



# Cochise County Board of Supervisors

*Public Programs...Personal Service*  
[www.cochise.az.gov](http://www.cochise.az.gov)

## **Policy Title: Public Safety Personnel Retirement System (PSPRS) and Corrections Officers Retirement Plan (CORP) Pension Funding**

### **Policy Number: 1604**

---

**Effective:** July 22, 2025

**Supersedes:** July 9, 2024

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

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

---

**Background:** The County contributes to the Public Safety Personnel Retirement System (PSPRS) and Corrections Officer Retirement Plan (CORP) for the Sheriff's Department. A comprehensive description, financial reports, and actuarial valuation reports can be located on the PSPRS website at <https://www.psprs.com> for these plans.

#### **I. Definitions:**

- A. Unfunded Actuarial Accrued Liability (UAAL) – Is the difference between trust assets and the estimated future costs of pensions earned by employees.
- B. Annual Required Contributions (ARC) – Is the annual minimum amount required to pay into the pension funds, as determined through annual actuarial valuations. It is comprised of two primary components: normal pension costs, which are the estimated cost of pension benefits earned by employees in the current year; and amortization of the 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 referred to as the amortization period. The ARC is a percentage of the current payroll.
- C. Funded Ratio – Is a ratio of fund assets to actuarial accrued liability.

#### **II. Maintaining the Stability of County Contributions**

- A. To reduce the Unfunded Actuarial Accrued Liability (UAAL), the Board of Supervisors shall employ the following strategies to stabilize PSPRS in accordance with A.R.S. § 38-863.01, and CORP:
  - 1. Every fiscal year, the County shall pay, in full, the minimum Annual Required Contribution (ARC) as projected by PSPRS and CORP.



# Cochise County Board of Supervisors

*Public Programs...Personal Service*  
[www.cochise.az.gov](http://www.cochise.az.gov)

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. In August of each fiscal year, the County shall make a supplemental contribution payment utilizing 100% of the projected current fiscal year savings in the Cochise County Sheriff's Office General Fund budget to PSPRS.
  4. The Board of Supervisors may pass up to 2% property tax increase in August of any fiscal year that may directly fund PSPRS and/or CORP unfunded liability.
  5. The Board of Supervisors may appropriate additional funds to PSPRS and CORP unfunded liability payments as revenue and expenditure limits allow.
- B. The Board of Supervisors, through the County Supervisors Association, may actively lobby the Arizona State Legislature to reform and provide funding relief for PSPRS and CORP.

### III. Funded Ratio Target and Timeline

- A. The following information is from the June 30, 2024 PSPRS Tiers 1 & 2 actuarial valuation:

<b>Fiscal Year Ending</b>	<b>Trust Fund</b>	<b>Assets</b>	<b>Accrued Liability</b>	<b>Unfunded Actuarial Accrued Liability</b>	<b>Funded Ratio</b>
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%
2023	CCSO	\$23,378,748	\$58,357,979	\$34,979,231	40.1%
2024	CCSO	\$30,289,153	\$63,155,453	\$32,866,300	48.0%
2025	CCSO	\$33,108,584	\$65,733,347	\$32,624,763	50.4%
2026	CCSO	\$37,894,693	\$67,292,316	\$29,397,623	56.3%

- 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.



# Cochise County Board of Supervisors

*Public Programs...Personal Service*  
[www.cochise.az.gov](http://www.cochise.az.gov)

C. The following information is from the June 30, 2024 CORP Tiers 1 & 2 actuarial valuation:

<b>Fiscal Year Ending</b>	<b>Trust Fund</b>	<b>Assets</b>	<b>Accrued Liability</b>	<b>Unfunded Actuarial Accrued Liability</b>	<b>Funded Ratio</b>
2020	Detention	\$6,230,165	\$11,831,346	\$5,601,181	52.7%
2021	Detention	\$6,689,997	\$12,979,893	\$6,289,896	51.5%
2022	Detention	\$7,110,649	\$13,964,672	\$6,854,023	50.9%
2023	Detention	\$7,923,183	\$14,483,538	\$6,560,355	54.7%
2024	Detention	\$8,669,404	\$15,289,732	\$6,620,328	56.7%
2025	Detention	\$9,415,866	\$16,105,159	\$6,689,293	58.5%
2026	Detention	\$10,102,184	\$16,855,412	\$6,753,228	59.9%

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

#### **IV. 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 and CORP 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 and CORP funding policy and summary of assets and liabilities under the system shall be posted on the County's public website.