



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 19

MEETING DATE: August 21, 2024

SUBJECT: Sacramento Area Sewer District

SUBMITTED FOR: ___ Consent X Deliberation and Action ___ Receive and File

RECOMMENDATION

Approve Sacramento Area Sewer District's request to join SCERS as a new employer, effective December 15, 2024; authorize the Chief Executive Officer to execute a three-party agreement with Sacramento County and the District regarding the allocation of pension liabilities and funding obligations; and, adopt contribution rates for the District for December 15, 2024-June 30, 2025, as recommended by Segal.

PURPOSE

This item complies with Strategic Management Plan goals to promote plan sustainability and to support the clear understanding of roles and responsibilities among stakeholders. This item also follows the statutory process under Assembly Bill 2301 and Government Code Section 31557 for a district to join a county retirement system.

BACKGROUND

The present-day Sacramento Area Sewer District (SacSewer or District) was previously known as two separate agencies, i.e., Sacramento Area Sewer District and Sacramento Regional County Sanitation District (Regional San), providing sewage collection and wastewater treatment services. In January 2024, the two agencies legally merged into one, resulting in a consolidated sewer utility called SacSewer.

Though the agency is already an independent special district, it functioned as a county department for decades, utilizing county administrative services and employees. On August 24, 2022, SacSewer's governing board approved the initial stages of formally separating from the County of Sacramento (County) at a future date. The entity then contacted SCERS regarding its interest in joining SCERS as an independent district and retaining SCERS membership for its current employees. Since then, both SCERS and SacSewer have been actively engaged in generating state legislation, formulating a three-party agreement between the County, SCERS, and SacSewer, and commissioning actuarial studies to facilitate the separation from the County.

Earlier this year, SacSewer sponsored AB 2301, with SCERS' support, to ensure that the pension liabilities of current and former SacSewer employees are adequately addressed and accounted for, and to facilitate the transfer of accrued and future retirement benefits for more than 700 current employees, so they are held harmless.

The bill reflects the intent to apportion more than \$560 million in pension liabilities and assets between the County and SacSewer, based on the recommendation of SCERS' actuary, in a fair manner that will protect the pension fund and its members in the long run and avoid potential future disputes over payment obligations.

The legislation also ensures that current "legacy" employees will retain their retirement benefit tier. Otherwise, the Public Employees' Pension Reform Act (PEPRA) would require that employees who transfer to SacSewer would be placed in the PEPRA benefit structure. These provisions are similar in nature to other enacted legislation regarding consolidations or reorganizations of governmental entities in the post-PEPRA era. The bill was signed by Governor Newsom on July 2, 2024.

DISCUSSION

The three-party agreement with the County, SacSewer, and SCERS covers the funding and administrative obligations of SacSewer as a separate participating employer of SCERS, provides more detail on how the pension liabilities and assets are apportioned, and establishes the contribution rate structure for the initial transition year, which straddles a fiscal year.

The agreement includes the methodology for determining SacSewer's initial unfunded liability of more than \$100 million, based on a proportionate share of the unfunded liability for the total Miscellaneous plan. The apportionment reflects a net-zero transfer of pension assets and liabilities between SacSewer and the County. SacSewer contribution rates for the period of December 15, 2024 - June 30, 2025, are fundamentally the same as the County rates, adjusted for cost-sharing differences with employees. Beginning July 1, 2025, Segal will calculate employer and employee rates for SacSewer independent of the County, which may reflect minor demographic differences in the membership.

On July 10, 2024, the SacSewer Board approved the three-party agreement and a resolution requesting inclusion in SCERS. Following SCERS' anticipated approval of the agreement, the County Board of Supervisors is expected to ratify it in September 2024.

In January 2024, SCERS formed a project working group to collaborate with SacSewer's project manager and the County Department of Technology to develop and finalize payroll requirements for SacSewer's payroll vendor to ensure that payroll transmittals comply with SCERS' requirements. Over the next couple of months, SCERS will be testing payroll test files to confirm that SacSewer's employer transmittal files are ready for the payroll transmittal in mid-December 2024.

ATTACHMENTS

- Board Order
- July 10, 2024, SacSewer Board Resolution
- Agreement for Allocation of Pension Liabilities and Funding Obligations, with exhibits:
 - April 25, 2024, Segal Letter – “Sacramento County Employees’ Retirement System (SCERS) December 15, 2024-June 30, 2025 Employer and Member Rates for Sacramento Area Sewer District (SACSEWER)”
 - June 9, 2023, Segal Letter – “Sacramento County Employees’ Retirement System (SCERS) Estimate of Stand-Alone Sanitation District Liabilities and Contribution Rates as of June 30, 2022”

Prepared by:

/s/

Margo Allen
Chief Operations Officer

Reviewed by:

/s/

Eric Stern
Chief Executive Officer



Retirement Board Order

Sacramento County Employees' Retirement System

**Before the Board of Retirement
August 21, 2024**

AGENDA ITEM:

Sacramento Area Sewer District

THE BOARD OF RETIREMENT hereby accepts the recommendation of staff to approve Sacramento Area Sewer District's request to join SCERS as a new employer, effective December 15, 2024; authorize the Chief Executive Officer to execute a three-party agreement with Sacramento County and the District regarding the allocation of pension liabilities and funding obligations; and, adopt contribution rates for the District for December 15, 2024-June 30, 2025, as recommended by Segal.

I HEREBY CERTIFY that the above order was passed and adopted on August 21, 2024 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES:

(Present but not voting)

Board President

Eric Stern
Chief Executive Officer and
Board Secretary

Administrative Office
10060 Goethe Road
Sacramento, CA 95827
Tel 916.876.6000

EchoWater Facility
8521 Laguna Station Road
Elk Grove, CA 95758
Tel 916.875.9000

APPROVED
BOARD OF DIRECTORS
By Res. No. SD-0508
JUL 10 2024
Arlene Evans
Clerk of the Board

DATE: July 10, 2024

TO: Honorable Board of Directors
Sacramento Area Sewer District

FROM: Sacramento Area Sewer District

SUBJECT: Approve Agreement for Allocation of Pension Assets, Liabilities and Funding Obligations with Sacramento County Employees' Retirement System and the County of Sacramento, Contract No. 80000188

RECOMMENDATION:

The Sacramento Area Sewer District (SacSewer) recommends that your Board adopt the attached resolution (Attachment A) authorizing the District Engineer or designee to execute the Agreement (Attachment B) with the Sacramento County Employees' Retirement System (SCERS) and the County of Sacramento (County) for allocation of pension assets, liabilities, and funding obligations, Contract No. 80000188.

