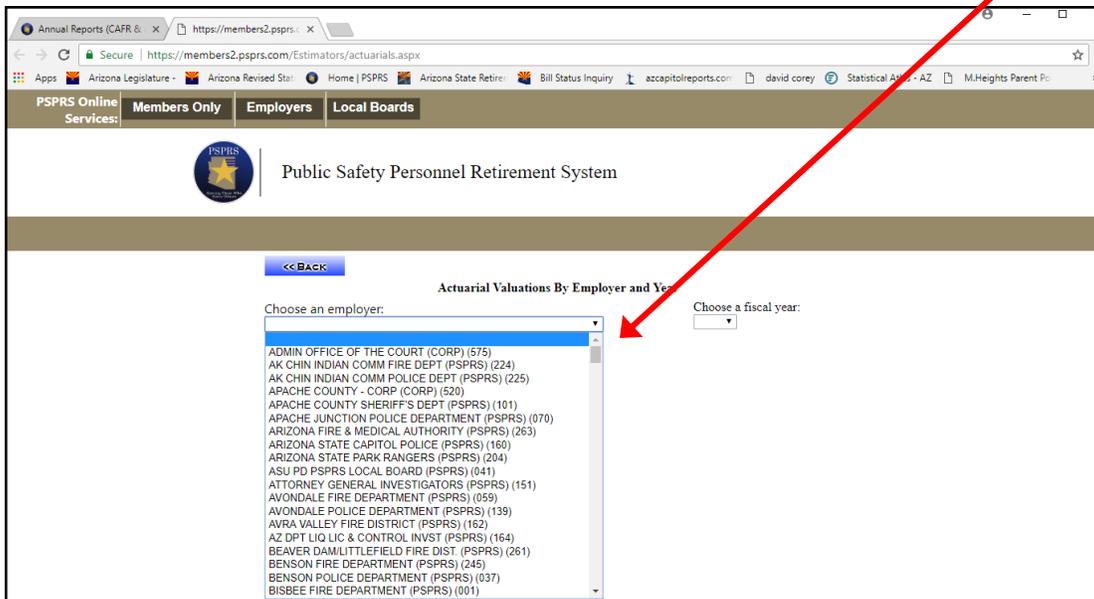
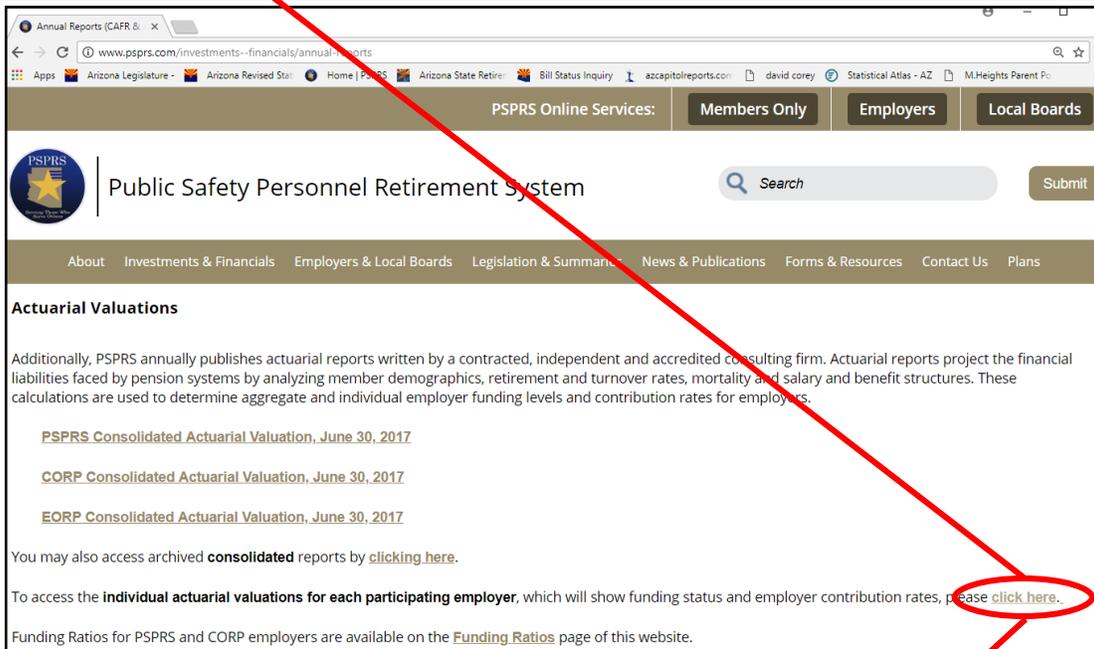
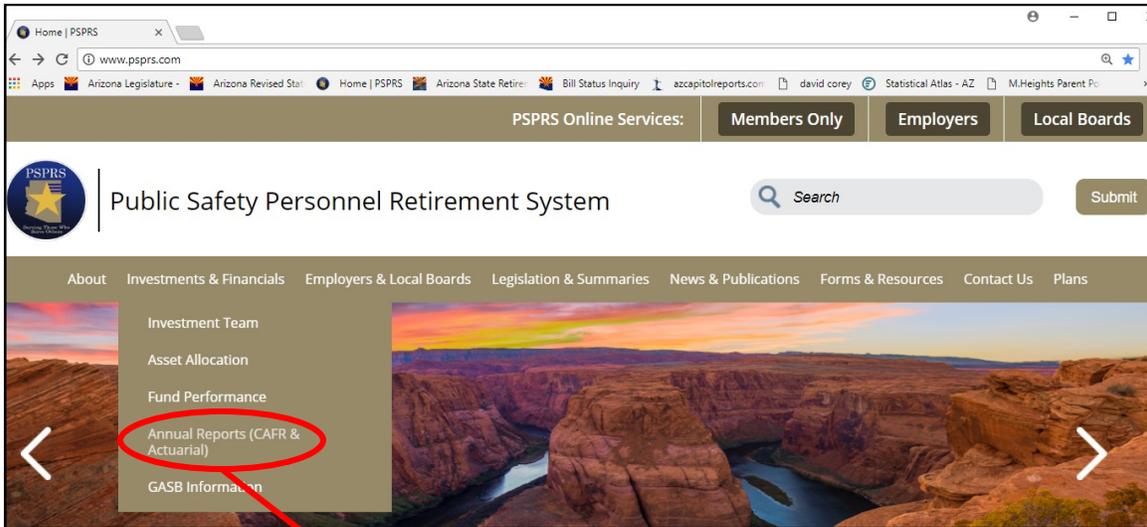


**GUIDE TO COMPLETING
LEAGUE DEVELOPED
PENSION FUNDING POLICY**

1. Visit the PSPRS website and download the most recent actuarial report(s) related to your city or town:



2. Open the file "PENSION FUNDING POLICY", and a message will appear saying "This document contains links that may refer to other files..."; click "No":

PENSION FUNDING POLICY 1 - Microsoft Word

Choose an item. of Choose an item.

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 Choose an item. and to comply with any statutory requirements of Law 2010, Chapter 110.

benefit 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 higher the ratio the better funded the pension is with 100% being fully funded.

Intergenerational equity – Ensures that no generation is burdened by substantially more or less pension costs than past or future generations.

The Click or tap here to enter text.'s Choose an item. employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS).

Public Safety Personnel Retirement System (PSPRS)

PSPRS is administered as an agent multiple-employer pension plan. An agent multiple-employer plan has two main functions: 1) to commingle assets of all plans under its administration, thus achieving economy of scale for more cost efficient investments, and invest those assets for the benefit of all members under administration and 2) serve as the statewide uniform administrator for the distribution of benefits.

Under an agent multiple-employer plan each agency participating in the plan has an individual trust fund reflecting that agencies assets and liabilities. Under this plan all

Microsoft Word

⚠ This document contains links that may refer to other files. Do you want to update this document with the data from the linked files?

Show Help >>

Yes No Help

[Was this information helpful?](#)

PENSION FUNDING POLICY 1: 4,279 characters (an approximate value).

80%

3. On page 1 there will be 3 drop-down lists you will be required to populate and by doing so that will populate other parts of the document:

1 Choose an item. of Choose an item. 2

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 Choose an item. and to comply with new statutory requirements of Laws 2018, Chapter 112.

