



# Monterey One Water FY 2017-18 PAFR

## Financial and Budgetary Information

### Pension Liability

Benefit provisions under the Agency' pension plans with the California Public Employees' Retirement System (CalPERS) are established by State statute and Agency resolutions. CalPERS issues reports that describe the pension plans benefit provisions, assumptions and membership information that can be found on the [CalPERS website](#). The Agency's total net pension liability with CalPERS for Fiscal Year 2017-18 was \$22 million, based upon a measurement date of June 30, 2017. This liability is based upon CalPERS assumed discount rate (rate of return) of 7.15% and 3% for the termination liability. This net liability is in addition to the pension bonds that the Agency has outstanding of \$6.4 million. The Agency has three separate plans with CalPERS covering its employees based upon when they were hired and their previous enrollment with CalPERS. The table below provides financial characteristics of each plan as of the measurement date of June 30, 2017:

Pension Plan	Unfunded Liability	Unfunded Termination Liability	Funded Status	Normal Cost Rate (w/o UAL)	Employee Contrib. Rate	Employees With Agency	Employees Former & Retired
<b>3% at 60</b>	\$21 million	\$86 million	76.3%	14.4%	8.00%	50	121
<b>2% at 55 (2<sup>nd</sup> Tier)</b>	< \$1 million	< \$1 million	97.6%	9.7%	7.00%	6	4
<b>2% at 62 (PEPRA)</b>	< \$1 million	< \$1 million	95.7%	7.0%	6.25%	21	1

A change in the discount rate of 1% would increase/(decrease) the liability and funded status of the 3% at 60 plan by approximately \$11 million and 9% respectively. CalPERS invests in Global Equity and Fixed Income, Inflation Sensitive, Private Equity, Real Estate, Infrastructure, Forest Land and Liquid investments, with expected real rate of returns ranging between 0-7%. The projected future rates below assume a covered payroll of \$8 million and include the normal cost and annual portion of the Agency's unfunded accrued liability (UAL), assuming no additional prepayments made toward the obligation. See Note 12 of the Agency's CAFR for more information on this obligation and provisions of the pension plan.

