

Reporting on Participating Employers

Quarterly Report
Finance & Administration Committee
May 16, 2017

Process and Monitoring Improvements

- Thorough view of employer financial health:
 - Strengthened and streamlined the collection and termination process, including member notification.
 - Adopted a risk oversight process to improve monitoring and reduce risk to members.
 - Developed tools to identify risks using a standardized review criteria.
 - Improved oversight of agencies with all inactive plans to reduce risk.

CalPERS Retirement Program

- 3,018 - Total Employers in Retirement Program



Source: June 30, 2015 Annual Valuation Reports

Public Agency Demographics

1,521 - Total Public Agencies in Retirement Program¹

Agency Type	# of Agencies	% of Total Agencies	Total Participants ²	% of Total Participants	Current UAL & Funded % @ 7.5% (\$ in Millions)	
Cities or Towns	449	30%	371,032	52%	\$28,071	73%
Counties	39	3%	195,191	27%	\$10,051	75%
Special Districts						
● JPAs	170	11%	23,878	3%	\$641	80%
● Non-Profits	63	4%	15,057	2%	\$218	85%
● Others ³	800	52%	114,537	16%	\$6,582	77%
Total	1,521	100%	719,695	100%	\$45,563	74.38%

¹Data Source: June 30, 2015 Annual Valuation Reports

² Includes members who have service in more than one rate plan.

³Represents special districts in California who formed and are governed under a specific California government Code, such as Fire Protection Districts, Sanitation Districts, Transit District, Utility District and Water District.