BACKGROUND:

Effective December 15, 2024, SacSewer will become a new employer and a new member of SCERS. County employees assigned to SacSewer will separate from County employment to become employees of SacSewer. SacSewer employees' membership in SCERS will continue without interruption and they will retain their existing retirement benefits in their respective tiers upon transition to SacSewer employment. SacSewer also intends to retain the sick leave balances of employees earned while in County employment.

DISCUSSION:

SacSewer, SCERS, and the County worked together to develop the terms of the Agreement that reflect and memorialize the terms for liabilities and funding obligations. SacSewer will assume the pension assets, liabilities, and obligations of the County attributed to SCERS members and beneficiaries of SacSewer, whether the member is actively employed, deferred, or retired. SacSewer will contribute to SCERS as a separate employer based on the rates and methodology established in the agreement, which are consistent with SacSewer's current retirement contributions made throughout the County. SacSewer will continue to reimburse the County for SacSewer's share of debt service and administrative costs for County pension obligation bonds.

FINANCIAL ANALYSIS:

SacSewer already incurs retirement benefit costs for County employees assigned to SacSewer and makes its contributions through the County. With this agreement, these costs will continue, but will be paid directly to SCERS.

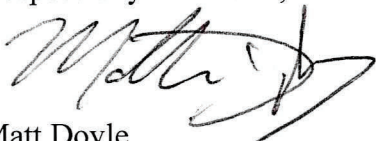
As a separate employer, with demographics unique from the County's labor force, SacSewer's contribution rates may diverge slightly from that of the County's over time. However, SacSewer does not anticipate significant cost impacts from this change. All retirement costs are funded through the Collection System Operating Fund and the Treatment and Resource Recovery Operating Fund.

District Counsel has approved the agreement as to form.

CONCLUSION:

SacSewer recommends that you adopt the attached resolution authorizing the District Engineer or designee to execute the Agreement with Sacramento County Employees' Retirement System and Sacramento County for the allocation of pension assets, liabilities, and funding obligations.

Respectfully submitted,



Matt Doyle,
Director of Internal Services Department

APPROVED:



Christoph Dobson, P.E.
District Engineer

Attachments: A. Resolution
B. Agreement

Contact for additional information:

Matt Doyle, Director of Internal Services Department, 916-875-1747

SACRAMENTO AREA SEWER DISTRICT

RESOLUTION NO. SD-0508

AGREEMENT FOR ALLOCATION OF PENSION ASSETS, LIABILITIES AND FUNDING OBLIGATIONS

WHEREAS, County of Sacramento (County) employees who are assigned to Sacramento Area Sewer District (SacSewer) are currently members of the Sacramento County Employees' Retirement System (SCERS); and

WHEREAS, effective December 15, 2024, SacSewer will directly employ County employees currently assigned to it; and

WHEREAS, SacSewer desires to retain its future employees' membership in SCERS without interruption, including leave balances and retirement benefits in their respective tiers; and

WHEREAS, SacSewer, SCERS, and County desire to enter into a three-party agreement to allocate pension assets, liabilities and funding obligations (Agreement).

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that the Board of Directors of the SACRAMENTO AREA SEWER DISTRICT, a county sanitation district pursuant to and operating under the authority of the County Sanitation District Act, commencing at Health and Safety Code section 4700 et.seq., hereby:

1. Approves the Agreement, and authorizes the District Engineer or designee to negotiate and execute, on behalf of SacSewer, the Agreement, in substantially the form attached hereto, subject to approval by District Counsel, with the Sacramento County Employee Retirement System, a governmental defined benefit plan operating under the authority of the County Employees Retirement Law, sections 31450-31899.10 and 7522-7522.74 of the California Government Code, and the County of Sacramento, a political subdivision of the State of California, and to do and perform everything necessary to carry out the purpose of this Resolution.
2. Requests inclusion in SCERS as a separate, participating employer effective December 15, 2024.
3. Directs that a certified copy of this Resolution be forwarded to the SCERS Board of Retirement for consideration.

Agreement For Allocation Of Pension Assets, Liabilities And Funding Obligations
Page 2 of 2

ON A MOTION by Director Kaplan, and seconded by Director Desmond, the foregoing resolution was passed and adopted by the Board of Directors of the Sacramento Area Sewer District, State of California, this 10th day of July, 2024, by the following vote, to wit:

- AYES: Directors Aquino, Desmond, Frost, Kaplan, Karpinski-Costa, Kennedy, Robles, Suen and Hume
- NOES: None
- ABSENT: Directors Maple, Orozco, Sander, Serna, Talamantes, Thao, Valenzuela, and Villegas
- ABSTAIN: None
- RECUSAL: None
(PER POLITICAL REFORM ACT (§ 18702.5))

Chair of the Board of Directors
Sacramento Area Sewer District,
a county sanitation district pursuant to and
operating under the authority of the County
Sanitation District Act, commencing at Health and
Safety Code section 4700 et.seq.



ATTEST:

Clerk of the Board of
Supervisors of Sacramento
County, California, and ex-
officio Secretary of the Board of
Directors of the
Sacramento Area Sewer District

FILED
BOARD OF DIRECTORS
JUL 10 2024

CLERK OF THE BOARD

In accordance with Section 25803 of the Government Code
of the State of California a copy of the document has been
delivered to the Chairman on 7-10-2024
By:
Deputy Clerk, Board of Directors

AGREEMENT FOR ALLOCATION OF PENSION LIABILITIES AND FUNDING OBLIGATIONS

This agreement (“AGREEMENT”) is entered into on **<date>**, by and between the SACRAMENTO AREA SEWER DISTRICT, a county sanitation district organized and established pursuant to and operating under the authority of the County Sanitation District Act, commencing at California Health and Safety Code section 4700 (“SACSEWER”), the SACRAMENTO COUNTY EMPLOYEES’ RETIREMENT SYSTEM, a governmental defined benefit plan operating under the authority of the County Employees Retirement Law, sections 31450-31899.10 and 7522-7522.74 of the California Government Code (“SCERS”), and the COUNTY OF SACRAMENTO, a political subdivision of the State of California (“COUNTY”), for the purpose of allocating pension liabilities and funding obligations associated with the transfer of COUNTY employees to SACSEWER employment.

