



# **Sonoma County Employees' Retirement Association 2023**



**A Pension Trust Fund & Component Unit of the  
County of Sonoma, California and Participating Employers  
Popular Annual Financial Report For the Year Ended December 31, 2023**

## Message From the Chief Executive Officer



As the Chief Executive Officer, I am pleased to present this Popular Annual Financial Report (PAFR) on behalf of the Sonoma County Employees' Retirement Association (SCERA). The financial information in the PAFR highlights some key aspects of the Annual Comprehensive Financial Report (ACFR) for the year ended December 31, 2023. The ACFR, which provides more detailed information, is available on SCERA's website at <https://scetire.org/financial/financial-reports>.

SCERA administers a defined benefit pension plan for 11,767 participants who are a combination of active members (4,242), retired and beneficiaries of retired members (5,760), and deferred members (1,765), who left their contributions on deposit when they left employment with one of our participating employers. Retirement benefits are "defined" by the County Employees Retirement Law and the Public Employees' Pension Reform Act and are based on years of service, age at retirement, and benefit formula negotiated by the member's employer.

Benefits are funded through contributions paid by both the employees and the employers and investment earnings from investing the plan's assets through professional investment managers overseen by the SCERA Board. In 2023, the plan received \$78.4 million in employer contributions, \$52.6 million in employee contributions and recognized \$53.2 million in smoothed investment earnings. This offset other experience losses and resulted in a decrease in the unfunded actuarial accrued liability from \$271.6 million to \$229.5 million. The plan's funded ratio, which is the percentage of future pension benefits covered by the plan's current assets, is 93.8% using the valuation value of assets of \$3.5 billion, with an actuarial accrued liability of \$3.7 billion. Generally speaking, this means that for every dollar of future pension benefit owed SCERA has 93 cents available. SCERA is committed to delivering superior stewardship of the trust fund assets we are entrusted to administer and to keep our expenses reasonable while doing so. To that end, our administrative expenses totaled \$3.8 million.

We know all these facts and figures can be confusing, especially when there are multiple reports with different numbers and results. These reports, like the ACFR and the Actuarial Valuation reports, serve different purposes. We provide information about these reports and the other aspects of administering the SCERA plan on our website, and we always encourage people to reach out and ask us questions.

Thank you for your trust in SCERA to administer this complex plan.

Respectfully submitted,

*Julie Wyne*

Chief Executive Officer

### Board of Retirement Members

**Brian Williams**, Chair  
Elected by Safety Members

**Robert Williamson**,  
Vice Chair  
Appointed by Board of Supervisors

**Amos Eaton**, Trustee  
Elected by General Members

**Chris Coursey**, Trustee  
Appointed by Board of Supervisors

**Greg Jahn**, Trustee  
Appointed by Board of Supervisors

**Erick Roeser**, Trustee  
Auditor-Controller-Treasurer-  
Tax Collector

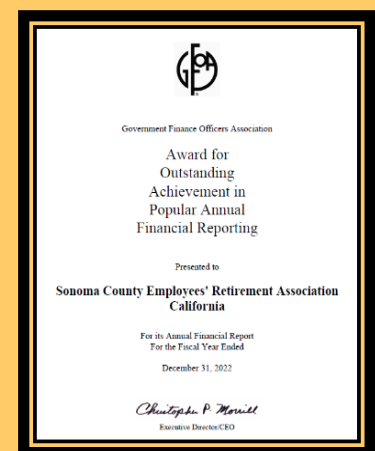
**Joe Tambe**, Trustee  
Appointed by Board of Supervisors

**Tim Tuscany**, Trustee  
Elected by Retired Members

**Travis Balzarini**, Trustee  
Elected by General Members

**Neil Baker**, Alternate Trustee  
Elected by Retired Members

### Government Finance Officers Association Award



**\$3.5 Billion Total  
Net Position**

**13.6% Investment  
Rate of Return**



**BY THE NUMBERS**

**Year Ended December 31, 2023**

**93.8% Funded\***

**\$3,106 Average  
Monthly Benefit**

### **Membership Statistics**

General Plan A – Active	1,283	36% of General Actives
General Plan B – Active	2,297	64% of General Actives
Total General Actives	3,580	
Safety Plan A – Actives	327	49% of Safety Actives
Safety Plan B – Actives	335	51% of Safety Actives
Total Safety Actives	662	
Total Actives	4,242	
General Retired & Beneficiaries	4,608	
Safety Retired & Beneficiaries	1,152	
Total Retired & Beneficiaries	5,760	
Total Deferred/Transferred	1,765	
Total Members & Beneficiaries	11,767	2023 growth of 349 or 3.1%

