CliftonLarsonAllen LLP
CLAconnect.com

Board of Administration
Seattle City Employees' Retirement System
Seattle, Washington

We have audited the financial statements of the Seattle City Employees' Retirement System (SCERS) for the year ended December 31, 2024, and have issued our report thereon dated June 10, 2025. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit orally during our discussion on March 11, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

<u>*Accounting policies*</u>

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by SCERS are described in Note 2 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2024.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

<u>*Accounting estimates*</u>

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements relate to the valuation of alternative investments, including real estate, hedge fund and private equity investments and the total pension liability.

The valuation of alternative investments is a management estimate which is primarily based upon net asset values reported by the investment managers. We evaluated the key factors and assumptions used to develop the estimate of the fair value of alternative investments in determining that they are reasonable in relation to the financial statements taken as a whole. Our audit procedures validated this approach through the use of confirmations sent directly to a sample of investment managers as well as through the review of recent audited fund financial statements and all adjustments from the audited financial statement date through the SCERS' year-end.

The actuarial valuations for accounting purposes were based on the actuarial assumptions and methods adopted by the Board. In accordance with GASB 67, the total pension liability of SCERS was based upon the December 31, 2023 actuarial valuation. A total pension liability for SCERS was determined as of December 31, 2024 using standard roll-forward techniques. We evaluated the key factors and assumptions used to develop these estimates in determining that the estimates are reasonable in relation to the financial statements taken as a whole. Our audit procedures validated this approach through use of an auditor's specialist to review the roll-forward techniques, methods and assumptions used. Further, our audit procedures included review of the underlying census data used in the actuarial valuation.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the attached management representation letter dated June 10, 2025.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other audit findings or issues

We have provided a separate communication to you dated June 10, 2025, communicating internal control related matters identified during the audit.

Required Supplementary Information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Supplementary information in relation to the financial statements as a whole

With respect to the schedules of administrative expenses and investment expenses (collectively, the additional information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the additional information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated June 10, 2025.

* * * *

This communication is intended solely for the information and use of the Board of Administration and management of SCERS and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boston, Massachusetts
June 10, 2025

June 10, 2025

CliftonLarsonAllen LLP
Two International Place
22nd Floor
Boston, MA 02110

This representation letter is provided in connection with your audits of the financial statements of the Seattle City Employees' Retirement System (the System), which comprise the fiduciary net position of the System as of December 31, 2024 and 2023, and the changes in fiduciary net position for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to misstatements that are material. Misstatements, including omissions, 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.

We confirm, to the best of our knowledge and belief, as of June 10, 2025, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the statement of work dated February 6, 2025, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.

2. We acknowledge and have fulfilled our responsibility for 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.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

4. Methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures, including those measured at fair value, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.

5. Significant estimates have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Significant estimates are estimates at the financial statement date that could change materially within the next year.

6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

7. All significant plan amendments, adopted during the period or subsequent to the date of the financial statements, and their effects on benefits and fiduciary net position have been disclosed in the financial statements.

8. No events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.

9. We have not identified or been notified of any uncorrected financial statement misstatements.

10. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.

11. Arrangements with financial institutions involving repurchase, reverse repurchase, or securities lending agreements, compensating balances, or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements, have been properly recorded or disclosed in the financial statements.

12. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date and have been reduced to their estimated net realizable value.

13. We have analyzed all lease and subscription-based information technology arrangement (SBITA) contracts and have considered and recorded material embedded leases and SBITAs contained within other contracts in accordance with U.S. GAAP.

14. The methods and significant assumptions used to determine fair values of financial instruments are as follows: Plan investments are reported at fair value. Fair value is defined as the amount at which an investment could be exchanged in a current arm's length transaction between willing parties in which the parties each act knowledgeably and prudently. All investments are valued based on objective, observable, unadjusted quoted market prices in an active market on the measurement date, if available. In the absence of such data, valuations are based upon those of comparable securities in active markets. For illiquid or hard to value investments such as real estate, private equity, and other private investments, valuations are based upon data provided by the respective investment managers. These private asset valuations are generally based upon estimated current values and/or independent appraisals. For certain investments for which comparable assets are not available in the marketplace, such as certain bank loans included in fixed income and private funds included in public equity, values are estimated. The methods and significant assumptions used result in a measure of fair value appropriate for financial statement measurement and disclosure purposes.

15. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

16. With respect to actuarial assumptions and valuations:

a. The System agrees with the actuarial methods and assumptions used by the actuary for funding purposes and for determining the total pension liability and has no knowledge or belief that would make such methods or assumptions inappropriate in the circumstances. We did not give any, nor cause any, instruction to be given to the System's actuary with respect to values or amounts derived, and we are not aware of any matters that have impacted the independence or objectivity of the System's actuary.

b. There were no omissions from the participant data provided to the actuary for the purpose of determining the total pension liability and other actuarially determined amounts in the financial statements.

c. There have been no changes in the actuarial methods or assumptions used in calculating the amounts recorded or disclosed in the financial statements. There have been no changes in plan provisions between the actuarial valuation date and the date of this letter.

d. There have been no changes in plan provisions between the actuarial valuation date and the date of this letter.

17. We believe the Plans and trusts established under the Plans are qualified under the appropriate section of the Seattle Municipal Code, and we intend to continue them as qualified plans and trusts.

18. We are not aware of any present legislative intentions to terminate the plans.

19. All material concentrations have been properly disclosed in accordance with U.S. GAAP. We understand that concentrations include the nature and type of investments held by the entity, or markets for which events could occur which would significantly disrupt normal finances within the next year.

20. We have properly identified the various types of leave and have recorded any material liabilities for compensated absences in accordance with the requirements of GASB Statement No. 101, *Compensated Absences.*

Information Provided

1. We have provided you with:

   a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records (including information obtained from within and outside of the general and subsidiary ledgers), documentation, and other matters.

   b. Additional information that you have requested from us for the purpose of the audit.

   c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

   d. Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

e. All actuarial valuation reports prepared for the plan during the year.

2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

    a. Management;

    b. Employees who have significant roles in internal control; or

    c. Others when the fraud could have a material effect on the financial statements.

5. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, regulators, or others.

6. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts, or abuse whose effects should be considered when preparing financial statements.

7. We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments, that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.

8. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.

9. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

10. The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as made known to you and disclosed in the financial statements.

11. We have a process to track the status of audit findings and recommendations.

12. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

13. We are responsible for compliance with the laws, regulations, and provisions of contracts applicable to the System and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

14. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets) or provisions of contracts whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

15. The entity has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

16. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

17. Investments, derivative instruments, and other real estate held are properly valued.

18. The values of non-readily marketable investments represent good faith estimates of fair value determined by Management. The methods and significant assumptions used result in a measure of fair value appropriate for financial measurement and disclosure purposes.

19. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

20. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

21. We have obtained the service auditor's report from our service organization BNY. We have reviewed such report, including the complementary user controls. We have implemented the relevant user controls, and they were in operation for the year ended December 31, 2024.

22. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

23. We acknowledge our responsibility for presenting the supplementary information in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditors' report thereon.

Signed by:
Jeff Davis
E76F8000F55A47A...

Signature: ______________________________ Title: Executive Director
Jeff Davis

Signed by:
E80C94378D1A4E7...