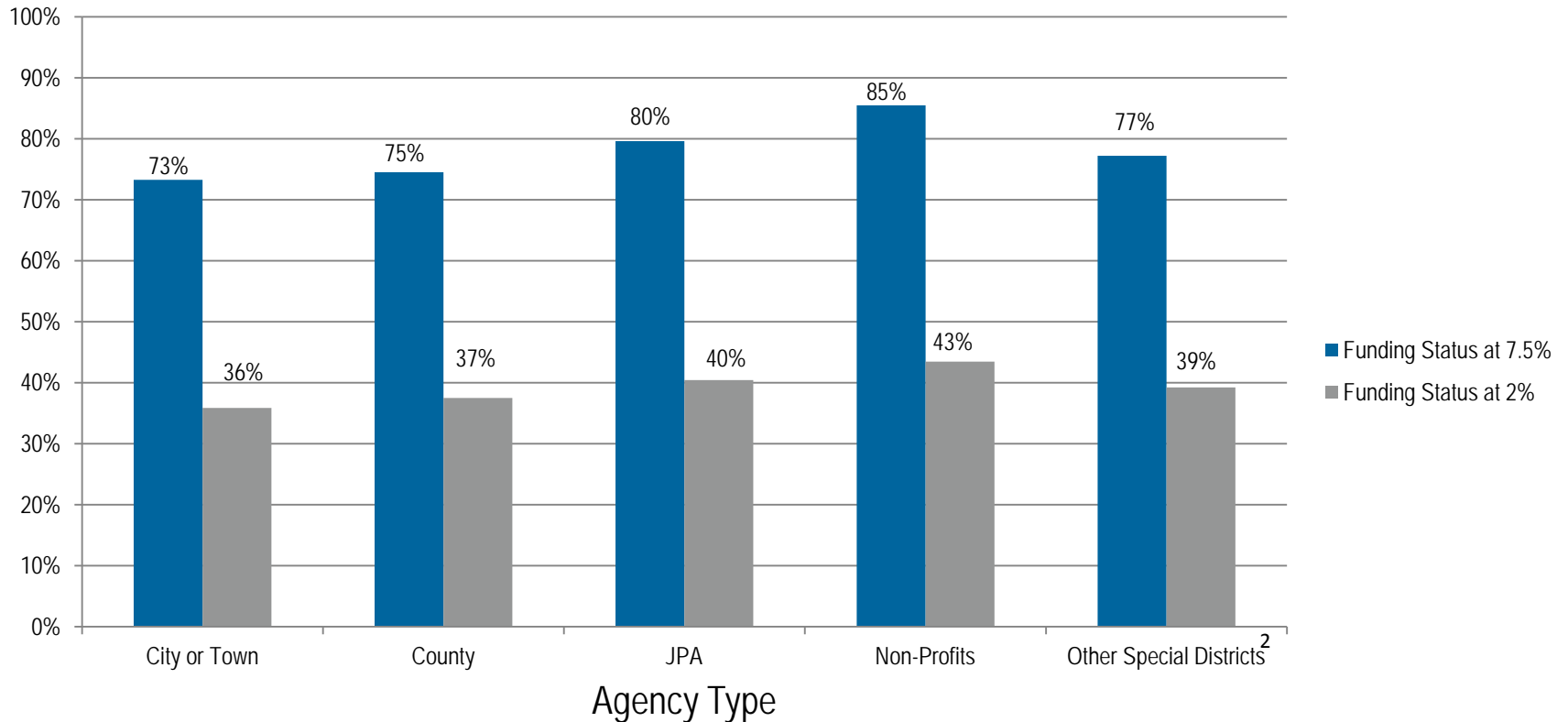
Public Agency Funded Status at 7.5%¹

Agency Type	0% - 25%	> 25% - 50%	>50% - 75%	>75% - 100%	>100%	Total
Cities or Towns	0	0	198	247	4	449
Counties	0	0	21	18	0	39
Special Districts						
● JPAs	0	0	23	145	2	170
● Non-Profits	0	0	10	50	3	63
● Others ²	0	1	136	631	32	800
Total	0	1	388	1,091	41	1,521

¹Data Source: June 30, 2015 Annual Valuation Reports;

²Represents special districts in California who formed and are governed under a specific California government Code, such as Fire Protection Districts, Sanitation Districts, Transit District, Utility District and Water District.