Several terms are used throughout this policy:

Unfunded Actuarial Accrued Liability (UAAL) – Is the difference between trust assets and the estimated future cost of pensions earned by employees. This UAAL results from actual results (interest earnings, member mortality, disability rates, etc.) being different from the assumptions used in previous actuarial valuations.

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 benefit 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 higher the ratio the better funded the pension is with 100% being fully funded.

Intergenerational equity – Ensures that no generation is burdened by substantially more or less pension costs than past or future generations.

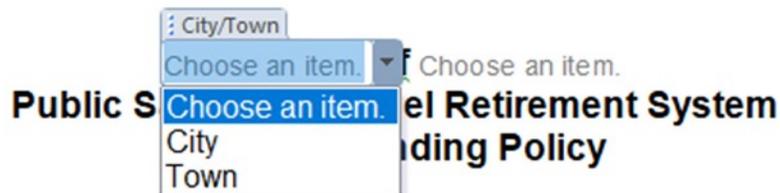
3 The Click or tap here to enter text.'s Choose an item. employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS).

Public Safety Personnel Retirement System (PSPRS)

PSPRS is administered as an agent multiple-employer pension plan. An agent multiple-employer plan has two main functions: 1) to comingle assets of all plans under its administration, thus achieving economy of scale for more cost efficient investments, and invest those assets for the benefit of all members under administration and 2) serve as the statewide uniform administrator for the distribution of benefits.

Under an agent multiple-employer plan each agency participating in the plan has an individual trust fund reflecting that agencies assets and liabilities. Under this plan all

4. Select whether you are a City or Town from the first drop down box on page 1 below:



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 Choose an item. and to comply with new statutory requirements of Laws 2018, Chapter 112.

Several terms are used throughout this policy:

Unfunded Actuarial Accrued Liability (UAAL) – Is the difference between trust assets and the estimated future cost of pensions earned by employees. This UAAL results from actual results (interest earnings, member mortality, disability rates, etc.) being different from the assumptions used in previous actuarial valuations.

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 benefit 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 higher the ratio the better funded the pension is with 100% being fully funded.

Intergenerational equity – Ensures that no generation is burdened by substantially more or less pension costs than past or future generations.

The Click or tap here to enter text.'s Choose an item. employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS).

Public Safety Personnel Retirement System (PSPRS)

PSPRS is administered as an agent multiple-employer pension plan. An agent multiple-employer plan has two main functions: 1) to comingle assets of all plans under its administration, thus achieving economy of scale for more cost efficient investments, and invest those assets for the benefit of all members under administration and 2) serve as the statewide uniform administrator for the distribution of benefits.

Under an agent multiple-employer plan each agency participating in the plan has an individual trust fund reflecting that agencies assets and liabilities. Under this plan all

5. Please select your city or town name from the drop down box on page 1 below:

Choose an item. of **Public Safety Personnel Pension Fund** system

The intent of this policy is to clearly communicate our commitment to our employees and the system and to comply with new statutory requirements.

Several terms are used throughout this policy:

Unfunded Actuarial Accrued Liability (UAAL) – Is the difference between trust assets and the estimated future cost of pensions based on actual results (interest earnings, member mortality, etc.) being different from the assumptions used in previous actuarial valuations.

Annual Required Contribution (ARC) – Is the amount required to pay into the pension funds, as determined through annual actuarial valuations. It is comprised of two primary components: normal pension cost – benefit earned by employees in the current year and the cost of UAAL – which is the cost needed to cover the unfunded portion of UAAL – which is the cost of pension liability accrued 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 normal pension cost.

Funded Ratio – Is a ratio of fund assets to liabilities. The higher the ratio the better funded the pension is with 100% being fully funded.

Intergenerational equity – Ensures that no generation of employees is required to pay more or less pension costs than past or future generations.

The Click or tap here to enter text.'s Choose an item. assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS).

Public Safety Personnel Retirement System

PSPRS is administered as an agent multiple-employer plan has two main functions: 1) to coordinate the administration, thus achieving economy of scale and 2) to invest those assets for the benefit of all members. The Public Safety Personnel Retirement System and 2) serve as the statewide uniform administrator for the distribution of assets.

Under an agent multiple-employer plan each agency has an individual trust fund reflecting that agency's contribution to the plan. The plan has an agent multiple-employer plan all

Municipality

Choose an item.

