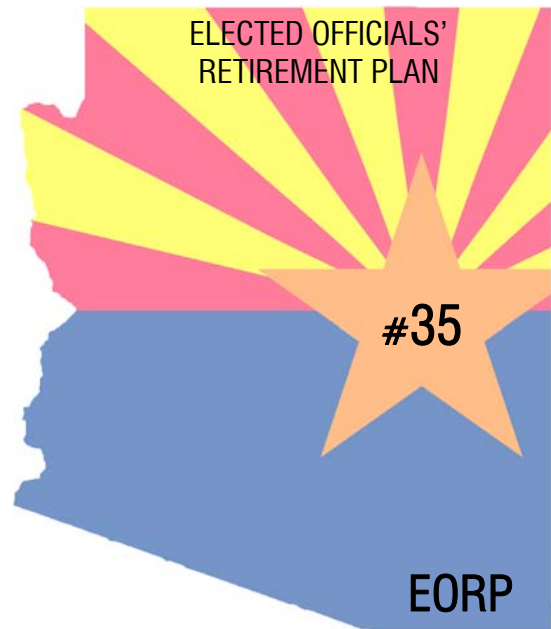
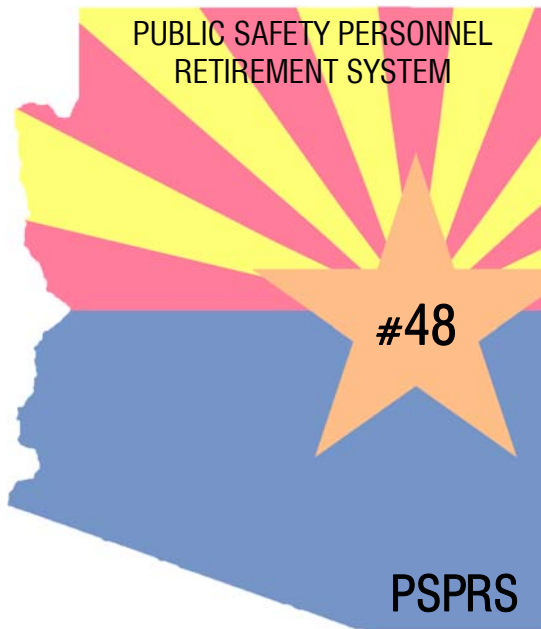


# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
A PENSION TRUST FUND OF THE STATE OF ARIZONA



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# Comprehensive Annual Financial Report

for the following  
Pension Trust Funds of the State of Arizona

## Public Safety Personnel Retirement System

### Elected Officials' Retirement Plan

### Corrections Officer Retirement Plan (Administrative Offices of the Courts)

For the Fiscal Year Ended  
June 30, 2016

Prepared by the Staff of PSPRS

Public Safety Personnel Retirement System  
3010 E. Camelback Road, Suite 200  
Phoenix, AZ 85016  
Phone (602) 255-5575 Fax (602) 255-5572  
[www.psprs.com](http://www.psprs.com)

The **Purpose** of the Public Safety Personnel Retirement System is to provide *uniform, consistent, and equitable* statewide retirement programs for those who have been entrusted to our care.

This is accomplished through our **Governing Principles** where

A spirit of **Gratitude** guides all our actions, thereby *fostering* a culture of unparalleled *service* to others through which *growth* is nurtured, *progress* is developed, and *results* are achieved.

**Trust** is engendered by *transparency* of our decisions and *accountability* for our actions as measured against sound *expectations*.

We recognize that **Respect** for the *individual* strengthens the *whole* and is only earned by genuinely *understanding* and *fulfilling* the needs of others through *appropriate, timely* and *clear communication* and *education*.

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# INTRODUCTORY SECTION





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Arizona Public Safety Personnel  
Retirement System**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style.

Executive Director/CEO





Public Pension Coordinating Council

***Recognition Award for Funding  
2016***

Presented to

***Arizona Public Safety Personnel Retirement System***

In recognition of meeting professional standards for  
plan funding as  
set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating Council, a confederation of*

National Association of State Retirement Administrators (NASRA)  
National Conference on Public Employee Retirement Systems (NCPERS)  
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink that reads "Alan H. Winkle". The signature is written in a cursive style with a large, stylized 'A' and 'W'.

Alan H. Winkle  
Program Administrator

Brian P. Tobin, Chairman  
Gregory Ferguson, Vice Chair  
Jeff McHenry, Trustee  
Richard J. Petrenka, Trustee  
Randie A. Stein, Trustee  
Lauren W. Kingry, Trustee  
William C. Davis, Trustee

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
CORRECTIONS OFFICER RETIREMENT PLAN  
ELECTED OFFICIALS' RETIREMENT PLAN**

3010 East Camelback Road, Suite 200  
Phoenix, Arizona 85016-4416

[www.psprs.com](http://www.psprs.com)

TELEPHONE: (602) 255-5575

FAX: (602) 255-5572

**Administration**

**Jared A. Smout**  
Administrator

**Ryan Parham**  
Chief Investment Officer

December 28, 2016

The Honorable Douglas A. Ducey  
Governor of the State of Arizona  
Executive Tower  
1700 W. Washington  
Phoenix, Arizona 85007

Dear Governor Ducey:

The Board of Trustees (Board) of the Public Safety Personnel Retirement System (PSPRS) respectfully submits the forty-eighth Comprehensive Annual Financial Report (CAFR) for the PSPRS, the thirty-fifth for the Elected Officials' Retirement Plan (EORP), and the thirtieth for the Corrections Officer Retirement Plan (CORP), (collectively the System) for the fiscal year ended June 30, 2016 (FY16), in accordance with the provisions of A.R.S. § 38-848.

The enormous challenges for public pensions, and for PSPRS and its related plans in particular, did not disappear in 2016. Despite our best intentions and efforts, the funding status of the public safety trust fell by 3 percent to an aggregate 46 percent. The funding level for the Elected Officials Retirement Plan (EORP) fell to 37.6 percent, a dangerous level that without further intervention threatens the life of the trust for elected officials and judges.

At every step, our Board of Trustees, of which I am the chairman, has sought to improve the long-term sustainability of our three pension plans, which to the most current estimates are valued at a combined \$8.7 billion. Our board has been ahead of the curve for reducing our assumed earnings rate in recent years from 7.85 percent to 7.5 percent, and, effective next fiscal year, 7.4 percent.

We have also been clear about the dire threat posed to PSPRS-managed funds by the Permanent Benefit Increase (PBI) mechanism and are relieved and grateful for Proposition 124's replacement of this destructive formula with pension adjustments based on increases to the Consumer Price Index.

As a board, we approved the implementation of a risk-adjusted investment strategy aimed at reducing year-to-year volatility and preventing economic disasters like the so-called "Dot.com" crash and housing industry collapse from again wreaking havoc on our trusts. Switching the trust from a risky stock-heavy plan to a much safer hybrid portfolio with many alternative investment classes took years and was no easy task.

We accomplished this by investing in people. We hired outstanding investment analysts and contracted with the best public portfolio consultants the industry has to offer. The results, which took several years to achieve, are noteworthy. The PSPRS portfolio, which at times neither produced elite returns nor protected adequately from risk, outperformed two-thirds of peer portfolios while taking less investment risk than 96 percent of peers this fiscal year.

Our strategy will not make headlines. Our portfolio is not designed to produce elite level returns for the simple reason that our low funding level makes high-risk investment strategies irresponsible. Our plan is designed to protect our members and employers from potentially disastrous results from the difficult investment conditions that were on full display during the 2015 and 2016 fiscal years.

