

## Executive Summary

This annual report summarizes the Pension Contract Management Program's (PCMP) work for fiscal year 2021-22. It's divided into two primary sections: Pension Contract Activity and Delinquency and Collections Activity. The Pension Contract Activity section includes the summary of contract activities for new agencies, amendments, and terminations. The Delinquency and Collections Activity section provides a summary of delinquency activity, trend analysis, and remedies provided to employers with financial challenges.

During FY 2021-22, there were five new pension contracts, 39 contract amendments, two mergers, and two voluntary pension contract terminations. There was no involuntary pension contract termination for the year. PCMP met its strategic measure by maintaining an average of 98.7 percent of employers' current on their pension obligations for each quarter. For FY 2021-22, there were 443 delinquencies across 238 employers. As of June 30, 2022, there were 23 active delinquency cases totaling \$511,400. As of the end of August, 11 cases have been resolved, and the remaining active delinquencies are cases mostly related to arrears contributions, which are pending validation of the assessments.

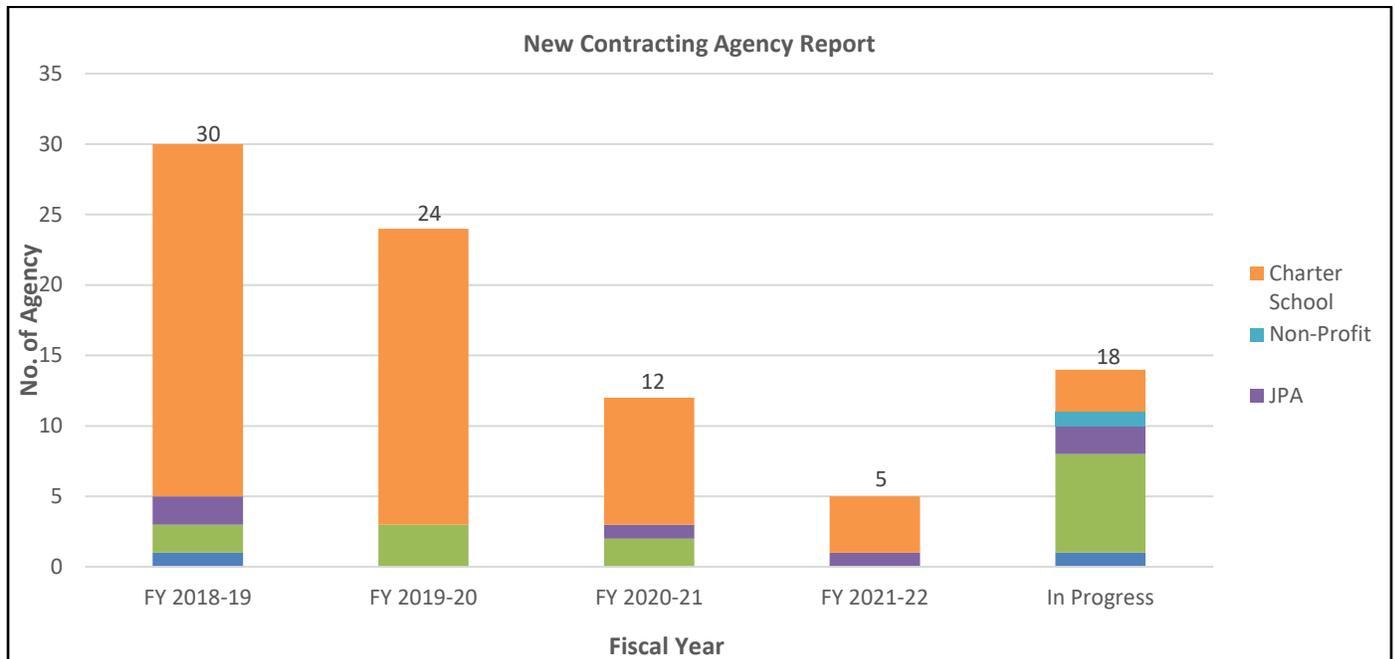
