County of Sonoma/
Sonoma County Employees' Retirement Association
State of the Retirement System Annual Report

October 21, 2025

Executive Summary

- The County's FY 23-24 pension costs totaled $119.3 million, equivalent to 15.2% of total Salaries & Benefits, 28.2% of pensionable payroll, and 7.0% of operating revenue. Year-over-year change:

	FY 22-23	FY 23-24	Change
Pension Contribution Expense	$71,713,888	$81,962,210	$10,248,322
Unfunded Liability Prepayments	$1,898,041	$4,594,131	$2,696,090
Pension Bond Debt Service	$56,391,615	$32,729,750	($23,661,865)
Total Pension Expense	**$130,003,545**	**$119,286,091**	**($10,717,454)**

- Pension Obligation Bond debt service costs decreased due to final payment of the 2003 bond.
- FY 23-24 County costs increased due to expiration of certain employees' supplemental contributions towards unfunded liabilities, shifting costs to the County, plus actuarial assumption changes reflected in SCERA's 2021 valuation.
- Over the past 5 years, unfunded liabilities (including Pension Obligation Bond debt) decreased by $210.2 million, or 33.9%, from $619.4 million in 2021 to $409.2 million in 2025.
- SCERA's funded ratio = 93.68% as of 12/31/2024, compared to 79% for CalPERS as of 6/30/2025.
- Retiree COLA legislative policy proposal will be presented to the Board for approval on 10/28.

Section I:
Annual Pension Costs & Forecast

County Pension Expenses by Fiscal Year

	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24
Pension Contribution Expenses [1]					
County of Sonoma (including CDC & Sonoma Water)	$60,372,368	$68,680,081	$69,731,234	$68,944,478	$79,136,521
Normal Cost Share Reimbursement	$3,347,936	$3,149,289	$2,995,958	$2,769,410	$2,825,689
Sub-total Pension Contributions	**$63,720,304**	**$71,829,370**	**$72,727,192**	**$71,713,888**	**$81,962,210**
Unfunded Liability Prepayments [2]					
Accelerated UAAL Payment (One-time)	$5,000,000	$0	$3,750,000	$0	$2,461,647
Accelerated UAAL Payment (Recurring)	$1,722,016	$1,810,962	$1,845,745	$1,898,041	$2,132,484
Sub-total UAAL Prepayment	**$6,722,016**	**$1,810,962**	**$5,595,745**	**$1,898,041**	**$4,594,131**
Total Pension Expenses	**$70,442,320**	**$73,640,332**	**$78,322,937**	**$73,611,930**	**$86,556,341**
Pension Obligation Bond Debt Service (POB)					
2003A POB	$24,530,109	$25,750,766	$27,017,969	$7,879,815	$0
2003B POB	$1,075,200	$1,075,200	$1,075,200	$21,537,600	$0
2010 POB	$24,749,250	$25,535,350	$26,376,900	$26,974,200	$32,729,750
Total POB Debt Expense	**$50,354,559**	**$52,361,316**	**$54,470,069**	**$56,391,615**	**$32,729,750**
Grand Total Employer Expense (Pension + POB)	**$120,796,879**	**$126,001,648**	**$132,793,006**	**$130,003,545**	**$119,286,091**