The people we have hired and the plan we put into place has not disappointed us. While many peer funds posted losses for the fiscal year, our portfolio treaded water and produced positive results that were less than 1 percent. It is worth noting that our investment staff have assembled a private equity portfolio that is producing great increases in value to the trust. Selecting private equity investments is among the most difficult of tasks for investment professionals. Proudly, PSPRS equity investments produced returns of more than 11 percent during the 2016 fiscal year. Our private equity returns place PSPRS among the top 10 percent, 7 percent and 4 percent of peer funds over the past five, three and one-year periods, respectively.

We are also very proud that our members, most notably, police and fire department employees across the state, have played and will continue to play active roles aimed at increasing the financial health of our pension system and decreasing the related expenses borne by local governments and hardworking taxpayers.

While our current condition is grave, we are inspired and look forward to working with you and members of the Legislature to accept and overcome the challenges we face.

### **Financial Information Reporting**

Under the direction of the Board, the primary responsibility for the integrity and objectivity of this CAFR and related financial data rests with the management of the System. It is a product of the collective efforts of the staff and is intended to provide complete and reliable information that will facilitate the management decision process and serve as a means for determining compliance with the System's governance and investment policies and legal requirements.

It is the System's policy to have and maintain an effective system of accounting controls. We believe our controls provide reasonable assurance that assets are safeguarded against loss or unauthorized use and to produce the records necessary for the preparation of financial information. There are limits inherent in all systems of internal controls based on the recognition that the costs of such systems should be related to the benefits to be derived. Management believes the System's controls provide this appropriate balance.

The System's financial statements were prepared in conformity with generally accepted accounting principles appropriate for government-sponsored pension plans and have received a "clean" opinion from Heinfeld, Meech & Co., P.C., Certified Public Accountants and auditors for the System. This unmodified opinion can be found at the beginning of the Financial Section. Management believes that all other financial information included in this annual report is consistent with those financial statements.

### **History and Administration of the System**

PSPRS was created on July 1, 1968 by A.R.S. § 38-841, "for public safety personnel who are regularly assigned hazardous duty in the employ of the state of Arizona or a political subdivision thereof." It was joined by EORP on August 7, 1985, by A.R.S. § 38-802, when the Judge's Retirement Plan merged with the previous Elected Officials' Retirement Plan and is for eligible judges and state, county and local elected officials of participating governmental employer units. Finally, on July 1, 1986, CORP was added by A.R.S. § 38-882, for corrections officers, county, city or town detention officers, dispatchers and probation officers. Each were created "to provide a uniform, consistent and equitable" statewide program for their respective eligible members. (A.R.S. §§ 38-810.02, 38-841 and 38-900.01)

PSPRS and CORP are agent multiple-employer defined benefit plans and are administered at the local level by 230 (PSPRS) and 27 (CORP) individual local boards in accordance with A.R.S. §§ 38-847 and 38-893. As agent multiple-employer plans, the assets and liabilities of each individual local board are accounted for separately, thereby allowing for individual funding levels and employer contribution rates. EORP is a cost-sharing, multiple-employer defined benefit plan where the Board administers and manages the plan. As such, the assets and liabilities of EORP are pooled for all the employers who share the same funding level and employer contribution rate. EORP was closed to newly elected officials as of January 1, 2014. All the assets of PSPRS, EORP and CORP are pooled for investment purposes only and reside in the PSPRS Trust (Trust), a formal entity created for that express purpose.

Each local board for PSPRS and CORP determine eligibility for membership, normal retirement benefits based on years of service, the annual benefit accrual rate and final average compensation; they also determine eligibility for disability benefits, survivor benefits for spouses and children, post-retirement adjustments and health insurance premium subsidies. The Board of Trustees fulfills these functions for EORP.

The contributions received from and benefits distributed for each local board and EORP are accounted for by the Board through the administrative offices. However, in accordance with A.R.S. § 38-848, the Board is not responsible for nor has the duty to review the actions or omissions of the individual local boards, but does have the discretion to seek review or rehearing (and does so) to protect the System as a whole. Additionally, although not part of a defined benefit plan or the Trust, the Board also administers the separate Public Safety Cancer Insurance Policy Program for members of PSPRS and CORP.

**The System’s Funding Status**

Senate Bill 1609, which was passed in 2011, increased member contribution rates in PSPRS to 11.65% from 7.65% and in EORP to 13% from 7% over a four-year period. It also added conditions to future benefit increases for benefit recipients. However, those provisions have been facing a legal challenge in *Hall vs. EORP*. A Superior Court ruling declared both provisions to be unconstitutional, and that decision was upheld by the Arizona Supreme Court in November. Based on that opinion, member contribution rates for certain active members will need to be reduced back to their pre-SB 1609 levels, and it is anticipated that refunds for contributions made at the higher rates will need to be made in fiscal year 2017. Likewise, some retirees will be receiving additional increases in their pensions. The long-term cost of the court’s ruling to the System is substantial. However, this impact will be mitigated and offset by pension reforms enacted in 2016 for PSPRS that are expected to still produce estimated savings of \$475 million. Without the passing of these 2016 pension reforms, primarily Proposition 124, the *Hall* ruling would have generated an estimated combined increase of \$1.7 billion in future liabilities System-wide. Contemplated pension reforms for CORP and EORP are designed to increase that \$475 million savings.

Due to the events listed above, the financial health of each plan worsened during fiscal year 2016. There are many factors that contribute to changes in the funding levels, some having a greater effect than others. Below is a reconciliation from June 30, 2015 to June 30, 2016 showing those contributing factors and their relative effect on the funded status of each plan at the aggregate level:

Funded % as of	PSPRS	EORP	CORP
June 30, 2015	50.3%	41.0%	59.2%
Asset Losses	(0.6)%	(0.5)%	(0.7)%
Payroll Growth	0.2%	0.9%	1.6%
PBI Gain/(Loss)	0.7%	1.6%	0.8%
Benefit Changes	(2.5)%	0.0%	(0.1)%
Assumption Changes	(1.9)%	(1.2)%	(2.4)%
Other	1.1%	(2.0)%	0.7%
June 30, 2016	47.3%	39.8%	59.1%

*Asset Losses*

One of the potentially largest contributing factors to contribution rates and funded status are investment returns. In order to calculate appropriate contribution rates today to pay for future pension liabilities, assumptions must be made about future behavior and one of those assumptions is the long-term rate of return that will be made on the investments of the Trust. For June 30, 2016, the assumed rate of return was 7.5%, but the actual rate of return was 0.6% (net of fees). However, consistently meeting the assumed rate of return each and every year is difficult due to market volatility. Therefore, these gains and losses are actuarially spread over a seven-year smoothing period to soften the effects of that volatility on the contribution rates and funding levels. While we did not meet the assumed rate of return this year, higher returns in earlier years still in the smoothing queue helped to offset what would have been a larger effect than what is shown above.

*Payroll Growth*

Actuaries also make assumptions about how quickly payroll will grow, allowing them to determine future salaries upon which benefits will be determined as members retire. Payroll growth includes salary and merit increases, inflation, overtime (for PSPRS only) and growth in the number of employees. These assumptions are reviewed every five years. The gain in this category tells us that salaries did not grow this past year as quickly as expected, thereby decreasing future liabilities and increasing the funding level.

