GRS Gabriel Roeder Smith & Company
Consultants & Actuaries

ARIZONA CORRECTIONS OFFICER RETIREMENT PLAN CONSOLIDATED REPORT

JUNE 30, 2011

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Consultants & Actuaries

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November 4, 2011

The Board of Trustees
Arizona Corrections Officer Retirement Plan
Phoenix, Arizona

Re: Arizona Corrections Officer Retirement Plan Actuarial Valuation as of June 30, 2011

Ladies and Gentlemen:

The results of the June 30, 2011 annual actuarial valuation of members covered by the Arizona Corrections Officer Retirement Plan (CORP) are presented in this report. The purpose of the valuation was to measure the System's funding progress, provide actuarial information in connection with applicable Governmental Accounting Standards Board Statements and to determine the employer contribution for the 2012-2013 fiscal year. This report should not be relied upon for any other purpose. This report may be distributed to parties other than the System only in its entirety and only with the permission of the Board.

The valuation was based upon information, furnished by the State Retirement System, concerning Retirement System benefits, financial transactions, and individual members, terminated members, retirees and beneficiaries. Data was checked for internal and year to year consistency, but was not otherwise audited by us. As a result, we are unable to assume responsibility for the accuracy or completeness of the data provided.

Future actuarial measurements may differ significantly from those presented in this report due to such factors as experience differing from that anticipated by actuarial assumptions, changes in plan provisions, actuarial assumptions/methods or applicable law. Due to the limited scope of this assignment, we did not perform an analysis of the potential range of future measurements.

To the best of our knowledge, this report is complete and accurate and the valuation was conducted in accordance with standards of practice prescribed by the Actuarial Standards Board and in compliance with the applicable state statutes. The undersigned are independent of the plan sponsor and are Members of the American Academy of Actuaries (MAAA) who meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. It is our opinion that the actuarial assumptions used for the valuation produce results which are reasonable.

Respectfully submitted,

Brian B. Murphy, FSA, EA, MAAA

Cathy Nagy, FSA, EA, MAAA

Mark Buis, FSA, EA, MAAA

BBM/CN/MB:sc

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EXECUTIVE SUMMARY/BOARD SUMMARY

1. Required Employer Contributions to Support Retirement Benefits

The computed employer contribution and funded status for the fiscal year beginning July 1, 2012 is shown below.

	Contribution	Funded Status
Average	11.31%	73.0%

2. Contribution Rate Comparison

The chart below compares the results of this valuation of the Retirement System with the results of the prior year's valuation:

Valuation Date	Contribution	Funded Status
6/30/2010	9.50%	80.3%
6/30/2011	11.31%	73.0%

3. Reasons for Change

There are three general reasons why contribution rates change from one valuation to the next. The first is a change in the benefits or eligibility conditions of the plan. The second is a change in the valuation assumptions or methods used to predict future occurrences. The third is the difference during the year between the plan's actual experience and what the assumptions predicted.

The following benefit changes were reflected in the valuation:

- Effective May 31, 2011 no more excess investment earnings will be transferred to the COLA reserve. Any remaining balance in the COLA reserve will be used to pay COLAs until the reserve is exhausted.

EXECUTIVE SUMMARY/BOARD SUMMARY

- Member contribution rates are 8.41% (7.96% for dispatchers) for FY 2010-2011. For fiscal years 2011-2012 and after, 8.41% (7.96% for dispatchers), or a 50/50 split between employer and employee, whichever is lower. Minimum employee contribution rate of 7.65%, minimum employer contribution rate of 6%.

The following method and assumption changes were reflected in the valuation:

- The actuarial funding method was changed from the Projected Unit Credit method (PUC) to the Entry Age Normal method (EAN).
- The investment return was decreased to 8.25% from 8.50%.
- The wage inflation assumption was decreased from 5.50% to 5.0%

The contribution rate increased from 9.50% last year of payroll to 11.31% of payroll this year for the following reasons:

- Continued phase-in of asset losses from prior years.
- Cost-of-living increases granted for retirees.
- A decline in the expected payroll base.
- Change in the actuarial cost method and assumptions.

4. Plan Experience

Experience during the year ended June 30, 2011 was favorable. During the year ended June 30, 2011, the actuarial return on fund assets was lower than expected. The market value smoothing techniques used in this valuation of the System recognize both past and present investment gains and losses. While on a market value basis, the Plan’s return was 17.4%, the resulting actuarial asset yield for the year ended June 30, 2011 was 4.9%. The asset losses were more than offset by gains attributable to demographic experience. Detailed information related to System experience is shown on page B-2.

EXECUTIVE SUMMARY/BOARD SUMMARY

5. Looking Ahead

If the Market Value of Assets were used as the basis of our calculations (instead of the smoothed value), the employer contribution would have been approximately 13% of payroll (instead of 11.31% of payroll) and the funded status would have been about 65% (instead of 73.0%). If equity markets do not improve significantly, the June 30, 2012 valuation will likely show yet another increase in the employer contribution amount (absent any liability gains).

6. Other Comments

The ratio of the Funding Value of Assets to Market Value of Assets as shown on Page C-1 has decreased from 126% in the June 30, 2010 valuation to 113% in the June 30, 2011 valuation. The Actuarial Standards of Practice require that the Funding Value fall within a reasonable range around the Market Value. Although some actuarial judgment is used to determine what is deemed 'reasonable', a ratio approaching 130% was on the high end. The asset smoothing method and whether a corridor should be considered will be reviewed in the next experience study.

The Actuarial Standards of Practice with regard to the mortality assumption has recently been revised. ASOP No. 35 Disclosure Section 4.1.1. now states "*The disclosure of the mortality assumption should contain sufficient detail to permit another qualified actuary to understand the provision made for future mortality improvement. If the actuary assumes zero mortality improvement after the measurement date, the actuary should state that no provision was made for future mortality improvement.*"

There is currently no margin for future mortality improvement in the current mortality assumption. The mortality assumption will be reviewed in conjunction with the experience study that will be completed in 2012.

EXECUTIVE SUMMARY/BOARD SUMMARY

7. Conclusion

The continuing effect of prior losses was dampened by the 7-year smoothing period, and further offset by the effect of lower than expected pay increases. There remains $163 million of unrecognized investment losses that will, and in the absence of other gains, drive the contribution rate up over the next several years. It is important that this plan receive contributions at least equal to the rates shown in this report.

SECTION A

INTRODUCTION

FUNDING OBJECTIVE

The purpose of the annual actuarial valuation of the Arizona Corrections Officer Retirement Plan as of June 30, 2011 is to:

- Compute the liabilities associated with benefits likely to be paid on behalf of current retired and active members. This information is contained in Section B.
- Compare accrued assets with accrued liabilities to assess the funded condition. This information is contained in Section B.
- Compute the employers' recommended contribution rates for the Fiscal Year beginning July 1, 2012. This information is contained in Section A.

This objective is stated in Article 4, Chapter 5, Title 38, Sections 843B and 848N of the Arizona Revised Statutes.

CONTRIBUTION RATES

The Retirement System is supported by member contributions, employer contributions and investment income from Retirement System assets.

Contributions which satisfy the funding objective are determined by the annual actuarial valuation and are sufficient to:

(1) Cover the actuarial present value of benefits allocated to the current year by the actuarial cost method described in Section E (the normal cost); and

(2) Finance over a period of future years the actuarial present value of benefits not covered by valuation assets and anticipated future normal costs (the unfunded actuarial accrued liability).

Computed contribution rates for the fiscal year beginning July 1, 2012 are shown on page A-2.

CONTRIBUTION REQUIREMENTS

Development of Employer Contributions for the Indicated Valuation Date

	June 30, 2010	June 30, 2011
Contribution for Fiscal Year	2012	2013
Pension		
Normal cost requirement		
Service pensions	10.92%	9.01%
Disability pensions	0.20	0.34
Survivors of active members	1.03	1.51
Refunds of members' accumulated contributions	2.30	3.60
Total normal cost requirement	14.45%	14.46%
Less member contributions	8.40	8.38
Employer normal cost requirement	6.05%	6.08%
Amortization of unfunded liabilities	2.23%	4.01%
Total pension contribution requirement	8.28%	10.09%
Health		
Normal cost requirement	0.62%	0.39%
Amortization of unfunded liabilities	0.60%	0.83%
Total health contribution requirement	1.22%	1.22%
Total contribution requirement	**9.50%**	**11.31%**

Actuarial accrued liability, $2,008,569,445, exceeded the funding value of assets, which was $1,466,749,540. The unfunded actuarial accrued liabilities were amortized as a level percent of payroll over a closed period of 25 years and added to the employer normal cost. The 25 year period is a one year decrease from last year. The results shown above are prior to the application of the statutory minimum of 6% of payroll.