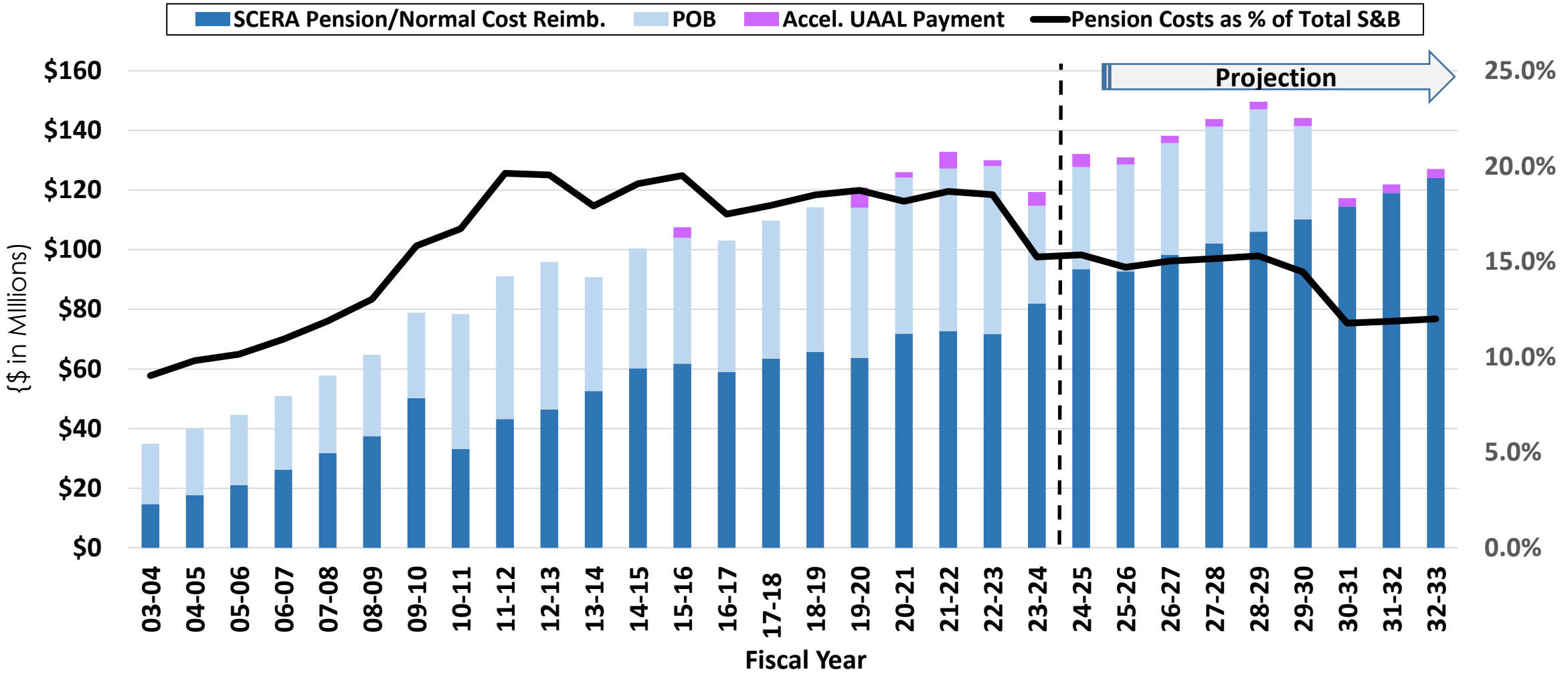
Note 1: *Source data from audited annual financial reports.*
Note 2: *One-time prepayments authorized by the Board of Supervisors; recurring prepayments equal to 0.5% of payroll per County policy.*

County Pension Expenses – Measurement Ratios

	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24
Total Employer Expense (Pension + POB)	**$120,796,879**	**$126,001,648**	**$132,793,006**	**$130,003,545**	**$119,286,091**
Total Pensionable/Covered Payroll [1]	$342,301,437	$360,713,114	$367,671,110	$376,658,174	$423,664,547
Total Salaries & Benefits [2]	$644,925,647	$694,027,628	$711,151,184	$702,364,811	$782,642,377
Total Operating Revenue [1]	$1,271,321,979	$1,607,841,159	$1,536,739,431	$1,578,776,975	$1,706,078,101
Pension Expense as % of Covered Payroll	35.3%	34.9%	36.1%	34.5%	28.2%
Pension Expense as % of Total Salaries & Benefits	18.7%	18.2%	18.7%	18.5%	15.2%
Pension Expense as % of Operating Revenue					
Sonoma County (including Pension Bonds)	9.5%	7.8%	8.6%	8.2%	7.0%
Sonoma County (excluding Pension Bonds)	5.5%	4.6%	5.1%	4.7%	5.1%
Statewide Average [3 & 4]	10.2%	9.0%	8.6%	9.1%	9.6%
National Average [3 & 4]	6.7%	6.3%	6.7%	6.9%	7.1%