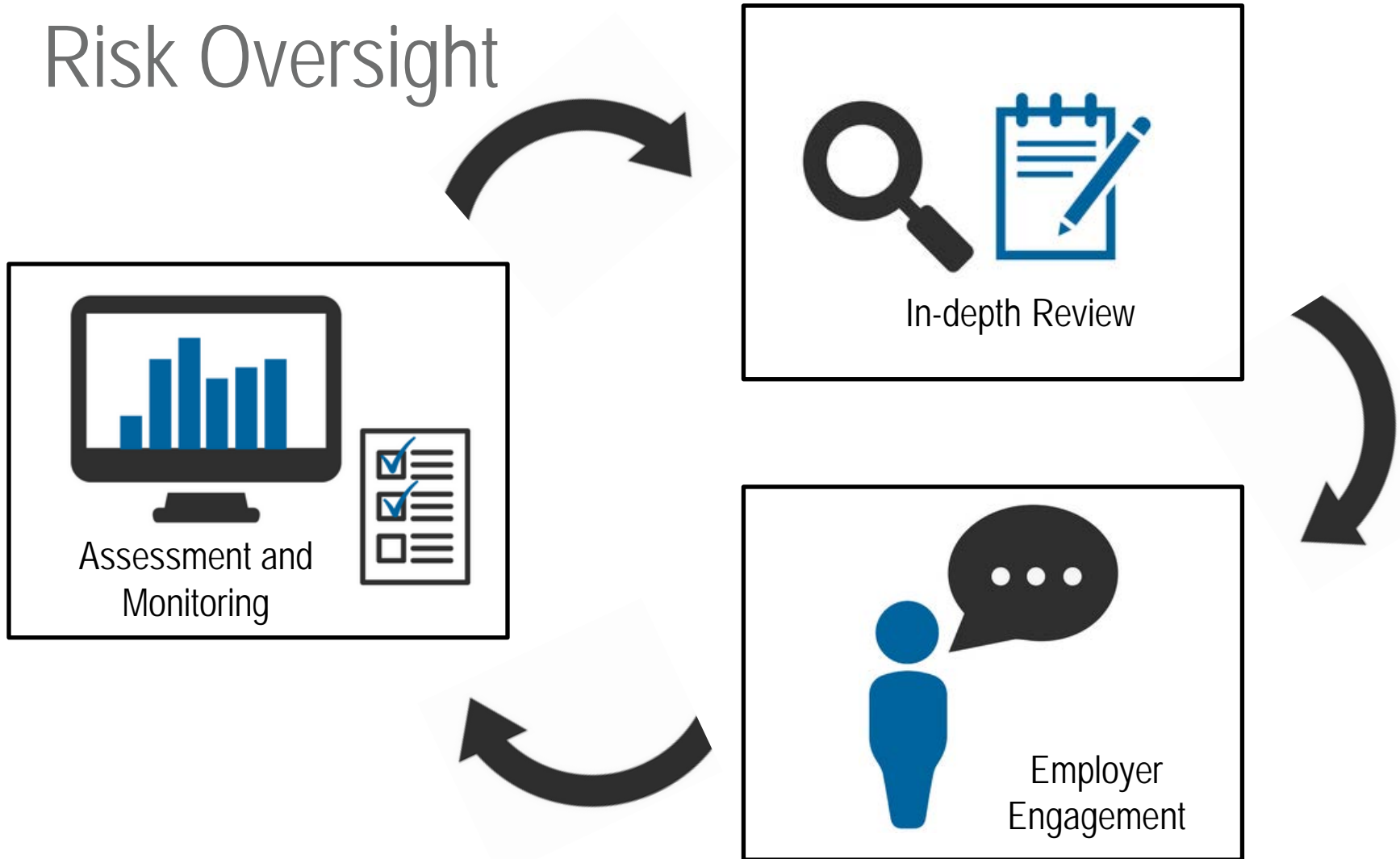
All Public Agency Funded Status¹

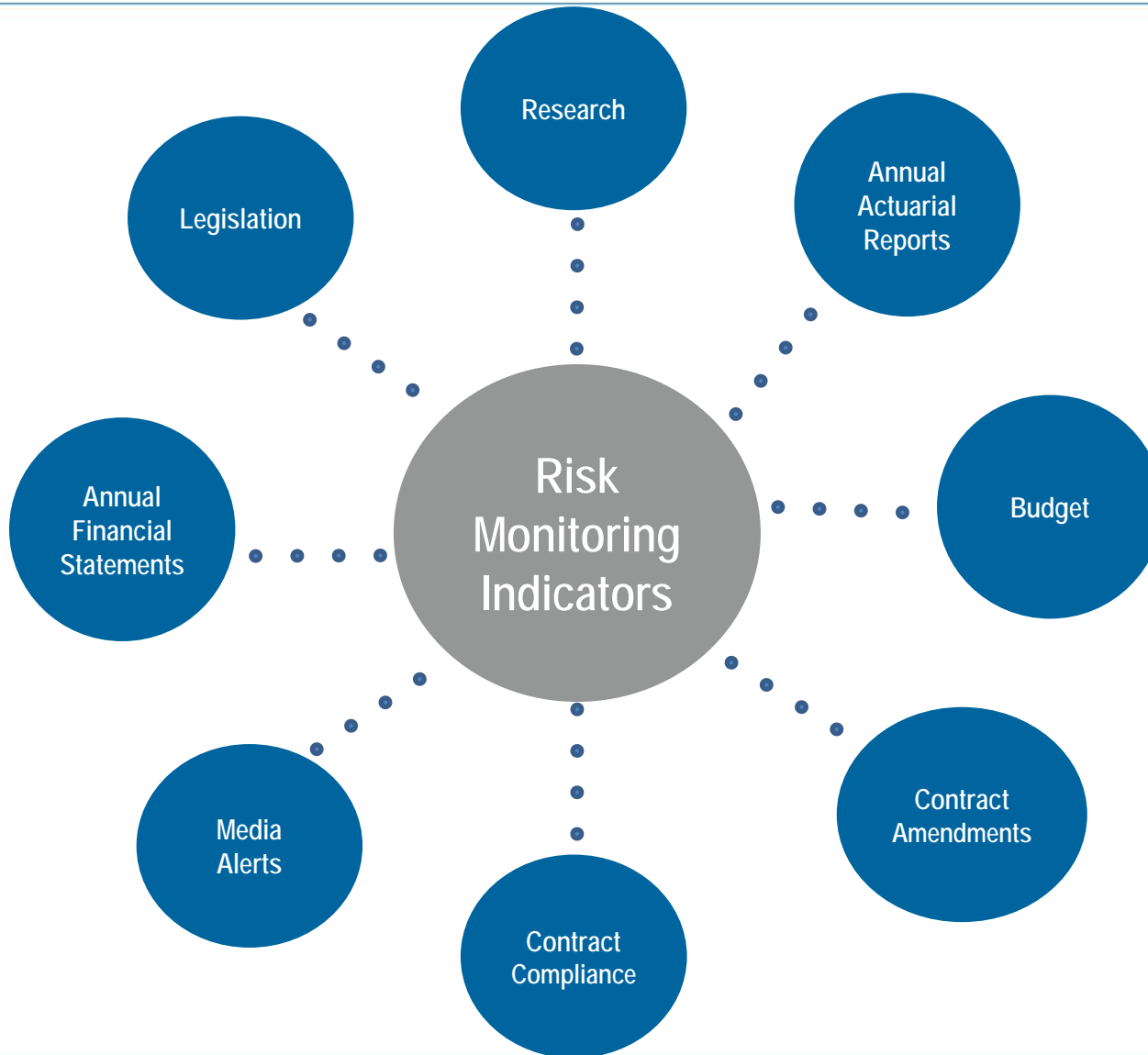


¹Data Source: June 30, 2015 Annual Valuation Reports




²Represents special districts in California who formed and are governed under a specific California government Code, such as Fire Protection Districts, Sanitation Districts, Transit District, Utility District and Water District.

