



City of Maricopa

Legislation Text

File #: RES 23-36, **Version:** 2

A Resolution of the Mayor and City Council of the City of Maricopa, Arizona, approving and adopting a Public Safety Personnel Retirement System (PSPRS) Pension Funding Policy. Discussion and Action.

On April 3, 2018 the Arizona House of Representatives approved House Bill 2097 amending, Section 1. Title 38, chapter 5, article 4, Arizona Revised Statute, by adding section 38-863.01 entitled "Pension funding policies; employers." A.R.S. 38-863.01(A)(1) requires 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. The policy must include at least the following objectives:

- a. How to maintain stability of the governing body's contributions to the system.
- b. How and when the governing body's funding requirements of the system will be met.
- c. Defining the governing body's funded ratio target under the system and the timeline for reaching the targeted funded ratio.

A.R.S. 38-863.01 also requires that the governing body formally accept the employers share of the assets and liability under the system based on the system's actuarial valuation report and the policy must be posted on the City website.

The purpose of the Pension Funding Policy is to establish the pension funding objectives set by the City Council for the City's pension plan. In 2012, the Governmental Accounting Standards Board (GASB) approved two financial standards: GASB Statement No. 67 (Financial Reporting for Pension Plans) and GASB Statement No. 68 (Accounting and Financial Reporting for Pensions). Prior to these changes, the Annual Required Contribution (ARC) rate was used as a basis for funding decisions. The Government Finance Officers Association (GFOA) recommends the adoption of a pension funding policy and has numerous recommendations regarding the funding of pension plans. The recommendations are incorporated into this policy.

Staff recommends the Mayor and City Council of the City of Maricopa, Arizona, pass a resolution adopting a Public Safety Personnel Retirement System (PSPRS) Pension Funding Policy, making known its commitment to the principle of Public Safety Personnel Retirement Pension Funding, and describing actions to be taken to affirmatively further adopt the policy.