Note 1: *Source data from audited annual financial reports.*
Note 2: *Total Salaries & Benefits cost source data from the County's Enterprise Financial System.*
Note 3: *Sourced from the Public Plans Database state data for California (https://publicplansdata.org/quick-facts/by-state/state/?state=CA).*
Note 4: *It is not clear if Statewide/National data includes local jurisdictions' respective Pension Obligation Bond costs.*

Pension Cost Forecast



Section II:
Pension Obligation Bonds and Unfunded Pension Liabilities

Pension Obligation Bonds – Issuance Summary

- Pension Obligation Bond "POB" Debt = County refinanced Unfunded Pension Liability at an interest rate lower than SCERA's 8.00% - 8.25% assumed discount rate at the time of each bond issuance.
- Bond proceeds deposited in the SCERA pension fund upon issuance and invested to continually earn a return over time.
- County pays debt service to bond holders, not to SCERA, per fixed payment schedules.
- Refer to the below Summary of Pension Obligation Bonds ($ in Millions):

Bond Description	Interest Rate	Term (Years)	Final Maturity	Total Issuance Principal	Total Issuance Interest	Total Issuance (P&I)	Remaining Principal	Remaining Interest	Total Remaining P&I (6/30/25)	% Remaining P&I (6/30/25)
Series 1993	6.72%	20	2013	$97.4	$96.1	$193.5	$0.0	$0.0	$0.0	0.0%
Series 2003A	4.80%	20	2023	$210.2	$135.9	$346.1	$0.0	$0.0	$0.0	0.0%
Series 2003B	5.18%	20	2023	$21.0	$20.9	$41.9	$0.0	$0.0	$0.0	0.0%
Series 2010A	5.90%	20	2030	$289.3	$242.9	$532.2	$159.9	$24.8	$184.8	34.7%
Grand Total				**$617.9**	**$495.8**	**$1,113.7**	**$159.9**	**$24.8**	**$184.8**	**16.6%**

Pension Obligation Bonds – Returns Over Time

- The County has experienced a positive return on investment for Pension Obligation Bond proceeds deposited and invested in SCERA's pension fund, compared to each bond's respective interest rate at issuance:

POB Issuance	Bond Issuance Interest Rate	Inception-to-Date Returns	Measurement Date
Series 1993	6.72%	7.42%	10/31/2013 (Final)
Series 2003A/B	4.80% – 5.18%	7.39%	05/31/2023 (Final)
Series 2010	5.90%	9.59%	07/31/2025