Signature: ______________________________ Title: Chief Finance/Operations Officer
Paige Alderete

CliftonLarsonAllen LLP
CLAconnect.com

Management
Seattle City Employees' Retirement System
Seattle, Washington

In planning and performing our audit of the financial statements of Seattle City Employees' Retirement System (SCERS) as of and for the year ended December 31, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the entity's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

However, during our audit we became aware of deficiencies in internal control (other than significant deficiencies and material weaknesses) that are opportunities to strengthen your internal control and improve the efficiency of your operations. Our comments and suggestions regarding those matters are summarized below. We previously provided a written communication dated June 10, 2025, on the entity's internal control. This letter does not affect our report on the financial statements dated June 10, 2025, nor our internal control communication dated June 10, 2025.

PAYROLL ADJUSTMENTS

We identified a high volume of payroll adjustments and various corrections identified by SCERS staff related to the City's implementation of Workday. We observed in our testing numerous errors that were detected by SCERS and corrected later by the City. We also identified SCERS staff manually correcting (consistently) data transmitted in error to SCERS from the City due to Workday reporting errors. Examples of these types of ongoing routine manual adjustments to City Payroll data included shift differential and elected official pensionable hours, which currently need to be corrected in order to maintain accurate service credit hours in the pension administration system. While our audit found SCERS' detective controls were effective, we recommend SCERS collaborate closely with the City to reduce the need for ongoing manual corrections of payroll data through improved accuracy of Workday source data and reporting.

MANAGEMENT'S RESPONSE:

SCERS staff have shown strength and flexibility in adjusting to the unknowns arising from the Workday system implementation and stabilization efforts. While SCERS's detective and corrective controls at the end of the payroll process have been effective, we agree that they are not efficient and increase the risk of error. SCERS will continue to work with the City's Workday and payroll teams to prioritize issues and encourage more efficient, preventive controls and processes to be established. Recently, the City initiated a new governance structure which provides SCERS greater transparency and involvement in citywide prioritization efforts, which will help minimize new issues impacting SCERS and resolve existing issues.

* * *

Management's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various entity personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Board of Administration, and others within the entity, and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boston, Massachusetts
June 10, 2025

SEATTLE CITY EMPLOYEES’ RETIREMENT SYSTEM
Report of Independent Auditors
and Financial Statements with
Required Supplementary Information
and Additional Information

December 31, 2024 and 2023

This page intentionally left blank

CONTENTS

INDEPENDENT AUDITORS' REPORT

Board of Administration
Seattle City Employees' Retirement System
Seattle, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Seattle City Employees' Retirement System (SCERS), as of, and for the years then ended December 31, 2024 and 2023, and the related notes to the financial statements which collectively comprise SCERS's basic financial statements as listed in the table of contents, .

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of SCERS as of December 31, 2024 and 2023, and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Auditors' 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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.

Auditors' 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 auditors' 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 and the schedules of changes in net pension liability and related ratios, employer contributions, and investment returns 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 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 required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other 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.

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 additional 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 additional information, as listed in the tables of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2025, 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 grant 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boston, Massachusetts
June 10, 2025

This section presents management's discussion and analysis of the Seattle City Employees' Retirement System's (SCERS or the System) financial performance during the years ended December 31, 2024 and 2023. Please read it in conjunction with the accompanying financial statements and the related notes.

The City of Seattle is responsible for establishing and maintaining an internal control structure designed to ensure the protection of assets from loss, theft, or misuse, and to ensure the accounting information generated is adequate to prepare financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, though not absolute, assurance of achieving these objectives.

As a department of the City of Seattle, the Seattle City Employees' Retirement System is subject to this internal control structure. In addition, section 4.36.505.E of the Seattle Municipal Code requires the Board of Administration to annually transmit a report of the financial condition of the System to the City Council.

This report is prepared in accordance with the principles of governmental accounting and reporting promulgated by the Governmental Accounting Standards Board (GASB). Investments are stated at fair value, and revenues include the recognition of unrealized gains and losses. The accrual basis of accounting is used to record assets, liabilities, revenues, and expenses. Revenue recognition occurs when earned without regard to the date of collection. Expense recognition occurs when the corresponding liabilities are incurred, regardless of payment date. The basis of contributions to the System follows the principles of level cost financing, with current service financed on a current basis. Milliman Consultants and Actuaries, the consulting actuary, evaluates the status of the System from both an accounting and funding perspective.

This report contains the following information:

1. **Basic Financial Statements** including:
   a. Statements of Fiduciary Net Position
   b. Statements of Changes in Fiduciary Net Position
   c. Notes to the Financial Statements

2. **Required Supplementary Information** including:
   a. This Management's Discussion and Analysis
   b. Schedule of Changes in Net Pension Liability and Related Ratios
   c. Schedule of Employer Contributions
   d. Schedule of Investment Returns

3. **Additional Information** including:
   a. Schedule of Administrative Expenses
   b. Schedule of Investment Expenses

The basic financial statements are described as follows:

- The Statements of Fiduciary Net Position show the account balances at year-end and includes the fiduciary net position available for future benefit payments. The liabilities for future benefit payments are not included in this statement; however, they are shown in the Schedule of Changes in Net Pension Liability and Related Ratios that is included in the Required Supplementary Information.

- The Statements of Changes in Fiduciary Net Position show the sources and uses of funds during the year and illustrate the change in fiduciary net position from the previous year.

- The Notes to the Financial Statements are an integral part of the financial statements and include additional detailed information and schedules to provide a better understanding of the financial statements.

The required supplementary information provides historical trends that help to reflect the ongoing plan perspective and the long-term nature of the defined benefit plan.

- The Schedule of Changes in Net Pension Liability and Related Ratios contains actuarial information about the status of the plan for the last 10 years.

- The Schedule of Employer Contributions contains historical trend information regarding the value of the actuarially determined employer contributions, and the actual contributions paid by the employer for the last 10 years.

- The Schedule of Investment Returns contains the investment returns realized on the total portfolio for the last 10 years.

Financial Highlights

- Fiduciary net position increased by $322.1 million (8.0%) during 2024. The primary driver was a net gain from investment activities of $334.0 million. Fiduciary net position increased by $371.6 million (10.2%) during 2023. The primary driver was a net gain from investment activities of $426.3 million. Fiduciary net position decreased by $495.8 million (12.0%) during 2022. The primary driver was a net loss from investment activities of $452.8 million.

- Revenue (additions to net position) for 2024 was $614.4 million which includes member and employer contributions of $280.4 million and revenue from investment activity of $334.0 million. Revenue for 2023 was $661.9 million which includes member and employer contributions of $235.6 million and revenue from investment activity of $426.3 million. Revenue for 2022 was a loss of $224.5 million which includes member and employer contributions of $228.3 million offset by a net loss from investment activities of $452.8 million.

- Expenses (deductions from net position) for 2024 increased by $2.1 million (0.7%) from 2023. This can be primarily attributed to an $9.6 million increase in retiree benefits, partially offset by a $7.1 million decrease in refunds of contributions and a $0.4 million increase in administrative expenses. In 2024, the number of retirees receiving benefits increased by 1.8%. Expenses for 2023 increased by $19.0 million (7.0%) from 2022. This can be primarily attributed to an $14.8 million increase in retiree benefits, a $3.5 million increase in refunds of contributions and an increase in administrative expenses of $0.7 million. In 2023, the number of retirees receiving benefits increased by 1.4%. Expenses for 2022 increased by $20.5 million (8.2%) from 2021. This can be primarily attributed to an $11.2 million increase in retiree benefits, an $8.3 million increase in refunds of contributions and an increase in administrative expenses of $1.0 million. In 2022, the number of retirees receiving benefits increased by 3.0%.