This AGREEMENT is intended to be consistent with all applicable law, including but not limited to, the County Employees Retirement Law of 1937 (“CERL”), the Public Employee Pension Reform Act of 2012 (“PEPRA”), and the Sacramento Area Sewer District Pension Protection Act of 2024 (“SASDPPA”), and shall be construed as such. No statement in this document is intended to enlarge or amend any provisions in the CERL, PEPRA, SASDPPA, or SCERS’ policies. To the extent that this AGREEMENT may be in conflict with applicable law, the law shall control.

1. Designation of Employees as SCERS Members

SACSEWER employees who were SCERS members prior to December 15, 2024 shall continue to be SCERS members notwithstanding their transfer from COUNTY employment to SACSEWER employment. Such employees were and are eligible to receive the same level of benefits they were eligible to receive prior to the transfer. All current employees who enter the system upon SACSEWER’s inclusion in SCERS will retain the benefit tier status (*e.g.*, Miscellaneous Tiers 1-5) they held as COUNTY employees.

The Parties understand and agree that it is the intent of SACSEWER for all current employees who enter the system upon SACSEWER’s inclusion in SCERS to retain the sick leave balances they held as COUNTY employees, subject to limitations or labor agreements.

On or after December 15, 2024 new SACSEWER employees are eligible to participate as members of SCERS as new employees and will be placed in SCERS’ Miscellaneous Tier 5 (PEPRA tier) or SCERS’ Safety Tier 4 (should SACSEWER employ safety members). Should SACSEWER hire a new employee who establishes reciprocity, and if that employee held membership in an eligible prior retirement system before January 1, 2013, the new employee will be placed in the Tier that the COUNTY had in effect for new employees as of December 31, 2012. For COUNTY employees, that was Miscellaneous Tier 4 and Safety Tier 3.

The Parties understand and agree that SACSEWER employees’ participation in SCERS has been, and continues to be, subject to the bylaws and policies enacted by the SCERS’ Board of Retirement, including without limitation, the SCERS’ Membership Policy.

2. Allocation of Pension Assets and Liabilities

The Parties understand and agree that it is the intent of SACSEWER and the County that SACSEWER will assume the pension assets, liabilities, and obligations of the COUNTY attributed to SCERS members and beneficiaries of SACSEWER, whether the member is actively employed, deferred, or retired.

Contribution rates will be established by SCERS for SACSEWER as a separate cost group under the following schedule and methodology:

A. *Contribution Rates for fiscal year 2024-25*

For the period December 15, 2024-June 30, 2025, SCERS shall establish employer and employee contribution rates for SACSEWER as outlined in the April 25, 2024, letter from the Segal actuarial firm to SCERS, attached hereto as Exhibit 1 and incorporated by reference herein.

The Parties understand and agree that SACSEWER shall continue to reimburse COUNTY for SACSEWER's share of COUNTY prepayment to SCERS for fiscal year 2024-25 in the same manner as has been administered prior to the separation (period of July 1 to December 14, 2024). Subsequent to the separation, including the period of December 15, 2024 to June 30, 2025, SACSEWER will be solely responsible for the prepayment amounts for its employees and timely remitting funds to SCERS.

B. *Contribution Rates for fiscal year 2025-26 and subsequent years*

Effective July 1, 2025, and for subsequent fiscal years, SCERS shall establish employer and employee contribution rates for SACSEWER that are independent of COUNTY contribution rates. Those contribution rates will be reflected in the annual actuarial valuation as of June 30, 2024.

The Parties understand and agree that SACSEWER is funded independently of the COUNTY and, after July 1, 2025, may make funding contributions on a schedule different from that used by the COUNTY, including the decision to make a prepayment for the annual employer contribution or additional Unfunded Actuarial Accrued Liability ("UAAL") payments. SCERS shall adjust SACSEWER contributions as necessary for differing contribution payments or funding schedules.

The Parties understand and agree that SACSEWER may have different demographic characteristics of its members and different compensation items than that of COUNTY, which can affect actuarial assumptions and contribution rates. SCERS shall adjust employer and employee contribution rates for SACSEWER as necessary to reflect these differences.

C. *Unfunded Liability*

As of June 30, 2024, the UAAL will be apportioned to SACSEWER using the "implicit" methodology as outlined in the June 9, 2023, letter from the Segal actuarial firm to SCERS, attached hereto as Exhibit 2 and incorporated by reference herein. Under the implicit method, all the Miscellaneous employers essentially pay the same rate to amortize the

UAAL. This means that, in effect, the UAAL for the total Miscellaneous plan is allocated to SACSEWER in proportion of the SACSEWER payroll to the total Miscellaneous payroll.

The Parties understand and agree that the implicit UAAL of \$101,463,000 identified in the Segal letter was determined at a point in time as of June 30, 2022, and that the UAAL that will be updated and calculated as of June 30, 2024 will reflect changes including but not limited to: payroll, actuarial experience, actuarial assumptions adopted by the SCERS Board of Retirement, and the reconciliation of SACSEWER contributions from Paragraph (A).

The UAAL apportioned to SACSEWER as of June 30, 2024, will not include the COUNTY unfunded liability associated with COUNTY Safety members or other previously withdrawn employers.

The Parties understand and agree that the initial apportioning of the UAAL as of June 30, 2024, will represent a fixed amount that will not change. SACSEWER shall be responsible for funding the initial UAAL and any subsequent UAAL that is associated with “identified members,” plus any members joining on or after December 15, 2024, identified as belonging to SACSEWER in future valuations.

For the purposes of this section, “identified members” refers to SACSEWER active, deferred, and retired members hired prior to the separation that were explicitly identified as part of the Segal Letter, plus any additional SACSEWER active, deferred, and retired members that are explicitly identified by SCERS as of December 14, 2024.

3. SCERS Administrative Expenses and Requirements

Settlor Expenses: As a separate participating employer of SCERS, it is SACSEWER’s responsibility to pay for settlor expenses, which are generally defined as administrative expenses associated with administering the defined benefit plan and are actuarially included in the annual employer contribution rate. SACSEWER is responsible for transmitting accurate member data to SCERS. SACSEWER may be responsible for expenses associated with error corrections, enrollment errors, back pay, and contributions corrections and calculating of interest payments associated with any of these processes. Such expenses will be discussed with SACSEWER prior to being incurred.

Payroll Information: As a separate participating employer of SCERS, SACSEWER is required to provide SCERS with information about its programs, processes, and procedures that are material to the administration of retirement benefits, and SACSEWER is required provide sufficient notice to SCERS when changes are made. These items include, but are not limited to, payroll system changes, salary increases and changes in accruals, and publicly available pay schedules. SACSEWER shall be responsible for any expenses associated with testing or programming to ensure that the payroll interface file comports with SCERS’ requirements and provides the necessary information for SCERS to calculate member contributions.

Audit Expenses: As a separate participating employer of SCERS, SACSEWER will be responsible for audit expenses in the event that SCERS audits SACSEWER as authorized by the Government Code, including, but not limited to sections 31543, 7522.56, 7522.72 or 7522.74.

4. Replacement Benefits

SACSEWER shall establish a Replacement Benefit Plan independent of the COUNTY Replacement Benefit Plan by January 1, 2025, and facilitate and fund replacement benefits for retired members attributable to SACSEWER who are subject to IRC 415(b) limits.

5. Pension Obligation Bonds

SACSEWER shall continue to reimburse COUNTY for SACSEWER's share of debt service and administrative costs for COUNTY pension obligation bonds issued prior to July 1, 2024 and any future bonds issued to refund those bonds. Administrative costs include professional fees and COUNTY staff time associated with pension obligation bond administration.

SACSEWER's percentage share of annual pension obligation bond debt service and administrative costs for each upcoming fiscal year shall be calculated by dividing SACSEWER's total estimated payroll for the upcoming fiscal year by the combined total estimated miscellaneous member payroll for COUNTY, SACSEWER, and the Sacramento Superior County Court for the same fiscal year. This percentage shall then be applied to the total amount of COUNTY pension obligation bond debt service and administrative costs attributed to miscellaneous members by SCERS' actuary to determine the total annual amount payable by SACSEWER to COUNTY. This annual amount shall be divided into twelve (12) equal monthly installments, with the monthly payment due to the COUNTY no later than the 15th of each month, unless otherwise agreed to in writing in advance.

6. Termination of Participation in SCERS

SACSEWER may withdraw from SCERS pursuant to Government Code section 31564. If SACSEWER does withdraw from or otherwise terminate participation in SCERS, then SACSEWER shall remain liable to SCERS for SACSEWER's share of any UAAL which is attributable to the employees of SACSEWER who either have retired or will retire under the retirement system, pursuant to applicable law and SCERS' Terminating Employer Policy.

7. Notices

Any notice or communication required to be sent to a Party pursuant to this Agreement must be sent in writing by personal delivery during regular business hours or first-class mail and e-mail at the addresses designated below.

If to SCERS: Sacramento County Employees' Retirement System
ATTN: Chief Executive Officer
980 9th Street, Suite 1900
Sacramento, California 95814
sterne@saccounty.gov

With a copy to: Sacramento County Employees' Retirement System
ATTN: General Counsel
980 9th Street, Suite 1900
Sacramento, California 95814
morrishj@saccounty.gov
sacretire@saccounty.gov

If to SACSEWER: Sacramento Area Sewer District
ATTN: Tapa Banda, CFO
10060 Goethe Rd
Sacramento, CA 95827
bandat@sacsewer.com

With a copy to: Sacramento Area Sewer District
ATTN: Christoph Dobson, District Engineer
10060 Goethe Rd
Sacramento, CA 95827
dobsonc@sacsewer.com

If to COUNTY: County of Sacramento
ATTN: County Executive
700 H Street, Suite 7650
Sacramento, California 95814
CountyExecutive@saccounty.gov

With a copy to: County of Sacramento
ATTN: Chief Fiscal Officer
700 H Street, Suite 7650
Sacramento, California 95814
thomasam@saccounty.gov

8. Assignment

No Party may assign this Agreement, in whole or in part, whether by operation of law or otherwise, to any other entity, agency or person, without the prior written consent of the other Parties. Even if that consent is obtained, any assignment made in contravention of the CERL, PEPRA, SASDPPA, SCERS' policies or any other law will be void and of no effect.

9. Governing Law/Jurisdiction

This Agreement, and the Parties' performance hereunder, will be exclusively governed by the laws of the State of California without regard to any conflict of law provisions, and jurisdiction shall exclusively be within the Superior Court of California, County of Sacramento.

10. Binding Effect

This Agreement shall inure to the benefit of, and be binding upon, the Parties and their permitted successors and assigns, unless otherwise precluded by operation of California law.

11. Authority

The Parties each represent and warrant that the persons who execute this Agreement on their behalf are duly authorized to do so in their individual or representative capacity as approved by their respective governing bodies.

12. Integration/Amendment

This Agreement contains the entire agreement and understanding of the Parties with respect to the allocation of pension liabilities and funding obligations associated with the separation of SACSEWER and the COUNTY, and supersedes all previous communications, representations, understandings and agreements, whether verbal, written, express or implied, between the Parties regarding the subject matter set forth herein. This Agreement may be amended only by written agreement signed by all Parties as authorized and approved by their respective governing bodies.

13. Counterparts

This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, and all such counterparts taken together shall constitute one and the same document. Counterparts may be executed in either original or verifiable electronically transmitted form, and the parties hereby adopt as original any signatures received via verifiable electronically transmitted form.

IN WITNESS WHEREOF, the Parties have executed this Agreement effective on the date and year first written above.

SACRAMENTO AREA SEWER DISTRICT

Signature of Authorized Representative

Name of Person Signing

Title of Person Signing

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM

Signature of Authorized Representative

Name of Person Signing

Title of Person Signing

COUNTY OF SACRAMENTO

Signature of Authorized Representative

Name of Person Signing

Title of Person Signing

EXHIBITS TO FOLLOW:

1 – April 25, 2024, Segal Letter – “Sacramento County Employees’ Retirement System (SCERS) December 15, 2024-June 30, 2025 Employer and Member Rates for Sacramento Area Sewer District (SACSEWER)”

2 – June 9, 2023, Segal Letter – “Sacramento County Employees’ Retirement System (SCERS) Estimate of Stand-Alone Sanitation District Liabilities and Contribution Rates as of June 30, 2022”



Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary
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180 Howard Street
Suite 1100
San Francisco, CA 94105-6147
segalco.com

April 25, 2024

Mr. Eric Stern
Chief Executive Officer
Sacramento County Employees' Retirement System
980 9th Street, Suite 1900
Sacramento, CA 95814-2738

**Re: Sacramento County Employees' Retirement System (SCERS)
December 15, 2024 – June 30, 2025 Employer and Member Rates for Sacramento
Area Sewer District (SACSEWER)**

Dear Eric:

In the enclosed tables found in Attachment A, we have prepared breakdowns of the employer's basic, COLA, and total rates for SACSEWER for the period December 15, 2024 through June 30, 2025. We have also included the member rates for SACSEWER for the same period.

