

COB - BOSAIR FORM

04/21/2026 11:40 AM (MST)

Submitted by Andy.Welch@pima.gov



BOARD OF SUPERVISORS AGENDA ITEM REPORT (BOSAIR)

All fields are required. Enter N/A if not applicable. For number fields, enter 0 if not applicable.

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| Award Type: | Agenda Item |
| BOSAIR Activity: | Board Meeting Request |
| Requested Board Meeting Date: | 05/12/2026 |
| Project Title / Description: | Public Safety Personnel Retirement System and Corrections Officer Retirement Plan Pension Funding Policy |

Agenda Item Report

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| Introduction / Background: | To comply with State law, the County shall annually adopt a pension funding policy that meets the criteria set forth in A.R.S. §38-863.01. |
| Discussion: | <p>Beginning on or before July 1, 2019, the County shall comply with State law by annually adopting a pension funding policy for the Public Safety Personnel Retirement System that meets the criteria set forth in A.R.S. §38-863.01. Beginning February 16, 2021, the Corrections Officer Retirement Plan was included due to the issuance of debt to fund the unfunded liabilities of these two pension plans.</p> <p>The policy shall include:</p> <ul style="list-style-type: none">• The acceptance of the County's share of the assets and liabilities under the system based on the system's actuarial valuation report.• The County's funded ratio target under the system and timeline for reaching the targeted funding ratio.• How and when the County's funding requirements of the system will be met.• How to maintain stability of the County's funding contributions to the system.• The establishment and maintenance of a Pension Fund Reserve. |
| Conclusion: | To comply with State law, the County shall annually adopt a pension funding policy that meets the criteria set forth in A.R.S. §38-863.01. |
| Recommendation: | Staff recommends the approval of the policy to comply with A.R.S. §38-863.01. |
| Fiscal Impact: | The County will continue to contribute at rates established by the retirement system. |
| Support of Prosperity Initiative: | N/A |
| Provide information that explains how this activity supports the selected Prosperity Initiative | N/A |


Board of Supervisor District:

- 1
- 2
- 3
- 4
- 5


Department: Finance & Risk Management

Name: Art Cuaron

Telephone: (520)724-3138

Department Director Signature:  _____ Date: 4.22.2026

Deputy County Administrator Signature:  _____ Date: 4/24/2026

County Administrator Signature:  _____ Date: 4/27/2026



PIMA COUNTY, ARIZONA BOARD OF SUPERVISORS POLICY

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| <u>Subject:</u> Public Safety Personnel Retirement System and Corrections Officer Retirement Plan Pension Funding | Policy Number | Page |
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Purpose

To establish Pima County policy for the funding of the Public Safety Personnel Retirement System (PSPRS) pension plan in accordance with Arizona Revised Statutes §38-863.01 and the Corrections Officer Retirement Plan (CORP).

Background

Beginning on or before July 1, 2019, the County shall comply with state law by annually adopting a pension funding policy for the Public Safety Personnel Retirement System that meets the criteria set forth in A.R.S. §38-863.01. Beginning February 16, 2021, the Corrections Officer Retirement Plan was included due to the issuance of debt to fund the unfunded liabilities of these two pension plans.

The policy shall include:

- The acceptance of the County's share of the assets and liabilities under the system based on the system's actuarial valuation report.
- The County's funded ratio target under the system and timeline for reaching the targeted funding ratio.
- How and when the County's funding requirements of the system will be met.
- How to maintain stability of the County's funding contributions to the system.
- The establishment of a Pension Fund Reserve.

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

Definitions

Annual Required Contribution (ARC) – 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 Costs* - 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 – A ratio of fund assets to actuarial accrued liability.



PIMA COUNTY, ARIZONA BOARD OF SUPERVISORS POLICY

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

Policy

- The Board of Supervisors formally accepts the assets, liabilities, and current funding ratio of the County's PSPRS and CORP trust funds as reported by PSPRS, the plan administrator, from their June 30, ~~2024~~**2025**, actuarial valuation, which is detailed below.

| Trust Fund | Assets | Accrued Liability | Unfunded Actuarial Accrued Liability | Funded Ratio |
|-------------------------------|-----------------------------|--------------------------------|---|-----------------|
| Public Safety Personnel | \$ 450,766,625 46 | \$ 526,990,681 532,3 | \$ 76,224,056 62,610,73 | 86 88 % |
| | 9,775,258 | 85,995 | 7 | |
| Corrections Officers | 158,007,225 16 | 183,592,392 186,4 | 25,585,167 21,707,40 | 86 88 % |
| | 4,718,372 | 25,772 | 0 | |
| County Attorney Investigators | 4,273,498 4,745 | 4,830,984 4,980,68 | 557,486 234,852 | 88 95 % |
| | ,835 | 7 | | |
| Total | \$ 613,047,348 63 | \$ 715,414,057 723,7 | \$ 102,366,709 84,552,98 | 86 88 % |
| | 9,239,465 | 92,454 | 9 | |

- The Board's funding ratio goal is 100% (fully funded) over a period of ~~12~~**11** years*.
- The plan to achieve this goal includes the issuance of Pledged Revenue Obligations in addition to full Annual Required Contribution (ARC) payments (Normal Cost and remaining UAAL amortization) from operating funds over the entire amortization period of ~~12~~**11** years*. The County will continue to budget and contribute at the rates established by the retirement system.
- A Pension Fund Reserve (Reserve) was created from a portion of the projected savings achieved from the proposed financing and as of May ~~6~~**12**, ~~2025~~**2026**, has a balance of \$~~2~~**21.4** million. The Reserve provides a source of funds from which the County can make additional contributions that may be required in future years.
- Any budgetary savings realized from the Sheriff Department's General Fund will be used to offset increases in the unfunded liability.
- To ensure that the UAAL does not increase due to grants that disproportionately and adversely affect our PSPRS and CORP retirement plans, the County will not accept any federal or state grants that provide for personnel service payments only in the form of overtime.



PIMA COUNTY, ARIZONA BOARD OF SUPERVISORS POLICY

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

Adoption Date: June 4, 2019

Revised Date: June 23, 2020

February 16, 2021

May 17, 2022

June 6, 2023

May 7, 2024

May 6, 2025

May 12, 2026

Effective Date: ~~May 6, 2025~~ **May 12, 2026**



PIMA COUNTY, ARIZONA BOARD OF SUPERVISORS POLICY

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|-------------------------------|----------------|-------------------|---|-----------------|
| Public Safety Personnel | \$ 469,775,258 | \$ 532,385,995 | \$ 62,610,737 | 88% |
| Corrections Officers | 164,718,372 | 186,425,772 | 21,707,400 | 88% |
| County Attorney Investigators | 4,745,835 | 4,980,687 | 234,852 | 95% |
| Total | \$ 639,239,465 | \$ 723,792,454 | \$ 84,552,989 | 88% |

- The Board's funding ratio goal is 100% (fully funded) over a period of 11 years*.
- The plan to achieve this goal includes the issuance of Pledged Revenue Obligations in addition to full Annual Required Contribution (ARC) payments (Normal Cost and remaining UAAL amortization) from operating funds over the entire amortization period of 11 years*. The County will continue to budget and contribute at the rates established by the retirement system.
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