Net Pension Liability vs. Unfunded Actuarial Accrued Liability

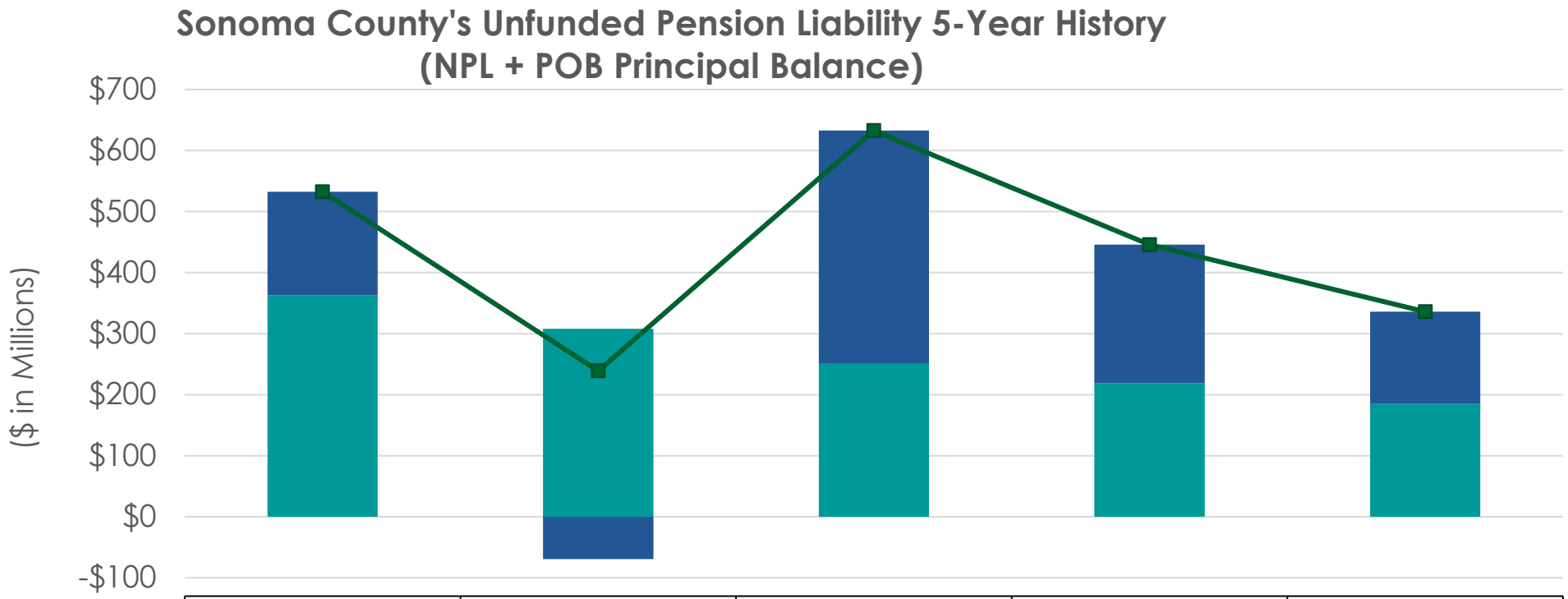
	Net Pension Liability (NPL)	Unfunded Actuarial Accrued Liability (UAAL)
Definition	Difference between the pension plan's Total Pension Liability and Fiduciary Net Position, or Market Value of Assets, measured by the price that would be received if assets were sold on 12/31/2024.	Difference between the pension plan's Total Pension Liability and its Actuarial Value of Assets, which recognizes investment gains and losses on a smoothed basis over a 5-year period to help mitigate significant swings year-over-year.
Purpose	Reported in the County's Annual Financial Reports to comply with Government Accounting Standards.	Used in annual actuarial valuations to determine contribution rates needed to fund the pension plan.

Net Pension Liability and UAAL Calculations ($ in Millions)

Net Pension Liability (NPL)[1]	**FY 23-24**	**FY 24-25**
SCERA Total Pension Liability	$ 3,730.2	$ 3,925.7
SCERA Fiduciary Net Position/Market Value of Assets	$ (3,481.1)	$ (3,758.2)
Total SCERA Net Pension Liability	**$ 249.1**	**$ 167.6**
County's Proportionate Share of NPL	**$ 226.8**	**$ 151.3**
Unfunded Actuarial Accrued Liability (UAAL)[2]	**FY 23-24**	**FY 24-25**
SCERA Total Pension Liability	$ 3,730.2	$ 3,925.7
Actuarial Valuation of Assets	$ (3,500.7)	$ (3,677.6)
Total SCERA UAAL	**$ 229.5**	**$ 248.1**
County's Proportionate Share of UAAL	**$ 208.4**	**$ 224.4**