Pursuant to the terms of the Agreement between SCERS, SACSEWER and the County, the employer and member contribution rates provided in Attachment A are derived from those previously calculated for the County's Miscellaneous membership group as included in **Section 2, Subsection F** and **Section 4, Exhibits 3 and 6** in the June 30, 2023 valuation report for fiscal year 2024-2025, with the additional condition pursuant to our understanding of the above Agreement that the member rates for Miscellaneous Tiers 1 through 4 are no more than 14% higher than the applicable member rate before the 50% Normal Cost sharing arrangement. (The member full rates before the 50% Normal Cost sharing arrangement are shown on page 132 of the June 30, 2023 valuation report and are net of any applicable member COLA offset.) The remainder of the total Normal Cost is paid by the employer. Furthermore, we have included in SACSEWER's employer contribution rates the amount charged by the County to the budget of each department to repay the Pension Obligation Bond (POB) debt service even though those are not additional contributions that will be paid to SCERS.

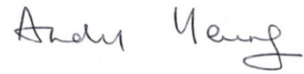
Note that we have provided Miscellaneous Tier 1 rates although there were no Miscellaneous Tier 1 SACSEWER active members reported in the June 30, 2023 valuation.

Starting July 1, 2025, the employer and member rates for SACSEWER will be set independently following the terms of the above Agreement.

Mr. Eric Stern
April 25, 2024
Page 2

Please let us know if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Andy Yeung". The signature is written in a cursive, slightly slanted style.

Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary

ST/elf
Attachment

cc: Margo Allen

Sacramento County Employees' Retirement System
Contribution Rates for December 15, 2024–June 30, 2025

Total employer contribution rate (% of total payroll)

Miscellaneous

Sacramento Area Sewer District

	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Normal Cost	16.93%	11.16%	14.85%	10.67%	9.60%
UAAL — New	12.36%	12.36%	12.36%	12.36%	12.36%
2004-Debt Service*	9.85%	9.85%	9.85%	9.85%	9.85%
Total	39.14%	33.37%	37.06%	32.88%	31.81%

Basic employer contribution rate (% of total payroll)

Miscellaneous

Sacramento Area Sewer District

	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Normal Cost	12.69%	11.16%	12.69%	8.70%	7.94%
UAAL — New	10.66%	10.66%	10.66%	10.66%	10.66%
2004-Debt Service*	7.42%	7.42%	7.42%	7.42%	7.42%
Total	30.77%	29.24%	30.77%	26.78%	26.02%

COLA employer contribution rate (% of total payroll)

Miscellaneous

Sacramento Area Sewer District

	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Normal Cost	4.24%	0.00%	2.16%	1.97%	1.66%
UAAL — New	1.70%	1.70%	1.70%	1.70%	1.70%
2004-Debt Service*	2.43%	2.43%	2.43%	2.43%	2.43%
Total	8.37%	4.13%	6.29%	6.10%	5.79%

* The contribution rates charged by the County for the 2004-Debt Service as included in this letter for the Miscellaneous membership group are the same as those calculated by Segal in our letter dated November 27, 2023. In preparing that letter, we had taken into account: (a) the total bond payment required for fiscal year 2024–2025, (b) the relative credits provided by the POB to the Miscellaneous and Safety membership groups when the POB was issued, and (c) the projected payrolls of the Miscellaneous and Safety membership groups for fiscal year 2024–2025 required to develop separate Miscellaneous and Safety bond payment contribution rates in proportion to the Miscellaneous and Safety credits.

Member contribution rate (% of total payroll)

Miscellaneous *Sacramento Area Sewer District*

	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Normal Cost	8.34%	4.75%	6.81%	10.13%	9.60%

Note: These are the total member rates. For the COLA portion of the member rate, please refer to **Section 4, Exhibit 3** of the June 30, 2023 valuation report. For legacy tiers (Miscellaneous Tiers 1, 2, 3, and 4), member rates shown are for bi-weekly salary in excess of \$161 (or monthly salary in excess of \$350). For bi-weekly salary less than \$161 (or monthly salary less than \$350), the rates are equal to 2/3 of the rates shown. For PEPRA tier (Miscellaneous Tier 5), member rate shown is for the total bi-weekly salary.

Via Email

June 9, 2023

Mr. Eric Stern
Chief Executive Officer
Sacramento County Employees' Retirement System
980 9th Street, Suite 1900
Sacramento, CA 95814-2738

**Re: Sacramento County Employees' Retirement System (SCERS)
Estimate of Stand-Alone Sanitation District Liabilities and Contribution Rates as of
June 30, 2022**

Dear Eric:

We have been requested by your office to estimate the impact of separating out the Sanitation District (the District) members from the other employers with Miscellaneous members and placing the District members into a separate cost group. The District has historically been a department within the County.

Accordingly, we have estimated the District's liabilities and the employer and employee contribution rates before and after separating the District into a separate cost group. Our estimate is based on membership and financial data used in the June 30, 2022 actuarial valuation as well as the additional historical membership information compiled by both SCERS and the District for this study.

Background

For the purposes of determining the employer and the employee normal cost contribution rates in the ongoing actuarial valuation, members from all Miscellaneous employers who receive the same tier of benefit have been assigned to the same normal cost rating pool for each of the five Miscellaneous tiers. Furthermore, for the purposes of determining the employer unfunded actuarial accrued liability (UAAL) contribution rates, the liabilities and assets of all members in the five Miscellaneous tiers have been combined and developed using one UAAL rating pool.

The establishment of the normal cost and UAAL rating pools should result in more stable contribution rates (especially for the smaller employers) as the actual experience from a larger group of members would be pooled in establishing those contribution rate requirements. While the application of the UAAL rating pool would result in an implicit allocation of SCERS' total Miscellaneous UAAL to each employer as of the date of the annual valuation, combining the assets historically for all active Miscellaneous employers into one UAAL rating pool means that under this methodology it is not possible to identify separately the assets that belong to the County (and for each County department) and the other Miscellaneous district employers.

For this study, SCERS has been asked by the District to estimate their stand-alone liabilities and contribution rates if they were to be separated from the rating pools. As the historical District membership information appears incomplete, we have been requested to propose a reasonable method to estimate the actuarial accrued liabilities (AAL) and the assets to be allocated to the District. Based on those amounts, a separate employer UAAL contribution rate has been calculated for the District.

Because SCERS has been able to identify all active employees belonging to the District as of June 30, 2022, we have recalculated the employer and employee normal cost contribution rates previously calculated based on active employees from all Miscellaneous employers so that they are now only based on active employees from the District.

District's Membership Data as of June 30, 2022

SCERS and the District provided Segal with information on approximately 1,200 members that were identified as current or prior employees of the District. However, based on the presumption that the ratio of non-active members¹ to active members at the District would be about the same as such ratio for all of SCERS Miscellaneous employers as a whole, the number of non-active members at the District appeared to be incomplete.

In particular, in Table One below, the numbers of deferred vested members and payees from the District (column (4)) and ratio of non-active members to active members (column (5)) appear to be low when compared to comparable numbers and ratios for all Miscellaneous (columns (2) and (3)). We estimated the number of additional District deferred vested and payees to normalize those ratios (column (6)) using the following calculation:

Active District members identified as of June 30, 2022

Multiplied by

$[(\text{ratio of non-actives to actives for SCERS}) - (\text{ratio of non-actives to actives for District})]$

¹ Includes deferred vested members and payees (retirees and beneficiaries).

Table One

(1) Member Category	(2) Number at All Miscellaneous Employers	(3) Ratio of Members in Category To Actives	(4) Number at District	(5) Ratio of Member in Category To Actives	(6) Additional District Members to Normalize Ratio
Actives	10,703		733		
Deferred Vested	3,989	37%	120	16%	153*
Payees	<u>10,749</u>	100%	<u>324</u>	44%	<u>412**</u>
Total	25,441		1,177		565

* Using the above formula, 153 is equal to $733 * (37\% - 16\%)$.

** Using the above formula, 412 is equal to $733 * (100\% - 44\%)$.

A summary of the membership counts for the District compared to SCERS' entire Miscellaneous membership is provided in Exhibit A.

Generally speaking, the liabilities for the average member in each tier are different as they reflect the demographic profile (e.g., length of employment at valuation date and at actual retirement, salary at valuation date and at actual retirement, etc.) and the formula benefit (e.g., Tier 1 members are eligible for an up to an annual 4% COLA, Tier 2 members are ineligible for any COLA, etc.) for each tier. Therefore, it would be desirable to identify the incomplete member data by tier.

If we look at the ratio of non-active members to active members in Exhibit A, it would appear that the data is least complete for the tiers that have been established the longest at SCERS (such as Tiers 1, 2 and 3). However, it might be difficult to estimate how many District members might be missing by using the aforementioned ratio calculation on a tier-by-tier basis. For instance, there are no active Tier 1 members reported by SCERS as belonging to the District and very few active Tier 1 members from all employers.

According to the District, their ratio of non-active members to active members should be lower because they have experienced a higher rate of growth in their active population than the other County departments. To validate this claim, the District provided Segal with the Full-Time-Equivalent (FTE) staffing trend from fiscal years 92-93 through 00-01. SCERS provided to us active membership counts from fiscal years 90-91 through 21-22 as a basis for comparing the level of active membership growth for the District to that for all of the Miscellaneous employers. A summary of the historical headcounts provided by the District and SCERS for the years that overlap (that we have accepted without audit) is provided in Exhibit B.

The seven-year average of the percentage of the SCERS active Miscellaneous members identified as belonging to the District for the period 92-93 through 98-99 was 5.72%,² as calculated in column (5) in Exhibit B. As of 21-22, the District comprises 6.85% of SCERS'

² We have excluded the higher FTE provided by the District for fiscal years 99-00 and 00-01 because according to the District, the higher FTE might not be reliable and could be attributable to a change in organization structure and how they counted the positions.

active Miscellaneous membership. The change in these percentages would appear to support the District's claim that they had experienced a higher rate of growth at least for the above period when compared to all of the Miscellaneous employers.

For the purposes of estimating the additional number of District members necessary to normalize the ratios of deferred vested to actives and payees to actives, we believe it would be reasonable to adjust the results provided in column (6) of Table One (for the potentially under-reported District members) by the ratio of 5.72% to 6.85% (or 83.49%) based on the following assumptions (that we will look to SCERS to confirm as reasonable to assume):

- The District's higher active membership growth derived by comparing the two points in time (i.e., the average of FTE from 92-99 with 21-22) could be used to justify why they might have a lower proportion of deferred vested and payee members.

We note that, on the average, the payees from all the Miscellaneous tiers were hired at around 1990 according to data provided for the June 30, 2022 valuation. If the District had experienced a higher rate of growth after the cut-off period of 92-99 that FTE information was provided by to Segal, it is quite possible for them to have fewer payees based on the assumption that those members hired after 98-99 might not have retired as of June 30, 2022 on the average.

- We understand an argument has been made by the District related to increase in their customer base as reflected in the County's population over the past few decades to explain the change in the need for the services provided by the District. If that is accurate, their rate of growth might not have followed the same trajectory as the rest of the County's departments and the other Miscellaneous employers.

District's Actuarial Accrued Liabilities (AAL) as of June 30, 2022

Liabilities for the identified District members

We first calculated the AAL as of June 30, 2022 for the members identified as District members by SCERS and the District and included in our June 30, 2022 actuarial valuation. Those results are as follows:

Table Two

(\$ in 000s)	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Total
Actives	\$0	\$862	\$266,179	\$7,125	\$26,048	\$300,214
Deferred Vested	0	0	16,759	577	956	18,292
Payees	<u>47,277</u>	<u>504</u>	<u>193,215</u>	<u>981</u>	<u>340</u>	<u>242,317</u>
Total	\$47,277	\$1,366	\$476,153	\$8,683	\$27,344	\$560,823

The AAL as of June 30, 2022 for all SCERS Miscellaneous members is as follows:

Table Three

(\$ in 000s)	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Total
Actives	\$16,141	\$23,028	\$2,843,168	\$61,532	\$321,407	\$3,265,276
Deferred Vested	3,124	10,997	331,166	7,064	19,615	371,966
Payees	<u>1,577,240</u>	<u>70,389</u>	<u>3,281,789</u>	<u>7,975</u>	<u>9,484</u>	<u>4,943,877</u>
Total	\$1,596,505	\$104,414	\$6,456,123	\$73,571	\$350,506	\$8,581,119

As shown in Exhibit C, in general, the average salary for the active District members of \$97,393 is 18% higher compared to the average salary of \$82,464 for the active Miscellaneous members as of June 30, 2022. That higher average salary might be the reason why the average liability for the 1,177 District members of \$476,000 (\$560,823,000 divided by 1,177) is higher than the average liability for the 25,441 Miscellaneous members of \$337,000 (\$8,581,119,000 divided by 25,441).

Liabilities for the potentially unidentified District members

We next estimated the potential liabilities for the unidentified deferred vested and payees from the District. To do so, we adjusted our calculation of the number of such unidentified deferred vested and payees from Table One for the change in average proportion of District members from 92-99³ to 21-22.

For deferred vesteds, we estimated about 128 potentially unidentified District members (i.e., 153 * 83.49%). Similarly, we estimated about 344 potentially unidentified District payees (i.e., 412 * 83.49%). In total, we estimated about 472 potentially unidentified District deferred vested and payee members.

Based on the ratio for each Miscellaneous Tier of non-actives to actives for the District compared to SCERS' entire membership, it appears that more of the unidentified District members should be attributed to Tiers 1, 2 and 3. However, as noted earlier, it might be difficult to estimate how many District members might be missing by using the aforementioned ratio calculation on a tier-by-tier basis.

Therefore, once we estimated the number of unidentified deferred vested and payees, instead of estimating how many of each were in each tier and estimating a liability for those members by tier, we instead:

1. carved out the headcounts and liabilities for the identified District members from the total Miscellaneous liabilities
2. calculated an average liability for the remaining non-District members
3. multiplied that average liability by the estimated headcount of the unidentified District members calculated earlier.

³ See Exhibit B.
5761680v6/05750.001

Note that, in calculating the liabilities for the unidentified members, we have not adjusted them to reflect the potential that they might be higher than those of the average Miscellaneous member.

The details of this calculation are provided in Exhibit D. Based on those estimations of unidentified members and their associated liabilities are as follows:

Table Four

	Identified District Members		Unidentified District Members		Total District	
	Headcount	AAL (\$ in 000s)	Headcount	AAL (\$ in 000s)	Headcount	AAL (\$ in 000s)
Actives	733	\$300,214	0	\$0	733	\$300,214
Deferred Vested	120	18,292	128	11,701	248	29,993
Payees	<u>324</u>	<u>242,317</u>	<u>344</u>	<u>155,140</u>	<u>668</u>	<u>397,457</u>
Total	1,177	\$560,823	472	\$166,841	1,649	\$727,664

District’s Unfunded Actuarial Accrued Liabilities as of June 30, 2022

UAAL implicitly allocated to District in ongoing valuation

In the ongoing valuation, all the Miscellaneous employers essentially pay the same contribution rate⁴ to amortize the UAAL as there is only one Miscellaneous UAAL rate pool. This means that, in effect, the UAAL for the total Miscellaneous plan is allocated to each employer in proportion of the payroll for that employer to the total Miscellaneous payroll. In the June 30, 2022 valuation, the UAAL allocated implicitly to the District is \$101,463,000 after making adjustments to reflect certain UAAL payments that are only allocated certain employers.

We note that when we apply this methodology to determine the UAAL, we could “back into” the assets amount for the District by subtracting the UAAL from the liabilities for only the members that have been identified as belonging to the District. If we apply that determination here, the District assets would equal \$459,360,000.

(This method could be viewed as attractive because we would not need to make any explicit assumption with respect to the liabilities for the unidentified District members. Furthermore, if this method were to be chosen by SCERS, the System would only need to track the assets and

⁴ We note that: (a) the County’s UAAL rate is slightly higher than that of the Superior Court as the County is responsible for paying off the residual liability for the Library and Air Quality Districts that withdrew from SCERS, (b) Rio Linda Elverta Recreation and Parks District’s UAAL rate is lower to reflect that they joined SCERS on October 1, 2017, (c) Fair Oaks and Galt Amo Cemetery Districts UAAL rate is lower to reflect their future service benefit improvement under Section 31676.1 and (d) the County and Superior Court’s UAAL rate is lower as they participated in POBs.

liabilities on an on-going basis with respect to current members, plus any members joining after June 30, 2022, identified as belonging to the District in future valuations.

UAAL explicitly allocated to District in this study

As of June 30, 2022, the Miscellaneous cost group was 85.04% funded without taking into account the special funding arrangements for certain UAALs as described in footnote 5.

Based on the AAL above for the identified District members of \$560,823,000, we would estimate the allocated assets for those members to be equal to \$476,924,000 (i.e., \$560,823,000 * 85.04%) and UAAL for those members to be equal to \$83,899,000. Based on the AAL above for the unidentified District members of \$166,841,000, we would estimate the allocated assets for those members to be equal to \$141,882,000 and UAAL for those members to be equal to \$24,959,000. In total, the UAAL to be allocated to the District would be \$108,858,000. We note that this amount is about 7% higher than the result shown above based on how the UAAL is implicitly allocated based on payroll in the on-going valuation.

However, in coming up with the higher UAAL of \$108,858,000, we have had to make certain assumptions and perform the estimates described above regarding the number and the liabilities associated with the unidentified District members. (Going forward, we would also need to track the liabilities associated with the unidentified District members somewhat differently compared to liabilities associated with the identified District members.⁵) In this case, as the UAAL calculated using the implicit and the (estimated) explicit methods are reasonably close to each other, we would recommend that SCERS consider using the implicit method described above so that the additional assumptions and estimates with respect to the liabilities for the unidentified members could be avoided.

Contribution Rates Determined as of June 30, 2022

Finally, we have recalculated the member and employer normal cost contribution rates for the District based only on the membership demographic of the District's current active members. We have also recalculated the normal cost rates for the County after excluding the District members. The following table is a summary comparison of the average contribution rates for both the District and the County, before and after the de-pooling.

⁵ We would outline the differences later if this method were to be chosen by SCERS.

Table Five

	Sanitation District		County (excluding Sanitation)	
	Before De-pooling	After De-pooling	Before De-pooling	After De-pooling
Employer Rate				
Normal Cost	10.78%	10.75%	10.66%	10.66%
UAAL	<u>12.81%</u>	<u>12.81%</u>	<u>12.81%</u>	<u>12.81%</u>
Total	23.59%	23.56%	23.47%	23.47%
Average Member Rate	10.61%	10.58%	10.52%	10.52%

The detailed contribution rates for the employer are provided in Exhibit E.

Assumptions used in Calculations

Unless otherwise noted, all of the above calculations are based on the June 30, 2022 actuarial valuation results including the participant data and actuarial assumptions on which that valuation was based. That valuation and these calculations were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary.

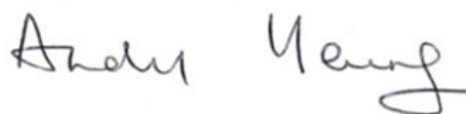
The undersigned are Members of the American Academy of Actuaries and meet the qualification requirements to render the actuarial opinion contained herein.

