	**$2,286**	**$2,380**	**$2,464**	**$2,192**	**$2,090**	**$2,016**	**$1,200**	**$1,190**

Source: Prepared using extracted data from Actuarial Valuations from June 30, 2015 through 2024.

Schedule Of Funded Liabilities By Type

(Amounts Expressed in Thousands)

Valuation Date	Active Member Contributions	Retired/ Vested Members	Active Members (Employer Financed Portion)	Total	Actuarial Value of Assets	Active Member Contributions	Retired/ Vested Members	Active Members (Employer Financed Portion)
6/30/2024	$1,096,309	$9,860,940	$4,044,768	$15,002,017	$13,209,968	100%	100%	56%
6/30/2023	1,025,063	9,361,647	3,972,144	14,358,854	12,423,093	100	100	51
6/30/2022	945,681	8,916,593	3,716,710	13,578,984	11,647,866	100	100	48
6/30/2021	909,340	8,299,868	4,100,498	13,309,706	10,929,549	100	100	42
6/30/2020	875,808	7,857,941	3,959,906	12,693,655	10,229,760	100	100	38
6/30/2019	820,202	7,354,648	3,720,670	11,895,520	9,703,313	100	100	41
6/30/2018	756,179	6,879,316	3,577,768	11,213,263	9,123,004	100	100	42
6/30/2017	713,290	6,410,447	3,557,261	10,680,998	8,665,226	100	100	43
6/30/2016	677,596	5,635,248	3,123,246	9,436,090	8,236,402	100	100	62
6/30/2015	645,591	5,356,228	3,026,860	9,028,679	7,838,825	100	100	61

Source: Prepared by Segal

Events affecting year to year comparability:

6/30/2023 Inflation assumption decreased from 2.75% to 2.50%;
No change in 2.75% COLA assumption for Tier 1;
Combined inflationary and real "across the board" component of salary increase assumption decreased while merit and promotional component of salary increase assumption increased;
Modification in non-economic assumptions.

6/30/2022 The amount in the Contingency Reserve is no longer included in the Actuarial Accrued Liability.

6/30/2020 Investment return assumption decrease from 7.00% to 6.75%;
Inflation assumption decreased from 3.00% to 2.75%;
Salary increase assumption decreased while merit and promotional component of salary increase assumption increased;
COLA increase assumption for Tier 1 decreased from 3.00% to 2.75%;
and Modification in non-economic assumptions.

6/30/2017 Investment return assumption decreased from 7.50% to 7.00%;
Inflation assumption decreased from 3.25% to 3.00%;
Salary increase assumption decreased while merit and promotional component of salary increase assumption increased;
COLA increase assumption for Tier 1 decrease from 3.25% to 3.00%;
and Modification in non-economic assumptions.

Schedule Of Funding Progress

(Amounts Expressed in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets* (a)	Actuarial Accrued Liability (AAL)* (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll** (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
6/30/2024	$13,209,968	$15,002,017	$1,792,049	88.1%	$1,358,649	131.9%
6/30/2023	12,423,093	14,358,854	1,935,761	86.5	1,251,966	154.6
6/30/2022	11,647,866	13,578,984	1,931,118	85.8	1,131,640	170.6
6/30/2021	10,929,549	13,309,706	2,380,157	82.1	1,081,961	220.0
6/30/2020	10,229,760	12,693,655	2,463,894	80.6	1,070,512	230.2
6/30/2019	9,703,313	11,895,520	2,192,207	81.6	1,038,341	211.1
6/30/2018	9,123,004	11,213,263	2,090,259	81.4	1,007,815	207.4
6/30/2017	8,665,226	10,680,998	2,015,772	81.1	980,359	205.6
6/30/2016	8,236,402	9,436,090	1,199,688	87.3	938,555	127.8
6/30/2015	7,838,825	9,028,679	1,189,854	86.8	897,341	132.6

Source: Prepared using extracted data from Actuarial Valuations from June 30, 2015 through 2024.

*Includes contingency reserve and retiree death benefit reserves.

** Covered payroll is based on actuarial assumed salary growth.

Probabilities Of Separation Prior To Retirement

Mortality Rate (%)

	Miscellaneous		Safety	
Age	Male	Female	Male	Female
20	0.04%	0.01%	0.04%	0.01%
25	0.02	0.01	0.03	0.02
30	0.03	0.01	0.04	0.02
35	0.04	0.02	0.04	0.03
40	0.06	0.03	0.05	0.04
45	0.09	0.05	0.07	0.06
50	0.13	0.08	0.10	0.08
55	0.19	0.11	0.15	0.11
60	0.28	0.17	0.23	0.14
65	0.41	0.27	0.35	0.20

Note: Generational projections beyond the base year (2010) are not reflected in the above mortality rates. All Miscellaneous pre-retirement deaths are assumed to be nonservice-connected. For Safety, 50% pre-retirement deaths are assumed to be nonservice-connected and the rest are assumed to be service-connected.

Disability Rate (%)

Age	Miscellaneous	Safety
20	-%	0.05%
25	0.01	0.05
30	0.02	0.08
35	0.04	0.19
40	0.08	0.31
45	0.16	0.41
50	0.21	0.78
55	0.27	1.30
60	0.33	1.32
65	0.47	0.00
70	0.67	0.00

Note: For Miscellaneous, 50% of disabilities are assumed to be service-connected disabilities and the other 50% are assumed to be nonservice-connected disabilities. For Safety, 90% of disabilities are assumed to be service-connected disabilities and the other 10% are assumed to be nonservice-connected disabilities.

Source: Actuarial Valuation report as of June 30, 2024.