*Permanent Benefit Increase (PBI) Gain/(Loss)*

When calculating actuarial liabilities, actuaries make assumptions about the probability of retirees receiving permanent benefit increases in future years. In accordance with statute, however, a PBI cannot be paid if the reserve for future benefit increases is depleted. The Future Benefit Increase Reserve for all three plans was depleted in fiscal year 2014 and has not been replenished since due to the investment return threshold of nine percent not being met. Unfortunately, eligible retirees again will not receive a benefit increase this year. As a result, all three plans experienced an actuarial gain in this area.

*Benefit Changes*

In May, 2016, Proposition 124 was passed by Arizona voters during a special election, essentially amending the state constitution to allow the legislature to replace the existing investment-return-based PBI for PSPRS retirees with a Cost of Living Adjustment (COLA) based on inflation and capped at 2% per year. The cost-saving approach of this PBI replacement created an actuarial liability surge by replacing the probability of a higher PBI distribution due to the *Hall* ruling with the certainty of a more moderate annual inflation adjustment. However, the liability surge is expected to be short-term while the move to COLA-based retiree increases is projected to generate long-term savings for the system. The implementation of COLA-based adjustments to retiree benefits is the largest contributing factor to the decrease in system funding levels and the resulting increase to employer contribution rates.

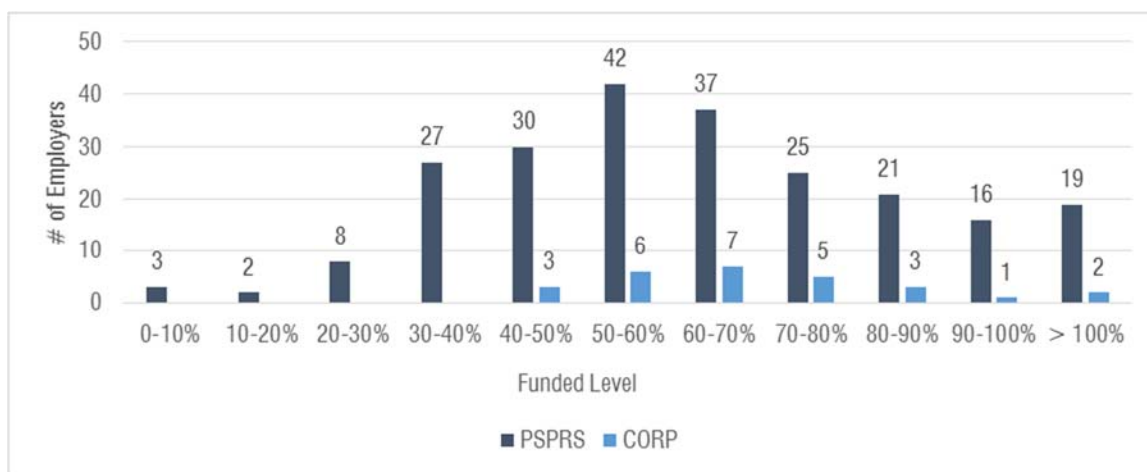
*Assumption Changes*

For the 2016 valuation, the investment return assumption was lowered from 7.85% to 7.5% resulting in a reduction in funding levels for all three plans.

*Other*

This is the combination of all factors other than those listed above and primarily reflect demographic gains and losses (i.e. retirement, turnover, disability, mortality, etc., experience that differs from the actuarial assumptions). This number will vary considerably from employer to employer, especially for employers with a smaller number of members. June 30, 2016 also marks the end of our next five-year experience study. Our actuaries will be looking at the assumptions we put in place five years ago and compare them to what actually happened. Prudent adjustments will be made to these assumptions for the next five years, as necessary, from the results of this study.

While the numbers above are presented in the aggregate, it is important to remember that any aggregate number calculated for PSPRS and CORP is for comparison and overall general monitoring purposes only and does not necessarily reflect the most accurate picture of the System as a whole. Because PSPRS and CORP are agent multiple-employer plans, each individual employer has its own funding level. Therefore, another useful and appropriate representation for PSPRS and CORP is a distribution of those employers by their individual funding status as shown in the following chart:



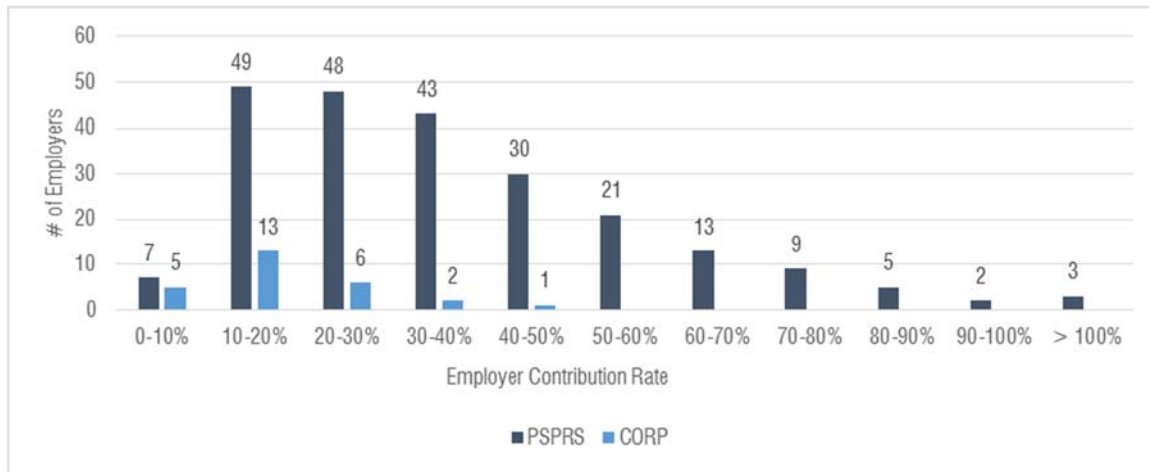
**Member and Employer Contribution Rates**

All three plans experienced a fairly large increase in actuarially determined employer contribution rates at the aggregate level, due to the following factors:

Contribution Rate Factors	PSPRS	EORP	CORP
Contribution Rate Last Valuation	42.61%	95.56%	18.71%
Asset Losses	0.38%	0.64%	0.22%
Payroll Growth	0.08%	4.44%	0.37%
PBI Gain/(Loss)	(0.44)%	(2.21)%	(0.25)%
Benefit Changes	6.07%	0.0%	0.15%
Assumption Changes	3.55%	3.73%	2.01%
Tier 2	(0.17)%	(0.05)%	(0.16)%
Other	0.01%	4.44%	(0.07)%
Contribution Rate This Valuation	52.09%	106.55%	20.98%

In most cases, if a factor increased the funding level, it will decrease the actuarially determined contribution rate. The decrease in contribution rates from Tier 2 members is due to the fact that as current members retire, they are replaced by Tier 2 members (those hired on or after January 1, 2012) who have a less costly tier of benefits.

As with the funding level, the aggregate employer rate could be misinterpreted because each individual employer in PSPRS and CORP has its own employer contribution rate. A distribution graph representing those individual rates is also informative:



The current employer contribution rate for EORP is not an actuarially determined rate. When EORP was closed in 2014, the employer contribution rate was statutorily set at 23.5% for all employers over a 30-year period. In light of the *Hall* ruling, if the Legislature chooses to continue a flat-rate approach, that rate needs to increase to 53.7% and must be allowed to adjust every year. Otherwise, the plan is unsustainable at the current statutory rate and is projected to run out of assets in 10 years. Because the EORP is a closed plan with a declining membership and payroll base, future actuarially determined contribution rates will continue to climb without additional funding.

