

SUBMITTED BY: Alejandro Martinez, Finance Director/City Treasurer

MANAGEMENT TEAM REVIEW: Luis Pedroza, Deputy City Manager

FOCUS AREA: Other / NA

**ORGANIZATIONAL
IMPROVEMENTS:**

SUBJECT: **RESOLUTION NO. 26-1713**, a Resolution of the Mayor and Council of the City of Douglas, Cochise County, Arizona, **ADOPTING** the City of Douglas **2026 PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM PENSION FUNDING POLICY**.

EXECUTIVE SUMMARY:

ARS 38-863.01 requires each governing body with Public Safety Personnel Retirement System plans to annually adopt a pension funding policy and formally accept the employer's share of the assets and liabilities under the system based on the system's actuarial valuation report.

BACKGROUND:

On October 13, 2021, Mayor & Council passed a Pension Funding Policy for the city's Public Safety Personnel Retirement System plans. Subsequent policy adoptions are required to update actuarial status.

DISCUSSION:

As mandated by ARS 38-863.01, this policy is designed to clearly outline the Council's pension funding objectives, addressing the following key areas:

1. Ensuring the stability of the governing body's contributions to the pension system.
2. Establishing a plan for meeting the governing body's funding requirements for the system.
3. Defining the governing body's funded ratio target under the system and the timeline for achieving this target.

Additionally, the policy provides a depiction of the employer's share of the system's assets and liabilities, as reported in the most recent actuarial valuation.

Once adopted, the pension funding policy must be posted on the city's website and transmitted to the board.

The Actuarial Report for Fiscal Year 2025 indicates a funded ratio of 101.5% for the Police pension and 100% for the Fire pension, resulting in a combined unfunded actuarial accrued liability of -\$453,383. This favorable position was achieved through favorable investment returns.

At this time, staff does not recommend an additional contribution from the contingency fund. This strategic decision reflects the city's dedication to maintaining the financial stability of its pension plans and ensuring the long-term sustainability of benefits for its employees.

FISCAL IMPACT:

None.

Fiscal Year: 2026

Amount Requested:

Budgeted: Y / N

Account (s):

“...I MOVE THAT THE MAYOR AND COUNCIL APPROVE RESOLUTION NO. 26-1713.”