Withdrawal Rate (%)
Less than Five Years of Service

Years of Service	Miscellaneous	Safety
Less than 1	13.00%	4.75%
1 - 2	9.50	4.00
2 - 3	7.00	4.00
3 - 4	5.75	2.50
4 - 5	5.50	2.50

Note: 55% of the Miscellaneous members and 50% of the Safety members are assumed to elect a withdrawal of contributions upon separation. The remaining 45% and 50% of Miscellaneous and Safety members, respectively, are assumed to elect a deferred retirement benefit.

Withdrawal Rate (%)
Five or More Years of Service

Age	Miscellaneous	Safety
5 - 6	5.50%	2.50%
6 - 7	5.25	2.50
7 - 8	5.00	2.25
8 - 9	4.75	1.25
9 - 10	4.50	1.00
10 – 11	4.25	1.00
11 – 12	3.50	1.00
12 – 13	3.25	1.00
13 – 14	2.75	1.00
14 – 15	2.50	1.00
15 – 16	2.00	0.75
16 – 17	2.00	0.75
17 – 18	2.00	0.75
18 – 19	2.00	0.75
19 – 20	1.75	0.75
20 - 21	1.75	0.00
21 & Over	1.50	0.00

Note: 20% of the Miscellaneous terminated members and 15% of the Safety terminated members are assumed to elect a withdrawal of contributions upon separation. The remaining 80% and 85% of Miscellaneous and Safety terminated members, respectively, are assumed to elect a deferred retirement benefit. No withdrawal is assumed after a member is eligible to retire.

Source: Actuarial Valuation report as of June 30, 2024.

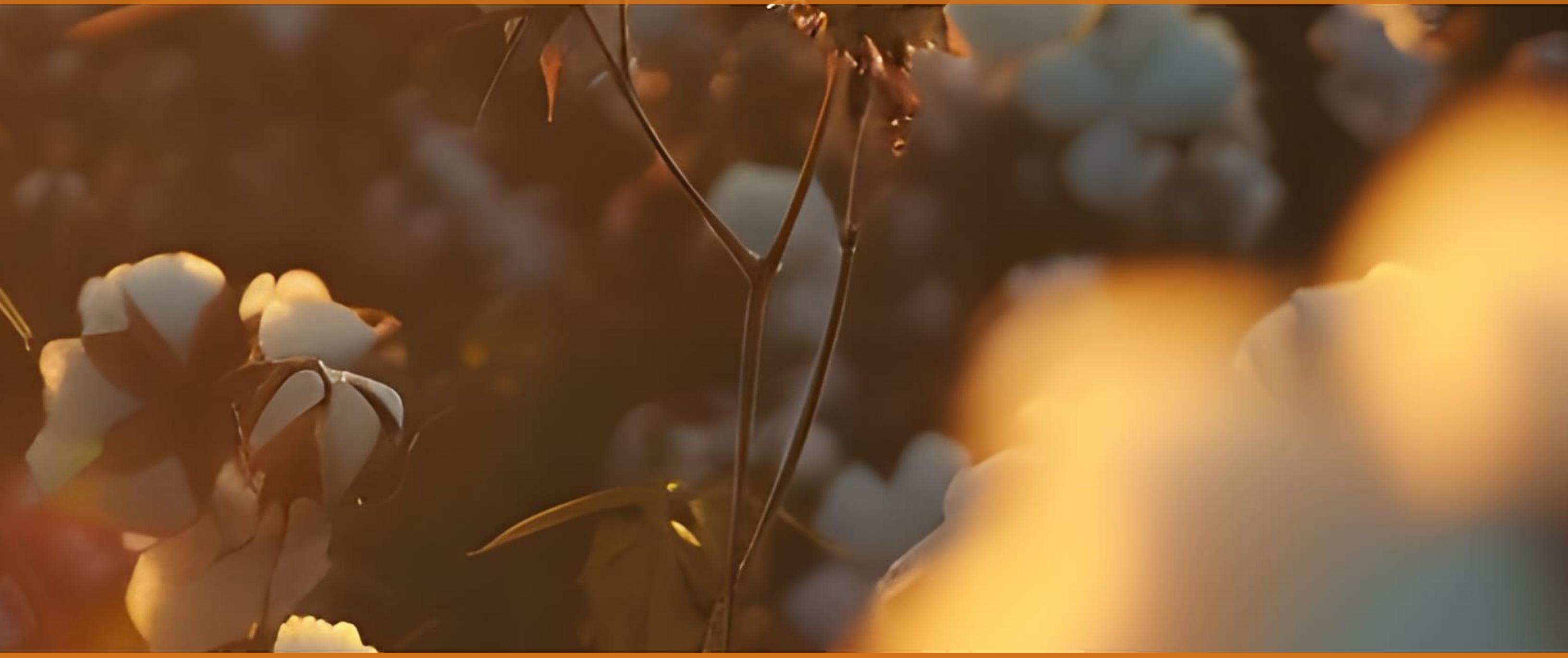
SECTION FIVE

Statistical

CORE VALUE

Solutions

By working with urgency to help one another succeed, fostering teamwork, and collaboration, and asking for help when needed.



Summary of Statistical Data

Issued in May 2004, pronouncement **GASB Statement No. 44**, Economic Conditioning Reporting: The Statistical Section, establishes and modifies requirements related to the supplementary information presented in this section of the report.

The pension trust fund is accounted for under the accrual basis of accounting. Information is provided for the last ten years ended June 30, 2024 for the following five objectives: financial trends; revenue capacity; demographic and economic; and operating.

