TOWN OF PARADISE VALLEY

FY 2017 BUDGET ADJUSTMENTS
TO SUPPORT $5 MILLION PSPRS UNFUNDED LIABILITY PAYMENT

FY 2018 Budget

- Minimum PSPRS contribution $2.1 million

- Additional unfunded liability payment $5 million

- Additional contingency $1 million

PSPRS Unfunded Liability

PSPRS Unfunded Liability	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Beginning Balance	21,181,532	21,231,839	21,807,095	15,803,663	9,251,956	2,176,112
Planned Liability Payment	2,650,000	2,466,425	3,100,000	2,700,000	2,700,000	2,350,000
Additional Payment	1,000,000	1,000,000	5,000,000	5,000,000	5,000,000	-
Assessed 8% fee (To offset the lost $ from anticipated rate of return)	1,402,523	1,421,233	1,096,568	648,293	124,156	
Estimated Ending Balance	18,934,055	19,186,647	14,803,663	8,751,956	1,676,112	
Increased Liability	2,297,784	2,620,448	1,000,000	500,000	500,000	
Ending Balance	21,231,839	21,807,095	15,803,663	9,251,956	2,176,112	

Original Plan

- Carryforward $5 million ELR exclusions to FY 2018
- Transfer $7.1 million from Town operating account to Town PSPRS prefunding account
- Make $5 million additional payment July 1 to avoid 8% assessment on that amount
- Minimum payment of $2.1 million to be drawn down each respective payroll period

Conclusion of audit

- $7.1 million transferred from Town operating account to Town PSPRS prefunding account June 30
- $2.1 million to be recorded as expenditures in FY 2018 each respective payroll period per scheduled payment terms
- Additional $5 million did not have schedule of payments and PSPRS prefunding account is not a revocable account, so triggering event is date of transfer

Result

- Payment will be recorded in FY 2017

- $5 million ELR exclusion will be used in FY 2017 rather than carried forward

- Request a budget transfer to reallocate budget authority for the expenditure from unspent General Fund contingency: $950,000; and the Capital Projects fund: $4,050,000

- Expenditure resulted in reduction of $400,000 in fees as planned

Any Questions?