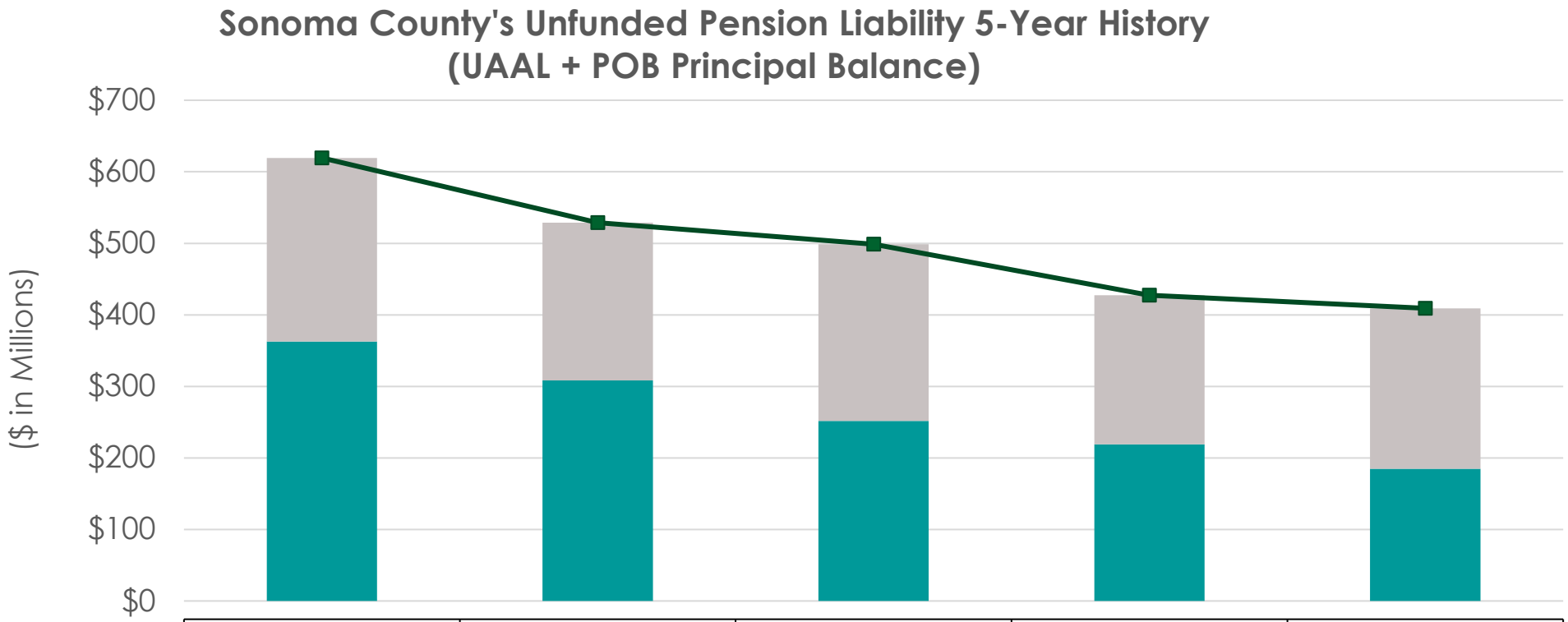
Note 1: *Source data from Government Accounting Standards (GAS) 68 Reports as of reporting dates 6/30/24 and 6/30/25.*
Note 2: *Source data from SCERA's Actuarial Valuations as of 12/31/23 and 12/31/24 (Section 3 - Exhibit H).*

County's Unfunded Pension Liability Based on NPL



	06/30/21	06/30/22	06/30/23	06/30/24	06/30/25
County Share of NPL	$170	$(69)	$381	$227	$151
County POB Balance	$363	$308	$252	$219	$185
Total	$532	$239	$633	$446	$336

Total Unfunded Pension Liability Based on UAAL



	06/30/21	06/30/22	06/30/23	06/30/24	06/30/25
County Share of UAAL	$257	$221	$247	$208	$224
County POB Balance	$363	$308	$252	$219	$185
Total	$619	$529	$499	$427	$409