Choose an item.

Apache Junction

Avondale

Benson

Bisbee

Buckeye

Bullhead City

Camp Verde

Casa Grande

Cave Creek

Chandler

Chino Valley

Clarkdale

Clifton

Coolidge

Cottonwood

Douglas

Eagar

El Mirage

Eloy

Flagstaff

Florence

Fredonia

Gila Bend

Gilbert

Glendale

Globe

Goodyear

Guadalupe

Hayden

Holbrook

Huachuca City

Jerome

Kearny

Kingman

Lake Havasu City

Mammoth

Marana

Maricopa

Mesa

Miami

Nogales

Oro Valley

Page

Paradise Valley

6. Based on your City/Town's services please select one option from the third drop down list:

Choose an item. **of** Choose an item.
**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 Choose an item. and to comply with new statutory requirements of Laws 2018, Chapter 112.

Several terms are used throughout this policy:

Unfunded Actuarial Accrued Liability (UAAL) – Is the difference between trust assets and the estimated future cost of pensions earned by employees. This UAAL results from actual results (interest earnings, member mortality, disability rates, etc.) being different from the assumptions used in previous actuarial valuations.

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 benefit 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 higher the ratio the better funded the pension is with 100% being fully funded.

Intergenerational equity – Ensures that no generation is burdened by substantially more or less pension costs than past or future generations.

The Click or tap here to enter text.'s Choose an item. employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS).

- Police/Fire
- Choose an item.
- Choose an item.
- police
- fire
- marshals
- police and fire

Public Safety Personnel Retirement System (PSPRS)

PSPRS is administered as an agent multiple-employer pension plan. An agent multiple-employer plan has two main functions: 1) to commingle assets of all plans under its administration, thus achieving economy of scale for more cost efficient investments, and invest those assets for the benefit of all members under administration and 2) serve as the statewide uniform administrator for the distribution of benefits.

Under an agent multiple-employer plan each agency participating in the plan has an individual trust fund reflecting that agencies assets and liabilities. Under this plan all

- 7. Based on your elections on page 1, many other areas of the document will populate with the name of your city or town.
- 8. On page 2, select the fund information relevant to your city – some cities have only police, only fire, or both services – as below:

contributions are deposited to and distributions are made from that fund's assets, each fund has its own funded ratio and contribution rate, and each fund has a unique annual actuarial valuation. The of has of the valuation, which are

of the valuation, which are

<u>Trust Fund</u>	<u>Assets</u>	<u>Accrued Liability</u>	<u>Accrued Liability</u>	<u>Funded Ratio</u>
<input type="text" value="Click or tap here to enter text. Police"/>	Pg. B-1	Pg. B-1	Pg. B-1	Pg. B-1
<input type="text" value="Click or tap here to enter text. Fire"/>				
Totals	<u>Sum of Above</u>	<u>Sum of Above</u>	<u>Sum of Above</u>	<u>Assets + Liabilities</u>

PSPRS Funding Goal

Pensions that are less than fully funded place the cost of service provided in earlier periods (amortization of UAAL) on the current taxpayers. Fully funded pension plans are the best way to achieve taxpayer and member intergenerational equity. Most funds in PSPRS are significantly underfunded and falling well short of the goal of intergenerational equity.

The Council's PSPRS funding ratio goal is 100% (fully funded) by June 30, 2036.
Council established this goal for the following reasons:

- The PSPRS trust funds represent only the of 's liability
- The fluctuating cost of an UAAL causes strain on the '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 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 FY19 is \$X (page A-2) and will be able to be paid from operating funds without diminishing services.
- Additional payments above the ARC

9. In the diagram for the separate trust funds, IF your city/town only has one of the two please:
- Highlight the rows of both the plan that does not apply to your city/town as well as the row titled "Totals"
 - Right click your mouse and from the drop down please select "Delete Row" and "Shift Cells Left" then click "OK"

has its own funded ration and contribution rate, and each fund has a unique annual actuarial valuation. The City of Apache Junction has one trust fund for police employees.

Council formally accepts the assets, liabilities, and current funding ratio of the City's PSPRS trust funds from the June 30, 2017 actuarial valuation, which are detailed below.

