



## Legislation Text

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**File #:** 2024-1105, **Version:** 1

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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, Sonoma County Employees' Retirement Association, Auditor-Controller-Treasurer-Tax Collector

**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

**Supervisorial District(s):** Countywide

**Title:**

2024 Annual State of the Retirement System Report

**Recommended Action:**

Receive the sixth annual report on the state of the County's retirement system that highlights annual costs through Fiscal Year 2022-23, projected future costs, pension-related liabilities, plan membership data, historical investment experience, and results from the Sonoma County Employees' Retirement Association's December 2023 actuarial valuation.

**Executive Summary:**

The County's sixth annual State of the Retirement System Report provides a comprehensive update on annual pension costs and pension-related liabilities through Fiscal Year 2022-23, as well as the Sonoma County Employees' Retirement Association's (SCERA) membership data, investment returns, and actuarial valuation results as of December 2023. 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, provided as Attachment 1 to this summary, presents data and information on several topics related to Sonoma County's pension system; refer to report page number references for specific topics:

- Overview of the pension system and update on accelerated payments towards unfunded liabilities and cost sharing with employees. (Pages 4 - 9)
- Pension Obligation Bond annual costs, payment schedules, remaining principal balances, and inception -to-date returns for bond proceeds invested in the SCERA pension fund. (Pages 10 - 14)
- Historical pension expenses over the past five fiscal years. (Pages 16 -18)
- Measurement ratios showing pension expenses as a percentage of the County's total salaries and benefits, pensionable payroll, and operating revenue. (Page 19)

- Future year pension cost projections through FY 2031-32. (Pages 20 - 21)
- Historical trends for the County’s share of the pension system’s Net Pension Liability and Unfunded Actuarial Accrued Liability. (Pages 22 - 26)
- Results from SCERA’s December 2023 actuarial valuation. (Page 28 - 29)
- Major events and factors contributing to the SCERA’s Unfunded Actuarial Accrued Liability in recent years. (Pages 30 - 32)
- SCERA’s membership data and average member retirement benefits. (Pages 33 - 37)
- Historical investment returns as of December 2023. (Page 38)

There are no major legal developments to report since the last May 2023 annual report. Ongoing review of the County’s pension costs and long-term liabilities keeps the Board and public apprised of how these obligations affect the County’s fiscal health. Presenting the annual actuarial valuation of the retirement system to the Board of Supervisors helps improve transparency and public understanding of pension matters. SCERA’s December 2023 actuarial valuation, as well as prior year reports, are available for review on its website: <http://scretire.org/Financial/Actuarial-Reports/>.

**Strategic Plan:**

N/A

**Racial Equity:**

**Was this item identified as an opportunity to apply the Racial Equity Toolkit?**

No

**Prior Board Actions:**

- 05-09-2023 - Received the fifth Annual State of the Retirement System Report
- 04-05-2022 - Received the fourth Annual State of the Retirement System Report
- 05-11-2021 - Received the third Annual State of the Retirement System Report
- 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**

| <b>Expenditures</b>                | <b>FY23-24<br/>Adopted</b> | <b>FY24-25<br/>Projected</b> | <b>FY25-26<br/>Projected</b> |
|------------------------------------|----------------------------|------------------------------|------------------------------|
| 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                |                            |                              |                              |

|                            |  |  |  |
|----------------------------|--|--|--|
| General Fund Contingencies |  |  |  |
| <b>Total Sources</b>       |  |  |  |

**Narrative Explanation of Fiscal Impacts:**

N/A

**Staffing Impacts:**

| Position Title (Payroll Classification) | Monthly Salary Range (A-I Step) | Additions (Number) | Deletions (Number) |
|---|---------------------------------|--------------------|--------------------|
|   |                                 |                    |                    |
|   |                                 |                    |                    |
|   |                                 |                    |                    |

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

N/A

**Attachments:**

- 1) State of the Retirement System Annual Report - Full Report
- 2) State of the Retirement System Annual Report - Truncated Board Presentation Version

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

N/A