### **FY'16 Investment Results**

Defined benefit plan assets managed by the Board of Trustees are pooled for investment purposes in accordance with A.R.S. § 38-848. The investment portfolio returned 0.63% (net of fees) in FY'16. Individual investments are selected based on their risk and return characteristics. The portfolio is structured to reduce the depth and duration of low or negative returns during poor investment markets. The asset diversification needed for this conservative strategy has proven to be more secure than and only half as risky as traditional conservative portfolios. This type of strategy continues to attract national interest and serious consideration by our peers, who have been reevaluating their risk levels.

### **New Developments and Management Initiatives**

In addition to Proposition 124, Senate Bill 1428 also added a new tier of benefits for PSPRS members hired on or after July 1, 2017 (Tier 3). These new members will have a choice of joining the existing defined benefit plan or joining a new defined contribution plan. Moreover, those who decide to join the defined benefit plan but are not in a position covered by social security are also required to make a contribution into the defined contribution plan. Furthermore, Tier 3 has a cap on pensionable salary, an increased normal retirement age, lower-tiered benefit multipliers and receives the same CPI-based COLA as earlier members, but with funding level requirements. Additionally, safeguards were put in place to minimize the risk of building up large unfunded actuarially accrued liabilities for the Tier 3 membership. These benefit provision changes were a result of many different stakeholders working together over many months. Although these measures increase short-term costs, they are expected to result in long-term savings exceeding \$450 million.

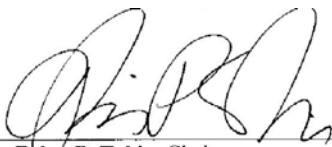
Senate Bill 1428 also restructured the Board of Trustees, increasing the size from 7 members to 9 members, and added a new Advisory Committee, made up of 10 members, to serve as a liaison between the Board and the members and employers of the System. Session law in 2016 also called for a study to determine which methods, if any, are in the best interests of the PSPRS fund, members, beneficiaries and employers in regards to risk pooling and local board restructuring. That study is expected to be issued in late December 2016 with recommendations due to the Legislature by February 15, 2017.

### **Conclusion**

Our goal as the Board of Trustees is to bring every individual plan to at least 100% funded within a reasonable period of time. The closed amortization period, currently 20 years, is designed to pay off the unfunded liabilities over that time until employers are only pay each year's incremental portion (the normal cost). Some individual employer plans are already doing that and others are expected to follow at varying rates.

As noted earlier, a new, larger Board will be in effect January 1, 2017. As such, most of the existing trustees will not be continuing on to this new Board. It has been an honor and privilege for us to be able to serve the State of Arizona, its political subdivisions and System members. As trustees of the System, it has been our fiduciary responsibility to ensure the preservation and safety of assets in order to protect the interests of our members, annuitants and beneficiaries. We are assured and pleased that the Legislature, Governor Doug Ducey, System members and Arizona voters have taken appropriate and commendable steps to help bring stability to PSPRS-managed retirement plans. We also wish to take this opportunity to offer our congratulations and best wishes to the incoming PSPRS Board of Trustees.

Respectfully,

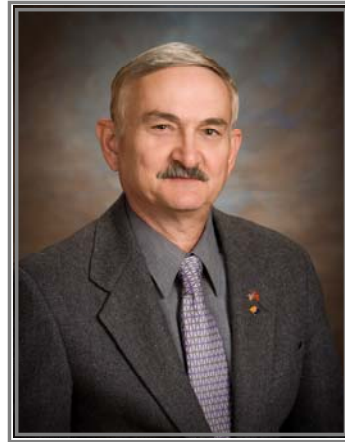


**Brian P. Tobin**, Chairman  
of the Board of Trustees

**BOARD OF TRUSTEES**  
(AS OF JUNE 30, 2016)



**Brian P. Tobin**  
Chairman



**Gregory Ferguson**  
Vice Chairman



**Jeff Allen McHenry**  
Trustee



**Richard J. Petrenka**  
Trustee



**Randie A. Stein**  
Trustee



**Lauren W. Kingry**  
Trustee



**William C. Davis**  
Trustee



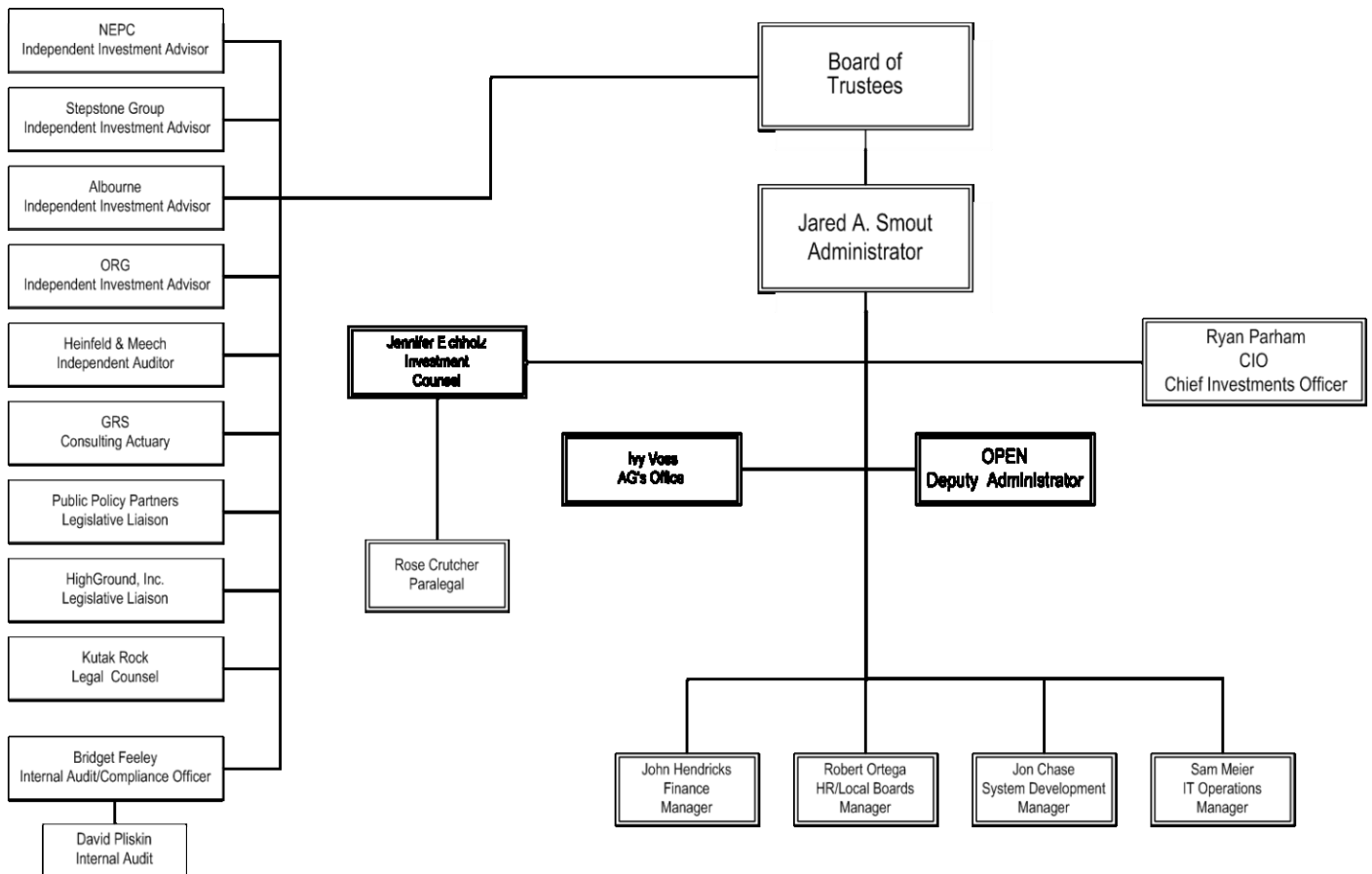
EXECUTIVE STAFF AND ORGANIZATIONAL CHART  
(AS OF JUNE 30, 2016)