Financial trends are presented on **pages 114 to 119**. The schedules contain trend information to aid in understanding how the System's financial performance has changed over time.

Revenue capacity is presented on **pages 114**, **116 to 118**. The schedules contain information regarding the contribution amount and rate history for the last ten years.

Demographic and economic information is presented on **pages 120 to 126**. These schedules offer demographic and economic indicators to enhance understanding of the environment within which the System's financial activities take place. The schedules show the average monthly benefit payments followed by the System membership.

Operating information is presented on **pages 127 to 129**. These schedules contain pension plan data to assist in understanding how the information in the financial report relates to the pension plan the System administers. This section includes the schedules of principal participating employers and active members.

Schedule Of Additions By Source

(Amounts Expressed in Thousands)

Fiscal Year Ended June 30	Member Contributions	Employer Contributions	Net Investment Income/(Loss)	Other Income	Health Premiums Collected	Total
2024	$159,654	$397,981	$1,104,512	$2,389	$33,587	$1,698,123
2023	139,521	371,248	710,906	1,816	34,620	1,258,111
2022	132,526	306,335	(547,786)	2,990	32,644	(73,291)
2021	120,597	295,269	2,753,409	3,081	32,362	3,204,718
2020	126,354	276,230	301,373	2,939	-	706,896
2019	121,843	285,642	672,786	2,940	-	1,083,211
2018	99,906	198,513	841,370	3,119	-	1,142,908
2017	89,489	203,928	1,048,915	-	-	1,342,332
2016	77,494	209,020	(72,399)	-	-	214,115
2015	68,143	222,959	158,222	-	-	449,324

Source: Audited Financial Statements from June 30, 2015, through 2024.

Schedule Of Deductions By Type

(Amounts Expressed in Thousands)

	Benefits Paid						
Year Ended June 30	Service*	Survivor Benefits	Retiree Death Benefits	Withdrawals of Contributions	Administrative Expenses	Health Premiums Remitted	Total
2024	$694,137	$3,595	$1,041	$6,967	$12,422	$33,587	$751,749
2023	650,934	3,538	1,119	6,815	28,178	34,620	725,204
2022	609,516	3,206	1,623	4,547	8,971	32,644	660,507
2021	571,304	2,954	1,071	3,092	9,165	32,362	619,948
2020	534,026	2,804	868	3,053	8,460	-	549,211
2019	498,939	2,803	1,202	2,909	7,601	-	513,454
2018	461,808	2,625	921	2,954	6,888	-	475,196
2017	426,292	2,479	983	2,312	6,906	-	438,972
2016	399,690	2,443	1,223	2,346	6,362	-	412,064
2015	368,788	2,404	1,177	2,288	5,854	-	380,511

*Amounts reported here include both service and disability retirement benefits and active death benefits.

Source: Audited Financial Statements from June 30, 2015, through 2024 and SCERS Retired Member Pension Payroll Data.

Schedule Of Administrative Expenses

FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30

(Amounts Expressed in Thousands)

Type of Expenses	2024	2023	2022	2021	2020	2019*	2018	2017	2016	2015
Salaries and benefits	$8,016	$6,553	$5,588	$5,585	$5,439	$5,128	$4,078	$3,984	$3,506	$3,445
County allocated expenses	894	1,071	686	1,143	852	488	557	-	-	-
Professional services	1,341	646	815	751	649	606	879	1,149	1,081	811
Rent and lease**	287	287	847	530	524	582	557	488	501	456
Information technology	349	742	272	632	365	133	157	-	-	-
Printing and postage	263	44	225	190	215	177	202	-	-	-
Pension Administration Project Impairment	-	17,131	-	-	-	-	-	-	-	-
Pension payroll services	278	376	312	177	182	185	208	-	-	-
Insurance liability	207	156	129	96	92	97	89	-	-	-
Depreciation	606	579	-	-	-	-	-	27	34	36
Equipment purchases and maintenance	-	-	-	-	-	-	-	61	26	32
Other	181	593	97	61	142	205	161	1,197	1,214	1,074
Total	**$12,422**	**$28,178**	**$8,971**	**$9,165**	**$8,460**	**$7,601**	**$6,888**	**$6,906**	**$6,362**	**$5,854**

* In the fiscal year ended June 30, 2019, the System revised the presentation of the administrative expenses as reported in the Other Supplemental Information section. As a result, certain amounts have been revised to present at a detail level.

Rent and lease also include expenses related to **GASB Statement No. 87. A separate schedule and disclosure for **GASB Statement No. 87** is included.

Source: Audited Financial Statements from June 30, 2015, through 2024.

Schedule Of Changes In Fiduciary Net Position

FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30

(Amounts Expressed in Thousands)

	2024	2023	2022	2021	2020
Member contributions	$159,654	$139,521	$132,526	$120,597	$126,354
Employer contributions	397,981	371,248	306,335	295,269	276,230
Net investment income/(loss)	1,104,512	710,906	(547,786)	2,753,409	301,373
Other income	2,389	1,816	2,990	3,081	2,939
Health premiums collected	33,587	34,620	32,644	32,362	-
Total additions	1,698,123	1,258,111	(73,291)	3,204,718	706,896
Benefits paid					
Service benefits	694,137	650,934	609,516	571,304	534,026
Survivor benefits	3,595	3,538	3,206	2,954	2,804
Death benefits	1,041	1,119	1,623	1,071	868
Withdrawals					
Death	647	566	972	218	259
Separation	6,320	6,249	3,575	2,774	2,745
Miscellaneous	-	-	-	100	49
Administrative expenses	12,422	28,178	8,971	9,165	8,460
Health premiums remitted	33,587	34,620	32,644	32,362	-
Total deductions	751,749	725,204	660,507	619,948	549,211
Change in net position	**946,374**	**532,907**	**(733,798)**	**2,584,770**	**157,685**
Net position, beginning	12,363,258	11,830,351	12,564,149	9,979,379	9,821,694
Net position, ending	**$13,309,632**	**$12,363,258**	**$11,830,351**	**$12,564,149**	**$9,979,379**