Unfunded Liability Accelerated Payments

- Board of Supervisors' financial policy authorizes annual recurring accelerated payments towards unfunded pension liabilities, equal to 0.5% of pensionable payroll, plus optional one-time payments using available discretionary funds.
  - Pensionable payroll only includes compensation that factors into employees' final salary calculations for determining retirement benefits.
  - Accelerated prepayments reduce future interest costs based on SCERA's assumed discount rate.
  - Refer to the below table for recent recurring and one-time unfunded liability prepayments:

Fiscal Year	1x UAAL Prepayments	Recurring UAAL Prepayments	Total Prepayments
FY 15-16	$3,553,000	$0	$3,553,000
FY 19-20	$5,000,000	$1,722,016	$6,722,016
FY 20-21	$0	$1,810,962	$1,810,962
FY 21-22	$3,750,000	$1,845,745	$5,595,745
FY 22-23	$0	$1,898,041	$1,898,041
FY 23-24	$2,461,647	$2,132,484	$4,594,131
Total	**$14,764,647**	**$9,409,248**	**$24,173,895**

Section III:
SCERA Administrator Update

Valuation Results ($ in thousands)

Description	12/31/2024	12/31/2023	12/31/2022
Market Value of Assets (MVA)	$3,758,167	$3,481,146	$3,169,632
Valuation Value of Assets (VVA)	$3,677,610	$3,500,687	$3,311,174
Actuarial Accrued Liability (AAL)	$3,925,728	$3,730,227	$3,582,766
Unfunded AAL (AAL less VVA)	$248,118	$229,540	$271,592
Funded Percentage (VVA Basis)	93.68%	93.85%	92.4%
Funded Percentage with recognition of deferred gains/losses	95.73%	93.32%	88.47%

SCERA Actuarial Analysis of Plan Experience (as of Dec. 2024)

(K$)	2024	2023	2022	2021	2020	5-Year Total
Beginning of the Year UAAL Liability (Surplus)	**229,540**	**271,592**	**244,546**	**282,715**	**332,031**	
Source of Actuarial (Gain) Loss:						
Compensation Increase Greater/(Less) than Expected	49,925	24,788	12,509	(5,243)	17,286	**99,265**
Investment Experience recognized	(19,061)	(53,266)	39,826	(99,099)	(41,110)	**(172,710)**
Other Experience (mortality, retirement, disability, etc.)	15,761	11,300	(1,211)	(7,266)	(983)	**17,601**
(Greater)/Less than Expected Contributions	(8,454)	5,206	4,298	(1,976)	(255)	**(1,181)**
Composite (Gain) Loss for the Year - Total	**38,171**	**(11,972)**	**55,422**	**(113,584)**	**(25,062)**	**(57,025)**
Other Items Impacting UAAL:						
Assumption Change (Economic and Demographic)	12,147			96,768		**108,915**
Interest Accrual on UAAL Balance	14,191	17,038	15,353	18,586	22,003	**87,171**
County's Additional UAAL Payment	(3,232)	(4,450)	(5,795)	(1,873)	(7,128)	**(22,478)**
SVFD Additional Contributions		(62)				**(62)**
Expected UAAL Contribution Payment	(42,699)	(42,606)	(37,934)	(38,066)	(39,129)	**(200,434)**
Other Items Impacting UAAL – Total Change	**(19,593)**	**(30,080)**	**(28,376)**	**75,415**	**(24,254)**	**(26,888)**
End of the Year UAAL Liability/(Surplus)	**248,118**	**229,540**	**271,592**	**244,546**	**282,715**	

SCERA Annual County Contribution Rate Change (as of Dec. 2024)

County of Sonoma Employer Contributions		
General Members	**2024**	**2023**
General Plan A w/o Sunset	18.11%	18.04%
General Plan A w/ Sunset	21.13%	21.06%
General Plan B	15.88%	15.68%
Safety Members	**2024**	**2023**
Safety Plan A	34.47%	32.92%
Safety Plan B	26.86%	27.01%

- Contribution rates effective FY 26/27
- Member contribution rates slightly increased for Plan A members due to assumption changes
- Member contributions remained the same for plan B members

