YUMA COUNTY BOARD OF SUPERVISORS
RESOLUTION NO. 2019-18

A Resolution of the Yuma County Board of Supervisors

ADOPTING THE YUMA COUNTY PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM (PSPRS) AND CORRECTIONS OFFICERS RETIREMENT PLAN (CORP) PENSION FUNDING POLICY (2019).

**WHEREAS:** As of April 2018 the Legislature of the State of Arizona amended Arizona Revised Statute 38-863.01 requiring each governing body of an employer to annually adopt a pension funding policy for the system for employees who were hired before July 1, 2017.

**WHEREAS:** Yuma County has not previously adopted a PSPRS and/or a CORP pension funding policy to comply with the State requirements and the existing County policies do not meet the needs of the PSPRS and CORP pension funding requirements.

**NOW, THEREFORE, BE IT RESOLVED,** the Yuma County Public Safety Personnel Retirement System and Corrections Officers Retirement Plan Pension Funding Policy is hereby adopted to read as follows:

## I. PURPOSE

The intent of this policy is to clearly communicate the Yuma County Board of Supervisors' pension funding objectives and its commitment to our employees and the sound financial management of the Yuma County Sheriff's Department Public Safety Retirement System (PSPRS) and the Yuma County Corrections Offices Retirement Plan (CORP) and to comply with the new statutory requirement as prescribed in the Arizona Revised Statutes Title 38, Chapter 5, Article 4.

## II. DEFINITIONS

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.

## III. PROCEDURES

The Board's PSPRS and CORP funding ratio, goal is 100% (fully funded) over a period of 20 years or less. Board established this goal for the following reasons:

- The PSPRS and CORP trust funds represent only the Yuma County's liability
- The fluctuating cost of an UAAL causes strain on the Yuma County's budget, affecting our ability to provide services
- A fully funded pension is the best way to achieve taxpayer and member intergenerational equity

The Board has taken the following actions to achieve this goal:

- Maintain Annual Require Contribution (ARC) payment from operating revenues – The Board is committed to maintaining the full ARC payment (normal cost and UAAL amortization) from operating funds. The estimated combined ARC for Fiscal Year Ending June 30, 2019 is $ 2,232,643 for PSPRS and $ 1,108,767 for CORP and will be able to be paid from operating funds without diminishing the County's services.
- Additional payments above the ARC will be applied as funds become available.

Based on these actions the Board plans to achieve its goal of 100% funding by June 30, 2036, in accordance with the amortization timeline set forth by the PSPRS and CORP June 30, 2018 Actuarial Valuation.

## IV. COUNTY'S SHARE OF ASSETS AND LIABILITIES

The Yuma County Board of Supervisors (The Board) formally accepts the assets, liabilities, and current funding ratio of the County's PSPRS trust funds, including the CORP, as reported by the PSPRS' plan administrator, from their June 30, 2018 actuarial valuation, which is detailed below:

| Trust Fund | Assets | Accrued Liability | Unfunded Actuarial Accrued Liability | Funded Ratio |
|---|---|---|---|---|
| Sheriff (PSPRS) | $20,460,309 | $39,224,669 | $18,764,360 | 52.2% |
| Corrections Officers (CORP) | 14,260,738 | 22,222,005 | 7,961,267 | 64.2% |
| **TOTALS** | $34,721,047 | $61,446,674 | $26,725,627 | N/A |

Note: assets and liabilities listed for pension plans only (does not include health plans)

Adopted this 17 day of June 2019.

Marco A. "Tony" Reyes, Chairman

ATTEST:

SUSAN K. THORPE
County Administrator/Clerk of Board

APPROVED AS TO FORM AND DETERMINED TO BE WITHIN THE SCOPE OF PERFORMANCE OF DUTY OF THE YUMA COUNTY BOARD OF SUPERVISORS:

JON R. SMITH, County Attorney.