**Jared A. Smout**  
Administrator



**Ryan Parham**  
Chief Investment Officer



PROFESSIONAL ADVISORS

ALBOURNE AMERICA, LLC	International Alternative Investment Consultant
AVANT STRATEGIES	Public Relations Consultant
BNY MELLON ASSET SERVICING	Independent Investment Advisor
CHARLES W. WHETSTINE	General Tax Counsel
ERNST & YOUNG LLP	Investment Consultant
FOLEY & LARDNER, LLC	Investment Counsel
FOSTER PEPPER	Investment Counsel
GABRIEL ROEDER SMITH & COMPANY	Actuary
HEINFELD, MEECH & CO.	Independent Auditor
HIGHGROUND, INC	Legislative Liaison
INNOVATIVE CREDIT SOLUTIONS	Due Dilligence
JACKSON WALKER LLP	Investment Counsel
KUTAK ROCK LLP	General Counsel
LIGHT STONE SOLUTIONS, LLC	Due Diligence
NEPC, LLC	Independent Investment Advisor
OFFICE OF THE ATTORNEY GENERAL	General Counsel
ORG PORTFOLIO MANAGEMENT LLC	Real Estate Consultant
OSAM INC.	IT Consultant
PUBLIC POLICY PARTNERS	Legislative Liaison
STEPSTONE GROUP LLC	Equity Advisors
STEPTOE & JOHNSON, LLP	Litigation Counsel
SUBROSA INVESTIGATIONS	Due Dilligence

A schedule of Administrative Consultant fees may be found in the Financial Section. A schedule of Investment Consultant fees, Brokerage Commissions and Research Expense may be found in the Investment Section.

FINANCIAL SECTION





## Independent Auditor's Report

Board of Trustees  
Public Safety Personnel Retirement System

### **Report on the Financial Statements**

We have audited the financial statements of Public Safety Personnel Retirement System (System), a component unit of the State of Arizona, which comprise the Combined Statement of Fiduciary Net Position as of June 30, 2016, and the related Combined Statement of Changes in Fiduciary Net Position for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Public Safety Personnel Retirement System, as of June 30, 2016, and the respective changes in its net position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Comparative Combined Information**

We have previously audited the Public Safety Personnel Retirement System's 2015 combined plan financial statements, and we expressed an unmodified opinion on those financial statements. In our opinion, the combined comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited combined plan financial statements from which it was derived.

**Change in Accounting Principle**

As described in Note 2, the System implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, for the year ended June 30, 2016, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents under the Financial Section, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the System's financial statements. The Introductory Section, Supporting Schedules Information, Investment Section, Actuarial Section and Statistical Section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The Supporting Schedules Information, as listed in the table of contents under the Financial Section, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supporting Schedules Information is fairly stated in all material respects in relation to the financial statements as a whole.

The Introductory Section, Investment Section, Actuarial Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2016, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.



Heinfeld, Meech & Co., P.C.  
Tucson, Arizona  
December 28, 2016

**MANAGEMENT DISCUSSION & ANALYSIS**

The System's discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the System's financial activity, identify changes in the System's financial position and identify any issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, it is intended to be read in conjunction with the Transmittal Letter, Financial Statements and Notes to the Financial Statements.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for 2016 are as follows:

- The System had a total rate of return (net of fees) of 0.63% this year. Our total portfolio underperformed the target fund benchmark by 135 basis points. This is a decline from the prior year's return of 3.68%.
- PSPRS retirement benefits paid for the current year totaled \$825.94 million, compared to \$679.38 for the previous year, a 21.57% increase from the prior year. EORP Retirement benefits paid totaled \$59.02 million for the current year, compared to \$55.41 million for the previous year, a 6.52% increase from the prior year. CORP retirement benefits paid for the current year totaled \$130.68 million, compared to \$119.77 million for the previous year, a 9.11% increase from the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

*Using this Comprehensive Annual Financial Report (CAFR)*

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand the System as an operating entity. The statements and notes then proceed to provide an increasingly detailed look at specific financial activities.

*The Statement of Fiduciary Net Position and The Statement of Changes in Fiduciary Net Position*

These two statements report the System's net position and changes in them using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Net position is the difference between assets and liabilities, one way to measure the financial health, or financial position. Over time, increases or decreases in the net position are one indicator of the financial health of the System.

*Notes to the Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found immediately following The Statement of Plan Net Position and The Statement of Changes in Plan Net Position.

*Required Supplementary Information*

The basic financial statements are followed by a section of required supplementary information. This section includes the Schedule of Funding Progress, Schedule of Contributions, Schedule of Pension Contributions, Schedule of Employer's Net Pension Liability, Schedule of Investment Returns, Schedule of Changes in Employer's Net Pension Liability and Related Ratios and Schedule of the Net Pension Liability and Related Ratios for ASRS.

*The Schedule of Funding Progress*

Shows the ratio of assets as a percentage of the actuarial accrued liability (funding ratio) and the ratio of unfunded actuarial accrued liabilities to member payroll. The trend in these two ratios provides information about the financial strength of the Trust and the individual Plans within the Trust. Improvement is indicated when the funding ratio is increasing and the ratio of the unfunded actuarial accrued liability to payroll is decreasing.

*The Schedule of Employer Contributions*

Shows the Annual Required Contributions by fiscal year. The purpose of this schedule is to provide information about the required contributions of the employers and the extent to which those contributions are being made. The information should assist users in understanding the changes and possible reasons for the changes in the Plan's funding status over time.

*Supporting Schedules*

The Supporting Schedules and Other Supplemental Information Section includes the Supporting Schedule of Changes in Fund Balance Reserves, Supporting Schedule of Administrative Expenses and Payments to Consultants, and the Supplemental Schedule of Cash Receipts and Cash Disbursements. The total columns and information provided on these schedules carry forward to the applicable financial statement.

**FINANCIAL ANALYSIS OF THE PLAN**

The following schedules present comparative summary financial statements of the System and the individual Plans within the Trust for FY2015 and FY2014. Following each schedule is a brief summary of the significant changes noted in these schedules.

**REQUEST FOR INFORMATION**

This report is designed to provide a general overview of the finances of the System and the individual Plans within the System. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Public Safety Personnel Retirement System, 3010 E. Camelback Road, Suite 200, Phoenix, AZ 85016.

