



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 10

MEETING DATE: August 20, 2025

SUBJECT: Employer Contribution Prepayments

SUBMITTED FOR: ☐ Action ☒ Information

RECOMMENDATION

Receive and file report confirming Sacramento County and Sacramento Area Sewer District employer contribution prepayments for fiscal year 2025-26, and Sacramento Metro Fire District unfunded liability payment for 2025-26.

PURPOSE

This item supports the Strategic Management Plan by maintaining transparent communications to stakeholders and demonstrating fiscal responsibility and stewardship.

DISCUSSION

The County Employees Retirement Law (CERL) authorizes county government and districts "to make advanced payment of all or part of the ...estimated annual contribution to the retirement fund" (Government Code section 31582(b) and (c)).

Sacramento County (County) made a contribution prepayment for fiscal year 2025-26 on July 18, 2025, in the amount of \$338,023,246. The actuarial prepayment estimate of \$335,216,624, was based on the County's 2025-26 projected payroll. Consistent with prior years, SCERS staff reconciled the actuarial prepayment estimate, so it included the prior year's contribution underpayment of \$3,578,927 and an adjusted offset of \$772,305 for replacement benefit plan payments made by the County in calendar year 2024¹. The net increase is \$2,806,622 to the initial actuarial prepayment estimate for a final contribution prepayment of \$338,023,246.

Sacramento Area Sewer District (SacSewer) made a contribution prepayment for fiscal year 2025-26 on July 17, 2025, in the amount of \$19,009,930. The actuarial prepayment estimate of \$19,009,930 was based on SacSewer's 2025-26 projected payroll.

¹ The replacement benefit plan was established by the County to pay benefits above the annual benefit payment limit set by the Internal Revenue Service.

The reconciliation process will be delayed a year due to employer file production issues with SacSewer's new payroll system. Once SCERS receives payrolls files, staff will complete a reconciliation.

The Sacramento Metropolitan Fire District (Sac Metro) made an unfunded liability payment for fiscal year 2025-26 on July 24, 2025, in the amount of \$3,039,563 as per the actuarial payment schedule. Under the 2018 funding agreement, Sac Metro is making annual payments to pay off unfunded liabilities on behalf of the former Florin Fire and North Highlands fire district employees who were previously SCERS members.

ATTACHMENT

- Board Order
- Letter from Segal dated June 30, 2025
- Letter from Segal dated June 30, 2025
- Letter from Segal dated February 14, 2025

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 20, 2025**

AGENDA ITEM:

Employer Contribution Prepayments

THE BOARD OF RETIREMENT hereby approves the Staff recommendation to receive and file report confirming Sacramento County and Sacramento Area Sewer District employer contribution prepayments for fiscal year 2025-26, and Sacramento Metro Fire District unfunded liability payment for 2025-26.

I HEREBY CERTIFY that the above order was passed and adopted on August 20, 2025, 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

Via Email

February 14, 2025

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)
Withdrawal Liability, Pension Expense and Financial Reporting as of
June 30, 2024 – Sacramento Metropolitan Fire District**

Dear Eric:

We have been requested by your office to update the withdrawal liability study dated March 12, 2024 pertaining to the Sacramento Metropolitan Fire District* (the District) based on the latest membership and financial data available for the District as of June 30, 2024. As further requested, we have used the results from the current study (as of June 30, 2024) and the last study (as of June 30, 2023) to calculate the pension expense and prepare other schedules to assist the District in completing its financial reporting under Governmental Accounting Standards Board Statement (GASBS) 68.

Background

Florin Fire Protection District was a contracting employer with SCERS before it withdrew from SCERS and contracted with CalPERS to provide retirement benefits for its members with respect to service after December 31, 1996. SCERS is only responsible for providing benefits to employees or retirees of Florin Fire who were members of SCERS before January 1, 1997. SCERS entered into an agreement with the District which required CalPERS to provide the entire benefit (payable to the members and their surviving spousal/domestic partner beneficiaries) for those active Safety members who receive a service connected disability retirement after January 1, 1997. This update assumes no liability for such members, except for a refund of member contributions. This is consistent with the approach taken in the prior years' reports when there were still active Safety members reported in those valuations.

North Highlands Fire was an employer that merged with Sacramento Metropolitan Fire District, but its active employees remained members of SCERS until the last of those employees retired in 2011. Based on the methodology described in SCERS' Declining Employer Payroll Policy, North Highlands Fire was allocated a pro-rata share of the total unfunded actuarial accrued liability (UAAL) for their participation in the Safety membership group as of June 30, 2019. After

* The former Florin Fire Protection District and North Highlands Fire are now part of the Sacramento Metropolitan Fire District.

the determination of the initial UAAL, any change in UAAL is determined by rolling forward the assets allocated to North Highlands Fire and comparing it to the Actuarial Accrued Liability (AAL) measured on an annual basis.

This update reflects the combined UAAL of Florin Fire and North Highlands Fire as of June 30, 2024. Consistent with the approach taken in our March 12, 2024 letter, the UAAL is reduced to reflect the reduction in AAL for the District due to the limitation imposed by IRC Section 415 on benefits that could be paid by SCERS for one retiree in the District whose benefit was close to that limit determined as of June 30, 2024. This reduction incorporates information provided by SCERS about this member's benefit, as well as a projection of future IRC Section 415 dollar limits for the purposes of this study only. We have applied the actual April 1, 2025 COLA and 2025 Section 415 limit* in our calculations. Furthermore, the projection of the member's benefit is based on assumed 2.75% cost-of-living increases starting on April 1, 2026, and future Section 415 dollar limits starting in 2026 have been projected at the assumed 2.50% rate of inflation, rounded down to the nearest \$5,000 consistent with the procedure used by the IRS.

Note that the other actuarial assumptions used in preparing the withdrawal liability calculations in this report are the same as those used in preparing the funding valuation for SCERS as of June 30, 2024. The next experience analysis is due to be performed as of June 30, 2025 and assumptions approved in that analysis will be applied in the District's withdrawal liability study as of June 30, 2026.