Fiduciary Net Position

The table below provides a summary of assets, current liabilities and fiduciary net position for the years ended December 31:

	2024	2023	2022
Cash and cash equivalents and receivables	$ 376,274,387	$ 521,283,784	$ 629,824,930
Investments at fair value	4,199,901,412	3,833,308,955	3,482,487,216
Securities Lending Collateral	6,619,943	4,975,758	8,488,179
Prepaid Expenses	141,652	528,774	494,525
Total Assets	4,582,937,394	4,360,097,271	4,121,294,850
Securities lending payable	6,585,880	4,954,916	8,461,574
Other payables	243,719,332	344,583,774	473,895,554
Total Liabilities	250,305,212	349,538,690	482,357,128
Total fiduciary net position	$ 4,332,632,182	$ 4,010,558,581	$ 3,638,937,722

Changes in Fiduciary Net Position

The table below provides a summary of the changes in fiduciary net position and reflects the activities of the fund for the years ended December 31:

	2024	2023	2022
Additions:			
Employer contributions	$ 177,128,113	$ 150,422,765	$ 145,366,397
Member contributions	103,298,388	85,199,264	82,947,406
Net investment income (loss) and other income	334,019,749	426,267,353	(452,851,682)
Total additions	614,446,250	661,889,382	(224,537,879)
Deductions:			
Retiree benefits	258,768,672	249,139,648	234,362,228
Refunds of contributions	25,620,930	32,706,454	29,212,918
Administrative expenses	7,983,047	8,422,421	7,731,231
Total deductions	292,372,649	290,268,523	271,306,377
Net increase (decrease)	$ 322,073,601	$ 371,620,859	$ (495,844,257)

Revenues - Additions to Fiduciary Net Position

- In 2024, employer contributions increased $26.7 million (17.8%) due primarily to contributions on retroactive pay increases. In 2023, employer contributions increased $5.1 million (3.5%) due primarily to a 5.6% increase in number of current employee members.

- In 2024, member contributions increased by $18.1 million (21.2%) from 2023 due primarily to contributions on retroactive pay increases. In 2023, member contributions increased by $2.3 million (2.7%) from 2022 due primarily to an increase in number of active employee members.

- In 2024, net income from investment activities was $92.3 million lower than in 2023, the result of a net gain of $334.0 million in 2024 compared to a net gain of $426.3 million in 2023. In 2023, net income from investment activities was $879.1 million higher than in 2022, the result of a net gain of $426.3 million in 2023 compared to a net loss of $452.8 million in 2022.

Expenses - Deductions from Fiduciary Net Position

- Retiree benefits increased in 2024 by $9.6 million (3.9%) compared to 2023. Retiree benefits increased in 2023 by $14.8 million (6.3%) compared to 2022. The increases in 2024 and 2023 are primarily due to the increased number of members retiring, a 1.5% COLA (Cost of Living Adjustment) and salary increases.

- Refunds of contributions decreased in 2024 by $7.1 million (21.7%) compared to 2023. Refunds of contributions increased in 2023 by $3.5 million (12.0%) compared to 2022.

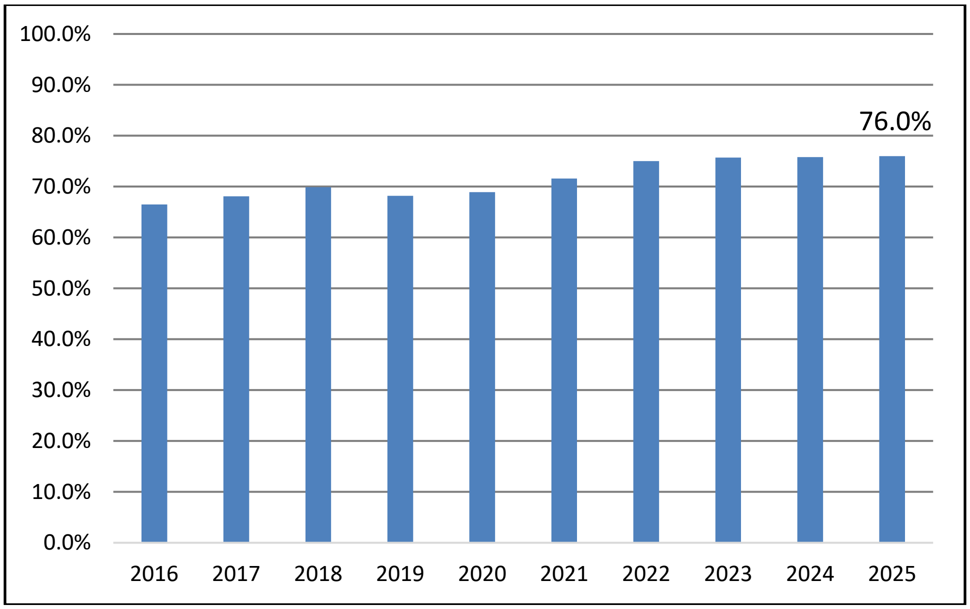
Changes in Plan Membership

The table below reflects the active membership and retiree changes for the years ended December 31:

				% Change	
	2024	**2023**	**2022**	**2023 to 2024**	**2022 to 2023**
Retirees and beneficiaries receiving benefits	7,751	7,616	7,513	1.8%	1.4%
Current and terminated employees:					
Current employee members	9,855	9,740	9,309	1.2%	4.6%
Terminated members entitled to, but not yet receiving benefits	1,758	1,724	1,647	2.0%	4.7%
Terminated members not entitled to benefits beyond contributions and accumulated interest, Non-Vested	2,005	1,943	1,839	3.2%	5.7%
Total	21,369	21,023	20,308	1.6%	3.5%

Funding Status

Schedule of Funding Progress
Funding Ratio
As of January 1st, Valuation Date



Funds are accumulated from employer and employee contributions and investment earnings and are used to pay present and future benefit obligations and administrative expenses.

The City of Seattle adopted a second tier (Tier II) of the System for new eligible employees starting January 1, 2017. Active Tier I members contributed 10.03% of their salaries to the retirement fund in 2024, 2023 and 2022 and the City contributed 15.31% in 2024, 15.91% in 2023 and 16.20% in 2022. Active Tier II members contributed 7.00% in 2024, 2023 and 2022 and the City contributed 14.91% in 2024, 15.56% in 2023 and 15.72% in 2022.

The graph above refers to the results of actuarial valuations prepared for funding purposes in accordance with Actuarial Standards of Practice (ASOPs). However, GASB 67 requires a separate actuarial valuation for accounting purposes. The primary purpose of the valuation for accounting purposes is to provide consistent, standardized methodology that allows comparability of amounts and increased transparency of the pension liability across U.S. pension plans complying with GASB 67. When reporting in accordance with GASB 67, the Plan Fiduciary Net Position as a Percentage of the Total Pension Liability was 75.99% as of December 31, 2024.

Investment Activities

One-year returns on asset classes (net of fees) and comparative benchmarks are presented in the table below for the years ended December 31. These returns are calculated on a time-weighted rate of return basis:

Investment Performance	2024	2023	2022
Total Portfolio[1]	8.7%	11.5%	-9.8%
Strategic Policy Benchmark	8.4%	11.4%	-9.3%
Passive Reference Benchmark	12.0%	17.0%	-16.5%
Total Portfolio Excluding Overlay	9.0%	11.2%	-9.5%
Public Equity	16.5%	21.6%	-16.8%
Benchmark: MSCI ACWI IMI w/US Gross	16.7%	21.9%	-18.2%
Core Fixed Income	1.6%	5.9%	-13.3%
Benchmark: Bloomberg Barclays U.S. Aggregate Index	1.3%	5.5%	-13.0%
Credit Fixed Income[1]	8.7%	10.4%	-7.4%
Benchmark: Custom Credit Index[3]	8.2%	13.0%	-7.9%
Private Equity[1]	9.2%	7.6%	-4.0%
Benchmark: Custom Private Equity Index[2]	8.4%	3.8%	-0.5%
Real Estate[1]	-4.4%	-8.0%	19.4%
Benchmark: NCREIF ODCE Index	-8.4%	-12.9%	21.0%
Infrastructure[1]	8.2%	8.1%	11.9%
Benchmark: Custom Infrastructure Index[4]	11.2%	9.1%	9.9%

Notes:

1 - Values in previous years have been updated to reflect final calculations.