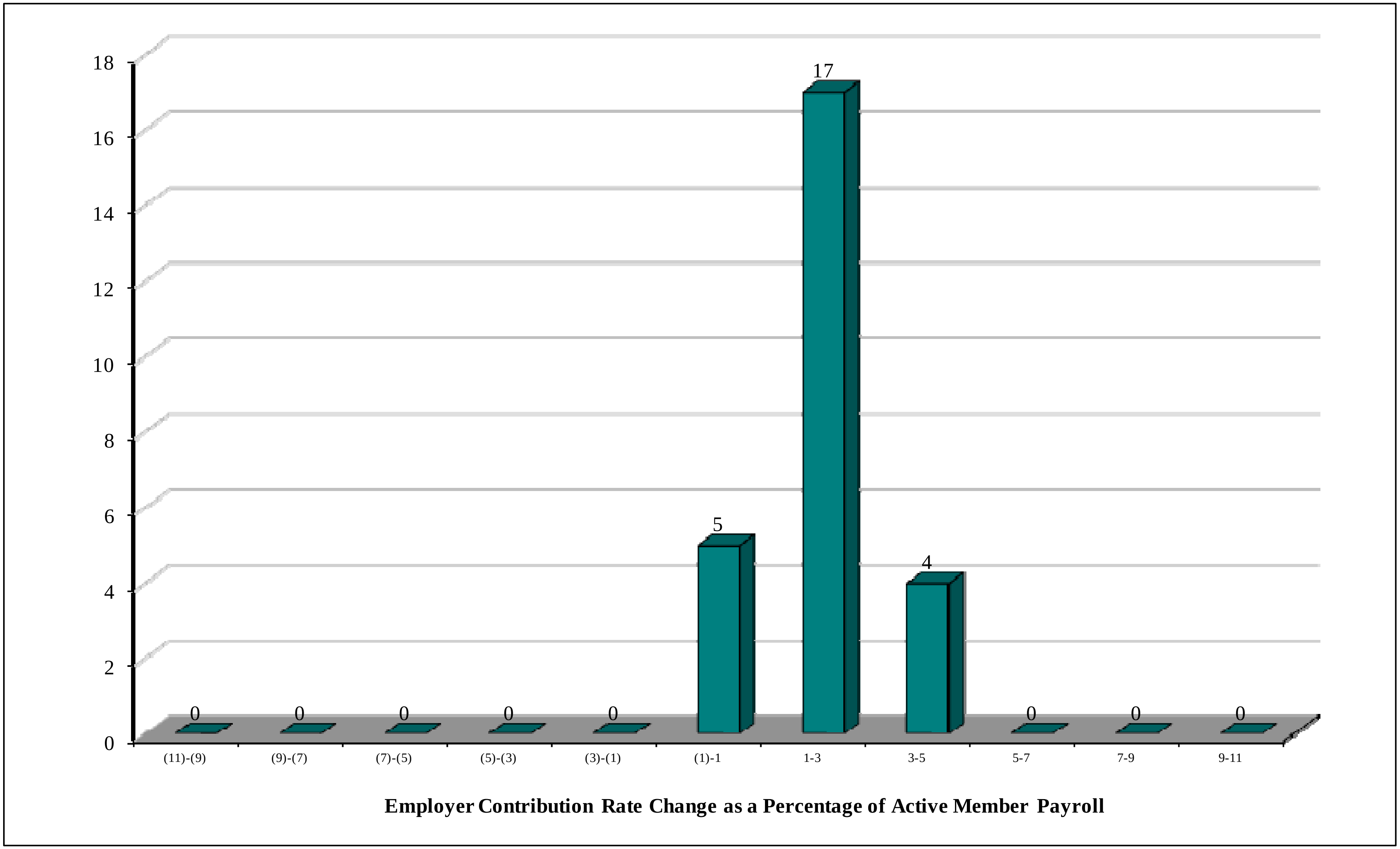
HISTORICAL SUMMARY OF EMPLOYER RATES

Valuation Date June 30	Fiscal Year Ending June 30	Normal Cost	Unfunded Actuarial Accrued Liability	Total
2002	2004	6.79%	(2.84)%	3.95%
2003	2005	5.74	(1.67)	4.07
2004	2006	6.05	(0.58)	5.47
2005	2007	4.64	(0.18)	4.46
2006	2008	6.07	0.65	6.72
2007	2009	7.10	1.55	8.65
2008	2010	6.10	1.39	7.49
2009	2011	6.43	2.14	8.57
2010	2012	6.67	2.83	9.50
2011	**2013**	**6.47**	**4.84**	**11.31**

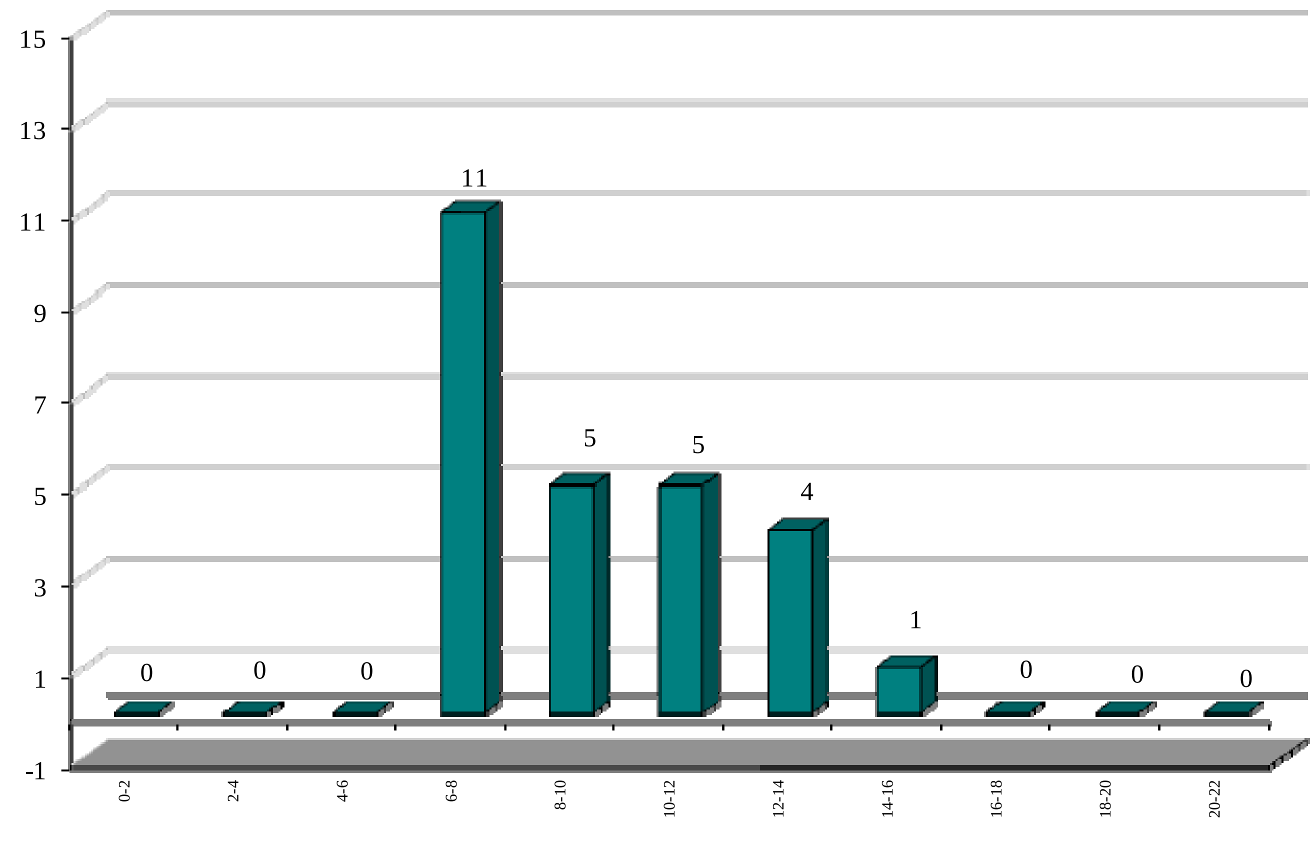
2005 results were revised pursuant to changes enacted by the 2006 Legislature and the CORP Board of Trustees.

