



Cochise County Board of Supervisors

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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.



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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:

Fiscal Year Ending	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%
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	\$	\$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.



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

Fiscal Year Ending	Trust Fund	Assets	Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
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	\$	\$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.