Risk Oversight

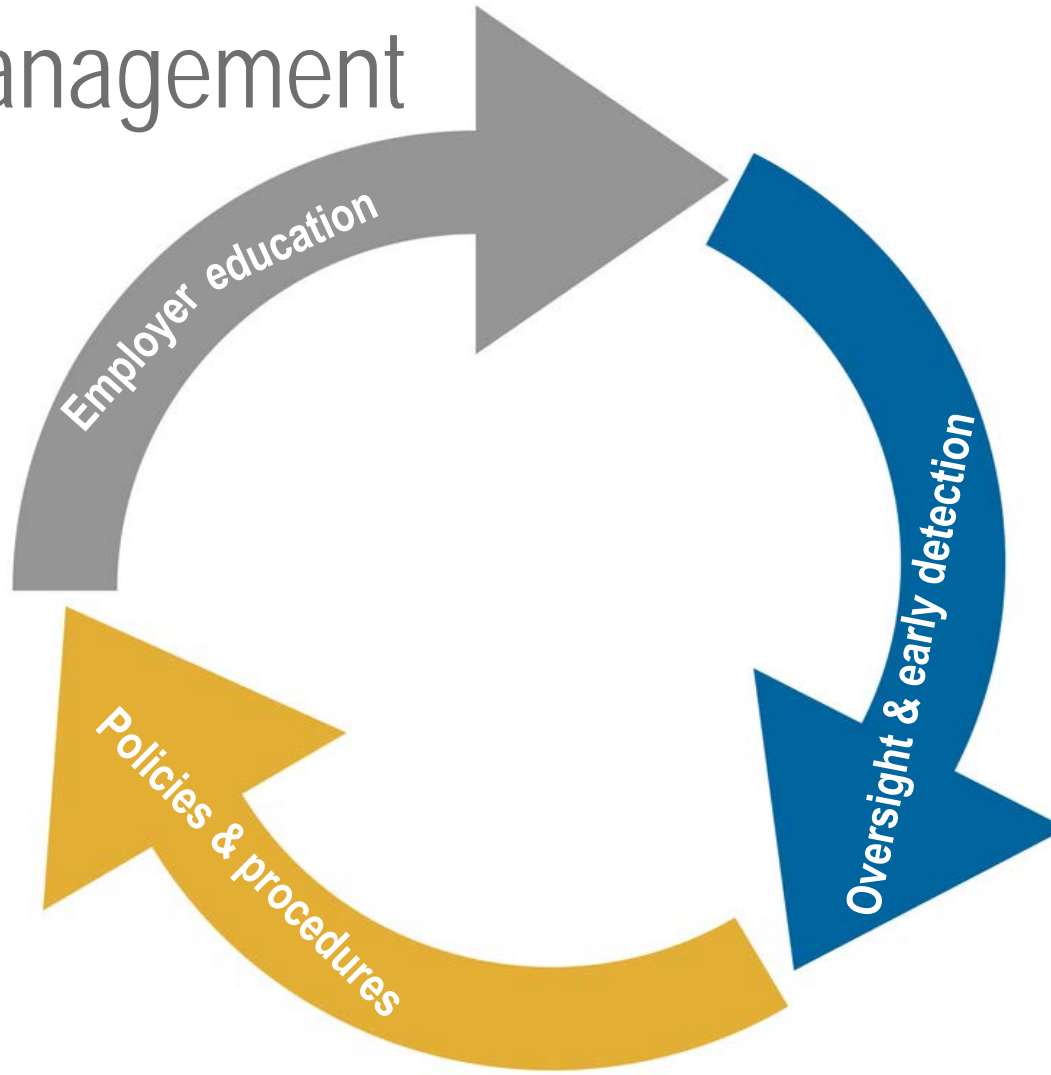




Risk Response Prioritization

Tier One	Tier Two	Tier Three
 <p>Risk detected requires immediate attention and has a significant impact.</p>	 <p>Risk detected that may lead to more serious impact.</p>	 <p>Risk detected may require greater controls and oversights.</p>

Risk Management



Inactive Agency Demographics

59 – Inactive Public Agencies in Retirement Program¹

Agency Type	# of Agencies	% of Total Agencies	Total Participants	% of Total Participants
Cities or Towns	0	0%	0	0%
Counties	1	2%	348	18%
Special Districts				
• JPAs	13	22%	684	36%
• Non-Profits	10	17%	271	14%
• Others ²	35	59%	595	32%
Total	59	100%	1,898	100%

¹Data Source: 2016 valuation report dataset; Total participants represent the actual participants in each rate plan.

²Represents special districts in California who formed and are governed under a specific California government Code, such as Fire Protection Districts, Sanitation Districts, Transit District, Utility District and Water District.

Inactive Agency Unfunded Accrued Liability

59 - Inactive Agencies in Retirement Program¹

Agency Type		# of Agencies	Current UAL & Funded % @ 7.5% (\$ in Millions)		Termination UAL & Funded % @ 2.0% (\$ in Millions)	
Cities or Towns		0	\$0	0%	\$0	0%
Counties		1	\$10	75%	\$40	44%
Special Districts						
●	JPAs	13	\$45	75%	\$236	36%
●	Non-Profits	10	\$3	86%	\$27	44%
●	Others ²	35	\$23	82%	\$153	40%
Total		59	\$81	78%	\$456	39%

¹Data Source: 2016 valuation report dataset

²Represents special districts in California who formed and are governed under a specific California government Code, such as Fire Protection Districts, Sanitation Districts, Transit District, Utility District and Water District.

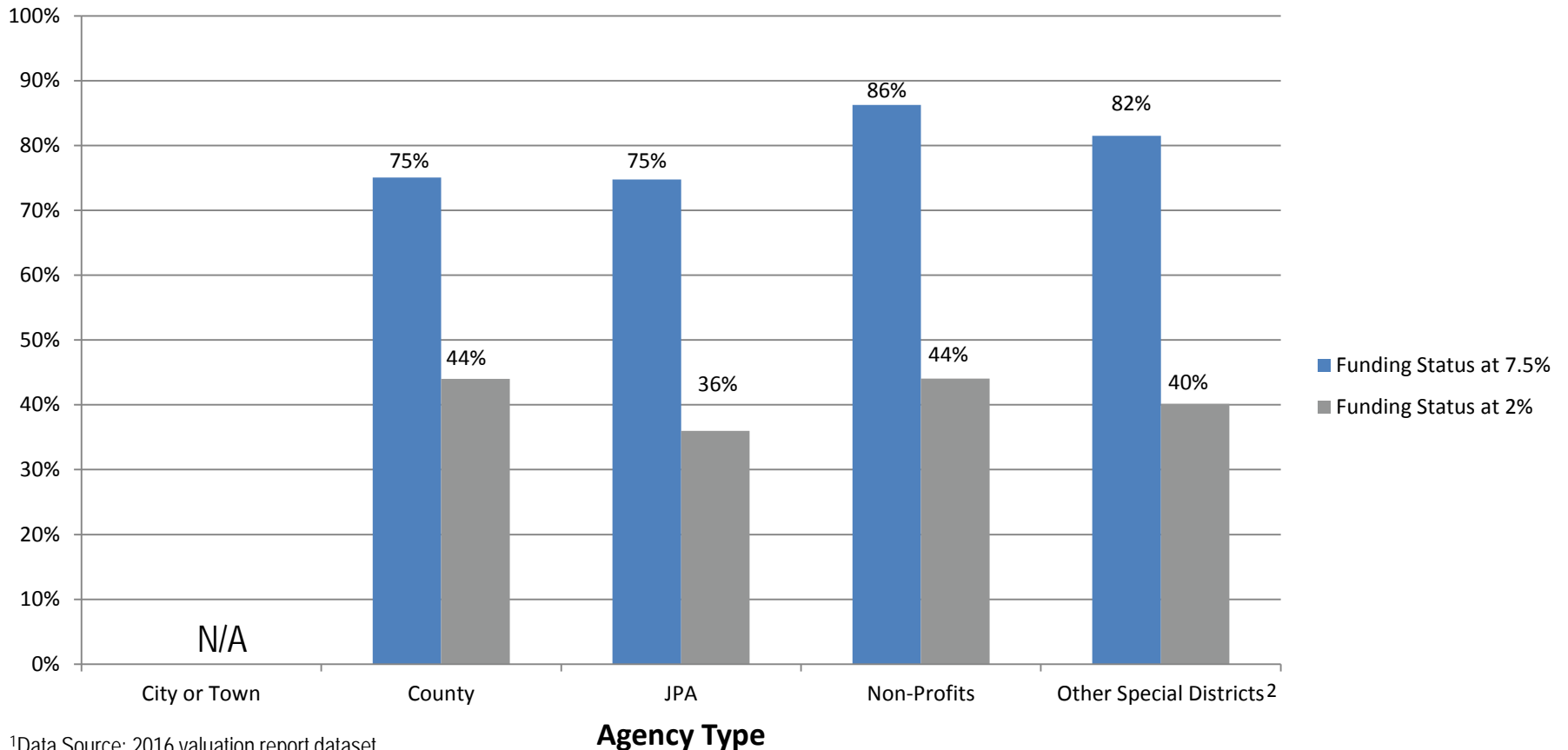
Inactive Agency Funded Status at 7.5%¹

Agency Type	0% - 25%	> 25% - 50%	>50% - 75%	>75% - 100%	>100%	Total
Cities or Towns	0	0	0	0	0	0
Counties	0	0	0	1	0	1
Special Districts						
● JPA's	0	0	5	7	1	13
● Non-Profits	0	0	3	4	3	10
● Others ²	0	1	16	8	10	35
Total	0	1	24	20	14	59

¹Data Source: 2016 valuation report dataset

²Represents special districts in California who formed and are governed under a specific California government Code, such as Fire Protection Districts, Sanitation Districts, Transit District, Utility District and Water District.

Inactive Agency Funded Status at 7.5 and 2% ¹



¹Data Source: 2016 valuation report dataset

²Represents special districts in California who formed and are governed under a specific California government Code, such as Fire Protection Districts, Sanitation Districts, Transit District, Utility District and Water District.

Preliminary Review ¹

Agency Type	Dissolved	Function Merger	Service Agreement	Reporting	Total
Cities or Towns	0	0	0	0	0
Counties	0	1	0	0	1
Special Districts					
● JPAs	7	0	6	0	13
● Non-Profits	2	2	4	2	10
● Others ²	4	3	23	5	35
Total	13	6	33	7	59

¹Four agencies omitted from the audit due to pending termination or merging process.

²Represents special districts in California who formed and are governed under a specific California government Code, such as Fire Protection Districts, Sanitation Districts, Transit District, Utility District and Water District.

Background on Agencies Experiencing Financial Hardship

Public Agency	Rate Plan & Formula	Plan Participants	Current Unfunded Accrued Liability (UAL) & Funded % at 7.5%		Termination* (UAL) & Funded % at 2.0%	
East San Gabriel Valley Human Services	Misc. 2.0@55	Transferred= 36	(\$3,370,467)	77.1%	(\$19,352,259)	37.0%
		Separated= 93				
		Retired= 62				
		Total= 191				
Misc. PEPPRA 2.0 @ 62	Separated= 6	\$1,242	105.9%	(\$7,685)	74.5%	
	Total= 6					
Niland Sanitary District	Misc. 2.0@60	Transferred= 1	(\$13,306)	78.6%	(\$132,539)	27.0%
		Separated= 2				
		Retired= 1				
		Total= 4				
Trinity County Water Works District #1	Misc. 2.7@55	Transferred= 0	(\$339,131)	63.7%	(\$1,707,720)	25.9%
		Separated= 5				
		Retired= 0				
		Total= 5				

Data
*In

Agencies Experiencing Financial Hardship

Amount Owed to CalPERS in \$

Report Date: 4/7/2017

Public Agency	Contributions	Reporting Arrears	Unfunded Accrued Liability	Termination Liability	Total Delinquent Amount
East San Gabriel Valley Human Services	—	—	\$462,025	—	\$462,025
Niland Sanitary District	—	\$21,562	\$859	—	\$22,421
Trinity County Water Works District #1				\$1,534,409	\$1,534,409
Total	—	\$21,562	\$462,884	\$1,534,409	\$2,018,855

Data Source: myCalPERS as of April 7, 2017 and Final Termination Valuation

Next Steps

- Develop and implement assessment, monitoring and reporting tools
- Discussions with inactive agencies
- Identify legislative strategies
- Report progress to FAC in September 2017

Background: Collection Process Timeline

Day 1 Step 1

Monthly billing of payroll

Day 31 Step 2

Account considered delinquent (DO) if payment not received

Day 36 Step 3

Employer (ER) receives collection calls & myCalPERS system generates late notice to ER

Day 50 Step 4

Review to determine if audit needed

Day 40-60 Step 5

Agency elevated to Contract Management Team (CMT).

Month 2 Step 6

Final collection letter sent giving 10 days notice for payment. Members receive notification

Month 3 Step 7

Final demand letter with 30 days to pay. Members notified of status and risk of benefit reduction

Month 4 Step 8

Prepare agenda item for Board review

Month 5 Step 9

Board review for approval to terminate/reduce benefits based on non-payment

Month 7-9 Step 10

Assets moved to Terminated Agency Pool (TAP) with immediate benefit reductions

Glossary of Terms

Funded Status – A measure of how well funded, or how "on track" a plan or risk pool is with respect to assets versus accrued liabilities. A ratio greater than 100 percent means the plan or risk pool has more assets than liabilities and a ratio less than 100 percent means liabilities are greater than assets.

Inactive Agencies – Agencies with all inactive rate plans

Inactive Rate Plan – Agency is not currently reporting payroll; may have an unfunded accrued liability.

Non-active member – A member on an inactive rate plan who no longer contributes to a pension plan, including retirees and those entitled to a deferred pension.

Unfunded Accrued Liability (UAL) – When a plan or pool's Value of Assets is less than its Accrued Liability, the difference is the plan or pool's Unfunded Accrued Liability (or unfunded liability). If the unfunded liability is positive, the plan or pool will have to pay contributions exceeding the Normal Cost.