Results prior to 2009 were calculated by the prior actuary.

EMPLOYER CONTRIBUTION RATE CHANGES AT JUNE 30, 2011
ALL EMPLOYERS



EMPLOYER CONTRIBUTION RATES - ALL EMPLOYERS AT JUNE 30, 2011



SECTION B

FUNDING RESULTS

PRESENT VALUE OF FUTURE BENEFITS AND ACCRUED LIABILITY

	June 30, 2010	June 30, 2011
A. Accrued Liability		
1. For retirees and beneficiaries	$ 689,910,459	$ 823,664,284
2. For vested terminated members	18,066,609	16,179,895
3. For present active members		
a. Value of expected future benefit payments	1,712,672,343	1,704,972,283
b. Value of future normal costs	698,643,765	536,247,017
c. Active member accrued liability: (a) - (b)	1,014,028,578	1,168,725,266
4. Total accrued liability	1,722,005,646	2,008,569,445
B. Present Assets (Funding Value)	1,382,144,020	1,466,749,540
C. Unfunded Accrued Liability: (A.4) - (B)	339,861,626	541,819,905
D. Stabilization Reserve	2,300,108	1,495,268
E. Net Unfunded Accrued Liability: (C) + (D)	342,161,734	543,315,173
F. Funding Ratio: (B) / (A.4)	80.3%	73.0%

Present Assets exclude $0 in reserves held for future pension increases pursuant to state statute.

DERIVATION OF EXPERIENCE GAIN/(LOSS)

Actual experience will never (except by coincidence) exactly match assumed experience. Gains and losses often cancel each other over a period of years, but sizable year-to-year fluctuations are common. Detail on the derivation of the experience gain (loss) is shown below, along with a year-by-year comparative schedule.

	June 30,	
	2010	2011
(1) UAAL at start of year	$275,169,309	$339,861,626
(2) Normal cost from last valuation	92,401,214	92,997,730
(3) Actual Contributions	109,651,320	103,670,636
(4) Interest Accrual	22,656,261	28,434,638
(5) Expected UAAL before changes: (1) + (2) - (3) + (4)	280,575,464	357,623,358
(6) Changes from benefit increases	21,264,230	21,989,010
(7) Changes in actuarial methods and assumptions	-	186,735,447
(8) Change in Reserve for future pension increases	2,324,213	(20,327,235)
(9) Expected UAAL after changes: (5) + (6) + (7) + (8)	304,163,907	546,020,580
(10) Actual UAAL at end of year	339,861,626	541,819,905
(11) Experience Gain/(Loss): (9) -(10)	(35,697,719)	4,200,675

FY2011 Gains and Losses by Source

	Gain/(Loss)	% of Liability
Investment Return	$(50,906,493)	-3.0%
Salary Increases	67,823,372	3.9%
Retirement	2,928,444	0.2%
Turnover	(12,027,337)	-0.7%
Disability	1,053,922	0.1%
Death-in-Service	1,420,316	0.1%
Retiree Mortality	(4,993,198)	-0.3%
Other	(1,098,351)	-0.1%
Total	4,200,675	0.2%

UNFUNDED ACTUARIAL ACCRUED LIABILITIES COMPARATIVE STATEMENT

(Dollar amounts in $'000s)

Valuation Date	(1) Actuarial Accrued Liabilities (AAL)	(2) Valuation Assets	(3) Unfunded AAL	(5) Funded Ratio (2)/(1)	(6) Financing Period
2002	$ 632,238	$ 782,446	$(150,208)	123.8%	20 yrs.
2003	709,298	811,791	(102,493)	114.4	20
2004	795,775	833,621	(37,846)	104.8	20
2005	863,791	872,981	(9,190)	101.1	20
2006	981,208	919,868	61,340	93.7	30
2007	1,110,801	940,126	170,675	84.6	29
2008	1,390,363	1,207,026	183,337	86.8	28
2009	1,584,293	1,309,124	275,169	82.6	27
2010	1,722,006	1,382,144	339,862	80.3	26
2011	**2,008,569**	**1,466,750**	**541,819**	**73.0**	**25**

2005 Results revised pursuant to changes in assumptions and methods enacted by the 2006 Legislature and the CORP Board of Trustees. Results prior to 2009 were calculated by the prior actuary.

SHORT CONDITION TEST

If the contributions to CORP are soundly executed, the System will ***pay all promised benefits when due -- the ultimate test of financial soundness***.

A short condition test is one means of checking a system's progress under its funding program. In a short condition test, the plan's present assets (cash and investments) are compared with:

1) Member contributions on deposit;
2) The liabilities for future benefits to present retired lives;
3) The liabilities for service already rendered by active and inactive members.

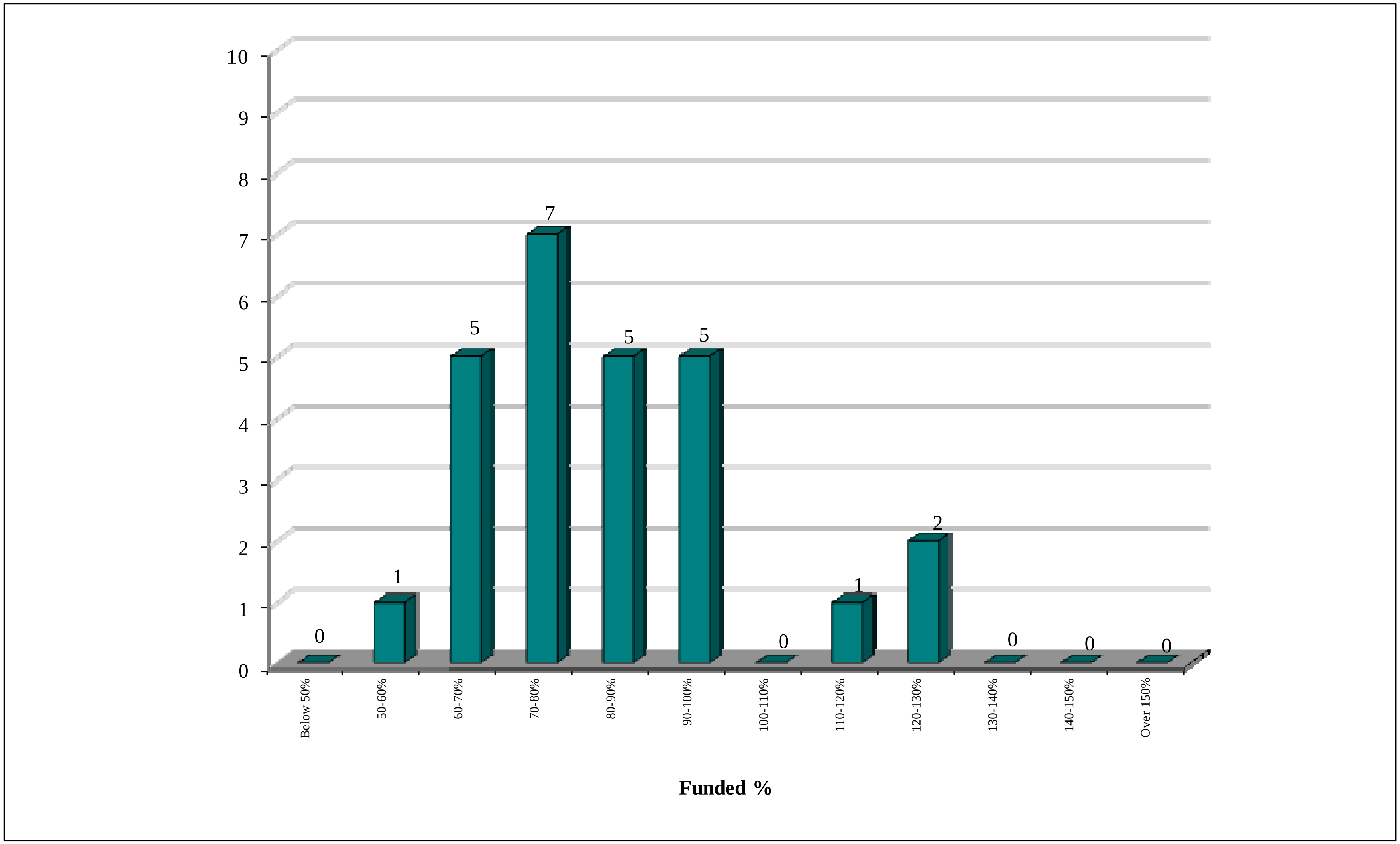
In a system that has been following the discipline of pre-funding, the liabilities for member contributions on deposit (liability 1) and the liabilities for future benefits to present retired lives (liability 2) will be fully covered by present assets (except in rare circumstances). In addition, the liabilities for service already rendered by active and inactive members (liability 3) will be partially covered by the remainder of present assets. The larger the funded portion of liability 3, the stronger the condition of the system.

Short Condition Test (Including Health Insurance Subsidy)

(in $'000s)

	Aggregate Actuarial Liabilities For				Portion of Actuarial Liabilities Covered by Assets		
Calendar Year	**(1) Non-Retired Contributions**	**(2) Annuitants**	**(3) Non-Retired Members (Employer Financed Portion)**	**Actuarial Assets**	**(1)**	**(2)**	**(3)**
2009	$314,100	$586,596	$683,597	$1,309,124	100%	100%	59.7%
2010	345,122	689,910	686,973	1,382,144	100%	100%	50.5%
2011	**353,892**	**823,664**	**831,013**	**1,466,750**	**100%**	**100%**	**34.8%**

FUNDED PERCENTS - ALL EMPLOYERS AT JUNE 30, 2011



SECTION C

FUND ASSETS

DEVELOPMENT OF FUNDING VALUE OF ASSETS (7-YEAR SMOOTHING)

Year Ended June 30:	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
A. Funding Value Beginning of Year (Including Future Benefit Increases)	$ 1,400,878,799						
B. Market Value End of Year	1,303,797,792						
C. Market Value Beginning of Year	1,112,789,303						
D. Non Investment Net Cash Flow	(2,203,802)						
E. Investment Income							
E1. Total: B-C-D	193,212,291						
E2. Amount for Immediate Recognition (8.50%)	118,981,036						
E3. Amount for Phased in Recognition: E1-E2	74,231,255						
F. Phased in Recognition of Investment Income							
F1. Current Year: E3 / 7	10,604,465						
F2. First Prior Year	2,249,932	$ 10,604,465					
F3. Second Prior Year	(46,269,096)	2,249,932	$ 10,604,465				
F4. Third Prior Year	(22,975,892)	(46,269,096)	2,249,932	$ 10,604,465			
F5. Fourth Prior Year	9,080,499	(22,975,892)	(46,269,096)	2,249,932	$ 10,604,465		
F6. Fifth Prior Year	(1,985,127)	9,080,499	(22,975,892)	(46,269,096)	2,249,932	$ 10,604,465	
F7. Sixth Prior Year	(1,611,274)	(1,985,130)	9,080,496	(22,975,892)	(46,269,097)	2,249,930	$ 10,604,465
F8. Total Recognized Investment Gain	(50,906,493)	(49,295,222)	(47,310,095)	(56,390,591)	(33,414,700)	12,854,395	10,604,465
G. Funding Value End of Year							
G1. Preliminary Funding Value End of Year: (A+D+E2+F8)	1,466,749,540						
G2. Future Benefit Increases	0						
G3. End of Year: (G1-G2)	1,466,749,540						
H. Difference Between Market Value & Funding Value: (B-G1)	(162,951,748)	(113,656,526)	(66,346,431)	(9,955,840)	23,458,860	10,604,465	0
I. Market Rate of Return	17.4%						
J. Recognized Rate of Return	4.9%						
K. Ratio of Funding Value to Market Value	112.5%						

The funding value of assets recognizes assumed investment return (line E2) fully each year. Differences between actual and assumed investment return (line E3) are phased in over a closed 7-year period. During periods when investment performance exceeds the assumed rate, funding value of assets will tend to be less than market value. During periods when investment performance is less than the assumed rate, funding value of assets will tend to be greater than market value. The funding value of assets is **unbiased** with respect to market value. At any time it may be either greater or less than market value. If actual and assumed rates of investment return are exactly equal for 7 consecutive years, the funding value will become equal to market value.

REVENUES AND DISBURSEMENTS

	2010	2011
Market Value at the Beginning of Year:	$ 961,016,116	$ 1,112,789,303
Revenues:		
a. Member contributions	$ 55,214,242	$ 51,667,905
b. Employer contributions	54,437,078	52,002,731
c. Interest income (net of expenses)	128,351,811	192,027,535
d. Net transfers	(43,294)	(703,623)
e. Total	$ 237,959,837	$ 294,994,548
Disbursements:		
a. Refunds of member contributions	19,774,873	24,927,660
b. Pension benefits (including DROP)	64,039,673	76,359,270
c. Health Subsidy	2,372,104	2,699,129
d. Total	86,186,650	103,986,059
Reserve Increase:		
Total revenues minus total disbursements	151,773,187	191,008,489
Market Value at the End of Year:	$1,112,789,303	$1,303,797,792

SECTION D

CENSUS DATA

JUNE 30, 2011 VALUATION DATA SUMMARY

For purposes of the June 30, 2011 valuation, information on 19,121 covered persons was furnished. These people may be briefly described as follows.

		Averages			
				Annual Pay or Retirement Allowance	
	No.	Age	Years of Service	2011	2010
Actives	14,565	40.1	7.7	$41,829	$43,053
Retirees & Beneficiaries	3,256	62.7		25,073	23,992
Inactive Vested	1,300	38.7			
	19,121				

ACTIVE MEMBERS

Members in Active Service as of June 30, 2011 by Years of Service

Age	Years of Service							Total	Total	Average
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 & Up	Count	Pay	Pay
Under 25	926	14						940	$ 30,957,671	$32,934
25 - 29	1,624	504	2					2,130	77,435,943	36,355
30 - 34	1,076	866	218	2				2,162	85,401,435	39,501
35 - 39	808	709	607	108				2,232	93,967,709	42,100
40 - 44	663	532	504	367	60			2,126	93,986,906	44,208
45 - 49	420	419	341	304	201	24		1,709	77,481,112	45,337
50 - 54	305	332	307	214	139	61	10	1,368	62,347,566	45,576
55 - 59	227	256	221	170	105	41	10	1,030	47,160,368	45,787
60 - 64	123	175	150	104	58	32	9	651	30,591,350	46,991
65 and over	38	65	53	28	22	9	2	217	9,913,294	45,683
Total	6,210	3,872	2,403	1,297	585	167	31	14,565	$ 609,243,354	$41,829

TERMINATED VESTED MEMBERS

Age	Years of Service					Total Count
	0 - 4	5 - 9	10 - 14	15 - 19	20 & Up	
Under 30	359	10				369
30 - 39	359	45	14			418
40 - 44	112	14	17	3		146
45 - 49	68	9	10	4	1	92
50 - 54	65	16	20	5	1	107
55 - 59	50	8	24	6	1	89
60 - 69	33	10	22	11	1	77
70 and over	1	1				2
Total	1,047	113	107	29	4	1,300

RETIREES AND BENEFICIARIES

Attained Ages	Males		Females		Total	
	No.	Annual Pension Benefits	No.	Annual Pension Benefits	No.	Annual Pension Benefits
Under 25	0	$ 0	3	$ 52,489	3	$ 52,489
25-29	3	53,300	4	61,832	7	115,132
30-34	3	52,578	12	175,095	15	227,673
35-39	7	109,632	16	267,783	23	377,415
40-44	65	1,545,266	39	729,280	104	2,274,546
45-49	186	4,979,340	80	2,078,168	266	7,057,508
50-54	270	8,183,258	121	3,551,302	391	11,734,560
55-59	294	9,762,435	153	4,707,820	447	14,470,255
60-64	414	12,735,975	179	4,451,932	593	17,187,907
65-69	391	9,678,055	178	3,745,071	569	13,423,126
70-74	295	5,717,411	132	2,328,697	427	8,046,108
75-79	174	3,182,670	82	1,247,292	256	4,429,962
80-84	74	1,091,641	45	652,825	119	1,744,466
85-89	21	274,849	8	89,183	29	364,032
90-94	3	41,424	4	91,047	7	132,471
95-99	0	0	0	0	0	0
100 and Over	0	0	0	0	0	0
Totals	**2,200**	**$57,407,834**	**1,056**	**$24,229,816**	**3,256**	**$81,637,650**

Pension Being Paid		Number	Annual Pensions	Average Pensions
Retired Members	Service Pensions	2,688	$71,891,556	$26,745
	Disability Pensions	105	2,156,090	20,534
Totals		2,793	74,047,646	26,512
Survivors of Members	Spouses	428	7,084,716	16,553
	Children with Guardians	35	505,288	14,437
Total		463	7,590,004	16,393
Total Pension being Paid		**3,256**	**$81,637,650**	**$25,073**

	Average Age	Average Service	Average Age at Retirement
Normal retired members	63.1	19.5	56.8
Disability retired members	54.6	9.4	45.1
Spouse beneficiaries	64.2	11.7	51.8

PENSIONS BEING PAID
HISTORICAL SCHEDULE

Valuation Date June 30	No.	Annual Pensions	% Incr. in Annual Pensions	Average Pension	Present Value of Pensions Total	Present Value of Pensions Average
1990	115	$ 765,738	34.0%	$ 6,659	$ 7,150,080	$ 62,175
1995	435	3,456,705	27.5	7,946	34,140,660	78,484
1996	504	4,274,602	23.7	8,481	41,777,424	82,892
1997	598	5,305,705	24.1	8,872	52,028,400	87,004
1998	708	6,884,614	29.8	9,724	66,342,827	93,705
1999	825	9,642,797	40.1	11,688	89,514,713	108,503
2000	925	11,042,151	14.5	11,937	107,650,253	116,379
2001	1,040	13,446,069	21.8	12,929	124,247,094	119,468
2002	1,218	17,660,065	31.3	14,499	166,073,532	136,349
2003	1,363	21,653,042	22.6	15,886	201,489,450	147,828
2004	1,536	26,261,143	21.3	17,097	255,272,652	166,193
2005	1,733	31,329,225	19.3	18,078	332,199,210	191,690
2006	1,955	37,272,183	19.0	19,065	384,512,841	196,682
2007	2,123	42,666,000	14.5	20,097	430,172,373	202,625
2008	2,428	51,062,647	19.7	21,031	504,461,674	207,768
2009	2,591	59,089,591	15.7	22,806	566,228,807	218,537
2010	2,908	69,769,056	18.1	23,992	666,416,976	229,167
2011	**3,256**	**81,637,650**	**17.0**	**25,073**	**796,704,561**	**244,688**

Results prior to 2009 were calculated by the prior actuary.

SECTION E

METHODS AND ASSUMPTIONS

VALUATION METHODS

Actuarial Cost Method - Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an individual entry-age actuarial cost method having the following characteristics:

(i) the annual normal costs for each individual active member, payable from the date of hire to the date of retirement, are sufficient to accumulate to the value of the member’s benefits.

(ii) each annual normal cost is a constant percentage of the member’s year-by-year projected covered pay.

The entry-age actuarial cost method allocates the actuarial present value of each member's projected benefits on a level basis over the member's compensation between the entry age of the member and the assumed exit ages.

Actuarial Accrued Liability - The actuarial accrued liability is the portion of actuarial present value allocated to service rendered prior to the valuation date, including experience gains and losses. The actuarial accrued liability was computed using the assumptions summarized in this report.

Actuarial Value of System Assets - The actuarial value of assets recognizes assumed investment income fully each year. Differences between actual and assumed investment income are phased in over a closed seven year period. During periods when investment performance exceeds the assumed rate, actuarial value of assets will tend to be less than market value. During periods when investment performance is less than the assumed rate, the actuarial value of assets will tend to be greater than market value.

Financing of Unfunded Actuarial Accrued Liabilities – The actuarial value of assets were subtracted from the computed actuarial accrued liability. Any unfunded amount would be amortized as level percent of payroll over a closed period of 25 years. If the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable.

Active member payroll was assumed to increase 5.0% annually for the purpose of computing the amortization payment (credit) as a level percent of payroll.

VALUATION ASSUMPTIONS

Beginning with the June 30, 2007 valuation and with each subsequent valuation, if the actuarial value of assets exceeds the actuarial accrued liabilities, one half of this excees in each year is allocated to a Stabilization Reserve. The Stabilization Reserve is excluded from the calculation of the employer contribution rates. The Stabilization Reserve continues to accumulate as long as the plan is over-funded. Once the plan becomes under-funded, the Stabilization Reserve will be used to dampen increases in the employer contribution rates.

The rate of investment return was 8.25% a year, compounded annually net of investment and administrative expenses.

The assumed real return is the rate of return in excess of wage growth. Considering other assumptions used in the valuation, the 8.25% nominal rate translates to a net real return over wage growth of 3.25% a year.

The rates of pay increase used for individual members are shown below. This assumption is used to project a member's current pay to the pay upon which System benefits will be based.

	Salary Increase Assumptions For an Individual Member		
Sample Ages	**Merit & Seniority**	**Base (Economy)**	**Increase Next Year**
20	3.0%	5.0%	8.0%
25	3.0%	5.0%	8.0%
30	2.2%	5.0%	7.2%
35	0.9%	5.0%	5.9%
40	0.2%	5.0%	5.2%
45	0.2%	5.0%	5.2%
50	0.2%	5.0%	5.2%
55	0.1%	5.0%	5.1%
60	0.0%	5.0%	5.0%
Ref:			320

Active Member Payroll is assumed to grow at 5.0% per year. There is no specific price inflation assumption used for this valuation since no benefits are linked to prices.

The healthy mortality table used to evaluate death after retirement in this valuation of the System was the RP 2000 Healthy Annuity Mortality table for males with two years set forward, and the female table with two years set forward. No provision is currently made for future improvements in mortality after the measurement date. Please see Comment 6 on page 3 for additional information. This assumption was first used for the June 30, 2007 valuation of the System. Sample rates of mortality and years of life expectancy are shown below:

Sample Attained Ages	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.56%	0.26%	28.39	31.42
55	0.64	0.44	24.16	26.89
60	0.99	0.77	20.00	22.58
65	1.65	1.25	16.09	18.55
70	2.73	2.07	12.54	14.82
75	4.69	3.41	9.42	11.50
80	8.05	5.63	6.81	8.62
Ref:	702 x 1.00 2 year set forward	703 x 1.00 2 year set forward		

This assumption is used to measure the probabilities of each benefit payment being made after retirement. For disabled members, non-disability rates with a five year set forward were used.

For actives, the sample rates of mortality for death-in-service are shown below, and were first used for the June 30, 2007 valuation of the System.

Sample Attained Ages	Probability of Dying Next Year	
	Men	Women
50	0.26%	0.21%
55	0.40	0.33
60	0.65	0.50
65	0.91	0.69
Ref:	663 x 1.00 3 year set forward	664 x 1.00 3 year set forward

VALUATION ASSUMPTIONS

The rates of regular retirement used to measure the probability of eligible members retiring during the next year are shown below. This assumption was first used for the June 30, 2007 valuation of the System.

Retirement Rates: Service-related rates based in the following schedule:

Service at Retirement	Percent
20	30%
21	30%
22	25%
23	25%
24	25%
25	40%
26	40%
27	30%
28	15%
29	15%
30	30%
31	30%
32	65%
33	65%
34	100%
Ref.	1741

Active members are eligible to retire at any age with 20 years of service (25 for dispatchers), at age 62 with 10 years of service, or when the sum of age and service equals at least 80.

VALUATION ASSUMPTIONS

Rates of separation from active membership used in the valuation are shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment. This assumption was first used for the June 30, 2007 valuation of the System.

Sample Ages	Years of Service	% of Active Members Separating Within Next Year
All	0	25.00%
	1	20.00%
	2	18.00%
	3	15.00%
	4	14.00%
	5 & Over	10.00%
	10 Plus	4.00%
Ref.		606

Rates of disability among active members used in the valuation are shown below, and were first used for the June 30, 2007 valuation of the System.

Sample Ages	% of Active Members Becoming Disabled within Next Year
20	0.04%
25	0.04%
30	0.04%
35	0.05%
40	0.07%
45	0.08%
50	0.10%
55	0.10%
Ref	592

SUMMARY OF ASSUMPTIONS USED
JUNE 30, 2011
MISCELLANEOUS AND TECHNICAL ASSUMPTIONS

Marriage Assumption:	90% of males and females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
Pay Increase Timing:	Six months after the valuation date.
Decrement Timing:	Decrements of all types are assumed to occur mid-year.
Eligibility Testing:	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
Decrement Relativity:	Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.
Decrement Operation:	Disability and turnover decrements do not operate during retirement eligibility.
Service Credit Accruals:	It is assumed that members accrue one year of service credit per year.
Incidence of Contributions:	Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.
Normal Form of Benefit:	A straight life payment is the assumed normal form of benefit for members who are not married, and the 80% Joint and Survivor form of payment with no reduction, for married members. 90% of members are assumed to be married at the time of retirement.
Benefit Service:	Exact fractional service is used to determine the amount of benefit payable.
Health Care Utilization:	80% of future retirees are expected to utilize retiree health care. 90% of those are assumed to be married.
Future Cost of Living Increases:	Future cost of living increases are not reflected in the liabilities. The experience study that will be prepared in fiscal year 2012 will analyze this assumption, and will recommend a load to reflect future cost of living increases, if necessary.

SECTION F

PLAN PROVISIONS

Summary of Plan Provisions Valued and/or Considered

Normal Retirement (no reduction for age). A corrections officer may retire upon meeting one of the following age and service requirements:

a) Any age with 20 (25 for dispatchers) or more years of credited service (effective August 9, 2001);
b) Age 62 years with 10 or more years of credited service;
c) A combination of age and credited service equal to 80 (effective July 1, 1995).

The amount of normal pension at 20 years of credited service is 50% of average monthly salary with 2% increments for every year over 20 years of credited service up to 25 years of credited service. With 25 or more years of credited service the accrual rate is 2.5% for each year. Maximum is 80% of average monthly salary.

Dispatchers hired on or after November 24, 2009 participate in the Arizona State Retirement System.

Early Retirement (reduction for age). No provision.

Vested Termination (deferred retirement). A member may be eligible for deferred retirement after completion of 10 or more years of credited service if member contributions are left on deposit in the plan. The amount of deferred pension is determined in the same manner as a normal retirement pension based on credited service, compensation and benefit provisions at the time of termination.

Disability Retirement. A member who is injured in the performance of his duties which totally and permanently prevent him from performing a reasonable range of duties in his department and was the result of either physical contact with an inmate, responding to a confrontational situation with an inmate or a job-related motor vehicle accident may be retired under accidental disability. A corrections officer who becomes incapacitated for any gainful employment, as the direct and proximate result of performance of duty as a corrections officer, may be retired by the Board of Trustees under total and permanent disability. The amount of pension for both types of disability is 50 percent of average monthly salary.

A member who has a total and permanent disability that prevents the performance of a reasonable range of duties in his department may be retired by the Board of Trustees under an ordinary disability (non-duty related). The amount of the pension is a percentage of normal retirement benefit. The percentage based on credited service divided by 20 (25 for dispatchers).

DROP: This provision expires on June 30, 2011.

Survivor Pensions. Payable to the eligible beneficiary of a retired corrections officer or an active corrections officer. An eligible beneficiary is a surviving spouse who was married to the retired or active corrections officer for at least two years. A surviving spouse's pension terminates upon death. The amount of a surviving spouse's pension is 80% of the pension being paid the deceased retired corrections officer and 40% (100% if duty-related) of the average monthly salary of the deceased active corrections officer. Eligible surviving children are paid equal shares of the pension which would have been payable to a surviving spouse if a surviving spouse pension is not being paid. If no pension is payable because of the death of an active member, a refund of twice the member's accumulated contributions is paid to the beneficiary.

Other Terminations. The member is paid a refund of accumulated member contributions, plus an additional amount if the member has at least five years of service credited. The additional amount is a percent, based on service credit, of the member contribution amount, ranging from 25% (with five years of service credited) to 100% (with 10 or more years of service credited).

Post-Retirement Adjustments: Contingent upon the excess investment earnings, effective July 1 of each year, eligible retired members or survivors may be entitled to a permanent benefit increase in their base benefit. To be eligible for the increase, the retired member or survivor must be either age 55 or older on July 1 of the current year and receiving benefits on or before July 31 of the previous year, or the retired member or survivor has been receiving benefits on or before July 31 of the previous two years. The maximum amount of the increase is 4% of the average normal benefit being received on the preceding June 30.

A COLA reserve is maintained and used to pay for the post-retirement adjustment. The investment return on the COLA reserve is the same as the return on the market value of assets (whether the return is positive or negative). Additional amounts are added to the COLA reserve in years when the investment return on the market value of assets exceeds 9.0%. Each year the present value of that year's post-retirement adjustment is subtracted from the COLA reserve. A post-retirement adjustment is paid as long as there is a positive balance in the COLA reserve.

Post-Retirement Health Insurance Subsidy: Payable on behalf of retired members and survivors who elect coverage provided by the state or participating employer. The amounts cannot exceed:

Member Only		**With Dependents**		
Not Medicare Eligible	**Medicare Eligible**	**All Not Medicare Eligible**	**All Medicare Eligible**	**One With Medicare**
$150	$100	$260	$170	$215

Member Contributions. 8.50% of base salary. For Fiscal Years 2007/2008 and 2008/2009, the member contribution rate is 7.96% pursuant to legislation adopted in 2005. Effective after 9/26/2008, non-dispatcher members contribute 8.41% until the Plan is 100% funded.

Employer Contributions. Percent of payroll normal cost plus 30 year (25 years remaining as of June 30, 2011) amortization of unfunded actuarial accrued liability (20 year amortization for credit). The minimum employer contribution rate is 6% for fiscal years beginning with FY 2007/2008 (5% for units under 5% as of June 30, 2005 valuation).

<u>Changes in Plan Provisions for Existing Members and New Hires</u>

Existing Members

- Contribution rates are 8.41% (7.96% for dispatchers) for FY 2010-2011. For fiscal years 2011-2012 and after, 8.41% (7.96% for dispatchers), or a 50/50 split between employer and employee, whichever is lower. Minimum employee contribution rate of 7.65%, minimum employer contribution rate of 6%.
- Dispatcher contribution rate is .45% less than the non-dispatcher rate until the plan is 100% funded then rates are equal thereafter.
- Employer will contribute at the alternate contribution rate (ARC which is the amortization portion of the required rate) to System when members retire and return to work.

New Hires on or after January 1, 2012

- High 5 FAC.
- Normal retirement at age 52.5 with 25 years of service or 62 years of age with 10 years of service.
- 25 years of service: Receive a monthly amount that equals 62.5% of member's average monthly compensation; less than 25 years of service product of 2.5% of members average compensation and the members credited service; more than 25 years increase monthly base benefit by 2.5% of the average monthly compensation multiplied by number of years over 25; maximum benefit is 80% of average monthly compensation.

- If ceases to hold office for any reason other than death or retirement, member can withdraw accumulated member contributions (no employer match of refund contributions) with interest at rate set by Board.
- Contribution rates are 8.41% (7.96% for dispatchers) for FY 2010-2011. For fiscal years 2011-2012 and after, 8.41% (7.96% for dispatchers), or a 50/50 split between employer and employee, whichever is lower. Minimum employee contribution rate of 7.65%, minimum employer contribution rate of 6%.
- Dispatcher contribution rate is .45% less than the non-dispatcher rate until the plan is 100% funded then rates are equal thereafter.
- Employer will contribute to System when members retire and return to work.

Existing Members and New Hires

- COLA provision – effective July 1, 2013
  - Effective May 31, 2011 no more excess investment earnings will be transferred to the current COLA reserve. Any remaining COLA reserve will be used to pay future COLA increases until the COLA reserve is depleted.
  - A COLA is only paid in a year when the return on the market value of assets exceeds 10.5% and the plan is at least 60% funded. 100% of the excess earnings is used to determine whether a COLA can be paid and the size of the COLA for that year.
  - No COLA reserve accumulates. The present value of that year's COLA for eligible retirees cannot exceed 100% of the earnings in excess of 10.5%. If the excess earnings is high enough to exceed the present value of that year's COLA, the excess stays in the fund.
  - To be eligible for an increase the retiree or the survivor must be:
    - In the case of a retired member who became a member of the plan before January 1, 2012, the retired member or survivor was receiving benefits on or before July 31 of the two previous years or
    - In the case of a retired member who became a member of the plan before January 1, 2012, the retired member or survivor was 55 or older on July 1 of the current year and was receiving benefits on or before July 31 of the previous year.
    - In the case of a retired member who became a member of the plan on or after January 1, 2012, the retired member or survivor was at least 55 or older on July 1 and receiving benefits.
    - In the case of a retired member who became a member of the plan on or after January 1, 2012, if under 55 on July 1, was receiving accidental disability benefits for the preceding 2 years.
    - In the case of a member who became a member of the plan on or after January 1, 2012, if the survivor is under 55 on July 1, is the survivor of the member who was killed in the line of duty, and has been receiving a survivor benefits for the preceding 2 years.

- The amount of the COLA to be paid is determined as follows:
  - Funded ratio is 60-64%, COLA is 2%
  - Funded ratio is 65-69%, COLA is 2.5%
  - Funded ratio is 70-74%, COLA is 3%
  - Funded ratio is 75-79%, COLA is 3.5%
  - Funded ratio is 80% or more, COLA is 4%

SECTION G

GLOSSARY

Actuarial Accrued Liability	The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as “accrued liability” or “past service liability.”
Accrued Service	The service credited under the plan which was rendered before the date of the actuarial valuation.
Actuarial Assumptions	Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the dollar amount of the “actuarial present value of future plan benefits” between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the “actuarial funding method.”
Actuarial Equivalent	A single amount or series of amounts of equal value to another single amount or series of amounts, computed on the basis of the rate(s) of interest and mortality tables used by the plan.
Actuarial Present Value	The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.
Amortization	Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.
Experience Gain (Loss)	A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.
Normal Cost	The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as “current service cost.” Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Reserve Account	An account used to indicate that funds have been set aside for a specific purpose and is not generally available for other uses.
Unfunded Actuarial Accrued Liability	The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded accrued liability."
Valuation Assets	The value of current plan assets recognized for valuation purposes. Generally based on market value plus a portion of unrealized appreciation or depreciation.

APPENDIX I

ACCOUNTING DISCLOSURES

This information is presented in draft form for review by the System's auditor.

GASB Statement No. 25 Supplementary Information

Schedule of Funding Progress (Excluding Health Insurance Subsidy Beginning June 30, 2008)

Schedule of Funding Progress

Year Ended June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll [(b)-(a)]/(c)
2001	$ 776,177,208	$ 554,386,854	$(221,790,354)	140.0 %	$339,782,697	0.00 %
2002	782,445,913	632,237,814	(150,208,099)	123.8 %	330,427,800	0.00 %
2003	811,791,293	709,297,998	(102,493,295)	114.4 %	358,160,933	0.00 %
2004	833,620,994	795,774,862	(37,846,132)	104.8 %	381,942,220	0.00 %
2005	872,980,916	906,025,039	33,044,123	96.4 %	404,155,903	8.18 %
2006	919,867,995	981,207,708	61,339,713	93.7 %	437,743,658	14.01 %
2007	940,126,081	1,110,801,013	170,674,932	84.6 %	515,427,641	33.11 %
2008	1,207,026,191	1,336,662,478	129,636,287	90.3 %	642,621,478	20.17 %
2009	1,309,124,035	1,515,562,589	206,438,554	86.4 %	630,824,994	32.73 %
2010	1,382,144,020	1,648,733,153	266,589,133	83.8 %	616,481,375	43.24 %
2011	**1,466,749,540**	**1,914,464,397**	**447,714,857**	**76.6 %**	**609,243,354**	**73.49 %**

Results before 2009 were calculated by the prior actuary.

GASB STATEMENT NO. 25 SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	Annual Required Contribution
2000	$16,876,163
2001	14,927,396
2002	7,101,111
2003	7,397,596
2004	14,555,335
2005	16,291,914
2006	24,028,050
2007	24,622,693
2008	45,932,170
2009	56,015,138
2010	54,437,078
2011	52,097,600 (est.)
2012	56,813,980 (est.)
2013	67,773,601 (est.)

Fiscal Years prior to 2011 provided by the prior actuary.

Beginning with the 2011 fiscal year, this schedule shows the estimated annual required contribution (calculated based on recommended contribution rate and the projected payroll for the fiscal year). Actual amounts reported in the employer's financial statements may be different, due to differences between the projected payroll and the actual payroll during the fiscal year.

GASB STATEMENT NO. 25 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, 2011
Actuarial cost method	Entry Age Normal
Amortization method	Level percent-of-pay closed
Remaining amortization period	25 years
Asset valuation method	7-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.25%
Projected salary increases	5.0% - 8.0%
Payroll Growth	5.0%
Cost-of-living adjustments	None

GASB STATEMENT NO. 45 SUPPLEMENTARY INFORMATION

The following information is presented concerning the post-retirement health insurance subsidy. The liabilities and computed contribution for the post-retirement health insurance subsidy were based on the same assumptions and actuarial cost methods as indicated for GASB Statement No. 25.

Please note the liabilities in the schedules below were calculated based on the 8.5% interest rate assumption. Beginning with the June 30, 2011 valuation an 8.25% interest rate assumption was used. It is our understanding that currently assets are not segregated to fund these liabilities. As a result, according to GASB Statement No. 45, these benefits may not be considered to be pre-funded. In that case the 8.25% interest rate assumption may not be appropriate. This issue should be discussed with the auditors and with legal counsel.

SCHEDULE OF FUNDING PROGRESS

Valuation Date June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
2006	$0	$45,454,331	$45,454,331	0.00%	$437,743,658	10.4%
2007	0	48,990,212	48,990,212	0.00	515,427,641	9.5%
2008	0	53,700,864	53,700,864	0.00	642,621,478	8.4%
2009	0	68,730,755	68,730,755	0.00	630,824,994	10.9%
2010	0	73,272,493	73,272,493	0.00	616,481,375	11.9%
2011	**0**	**94,105,048**	**94,105,048**	**0.00**	**609,243,354**	**15.4%**

ANNUAL REQUIRED CONTRIBUTION

Valuation Date June 30	Fiscal Year Ended June 30	Normal Cost (a)	Actuarial Accrued Liability (b)	Total (a+b)	Dollar Amount
2005	2007	0.59%	0.59%	1.18%	$ 5,742,051
2006	2008	0.43%	0.41%	0.84%	5,398,020
2007	2009	0.51%	0.44%	0.95%	6,245,994
2008	2010	0.43%	0.41%	0.84%	5,178,444
2009	2011	0.61%	0.54%	1.15%	8,074,426
2010	2012	0.62%	0.60%	1.22%	8,371,142
2011	**2013**	**0.39%**	**0.83%**	**1.22%**	**8,194,628**

Fiscal Years prior to 2011 provided by the prior actuary.

Health Insurance Subsidy Payment Reported for FY 2011: $2,699,129

Note: GASB Statement No. 45 Supplementary information is shown individually in the separate reports for each participating unit.

APPENDIX II

SUMMARY OF POPULATION DATA BY INDIVIDUAL EMPLOYERS

Division Number	Employer Name	Number of Actives	Active Payroll	Number of Retirees	Annual Retiree Benefits	Number of Vested Inactive	Annual Vested Benefits
575	ADMINISTRATIVE OFFICE OF THE COURTS	1,989	$ 96,518,878	262	$ 10,086,848	166	$ 2,539,698
520	APACHE COUNTY - Detention	23	672,259	4	75,123	15	80,586
506	CITY OF AVONDALE - Detention	8	529,057	-	-	-	-
562	CITY OF SOMERTON - Dispatchers	7	195,965	1	31,707	3	10,064
525	COCHISE COUNTY - Detention	62	2,095,911	22	317,605	21	167,892
530	COCONINO COUNTY - Detention	92	3,418,839	4	86,209	31	191,657
500	DEPARTMENT OF CORRECTIONS - Detention	8,418	340,957,696	2,152	50,027,166	289	7,418,799
501	DEPT OF JUVENILE CORRECTIONS - Detention	533	20,942,642	196	5,050,528	157	2,109,046
563	DEPARTMENT OF PUBLIC SAFETY - Dispatchers	63	3,028,112	3	106,195	2	55,950
503	GILA COUNTY - Detention	64	2,269,235	4	53,702	31	71,159
558	GILA COUNTY - Dispatchers	13	581,593	1	15,254	10	6,948
504	GRAHAM COUNTY - Detention	30	1,068,695	4	102,304	9	72,505
560	GRAHAM COUNTY - Dispatchers	12	382,877	-	-	8	15,146
505	MARICOPA COUNTY - Detention	1,925	82,423,468	350	9,507,723	237	1,365,142
535	MOHAVE COUNTY - Detention	111	3,716,730	11	169,110	36	90,536
545	NAVAJO COUNTY - Detention	51	1,699,631	5	93,168	19	94,404
515	PIMA COUNTY - Detention	489	20,441,270	154	4,001,609	89	822,228
502	PINAL COUNTY - Detention	266	13,021,418	10	333,748	43	301,560
555	PINAL COUNTY - Dispatchers	26	968,183	2	52,470	10	66,650
540	SANTA CRUZ COUNTY - Detention	38	1,164,744	4	96,856	14	37,740
557	TOWN OF MARANA - Dispatchers	12	536,843	-	-	4	5,219
556	TOWN OF ORO VALLEY - Dispatchers	10	477,701	3	64,891	9	22,955
559	TOWN OF WICKENBURG - Dispatchers	4	172,761	2	28,213	1	2,322
550	YAVAPAI COUNTY - Detention	161	6,156,864	38	715,015	66	375,414
561	YAVAPAI COUNTY - Dispatchers	10	351,657	1	37,760	1	6,208
510	YUMA COUNTY - Detention	148	5,450,325	23	584,446	29	250,067
	TOTAL	14,565	609,243,354	3,256	81,637,650	1,300	16,179,895

APPENDIX III

SUMMARY OF LIABILITY AND ASSET INFORMATION BY INDIVIDUAL EMPLOYERS

Division Number	Employer Name	Total AAL	Total Assets	Reserve for future Pension Increases	Net Assets	Funded Percent	Unfunded Liability
575	ADMINISTRATIVE OFFICE OF THE COURTS	$ 397,313,975	$ 271,283,590	-	$ 271,283,590	68.30%	$ 126,030,385
520	APACHE COUNTY - Detention	1,702,794	1,508,708	-	1,508,708	88.60%	194,086
506	CITY OF AVONDALE - Detention	1,024,204	782,276	-	782,276	76.40%	241,928
562	CITY OF SOMERTON - Dispatchers	699,855	411,476	-	411,476	58.80%	288,379
525	COCHISE COUNTY - Detention	6,865,517	5,418,493	-	5,418,493	78.90%	1,447,024
530	COCONINO COUNTY - Detention	6,374,410	5,905,679	-	5,905,679	92.60%	468,731
500	DEPARTMENT OF CORRECTIONS - Detention	1,090,202,967	802,344,884	-	802,344,884	73.60%	287,858,083
501	DEPT OF JUVENILE CORRECTIONS - Detention	90,489,698	69,788,081	-	69,788,081	77.10%	20,701,617
563	DEPARTMENT OF PUBLIC SAFETY - Dispatchers	9,228,666	7,424,747	-	7,424,747	80.50%	1,803,919
503	GILA COUNTY - Detention	3,066,849	3,029,836	-	3,029,836	98.80%	37,013
558	GILA COUNTY - Dispatchers	1,688,191	1,506,794	-	1,506,794	89.30%	181,397
504	GRAHAM COUNTY - Detention	1,806,657	1,663,130	-	1,663,130	92.10%	143,527
560	GRAHAM COUNTY - Dispatchers	432,749	532,831	-	532,831	123.10%	(100,082)
505	MARICOPA COUNTY - Detention	253,120,559	187,197,363	-	187,197,363	74.00%	65,923,196
535	MOHAVE COUNTY - Detention	4,683,849	5,768,066	-	5,768,066	123.10%	(1,084,217)
545	NAVAJO COUNTY - Detention	3,170,944	3,133,375	-	3,133,375	98.80%	37,569
515	PIMA COUNTY - Detention	78,311,738	51,477,312	-	51,477,312	65.70%	26,834,426
502	PINAL COUNTY - Detention	23,060,027	19,478,850	-	19,478,850	84.50%	3,581,177
555	PINAL COUNTY - Dispatchers	1,759,180	1,360,349	-	1,360,349	77.30%	398,831
540	SANTA CRUZ COUNTY - Detention	1,830,543	2,141,512	-	2,141,512	117.00%	(310,969)
557	TOWN OF MARANA - Dispatchers	851,060	652,912	-	652,912	76.70%	198,148
556	TOWN OF ORO VALLEY - Dispatchers	1,731,885	1,160,778	-	1,160,778	67.00%	571,107
559	TOWN OF WICKENBURG - Dispatchers	577,322	379,854	-	379,854	65.80%	197,468
550	YAVAPAI COUNTY - Detention	14,999,149	10,274,620	-	10,274,620	68.50%	4,724,529
561	YAVAPAI COUNTY - Dispatchers	690,030	658,809	-	658,809	95.50%	31,221
510	YUMA COUNTY - Detention	12,886,627	11,465,215	-	11,465,215	89.00%	1,421,412
	TOTAL	2,008,569,445	1,466,749,540	-	1,466,749,540		541,819,905

APPENDIX IV

SUMMARY OF CONTRIBUTION INFORMATION BY INDIVIDUAL EMPLOYERS

Division Number	Employer Name	ER NC%	UAL Pmt %	Calculated ER Cont	Required ER Cont
575	ADMINISTRATIVE OFFICE OF THE COURTS	6.06%	7.06%	13.12%	13.12%
520	APACHE COUNTY - Detention	6.69%	1.60%	8.29%	8.29%
506	CITY OF AVONDALE - Detention	6.05%	2.53%	8.58%	8.58%
562	CITY OF SOMERTON - Dispatchers	4.58%	8.06%	12.64%	12.64%
525	COCHISE COUNTY - Detention	6.63%	3.76%	10.39%	10.39%
530	COCONINO COUNTY - Detention	6.98%	0.77%	7.75%	7.75%
500	DEPARTMENT OF CORRECTIONS - Detention	6.55%	4.59%	11.14%	11.14%
501	DEPT OF JUVENILE CORRECTIONS - Detention	6.91%	5.39%	12.30%	12.30%
563	DEPARTMENT OF PUBLIC SAFETY - Dispatchers	4.63%	3.27%	7.90%	7.90%
503	GILA COUNTY - Detention	8.43%	0.09%	8.52%	8.52%
558	GILA COUNTY - Dispatchers	4.68%	1.70%	6.38%	6.38%
504	GRAHAM COUNTY - Detention	7.22%	0.64%	7.86%	7.86%
560	GRAHAM COUNTY - Dispatchers	5.48%	0.00%	5.48%	6.00%
505	MARICOPA COUNTY - Detention	6.48%	4.36%	10.84%	10.84%
535	MOHAVE COUNTY - Detention	7.82%	0.00%	7.82%	7.82%
545	NAVAJO COUNTY - Detention	7.67%	0.13%	7.80%	7.80%
515	PIMA COUNTY - Detention	6.14%	7.11%	13.25%	13.25%
502	PINAL COUNTY - Detention	6.73%	1.53%	8.26%	8.26%
555	PINAL COUNTY - Dispatchers	5.35%	2.24%	7.59%	7.59%
540	SANTA CRUZ COUNTY - Detention	7.42%	0.00%	7.42%	7.42%
557	TOWN OF MARANA - Dispatchers	5.23%	2.04%	7.27%	7.27%
556	TOWN OF ORO VALLEY - Dispatchers	4.76%	6.52%	11.28%	11.28%
559	TOWN OF WICKENBURG - Dispatchers	7.95%	6.19%	14.14%	14.14%
550	YAVAPAI COUNTY - Detention	6.85%	4.19%	11.04%	11.04%
561	YAVAPAI COUNTY - Dispatchers	6.33%	0.43%	6.76%	6.76%
510	YUMA COUNTY - Detention	6.65%	1.45%	8.10%	8.10%
	TOTAL	6.47%	4.84%	11.31%	11.31%