2 - Custom Private Equity Index is defined as the Burgiss Private Equity Eligible Universe pooled time-weighted return that contains funds with vintage years of 2014 to present.

3 - Custom Credit Index for 2024 is defined as 40% Merrill Lynch HY, 40% Credit Suisse Leveraged Loan, 20% JPM EMBI Global Diversified Index. Custom Credit Index for 2023 and 2022 is defined as 40% Merrill Lynch High Yield Master II Index, 40% Credit Suisse Leveraged Loan Index, 10% JPM EMBI Global Diversified Index and 10% JPM GBI-EM Global DIversified Index.

4 - Custom Infrastructure Index is defined as the Burgiss Infrastructure Universe pooled time-weighted return that contains funds with vintage years of 2016 to present

Contacting the Seattle City Employees' Retirement System

If you have questions about this report or need additional information, please contact us by telephone at: 206.386.1293 or by e-mail at: retirecity@seattle.gov or you may mail your questions to:

Seattle City Employees' Retirement System
720 Third Avenue, Suite 900
Seattle, WA 98104

This page intentionally left blank

FINANCIAL STATEMENTS

	2024	2023
Assets:		
Cash and Cash Equivalents	$ 199,823,638	$ 330,107,039
Receivables:		
Members	4,477,614	3,084,186
Employer	6,241,253	4,749,591
Interest and dividends	9,210,128	8,064,596
Sales proceeds receivable	156,521,754	175,278,372
Total receivables	176,450,749	191,176,745
Investments, at fair value:		
Fixed Income	1,130,904,203	931,235,500
Infrastructure	123,360,047	110,575,243
Private Equity	523,078,999	555,227,186
Public Equity	2,000,765,282	1,794,772,074
Real Estate	421,792,881	441,498,952
Total investments, at fair value	4,199,901,412	3,833,308,955
Securities lending collateral	6,619,943	4,975,758
Prepaid Expenses:	141,652	528,774
Total assets	4,582,937,394	4,360,097,271
Liabilities:		
Pensions payable and other	5,080,948	5,236,311
Obligations under securities lending	6,585,880	4,954,916
Investment settlements payable	238,638,384	339,347,463
Total liabilities	250,305,212	349,538,690
Fiduciary net position restricted for pension benefits	$ 4,332,632,182	$ 4,010,558,581

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

	2024	2023
Additions:		
Contributions:		
Employer	$ 177,128,113	$ 150,422,765
Member	103,298,388	85,199,264
Total contributions	280,426,501	235,622,029
Investment activities:		
Net investment income		
Net change in fair value of investments	277,358,672	366,184,718
Interest	43,013,467	40,561,497
Dividends	17,734,102	17,630,680
Other investment income	15,575,600	18,429,322
Investment activity expenses	(19,726,583)	(16,804,963)
Net investment income	333,955,258	426,001,254
Securities lending activities:		
Securities lending income	404,028	289,389
Borrowing rebates	(318,054)	65,400
Total securities lending income	85,974	354,789
Securities lending management fees	(21,483)	(88,690)
Net income from securities lending	64,491	266,099
Net income from investment activities	334,019,749	426,267,353
Total additions	614,446,250	661,889,382
Deductions:		
Benefits	258,768,672	249,139,648
Refunds of contributions	25,620,930	32,706,454
Administrative expenses	7,983,047	8,422,421
Total deductions	292,372,649	290,268,523
Net change	322,073,601	371,620,859
Fiduciary net position restricted for pension benefits		
Beginning of year	4,010,558,581	3,638,937,722
End of year	$ 4,332,632,182	$ 4,010,558,581

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

Note 1 - Plan Description

The Seattle City Employees' Retirement System (the System) is a multiple employer defined benefit public employee retirement plan, covering employees of the City of Seattle. The System is administered in accordance with Chapter 4.36 of the Seattle Municipal Code and is reported as a pension trust fund of the City of Seattle.

The System is administered by the Retirement System Board of Administration (the Board). The Board consists of seven members including the Chair of the Finance Committee of the Seattle City Council, the City of Seattle Finance Director, the City of Seattle Human Resources Director, two active members and one retired member of the System who are elected by system members, and one outside board member who is appointed by the other six board members. Elected and appointed board members serve for three-year terms.

All employees of the City of Seattle are eligible for membership in the System except for uniformed police and fire personnel who are covered under a retirement system administered by the State of Washington. Employees of METRO and the King County Health Department who established membership in the System when these organizations were City of Seattle departments were allowed to continue their System membership (there are currently fewer than 14 active members in this category). There are currently 7,751 retirees and beneficiaries receiving benefits, and 9,855 active members of the System. There are 1,758 terminated, vested employees entitled to future benefits.

The System provides retirement, death, and disability benefits. Retirement benefits vest after five years of credited service, while death and disability benefits vest after ten years of service. The City of Seattle adopted a second tier for the System in 2016. Starting January 1, 2017, new eligible employees join this second tier.

Retirement benefits for Tier I members are calculated as 2% multiplied by years of creditable service, multiplied by average salary, based on the highest 24 consecutive months. The benefit is actuarially reduced for early retirement. The System provides post-retirement benefit increase including a 1.5% annual COLA increase and a 65% restoration of purchasing power benefit.

Tier II is a defined benefit plan much like the original tier but has a lower contribution rate for members and retirement benefits are calculated as 1.75% multiplied by years of creditable service multiplied by average salary, based on the highest 60 months of service. Other changes related to the new tier can be found in the Seattle Municipal Code 4.36.

Note 2 - Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting - These financial statements have been prepared with an "economic resources" measurement focus on the accrual basis of accounting in accordance with generally accepted accounting principles, as prescribed by the Government Accounting Standards Board.

Use of Estimates in Preparing Financial Statements - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the System to make

Note 2 - Summary of Significant Accounting Policies and Plan Asset Matters (Continued)

estimates and assumptions that affect the reported amounts of assets, liabilities, additions and deductions to net position held in trust for pension benefits and disclosure of contingent assets and liabilities at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - The System classifies cash on deposit in financial institutions and cash on deposit in the City of Seattle's internal cash management pool as cash. The System also recognizes certain short-term highly liquid securities and funds that invest in these securities as cash equivalents.

Method Used to Value Investments - Plan investments are reported at fair value. Fair value is defined as the amount at which an investment could be exchanged in a current arm's length transaction between willing parties in which the parties each act knowledgeably and prudently. All investments are valued based on objective, observable, unadjusted quoted market prices in an active market on the measurement date, if available. In the absence of such data, valuations are based upon those of comparable securities in active markets. For illiquid or hard to value investments such as real estate, private equity, and other private investments, valuations are based upon data provided by the respective investment managers. These private asset valuations are generally based upon estimated current values and/or independent appraisals. For certain investments for which comparable assets are not available in the marketplace, such as certain bank loans included in fixed income and private funds included in public equity, values are estimated.

Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments, interest and dividend income earned, less investment expense, plus income from securities lending activities, less deduction for security lending expenses. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Securities and securities transactions are reflected in the financial statements on a trade-date basis.

Federal Income Tax Status - The System is a qualified plan under section 401(a) of the Internal Revenue Code and is exempt from federal income taxes under section 501(a).

