

**Sonoita-Elgin Fire District  
Public Safety Personnel Retirement System (PSPRS) Pension Funding Policy**

The intent of this policy is to communicate the Board’s pension funding objectives and its commitment to employees and the sound financial management of Sonoita-Elgin Fire District and to comply with the new statutory requirements of Arizona Revised Statute § 38-38-863.01.

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 its 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 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 District has one trust fund for most firefighter qualified personnel.

The Board formally accepts the assets, liabilities and current funding ratio of the District’s PSPRS trust fund from the June 30, 2018 actuarial valuation as follows:

<b>Fund</b>	<b>Assets</b>	<b>Accrued Liability</b>	<b>Unfunded Accrued Liability</b>	<b>Funded Ratio</b>
Sonoita-Elgin Fire District	\$1,202,927	\$1,250,894	\$47,967	96.2%

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.

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

- 1) The PSPRS trust fund amount above represents solely the District’s liability.
- 2) A fully funded pension is the best way to achieve taxpayer and member intergenerational equity.

The Board approves the following actions to achieve this goal:

- Maintain Annual Required Contribution (ARC) payment from operating revenues – The Board is committed to maintaining the full ARC payment (normal cost and UAAL amortization) from operating funds.

Based on these actions the Board 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, 2018 Actuarial Valuation.