**PSPRS**  
**SUMMARY COMPARATIVE STATEMENTS OF FIDUCIARY NET POSITION**  
(IN THOUSANDS)\*

	PENSION		HEALTH INSURANCE		PSPRS TOTAL		PSPRS TOTAL	
	2016	2015	2016	2015	2016	2015	CHANGE	% CHANGE
Cash and Short-Term Investments	228,924	286,022	11,167	14,417	240,091	300,439	(60,348)	-20.09%
Total Receivables	48,009	46,476	1,215	1,671	49,224	48,147	1,077	2.24%
Total Investments	5,775,599	5,762,830	287,111	293,448	6,062,710	6,056,278	6,432	0.11%
Securities Lending Collateral	296,477	248,113	14,738	12,634	311,215	260,747	50,468	19.36%
Net Capital Assets	3,216	3,387	0	0	3,216	3,387	(171)	-5.05%
<b>Total Plan Assets</b>	<b>6,352,225</b>	<b>6,346,828</b>	<b>314,231</b>	<b>322,170</b>	<b>6,666,456</b>	<b>6,668,998</b>	<b>(2,542)</b>	<b>-0.04%</b>
<b>Deferred Outflows</b>	<b>705</b>	<b>549</b>	<b>0</b>	<b>0</b>	<b>705</b>	<b>549</b>	<b>156</b>	<b>28.42%</b>
Accrued Accounts Payable	476	1,316	0	0	476	1,316	(840)	-63.83%
Investment Purchases Payable	8,101	16,869	372	859	8,473	17,728	(9,255)	-52.21%
Securities Lending Collateral	296,448	248,113	14,767	12,634	311,215	260,747	50,468	19.36%
Employer Net Position Liabilities	5,009	4,448	0	0	5,009	4,448	561	12.61%
<b>Total Plan Liabilities</b>	<b>310,034</b>	<b>270,746</b>	<b>15,139</b>	<b>13,493</b>	<b>325,173</b>	<b>284,239</b>	<b>40,934</b>	<b>14.40%</b>
<b>Deferred Inflows</b>	<b>419</b>	<b>862</b>	<b>0</b>	<b>0</b>	<b>419</b>	<b>862</b>	<b>(443)</b>	<b>-51.39%</b>
<b>Net Position</b>	<b>6,042,477</b>	<b>6,075,769</b>	<b>299,092</b>	<b>308,677</b>	<b>6,341,569</b>	<b>6,384,446</b>	<b>(42,877)</b>	<b>-0.67%</b>

***Summary Comparative Statements of  
Fiduciary Net Position Analysis***

The total plan net assets held in trust for PSPRS benefits at June 30, 2016 were \$6.34 billion, a 0.67% decrease from \$6.38 billion at June 30, 2015. The decrease in net position is primarily due to unfavorable financial markets during the fiscal year. The changes in cash and receivables is attributable to normal fluctuations in investment income receivables during the year.

**EORP**  
**SUMMARY COMPARATIVE STATEMENTS OF FIDUCIARY NET POSITION**  
 (IN THOUSANDS)\*

	PENSION		HEALTH INSURANCE		EORP TOTAL		EORP TOTAL	
	2016	2015	2016	2015	2016	2015	CHANGE	% CHANGE
Cash and Short-Term Investments	11,656	14,883	809	1,058	12,465	15,941	(3,476)	-21.81%
Total Receivables	3,489	3,305	85	69	3,574	3,374	200	5.93%
Total Investments	276,016	292,714	20,802	21,534	296,818	314,248	(17,430)	-5.55%
Securities Lending Collateral	14,169	12,603	1,068	927	15,237	13,530	1,707	12.62%
Net Capital Assets	222	230	0	0	222	230	(8)	-3.48%
<b>Total Plan Assets</b>	<b>305,552</b>	<b>323,735</b>	<b>22,764</b>	<b>23,588</b>	<b>328,316</b>	<b>347,323</b>	<b>(19,007)</b>	<b>-5.47%</b>
<b>Deferred Outflows</b>	<b>35</b>	<b>29</b>	<b>0</b>	<b>0</b>	<b>35</b>	<b>29</b>	<b>6</b>	<b>20.69%</b>
Accrued Accounts Payable	1,771	1,360	0	0	1,771	1,360	411	30.22%
Investment Purchases Payable	388	857	27	63	415	920	(505)	-54.90%
Securities Lending Collateral	14,167	12,602	1,070	927	15,237	13,529	1,708	12.62%
Employer Net Position Liabilities	245	231	0	0	245	231	14	6.06%
<b>Total Plan Liabilities</b>	<b>16,571</b>	<b>15,050</b>	<b>1,097</b>	<b>990</b>	<b>17,668</b>	<b>16,040</b>	<b>1,628</b>	<b>10.15%</b>
<b>Deferred Inflows</b>	<b>21</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>21</b>	<b>45</b>	<b>(24)</b>	<b>-53.33%</b>
<b>Net Position</b>	<b>288,995</b>	<b>308,669</b>	<b>21,667</b>	<b>22,598</b>	<b>310,662</b>	<b>331,267</b>	<b>(20,605)</b>	<b>-6.22%</b>

***Summary Comparative Statements of  
 Fiduciary Net Position Analysis***

The total plan net assets held in trust for EORP benefits at June 30, 2016 were \$310.66 million, a 6.22% decrease from \$331.27 million at June 30, 2015. The decrease in net position is primarily due to the contribution rate being set at a rate of 23.50% in statute, compared to the actuarial set rate of 86.54%. The changes in cash and receivables is attributable to normal fluctuations in investment income receivables during the year.



**CORP**  
**SUMMARY COMPARATIVE STATEMENTS OF FIDUCIARY NET POSITION**  
(IN THOUSANDS)\*

	PENSION		HEALTH INSURANCE		CORP TOTAL		CORP TOTAL	
	2016	2015	2016	2015	2016	2015	CHANGE	% CHANGE
Cash and Short-Term Investments	45,599	58,055	3,705	4,755	49,304	62,810	(13,506)	-21.50%
Total Receivables	6,127	4,947	391	367	6,518	5,314	1,204	22.66%
Total Investments	1,167,659	1,151,536	95,256	96,782	1,262,915	1,248,318	14,597	1.17%
Securities Lending Collateral	59,939	49,478	4,890	4,167	64,829	53,645	11,184	20.85%
Net Capital Assets	441	478	0	0	441	478	(37)	-7.74%
<b>Total Plan Assets</b>	<b>1,279,765</b>	<b>1,264,494</b>	<b>104,242</b>	<b>106,071</b>	<b>1,384,007</b>	<b>1,370,565</b>	<b>13,442</b>	<b>0.98%</b>
<b>Deferred Outflows</b>	<b>145</b>	<b>111</b>	<b>0</b>	<b>0</b>	<b>145</b>	<b>111</b>	<b>34</b>	<b>30.63%</b>
Accrued Accounts Payable	7,126	5,025	0	0	7,126	5,025	2,101	41.81%
Investment Purchases Payable	1,640	3,371	124	283	1,764	3,654	(1,890)	-51.72%
Securities Lending Collateral	59,931	49,578	4,899	4,167	64,830	53,745	11,085	20.63%
Employer Net Position Liabilities	1,031	899	0	0	1,031	899	132	14.68%
<b>Total Plan Liabilities</b>	<b>69,728</b>	<b>58,873</b>	<b>5,023</b>	<b>4,450</b>	<b>74,751</b>	<b>63,323</b>	<b>11,428</b>	<b>18.05%</b>
<b>Deferred Inflows</b>	<b>86</b>	<b>174</b>	<b>0</b>	<b>0</b>	<b>86</b>	<b>174</b>	<b>(88)</b>	<b>-50.57%</b>
<b>Net Position</b>	<b>1,210,096</b>	<b>1,205,558</b>	<b>99,219</b>	<b>101,621</b>	<b>1,309,315</b>	<b>1,307,179</b>	<b>2,136</b>	<b>0.16%</b>

***Summary Comparative Statements of  
Fiduciary Net Position Analysis***

The total plan net assets held in trust for CORP benefits at June 30, 2016 were \$1.31 billion, a 0.16% increase from \$1.31 billion at June 30, 2015. The increase in net position is primarily due to favorable financial markets during the fiscal year. The changes in cash and receivables is attributable to normal fluctuations in investment income receivables during the year.

