

NOTE 11 RETIREMENT PLANS

Plan Descriptions

The County contributes to the Arizona State Retirement System (**ASRS**), the Correction Officer Retirement Plan (**CORP**), the Public Safety Personnel Retirement System (**PSPRS**), consisting of Pima County Sheriffs and Pima County - County Attorney Investigators, and the Elected Official's Retirement Plan (**EORP**). The **EORP** and the **PSPRS** - Pima County, County Attorney Investigators, are not described due to their relative insignificance to the County's financial statements. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits.

The **ASRS** administers a cost-sharing multiple-employer defined benefit pension plan that covers general employees of the County. The **ASRS** is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The **PSPRS** is an agent multiple-employer defined benefit pension plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The **PSPRS**, acting as a common investment and administrative agent, is governed by a five-member board, known as The Fund Manager, and 167 local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The **CORP** is an agent multiple-employer defined benefit pension plan that covers certain employees of the State of Arizona, Departments of Corrections and Juvenile Corrections, and County employees whose primary duties require direct inmate contact. The **CORP** is governed by the Fund Manager of **PSPRS** and 12 local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

Each plan issues a publicly available report that includes its financial statements and required supplementary information. A report may be obtained by writing the applicable plan.

ASRS

3300 N. Central Ave.
P.O.Box 33910
Phoenix, AZ 85067-3910

PSPRS and CORP

1020 E. Missouri Ave.
Phoenix, AZ 85014

Funding Policy

The Arizona State Legislature establishes and may amend active plan members' and the County's contribution rates.

Cost-sharing plans For the year ended June 30, 1998, active **ASRS** members and the County were each required by statute to contribute at the actuarially determined rate of 3.54 percent (3.05 percent retirement and 0.49 percent long-term disability) of the members' annual covered payroll. The County's contributions to **ASRS** for the years ended June 30, 1998, 1997, and 1996 were \$ 6,046, \$ 5,099, and \$ 4,943, respectively, which were equal to the required contributions for the year.

Agent plans For the year ended June 30, 1998, active **PSPRS** members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 5.96 percent. As allowed by statute, the County contributed 3.65 percent of the members' required contribution. Active **CORP** members were required by statute to contribute 8.50 percent of the members'

annual covered payroll, and the County was required to contribute at the actuarially determined rate of 6.55 percent.

Annual Pension Cost The County's pension cost for the two agent plans for the year ended June 30, 1998, the date of the most recent actuarial valuation, and related information follow.

	<u>PSPRS</u>	<u>CORP</u>
Contribution rates:		
County	9.61 %	6.55 %
Plan members	4.00 %	8.50 %
Annual pension cost	\$ 1,547,800	\$ 752,555
Contributions made	\$ 1,547,800	\$ 752,555
Actuarial valuation date	June 30, 1998	June 30, 1998
Actuarial cost method	Entry age	Entry age
Actuarial assumptions:		
Investment rate of return	9.00 %	9.00 %
Projected salary increases includes inflation at	6.5 % - 9.5 % 5.5 %	5.5 % - 9.5 % 5.5 %
Cost-of-living adjustments	None	None
	<u>PSPRS</u>	<u>CORP</u>
Amortization method	Level percent open	Level percent open
Remaining amortization period from 7/1/98	Open 20 years	Open 20 years
Asset valuation method	4 year smoothed Market	4 year smoothed Market

Trend Information: Information for each of the two most recent actuarial valuations for each of the agent plans follows:

Contributions Required and Contributions Made

<u>Plan</u>	<u>Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PSPRS	1998	\$ 1,547,800	100 %	\$ 0
	1997	\$ 1,918,673	100 %	\$ 0
CORP	1998	\$ 752,555	100 %	\$ 0
	1997	\$ 801,776	100 %	\$ 0

Funding Progress: An analysis of funding progress for each of the agent plans as of the most recent actuarial valuations, June 30, 1998, follows(in thousands):

<u>Plan</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Funding Liability (Excess)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Liability as Percentage of Covered Payroll</u>
PSPRS						
1998	\$100,557	\$ 82,518	\$(18,039)	121.9%	\$ 15,914	-
1997	\$ 92,909	\$ 78,154	\$(14,755)	118.9%	\$ 15,192	-
CORP						
1998	\$ 24,829	\$ 21,825	\$(3,004)	113.8%	\$ 11,983	-

1997	\$ 20,524	\$ 19,671	\$(853)	104.3%	\$ 11,701	-
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