



Town of Paradise Valley FY2025 Budget Development



Budget Calendar

Date	Activity	Subject
March 28	Study Session	Capital Improvement Projects (CIP) City Manager Recommended Budget
April 11	Study Session	Budget Study Session
April 25	Meeting: Action Item	Tentative Budget Adoption
May 9	Meeting: Action Item	Final Budget Adoption User Fees Adoption
May 10	Publish Final Budget	



Agenda

- Debt options
- Pension funding options
- Operating budget question and answer

Debt Options

The Town of Paradise Valley Excise Revenue Obligation Series 2020 was issued at an interest rate of 1.0895%.

Current investments are earning a greater return. The recommendation is to not call the bonds.

Payment Date	Principal	Interest	Total Payment	
8/1/2024	\$685,000	\$18,884	\$703,884	1 st date allowed to call bonds
2/1/2025	\$690,000	\$15,151	\$705,151	Callable
8/1/2025	\$690,000	\$11,391	\$701,391	Callable
2/1/2026	\$700,000	\$7,630	\$701,630	Callable
8/1/2026	<u>\$700,000</u>	<u>\$3,815</u>	<u>\$703,815</u>	Callable
Outstanding	\$3,465,000	\$56,871	\$3,521,871	
Callable	\$2,780,000	\$37,987	\$2,817,987	

Pension Funding

Funded Status

Valuation Date	Tier 1 & Tier 2 Members			Tier 3 Members		
	Pension	Health	Total	Pension	Health	Total
June 30, 2022	90.6%	101.3%	90.7%	110.5%	212.1%	112.1%
June 30, 2023	87.4%	94.1%	87.4%	107.3%	212.5%	108.9%

** The Tier 3 rates shown are the calculated rates as of the valuation date and do not reflect any Legacy costs that the employer must also contribute.*



Pension Funding

Impact of Additional Contributions

Impact On	Additional Contribution (000s)										
	\$0	\$1,000	\$2,000	\$3,000	\$4,000	\$5,000	\$6,000	\$7,000	\$8,000	\$9,000	\$10,000
Funded Status - June 30, 2023	87.4%	89.5%	91.6%	93.8%	95.9%	98.0%	100.2%	102.3%	104.5%	106.6%	108.7%
FYE 2025 Contribution Rate	33.45%	30.34%	27.23%	24.11%	21.00%	17.89%	14.78%	11.66%	8.55%	5.44%	2.33%

Table shows the hypothetical change in the funded status and contribution rate from the June 30, 2023 actuarial valuation results for Tiers 1 & 2 if an additional contribution of the amount shown had been made to the Fund on June 30, 2023. This illustration can help estimate the impact of contributing additional monies to the fund in the future.



Pension Funding

Amortization of Unfunded Liabilities - Tiers 1 & 2

	Date Established	Outstanding Balance	Years Remaining	Amortization Rate
Pension	6/30/2019	5,259,734	13	16.65%
	6/30/2021	(1,851,003)	13	(6.40%)
	6/30/2022	558,202	14	1.84%
	6/30/2023	<u>1,945,762</u>	15	<u>6.18%</u>
	Total	5,912,695		18.27%
Health	6/30/2019	0	13	0.00%
	6/30/2021	(36,989)	13	(0.13%)
	6/30/2022	30,439	14	0.10%
	6/30/2023	<u>41,154</u>	15	<u>0.13%</u>
	Total	34,604		0.10%

For Direction/Discussion

- Make a \$2,000,000 payment in Fiscal Year 2024 from contingency
- Budget \$500,000-\$1,000,000 Fiscal Year 2025 for excess contribution
- Continue to make \$500,000-\$1,000,000 annual excess contribution until 100% funding is reached
- Set a reserve of up to the amount of actuarial unfunded liability.

Preliminary Proposed Budget

Preliminary budget is available :

<https://cleargov.com/arizona/maricopa/town/paradise-valley>

Pending items include:

- Council direction on pension funding, capital projects, and other expenditures