## Program Overview

PCMP works with public agencies to establish, amend, and/or terminate contracts for retirement benefits as well as determine charter schools' eligibility to participate in CalPERS pension program. The PCMP team provides consultation on Public Employees' Retirement Law (PERL) and compliance for potential new contracting public agencies and existing public agency contracts for pension benefits. The program area works with contracting agencies in requesting valuations and contract amendments to increase, change, or decrease optional benefits. PCMP also provide education to public agencies regarding the process of retirement contract terminations and addressing outstanding receivables related to contracted benefits and employer contributions.

## Pension Contracts Activity Section

### New Contracting Agencies

Five new agencies contracted with CalPERS for pension benefits during FY 2021-22, four charter schools, and one public agency. Charter schools made up the largest number of new participants in the system for the past four years. The following chart shows the number of new pension contracts with CalPERS for the past four fiscal years and the in progress contracts for FY 2022-23.

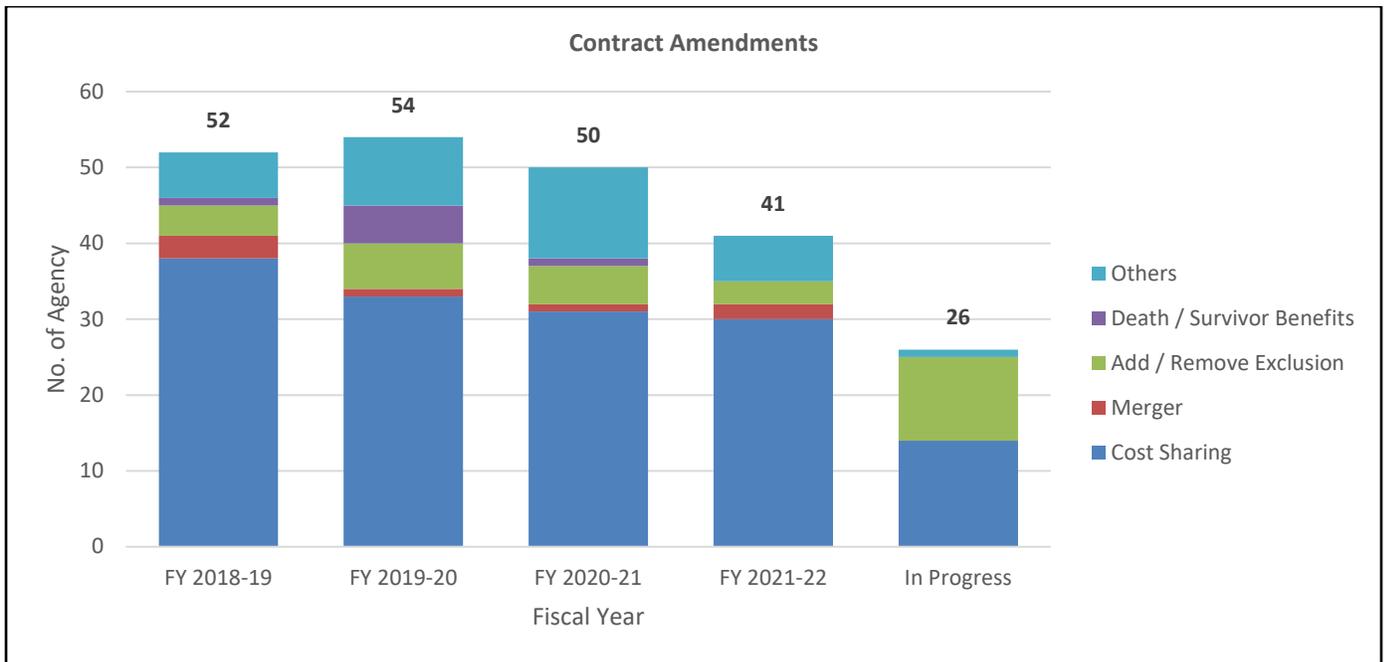


Below is the list of new agencies who joined during FY 2021-22:

- Audeo Valley Charter School
- Forest Charter School
- Sparrow Academy
- South San Joaquin County Fire Authority
- Twin Ridges Home Study Charter

**Contract Amendments**

PCMP processed 41 pension contract amendments – 30 for cost-sharing, three add/remove member categories, one add/remove an exclusion, five miscellaneous, and two contract mergers. Appendix 2 provides the complete list of amendment agencies. The following chart shows the total number of amendments PCMP processed for the past four years and the in-progress amendments for the current fiscal year.

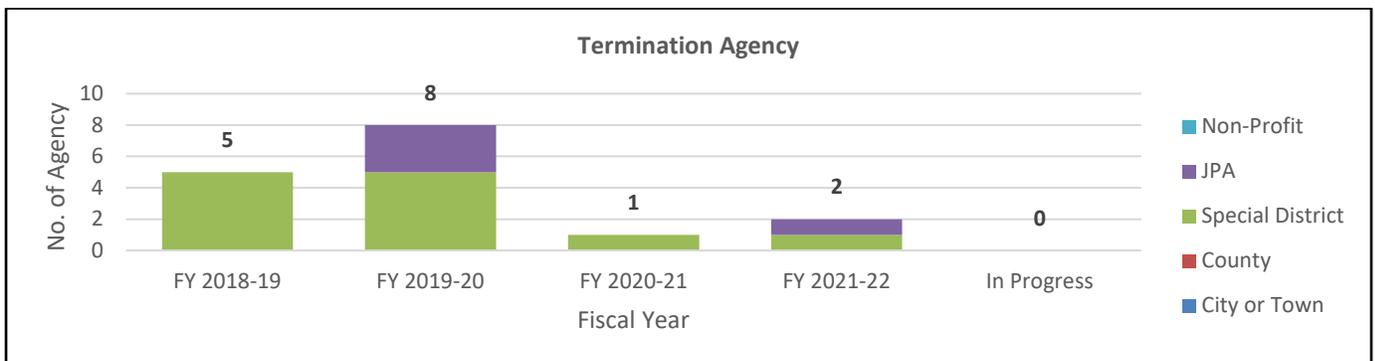


Below is the list of agencies who completed contract mergers during the FY 2021-22:

- Aptos/La Selva Fire Protection Agency merged into Central Fire Protection District of Santa Cruz County
- Redwood Empire Municipal Insurance Fund merged into California Intergovernmental Risk Authority

