

Pension Liability Summary
June 30, 2023 Actuarial Report

Maricopa Fire Department (228)			
Description	Pension	Health	Total
Assets	\$ 32,617,390	\$ 649,367	\$ 33,266,757
Accrued Liability	\$ 38,500,182	\$ 609,311	\$ 39,109,493
Unfunded Actuarial Accrued Liability	\$ 5,882,792	\$ (40,056)	\$ 5,842,736
Funded Ratio	84.70%	106.60%	85.10%

Maricopa Police Department (243)			
Description	Pension	Health	Total
Assets	\$ 21,985,806	\$ 487,893	\$ 22,473,699
Accrued Liability	\$ 26,141,643	\$ 376,288	\$ 26,517,931
Unfunded Actuarial Accrued Liability	\$ 4,155,837	\$ (111,605)	\$ 4,044,232
Funded Ratio	84.10%	129.70%	84.70%

Total Police and Fire			
Description	Pension	Health	Total
Assets	\$ 54,603,196	\$ 1,137,260	\$ 55,740,456
Accrued Liability	\$ 64,641,825	\$ 985,599	\$ 65,627,424
Unfunded Actuarial Accrued Liability	\$ 10,038,629	\$ (151,661)	\$ 9,886,968
Funded Ratio	84.5%	115.4%	84.9%

I. SUMMARY OF REPORT

The regular annual actuarial valuation of the Arizona Public Safety Personnel Retirement System for the City of Maricopa Fire Dept., performed as of June 30, 2023, has been completed and the results are presented in this Report. The purpose of this valuation is to:

- Compute the liabilities associated with benefits likely to be paid on behalf of current retired and active members. This information is contained in the section entitled “Liability Support.”
- Compare accumulated assets with the liabilities to assess the funded condition. This information is contained in the section entitled “Liability Support.”
- Compute the employers’ recommended contribution rates for the Fiscal Year beginning July 1, 2024. This information is contained in the section entitled “Contribution Results.”

1. Key Valuation Results

The funded status as of June 30, 2023 and the employer contribution amounts applicable to the plan/fiscal year ending June 30, 2025 are as follows:

	Tier 1 & Tier 2 Members			Tier 3 Members *		
	Pension	Health	Total	Pension	Health	Total
Employer Contribution Rate	22.83%	0.35%	23.18%	8.63%	0.12%	8.75%
Funded Status	84.7%	106.6%	85.1%	107.3%	212.5%	108.9%

2. Comparison of Key Results to Prior Year

The chart below compares the results from this valuation with the results of the prior year’s valuation (as of June 30, 2022):

Contribution Rate

Valuation Date	Tier 1 & Tier 2 Members			Tier 3 Members *		
	Pension	Health	Total	Pension	Health	Total
June 30, 2022	18.86%	0.37%	19.23%	8.69%	0.12%	8.81%
June 30, 2023	22.83%	0.35%	23.18%	8.63%	0.12%	8.75%

Funded Status

Valuation Date	Tier 1 & Tier 2 Members			Tier 3 Members		
	Pension	Health	Total	Pension	Health	Total
June 30, 2022	88.7%	102.7%	88.9%	110.5%	212.1%	112.1%
June 30, 2023	84.7%	106.6%	85.1%	107.3%	212.5%	108.9%

* The Tier 3 rates shown are the calculated rates as of the valuation date and do not reflect any Legacy costs that the employer must also contribute.

II. CONTRIBUTION RESULTS

Contribution Requirements

Development of Employer Contributions - Tiers 1 & 2 Members				
Valuation Date	June 30, 2023		June 30, 2022	
Applicable to Fiscal Year Ending	2025		2024	
	Rate	Dollar	Rate	Dollar
Pension				
Normal Cost				
Total Normal Cost	20.60%	\$ 1,170,914	20.53%	\$ 1,166,774
Employee Cost	<u>(7.65%)</u>	<u>(434,830)</u>	<u>(7.65%)</u>	<u>(434,770)</u>
Employer (Net) Normal Cost	12.95%	736,084	12.88%	732,004
Amortization of Unfunded Liability	<u>9.88%</u>	<u>561,584</u>	<u>5.98%</u>	<u>339,859</u>
Total Employer Cost (Pension)	22.83%	1,297,668	18.86%	1,071,863
Health				
Normal Cost	0.35%	19,894	0.37%	21,028
Amortization of Unfunded Liability	<u>0.00%</u>	<u>0</u>	<u>0.00%</u>	<u>0</u>
Total Employer Cost (Health)	0.35%	19,894	0.37%	21,028
Total Employer Cost (Pension + Health)	23.18%	1,317,562	19.23%	1,092,891
Alternate Contribution Rate (ACR) *	9.88%		8.00%	
Underlying Payroll (as of valuation date)		5,572,596		5,544,646

