



# Cochise County Board of Supervisors

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**Policy Title: Public Safety Personnel Retirement System (PSPRS) Pension Funding**

**Policy Number: 1604**

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**Effective:** July 1, 2021

**Supersedes:** July 1, 2020

**Last Reviewed/Updated:**

**Scope/Coverage:** pension funding policy for the system for employees hired before July 1, 2017

**Policy Contact:** County Administrator / Finance Director

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## I. Maintaining the Stability of County Contributions

A. In accordance with A.R.S. § 38-863.01, the Board of Supervisors shall employ the following strategies to stabilize PSPRS Annual Required Contribution (ARC) and reduce the Unfunded Actuarial Accrued Liability (UAAL):

1. In the first month of the fiscal year (July), the County shall pay, in full, the minimum ARC as projected by PSPRS for the new fiscal year.
2. During the annual budget development process, the ARC rate shall be determined as 50% or the rate published in the system's annual actuarial report, whichever is greater.
3. The County shall make a supplemental contribution payment to PSPRS utilizing 100% of the calculated savings for the prior fiscal year (ended June 30<sup>th</sup>) in the Cochise County Sheriff's Office General Fund budget.

B. The Board of Supervisors, through the County Supervisors Association, may actively lobby the Arizona State Legislature to reform PSPRS and provide funding relief.

## II. Funded Ratio Target and Timeline

A. The following information is from the June 30, 2020 actuarial valuation:

Fiscal Year	Trust Fund	Assets	Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
2020	CCSO	\$18,426,928	\$51,998,563	\$33,571,635	35.4%
2021	CCSO	\$19,835,210	\$55,208,407	\$35,373,197	35.9%
2022	CCSO	\$21,370,919	\$58,121,693	\$36,750,774	36.8%



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- B. Consistent with the PSPRS' Actuarial Funding Policy, the Board's **PSPRS funding ratio** goal is 100% (fully funded) over a period of 30 years.

### **III. Review and Acceptance of Actuarial Valuation Report**

- A. Annually, the Board shall review the assets, liabilities, and current **funding ratio** of the county's PSPRS trust fund as reported by the plan administrator in the **annual report**.
- B. The Board shall vote to accept the system's actuarial report in an open meeting.
- C. Every five (5) years, the County shall contract for an independent actuarial analysis to ensure the County is meeting funding goals.
- D. The PSPRS funding policy and summary of assets and liabilities under the system shall be posted on the County's public website.