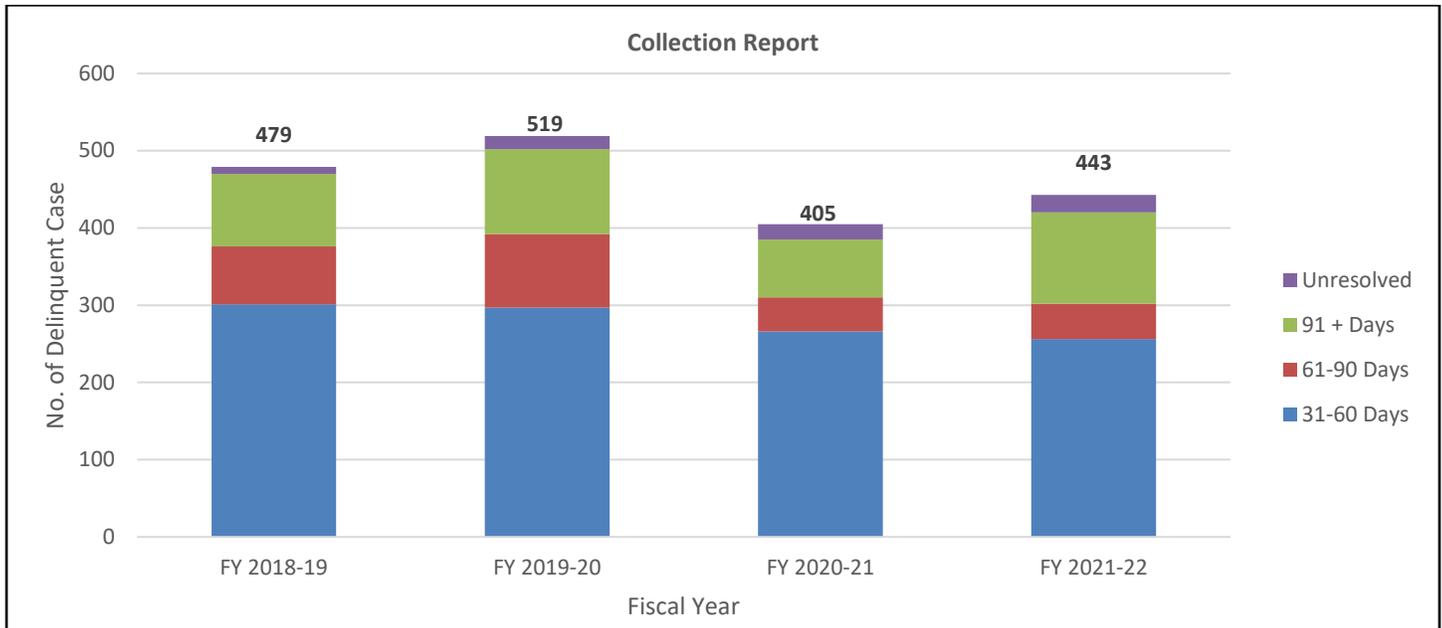
**Contract Terminations**

PCMP processed two terminations. Appendix 3 provides the complete list of agencies who terminated contracts with CalPERS during the FY 2021-22. The following chart shows the number of terminating agencies during the past four fiscal years and that no terminations are currently in progress.



### Delinquency and Collection Activity Section

During the FY 2021-22, we reached out to 238 employers to collect 443 delinquent cases. Throughout the year, the delinquency rate was consistently below 2%, which met the enterprise performance objective. The average quarterly delinquency rate for the FY 2021-22 was 1.3%. The following chart shows the number of delinquent cases for the past four fiscal years.



The table below shows the breakout of the collection activities during the past four fiscal years. During FY 2021-22, we experienced higher delinquent cases for unfunded liability payments and arrears contributions than the past three years.

Collection Type	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22
Arrears Contribution	60	43	80	147
Normal Cost Contribution	356	384	261	178
Termination Cost	2	6	0	4
UAL Payment	52	69	44	91
Unresolved Case at the end of the fiscal year	9	17	20	23
<b>Total</b>	<b>479</b>	<b>519</b>	<b>405</b>	<b>443</b>

### Active Payment Plans

PCMP utilizes two primary repayment approaches for a case-by-case remedy to employers experiencing financial challenges. First, for employers experiencing acute and temporary financial challenges, PCMP may provide a short-term payment arrangement not to exceed three to four months within the collections process. In FY 2021-22, one agency received a short-term payment arrangement, and is current on their pension obligations. For employers with longer-term but still temporary and surmountable financial challenges, PCMP, in conjunction with the Actuarial and Legal Offices, may offer a payment plan that sustains the employer and protects their members' accrued benefits. Currently, there are five employers with special circumstances on formal payment plans, four are related to termination costs and one for unfunded accrued liability (UAL) costs. All five are current in their payment schedules. The following table shows the list of agencies with payment plans.

