



Agenda Item: 14.F
Date of Meeting: July 22, 2024
Department: Finance

STAFF REPORT

To: City Council
From: Ethan Aukee
Subject: **PERS UAL Budget Adjustment**
Prepared On: July 9, 2024

Background/History:

Each year, the City is required to budget for its annual unfunded liability payment to CalPERS without having a clear understanding of the amount to be invoiced by CalPERS. The amount charged by CalPERS to the City is determined by an actuary, and the actuary's valuation report is made available once the invoice is submitted to the City. The invoice is submitted to the City in July, and the City completes its budget in May/June.

Analysis/Discussion:

When budgeting for this FY 24-25 expense, the City applied an 8% premium to the FY 23-24 actual. Based on historical records, it could be assumed that a potential increase wouldn't exceed 8% from the prior year. This assumption was incorrect. The invoice amount charged for FY 24-25 was determined by using an actuarial report from 2022, and the market performance during 2022 was detrimental to industry-wide pension fund performance. Based on our understanding of how the markets performed in 2023-2024, we should expect a decreased expense in FY 25-26 (assuming a new valuation report is issued by the actuary for CalPERS).

A total of \$914,935 was budgeted for PERS UAL in FY 24-25. The total invoiced to the City for PERS UAL in FY 24-25 is \$1,188,320.

Economic Impacts:

No significant economic impacts.

Budget Impacts:

City staff is requesting council approval to increase the below expense accounts by the amounts listed to allow for payment of the annual PERS UAL expense. A portion of the expense is incurred by the RFPD Fund 005. Approval to adjust the RFPD expense account will be requested of the RFPD Board of Commissioners.

001-011-51029 \$41,354.59
001-012-51029 \$60.36

001-016-51029 \$247.41
001-020-51029 \$162,911.98
001-021-51029 \$1,307.56
001-023-51029 \$1,281.56
001-031-51029 \$2,666.22
001-034-51029 \$248.30
002-051-51029 \$33,576.15
003-030-51029 \$557.86
004-050-51029 \$26,002.70
012-095-51029 \$1,862.74

Legal Review:

City Attorney Pucci has reviewed this item and finds that the recommended action complies with the law.

Recommended Action:

City Council to review and approve the proposed budget adjustment.

Approved By: Ethan Aukee 7/9/2024

Approved By: Robin Picken 7/9/2024

Approved By: Deston Dishion 7/9/2024

Approved By: