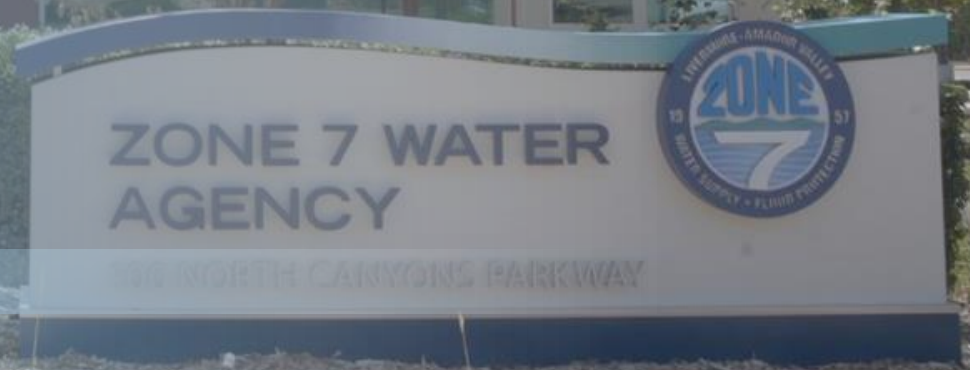


FY 2022-23 Pension Trust Fund Contribution Recommendation

Zone 7 Finance Committee Meeting
February 15, 2024





Water Quality



Water Reliability



Flood Protection



**WATER
AGENCY**

Background

The proposed action is in support of Strategic Plan Goal G – Fiscal Responsibility and Strategic Initiative No. 24. Goals include:

- › Operate the Agency in a fiscally responsible manner
- › Continue to effectively manage financial resources
- › Maintaining target levels of reserves
- › **Evaluating the Agency's unfunded pension and other post-employment benefits liabilities**

Annual Contribution Criteria

- In February 2021, the Board adopted Funding of Long-Term Pension Liability policy (Policy) and established a pension trust fund with an initial contribution of \$1.5M.
- The policy was reviewed and subsequently amended on March 15, 2023. The Policy includes three criteria for annual contributions to the Trust:
 - **Criteria 1** - All Fund 100 – Water Enterprise Operations Reserve Funds have reached target reserve levels; and
 - **Criteria 2** - Fund 100 – Water Enterprise Operations has a positive net revenue based on audited actuals at the end of the fiscal year.
 - **Criteria 3** - In the event Criteria 2 (as defined above) is not met based on audited actuals, but the Board identifies other available funds during the budget process, the Board may make a finding to override Criteria 2 and contribute to the Trust.



FY 2022-23 Review & Recommendations

- Staff has reviewed the FY 2022-23 audited actuals. Based on the audited actuals:
 - Criteria 1 ✓
 - Criteria 2 ✗
 - Criteria 3 ✓
 - Fund 100 unallocated fund balance at the end of FY 2022-23 was \$1.9M.
 - FY 2022-23 Adopted Budget includes a contribution to the Trust
- A contribution of \$183,380, which is equal to 1% of the FY 2022-23 audited net pension liability (\$18.3M), can be made based on Criteria 3.

Recommended Action

- If the Finance Committee agrees, Staff will forward this item to the full Board for adoption at the March 2024 Board of Directors Meeting.

Questions?