<b>Active Payment Plans</b>				
<b>Agency Name</b>	<b>Type of Payment</b>	<b>Total Outstanding Amount</b>	<b>Payment Term</b>	<b>Account Status</b>
Central Sierra Planning Council	Termination Unfunded Liability	\$278,692	5-Year	Current
City of Placentia	Termination Unfunded Liability	\$890,505	5-Year	Current
Samoa Peninsula Fire Protection District	Annual Unfunded Liability	\$257,939	2-Year	Current
San Luis Obispo Regional Transit Authority	Termination Unfunded Liability	\$635,552	5-Year	Current
Shasta LAFCO	Termination Unfunded Liability	\$186,189	7-Year	Current

### Appendix 1 – Public Agencies Demographics and Funded Status<sup>1</sup>

The information for the below tables is based on the most recent available actuarial valuation data from the June 30, 2020 valuation reports. When updated valuation data for 2021 becomes available in September 2022, it will be included in the subsequent PCMP report.

The table below shows the breakout by agency type for the contracting public agencies; the total members, the unfunded liabilities and funded status associated to these agencies.

Public Agency Demographics Summary As of June 30, 2020						
Agency Type	# of Agencies	% of Total Agencies	Total Participants <sup>2</sup>	% of Total Participants	Current UAL & Funded % (\$ in Millions)	
City and Town	451	29.91%	424,704	51.16%	\$40,526	70.28%
County	38	2.52%	225,978	27.22%	\$15,891	70.74%
Special District <sup>3</sup>	798	52.92%	132,551	15.97%	\$10,205	73.52%
JPA	159	10.54%	27,897	3.36%	\$992	77.46%
Non-Profit	62	4.11%	19,036	2.29%	\$451	80.04%
<b>Total</b>	<b>1,508</b>	<b>100.00%</b>	<b>830,166</b>	<b>100.00%</b>	<b>\$68,065</b>	<b>71.14%</b>

<sup>1</sup>Data Source: June 30, 2020 Annual Valuation Reports

<sup>2</sup>Includes members who have service in more than one rate plan

<sup>3</sup>Represents special districts in California who formed and are governed under a specific California government Code, such as fire protection districts, sanitation districts, transit district, and utility district and water district.

The table below shows the funded status of the contracting public agencies breakout by agency type and in 10% increments.

Public Agency Funded Status Summary As of June 30, 2020								
Agency Type	0% - 50%	>50%- 60%	>60%-70%	>70%-80%	>80%-90%	>90%-100%	>100%	Total
City or Town	0	1	176	214	27	32	1	<b>451</b>
County	0	1	25	12	0	0	0	<b>38</b>
Special District <sup>2</sup>	2	8	111	477	129	54	17	<b>798</b>
JPA	1	0	20	88	33	17	0	<b>159</b>
Non-Profit	0	0	12	27	18	3	2	<b>62</b>
<b>Total</b>	<b>3</b>	<b>10</b>	<b>344</b>	<b>818</b>	<b>207</b>	<b>106</b>	<b>20</b>	<b>1,508</b>

<sup>1</sup>Data Source: June 30, 2020 Annual Valuation Reports

<sup>2</sup>Represents special districts in California who formed and are governed under a specific California government Code, such as fire protection districts, sanitation districts, transit district, and utility district and water district.