**CORP-AOC**  
**SUMMARY COMPARATIVE STATEMENTS OF FIDUCIARY NET POSITION**  
 (IN THOUSANDS)\*

	PENSION		HEALTH INSURANCE		CORP-AOC TOTAL		CORP-AOC TOTAL	
	2016	2015	2016	2015	2016	2015	CHANGE	% CHANGE
Cash and Short-Term Investments	12,869	16,097	305	354	13,174	16,451	(3,277)	-19.92%
Total Receivables	2,379	1,915	63	70	2,442	1,985	457	23.02%
Total Investments	329,550	318,694	7,844	7,214	337,394	325,908	11,486	3.52%
Securities Lending Collateral	16,917	13,821	403	311	17,320	14,132	3,188	22.56%
Net Capital Assets	124	132	0	0	124	132	(8)	-6.06%
<b>Total Plan Assets</b>	<b>361,839</b>	<b>350,659</b>	<b>8,615</b>	<b>7,949</b>	<b>370,454</b>	<b>358,608</b>	<b>11,846</b>	<b>3.30%</b>
<b>Deferred Outflows</b>	<b>41</b>	<b>32</b>	<b>0</b>		<b>41</b>	<b>32</b>	<b>9</b>	<b>28.13%</b>
Accrued Accounts Payable	2,011	1,420	0	0	2,011	1,420	591	41.62%
Investment Purchases Payable	463	933	10	21	473	954	(481)	-50.42%
Securities Lending Collateral	16,914	13,722	403	311	17,317	14,033	3,284	23.40%
Employer Net Position Liabilities	291	257	0	0	291	257	34	13.23%
<b>Total Plan Liabilities</b>	<b>19,679</b>	<b>16,332</b>	<b>413</b>	<b>332</b>	<b>20,092</b>	<b>16,664</b>	<b>3,428</b>	<b>20.57%</b>
<b>Deferred Inflows</b>	<b>24</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>24</b>	<b>50</b>	<b>(26)</b>	<b>-52.00%</b>
<b>Net Position</b>	<b>342,177</b>	<b>334,309</b>	<b>8,202</b>	<b>7,617</b>	<b>350,379</b>	<b>341,926</b>	<b>8,453</b>	<b>2.47%</b>

***Summary Comparative Statements of  
Fiduciary Net Position Analysis***

The total plan net assets held in trust for CORP-AOC benefits at June 30, 2016 were \$350.38 million, a 2.47% increase from \$341.93 million at June 30, 2015. The increase in net position is primarily due to favorable financial markets during the fiscal year. The changes in cash and receivables is attributable to normal fluctuations in investment income receivables during the year.

**PSPRS**  
**SUMMARY COMPARATIVE STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
(IN THOUSANDS)\*

	PENSION		HEALTH INSURANCE		PSPRS TOTAL		PSPRS TOTAL	
	2016	2015	2016	2015	2016	2015	CHANGE	% CHANGE
<b>ADDITIONS</b>								
Total Contributions and Service Purchase	764,188	612,890	4,195	21,481	768,383	634,371	134,012	21.13%
Net Investment Income (Loss)	35,636	216,286	1,763	10,810	37,399	227,096	(189,697)	-83.53%
Service Transfers	688	364	0	0	688	364	324	89.01%
<b>Total Additions (Reductions)</b>	<b>800,512</b>	<b>829,540</b>	<b>5,958</b>	<b>32,291</b>	<b>806,470</b>	<b>861,831</b>	<b>(55,361)</b>	<b>-6.42%</b>
<b>DEDUCTIONS</b>								
Benefits	810,653	665,138	15,289	14,242	825,942	679,380	146,562	21.57%
Service Transfers and Refunds	17,967	13,921	0	0	17,967	13,921	4,046	29.06%
Administrative Expenses	5,184	5,387	254	269	5,438	5,656	(218)	-3.85%
<b>Total Deductions</b>	<b>833,804</b>	<b>684,446</b>	<b>15,543</b>	<b>14,511</b>	<b>849,347</b>	<b>698,957</b>	<b>150,390</b>	<b>21.52%</b>
Prior-Period Adjustment (Pension-HI)	0	(4,849)	0	0	0	(4,849)	4,849	N/A
<b>Net Increase (Decrease)</b>	<b>(33,292)</b>	<b>140,245</b>	<b>(9,585)</b>	<b>17,780</b>	<b>(42,877)</b>	<b>158,025</b>	<b>(200,902)</b>	<b>-127.13%</b>
<b>Balance Beginning of Year - July 1</b>	<b>6,075,769</b>	<b>5,935,524</b>	<b>308,677</b>	<b>290,897</b>	<b>6,384,446</b>	<b>6,226,421</b>	<b>158,025</b>	<b>2.54%</b>
<b>Balance End of Year - June 30</b>	<b>6,042,477</b>	<b>6,075,769</b>	<b>299,092</b>	<b>308,677</b>	<b>6,341,569</b>	<b>6,384,446</b>	<b>(42,877)</b>	<b>-0.67%</b>

***Summary Comparative Statements of Changes in Plan Fiduciary Net Position Analysis***

Employer and employee contributions for FY2016 increased \$134.01 million due to increased employee and employer contribution rates during fiscal year 2016. For FY2016, PSPRS recognized a net investment gain of \$37.40 million which compares to a \$227.10 million gain in the previous year. This 83.53% decrease was due to lower returns in the financial markets during the fiscal year.

Deductions from the PSPRS net assets held in trust for benefits consist primarily of pension, disability, survivor benefits, member refunds and administrative expenses. For FY 2016, the benefit deductions totaled \$825.94 million, an increase of 21.57% from the \$679.38 million paid during FY 2015. Refunds and service transfers increased \$4.05 million over the prior year which equates to an increase of 29.06%. Refunds represent a return of contributions held on account when a member leaves employment. Administrative expenses decreased 3.85%.

**EORP**  
**SUMMARY COMPARATIVE STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
(IN THOUSANDS)\*

	PENSION		HEALTH INSURANCE		EORP TOTAL		EORP TOTAL	
	2016	2015	2016	2015	2016	2015	CHANGE	% CHANGE
<b>ADDITIONS</b>								
Total Contributions and Service Purchase	37,042	38,438	0	0	37,042	38,438	(1,396)	-3.63%
Net Investment Income (Loss)	1,480	11,075	110	804	1,590	11,879	(10,289)	-86.62%
Service Transfers	180	26	0	0	180	26	154	592.31%
<b>Total Additions (Reductions)</b>	<b>38,702</b>	<b>49,539</b>	<b>110</b>	<b>804</b>	<b>38,812</b>	<b>50,343</b>	<b>(11,531)</b>	<b>-22.90%</b>
<b>DEDUCTIONS</b>								
Benefits	58,002	54,453	1,022	957	59,024	55,410	3,614	6.52%
Service Transfers and Refunds	125	173	0	0	125	173	(48)	-27.75%
Administrative Expenses	249	298	19	22	268	320	(52)	-16.25%
<b>Total Deductions</b>	<b>58,376</b>	<b>54,924</b>	<b>1,041</b>	<b>979</b>	<b>59,417</b>	<b>55,903</b>	<b>3,514</b>	<b>6.29%</b>
Prior-Period Adjustment (Pension-HI)	0	(251)	0	0	0	(251)	251	N/A
<b>Net Increase (Decrease)</b>	<b>(19,674)</b>	<b>(5,636)</b>	<b>(931)</b>	<b>(175)</b>	<b>(20,605)</b>	<b>(5,811)</b>	<b>(14,794)</b>	<b>254.59%</b>
<b>Balance Beginning of Year - July 1</b>	<b>308,669</b>	<b>314,305</b>	<b>22,598</b>	<b>22,773</b>	<b>331,267</b>	<b>337,078</b>	<b>(5,811)</b>	<b>-1.72%</b>
<b>Balance End of Year - June 30</b>	<b>288,995</b>	<b>308,669</b>	<b>21,667</b>	<b>22,598</b>	<b>310,662</b>	<b>331,267</b>	<b>(20,605)</b>	<b>-6.22%</b>

***Summary Comparative Statements of Changes in Plan  
Fiduciary Net Position Analysis***

Employer and employee contributions for FY2016 decreased \$1.40 million during fiscal year 2016 due to the closing of the EORP plan to new members. For FY2016, EORP recognized a net investment gain of \$1.59 million which compares to a \$11.88 million gain in the previous year. This 86.62% decrease was due to lower returns in the financial markets during the fiscal year.