SCERA Total Membership
Average Age and Service for Active and Deferred (as of Dec. 2024)

Active General			
Plan	**Number**	**Avg. Age**	**Avg. Service**
Plan A Legacy	1176	52.7	17.9
Plan B PEPRA	2567	41.7	4.7
Total	3743		

Active Safety			
Plan	**Number**	**Avg. Age**	**Avg. Service**
Plan A Legacy	303	47.4	17.2
Plan B PEPRA	436	34.8	4.2
Total	739		

Retiree Breakdown	
Gen Pre-Plan A	762
Gen Plan A	3264
Gen Plan B	134
Safety Pre-Plan A	320
Safety Plan A	684
Safety Plan B	37
Total	5201

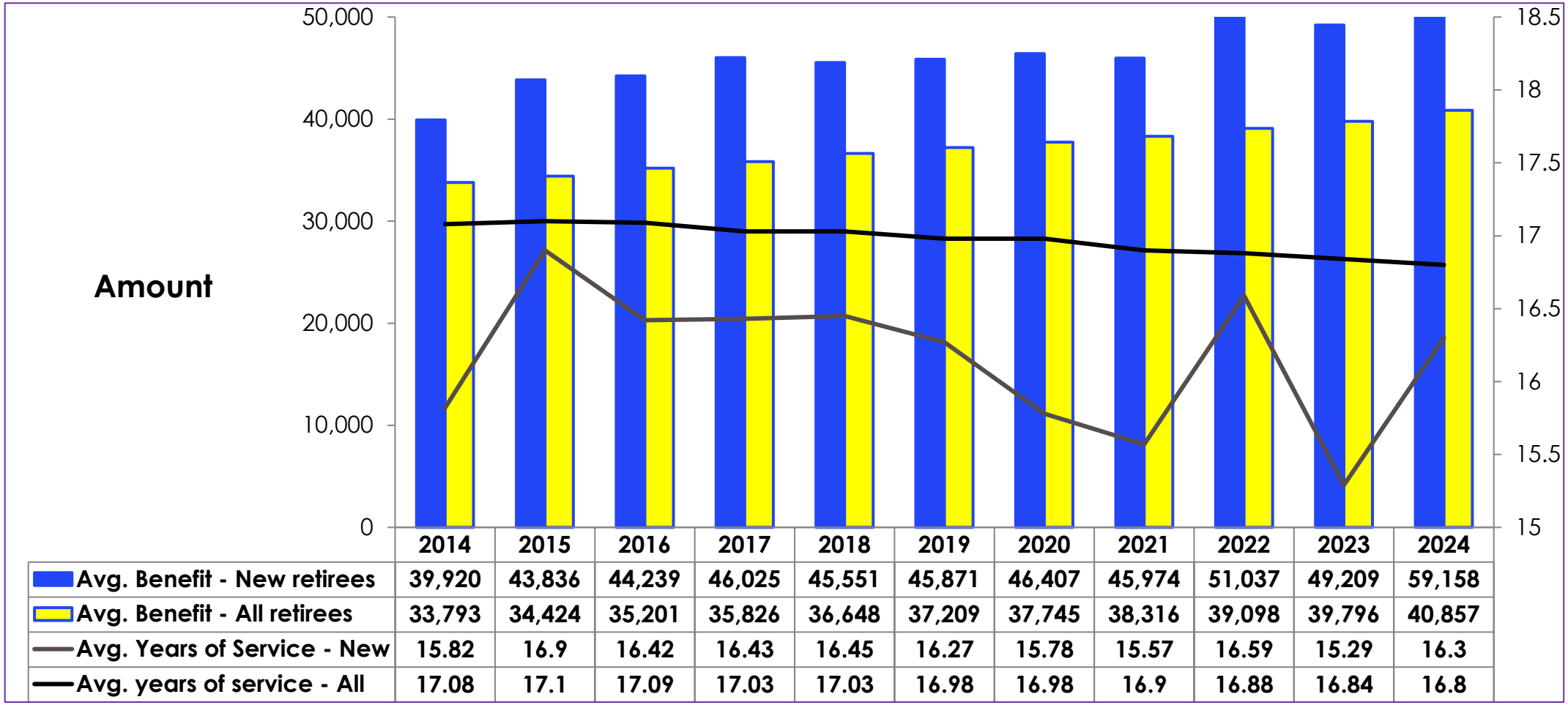
Total General & Safety Active Plan A
1479 (33%)