## Appendix 2 – Contract Amendment Report

CalPERS Contract Amendment Listing Fiscal Year 2021-22			
Agency Name	Agency Type	Amendment Effective Date	Amendment Type
Bolinas Fire Protection District	Fire District	3/7/2022	GC 7522.25(d) (Add new category - Miscellaneous)
California Intergovernmental Risk Authority (PARSAC)	Miscellaneous	6/1/2022	GC 20508 (Merger)
Central Fire Protection District of Santa Cruz County	Fire District	7/24/2021	GC 20508 (Merger)
City of American Canyon	City or Town	11/13/2021	GC 20516 (Employees Sharing Additional Cost)
City of Anderson	City or Town	06/12/2021	GC 20516 (Employees Sharing Additional Cost)
City of Anderson	City or Town	10/16/2021	GC 20516 (Employees Sharing Additional Cost)
City of Berkeley	City or Town	4/17/2022	GC 20516 (Employees Sharing Additional Cost)
City of Bishop	City or Town	5/30/2022	GC 20434 (Local Firefighter Reclass)
City of Burbank	City or Town	6/27/2021	GC 20516 (Employees Sharing Additional Cost)
City of Burbank	City or Town	6/12/2022	GC 20516 (Employees Sharing Additional Cost)
City of Chico	City or Town	2/27/2022	GC 20423.5 (Local Safety Member Reclass)
City of Corcoran	City or Town	7/1/2021	GC 20516 (Employees Sharing Additional Cost)
City of Davis	City or Town	8/23/2021	GC 20516 (Employees Sharing Additional Cost)
City of Fountain Valley	City or Town	1/8/2022	GC 20516 (Employees Sharing Additional Cost)
City of Fountain Valley	City or Town	6/25/2022	GC 20516 (Employees Sharing Additional Cost)
City of Lathrop	City or Town	9/18/2021	GC 7522.25(d) (Add new category - Police)
City of Lemoore	City or Town	10/22/2021	GC 20903 (Two Years Additional Service Credit)
City of Lodi	City or Town	1/10/2022	GC 20516 (Employees Sharing Additional Cost)
City of Lodi	City or Town	3/21/2022	GC 20516 (Employees Sharing Additional Cost)
City of Lodi	City or Town	10/4/2021	GC 20516 (Employees Sharing Additional Cost)
City of Lomita	City or Town	7/10/2021	GC 20516 (Employees Sharing Additional Cost)

## Appendix 2 Continued

Agency Name	Agency Type	Amendment Effective Date	Amendment Type
City of Lompoc	City or Town	5/7/2022	GC 20516 (Employees Sharing Additional Cost)
City of Long Beach	City or Town	3/26/2022	GC 20516 (Employees Sharing Additional Cost)
City of Monterey	City or Town	2/17/2022	GC 20516 (Employees Sharing Additional Cost)
City of Morgan Hill	City or Town	6/26/2022	GC 20516 (Employees Sharing Additional Cost)
City of Palos Verdes Estates	City or Town	4/11/2022	GC 20516 (Employees Sharing Additional Cost)
City of Paramount	City or Town	3/18/2022	GC 20571.5 (Terminate Portion of the Contract - Police category)
City of Perris	City or Town	9/5/2021	GC 20502 (Add Exclusion(s))
City of Redding	City or Town	9/19/2021	GC 20516 (Employees Sharing Additional Cost)
City of Redding	City or Town	12/26/2021	GC 20516 (Employees Sharing Additional Cost)
City of Riverside	City or Town	1/7/2022	GC 20516 (Employees Sharing Additional Cost)
City of San Marcos	City or Town	6/25/2022	GC 20516 (Employees Sharing Additional Cost)
City of Santa Paula	City or Town	11/8/2021	GC 20516 (Employees Sharing Additional Cost)
City of South San Francisco	City or Town	7/9/2021	GC 20516 (Employees Sharing Additional Cost)
County of Amador	County	9/5/2021	GC 20516 (Employees Sharing Additional Cost)
County of Shasta	County	1/16/2022	GC 20516 (Employees Sharing Additional Cost)
El Dorado Hills County Water District	Water/Flood Control District	7/13/2021	GC 20516 (Employees Sharing Additional Cost)
North County Transit District	Transportation/Transit District	1/9/2022	GC 20475 (Different Level of Benefits)
Southern California Regional Rail Authority	Miscellaneous	10/23/2021	GC 20903 (Two Years Additional Service Credit)
Walnut Valley Water District	Water/Flood Control District	6/25/2022	GC 20516 (Employees Sharing Additional Cost)
Woodside Fire Protection District	Fire District	1/1/2022	GC 20516 (Employees Sharing Additional Cost)

**Appendix 3 – Termination Activity Report**

<b>Terminated Agency Listing Fiscal Year 2021-22</b>	
<b>Public Agency</b>	<b>Termination Effective Date</b>
Intelecom Intelligent Telecommunications	12/13/2021
Downey Cemetery District	3/7/2022