* The Alternate Contribution Rate is the sum of the positive amortization rates for Tiers 1 & 2 Pension and Health (subject to an 8% minimum) and is charged when retirees return to active status.

The results above are based on the current amortization schedule approved by the Board of Trustees for your individual plan (see "Actuarial Assumptions and Methods").

III. LIABILITY SUPPORT

Liabilities and Funded Ratios by Benefit - Tiers 1 & 2

	June 30, 2023	June 30, 2022
Pension		
Actuarial Present Value of Benefits (PVB)		
Retirees and Beneficiaries	\$ 4,521,907	\$ 2,644,952
DROP Members	4,646,776	3,090,553
Vested Members	254,875	238,763
Active Members	<u>36,752,166</u>	<u>35,004,269</u>
Total Actuarial Present Value of Benefits	46,175,724	40,978,537
Actuarial Accrued Liability (AAL)		
All Inactive Members	9,423,558	5,974,268
Active Members	<u>29,076,624</u>	<u>27,004,091</u>
Total Actuarial Accrued Liability	<u>38,500,182</u>	32,978,359
Actuarial Value of Assets (AVA)	<u>32,617,390</u>	29,242,404
Unfunded Actuarial Accrued Liability	<u>5,882,792</u>	3,735,955
PVB Funded Ratio (AVA / PVB)	70.6%	71.4%
AAL Funded Ratio (AVA / AAL)	84.7%	88.7%
Health		
Actuarial Present Value of Benefits (PVB)		
Retirees and Beneficiaries	\$ 41,690	\$ 30,369
DROP Members	70,842	45,216
Active Members	<u>619,260</u>	<u>636,675</u>
Total Present Value of Benefits	731,792	712,260
Actuarial Accrued Liability (AAL)		
All Inactive Members	112,532	75,585
Active Members	<u>496,779</u>	<u>499,487</u>
Total Actuarial Accrued Liability	<u>609,311</u>	575,072
Actuarial Value of Assets (AVA)	<u>649,367</u>	590,355
Unfunded Actuarial Accrued Liability	<u>(40,056)</u>	(15,283)
PVB Funded Ratio (AVA / PVB)	88.7%	82.9%
AAL Funded Ratio (AVA / AAL)	106.6%	102.7%

Health liabilities were increased by \$4,329 under the lateral transfer methodology. Pension liabilities were not impacted.

I. SUMMARY OF REPORT

The regular annual actuarial valuation of the Arizona Public Safety Personnel Retirement System for the City of Maricopa Police Dept., performed as of June 30, 2023, has been completed and the results are presented in this Report. The purpose of this valuation is to:

- Compute the liabilities associated with benefits likely to be paid on behalf of current retired and active members. This information is contained in the section entitled “Liability Support.”
- Compare accumulated assets with the liabilities to assess the funded condition. This information is contained in the section entitled “Liability Support.”
- Compute the employers’ recommended contribution rates for the Fiscal Year beginning July 1, 2024. This information is contained in the section entitled “Contribution Results.”

1. Key Valuation Results

The funded status as of June 30, 2023 and the employer contribution amounts applicable to the plan/fiscal year ending June 30, 2025 are as follows:

	Tier 1 & Tier 2 Members			Tier 3 Members *		
	Pension	Health	Total	Pension	Health	Total
Employer Contribution Rate	18.23%	0.29%	18.52%	8.63%	0.12%	8.75%
Funded Status	84.1%	129.7%	84.7%	107.3%	212.5%	108.9%

2. Comparison of Key Results to Prior Year

The chart below compares the results from this valuation with the results of the prior year’s valuation (as of June 30, 2022):

Contribution Rate

Valuation Date	Tier 1 & Tier 2 Members			Tier 3 Members *		
	Pension	Health	Total	Pension	Health	Total
June 30, 2022	12.91%	0.33%	13.24%	8.69%	0.12%	8.81%
June 30, 2023	18.23%	0.29%	18.52%	8.63%	0.12%	8.75%

Funded Status

Valuation Date	Tier 1 & Tier 2 Members			Tier 3 Members		
	Pension	Health	Total	Pension	Health	Total
June 30, 2022	94.3%	126.8%	94.8%	110.5%	212.1%	112.1%
June 30, 2023	84.1%	129.7%	84.7%	107.3%	212.5%	108.9%

* The Tier 3 rates shown are the calculated rates as of the valuation date and do not reflect any Legacy costs that the employer must also contribute.