<u>Trust Fund</u>	<u>Accrued</u>	<u>Unfunded Actuarial Liability</u>	<u>Funded Ratio</u>
Apache Junction Police			
Apache Junction Fire			
City of Apache Junction Totals			
	Sum of Above	Sum of Above	Assets + Liabilities

PSPRS Funding Goal

Pensions that are less than the actuarial liability (amortization of UAAL) is a way to achieve taxpayer savings significantly underfunded.

The Council's PSPRS Goal
 Council established the following goal:

- The PSPRS trust funds are fully funded
- The fluctuating contribution rate allows the ability to provide for the long-term sustainability of the trust funds
- A fully funded trust fund allows for intergenerational equity

Council has taken the following actions to achieve this goal:

- Maintain 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 FY19 is \$X (page A-2) and will be able to be paid from operating funds without diminishing City services.
- Additional payments above the ARC
 - Reserve payment, amount, date
 - Annually evaluate prior year budget compared to actual expenditures and made an excess payment of \$X on date
- Dedicated revenue –

Based on these actions the Council plans to achieve its goal of 100% funding by June 30, 2036, in accordance with the amortization timeline set forth by the PSPRS June 30, 2017 Actuarial Valuation.

10. In the table you will see the page numbers where you can find relevant information in your annual actuarial reports:

<u>Trust Fund</u>	<u>Assets</u>	<u>Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>
Choose an item. Police	Pg. B-1	Pg. B-1	Pg. B-1	Pg. B-1
Choose an item. Fire				
Choose an item. of				
Choose an item. Totals	Sum of Above	Sum of Above	Sum of Above	Assets ÷ Liabilities

11. On page two of the actuarial report for your employer plan(s) you will find the funded status of that plan; enter that number, shown below, under "Funded Ratio" for the related plan:

Present Value of Future Benefits and Accrued Liability

	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Pension		
A. Accrued Liability		
1. For retirees and beneficiaries	\$ 9,162,845	\$ 10,218,516
2. For DROP members	-	-
3. For inactive/vested members	22,229	127,262
4. For present active members		
a. Value of expected future benefit paymen	7,643,735	6,868,895
b. Value of future normal costs	<u>(2,894,354)</u>	<u>(2,251,655)</u>
c. Active member accrued liability: (a) - (b)	<u>4,749,381</u>	<u>4,617,240</u>
5. Total accrued liability	13,934,455	14,963,018
B. Present Assets (Funding Value)	4,076,488	4,575,087
C. Unfunded Accrued Liability: (A.5) - (B)	9,857,967	10,387,931
D. Stabilization Reserve	<u>-</u>	<u>-</u>
E. Net Unfunded Accrued Liability: (C) + (D)	<u>\$ 9,857,967</u>	<u>\$ 10,387,931</u>
F. Funding Ratio: (B) / (A.5)	<u>29.3%</u>	<u>30.6%</u>
Health		
A. Accrued Liability		
1. For retirees and beneficiaries	\$ 139,778	\$ 138,740
2. For DROP members	-	-
3. For present active members		
a. Value of expected future benefit paymen	261,654	222,757
b. Value of future normal costs	<u>(62,922)</u>	<u>(51,745)</u>
c. Active member accrued liability: (a) - (b)	<u>198,732</u>	<u>171,012</u>
4. Total accrued liability	338,510	309,752
B. Present Assets (Funding Value)	<u>294,853</u>	<u>314,247</u>
C. Net Unfunded Accrued Liability: (A.4) - (B)	<u>\$ 43,657</u>	<u>\$ (4,495)</u>
D. Funding Ratio: (B) / (A.4)	<u>87.1%</u>	<u>101.5%</u>

12. On page B-1 of your actuarial report for your employer plan(s) you will find the plan assets, accrued liabilities, and unfunded liabilities of that plan; please enter those numbers under the corresponding column in the table on page 2 of your funding policy:

Present Value of Future Benefits and Accrued Liability

	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Pension		
A. Accrued Liability		
1. For retirees and beneficiaries	\$ 9,162,845	\$ 10,218,516
2. For DROP members	-	-
3. For inactive/vested members	22,229	127,262
4. For present active members		
a. Value of expected future benefit paymen	7,643,735	6,868,895
b. Value of future normal costs	(2,894,354)	(2,251,655)
c. Active member accrued liability: (a) - (b)	<u>4,749,381</u>	<u>4,617,240</u>
5. Total accrued liability	13,934,455	14,963,018
B. Present Assets (Funding Value)	4,076,488	4,575,087
C. Unfunded Accrued Liability: (A.5) - (B)	9,857,967	10,387,931
D. Stabilization Reserve	-	-
E. Net Unfunded Accrued Liability: (C) + (D)	<u>\$ 9,857,967</u>	<u>\$ 10,387,931</u>
F. Funding Ratio: (B) / (A.5)	<u>29.3%</u>	<u>30.6%</u>
Health		
A. Accrued Liability		
1. For retirees and beneficiaries	\$ 139,778	\$ 138,740
2. For DROP members	-	-
3. For present active members		
a. Value of expected future benefit paymen	261,654	222,757
b. Value of future normal costs	(62,922)	(51,745)
c. Active member accrued liability: (a) - (b)	<u>198,732</u>	<u>171,012</u>
4. Total accrued liability	338,510	309,752
B. Present Assets (Funding Value)	<u>294,853</u>	<u>314,247</u>
C. Net Unfunded Accrued Liability: (A.4) - (B)	<u>\$ 43,657</u>	<u>\$ (4,495)</u>
D. Funding Ratio: (B) / (A.4)	<u>87.1%</u>	<u>101.5%</u>

13. Once you have completed the chart, the final section to complete is the actual funding objectives for your city or town; below is a sample:

PSPRS Funding Goal

Pensions that are less than fully funded place the cost of service provided in earlier periods (amortization of UAAL) on the current taxpayers. Fully funded pension plans are the best way to achieve taxpayer and member intergenerational equity. Most funds in PSPRS are significantly underfunded and falling well short of the goal of intergenerational equity.

The Council's PSPRS funding ratio goal is 100% (fully funded) by June 30, 2036.

Council established this goal for the following reasons:

- The PSPRS trust funds represent only the City of Apache Junction's liability
- The fluctuating cost of an 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 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 FY19 is \$X (page A-2) and will be able to be paid from operating funds without diminishing City services.
- Additional payments above the ARC
 - Reserve payment, amount, date
 - Annually evaluate prior year budget compared to actual expenditures and made an excess payment of \$X on date
- Dedicated revenue –

Based on these actions the Council plans to achieve its goal of 100% funding by June 30, 2036, in accordance with the amortization timeline set forth by the PSPRS June 30, 2017 Actuarial Valuation.

- a. The bolded language regarding a payoff date should be consistent with the amortization period set forward by the PSPRS actuary unless your city or town intends on paying that balance in advance of the amortization schedule

- b. If your city or town intends to pay in accordance with the amortization schedule provided by PSPRS please review page Appendix-3 of your actuarial report, take the year indicated to the right of “Valuation Date” and add it the number of years indicated to the right of “Remaining Amortization Period” (6/30/2017 + 19 yrs = 6/30/2036) and insert that date on Page 2 under “The Council’s PSPRS funding ration goal”; additionally, that date can be inserted at the bottom of the page in the sentence beginning “Based on these actions”:

Supplementary Information
Summary of Actuarial Methods and Assumptions

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay closed
Remaining amortization period	19 years for underfunded 20 years for overfunded

PSPRS Funding Goal

Pensions that are less than fully funded place the cost of service provided in earlier periods (amortization of UAAL) on the current taxpayers. Fully funded pension plans are the best way to achieve taxpayer and member intergenerational equity. Most funds in PSPRS are significantly underfunded and falling well short of the goal of intergenerational equity.

The Council’s PSPRS funding ratio goal is 100% (fully funded) by June 30, 2036.
Council established this goal for the following reasons:

- The PSPRS trust funds represent only the City of Apache Junction’s liability
- The fluctuating cost of an 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 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 FY19 is \$X (page A-2) and will be able to be paid from operating funds without diminishing City services.
- Additional payments above the ARC
 - Reserve payment, amount, date
 - Annually evaluate prior year budget compared to actual expenditures and made an excess payment of \$X on date
- Dedicated revenue –

Based on these actions the Council plans to achieve its goal of 100% funding by June 30, 2036, in accordance with the amortization timeline set forth by the PSPRS June 30, 2017 Actuarial Valuation.