Prior calculation of Sacramento Metropolitan Fire's unfunded actuarial accrued liability

In the District's most recent withdrawal liability update dated March 12, 2024, we determined that the District had a UAAL of \$40,396,083 as of June 30, 2023. This was the amount by which the District's AAL exceeded the assets with SCERS. That liability reflected the additional cost to provide enhanced benefits under Section 31676.14 for Miscellaneous members and Section 31664.1 for Safety members.

Current analysis and results

This study is based on the June 30, 2024 membership and 2023/2024 financial data provided by SCERS and accepted by us without audit. A reconciliation of the change in the District's allocated assets from the previous study as of June 30, 2023 to June 30, 2024 is provided in Table A.

The District's liabilities calculated using the latest membership information available (as of June 30, 2024) are provided in Table B. Please note the liabilities also include the additional benefit granted to the retirees as a result of the Ventura Settlement.

* We note that the 2025 Section 415 dollar limit for a member who retired at age 62 is \$280,000. This is increased from the 2024 Section 415 dollar limit of \$275,000.

A reconciliation of the change in the liabilities is provided in Table C. Please note that the liabilities calculated in this report were based on the 3 percent at 50 formula (Section 31664.1) for Safety and the 2 percent at 55.5 formula (Section 31676.14) for Miscellaneous members.

The development of the UAAL with SCERS is provided in Table D. As shown in Table D, the UAAL has decreased from \$40,396,083 determined in the last review as of June 30, 2023 to \$37,543,240 in this review as of June 30, 2024. The change can be explained by the following:

Increases in UAAL

- The interest charged to the UAAL as of June 30, 2023: \$2.7 million
- A loss due to COLA increases greater than expected: \$0.7 million
- A loss due to continuing payee mortality:^{1,2} \$0.2 million

Decreases in UAAL

- Contributions paid by the District with interest to June 30, 2024: \$4.9 million
- A gain due to the favorable market return of 8.77% during 2023/2024: \$1.4 million
- A gain due to other actuarial experience: \$0.2 million

The District has a UAAL with SCERS when determined as of June 30, 2024. The accrued liability exceeds the assets by \$37,543,240 based on a market value asset figure.

The District contributed \$3.1 million³ above the minimum required for 2023/2024. This actuarial gain was reflected in the amortization schedule shown in Table D3 of our March 12, 2024 letter and would reduce the 2025/2026, 2026/2027, and 2027/2028 required payments by \$1,244,847 each year.⁴

¹ There were 3 net deaths (7 total deaths, however, 4 deceased members had beneficiaries) among the payees versus about 3 cumulative deaths expected by applying the probability of death to each retiree and beneficiary included in the last valuation. In the future, the District may experience an actuarial gain if there were to be more deaths than expected (or vice versa).

² There was an experience loss of \$0.7 million due to continuing payee mortality during the last study as of June 30, 2023.

³ Actual contribution made of \$4.60 million versus amount required of \$1.53 million.

⁴ The amortization schedule shown in this study treats contribution payments above the required minimum as actuarial gains that will be used to reduce contribution requirements in future fiscal years.

Contribution receivable and asset adjustment

The outstanding balance as of June 30, 2023 of the UAAL established prior to June 30, 2023 for the District is \$38,403,238. After adjusting for the UAAL increase as of June 30, 2023, interest at the assumed rate of investment return to June 30, 2024 and contributions made during 2023/2024, that amount is equal to \$38,238,975 as of June 30, 2024, as shown in our March 12, 2024 letter.* That amount has been booked by SCERS in their financial statements as part of the contribution receivable as of June 30, 2024. The UAAL reduction (gain) determined as of June 30, 2024 is equal to the total UAAL of \$37,543,240 minus \$38,238,975, or \$(695,735).

The minimum required annual payment for 2024/2025 as shown in our March 12, 2024 letter was \$1,155,946. The District elected to make a contribution payment of \$3,950,000 on July 24, 2024, with \$1,155,946 being applied toward the 2024/2025 required payment, and the remaining \$2,794,054 being a prepayment applied toward the 2025/2026 required payment. We have adjusted the amortization schedule in Table D2 to reflect the prepayment of \$2,794,054 for 2025/2026. When adjusted with interest, the 2025/2026 required payment has been reduced by \$2,986,391 due to the District's prepayment.

As stipulated in the termination agreement, we have included the UAAL payment reduction associated with amortizing the \$(695,735) in UAAL gain (see Table D1) over three years with the original UAAL amortization schedule (see Table D2) to come up with the total UAAL amortization schedule required to pay off the \$37,543,240. The total annual payment amounts required are shown in the second to last column in Table D2 titled "Total Annual Payment." A breakdown of the total annual payment amounts is shown in Table D3. A reconciliation of the scheduled annual payments for the five years starting from 2024/2025 is shown on the following page.

* See entry in the last column for Fiscal Year 2023/2024 as provided in Table D2 of our March 12, 2024 letter.

Schedule of Payments towards UAAL
Determined as of June 30, 2023 and June 30, 2024
Valuation for Sacramento Metropolitan Fire Protection District

Fiscal Year	(1) June 30, 2023 Total Payment	(2) Adjustment for 2025/2026 Payment	(3) 2023/2024 Actuarial Experience	(4) June 30, 2024 Total Payment
2024/2025	\$1,155,946	\$2,794,054		\$3,950,000
2025/2026	6,291,296	(2,986,391)	\$(265,341)	3,039,563
2026/2027	2,513,613	—	(265,341)	2,248,271
2027/2028	3,601,081	—	(265,341)	3,335,740
2028/2029	4,845,928	—	—	4,845,928

Key:

- (1) Total payments determined as of June 30, 2023, as shown on Table D3 of our March 12, 2024 letter.
- (2) By prepaying \$2.79 million toward the required contribution for 2025/2026, the District will be able to reduce its future contributions for 2025/2026 by \$2.99 million, when adjusted with interest.
- (3) Due to actuarial gain of \$0.7 million, there are reductions to the UAAL payments over 3 years of \$0.3 million each year. See Table D1 of this letter.
- (4) Total payments as of June 30, 2024. Equal to (1) + (2) + (3). See Tables D2 and D3 of this letter.

Governmental Accounting Standards Board Statement (GASBS) 68

Similar to the information provided in the last several withdrawal liability studies, we have included additional information to assist the District in completing its financial reporting under GASBS 68. We have prepared those schedules by using the results from the June 30, 2024 and June 30, 2023 withdrawal studies. That information can be found in Tables E through J.

As shown in Table G, the Pension Expense has decreased from last year's amount of \$1.8 million to this year's amount of \$1.4 million. The decrease in Pension Expense is primarily attributable to the favorable market return of 8.77% during 2023/2024.

Assumptions

The results in this study were calculated using assumptions adopted by the Board for the June 30, 2024 actuarial valuation. The valuation and these calculations were prepared under the supervision of Andy Yeung, ASA, MAAA, FCA, EA.

As this report is based on the financial information available as of June 30, 2024,* any changes in the value of assets subsequent to that date are not reflected. Declines in asset values will increase the actuarial cost of the plan, while increases will decrease the actuarial cost of the plan.

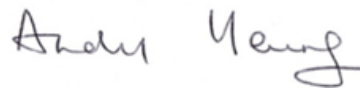
We are Members of the American Academy of Actuaries and we meet the qualification requirements to render the actuarial opinion contained herein.

If you have any questions, please do not hesitate to give us a call.

Sincerely,



Todd Tauzer, FSA, MAAA, FCA, CERA
Senior Vice President and Actuary



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



Molly Calcagno, ASA, MAAA, EA
Senior Actuary

ST/bbf
Enclosures

cc: Margo Allen

Disclaimer

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* As discussed earlier in this letter, we have also relied on contributions made on July 24, 2024 by the District as communicated to us by SCERS.

Reconciliation of Sacramento Metropolitan Fire District's Accumulated Assets with SCERS
(From June 30, 2023 to June 30, 2024)

Line Description	FY Ending 6/30/2024	FY Ending 6/30/2023
1. Rate of return ¹	8.77%	5.74%
2. Market value of assets – beginning	\$71,197,239	\$72,276,659
3. Contributions made	4,600,000	2,800,000
4. Retirement and survivor benefits	8,153,207	7,952,911
5. Lump sum death benefits	4,000	0
6. Interest crediting	6,268,514 ²	4,073,491 ³
7. Market value of assets – ending	\$73,908,546⁴	\$71,197,239

Note: Excludes contribution receivables, if any.

¹ Based on SCERS rates of return on the market value of assets.

² Equals (2) x (1) minus [(4) +(5)] x [[1 + (1)]^{0.5} – 1] plus interest of \$374,694 based on a rate of return of 8.77% on the market value of assets from June 30, 2023 to June 30, 2024, computed on contributions of \$4,600,000 made on July 26, 2023.

³ Equals (2) x (1) minus [(4) +(5)] x [[1 + (1)]^{0.5} – 1] plus interest of \$149,874 based on a rate of return of 5.74% on the market value of assets from June 30, 2022 to June 30, 2023, computed on contributions of \$2,800,000 made on July 25, 2022.

⁴ The net gain from investments and contribution timing is shown in item (7a) of the Reconciliation of Unfunded Actuarial Accrued Liabilities from June 30, 2023 to June 30, 2024 in Table D.

Sacramento Metropolitan Fire District's Actuarial Accrued Liabilities as of June 30, 2024

Category	Miscellaneous Tier 1	Miscellaneous Tier 2	Miscellaneous Tier 3	Safety Tier 1	Total
Actives					
Number of actives	—	—	—	—	—
Inactives					
Number ¹					
Terminated vested	—	—	—	—	—
Disability retirement	—	—	—	3	3
Service retirement	1	2	3	102	108
Beneficiaries / survivors	—	—	—	30	30
Actuarial accrued liabilities	\$1,002,765	\$299,033	\$407,084	\$109,742,904	\$111,451,786
Total actuarial accrued liabilities	\$1,002,765	\$299,033	\$407,084	\$109,742,904	\$111,451,786

¹ Four Safety Tier 1 members have benefits under Miscellaneous Tier 1 and two Safety Tier 1 members have benefits under Miscellaneous Tier 2. While we have counted each member only once using the tier the member last worked as reported by SCERS, we have allocated the liabilities according to the benefit in each tier of membership.

Reconciliation of Change in Sacramento Metropolitan Fire District's Actuarial Accrued Liabilities

Line Description	Amount
1. Actuarial accrued liabilities as of June 30, 2023	\$111,593,322
2. Benefit payments made during 2023/2024 ¹	8,157,207
3. Interest at the assumed Rate of 6.75% per annum	7,261,739
4. Projected actuarial liabilities as of June 30, 2024: 1 – 2 + 3	\$110,697,854
5. Actual actuarial accrued liabilities as of June 30, 2024 (from Table B)	111,451,786
6. Liability (gains) / losses²: 5 – 4	\$753,932

¹ Only includes benefits scheduled to be paid for the period July 1, 2023 to June 30, 2024. Prior years' adjustments, if any, are not included.

² Details are shown in items (7b) through (7d) of the Reconciliation of Unfunded Actuarial Accrued Liabilities from June 30, 2023 to June 30, 2024 in Table D.