Schedule Of Changes In Fiduciary Net Position (continued)

FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30

(Amounts Expressed in Thousands)

	2019	2018	2017	2016	2015
Member contributions	$121,843	$99,906	$89,489	$77,494	$68,143
Employer contributions	285,642	198,513	203,928	209,020	222,959
Net investment income/(loss)	672,786	841,370	1,048,915	(72,399)	158,222
Other income	2,940	3,119	-	-	-
Total additions	1,083,211	1,142,908	1,342,332	214,115	449,324
Benefits paid					
Service benefits	498,939	461,808	426,292	399,690	368,788
Survivor benefits	2,803	2,625	2,479	2,443	2,404
Death benefits	1,202	921	983	1,223	1,177
Withdrawals					
Death	826	704	298	522	320
Separation	2,022	2,173	1,974	1,786	1,815
Miscellaneous	61	77	40	38	153
Administrative expenses	7,601	6,888	6,906	6,362	5,854
Total deductions	513,454	475,196	438,972	412,064	380,511
Change in net position	**569,757**	**667,712**	**903,360**	**(197,949)**	**68,813**
Net position, beginning	9,251,937	8,584,225	7,680,865	7,878,814	7,810,001
Net position, ending	**$9,821,694**	**$9,251,937**	**$8,584,225**	**$7,680,865**	**$7,878,814**

* **Source:** Audited Financial Statements from June 30, 2015, through 2024.

Schedule Of Employer Contribution Rates

	COUNTY[1]								
	Miscellaneous					Safety			
Actuarial Valuation Date	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 1	Tier 2	Tier 3	Tier 4
6/30/2024	23.32%	19.64%	22.42%	21.99%	21.08%	65.73%	56.14%	55.46%	49.59%
6/30/2023	24.86	20.28	23.27	22.83	21.96	62.52	57.70	57.24	51.29
6/30/2022	23.95	20.55	24.13	23.75	22.71	69.13	58.48	58.20	52.27
6/30/2021	25.37	21.70	24.83	24.48	23.43	72.96	58.70	57.47	52.37
6/30/2020	24.38	20.87	24.07	23.65	22.59	66.07	57.35	56.01	51.10
6/30/2019	22.03	19.17	22.20	21.91	20.96	61.78	53.75	53.11	49.35
6/30/2018	20.19	17.74	20.43	19.92	18.98	54.68	48.31	47.40	43.85
6/30/2017	18.43	15.85	18.62	17.96	16.96	48.41	44.28	43.33	39.72
6/30/2016	15.83	13.85	15.89	15.01	14.11	41.30	37.44	36.51	34.11
6/30/2015	16.26	15.01	17.41	15.25	14.13	42.11	39.42	37.73	34.40

	SACSEWER				
	Miscellaneous				
Actuarial Valuation Date	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
6/30/2024	N/A	23.09%	26.06%	21.76%	20.96%
6/30/2023	N/A	23.52	27.21	23.03	21.96

	COURT				SPECIAL DISTRICTS		
	Miscellaneous				Miscellaneous		
Actuarial Valuation Date	Tier 1	Tier 2	Tier 3	Tier 5	Tier 1	Tier 3	Tier 5
6/30/2024	27.85%	23.64%	27.07%	21.05%	N/A	34.00%	28.12%
6/30/2023	30.25	24.06	28.00	21.93	N/A	35.44	29.53
6/30/2022	27.01	24.18	29.22	22.67	N/A	36.55	30.14
6/30/2021	29.10	25.78	29.92	23.39	N/A	37.65	31.24
6/30/2020	28.20	24.95	29.21	22.55	N/A	36.89	30.36
6/30/2019	24.97	22.91	27.01	20.92	33.26	35.19	29.21
6/30/2018	23.40	22.05	25.41	18.95	31.42	33.33	26.97
6/30/2017	21.59	20.11	23.56	16.93	30.00	31.86	25.34
6/30/2016	18.16	16.87	19.84	14.08	26.27	27.85	22.19
6/30/2015	17.99	16.66	19.83	14.09	25.92	27.76	22.02

Source: Actuarial Valuation reports from June 30, 2015 through 2024.

Note: Actuarial Valuations are prepared subsequent to fiscal year-end and determine rates which pertain to the following fiscal year. For example, the Actuarial Valuation as of June 30, 2024 is used to determine rates for the fiscal year 2025-26.

1 Effective July 1, 2014, subsequent to the completion of the actuarial valuation for the year ended June 30, 2013, the County and several bargaining groups entered into an agreement for members to pick up an additional portion of the total normal cost in fiscal year 2014-15. The County employer contribution rates shown have not been adjusted to reflect the members agreeing to pick up an additional portion of the normal cost.