### **WHERE DOES THE MONEY COME FROM?**

Employer Contributions  
\$78.4 million

Employee Contributions  
\$52.6 million

Net Investment Income  
\$400.1 million

**SCERA**

### **WHERE DOES THE MONEY GO?**

Retirement Benefits  
\$215.4 million

Administrative Expenses  
\$3.8 million

\*Percentage is based on valuation value of assets

# Membership Highlights

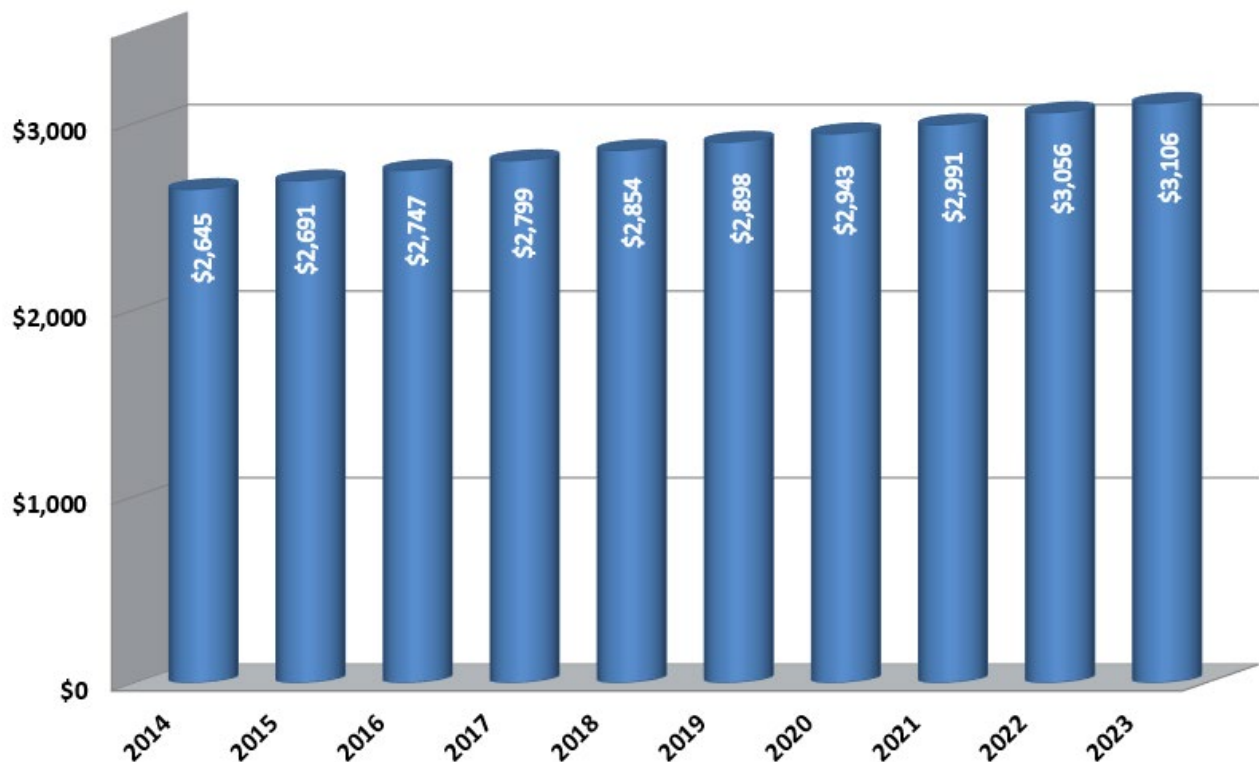
## Membership

SCERA's membership includes the total of active employees paying into the plan, inactive members with contributions still in the plan, and the total number of retired members and beneficiaries drawing monthly pension benefits.

