



NAVAJO COUNTY

Board of Supervisors

Lee Jack Sr. • Jesse Thompson • Jason E. Whiting • Daryl Seymore • Dawnafe Whitesinger

"We are Navajo County"

Public Safety Personnel Retirement System Pension Funding Policy

This pension funding policy is done in accordance of ARS § 38-386.01. 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.

The Board formally accepts the assets, liabilities, and current funding ratio of the county's PSPRS trust funds as reported by PSPRS, the plan administrator from their June 30, 2019 actuarial valuation, which are detailed below.

Trust Fund	Unfunded			Funded Ratio
	Assets	Accrued Liability	Actuarial Accrued Liability	
Sheriff's Office	\$6,529,976	\$19,808,982	\$13,279,006	33%
Corrections Officers	\$4,049,454	\$5,449,504	\$1,400,050	74.3%
Totals	\$10,579,430	\$25,258,486	\$14,679,056	41.9%

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Consistent with the PSPRS' Actuarial Funding Policy, the Board's PSPRS funding ratio goal is 100% (fully funded) over a period of 20 years*.

The plan to achieve this goal requires full ARC payments (normal cost and UAAL amortization) from operating funds over the entire amortization period of 20 years*. The estimated ARC for FY21 is \$1,275,987.

** 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 and the ARC as well as the amortization period may be adjusted.*