Determination of Unfunded Liability for Sacramento Metropolitan Fire District

Determination of Unfunded Liabilities

Item	Amount
1. Unfunded liabilities as of June 30, 2023	
a. Actuarial accrued liabilities	\$111,593,322
b. Assets allocated to the Sacramento Metropolitan Fire District	71,197,239
c. Unfunded liabilities as of June 30, 2023	\$40,396,083¹
2. Unfunded liabilities as of June 30, 2024	
a. Actuarial accrued liabilities	\$111,451,786
b. Assets allocated to the Sacramento Metropolitan Fire District	73,908,546
c. Unfunded liabilities as of June 30, 2024	\$37,543,240²

¹ After adjusting for interest at the assumed rate of investment return to June 30, 2024 and contributions made during 2023/2024, the UAAL determined prior to June 30, 2024 is equal to \$38,238,975 as of June 30, 2024, as shown in our March 12, 2024 letter and item (6) of this table.

² The UAAL reduction (gain) determined as of June 30, 2024 is equal to the total UAAL of \$37,543,240 minus the expected UAAL as of June 30, 2024 of \$38,238,975, or \$(695,735), as shown in item (7e) of this table.

Determination of Unfunded Liability for Sacramento Metropolitan Fire District

Reconciliation of Unfunded Actuarial Accrued Liabilities from June 30, 2023 to June 30, 2024

Item	Amount
3. UAAL as of June 30, 2023	\$40,396,000
4. Interest on UAAL as of June 30, 2023 at 6.75%	2,727,000
5. Contribution experience	
a. Minimum required contribution with interest at 6.75% to June 30, 2024	\$(1,620,000) ¹
b. Gain due to contribution payments above the minimum required	(3,264,000) ²
c. Expected contributions to be paid with interest at 6.75% to June 30, 2024	(4,884,000) ³
6. Expected UAAL as of June 30, 2024	\$38,239,000
7. Change in UAAL	
a. Net gain due to favorable investment returns/contribution timing	(1,450,000) ⁴
b. Loss due to COLA increases	740,000
c. Loss due to continuing payee mortality	213,000
d. Gain due to other actuarial experience	(199,000)
e. Total changes	\$(696,000)
8. UAAL as of June 30, 2024	\$37,543,000

The sum of items (7b) through (7d) equals the liability loss shown in item (6) of Table C.

Note: Results may not add due to rounding.

¹ Minimum amount required of \$1,525,666 calculated as of July 31, 2023 adjusted with interest at assumed annual rate of 6.75% to June 30, 2024, equal to \$1,619,807.

² Gain due to contribution payments above the minimum required adjusted with interest at assumed annual rate of 6.75% to June 30, 2024 equals (5c) - (5a), or \$(3,264,036). This gain was reflected in the amortization schedule in Tables D2 and D3 of our March 12, 2024 letter.

³ Contributions of \$4,600,000 scheduled to be made on July 31, 2023 adjusted with interest at assumed annual rate of 6.75% to June 30, 2024, equal to \$4,883,843.

⁴ Gain from investments of \$1,444,931 and gain of \$4,737 due to contributions of \$4,600,000 made on July 26, 2023 compared to scheduled date of July 31, 2023.

Amortization Schedule under a 3-Year Payment Period for \$0.7 million Reduction in UAAL (Gain)
Determined as of June 30, 2024 for Sacramento Metropolitan Fire District

The payment amounts we have assumed in preparing the schedule below are as follows:

- 1) Contributions for the 2025/2026 and later fiscal years will be made on July 31 of every fiscal year, and
- 2) Contributions will be a level dollar amount from 2025/2026 to 2027/2028.

Annual Interest Rate: 6.75%
 Annual Payment Growth: 0.00%

Fiscal Year	Beginning of Period UAAL Balance	Annual Payment	Interest Paid	Principal Paid	Additional Interest Accrued on UAAL	End of Period UAAL Balance
2024/2025	\$(695,735)				\$(46,962)	\$(742,697) ¹
2025/2026	(742,697)	\$(265,341)	\$(33,759)	\$(231,582)		(511,115)
2026/2027	(511,115)	(265,341)	(18,127)	(247,214)		(263,901)
2027/2028	(263,901)	(265,341)	(1,440)	(263,901)		—
Total		\$(796,024)	\$(53,327)	\$(742,697) ²		

¹ We have adjusted the \$(695,735) as of June 30, 2024 with interest at 6.75% (\$695,735 * 6.75% is equal to \$46,962) to come up with \$(742,697) as of June 30, 2025.

² This amount is \$46,962 higher than the \$695,735 as of June 30, 2024 to reflect interest added to the \$0.7 million in UAAL reduction determined as of June 30, 2024 until payment is made starting in 2025/2026.

Amortization Schedule for Total UAAL as of June 30, 2024 for Sacramento Metropolitan Fire District

Annual Interest Rate: 6.75%

Annual Payment Growth: 0.00%

Payments towards UAAL Determined prior to June 30, 2024 Valuation for Sacramento Metropolitan Fire District						Payment Reductions towards UAAL Gain Determined as of June 30, 2024 Valuation						Total	
Fiscal Year	Beginning of Period UAAL Balance	Annual Payment ¹	Interest Paid	Principal Paid	End of Period UAAL Balance	Benning of Period UAAL Balance	Annual Payment	Interest Paid	Principal Paid	Additional Interest Accrued on UAAL	End of Period UAAL Balance	Total Annual Payment ²	End of Period UAAL Balance
2023/2024													\$38,238,975
2024/2025	\$38,238,975	\$1,155,946	\$2,509,803	\$(1,353,858)	\$39,592,833	\$(695,735)				\$(46,962)	\$(742,697)	\$3,950,000	38,850,135
2025/2026	39,592,833	6,291,296	2,284,311	4,006,984	35,585,848	(742,697)	\$(265,341)	\$(33,759)	\$(231,582)		(511,115)	3,039,563	35,074,733
2026/2027	35,585,848	2,513,613	2,246,942	266,670	35,319,178	(511,115)	(265,341)	(18,127)	(247,214)		(263,901)	2,248,271	35,055,277
2027/2028	35,319,178	3,601,081	2,161,840	1,439,241	33,879,936	(263,901)	(265,341)	(1,440)	(263,901)		—	3,335,740	33,879,936
2028/2029	33,879,936	4,845,928	1,987,877	2,858,051	31,021,885							4,845,928	31,021,885
2029/2030	31,021,885	4,845,928	1,794,959	3,050,969	27,970,916							4,845,928	27,970,916
2030/2031	27,970,916	4,845,928	1,589,018	3,256,910	24,714,007							4,845,928	24,714,007
2031/2032	24,714,007	4,845,928	1,369,177	3,476,751	21,237,256							4,845,928	21,237,256
2032/2033	21,237,256	4,845,928	1,134,496	3,711,432	17,525,824							4,845,928	17,525,824
2033/2034	17,525,824	4,845,928	883,975	3,961,953	13,563,871							4,845,928	13,563,871
2034/2035	13,563,871	4,845,928	616,543	4,229,385	9,334,486							4,845,928	9,334,486
2035/2036	9,334,486	4,845,928	331,059	4,514,868	4,819,618							4,845,928	4,819,618
2036/2037	4,819,618	4,845,928	26,310	4,819,618	—							4,845,928	—
Total		\$57,175,287	\$18,936,312	\$38,238,975			\$(796,024)	\$(53,327)	\$(742,697)			\$56,186,925	

Note: Results may not add due to rounding.

¹ Minimum required contribution, as shown in Table D2 of our March 12, 2024 letter. In preparing this schedule, we have made the assumption that contributions for 2024/2025 and later would be made by the District on July 31 of every fiscal year.

² Adjusted for prepayment toward 2025/2026 required contribution; see Table D3. The \$3,950,000 contribution payment on July 24, 2024 consisted of a) the 2024/2025 required contribution of \$1,155,946, and b) a prepayment of \$2,794,054 toward the 2025/2026 required contribution. When adjusted with interest, the prepayment amount is equal to \$2,986,391 at July 31, 2025. The 2025/2026 required payment has been reduced to \$3,039,563 (\$6,291,296 – \$265,341 – \$2,986,391) due to the District's prepayment.

Total Payments towards UAAL as of June 30, 2024 Valuation for Sacramento Metropolitan Fire District¹

Fiscal Year	Original Florin Fire Payment	June 30, 2019 North Highlands Payment	June 30, 2021 Payment Reduction	June 30, 2022 Additional Payment	June 30, 2023 Additional Payment	June 30, 2024 Payment Reduction	Total Payment Before Adjustment ⁴	Adjustment for 2022/2023 Payment ²	Adjustment for 2023/2024 Payment ²	Adjustment for 2025/2026 Prepayment ³	Total Payment After Adjustment ⁴
2024/2025	\$4,312,388	\$325,021	\$(6,171,678)	\$3,777,682	\$760,037		\$3,003,450	\$(1,847,504)		\$2,794,054	\$3,950,000
2025/2026	4,520,906	325,021		3,777,682	760,037	\$(265,341)	9,118,305	(1,847,504)	\$(1,244,847)	(2,986,391)	3,039,563
2026/2027	4,520,906	325,021			760,037	(265,341)	5,340,623	(1,847,504)	(1,244,847)		2,248,271
2027/2028	4,520,906	325,021				(265,341)	4,580,586		(1,244,847)		3,335,740
2028/2029	4,520,906	325,021					4,845,928				4,845,928
2029/2030	4,520,906	325,021					4,845,928				4,845,928
2030/2031	4,520,906	325,021					4,845,928				4,845,928
2031/2032	4,520,906	325,021					4,845,928				4,845,928
2032/2033	4,520,906	325,021					4,845,928				4,845,928
2033/2034	4,520,906	325,021					4,845,928				4,845,928
2034/2035	4,520,906	325,021					4,845,928				4,845,928
2035/2036	4,520,906	325,021					4,845,928				4,845,928
2036/2037	4,520,906	325,021					4,845,928				4,845,928

Note: Results may not add due to rounding.

¹ In preparing this schedule, we have made the assumption that contributions for 2024/2025 and later would be made by the District on July 31 of every fiscal year.

² By paying \$2.8 million for 2022/2023 and \$4.6 million for 2023/2024, the District contributed \$4.6 million and \$3.1 million above the minimum required for 2022/2023 and 2023/2024, respectively. The 2024/2025, 2025/2026, 2026/2027, 2027/2028 required payments have been reduced due to the District contributing above the minimum required.

³ By paying \$3.95 million on July 24, 2024, the District prepaid \$2.8 million toward their required contribution for 2025/2026. When adjusted with interest, the 2025/2026 required payment has been reduced by \$2,986,391 due to the District's prepayment.

⁴ By paying the additional contributions as described in footnotes (2) and (3), the District will be able to reduce its future contributions. For instance, the contributions for 2025/2026 will be reduced from \$9.1 million to \$3.0 million.

Determination of Net Pension Liability for Sacramento Metropolitan Fire District

Component	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASBS 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASBS 68	June 30, 2024	June 30, 2023
Components of the Net Pension Liability		
Total Pension Liability	\$111,451,786	\$111,593,322
Plan Fiduciary Net Position	73,908,546	71,197,239
Net Pension Liability	\$37,543,240	\$40,396,083

Discount Rate Sensitivity for Sacramento Metropolitan Fire District

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability (NPL) for Sacramento Metropolitan Fire District as of June 30, 2024 calculated using the discount rate of 6.75% as well as what Sacramento Metropolitan Fire District's NPL would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage-point higher (7.75%) than the current rate.

Employer	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Sacramento Metropolitan Fire District	\$49,063,169	\$37,543,240	\$27,814,810

Pension Expense for Sacramento Metropolitan Fire District

Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASBS 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASBS 68	June 30, 2024	June 30, 2023
Components of Pension Expense		
Service cost	\$ —	\$ —
Interest on the Total Pension Liability	7,261,739	7,230,928
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	—	—
Expensed portion of current-period benefit changes	—	—
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	155,450	646,783
Expensed portion of current-period changes of assumptions or other inputs	—	(378,104)
Member contributions	—	—
Projected earnings on plan investments	(4,823,583)	(4,790,836)
Expensed portion of current-period differences between actual and projected earnings on plan investments	(288,986)	143,469
Administrative expense	—	—
Other	—	—
Recognition of beginning of year deferred outflows of resources as pension expense	3,318,658	2,862,151
Recognition of beginning of year deferred inflows of resources as pension expense	(4,181,678)	(3,947,932)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions.	—	—
Pension Expense	\$1,441,600	\$1,766,459

Deferred Outflows of Resources and Deferred Inflows of Resources for Sacramento Metropolitan Fire District

Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASBS 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASBS 68	June 30, 2024	June 30, 2023
Deferred Outflows of Resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$0	\$0
Changes of assumptions or other inputs	0	0
Net difference between projected and actual earnings on pension plan investments (if any)	3,978,486	6,429,981
Difference between actual and expected experience in the Total Pension Liability	2,767,067	3,035,748
Total deferred outflows	\$6,745,553	\$9,465,729
Deferred Inflows of Resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$0	\$0
Changes of assumptions or other inputs	1,043,565	1,934,925
Net difference between actual and projected earnings on pension plan investments (if any)	3,847,632	5,383,373
Difference between expected and actual experience in the Total Pension Liability	466,532	1,065,164
Total deferred inflows	\$5,357,729	\$8,383,462
Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer		
June 30, 2025	N/A	\$(863,020)
June 30, 2026	\$(885,188)	(751,652)
June 30, 2027	2,215,734	2,349,270
June 30, 2028	214,133	347,669
June 30, 2029	(156,855)	0
Thereafter	0	0
Total	\$1,387,824	\$1,082,267

Schedule of Reconciliation of Net Pension Liability for Sacramento Metropolitan Fire District

Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASBS 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASBS 68	June 30, 2024	June 30, 2023
Reconciliation of Net Pension Liability		
Beginning Net Pension Liability	\$40,396,083	\$38,759,730
Pension expense	1,441,600	1,766,459
Employer contributions	(4,600,000)	(2,800,000)
New net deferred outflows/(inflows)	(557,463)	1,584,113
New net deferred flows due to change in proportion	0	0
Recognition of prior deferred outflows/(inflows)	863,020	1,085,781
Ending Net Pension Liability	\$37,543,240	\$40,396,083

Schedule of Recognition of Changes in Total Net Pension Liability for Sacramento Metropolitan Fire District
Differences between Expected and Actual Experience on Total Pension Liability

Reporting Date for Employer as of June 30	Total Change	Recognition Period	2024	2025	2026	2027	2028	2029	Thereafter
2020 ¹	\$1,868,191	4.87	\$333,743	\$0	\$0	\$0	\$0	\$0	\$0
2021 ¹	(217,000)	4.81	(45,114)	(36,544)	0	0	0	0	0
2022 ¹	(2,714,884)	4.83	(562,088)	(562,088)	(466,532)	0	0	0	0
2023 ¹	1,044,602	4.74	220,380	220,380	220,380	163,082	0	0	0
2024	3,078,689	4.76	646,783	646,783	646,783	646,783	491,557	0	0
2025	753,932	4.85	N/A	155,450	155,450	155,450	155,450	132,132	0
Total²	N/A	N/A	\$593,704	\$423,981	\$556,081	\$965,315	\$647,007	\$132,132	\$0

Assumption Changes or Other Inputs

Reporting Date for Employer as of June 30	Total Change	Recognition Period	2024	2025	2026	2027	2028	2029	Thereafter
2020 ¹	\$0	4.87	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2021 ¹	(3,047,848)	4.81	(633,648)	(513,256)	0	0	0	0	0
2022 ¹	0	4.83	0	0	0	0	0	0	0
2023 ¹	0	4.74	0	0	0	0	0	0	0
2024	(1,799,773)	4.76	(378,104)	(378,104)	(378,104)	(378,104)	(287,357)	0	0
2025	0	4.85	N/A	0	0	0	0	0	0
Total²	N/A	N/A	\$(1,011,752)	\$(891,360)	\$(378,104)	\$(378,104)	\$(287,357)	\$0	\$0

The average of the expected remaining service lives of all employees that are provided with pensions through SCERS (active and inactive employees, including those belonging to the other employers) determined as of June 30, 2023 (the beginning of the measurement period ending June 30, 2024) is 4.85 years.

¹ The amortization amounts prior to June 30, 2024 have been omitted from this schedule. Those amounts can be found in prior years' withdrawal liability studies.

² Net increase (decrease) in pension expense.

Schedule of Recognition of Changes in Total Net Pension Liability for Sacramento Metropolitan Fire District
Differences between Projected and Actual Earnings on Pension Plan Investments

Reporting Date for Employer as of June 30	Total Change	Recognition Period	2024	2025	2026	2027	2028	2029	Thereafter
2020 ¹	\$(76,988)	5.00	\$(15,396)	\$0	\$0	\$0	\$0	\$0	\$0
2021 ¹	2,669,943	5.00	533,989	533,987	0	0	0	0	0
2022 ¹	(13,458,431)	5.00	(2,691,686)	(2,691,686)	(2,691,687)	0	0	0	0
2023 ¹	8,870,196	5.00	1,774,039	1,774,039	1,774,039	1,774,040	0	0	0
2024	717,345	5.00	143,469	143,469	143,469	143,469	143,469	0	0
2025	(1,444,931)	5.00	N/A	(288,986)	(288,986)	(288,986)	(288,986)	(288,987)	0
Total²	N/A	N/A	\$(255,585)	\$(529,177)	\$(1,063,165)	\$1,628,523	\$(145,517)	\$(288,987)	\$0