Please let us know if you have any questions.

Sincerely,



Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President & Actuary



Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Actuary

MYM/bbf

cc: Margo Allen

Exhibit A – Membership Comparison as of June 30, 2022

	Sanitation District	Ratio of Non-Actives to Actives	All SCERS Miscellaneous	Ratio of Non-Actives to Actives
Tier 1				
Actives	0		13	
Deferred Vested	0	N/A	23	177%
Payees	<u>37</u>	N/A	<u>3,138</u>	24138%
Total	37		3,174	
Tier 2				
Actives	1		32	
Deferred Vested	0	0%	84	263%
Payees	<u>1</u>	100%	<u>474</u>	1481%
Total	2		590	
Tier 3				
Actives	384		4,859	
Deferred Vested	48	13%	2,298	47%
Payees	<u>281</u>	73%	<u>7,053</u>	145%
Total	713		14,210	
Tier 4				
Actives	32		308	
Deferred Vested	9	28%	133	43%
Payees	<u>3</u>	9%	<u>24</u>	8%
Total	44		465	
Tier 5				
Actives	316		5,491	
Deferred Vested	63	20%	1,451	26%
Payees	<u>2</u>	1%	<u>60</u>	1%
Total	381		7,002	
All Tiers Combined				
Actives	733		10,703	
Deferred Vested	120	16%	3,989	37%
Payees	<u>324</u>	44%	<u>10,749</u>	100%
Total	1,177		25,441	

Exhibit B – Full-Time-Equivalent Staffing Trend

(1) Fiscal Year	(2) District FTE	(3) District Growth	(4) All Miscellaneous Employers	(5) District as Percentage of All Miscellaneous Employers
92-93	458	N/A	8,404	5.45%
93-94	467	2.0%	8,401	5.56%
94-95	484	3.6%	8,973	5.39%
95-96	499	3.1%	8,860	5.63%
96-97	517	3.6%	8,684	5.95%
97-98	530	2.5%	8,684	6.10%
98-99	555	4.7%	9,350	5.94%
99-00	638	15.0%	10,217	6.24%
00-01	699	9.6%	10,781	6.48%
Average for 92-93 to 98-99:				5.72%
21-22	733	N/A	10,703	6.85%

Note: According to the District, the number of FTE provided for fiscal years 99-00 and 00-01 might not be reliable and could be attributable to a change in organization structure and how they counted the positions.

Accordingly, we have excluded the FTEs in those years when calculating the average in the table above.

Exhibit C – Salary and Service Comparison as of June 30, 2022

	Sanitation District	All SCERS Miscellaneous
Tier 1		
Actives	0	13
Average Salary	N/A	\$94,540
Average Service	N/A	40.3
Tier 2		
Actives	1	32
Average Salary	\$104,426	\$84,375
Average Service	30.2	30.9
Tier 3		
Actives	384	4,859
Average Salary	\$109,158	\$94,636
Average Service	20.2	19.7
Tier 4		
Actives	32	308
Average Salary	\$99,643	\$104,042
Average Service	9.6	8.4
Tier 5		
Actives	316	5,491
Average Salary	\$82,845	\$70,443
Average Service	4.6	3.8
All Tiers Combined		
Actives	733	10,703
Average Salary	\$97,393	\$82,464
Average Service	13.0	11.3

Allocation of Liabilities for Unidentified District Members

	All Miscellaneous Members		Identified District Members		Miscellaneous Members excluding Identified District Members			Unidentified District Members		Total District
	(1)	(2)	(3)	(4)	(5) = (1) - (3)	(6) = (2) - (4)	(7) = (6) / (5)	(8)	(9) = (7) * (8)	(10) = (4) + (9)
	Headcount	AAL (\$ in 000s)	Headcount	AAL (\$ in 000s)	Headcount	AAL (\$ in 000s)	Average AAL (\$ in 000s)	Headcount	AAL (\$ in 000s)	Allocated AAL (\$ in 000s)
Actives	10,703	\$3,265,276	733	\$300,214	9,970	\$2,965,062	\$297	0	\$0	\$300,214
Deferred Vested	3,989	371,966	120	18,292	3,869	353,674	91	128	11,701	29,993
Payees	<u>10,749</u>	<u>4,943,877</u>	<u>324</u>	<u>242,317</u>	<u>10,425</u>	<u>4,701,560</u>	<u>451</u>	<u>344</u>	<u>155,140</u>	<u>397,457</u>
Total	25,441	\$8,581,119	1,177	\$560,823	24,264	\$8,020,296	\$331	472	\$166,841	\$727,664

Contribution Rates

Stand-Alone Normal Cost Rates for the Districts	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Combined
1) Count	0	1	384	32	316	733
2) June 30, 2022 projected annual payroll (\$ in '000s)	N/A	\$104	\$41,917	\$3,189	\$26,179	\$71,389
3) Employer Normal Cost (% of payroll)	N/A	8.66%	11.30%	10.81%	9.86%	10.75%
4) Employer Normal Cost (\$ in '000s), (2) * (3)	N/A	\$9	\$4,737	\$345	\$2,581	\$7,672
5) Employee Normal Cost (% of payroll)	N/A	8.66%	11.04%	10.55%	9.86%	10.58%
6) Employee Normal Cost (\$ in '000s), (2) * (5)	N/A	\$9	\$4,628	\$336	\$2,581	\$7,554
Normal Cost Rates for All Miscellaneous County						
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Combined
7) Employer Normal Cost (% of payroll) ⁶	11.14%	7.74%	11.32%	10.94%	9.90%	10.78%
8) Employer Normal Cost (\$ in '000s), (2) * (7)	N/A	\$8	\$4,745	\$349	\$2,592	\$7,694
9) Employee Normal Cost (% of payroll) ⁶	9.62%	7.74%	11.06%	10.68%	9.90%	10.61%
10) Employee Normal Cost (\$ in '000s) (2) * (9)	N/A	\$8	\$4,636	\$341	\$2,592	\$7,577
Difference						
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Combined
11) Employer Normal Cost Difference (\$ in '000s), (4) – (8)	N/A	\$1	-\$8	-\$4	-\$11	-\$22
12) Employee Normal Cost Difference (\$ in '000s), (6) – (10)	N/A	\$1	-\$8	-\$5	-\$11	-\$23

⁶ The normal cost rates shown for each tier are an average for all Miscellaneous County members in each tier and have not been recalculated to reflect the salaries for the specific members of the District.