

Public Safety Personnel Retirement System (PSPRS)
and Corrections Officers Retirement Plan (CORP)

Pension Funding Policy

This pension funding policy is created in accordance with ARS 38-863.01. The following terms used throughout this policy are defined as:

Unfunded Actuarial Accrued Liability (UAAL) – is the difference between trust assets and the estimated future cost of pensions earned by employees.

Annual Required Contribution (ARC) – is the annual amount required to pay into the pension funds, as determined through annual actuarial valuations. It is comprised of two primary components; normal pension cost – which is the estimated cost of pension benefits earned by employees in the current year, and amortization of UAAL – which is the cost needed to cover the unfunded portion of pensions earned by employees in previous years. The UAAL is collected over a period of time referred to as the amortization period. The ARC is a percentage of the current payroll.

Funded Ratio – is a ratio of fund assets to actuarial accrued liability.

The Coconino County Board of Supervisors formally accepts the assets, liabilities, and current funding ratio of the County’s PSPRS trust funds, including CORP, as reported by PSPRS, the plan administrator, from their June 30, 2022 actuarial valuation, which is detailed below.

Trust Fund	Assets	Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
Sheriff	\$59,065,937	\$54,673,356	\$4,392,581	108.0%
Corrections Officers Plans	\$19,859,052	\$20,296,987	(\$437,935)	97.8%
Totals	\$78,924,989	\$74,970,343	\$3,954,646	

The County fully funded the PSPRS Sheriff liability through a debt restructure in FY21. Consistent with the PSPRS’ Actuarial Funding Policy, the Board’s CORP funding ratio goal is 100% (fully funded) over a period of 20 years (or less)*.

The plan to achieve this goal requires full ARC payments (normal cost and UAAL amortization) from operating funds over the entire amortization period of 20 years (or less)*. The estimated employer cost for FY2024 is \$358,506 for PSPRS and \$129,083 for CORP. The Coconino County Board of Supervisors intends to make additional payments toward the liability in CORP as funds become available, and has created a contingency reserve fund to maintain full funding in PSPRS.

**Note: The plan to amortize the UAAL over an extended period of time is conditional on the accuracy of the actuarial assumptions and additional payments. These assumptions are updated on an annual basis and the ARC as well as the amortization period may be adjusted.*