2 As of June 30, 2020, there are no Miscellaneous Tier 1 members reported for Special Districts nor SacSewer.

Schedule Of Benefits Paid And Withdrawals By Type

FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30

(Amounts Expressed in Thousands)

	2024	2023	2022	2021	2020
Type of Benefit					
Service retirement benefits	$694,137	$650,934	$609,516	$571,304	$534,026
Survivor benefits	3,595	3,538	3,206	2,954	2,804
Death benefits- before retirement	75	189	578	232	198
Death benefits- after retirement	966	930	1,046	839	670
Total Benefit Paid	**$698,773**	**$655,591**	**$614,345**	**$575,329**	**$537,698**
Type of Withdrawal					
Death	$647	$566	$972	$218	$259
Separation	6,320	6,249	3,575	2,774	2,745
Miscellaneous	-	-	-	100	49
Total Withdrawals	**$6,967**	**$6,815**	**$4,547**	**$3,092**	**$3,053**

	2019	2018	2017	2016	2015
Type of Benefit					
Service retirement benefits	$498,939	$461,808	$426,292	$399,690	$368,788
Survivor benefits	2,803	2,625	2,479	2,443	2,404
Death benefits- before retirement	326	248	218	352	411
Death benefits- after retirement	876	673	765	871	766
Total Benefit Paid	**$502,944**	**$465,354**	**$429,754**	**$403,356**	**$372,369**
Type of Withdrawal					
Death	$826	$704	$298	$522	$320
Separation	2,022	2,173	1,974	1,786	1,815
Miscellaneous	61	77	40	38	153
Total Withdrawals	**$2,909**	**$2,954**	**$2,312**	**$2,346**	**$2,288**

Source: Audited Financial Statements from June 30, 2015 through 2024 and SCERS Retired Member Pension Payroll Data.

Schedule Of Distribution Of Retired Members and Beneficiaries By Type And By Monthly Amount

AS OF JUNE 30, 2024

		Type of Retirement*									
Amount of Monthly Benefit	Total Number of Retired Members	1	2	3	4	5	6	7	8	9	10
$1 - $499	763	551	16	2	8	6	95	12	9	-	14
$500 - $999	1,188	873	21	4	-	-	119	46	36	3	17
$1,000 - $1,499	1,393	1,028	40	11	4	2	145	45	36	2	12
$1,500 - $1,999	1,254	939	38	20	12	4	128	26	34	-	7
$2,000 - $2,499	1,150	894	36	6	35	5	97	20	10	3	11
$2,500 - $2,999	1,036	825	19	8	34	14	90	6	6	8	7
$3,000 - $3,499	901	741	4	4	28	9	76	5	3	7	7
$3,500 - $3,999	817	668	7	3	30	14	70	5	4	4	2
$4,000 - $4,499	689	560	2	-	21	22	63	-	-	6	2
$4,500 - $4,999	660	520	1	-	33	28	46	-	-	16	3
$5,000 and Over	4,434	4,099	2	2	92	51	120	5	1	36	8
Total	**14,285**	**11,698**	**186**	**60**	**297**	**155**	**1,049**	**170**	**139**	**85**	**90**

	Type of Retirement (Continued)*						Option Selected**				
Amount of Monthly Benefit	11	12	13	15	16	17	Unmodified	1	2	3	4
$1 - $499	-	42	-	3	5	-	538	65	140	7	13
$500 - $999	-	67	-	-	2	-	888	98	181	8	13
$1,000 - $1,499	4	59	2	-	3	-	1,083	101	180	14	15
$1,500 - $1,999	-	45	1	-	-	-	1,008	75	156	12	3
$2,000 - $2,499	1	32	-	-	-	-	937	61	135	12	5
$2,500 - $2,999	1	16	2	-	-	-	850	60	121	3	2
$3,000 - $3,499	-	16	1	-	-	-	748	54	91	4	4
$3,500 - $3,999	-	7	3	-	-	-	679	40	88	6	4
$4,000 - $4,499	-	8	2	1	2	-	582	26	69	5	7
$4,500 - $4,999	-	5	8	-	-	-	561	32	61	5	1
$5,000 and Over	-	6	11	-	-	1	3,904	133	359	19	19
Total	**6**	**303**	**30**	**4**	**12**	**1**	**11,778**	**745**	**1,581**	**95**	**86**

***Type of Retirement**

1. Service Retirement
2. Non-Service Connected Disability, age 55 and older
3. Non-Service Connected Disability, under age 55
4. Service Connected Disability, age 55 and older
5. Service Connected Disability, under age 55
6. Beneficiary of Service Retiree
7. Survivor Death Benefits
8. Beneficiary of Non-Service Connected Disability Retiree
9. Beneficiary of Service Connected Disability Retiree
10. Divorce Receiving Benefits
11. Interim Non-Service
12. Connected Disability Retirement
13. Non-Member Receiving Benefits
15. Survivor Death Benefits-Service Connected Death
16. Beneficiary of Survivor Death Benefit-Service Connected Death
17. Beneficiary of Non-Member

Source: SCERS Retired Member Pension Payroll Data.

****Option Selected**

Unmodified

Qualified service retirement or non-service connected disability retirement beneficiary receives 60 percent continuance.

Qualified service connected disability retirement beneficiary receives 100 percent continuance.

The following options reduce the retired member's monthly benefit:

1. Beneficiary receives lump sum or member's unused contributions.
2. Beneficiary having an insurable interest in member's life receives 100 percent of member's reduced monthly benefit.
3. Beneficiary having an insurable interest in member's life receives 50 percent of member's reduced monthly benefit.
4. Benefits paid to person having an insurable interest in member's life as nominated by member's written designation.

Schedule Of Retired Members By Type Of Benefit

AS OF JUNE 30, 2024

	Monthly Allowances				
	Count	Basic	COL	Total	Average Benefit
Miscellaneous Members					
Service Retirement					
Unmodified	7,678	$22,635,281	$6,416,804	$29,052,085	$3,784
Option 1	583	1,298,549	280,411	1,578,960	2,708
Option 2, 3, & 4	1,129	2,889,045	656,034	3,545,079	3,140
Total	9,390	26,822,875	7,353,249	34,176,124	3,640
Non-Service Disability					
Unmodified	202	253,732	120,080	373,812	1,851
Option 1	19	15,798	13,375	29,173	1,535
Option 2, 3, & 4	14	15,620	3,126	18,746	1,339
Total	235	285,150	136,581	421,731	1,795
Service Disability					
Unmodified	174	367,264	168,792	536,056	3,081
Option 1	8	17,849	3,023	20,872	2,609
Option 2, 3, & 4	6	7,136	3,179	10,315	1,719
Total	188	392,249	174,994	567,243	3,017
Beneficiary	1,402	1,676,289	1,118,953	2,795,242	1,994
Total Miscellaneous	**11,215**	**29,176,563**	**8,783,777**	**37,960,340**	**3,385**
Safety Members					
Service Retirement					
Unmodified	1,977	12,349,728	4,400,609	16,750,337	8,473
Option 1	71	367,618	112,296	479,914	6,759
Option 2, 3, & 4	260	1,262,417	346,008	1,608,425	6,186
Total	2,308	13,979,763	4,858,913	18,838,676	8,162
Non-Service Disability					
Unmodified	13	22,491	13,354	35,845	2,757
Option 1	1	850	306	1,156	1,156
Option 2, 3, & 4	3	6,009	1,828	7,837	2,612
Total	17	29,350	15,488	44,838	2,638
Service Disability					
Unmodified	241	912,097	477,887	1,389,984	5,768
Option 1	16	54,937	27,858	82,795	5,175
Option 2, 3, & 4	7	33,646	6,004	39,650	5,664
Total	264	1,000,680	511,749	1,512,429	5,729
Beneficiary	481	1,002,874	803,158	1,806,032	3,755
Total Safety	**3,070**	**16,012,667**	**6,189,308**	**22,201,975**	**7,232**
Total Miscellaneous and Safety	**14,285**	**$45,189,230**	**$14,973,085**	**$60,162,315**	**$4,212**

Source: Prepared by Segal.

Note: Refer to page 121 for the description of retirement options.

Schedule of Average Benefit Payments - Years of Credited Services

FOR THE LAST TEN FISCAL YEARS

	Years of Credited Service						
Retirement Effective Date	**0-5**	**5-10**	**10-15**	**15-20**	**20-25**	**25-30**	**30+**
7/1/23 - 6/30/24							
Average monthly benefit	$567	$1,296	$2,306	$3,441	$5,502	$7,427	$7,566
Average monthly final average salary	$9,007	$7,463	$7,914	$7,684	$9,093	$10,203	$9,217
Number of retired members	29	82	47	66	130	117	101
7/1/22 - 6/30/23							
Average monthly benefit	$853	$1,415	$2,658	$3,334	$5,193	$6,820	$7,009
Average monthly final average salary	$8,811	$7,633	$8,262	$7,474	$8,488	$9,750	$9,750
Number of retired members	51	88	57	104	156	84	84
7/1/21 - 6/30/22							
Average monthly benefit	$1,042	$1,341	$1,341	$3,326	$3,326	$7,121	$6,942
Average monthly final average salary	$8,252	$7,347	$7,347	$7,263	$7,263	$9,822	$8,164
Number of retired members	41	67	67	133	133	124	120
7/1/20 - 6/30/21							
Average monthly benefit	$1,799	$1,497	$2,444	$3,051	$5,108	$7,455	$4,872
Average monthly final average salary	$7,692	$8,219	$7,798	$7,280	$8,590	$10,065	$11,804
Number of retired members	12	32	68	81	142	100	120
7/1/19 - 6/30/20							
Average monthly benefit	$1,799	$1,536	$2,071	$3,145	$5,080	$6,892	$7,396
Average monthly final average salary	$7,692	$8,086	$6,622	$7,114	$8,492	$9,281	$9,572
Number of retired members	12	69	79	93	107	86	88
7/1/18 - 6/30/19							
Average monthly benefit	$779	$1,298	$1,901	$2,796	$4,733	$6,594	$6,747
Average monthly final average salary	$9,039	$6,946	$5,802	$6,371	$7,603	$9,081	$8,160
Number of retired members	32	55	84	127	105	84	107
7/1/17 - 6/30/18							
Average monthly benefit	$431	$1,152	$1,881	$3,028	$5,149	$6,273	$6,686
Average monthly final average salary	$8,199	$6,531	$6,288	$6,862	$8,435	$8,778	$8,134
Number of retired members	37	74	81	123	71	113	90

Schedule of Average Benefit Payments - Years of Credited Services (Continued)

FOR THE LAST TEN FISCAL YEARS

	Years of Credited Service						
Retirement Effective Date	**0-5**	**5-10**	**10-15**	**15-20**	**20-25**	**25-30**	**30+**
7/1/16 - 6/30/17							
Average monthly benefit	$628	$1,275	$1,698	$2,681	$4,249	$6,279	$6,902
Average monthly final average salary	$8,186	$6,730	$5,728	$5,993	$7,463	$8,503	$8,475
Number of retired members	35	58	108	115	88	108	73
7/1/15 - 6/30/16							
Average monthly benefit	$581	$1,110	$1,768	$2,378	$4,268	$5,083	$6,630
Average monthly final average salary	$8,700	$6,355	$5,856	$5,568	$7,428	$7,410	$7,934
Number of retired members	23	87	118	69	88	94	69
7/1/14 - 6/30/15							
Average monthly benefit	$569	$1,052	$1,845	$2,524	$4,305	$6,378	$6,557
Average monthly final average salary	$8,340	$6,184	$5,967	$6,047	$7,236	$8,574	$7,768
Number of retired members	33	74	109	98	89	112	89

Source: SCERS Retired Member Pension Payroll Data.

