

## LRB - FISCAL SECTION ANALYSIS

MAY 8, 2002

ITEM 5, FILE 020067

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #020067 is a resolution related to the deposit of \$1.0 million in the Employer's Reserve Fund by the City.

### **Background**

1. In 2001, the Employer's Reserve Fund was established to reserve voluntary contributions from the city and city agencies for the purpose of offsetting future pension obligations. At the time of the Global Pension Settlement, the actuarial firm of Milliman & Robertson estimated that an over 50% probability existed that the City's retirement system would have an unfunded liability by 2009. The Employer's Reserve Fund allows the City to reduce its potential future liability and risk if the rate of return on investments falls below the accrual estimates.
2. The 2002 Budget includes a \$1 million City contribution to the Employer's Reserve Fund.
3. The \$1 million is currently deposited in the City's general fund (Employer's Reserve Fund account).

### **Discussion**

1. The resolution formally appropriates \$1 million from the general fund to the Employer's Reserve Fund.

### **Fiscal Impact**

The resolution authorizes the expenditure of the \$1 million from the general fund (Employer's Reserve Fund account) and the deposit of it in the Employer's Reserve Fund.

cc: Marianne Walsh  
Laura Engan  
W. Martin Morics  
Anne Bahr  
Tom Hayes  
Katherine O'Sullivan

Prepared by: James Carroll, X8679  
LRB-Fiscal Review  
May 6,2002