CITY OF BUCKEYE
Regular Council Meeting
COUNCIL ACTION REPORT

MEETING DATE: 06/16/26	**AGENDA ITEM:** 4.N. FIN - Resolution No. 47-26 Public Safety Personnel Retirement System Pension Funding Policy
DATE PREPARED: 06/11/26	**DISTRICT NO.:** All
STAFF LIAISON: Keith Fallstrom, Chief Financial Officer, kfallstrom@buckeyeaz.gov, (623) 349-6161	
DEPARTMENT: Financial Services	**AGENDA ITEM TYPE:** Consent Agenda Items / New Business

ACTION/MOTION: (This language identifies the formal motion to be made by the Council)
Council to take action on Resolution No. 47-26 adopting a Public Safety Personnel Retirement System (PSPRS) Pension Funding Policy for fiscal year 2027 and accepting the City's share of the assets and liabilities under the system based on the system's actuarial valuation report; and providing for repeal of conflicting resolutions.

GOALS AND OBJECTIVES FOR THE STRATEGIC PLAN FOCUS AREAS:
Fiscal Responsibility

SUMMARY

PROJECT DESCRIPTION:
In 2018, the Arizona legislature passed House Bill 2097, codified at Arizona Revised Statutes (A.R.S.) Section 38-863.01, requiring City Councils to adopt a pension funding policy for the Public Safety Personnel Retirement System (PSPRS) before July 1, 2019, and annually each year thereafter. Additionally, the statute requires the City to annually adopt a pension funding policy to communicate how the City will maintain stability of the City's required PSPRS contributions, how and when the City's funding requirement will be met and defining the City's funded ratio target under PSPRS and when it will be met. The City is also required to formally accept the City's share of the assets and liabilities based on the PSPRS actuarial report and post the pension funding policy on our website.

PSPRS administers the City's multiple-employer pension plan and has separate trusts for both our police and fire employees. PSPRS provides annual actuarial reports for the City's estimated assets, liabilities, and unfunded liabilities for each plan.

To comply with the statute, on April 2, 2019, Council adopted a PSPRS pension funding policy pursuant to Resolution No. 13-19 and formally accepted the City's share of the assets and liabilities based on the June 2018 PSPRS actuarial report. During subsequent budget year processes, Council adopted our PSPRS pension funding policy based on the applicable year's actuarial reports. Resolution No. 47-26 is seeking adoption of the fiscal year 2027 PSPRS pension funding policy, based on the June 30, 2025 actuarial report.

Based on the June 30, 2025 actuarial valuation, the City of Buckeye's unfunded liability is as follows:

Police:	$13,277,192
Fire:	7,356,394
Total:	$20,633,586

The funding ratio for police was 80.4%, while fire's ratio was 90.3%.

Pensions that are less than fully funded place the cost of service provided in earlier periods on the current taxpayers. Fully funded pension plans are the best way to achieve taxpayer and member intergenerational equity. In other words, ensuring that no generation is burdened by substantially more or less pension costs than past or future generations.

The proposed policy sets forth staff's recommendations to reduce our unfunded liability in fifteen years.

In summary, the purpose of this policy is to meet the requirements set forth in Arizona Revised Statutes Section 38-683.01, as amended, which requires each governing body of a PSPRS employer to annually adopt a pension funding policy for paying off unfunded liability debt. The legislation also requires policy to be posted on the City's website. Annually, during the budget process, staff reviews the actuarial reports and recommends revisions to this policy based on the City's financial position.

BENEFITS:
A pension funding policy, as required by law, states the City's approach to reduce our unfunded liability, and is the best way to achieve taxpayer and member intergenerational equity.

FUTURE ACTION:
The funding policy will be posted to our website and has been incorporated in the fiscal year 2027 budget. Payments will be made to PSPRS, as stated in the policy.

FINANCIAL IMPACT STATEMENT:
The required employer pension contributions are included in the budget. Reducing the unfunded liability will reduce future employer contribution rates.

BUDGETED:
Yes

FISCAL YEAR:
2027

FUND/DEPARTMENT:
Police

Items related to a project or facility location must include an attached vicinity map for Council Review.
ATTACHMENTS:
PSPRS Pension Fund Policy FY 2027.docx
!Resolution No. 47-26 PSPRS Policy.pdf