



## AGENDA MEMORANDUM

*Finance Department*

**City Council Meeting Date: April 1, 2025**

**To:** City Council  
**From:** Steve C. Chaipel, Deputy City Manager/CFO  
**Date:** March 25, 2025

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**SUBJECT:** Actuarial Valuations for City Sponsored Defined Benefit Pension Plans

**BACKGROUND:** Each year, the individual Board of Trustees for the General Employees' Retirement Plan and the Municipal Police Officers' Retirement Trust Fund engage the services of a consultant to perform an actuarial valuation. The valuation has been performed by Foster and Foster, Inc. for both plans for several years. The purpose of an actuarial valuation is to determine the amount of actuarially determined contributions (i.e., an amount that, if contributed consistently and combined with investment earnings, would be sufficient to pay promised benefits in full over the long-term) and to measure the plan's funding progress. This memorandum discusses the results of the valuation reports as of October 1, 2024 that were approved by each Board in February 2025.

**DISCUSSION:**

General Employees' Retirement Plan ([Document here](#))

The Plan had favorable results in fiscal year 2024 due to results coming in better than the actuarial assumptions. Sources of actuarial gain included an investment return of 21.18% which exceeded the 6.50% assumption and inactive mortality experience. These gains were offset in part by a loss associated with an average salary increase of 3.94% which exceeded the 3.79% assumption.

These results contributed to the elimination of the Plan's unfunded actuarial accrued liability and an addition of a pension asset (occurs when Plan is over 100% funded). The plan was 102.9% funded at September 30, 2024. While these are very positive results for the fiscal year, it is important to note that the Plan still must continue to pay benefits for several decades and potential unfavorable results in the future could reduce the funded ratio.

Municipal Police Officers' Retirement Trust Fund ([Document here](#))

The Plan had generally favorable experience in fiscal year 2024 relating to actuarial assumptions. Sources of actuarial gain included favorable turnover experience, and an average salary increase of -2.46% which fell short of the 5.61% assumption. These gains were offset in part by losses associated with inactive mortality experience and an investment return of 7.16% (Actuarial Asset Basis) which fell short of the 7.50% assumption.

The Plan's unfunded actuarial accrued liability decreased to \$4.3 million in fiscal year 2024.

The following tables show comparative information of the key performance indicators of each plan.

**City Funded Contributions**

|         | <b>GE</b> | <b>Police</b> | <b>Total</b> | <b>Change</b> |
|---------|-----------|---------------|--------------|---------------|
| FY 2018 | 1,947,320 | 1,248,045     | 3,195,365    | 17.47%        |
| FY 2019 | 1,677,105 | 1,347,550     | 3,024,655    | (5.34%)       |
| FY 2020 | 953,846   | 1,232,874     | 2,186,720    | (27.70%)      |
| FY 2021 | 864,056   | 1,312,875     | 2,176,931    | (0.45%)       |
| FY 2022 | 864,056   | 1,198,047     | 2,062,103    | (5.27%)       |
| FY 2023 | 100,000   | 1,443,316     | 1,543,316    | (25.16%)      |
| FY 2024 | 585,203   | 1,247,193     | 1,832,396    | 18.73%        |
| FY 2025 | 763,670   | 1,505,782     | 2,269,452    | 23.85%        |
| FY 2026 | 202,469   | 1,348,664     | 1,551,133    | (31.65%)      |

**Unfunded Actuarial Accrued Liability**

|         | <b>GE</b>   | <b>Police</b> | <b>Total</b> | <b>Change</b> |
|---------|-------------|---------------|--------------|---------------|
| FY 2018 | 2,253,096   | 6,129,515     | 8,382,611    | (16.11%)      |
| FY 2019 | 2,338,722   | 5,551,315     | 7,890,037    | (5.88%)       |
| FY 2020 | 1,196,728   | 4,725,939     | 5,922,667    | (24.93%)      |
| FY 2021 | (3,180,053) | 4,160,301     | 980,248      | (83.45%)      |
| FY 2022 | 5,432,301   | 4,685,003     | 10,117,304   | 932.12%       |
| FY 2023 | 4,165,783   | 5,705,592     | 9,871,375    | (2.43%)       |
| FY 2024 | (1,053,628) | 4,311,663     | 3,258,035    | (67.00%)      |

**Funded Ratios**

|         | <b>GE</b> | <b>Police</b> |
|---------|-----------|---------------|
| FY 2018 | 93.3%     | 76.4%         |
| FY 2019 | 93.2%     | 79.5%         |
| FY 2020 | 96.6%     | 82.8%         |
| FY 2021 | 108.8%    | 85.6%         |
| FY 2022 | 85.2%     | 84.6%         |
| FY 2023 | 88.6%     | 82.5%         |
| FY 2024 | 102.9%    | 87.0%         |

**FUNDING SOURCE:** N/A for the acceptance of these reports. Required City contributions to the Plans is determined annually during the City's budget adoption process.

**RECOMMENDED ACTION:** N/A – informational.