Total Increase/(Decrease) in Pension Expense

Reporting Date for Employer as of June 30	Total Change	Recognition Period	2024	2025	2026	2027	2028	2029	Thereafter
2020 ¹	\$1,791,203	N/A	\$318,347	\$0	\$0	\$0	\$0	\$0	\$0
2021 ¹	(594,905)	N/A	(144,773)	(15,813)	0	0	0	0	0
2022 ¹	(16,173,315)	N/A	(3,253,774)	(3,253,774)	(3,158,219)	0	0	0	0
2023 ¹	9,914,798	N/A	1,994,419	1,994,419	1,994,419	1,937,122	0	0	0
2024	1,996,261	N/A	412,148	412,148	412,148	412,148	347,669	0	0
2025	(690,999)	N/A	N/A	(133,536)	(133,536)	(133,536)	(133,536)	(156,855)	0
Total²	N/A	N/A	\$(673,633)	\$(996,556)	\$(885,188)	\$2,215,734	\$214,133	\$(156,855)	\$0

¹ The amortization amounts prior to June 30, 2024 have been omitted from this schedule. Those amounts can be found in prior years' withdrawal liability studies.

² Net increase (decrease) in pension expense.



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June 30, 2025

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

**Re: Prepayment of Employer Contributions by Sacramento County
for Fiscal Year 2025–2026**

Dear Eric:

As requested by the System, we have calculated the discounted contribution amount for Sacramento County for fiscal year 2025–2026.

We understand that the County wants to prepay their fiscal year 2025–2026 employer contributions in a lump sum on July 18, 2025. In an e-mail dated June 24, 2025 sent by your office, the System provided the County payrolls of \$931,185,575 and \$273,024,958 for Miscellaneous and Safety, respectively, for 26 pay periods in fiscal year 2025–2026. We then took the total payroll of \$1,204,210,533 and calculated a biweekly payroll of \$46,315,790 for 26 pay periods in fiscal year 2025–2026. Using the biweekly payroll amounts together with the tier-by-tier employer rates calculated using the proportion of payroll for members in each category as reported in the data for the June 30, 2024 valuation, we determined the prepayment required to be \$335,216,624. Our calculations are provided in the enclosed *Exhibit A*. The effective discount factor, which is calculated by taking the discounted contribution amount and dividing by the undiscounted contribution amount, is about 96.93%.

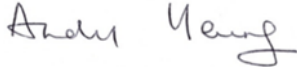
Any differences between the biweekly projected and actual payroll should be tracked by the System. Those differences should be used by the System to “true-up” the contributions at the end of the fiscal year.

We are members of the American Academy of Actuaries and we meet the qualification requirements to render the actuarial opinion contained herein.

Mr. Eric Stern
June 30, 2025
Page 2

Please let us know if you have any questions.

Sincerely,



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



Molly Calcagno, ASA, MAAA, EA
Senior Actuary

DC/elf

Enclosures

cc: Margo Allen
Jose Martinez

Prepayment of County Employer Contributions
Assuming Payment on July 18, 2025 for Fiscal Year 2025–2026
Based on a Discount Rate of 6.75% per Annum

Biweekly Pay Period	Biweekly Payroll Estimate	Normal Cost Contribution Rate	UAAL Contribution Rate	Discount Factor	Total Biweekly Normal Cost Discounted	Total Biweekly UAAL Contribution Discounted	Total Biweekly Contribution Discounted
1	\$46,315,790	11.89%	16.83%	1.0000000	\$5,506,947	\$7,794,947	\$13,301,894
2	\$46,315,790	11.89%	16.83%	0.9974909	\$5,493,130	\$7,775,389	\$13,268,519
3	\$46,315,790	11.89%	16.83%	0.9949880	\$5,479,347	\$7,755,879	\$13,235,226
4	\$46,315,790	11.89%	16.83%	0.9924915	\$5,465,599	\$7,736,419	\$13,202,018
5	\$46,315,790	11.89%	16.83%	0.9900012	\$5,451,885	\$7,717,007	\$13,168,892
6	\$46,315,790	11.89%	16.83%	0.9875171	\$5,438,205	\$7,697,644	\$13,135,849
7	\$46,315,790	11.89%	16.83%	0.9850393	\$5,424,560	\$7,678,330	\$13,102,890
8	\$46,315,790	11.89%	16.83%	0.9825677	\$5,410,949	\$7,659,064	\$13,070,013
9	\$46,315,790	11.89%	16.83%	0.9801023	\$5,397,372	\$7,639,846	\$13,037,218
10	\$46,315,790	11.89%	16.83%	0.9776431	\$5,383,829	\$7,620,677	\$13,004,506
11	\$46,315,790	11.89%	16.83%	0.9751901	\$5,370,321	\$7,601,556	\$12,971,877
12	\$46,315,790	11.89%	16.83%	0.9727432	\$5,356,846	\$7,582,482	\$12,939,328
13	\$46,315,790	11.89%	16.83%	0.9703025	\$5,343,405	\$7,563,457	\$12,906,862
14	\$46,315,790	11.89%	16.83%	0.9678678	\$5,329,997	\$7,544,479	\$12,874,476
15	\$46,315,790	11.89%	16.83%	0.9654393	\$5,316,623	\$7,525,549	\$12,842,172
16	\$46,315,790	11.89%	16.83%	0.9630169	\$5,303,283	\$7,506,666	\$12,809,949
17	\$46,315,790	11.89%	16.83%	0.9606006	\$5,289,977	\$7,487,831	\$12,777,808
18	\$46,315,790	11.89%	16.83%	0.9581903	\$5,276,704	\$7,469,043	\$12,745,747
19	\$46,315,790	11.89%	16.83%	0.9557861	\$5,263,464	\$7,450,302	\$12,713,766
20	\$46,315,790	11.89%	16.83%	0.9533879	\$5,250,257	\$7,431,609	\$12,681,866
21	\$46,315,790	11.89%	16.83%	0.9509957	\$5,237,083	\$7,412,962	\$12,650,045
22	\$46,315,790	11.89%	16.83%	0.9486095	\$5,223,943	\$7,394,361	\$12,618,304
23	\$46,315,790	11.89%	16.83%	0.9462293	\$5,210,835	\$7,375,808	\$12,586,643
24	\$46,315,790	11.89%	16.83%	0.9438551	\$5,197,760	\$7,357,301	\$12,555,061
25	\$46,315,790	11.89%	16.83%	0.9414869	\$5,184,719	\$7,338,841	\$12,523,560
26	\$46,315,790	11.89%	16.83%	0.9391245	\$5,171,709	\$7,320,426	\$12,492,135
Total	\$1,204,211,000 Annual Payroll	\$143,180,633 Undiscounted	\$202,668,634 Undiscounted		\$138,778,749 Discounted	\$196,437,875 Discounted	\$335,216,624 Discounted

Contribution discount percentage of 96.93%



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June 30, 2025

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

**Re: Prepayment of Employer Contributions by Sacramento Area Sewer District
(SacSewer) for Fiscal Year 2025–2026**

Dear Eric:

As requested by the System, we have calculated the discounted contribution amount for SacSewer for fiscal year 2025–2026.

We understand that SacSewer wants to prepay their fiscal year 2025–2026 employer contributions in a lump sum on July 18, 2025. In an e-mail dated June 20, 2025 sent by your office, the System provided the SacSewer payroll of \$83,000,000 for 26 pay periods in fiscal year 2025–2026. We then took the payroll of \$83,000,000 and calculated a biweekly payroll of \$3,192,308 for 26 pay periods in fiscal year 2025–2026. Using the biweekly payroll amount together with the tier-by-tier employer rates calculated using the proportion of payroll for members in each tier as reported in the data for the June 30, 2024 valuation, we determined the prepayment required to be \$19,009,930. Our calculations are provided in the enclosed *Exhibit A*. The effective discount factor, which is calculated by taking the discounted contribution amount and dividing by the undiscounted contribution amount, is about 96.93%.


Any differences between the biweekly projected and actual payroll should be tracked by the System. Those differences should be used by the System to “true-up” the contributions at the end of the fiscal year.

We are members of the American Academy of Actuaries and we meet the qualification requirements to render the actuarial opinion contained herein.

Mr. Eric Stern
June 30, 2025
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Please let us know if you have any questions.

Sincerely,



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



Molly Calcagno, ASA, MAAA, EA
Senior Actuary

DC/elf

Enclosures

cc: Margo Allen
Jose Martinez

Prepayment of SacSewer Employer Contributions
Assuming Payment on July 18, 2025 for Fiscal Year 2025–2026
based on a discount rate of 6.75% per annum

Biweekly Pay Period	Biweekly Payroll Estimate	Normal Cost Contribution Rate	UAAL Contribution Rate	Discount Factor	Total Biweekly Normal Cost Discounted	Total Biweekly UAAL Contribution Discounted	Total Biweekly Contribution Discounted
1	\$3,192,308	12.14%	11.49%	1.0000000	\$387,546	\$366,796	\$754,342
2	\$3,192,308	12.14%	11.49%	0.9974909	\$386,574	\$365,876	\$752,450
3	\$3,192,308	12.14%	11.49%	0.9949880	\$385,604	\$364,958	\$750,562
4	\$3,192,308	12.14%	11.49%	0.9924915	\$384,636	\$364,042	\$748,678
5	\$3,192,308	12.14%	11.49%	0.9900012	\$383,671	\$363,129	\$746,800
6	\$3,192,308	12.14%	11.49%	0.9875171	\$382,708	\$362,218	\$744,926
7	\$3,192,308	12.14%	11.49%	0.9850393	\$381,748	\$361,309	\$743,057
8	\$3,192,308	12.14%	11.49%	0.9825677	\$380,790	\$360,402	\$741,192
9	\$3,192,308	12.14%	11.49%	0.9801023	\$379,835	\$359,498	\$739,333
10	\$3,192,308	12.14%	11.49%	0.9776431	\$378,882	\$358,596	\$737,478
11	\$3,192,308	12.14%	11.49%	0.9751901	\$377,931	\$357,696	\$735,627
12	\$3,192,308	12.14%	11.49%	0.9727432	\$376,983	\$356,798	\$733,781
13	\$3,192,308	12.14%	11.49%	0.9703025	\$376,037	\$355,903	\$731,940
14	\$3,192,308	12.14%	11.49%	0.9678678	\$375,093	\$355,010	\$730,103
15	\$3,192,308	12.14%	11.49%	0.9654393	\$374,152	\$354,119	\$728,271
16	\$3,192,308	12.14%	11.49%	0.9630169	\$373,214	\$353,231	\$726,445
17	\$3,192,308	12.14%	11.49%	0.9606006	\$372,277	\$352,345	\$724,622
18	\$3,192,308	12.14%	11.49%	0.9581903	\$371,343	\$351,461	\$722,804
19	\$3,192,308	12.14%	11.49%	0.9557861	\$370,411	\$350,579	\$720,990
20	\$3,192,308	12.14%	11.49%	0.9533879	\$369,482	\$349,699	\$719,181
21	\$3,192,308	12.14%	11.49%	0.9509957	\$368,555	\$348,822	\$717,377
22	\$3,192,308	12.14%	11.49%	0.9486095	\$367,630	\$347,946	\$715,576
23	\$3,192,308	12.14%	11.49%	0.9462293	\$366,708	\$347,073	\$713,781
24	\$3,192,308	12.14%	11.49%	0.9438551	\$365,787	\$346,202	\$711,989
25	\$3,192,308	12.14%	11.49%	0.9414869	\$364,870	\$345,334	\$710,204
26	\$3,192,308	12.14%	11.49%	0.9391245	\$363,954	\$344,467	\$708,421
Total	\$83,000,000 Total Payroll	\$10,076,201 Undiscounted	\$9,536,701 Undiscounted		\$9,766,421 Discounted	\$9,243,509 Discounted	\$19,009,930 Discounted

Contribution discount percentage of 96.93%