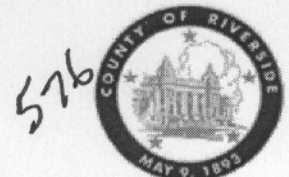




SUBMITTAL TO THE BOARD OF DIRECTORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



FROM: Regional Park & Open-Space District

SUBMITTAL DATE:
May 11, 2005

SUBJECT: Budget Adjustment & Payment of Unfunded Liability

RECOMMENDED MOTION: That the Board:

- 1. Approve the payment of the unfunded liability to the California Public Employees' Retirement System;
2. Direct the Auditor-Controller to make the budget adjustments shown on Attachment "A"; and
3. Direct the Human Resources Director to adjust the employer contribution rate after the payment of unfunded liability transaction is executed.

BACKGROUND: On April 11, 2005, the Pension Advisory Review Committee (PARC) recommended and agreed that the Regional Park & Open-Space District (Park District) use the same actuarial consultant, that the County uses, Bartel & Associates, LLC, to determine the final numbers and recommendations for the CalPERS pre-payment and payment of unfunded liability.

(CONTINUED)

481-PERS Budget Adjustment & Payment of Unfunded Liability

Handwritten signature of Paul Frandsen, General Manager

FINANCIAL DATA

Table with 2 columns: Financial Data and Budget Status. Rows include Current F.Y. Total Cost, Net County Cost, and Annual Net County Cost.

SOURCE OF FUNDS: Regional Park & Open-Space District Special Revenue Funds.

Positions To Be Deleted Per A-30 (checkbox)
Requires 4/5 Vote (checkbox)

C.E.O. RECOMMENDATION:

APPROVE
Handwritten signature

County Executive Office Signature

Vertical text on the left margin: FISCAL PROCEDURES APPROVED, ROBERT E. BYRD, Auditor-Controller, Approved by PARC, Paul McDonnell, Treasurer, etc.

Vertical checkboxes on the left margin: Dep't Recomm., Per Exec. Ofc., Consent, Policy.

SUBJECT: Budget Adjustment & Payment of Unfunded Liability

At the May 09, 2005 PARC meeting, the consultant, Mr. John Bartel, presented the results of the Park District's pool pension plan cost analysis. His recommendation to the Committee was to pay 100% of the unfunded liability \$2,329,672. Unlike the County, which has its own pension contract, the Park District is part of a pension pool. As such, the unfunded liability suffers no investment losses but also has no investment gains. The liability can only be reduced by direct payment or allocation of payment and there is no risk for over funding the pension plan.

PARC received, reviewed and approved the prepayment and unfunded liability payment analysis report presented by the actuarial consultant and endorsed the Park District's request to pay the pension unfunded liability in full. The payment will provide immediate budgetary savings of approximately \$240,000 per year, and address the thirteen (13) year amortization base (hard debt) obligation payment of our retirement program. In addition, the Employer's Contribution Rate for FY 2005-06 will decrease from 20.502% to 14.074% for Park District's miscellaneous employees. Consequently, the Park District's required contribution will decrease from \$756,696 to \$519,447 for the same fiscal year. Interest lost on the funds of approximately \$70,000 takes the real savings to the District to approximately \$170,000 a year.

PARC has approved, concurred and endorsed the recommendations of the actuarial consultant, John Bartel. The Park District requests the Board of Directors approve the payment in full for the unfunded liability. The budget adjustment that will allow sufficient appropriations to cover the expenditures, and the adjustment to the payroll system to correct the employer's rate charged for pension during fiscal year 2006.

Over the last decade, the District has sought grants, contracts, and partnerships to broaden the financial foundation of the agency to insure a stable delivery of services to the public. Contingency funds within various accounts were tapped to pay this unfunded liability. There will be no impact on general operations for the capital project programs. Sufficient funds will remain to cover expenses for the upcoming fiscal year. If the District should have a financial shortfall due to unforeseen events, the Treasurer of the County has informed the District he would consider a temporary loan.

The Park District has sufficient funds in the Special Revenue Funds to cover this obligation; there is no fiscal impact to the County General Fund.

ATTACHMENT A

Increase in Appropriations:

25510-931108-536720	Interfund Exp-Admin Supt Direct	\$ 20,296
25520-931107-536720	Interfund Exp-Admin Supt Direct	\$ 800,009
25530-931117-536720	Interfund Exp-Admin Supt Direct	\$ 65,151
25540-931116-536720	Interfund Exp-Admin Supt Direct	\$ 9,527
25550-931101-536720	Interfund Exp-Admin Supt Direct	\$ 206,597
25580-931106-536720	Interfund Exp-Admin Supt Direct	\$ 55,025

Decrease Designated Fund Balances:

25510-931108-320100	Fund Balance	\$ 20,296
25520-931107-320100	Fund Balance	\$ 800,009
25530-931117-320100	Fund Balance	\$ 65,151
25540-931116-320100	Fund Balance	\$ 9,527
25550-931101-320100	Fund Balance	\$ 206,597
25580-931106-320100	Fund Balance	\$ 55,025

Increase Estimated Revenues and Appropriations:

Increase Estimated Revenues:

51540-931104-778330	Interfund-Salary Reimbursement	\$ 1,156,605
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Increase in Appropriations:

51540-931104-513000	Retirement-Misc.	\$ 2,329,672
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Decrease Designated Fund Balances:

51540-931104-320100	Fund Balance	\$ 1,173,067
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