Fiscal Year Ending 12/31	Active & Deferred Members	Retired Members & Beneficiaries	Total Members	Average Annual Retiree Benefit Received
2023	6,007	5,760	11,767	\$37,271
2022	5,791	5,627	11,418	36,677
2021	5,635	5,478	11,113	35,892
2020	5,535	5,347	10,882	35,315
2019	5,435	5,250	10,685	34,781

## Average Benefit Payments

The below chart is a broad representation of average monthly benefits paid over 10 years to retirees and beneficiaries, for both general and safety members combined.



# Actuarial Highlights

## Funded Ratios

Funded ratios are reported by Segal, SCERA's actuary, as part of their annual Actuarial Valuation. They are based upon a snapshot of the pension plan on December 31<sup>st</sup> of each year and show the ratio of assets to accrued liability. Funded ratios should be viewed with other financial and economic data to determine the fiscal health of a pension plan. The chart below shows five years of funded ratios on both a market value and a smoothed valuation value.

Actuarial Valuation Date (Dollars in Thousands)	Actuarial Accrued Liability	Valuation Value of Assets (VVA)	VVA Funded Ratio	Market Value of Assets (MVA)	MVA Funded Ratio	VVA Unfunded Actuarial Liability
12/31/23	\$3,730,227	\$3,500,687	93.8%	\$3,481,146	93.3%	\$229,540
12/31/22	3,582,766	3,311,174	92.4%	3,169,632	88.5%	271,592
12/31/21	3,460,051	3,215,505	92.9%	3,521,361	101.8%	244,546
12/31/20	3,264,403	2,981,688	91.3%	3,073,675	94.1%	282,715
12/31/19	3,143,323	2,811,292	89.4%	2,916,890	92.8%	332,031

# Financial Highlights

## Statement of Changes in Fiduciary Net Position

The Statement of Changes in Fiduciary Net Position captures the additions to the plan from employee and employer contributions, and net investment income/(loss), and the deductions to pay pension benefits to members and beneficiaries, refunds of contributions to those leaving the Plan, administrative and other expenses of the Plan. The chart below shows three years of a consolidated view of additions and deductions to the Plan.

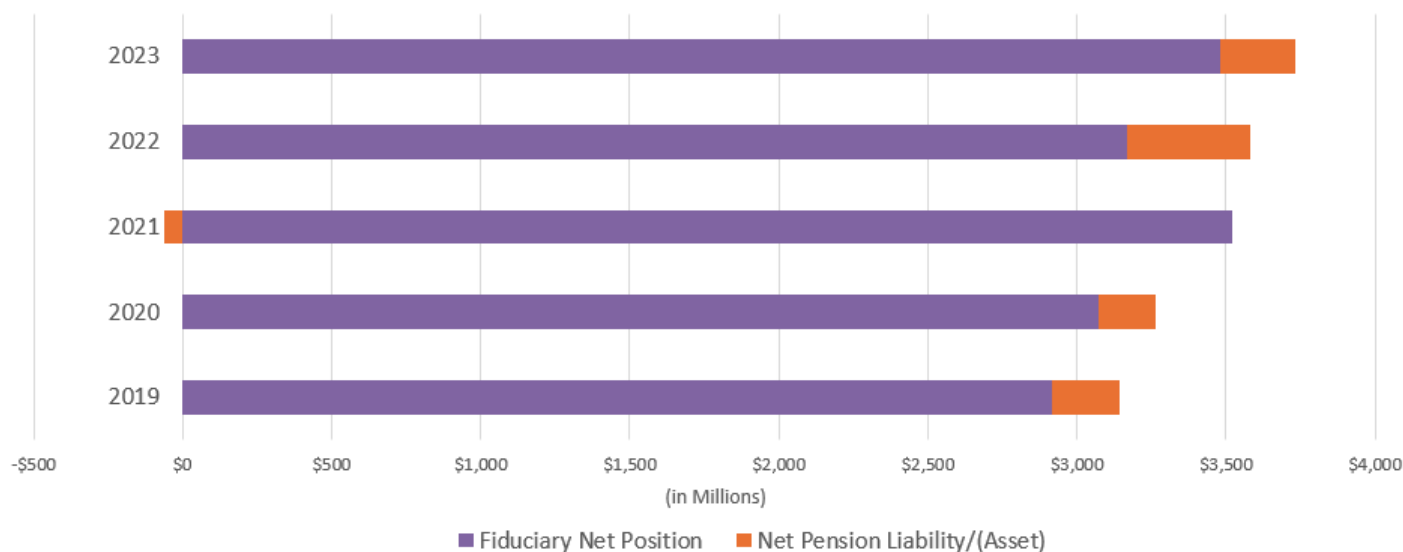
Additions and Deductions to Fiduciary Net Position							
For the Years Ended December 31, 2023, 2022, and 2021							
(Dollars in Millions)	2023	2022	2021	2023-2022		2022-2021	
				Difference	% Change	Difference	% Change
Contributions	\$131	\$126	\$124	\$5	4%	\$2	2%
Net Investment Income/(Loss)	400	(269)	522	669	249%	(791)	(152)%
<b>Total Additions</b>	<b>531</b>	<b>(143)</b>	<b>646</b>	<b>674</b>	<b>470%</b>	<b>(789)</b>	<b>(122)%</b>
Pension Benefits and Refunds	216	205	196	11	5%	9	5%
Administrative and Other Expenses	4	3	3	1	18%	-	-%
<b>Total Deductions</b>	<b>220</b>	<b>208</b>	<b>199</b>	<b>12</b>	<b>5%</b>	<b>9</b>	<b>5%</b>
Net Increase/(Decrease)	311	(351)	447	662	188%	(798)	(179)%
Fiduciary Net Position, Beginning of Year	3,170	3,521	3,074	(351)	(10)%	447	15%
<b>Fiduciary Net Position, End of Year</b>	<b>\$3,481</b>	<b>\$3,170</b>	<b>\$3,521</b>	<b>\$311</b>	<b>10%</b>	<b>\$(351)</b>	<b>(10)%</b>

## Net Pension Liability/(Asset)

The net pension liability/(asset) is measure of the total pension liability less the amount of the pension plan's fiduciary net position. The net pension liability/(asset) is an accounting measurement calculated under the guidance of Governmental Accounting Standards Board No. 67 for financial statement report purposes and reflects the fair value basis of the Plan.

(Dollars in Millions)	2023	2022	2021	2020	2019
<b>Total Pension Liability</b>	\$3,730	\$3,583	\$3,460	\$3,264	\$3,143
<b>Less: Fiduciary Net Position</b>	3,481	3,170	3,521	3,073	2,917
<b>Net Pension Liability/(Asset)</b>	\$249	\$413	\$(61)	\$191	\$226
<b>Fiduciary Net Position as a Percentage of Total Pension Liability</b>	93.3%	88.5%	101.8%	94.2%	92.8%

### Components of Total Pension Liability



## Fund Expenses

The primary uses of assets are the payment of pension benefits to retirees and beneficiaries, refunds of contributions to former members, and payment of administrative and other expenses.

