AGENDA ITEM 2 A
Action Item

MEMORANDUM

DATE: **March 6, 2025**

TO: **El Dorado County Transit Authority**

FROM: **Kate Hewett, Finance Manager**

SUBJECT: **Authorize Additional Payments Towards Unfunded Accrued Pension Liabilities**

REQUESTED ACTION:
BY MOTION,

1. **Authorize additional contributions to pay down the Unfunded Accrued Pension Liability of $1,000,000 in Classic and $150,000 in PEPRA**
2. **Authorize the Executive Director to execute all documents necessary for payments**

BACKGROUND

The El Dorado County Transit Authority (El Dorado Transit) has prefunded a portion of the Unfunded Accrued Liability for retirement benefits on an annual basis since formation in 1994. In July 2004, GASB 45 was enacted, which is a provision requiring government agencies to be transparent about the agency's post-employment benefits, due to the ever-growing concern over the potential magnitude of employer obligations for post-employment benefits. El Dorado Transit has historically taken a proactive approach to making additional discretionary payments toward our unfunded liabilities:

Historical Additional Discretionary Payments (ADP)		
Fiscal Year	**Amount**	**Receivable Description**
2020/2021	$65,683.00	ADP toward Classic
2020/2021	$5,234.00	ADP toward PEPRA
2021/2022	$11,520.00	ADP toward PEPRA
2021/2022	$117,359.00	ADP toward Classic
2022/2023	$1,649,704.00	ADP toward Classic

DISCUSSION

The current balance is $3,648,479 as determined by the Actuarial Valuations prepared by CalPERS as of June 30, 2023. Staff are recommending additional contributions to pay down targeted Unfunded Accrued Liability of $1,000,000 in Classic and $150,000 in PEPRA plans.

FISCAL IMPACT

With the requested action, staff recommend that El Dorado Transit makes an additional unfunded liability payment totaling $1,150,000.

The financial position of El Dorado Transit will be reviewed each year in the fourth quarter to advise the Board if funding is available and warranted for additional contributions on an annual basis.