Contributions - Employee and employer contributions are reported in the year they are due to the System.

Benefits and Refunds of Contributions - Benefits and refunds of contributions are recognized when due and payable in accordance with the System's policy.

Note 3 - Contributions

Member and employer contributions rates are established by the Seattle Municipal Code Chapter 4.36.

The employer contribution rate is determined by the actuarial formula identified as the Normal Cost Method. The formula determines the amount of contributions necessary to fund the current service cost, representing the estimated amount necessary to pay for benefits earned by the employees during the current service year and the amount of contributions necessary to pay for prior service costs. Total required

Note 3 – Contributions (Continued)

contributions, including amounts necessary to pay administrative costs, are determined through annual actuarial valuations.

Tier I members are those who joined the plan prior to January 1, 2017 and contribute a fixed 10.03% of pay. The City of Seattle adopted a second tier (Tier II) of the System for new eligible employees starting January 1, 2017 and these members contribute 7.00% of pay.

Minimum actuarially determined employer contribution rates were 15.17% and 15.82% for 2024 and 2023, respectively. In 2024, a blended employer contribution rate of 15.17% was adopted as a combination of a 15.31% rate for Tier I members and 14.91% for Tier II members. In 2023, a blended employer contribution rate of 15.82% was adopted as a combination of a 15.91% rate for Tier I members and 15.56% for Tier II members.

There are no long-term contracts for contributions outstanding and currently no legally required reserves. See Note 9 for additional information on assumptions used in calculating the actuarially determined contribution rates.

Note 4 - Cash

SCERS' policy for custodial credit risk of deposits is to rely on Federal Deposit Insurance Corporation (FDIC) and Washington Public Deposit Protection Commission (PDPC) insurance. The FDIC insures cash deposits up to $250,000. As provided by the State of Washington RCW 43.84, the PDPC collateralizes deposits in excess of $100,000. The bank balances of deposits of an FDIC institution at December 31, 2024 and 2023 are insured.

Cash and Cash Equivalents include a Short-term Investment Fund (STIF), valued on an amortized cost basis, which is a collective trust that may include certificates of deposit, treasury bills, and other short-term highly liquid securities.

Note 5 - Investments

Investment policy - The Board of Administration has established an Investment Policy as required by the Revised Code of Washington (RCW). The Investment Policy guides and assists the Board of Administration in selecting, monitoring, and managing System investments to fulfill SCERS's mission and in accordance with the "prudent person" rule established in RCW Section 35.39.060.

Note 5 - Investments (Continued)

The following was the Board's adopted asset allocation policy, effective January 1, 2024:

Asset Class	Target Allocation
Equity	
Public Equity	46.0%
Private Equity	11.0%
Fixed Income	
Core Fixed Income	14.0%
Long-Term Fixed Income	5.0%
Credit Fixed Income	7.0%
Real Assets	
Real Estate	12.0%
Infrastructure	5.0%
Total	**100.0%**

Money-weighted rate of return – As of December 31, 2024, the return for the System, based on a net-of-fee money-weighted rate of return methodology, was 8.43%. As of December 31, 2023, the return for the System, based on a net-of-fee money-weighted rate of return methodology, was 11.82%.

Commingled Funds – The System invests in various commingled funds where it has an ownership interest in a pool of securities alongside other fund holders. The following tables in this Section reflect the System's direct investment in these commingled funds, rather than the indirect investment in the securities that are held by these funds.

Custodial Credit Risk – For investments, custodial credit risk is the risk that in the event of the failure of a financial institution or a bank, the System will not be able to recover the value of its deposits or investments that are in the possession of an outside party. The System mitigates custodial credit risk by having its investment securities held by the System's custodian (Bank of New York) and registered in the System's name. The System's short-term investments are created through daily sweeps of excess cash by the System's custodian and invested in a short-term investment fund. At December 31, 2024 and December 31, 2023, the System was not exposed to custodial credit risk.

Credit Risk - Credit risk is the risk that an issuer, or other counterparty, to an investment will not fulfill its obligations. The Core Fixed Income asset class is primarily allocated to investment-grade securities with low credit risk. The Board provides each of the System's Core Fixed Income investment managers with a set of investment guidelines that include a minimum allocation to investment-grade securities. The Long-Term Fixed Income asset class is solely allocated to United States Treasury Notes and Bonds. The Credit Fixed Income asset class is primarily allocated to below investment-grade securities with correspondingly higher credit risk. A summary of the credit ratings of the System's fixed income investments is provided on pages 21 and 22.

Note 5 - Investments (Continued)

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the default of a single issuer. The Board provides each of the System's Core Fixed Income investment managers with a set of investment guidelines that include a maximum allocation to a single issuer in most cases. There is no single issuer exposure that comprises five percent or more of the book value of the fund as of December 31, 2024 and 2023.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. Market or interest rate risk is the greatest risk faced by an investor in the fixed income securities market. The price of a fixed income security typically moves in the opposite direction of the change in interest rates. The Board provides each of the System's Core Fixed Income and Long-Term Fixed Income investment managers with a set of investment guidelines that includes a limit on the difference in duration between the portfolio and its applicable benchmark. A summary of the maturities of the System's fixed income investments is provided on pages 19 and 20.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The System's currency risk exposures, or exchange rate risk, primarily resides within the international holdings of the Public Equity asset class.

The System's exposure to foreign currency risk in U.S. dollars as of December 31, 2024, is summarized in the following table.

Currency Type	Public Equity Securities	Real Estate Funds	Total
EURO CURRENCY UNIT	$ -	$ 12,266,913	$ 12,266,913
HONG KONG DOLLAR	2,844	-	2,844
POUND STERLING	22,537	-	22,537
Total	$ 25,381	$ 12,266,913	$ 12,292,294

The System's exposure to foreign currency risk in U.S. dollars as of December 31, 2023, is summarized in the following table.

Currency Type	Public Equity Securities	Real Estate Funds	Total
EURO CURRENCY UNIT	$ -	$ 11,799,561	$ 11,799,561
HONG KONG DOLLAR	12,140	-	12,140
POUND STERLING	23,314	-	23,314
Total	$ 35,454	$ 11,799,561	$ 11,835,015

Note 5 - Investments (Continued)

Derivatives - The derivatives used by the System typically have no greater risk than their physical counterparts and, in many cases, are offset by exposures elsewhere in the portfolio. Counterparty risk, the risk that the "other party" to a contract will default, is managed by careful screening of counterparties performed by the manager. Derivative securities are priced and accounted for at fair value. Foreign exchange forward contracts are valued at the price at which the transaction could be settled by offsets in the forward markets.

The System's derivative transactions as of December 31, 2024 are summarized in the following table.

	Unrealized Gain/Loss			Notional Value	
Type	**Long Position**	**Short Position**	**Total**	**Long Position**	**Short Position**
Futures - Fixed Income	$ (1,617,534)	$ 307,273	$ (1,310,261)	$ 125,006,696	$ (10,880,969)
Futures - Equity	(489,664)	-	(489,664)	27,339,240	-
Swaps - Fixed Income	1,791,176	18,307	1,809,483	37,400,000	(37,400,000)
Total	$ (316,022)	$ 325,580	$ 9,558		

The System's derivative transactions as of December 31, 2023 are summarized in the following table.