Total General & Safety Active Plan B
3003 (67%)

Deferred (Inactive)					
Plan - General	**Number**	**Avg. Age**	**Plan - Safety**	**Number**	**Avg. Age**
Plan A Legacy	637	50.5	Plan A Legacy	139	47.4
Plan B PEPRA	887	42.5	Plan B PEPRA	127	34.6
Total	1524			266	

Beneficiaries	
Pre-Plan A	128
Plan A	578
Plan B	4

SCERA Average Annual Retirement Benefit and Service Years (as of Dec. 2024)



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Avg. Benefit - New retirees	39,920	43,836	44,239	46,025	45,551	45,871	46,407	45,974	51,037	49,209	59,158
Avg. Benefit - All retirees	33,793	34,424	35,201	35,826	36,648	37,209	37,745	38,316	39,098	39,796	40,857
Avg. Years of Service - New	15.82	16.9	16.42	16.43	16.45	16.27	15.78	15.57	16.59	15.29	16.3
Avg. years of service - All	17.08	17.1	17.09	17.03	17.03	16.98	16.98	16.9	16.88	16.84	16.8

SCERA Average Annual Retirement Benefit and Service Years by Membership Class (as of Dec. 2024)

General Members	Average Annual Benefit	Average Years of Service
New General Plan A	$61,514	17.8
All General Plan A	$42,754	17.4
All General Pre-Plan A	$18,670	15.4
New General Plan B	$15,960	7.7
All General Plan B	$14,735	7.1
Safety Members	**Average Annual Benefit**	**Average Years of Service**
New Safety Plan A	$85,006	19.9
All Safety Plan A	$62,684	18.3
All Safety Pre-Plan A	$38,102	17
New Safety Plan B	$47,288	6.4
All Safety Plan B	$44,204	5.7

SCERA Annualized Investment Returns (net of fees)

	Annualized Return 12/31/24	Annualized Return 12/31/23	Annualized Return 12/31/22	Annualized Return 12/31/21	Annualized Return 12/31/20
1 Year	9.65%	12.05%	-6.18%	16.42%	8.08%
3 Year	4.85%	6.97%	5.70%	13.52%	6.71%
5 Year 2020 – 2024	7.73%	9.00%	5.76%	10.47%	8.99%
10 Year 2015 – 2024	7.67%	7.26%	7.96%	10.11%	8.51%
15 Year 2010 – 2024	8.55%	9.09%	5.69%	6.75%	6.62%
20 Year 2005 – 2024	6.92%	6.97%	7.52%	7.18%	5.99%
30 Year 1995 – 2024	7.93%	7.47%	7.36%	7.90%	8.15%

Sourced from Aon Investments, USA, Inc.

Section IV:
Pension Cost-of-Living-Adjustment (COLA)

Retiree Cost-of-Living-Adjustment Update

- **April 2025:** Board received an information report about retiree pension COLAs, including:
  - The ongoing impact of inflation causing loss of purchasing power for retirees.
  - Current ad-hoc COLA program design and legislative constraints.
  - The Board provided direction to staff to explore targeted COLAs to help the most impacted retirees.
- **October 2025:** Retiree COLA legislative policy proposal will be presented to the Board for approval on 10/28 as part of the County's annual Legislative Platform.
  - If enacted, would provide the County more flexibility to grant targeted ad-hoc COLAs to retirees most impacted by inflation and loss of purchasing power.