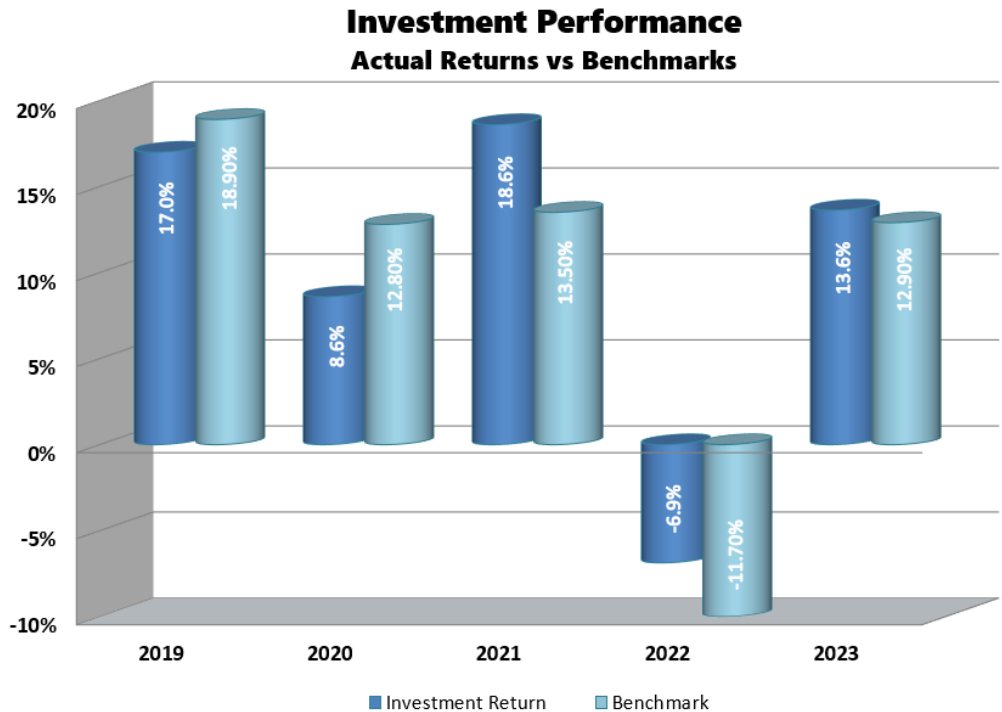
Fiscal Year Ending 12/31 (Dollars in Millions)	Pension Benefits	Refunds	Administrative & Other Expense	Total
<b>2023</b>	\$212.8	\$2.6	\$4.1	\$219.6
<b>2022</b>	201.7	3.0	3.5	208.2
<b>2021</b>	193.1	2.4	3.0	198.5
<b>2020</b>	186.0	4.1	3.0	193.1
<b>2019</b>	179.4	3.3	3.6	186.3



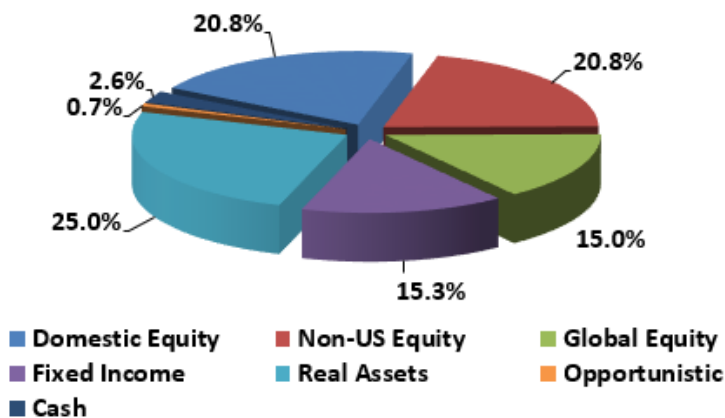
# Investment Highlights

## Actual Returns vs Benchmark

SCERA generated a 13.6% return, exceeding both the benchmark and SCERA's actuarial assumed rate of return of 6.75%, for the year ended December 31, 2023.



## Pension Benefit Asset Allocation at Fair Value as of 12/31/2023



## Asset Allocation Strategy

The Investment Policy Statement is the Board's policy for management of SCERA's investments. An important part of the policy is the asset allocation strategy, which is the mix of asset categories that SCERA wants to invest in (stocks, bonds, real estate, farmland, etc.) along with the investment returns SCERA expects to get and the risk SCERA expects to take. SCERA invests over a very long horizon and the asset allocation strategy is designed to protect the fund by diversifying the assets to minimize risk and maximize returns.

The financial data in the PAFR is derived from the more detailed ACFR. Both are consistent with generally accepted accounting principles and guidelines established by the Governmental Accounting Standards Board. You can find both the ACFR and the PAFR online at

[www.scretire.org](http://www.scretire.org).



**Sonoma County Employees' Retirement Association**

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# 2023

## **Popular Annual Financial Report** **For the Year Ended December 31, 2023**

**SCERA's** mission is to provide and protect retirement benefits for its members and beneficiaries.

### **SCERA's Participating Employers**

- County of Sonoma
- Superior Court of California – County of Sonoma
- Sonoma Valley Fire District