	Unrealized Gain/Loss			Notional Value	
Type	**Long Position**	**Short Position**	**Total**	**Long Position**	**Short Position**
Futures - Fixed Income	$ (402,848)	$ (377,992)	$ (780,840)	$ 186,038,094	$ (41,227,008)
Futures - Equity	143,081	(14,454)	128,627	11,340,800	(12,668,215)
Swaps - Fixed Income	598,111	13,025	611,136	13,300,000	(13,300,000)
Total	$ 338,344	$ (379,421)	$ (41,077)		

Note 5 - Investments (Continued)

As of December 31, 2024, the fixed income portfolio of the System had the following investment maturities:

		Investment Maturities (in years)			
Investment	**Fair Value**	**<1**	**1 - 5**	**6 - 10**	**>10**
Fixed Income Securities					
Agencies	$ 1,621,154	$ -	$ 721,123	$ 900,031	$ -
Asset Backed Security	31,579,697	-	17,659,780	7,118,428	6,801,489
Corporate Debt	293,322,229	7,267,022	140,315,321	95,788,527	49,951,359
Derivatives	2,161,022	(1,310,260)	-	1,588,046	1,883,236
Foreign Sovereign	3,481,690	-	-	836,470	2,645,220
Mortgage Backed Security	240,646,892	-	5,916,610	2,921,097	231,809,185
Municipal	2,590,998	-	-	813,258	1,777,740
Treasury Notes and Bonds	362,601,186	-	62,363,776	51,884,255	248,353,155
Total Fixed Income Securities	938,004,868	$ 5,956,762	$ 226,976,610	$ 161,850,112	$ 543,221,384
Fixed Income Funds	192,899,335				
Total Fixed Income	$ 1,130,904,203				

Note 5 - Investments (Continued)

As of December 31, 2023, the fixed income portfolio of the System had the following investment maturities:

		Investment Maturities (in years)			
Investment	**Fair Value**	**<1**	**1 - 5**	**6 - 10**	**>10**
Fixed Income Securities					
Agencies	$ 12,973,717	$ -	$ 12,060,904	$ 912,813	$ -
Asset Backed Security	34,980,312	-	22,348,533	9,537,621	3,094,158
Corporate Debt	302,753,860	10,642,990	129,546,565	101,207,596	61,356,709
Derivatives	1,403,667	(777,640)	-	921,959	1,259,348
Foreign Sovereign	5,897,748	2,154,062	-	859,220	2,884,466
Mortgage Backed Security	265,716,940	-	2,201,044	5,453,840	258,062,056
Municipal	3,285,756	-	1,407,189	807,048	1,071,519
Treasury Notes and Bonds	151,719,919	4,954,300	41,333,690	41,713,735	63,718,194
Total Fixed Income Securities	778,731,919	$ 16,973,712	$ 208,897,925	$ 161,413,832	$ 391,446,450
Fixed Income Funds	152,503,581				
Total Fixed Income	$ 931,235,500				

Note 5 - Investments (Continued)

As of December 31, 2024, the fixed income portfolio of the System had the following investment ratings:

		Ratings							
Investment	**Fair Value**	**AAA**	**AA**	**A**	**BBB**	**BB**	**B**	**CCC& Below**	**Not Rated**
Fixed Income Securities									
Agencies	$ 1,621,154	$ 1,621,154	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Asset Backed Security	31,579,697	14,021,171	8,019,013	4,338,762	600,189	335,001	-	-	4,265,561
Corporate Debt	293,322,229	2,754,836	4,015,515	45,791,977	126,274,145	43,366,169	53,032,763	12,007,013	6,079,811
Derivatives	2,161,022	-	-	-	-	-	-	-	2,161,022
Foreign Sovereign	3,481,690	-	-	3,481,690	-	-	-	-	-
Mortgage Backed Security	240,646,892	190,530,042	2,888,159	-	-	-	45,887	-	47,182,804
Municipal	2,590,998	846,417	813,258	709,107	222,216	-	-	-	-
Treasury Notes and Bonds	362,601,186	362,601,186	-	-	-	-	-	-	-
Total Fixed Income Securities	938,004,868	$ 572,374,806	$ 15,735,945	$ 54,321,536	$ 127,096,550	$ 43,701,170	$ 53,078,650	$ 12,007,013	$ 59,689,198
Fixed Income Funds	192,899,335								
Total Fixed Income	$ 1,130,904,203								

Note 5 - Investments (Continued)

As of December 31, 2023, the fixed income portfolio of the System had the following investment ratings:

		Ratings							
Investment	**Fair Value**	**AAA**	**AA**	**A**	**BBB**	**BB**	**B**	**CCC& Below**	**Not Rated**
Fixed Income Securities									
Agencies	$ 12,973,717	$ 12,973,717	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Asset Backed Security	34,980,312	25,102,542	6,456,290	621,167	362,033	-	-	193,755	2,244,526
Corporate Debt	302,753,860	7,883,228	8,709,377	56,235,850	127,739,655	35,495,180	50,865,159	14,342,644	1,482,768
Derivatives	1,403,667	-	-	-	-	-	-	-	1,403,667
Foreign Sovereign	5,897,748	-	788,544	3,743,686	-	-	-	-	1,365,518
Mortgage Backed Security	265,716,940	178,804,352	-	-	-	-	72,609	-	86,839,979
Municipal	3,285,756	310,017	2,214,237	761,502	-	-	-	-	-
Treasury Notes and Bonds	151,719,919	151,719,919	-	-	-	-	-	-	-
Total Fixed Income Securities	778,731,919	$ 376,793,775	$ 18,168,448	$ 61,362,205	$ 128,101,687	$ 35,495,180	$ 50,937,768	$ 14,536,398	$ 93,336,458
Fixed Income Funds	152,503,581								
Total Fixed Income	$ 931,235,500								

Note 6 - Fair Value Measurements

Fair value measurements are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset:

- Level 1: unadjusted quoted prices for identical instruments in active markets
- Level 2: quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable
- Level 3: significant inputs are unobservable

The following schedule presents investments categorized according to the fair value hierarchy, and is proceeded with additional information regarding investments measured at the net asset value as of December 31, 2024:

		Fair Value Measurements Using		
Investments by fair value level	**12/31/2024**	**Quoted Prices in Active Markets Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Public Equity Securities	$ 1,134,032,957	$ 1,134,016,094	$ 1,000	$ 15,863
Fixed Income Securities	938,004,868	361,290,925	534,174,285	42,539,658
Total investments by fair value level	**2,072,037,825**	**$ 1,495,307,019**	**$ 534,175,285**	**$ 42,555,521**
Fund Investments measured at the net asset value (NAV)				
Fixed Income	192,899,335			
Infrastructure	123,360,047			
Private Equity	523,078,999			
Public Equity	866,732,325			
Real Estate	421,792,881			
Total investments by measured at the NAV	**2,127,863,587**			
Total investments	**$ 4,199,901,412**			

Fund Investments Measured at the NAV

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Fixed Income	$ 192,899,335	$ 93,320,275	Daily, Annually, N/A	5 - 90 Days, N/A
Infrastructure	123,360,047	95,526,565	N/A	N/A
Private Equity	523,078,999	339,609,632	N/A	N/A
Public Equity	866,732,325	-	Daily, Monthly, Quarterly	1 - 90 Days
Real Estate	421,792,881	142,139,177	Quarterly, N/A	45 Days, N/A
Total investments measured at the NAV	$ 2,127,863,587	$ 670,595,649		

Note 6 - Fair Value Measurements (Continued)

The following schedule presents investments categorized according to the fair value hierarchy, and is proceeded with additional information regarding investments measured at the net asset value as of December 31, 2023:

		Fair Value Measurements Using		
Investments by fair value level	**12/31/2023**	**Quoted Prices in Active Markets Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Public Equity Securities	$ 955,295,239	$ 955,278,376	$ 1,000	$ 15,863
Fixed Income Securities	778,731,919	150,939,079	589,005,751	38,787,089
Total investments by fair value level	**1,734,027,158**	**$ 1,106,217,455**	**$ 589,006,751**	**$ 38,802,952**
Fund Investments measured at the net asset value (NAV)				
Fixed Income	152,503,581			
Infrastructure	110,575,243			
Private Equity	555,227,186			
Public Equity	839,476,835			
Real Estate	441,498,952			
Total investments by measured at the NAV	**2,099,281,797**			
Total investments	**$ 3,833,308,955**			

Fund Investments Measured at the NAV

	Fair Value	Unfunded Commitments	Frequency (if Currently Eligible)	Redemption Notice Period
Fixed Income	$ 152,503,581	$ 77,827,746	Daily, N/A	5 Days, N/A
Infrastructure	110,575,243	33,518,560	N/A	N/A
Private Equity	555,227,186	355,066,386	N/A	N/A
Public Equity	839,476,835	-	Daily, Quarterly	1 - 90 Days
Real Estate	441,498,952	97,168,263	Quarterly, N/A	45 Days, N/A
Total investments measured at the NAV	$ 2,099,281,797	$ 563,580,955		

Fixed Income – These fund investments are structured as limited partnerships. The investments include those with a perpetual life and the ability to redeem as well as investments with an approximate life of five years where redemptions are restricted. There are no plans to liquidate the portfolio.

Infrastructure – These fund investments are structured as limited partnerships or limited liability companies. These investments have an approximate life of ten years where redemptions are restricted. There are no plans to liquidate the portfolio.

Private Equity – These fund investments are structured as limited partnerships or limited liability companies. These investments have an approximate life of ten years where redemptions are restricted. There are no plans to liquidate the portfolio.

Note 6 - Fair Value Measurements (Continued)

Public Equity – These fund investments are structured as mutual funds, trusts, limited partnerships, or limited liability companies. The funds have a perpetual life. Redemption frequencies range from daily to quarterly. There are no plans to liquidate the portfolio.

Real Estate – These fund investments are structured as trusts, limited partnerships, or limited liability companies. These investments include those with a perpetual life and the ability to redeem as well as investments with an approximate life of 10 years where redemptions are restricted. There are no plans to liquidate the portfolio.

Note 7 - Securities Lending Transactions

In accordance with SCERS' Investment Policy and RCW 39.59.020, the System participates, through a custodial agent, in a securities lending program whereby securities are lent for the purpose of generating additional income to the System. The System lends securities from its investment portfolio on a collateralized basis to third parties, primarily financial institutions. The market value of the required collateral must meet or exceed 102% of the market value of the securities lent, providing a margin against a decline in the market value of the collateral. The contractual agreement with the System's custodian provides indemnification in the event the borrower fails to return the securities lent or fails to pay the System income it is due on the securities lent. Cash and U.S. government securities were received as collateral for these loans. The System invests cash collateral received; accordingly, investments made with cash collateral appear as an asset. A corresponding liability is recorded as the System must return the cash collateral to the borrower upon the expiration of the loan. Gross income from securities lending transactions are recorded in the operating statements as well as the various fees paid to the institution that oversees the lending activity.

As of December 31, 2024, the fair value of securities on loan was $6,423,295. Associated cash collateral totaling $6,585,880 was received. The fair market value of the reinvested collateral was $6,619,943 at December 31, 2024. As of December 31, 2023, the fair value of securities on loan was $4,806,439. Associated cash collateral totaling $4,954,916 was received. The fair market value of the reinvested collateral was $4,975,758 at December 31, 2023.

The fair value of noncash collateralized securities on loan at December 31, 2024 was $32,497,517 and the noncash collateral was $33,266,766, 102.37% of the fair value of the securities on loan. The fair value of noncash collateralized securities on loan at December 31, 2023 was $12,716,433 and the noncash collateral was $12,985,848, 102.12% of the fair value of the securities on loan. In the event a borrower fails to return loaned securities or securities equivalent to the loaned securities, and the liquidation of noncash collateral is insufficient to replace any of the loaned securities not returned, the bank shall pay such additional amounts as necessary to make SCERS whole.

Note 8 - Commitments

The System has entered into capital commitments to fund partnership interests in certain alternative investments. The System has unfunded commitments to these partnerships of $670,595,649 at December 31, 2024, and $563,580,955 at December 31, 2023.

Note 9 - Net Pension Liability

The components of the net pension liability as of December 31 were as follows:

	2024	2023
Total Pension Liability	$ 5,701,847,479	$ 5,352,324,892
Plan Fiduciary Net Position	4,332,632,182	4,010,558,581
Net Pension Liability	$ 1,369,215,297	$ 1,341,766,311
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.99%	74.93%

Actuarial assumptions
The total pension liability as of December 31, 2024 and 2023 was determined by actuarial valuations as of January 1, 2024 and 2023, respectively. Generally accepted actuarial techniques were applied to roll forward the total pension liability to December 31, 2024 and 2023, respectively.

The following actuarial cost method and key actuarial assumptions and other inputs were applied to the measurement periods of December 31, 2024 and 2023:

Investment Rate of Return:	6.75% compounded annually, net of expenses
General Wage Increases:	3.35%
Inflation:	2.60%
Actuarial Cost Method:	Individual Entry Age Normal
Postretirement Benefit Increases:	Annual compounding COLA of 1.5%, 2.60% annual increase if the purchasing level decreases to 65%.
Mortality:	Various rates based on PubG-2010 mortality tables and using generational projection of improvement using MP-2021 Ultimate projection scale

The actuarial assumptions that determined the total pension liability as of December 31, 2024 and December 31, 2023 were based on the results of an actuarial experience study for the period January 1, 2018 through December 31, 2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of 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

Note 9 - Net Pension Liability (Continued)

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.

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2024 and 2023 (see discussion of pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	
	2024	**2023**
Equity		
Public Equity	4.8%	4.7%
Private Equity	7.8%	7.5%
Fixed Income		
Core Fixed Income	2.6%	2.3%
Long-Term Fixed Income	2.6%	n/a
Credit Fixed Income	5.9%	5.8%
Real Assets		
Real Estate	4.5%	4.2%
Infrastructure	4.1%	4.5%

The above table reflects the expected (30 year) real rate of return for each major asset class. The expected inflation rate was projected at 2.70% in 2024 and 2.60% in 2023.

Discount Rate. The discount rate used to measure the total pension liability was 6.75% for 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the participating governmental entity contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods on projected benefit payment to determine the total pension liability.

Sensitivity of the net pension liability. The following presents the net pension liability of the System, calculated using the current discount rate of 6.75%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
2024	$ 2,090,012,698	$ 1,369,215,297	$ 766,619,170

Note 9 - Net Pension Liability (Continued)

Sensitivity of the net pension liability. The following presents the net pension liability of the System, calculated using the current discount rate of 6.75%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
2023	$ 2,016,626,424	$ 1,341,766,311	$ 777,715,952

