



## Legislation Details (With Text)

**File #:** 2021-0400  
**Type:** Regular Calendar Item **Status:** Agenda Ready  
**File created:** 4/9/2021 **In control:** County Administrator  
**On agenda:** 5/11/2021 **Final action:**  
**Title:** Annual State of the Retirement System Report  
**Sponsors:** County Administrator, Auditor-Controller-Treasurer-Tax Collector, Retirement, County Counsel  
**Indexes:**  
**Attachments:** 1. Summary Report, 2. Attachment1, 3. Attachment2, 4. 05-11-21\_Annual Pension Report\_Full Report.pdf, 5. 05-11-21\_Annual Pension Report\_Presentation.pdf

Date	Ver.	Action By	Action	Result
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**To:** Board of Supervisors of Sonoma County, Board of Directors of the Sonoma County Water Agency, Board of Directors of the Sonoma County Agricultural Preservation and Open Space District, Board of Commissioners of the Community Development Commission

**Department or Agency Name(s):** County Administrator's Office, Auditor-Controller-Treasurer-Tax Collector, Sonoma County Employees' Retirement Association, County Counsel

**Staff Name and Phone Number:** Nikolas Klein (CAO), 707-565-5312, Julie Wyne (SCERA), 707-565-8103, Erick Roeser (ACTTC), 707-565-3295

**Vote Requirement:** Informational Only

**Supervisory District(s):** Countywide

### Title:

Annual State of the Retirement System Report

### Recommended Action:

Receive the third annual report on the state of the County's retirement system that highlights annual costs through Fiscal Year 2019-20, projected future costs, pension-related liabilities, plan membership data, historical investment experience, results from the December 2019 actuarial valuation, and legal developments.

### Executive Summary:

The County's third annual State of the Retirement System Report provides a comprehensive update on annual pension costs and pension-related liabilities through Fiscal Year 2019-20, as well as the Sonoma County Employees' Retirement Association's (SCERA) membership data, investment returns, and December 2019 actuarial valuation results. This update is part of the County's ongoing efforts to improve accountability and transparency with respect to reporting on the County's pension costs and liabilities, which is one of the Board's major pension reform goals. The FY 2014-15 Sonoma County Grand Jury Report, the July 2016 report of the Independent Citizens' Advisory Committee on Pension Matters, and the September 2018 report of the Board's Ad Hoc Committee on Pension Reform all recommended that the County provide these annual reports to communicate information to the public.

### Discussion:

This latest annual State of the Retirement System Report presents data and information on several topics related to Sonoma County's pension system:

- Historical pension expenses over the past five fiscal years through FY 2019-20;
- Measurement ratios showing pension expenses as a percentage of the County's total Salaries & Benefits, pensionable payroll, and operating revenue;
- Pension Obligation Bond annual costs, payment schedules, and principal balances;
- Historical trends for the County's share of the pension system's Net Pension Liability and Unfunded Actuarial Accrued Liability;
- Future year pension cost projections through FY 2030-31;
- SCERA's membership data, average retirement benefits, and historical investment returns as of December 2019;
- Major events and factors contributing to the SCERA's Unfunded Actuarial Accrued Liability in recent years;
- Results from SCERA's December 2019 actuarial valuation, and impact on the County's anticipated pension contribution rates in FY 21-22;
- New SCERA Risk Assessment report meant to help the Board of Retirement, participating employers, members, and other stakeholders better understand the effect of past and future experience differing from the assumptions;
- Update on the Board's specific actions taken to contain pension costs in recent years, including accelerated payments towards unfunded liabilities, negotiating an extension of certain employees' cost sharing of unfunded liabilities beyond 2024, and creation of a new joint Retirement Committee with employee group representatives; and
- Decided California Supreme Court cases related to pensions.

Ongoing review of the County's pension costs and long term liabilities ensures the Board and the public are kept apprised of how these obligations affect the County's fiscal health. Presenting the annual actuarial valuation of the retirement system with the Board of Supervisors helps improve transparency and public understanding of pension matters. SCERA's December 2019 actuarial report, and past reports, are available for review on its website: <http://scetire.org/Financial/Actuarial-Reports/>.

#### Prior Board Actions:

03-20-2020 - Received the second Annual State of the Retirement System Report

12-08-2018 - Received the first Annual State of the Retirement System Report

09-18-2018 - Approved Pension Ad Hoc Report recommendations

07-12-2016 - Received final report of the Independent Citizens Advisory Committee.

#### FISCAL SUMMARY

Expenditures	FY 20-21 Adopted	FY21-22 Projected	FY 22-23 Projected
Budgeted Expenses			
Additional Appropriation Requested			
<b>Total Expenditures</b>			
<b>Funding Sources</b>			
General Fund/WA GF			

State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
<b>Total Sources</b>			

**Narrative Explanation of Fiscal Impacts:**

None

<b>Staffing Impacts:</b>			
<b>Position Title (Payroll Classification)</b>	<b>Monthly Salary Range (A-I Step)</b>	<b>Additions (Number)</b>	<b>Deletions (Number)</b>

**Narrative Explanation of Staffing Impacts (If Required):**

None

**Attachments:**

State of the Retirement System Annual Report

State of the Retirement System Presentation

**Related Items "On File" with the Clerk of the Board:**

None