Schedule of Average Benefit Payments - Years In Retirement

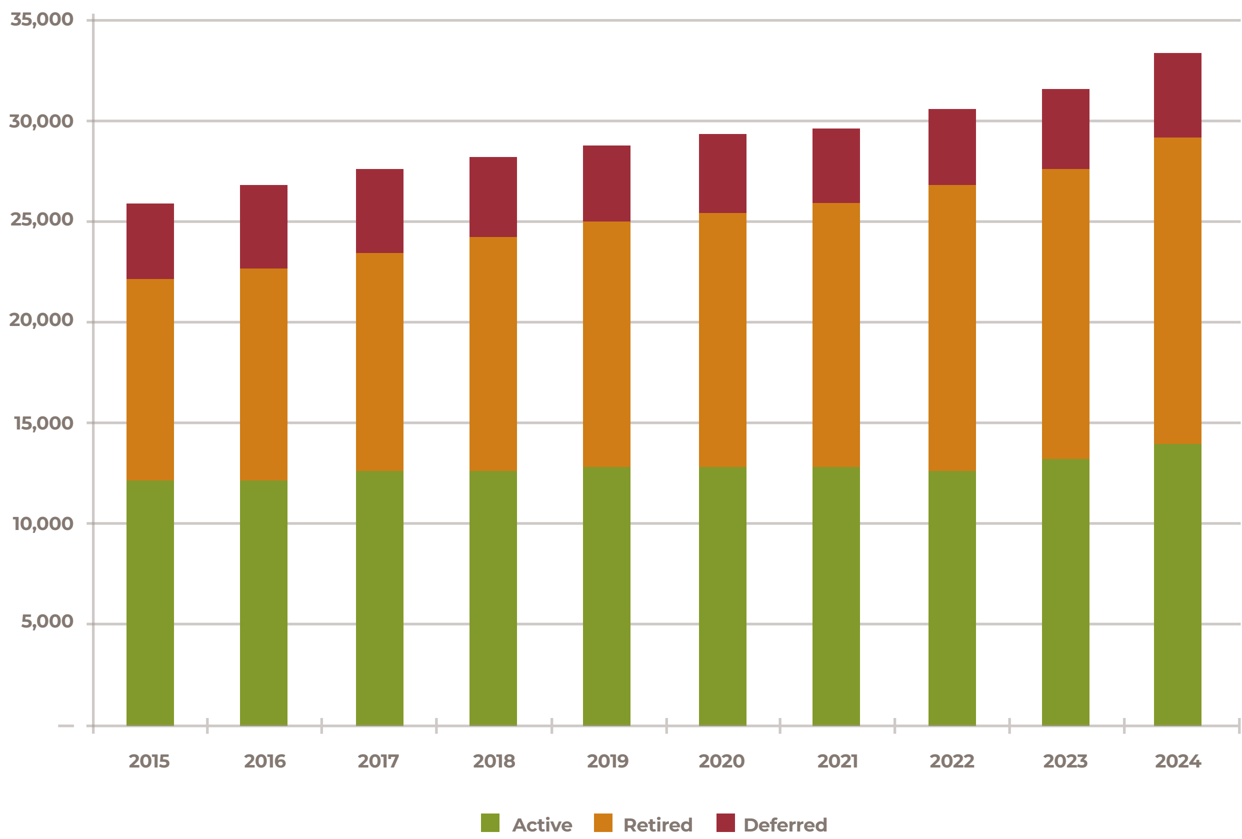
FOR THE LAST TEN FISCAL YEARS

	Years Since Retirement						
As of	0-5	5-10	10-15	15-20	20-25	25-30	30+
6/30/2024:							
Average monthly benefit	$4,638	$4,179	$4,072	$4,542	$4,283	$3,332	$3,121
Number of retired members	3,163	3,204	2,678	2,026	1,419	860	935
6/30/2023:							
Average monthly benefit	$4,283	$3,980	$4,081	$4,483	$3,626	$3,222	$3,144
Number of retired members	3,582	3,422	2,571	2,131	2,131	639	567
6/30/2022:							
Average monthly benefit	$4,289	$3,870	$4,075	$4,365	$3,111	$3,159	$2,564
Number of retired members	3,356	3,062	2,345	2,175	1,055	805	837
6/30/2021:							
Average monthly benefit	$4,141	$3,762	$4,041	$4,110	$3,053	$3,037	$2,351
Number of retired members	3,133	2,960	2,303	2,008	1,021	820	806
6/30/2020:							
Average monthly benefit	$3,894	$3,796	$3,972	$3,904	$3,026	$2,970	$2,314
Number of retired members	3,149	2,951	2,147	1,840	1,108	757	780
6/30/2019:							
Average monthly benefit	$3,766	$3,616	$3,891	$3,687	$2,877	$2,893	$2,204
Number of retired members	3,242	2,817	2,161	1,621	1,068	728	744
6/30/2018:							
Average monthly benefit	$3,645	$3,615	$3,868	$2,923	$2,716	$2,725	$2,074
Number of retired members	3,140	2,652	2,421	1,262	984	715	709
6/30/2017:							
Average monthly benefit	$3,472	$3,592	$3,783	$2,666	$2,720	$2,359	$1,983
Number of retired members	3,027	2,475	2,365	1,214	1,006	646	663
6/30/2016:							
Average monthly benefit	$3,398	$3,550	$3,560	$2,626	$2,623	$2,175	$1,963
Number of retired members	2,946	2,418	2,152	1,181	966	642	625
6/30/2015:							
Average monthly benefit	$3,409	$3,456	$3,371	$2,616	$2,532	$2,098	$1,818
Number of retired members	2,933	2,241	1,958	1,250	942	601	616

Changes In System Membership

Fiscal Year Ended June 30:	Members			Total
	Active	Retired	Deferred	
2024	13,690	14,285	4,935	32,910
2023	13,167	13,934	4,702	31,803
2022	12,757	13,635	4,423	30,815
2021	12,500	13,051	4,054	29,605
2020	12,650	12,732	3,791	29,173
2019	12,678	12,381	3,602	28,661
2018	12,677	11,883	3,509	28,069
2017	12,587	11,396	3,425	27,408
2016	12,393	10,960	3,301	26,654
2015	12,072	10,541	3,261	25,874

System Membership At A Glance



Source: Actuarial Valuations from June 30, 2015 through 2024.

Schedule Of Participating Employers and Active Members - Summary

CURRENT FISCAL YEAR AND NINE FISCAL YEARS AGO

	2024			2015		
Participating Employer	Covered Employees	Rank	Percent of Total System	Covered Employees	Rank	Percent of Total System
Sacramento County[1]	12,247	1	89.46%	10,822	1	89.65%
Superior Court	723	2	5.28	631	2	5.23
Sacramento Employment and Training Agency (SETA)	580	3	4.24	544	3	4.50
Sunrise Recreation and Park District	63	4	0.46	22	4	0.18
Carmichael Recreation and Park District	23	5	0.17	19	5	0.16
Mission Oaks Recreation and Park District	22	6	0.16	12	7	0.10
Orangevale Recreation and Park District	13	7	0.09	13	6	0.11
Rio Linda Elverta Recreation & Park District	8	8	0.06	N/A[2]	N/A[2]	N/A[2]
Elk Grove Cosumnes Cemetery District	7	9	0.05	4	9	0.03
Fair Oaks Cemetery District	3	10	0.02	4	10	0.03
Galt-Arno Cemetery District	1	11	0.01	1	11	0.01
Total	**13,690**		**100.00%**	**12,072**		**100.00%**

1 Includes elected officials consisting of Board of Supervisors (5), Assessor (1), District Attorney (1), and Sheriff (1).

2 Rio Linda Elverta Recreation & Park District became a participating employer on October 1, 2017.

Source: SCERS Active Member Data.

Schedule Of Participating Employers And Active Members - Detail

FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30

SCERS Member Agency	Plan	2024	2023	2022	2021	2020
Carmichael Recreation and Park District	Misc.	23	24	24	21	21
Elk Grove Cosumnes Cemetery District	Misc.	7	6	6	5	6
Fair Oaks Cemetery District	Misc.	3	3	4	5	4
Galt-Arno Cemetery District	Misc.	1	1	1	1	1
Mission Oaks Recreation and Park District	Misc.	22	21	25	19	20
Orangevale Recreation and Park District	Misc.	13	14	13	13	13
Rio Linda Elverta Recreation & Park District	Misc.	8	11	11	9	8
Sacramento Employment and Training Agency (SETA)	Misc.	580	556	587	576	593
Sunrise Recreation and Park District	Misc.	63	64	78	51	50
Total Special District Members	Misc.	720	700	749	700	716
	Safety	-	-	-	-	-
Superior Court Members	Misc.	723	696	622	603	652
Sacramento County Members[1]	Misc.	10,109	9,665	9,332	9,176	9,197
	Safety	2,138	2,106	2,054	2,021	2,085
Total Members	Misc.	11,552	11,061	10,703	10,479	10,565
	Safety	2,138	2,106	2,054	2,021	2,085
	Total	**13,690**	**13,167**	**12,757**	**12,500**	**12,650**

1 Includes elected officials consisting of Board of Supervisors (5), Assessor (1), District Attorney (1), and Sheriff (1).

Source: SCERS Active Member Data

Schedule Of Participating Employers and Active Members - Detail (Continued)

FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30

SCERS Member Agency	Plan	2019	2018	2017	2016	2015
Carmichael Recreation and Park District	Misc.	22	23	19	20	19
Elk Grove Cosumnes Cemetery District	Misc.	6	7	5	6	4
Fair Oaks Cemetery District	Misc.	4	4	5	4	4
Galt-Arno Cemetery District	Misc.	1	2	2	1	1
Mission Oaks Recreation and Park District	Misc.	23	22	23	11	12
Orangevale Recreation and Park District	Misc.	12	13	14	13	13
Rio Linda Elverta Recreation & Park District	Misc.	8	9	-	-	-
Sacramento Employment and Training Agency (SETA)	Misc.	533	536	516	548	544
Sunrise Recreation and Park District	Misc.	68	69	55	19	22
Total Special District Members	Misc.	677	685	639	622	619
	Safety	-	-	-	-	-
Superior Court Members	Misc.	648	640	658	651	631
Sacramento County Members[1]	Misc.	9,259	9,261	9,280	9,090	8,843
	Safety	2,094	20,901	2,010	2,030	1,979
Total Members	Misc.	10,584	10,586	10,577	10,363	10,093
	Safety	2,094	2,091	2,010	2,030	1,979
	Total	**12,678**	**12,677**	**12,587**	**12,393**	**12,072**

[1] Includes elected officials consisting of Board of Supervisors (5), Assessor (1), District Attorney (1), and Sheriff (1).

Source: SCERS Active Member Data

2023 - 2024

SCERS

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