

City of 19-271 - PSPRS Pension Funding Policy

Public Safety Personnel Retirement System

Pension Funding Policy

The intent of this policy is to clearly communicate the Council's pension funding objectives and its commitment to our employees and the sound financial management of the City and to comply with new statutory requirements of Laws 2018, Chapter 112.

Public Safety Personnel Retirement System (PSPRS)

PSPRS is administered as an agent multiple-employer pension plan. Each agency participating in the plan has an individual trust fund reflecting that agencies' own funded ratio, contribution rate and annual actuarial valuation. The City's police employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS).

Council formally accepts the assets, liabilities, and current funding ratio of the City's PSPRS trust funds from the June 30, 2018 actuarial valuation, which are detailed below.

Trust Fund	Assets	Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
19-271 - PSPRS				
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Police	\$13,622,307	\$37,767,601	\$24,145,294	36.1%
City of 19-271 - PSPRS				
Pension Funding Policy				
Totals	\$13,622,307	\$37,767,601	\$24,145,294	36.1%

PSPRS Funding Goal

The City of Apache Junction plans on paying down our unfunded liabilities in accordance with the payment schedule provided by the PSPRS actuary with a payoff date of June 30, 2036.

Council established this goal for the following reasons:

- The PSPRS trust funds represent only the City of 19-271 - PSPRS Pension Funding Policy's liability
- The fluctuating cost of an unfunded actuarial accrued liability (UAAL) causes strain on the City's budget, affecting our ability to provide services
- A fully funded pension is the best way to achieve taxpayer and member intergenerational equity

Council has taken the following actions to achieve this goal:

- Maintain annual required contribution (ARC) payment from operating revenues – Council is committed to maintaining the full ARC payment (normal cost and UAAL amortization) from operating funds. The estimated combined ARC for FY20 is \$2,355,532 and will be able to be paid from operating funds without diminishing City services.
- Dedicated revenue – The provisions of City Ordinance No. 1418 continued a tax rate effective September 2, 2016 of 0.2% to be used for mandatory payments to the Public Safety Personnel Retirement System and unfunded liability related to this system. This ordinance sunsets on September 1, 2026.

Based on these actions the Council's PSPRS funding ratio goal is 100% (fully funded) by June 30, 2036, in accordance with the amortization timeline set forth by the PSPRS June 30, 2018 Actuarial Valuation.

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