- c. If your city or town plans to pay down the unfunded liability in advance of the amortization schedule please insert your intended dates in the areas outlined in the previous bullet and highlighted below:

PSPRS Funding Goal

Pensions that are less than fully funded place the cost of service provided in earlier periods (amortization of UAAL) on the current taxpayers. Fully funded pension plans are the best way to achieve taxpayer and member intergenerational equity. Most funds in PSPRS are significantly underfunded and falling well short of the goal of intergenerational equity.

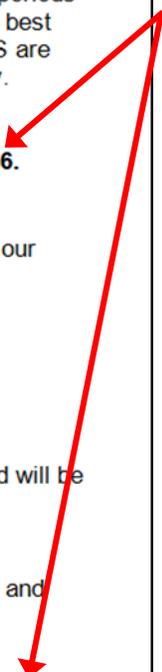
The Council's PSPRS funding ratio goal is 100% (fully funded) by June 30, 2036.
Council established this goal for the following reasons:

- The PSPRS trust funds represent only the City of Apache Junction's liability
- The fluctuating cost of an 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 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 FY19 is \$X (page A-2) and will be able to be paid from operating funds without diminishing City services.
- Additional payments above the ARC
 - Reserve payment, amount, date
 - Annually evaluate prior year budget compared to actual expenditures and made an excess payment of \$X on date
- Dedicated revenue –

Based on these actions the Council plans to achieve its goal of 100% funding by June 30, 2036, in accordance with the amortization timeline set forth by the PSPRS June 30, 2017 Actuarial Valuation.



14. The remainder of the section shall be completed in accordance with the intentions of your Council and the challenges facing your city or town; in other words:

- a. If the unfunded liability of PSPRS is not causing a strain on your cities ability to provide services you can delete bullet 2 above.

PSPRS Funding Goal

Pensions that are less than fully funded place the cost of service provided in earlier periods (amortization of UAAL) on the current taxpayers. Fully funded pension plans are the best way to achieve taxpayer and member intergenerational equity. Most funds in PSPRS are significantly underfunded and falling well short of the goal of intergenerational equity.

The Council's PSPRS funding ratio goal is 100% (fully funded) by June 30, 2036.

Council established this goal for the following reasons:

- The PSPRS trust funds represent only the City of Apache Junction's liability
- The fluctuating cost of an 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 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 FY19 is \$X (page A-2) and will be able to be paid from operating funds without diminishing City services.
- Additional payments above the ARC
 - Reserve payment, amount, date
 - Annually evaluate prior year budget compared to actual expenditures and made an excess payment of \$X on date
- Dedicated revenue –

Based on these actions the Council plans to achieve its goal of 100% funding by June 30, 2036, in accordance with the amortization timeline set forth by the PSPRS June 30, 2017 Actuarial Valuation.

- b. In the paragraph titles "Council has taken", that language can be changed to "plans to take"

- c. Under the first bullet in the third paragraph you can find the annual required contributions of your plan(s) on page A-2 of your actuarial report (if your city or town has more than one plan the amount in that bullet would be the aggregate of the two):

PSPRS Funding Goal

Pensions that are less than fully funded place the cost of service provided in earlier periods (amortization of UAAL) on the current taxpayers. Fully funded pension plans are the best way to achieve taxpayer and member intergenerational equity. Most funds in PSPRS are significantly underfunded and falling well short of the goal of intergenerational equity.

The Council's PSPRS funding ratio goal is 100% (fully funded) by June 30, 2036.

Council established this goal for the following reasons:

- The PSPRS trust funds represent only the City of Apache Junction's liability
- The fluctuating cost of an 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 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 FY19 is \$X (page A-2) and will be able to be paid from operating funds without diminishing City services.
- Additional payments above the ARC
 - Reserve payment, amount, date
 - Annually evaluate prior year budget compared to actual expenditures and made an excess payment of \$X on date
- Dedicated revenue –

Based on these actions the Council plans to achieve its goal of 100% funding by June 30, 2036, in accordance with the amortization timeline set forth by the PSPRS June 30, 2017 Actuarial Valuation.