II. CONTRIBUTION RESULTS

Contribution Requirements

Development of Employer Contributions - Tiers 1 & 2 Members				
Valuation Date	June 30, 2023		June 30, 2022	
Applicable to Fiscal Year Ending	2025		2024	
	Rate	Dollar	Rate	Dollar
Pension				
Normal Cost				
Total Normal Cost	19.16%	\$ 934,556	18.74%	\$ 913,252
Employee Cost	<u>(7.65%)</u>	<u>(373,140)</u>	<u>(7.65%)</u>	<u>(372,806)</u>
Employer (Net) Normal Cost	11.51%	561,416	11.09%	540,446
Amortization of Unfunded Liability	<u>6.72%</u>	<u>327,777</u>	<u>1.82%</u>	<u>88,694</u>
Total Employer Cost (Pension)	18.23%	889,193	12.91%	629,140
Health				
Normal Cost	0.31%	15,121	0.33%	16,082
Amortization of Unfunded Liability	<u>(0.02%)</u>	<u>(976)</u>	<u>0.00%</u>	<u>0</u>
Total Employer Cost (Health)	0.29%	14,145	0.33%	16,082
Total Employer Cost (Pension + Health)	18.52%	903,338	13.24%	645,222
Alternate Contribution Rate (ACR) *	8.00%		8.00%	
Underlying Payroll (as of valuation date)		4,782,001		4,754,416

* The Alternate Contribution Rate is the sum of the positive amortization rates for Tiers 1 & 2 Pension and Health (subject to an 8% minimum) and is charged when retirees return to active status.

The results above are based on the current amortization schedule approved by the Board of Trustees for your individual plan (see "Actuarial Assumptions and Methods").

III. LIABILITY SUPPORT

Liabilities and Funded Ratios by Benefit - Tiers 1 & 2

	June 30, 2023	June 30, 2022
Pension		
Actuarial Present Value of Benefits (PVB)		
Retirees and Beneficiaries	\$ 7,259,436	\$ 4,852,656
DROP Members	2,050,729	624,925
Vested Members	714,430	1,158,844
Active Members	<u>22,585,603</u>	<u>22,058,223</u>
Total Actuarial Present Value of Benefits	32,610,198	28,694,648
Actuarial Accrued Liability (AAL)		
All Inactive Members	10,024,595	6,636,425
Active Members	<u>16,117,048</u>	<u>15,748,609</u>
Total Actuarial Accrued Liability	<u>26,141,643</u>	22,385,034
Actuarial Value of Assets (AVA)	<u>21,985,806</u>	21,117,106
Unfunded Actuarial Accrued Liability	<u>4,155,837</u>	1,267,928
PVB Funded Ratio (AVA / PVB)	67.4%	73.6%
AAL Funded Ratio (AVA / AAL)	84.1%	94.3%
Health		
Actuarial Present Value of Benefits (PVB)		
Retirees and Beneficiaries	\$ 65,074	\$ 39,899
DROP Members	29,626	12,356
Active Members	<u>382,570</u>	<u>410,185</u>
Total Present Value of Benefits	477,270	462,440
Actuarial Accrued Liability (AAL)		
All Inactive Members	94,700	52,255
Active Members	<u>281,588</u>	<u>301,202</u>
Total Actuarial Accrued Liability	<u>376,288</u>	353,457
Actuarial Value of Assets (AVA)	<u>487,893</u>	448,096
Unfunded Actuarial Accrued Liability	<u>(111,605)</u>	(94,639)
PVB Funded Ratio (AVA / PVB)	102.2%	96.9%
AAL Funded Ratio (AVA / AAL)	129.7%	126.8%

Health liabilities were increased by \$8,785 under the lateral transfer methodology. Pension liabilities were not impacted.