This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Total pension liability										
Service Cost	$ 132,937,137	$ 126,411,478	$ 128,211,256	$ 126,888,870	$ 118,381,689	$ 106,878,177	$ 106,483,390	$ 112,691,379	$ 106,450,550	$ 100,415,811
Interest	360,813,760	346,933,183	334,933,663	335,488,843	319,903,550	303,180,183	293,163,397	281,360,916	268,005,035	254,539,867
Difference between expected and actual experience	140,161,292	8,864,944	(11,013,010)	(5,291,246)	4,737,015	(21,432,335)	(12,310,502)	(29,175,591)	(7,653,756)	1,983,005
Changes in assumptions	-	-	-	129,971,469	-	-	100,064,436	-	-	-
Benefits payments	(258,768,672)	(249,139,648)	(234,362,228)	(223,168,101)	(214,228,946)	(203,413,178)	(190,475,464)	(179,226,526)	(168,967,298)	(159,349,807)
Refunds of contributions	(25,620,930)	(32,706,454)	(29,212,919)	(20,954,178)	(15,028,611)	(15,188,644)	(20,287,842)	(19,158,756)	(16,456,570)	(16,137,840)
Net change in total pension liability	349,522,587	200,363,503	188,556,762	342,935,657	213,764,697	170,024,203	276,637,415	166,491,422	181,377,961	181,451,036
Total pension liability - beginning	5,352,324,892	5,151,961,389	4,963,404,627	4,620,468,970	4,406,704,273	4,236,680,070	3,960,042,655	3,793,551,233	3,612,173,272	3,430,722,236
Total pension liability - ending (a)	5,701,847,479	5,352,324,892	5,151,961,389	4,963,404,627	4,620,468,970	4,406,704,273	4,236,680,070	3,960,042,655	3,793,551,233	3,612,173,272
Plan net position										
Contributions - employer	177,128,113	150,422,765	145,366,397	139,664,957	141,417,746	119,171,072	117,816,201	112,102,982	108,454,496	101,153,403
Contributions - member	103,298,388	85,199,264	82,947,406	81,682,256	82,914,475	75,260,573	76,285,206	73,650,409	71,755,857	65,779,216
Net investment income (loss)	334,019,749	426,267,353	(452,851,682)	522,778,737	503,737,186	465,764,583	(106,569,274)	388,156,509	189,941,169	7,083,633
Benefits payments	(258,768,672)	(249,139,648)	(234,362,228)	(223,168,101)	(214,228,946)	(203,413,178)	(190,475,464)	(179,226,526)	(168,967,298)	(159,349,807)
Administrative expense	(7,983,047)	(8,422,421)	(7,731,231)	(6,676,131)	(7,221,267)	(9,167,368)	(12,204,574)	(11,150,217)	(9,250,653)	(8,211,137)
Refunds of contributions	(25,620,930)	(32,706,454)	(29,212,919)	(20,954,178)	(15,028,611)	(15,188,644)	(20,287,842)	(19,158,756)	(16,456,570)	(16,137,840)
Net change in plan net position	322,073,601	371,620,859	(495,844,257)	493,327,540	491,590,583	432,427,038	(135,435,747)	364,374,401	175,477,001	(9,682,532)
Plan net position - beginning	4,010,558,581	3,638,937,722	4,134,781,979	3,641,454,439	3,149,863,856	2,717,436,818	2,852,872,565	2,488,498,164	2,313,021,163	2,322,703,695
Plan net position - ending (b)	4,332,632,182	4,010,558,581	3,638,937,722	4,134,781,979	3,641,454,439	3,149,863,856	2,717,436,818	2,852,872,565	2,488,498,164	2,313,021,163
Net pension liability - ending (a) - (b)	$ 1,369,215,297	$ 1,341,766,311	$ 1,513,023,667	$ 828,622,648	$ 979,014,531	$ 1,256,840,417	$ 1,519,243,252	$ 1,107,170,090	$ 1,305,053,069	$ 1,299,152,109
Ratio of plan net position to total pension liability (b) / (a)	75.99%	74.93%	70.63%	83.31%	78.81%	71.48%	64.14%	72.04%	65.60%	64.03%
Covered payroll	$ 1,165,510,272	$ 946,192,571	$ 901,500,367	$ 865,130,155	$ 876,856,592	$ 785,552,254	$ 779,092,412	$ 733,288,443	$ 708,600,000	$ 641,700,000
Net pension liability as a percentage of covered payroll	117.48%	141.81%	167.83%	95.78%	111.65%	159.99%	195.00%	150.99%	184.17%	202.45%

Amounts Presented in Millions

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined employer contribution	$ 176.8	$ 149.7	$ 138.2	$ 139.1	$ 141.4	$ 114.3	$ 116.6	$ 112.1	$ 107.9	$ 100.9
Actual employer contributions	177.1	150.4	145.4	139.7	141.4	119.2	117.8	112.1	108.5	101.2
Annual contribution deficiency (excess)	(0.3)	(0.7)	(7.2)	(0.6)	-	(4.9)	(1.2)	-	(0.6)	(0.3)
Covered payroll	1,165.5	946.2	901.5	865.1	876.9	785.6	779.1	733.3	708.6	641.7
Actual contributions as a percentage of covered payroll	15.20%	15.90%	16.13%	16.15%	16.12%	15.17%	15.12%	15.29%	15.31%	15.77%

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates are calculated as of January 1, one year prior to the fiscal year in which the contributions will apply.

Methods and assumptions used to determine contribution rates for fiscal year 2024 are:

Actuarial cost method	Individual Entry Age Normal
Amortization method	Level percent
Remaining amortization period	Closed 30 years as of January 1, 2013 valuation
Asset valuation method	5 years smoothed, non-asymptotic
Inflation	2.60%
General wage increases	3.35%
Investment rate of return	6.75%
Cost of Living Adjustments	Annual compounding COLA of 1.5% assumed.

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Fund	8.43%	11.82%	-10.98%	14.47%	15.85%	17.29%	-3.79%	16.00%	8.40%	0.10%

Notes:
- These returns are calculated on a net-of-fee money-weighted rate of return basis.

ADDITIONAL INFORMATION

	Budget	Actual Expenses	
	2024	2024	2023
Personnel Services			
Salaries	$ 4,984,158	$ 4,089,459	$ 3,893,052
Benefits	1,570,118	1,600,159	1,633,641
Total Personnel Services	6,554,276	5,689,618	5,526,693
Maintenance and Operations			
Professional Services	1,490,343	1,476,648	848,075
Office Rent	420,280	412,612	419,797
Data Processing	982,885	934,159	1,097,172
Office Supplies	274,341	128,242	128,799
Postage	122,200	113,347	116,458
Training & Travel	130,000	111,911	70,351
Internal Services & Cost Allocations	1,403,180	1,378,050	1,397,521
Total Maintenance & Operations	4,823,229	4,554,969	4,078,173
Total Expenses	$ 11,377,505	$ 10,244,587	$ 9,604,866
Less Investment Administrative Expenses		$ 2,261,540	$ 1,182,445
Total Administrative Expenses		$ 7,983,047	$ 8,422,421

Investment Management Fees:		
Public Equity	$	2,579,538
Private Equity		1,777,551
Fixed Income		3,997,076
Real Estate		5,945,911
Infrastructure		3,043,573
Other		121,394
Total Investment Management Fees	$	17,465,043
Investment Administrative Expenses:		
Consulting Services - NEPC LLC		344,455
Custodial Services - Bank of New York		526,836
Internal Costs		1,390,249
Total Investment Administrative Fees	$	2,261,540
Total Investment Expenses	$	19,726,583
Securities Lending Services:		
Bank of New York	$	21,483

Note:

- Certain investment managers pursue a multi-manager strategy whereby the manager identifies, selects and invests through multiple underlying investment managers. In these instances, the investment fees reflected in the schedule are only those incurred directly by the investment manager of the multi-manager strategy and do not incorporate those fees incurred indirectly by the underlying investment managers.

INDEPENDENT AUDITORS' 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*

Board of Administration
Seattle City Employees' Retirement System
Seattle, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Seattle City Employees' Retirement System (SCERS), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise SCERS' basic financial statements, and have issued our report thereon dated June 10, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Board of Administration
Seattle City Employees' Retirement System

Report on Compliance and Other Matters

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

Purpose of This Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boston, Massachusetts
June 10, 2025