(see page A-2 of the actuarial report on the next page)

Contribution Requirements

Development of Employer Contributions for the Indicated Valuation Date

Valuation Date	June 30, 2016		June 30, 2017	
Contribution for Fiscal Year ending	2018		2019	
TIERS 1 & 2 MEMBERS				
Pension	Rate	Dollar	Rate	Dollar
Normal Cost				
Service Pension	14.88%	\$ 279,219	12.58%	\$ 223,203
Disability Pension	4.90%	\$ 91,947	4.40%	\$ 78,068
Survivors of Active Members	1.21%	\$ 22,705	1.37%	\$ 24,308
Refund of Member Accumulated Contributions	2.64%	\$ 49,539	2.55%	\$ 45,244
Total Normal Cost	23.63%	\$ 443,410	20.90%	\$ 370,823
Total Employee Cost*	(7.65%)	\$ (143,550)	(7.65%)	\$ (135,732)
Employer Normal Cost	15.98%	\$ 299,860	13.25%	\$ 235,091
Employer Amortization of Unfunded Liabilities (Legacy)	37.40%	\$ 701,799	45.46%	\$ 806,584
Total Employer Cost (Pension)	53.38%	\$ 1,001,659	58.71%	\$ 1,041,675

* Tier 2 Members contribute 11.65%, but statutory requirements dictate only 7.65% is applied toward employer costs.

Health	Rate	Dollar	Rate	Dollar
Total Normal Cost	0.53%	\$ 9,945	0.50%	\$ 8,871
Employer Amortization of Unfunded Liabilities (Legacy)	0.17%	\$ 3,190	0.00%	-
Total Employer Cost (Health)	0.70%	\$ 13,135	0.50%	\$ 8,871

Tiers 1 & 2 Required Total Employer Cost (Pension + Health)	54.08%	\$ 1,014,794	59.21%	\$ 1,050,546
Total Minimum Contribution Requirement (if applicable)	0.00%		0.00%	
Alternate Contribution Rate (ACR)**	37.57%		45.46%	

** The Alternate Contribution Rate is the sum of the positive amortization payments for Tiers 1 & 2 Pension and Health, required for when retirees return to active status.

The results above are shown both prior to and after the application of the statutory minimum contribution requirement of 8% of payroll (5% of payroll if the actual employer contribution rate is less than 5% for the 2006/2007 Fiscal Year) and are based on the current amortization schedule approved by the Board of Trustees for your individual plan (see page E-1).

A.R.S. 38-843, subsection I allows for the employer to request a one-time increase in the amortization period up to a maximum of 30 years. The following costs are being provided to facilitate that decision. If the current approved amortization period on page E-1 is greater than those below, that request has already been made for this plan where the following is provided to facilitate earlier payoff, if desired.

	Rate	Dollar
Total Pension Employer Cost (25-year amortization)	51.28%	\$ 909,846
Total Pension Employer Cost (30-year amortization)	47.48%	\$ 842,424

- d. Finally, if your city or town is only able to pay the annual required contributions to PSPRS you can delete bullets 2 and 3 in the third paragraph:

PSPRS Funding Goal

Pensions that are less than fully funded place the cost of service provided in earlier periods (amortization of UAAL) on the current taxpayers. Fully funded pension plans are the best way to achieve taxpayer and member intergenerational equity. Most funds in PSPRS are significantly underfunded and falling well short of the goal of intergenerational equity.

The Council's PSPRS funding ratio goal is 100% (fully funded) by June 30, 2036.

Council established this goal for the following reasons:

- The PSPRS trust funds represent only the City of Apache Junction's liability
- The fluctuating cost of an 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 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 FY19 is \$X (page A-2) and will be able to be paid from operating funds without diminishing City services.
- Additional payments above the ARC
 - Reserve payment, amount, date
 - Annually evaluate prior year budget compared to actual expenditures and made an excess payment of \$X on date
- Dedicated revenue –

Based on these actions the Council plans to achieve its goal of 100% funding by June 30, 2036, in accordance with the amortization timeline set forth by the PSPRS June 30, 2017 Actuarial Valuation.

- e. Alternatively, if you city or town is making additional payments above the annual required contributions those can be outlined in bullets 2 and 3 of that paragraph