Deductions from the EORP net assets held in trust for benefits consist primarily of pension, disability, survivor benefits, member refunds and administrative expenses. For FY 2016, the benefit deductions totaled \$59.02 million, an increase of 6.52% from the \$55.41 million paid during FY 2015. Refunds and service transfers decreased \$48 thousand over the prior year which equates to a decrease of 27.75%. Refunds represent a return of contributions held on account when a member leaves employment. Administrative expenses decreased 16.25%.

**CORP**  
**SUMMARY COMPARATIVE STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
(IN THOUSANDS)\*

	PENSION		HEALTH INSURANCE		CORP TOTAL		CORP TOTAL	
	2016	2015	2016	2015	2016	2015	CHANGE	% CHANGE
<b>ADDITIONS</b>								
Total Contributions and Service Purchase	133,079	109,313	412	6,209	133,491	115,522	17,969	15.55%
Net Investment Income (Loss)	7,380	43,281	612	3,563	7,992	46,844	(38,852)	-82.94%
Service Transfers	320	24	0	0	320	24	296	1233.33%
<b>Total Additions (Reductions)</b>	<b>140,779</b>	<b>152,618</b>	<b>1,024</b>	<b>9,772</b>	<b>141,803</b>	<b>162,390</b>	<b>(20,587)</b>	<b>-12.68%</b>
<b>DEDUCTIONS</b>								
Benefits	104,815	97,252	3,339	3,074	108,154	100,326	7,828	7.80%
Service Transfers and Refunds	30,365	27,462	0	0	30,365	27,462	2,903	10.57%
Administrative Expenses	1,061	1,086	87	89	1,148	1,175	(27)	-2.30%
<b>Total Deductions</b>	<b>136,241</b>	<b>125,800</b>	<b>3,426</b>	<b>3,163</b>	<b>139,667</b>	<b>128,963</b>	<b>10,704</b>	<b>8.30%</b>
Prior-Period Adjustment (Pension-HI)	0	(986)	0	0	0	(986)	986	N/A
<b>Net Increase (Decrease)</b>	<b>4,538</b>	<b>25,832</b>	<b>(2,402)</b>	<b>6,609</b>	<b>2,136</b>	<b>32,441</b>	<b>(30,305)</b>	<b>-93.42%</b>
<b>Balance Beginning of Year - July 1</b>	<b>1,205,558</b>	<b>1,179,726</b>	<b>101,621</b>	<b>95,012</b>	<b>1,307,179</b>	<b>1,274,738</b>	<b>32,441</b>	<b>2.54%</b>
<b>Balance End of Year - June 30</b>	<b>1,210,096</b>	<b>1,205,558</b>	<b>99,219</b>	<b>101,621</b>	<b>1,309,315</b>	<b>1,307,179</b>	<b>2,136</b>	<b>0.16%</b>

***Summary Comparative Statements of Changes in Plan  
Fiduciary Net Position Analysis***

Employer and employee contributions for FY2016 increased \$17.97 million due to increased employee and employer contribution rates during fiscal year 2016. For FY 2015, CORP recognized a net investment gain of \$7.99 million which compares to a \$46.84 million gain in the previous year. This 82.94% decrease was due to lower returns in the financial markets during the fiscal year.

Deductions from the PSPRS net assets held in trust for benefits consist primarily of pension, disability, survivor benefits, member refunds and administrative expenses. For FY 2016, the benefit deductions totaled \$108.15 million, an increase of 7.80% from the \$100.33 million paid during FY 2015. Refunds and service transfers increased \$2.90 million over the prior year which equates to an increase of 10.57%. Refunds represent a return of contributions held on account when a member leaves employment. This increase is due to current economic conditions that have led to layoffs and reduction of many governmental services. Administrative expenses decreased 2.30%.

**CORP-AOC**  
**SUMMARY COMPARATIVE STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
 (IN THOUSANDS)\*

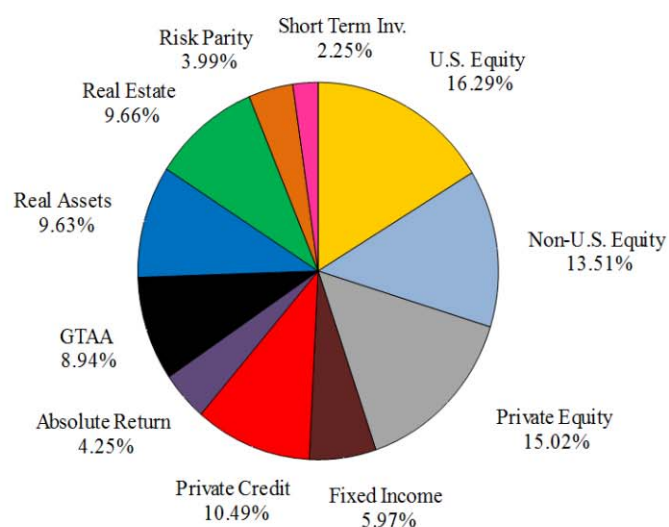
	PENSION		HEALTH INSURANCE		CORP-AOC TOTAL		CORP-AOC TOTAL	
	2016	2015	2016	2015	2016	2015	CHANGE	% CHANGE
<b>ADDITIONS</b>								
Total Contributions and Service Purchase	30,329	26,175	932	1,378	31,261	27,553	3,708	13.46%
Net Investment Income (Loss)	2,060	11,804	48	251	2,108	12,055	(9,947)	-82.51%
Service Transfers	563	155	0	0	563	155	408	263.23%
<b>Total Additions (Reductions)</b>	<b>32,952</b>	<b>38,134</b>	<b>980</b>	<b>1,629</b>	<b>33,932</b>	<b>39,763</b>	<b>(5,831)</b>	<b>-14.66%</b>
<b>DEDUCTIONS</b>								
Benefits	22,136	19,131	388	318	22,524	19,449	3,075	15.81%
Service Transfers and Refunds	2,648	1,651	0	0	2,648	1,651	997	60.39%
Administrative Expenses	300	293	7	6	307	299	8	2.68%
<b>Total Deductions</b>	<b>25,084</b>	<b>21,075</b>	<b>395</b>	<b>324</b>	<b>25,479</b>	<b>21,399</b>	<b>4,080</b>	<b>19.07%</b>
Prior-Period Adjustment (Pension-HI)	0	(269)	0	0	0	(269)	269	N/A
<b>Net Increase (Decrease)</b>	<b>7,868</b>	<b>16,790</b>	<b>585</b>	<b>1,305</b>	<b>8,453</b>	<b>18,095</b>	<b>(9,642)</b>	<b>-53.29%</b>
<b>Balance Beginning of Year - July 1</b>	<b>334,309</b>	<b>317,519</b>	<b>7,617</b>	<b>6,312</b>	<b>341,926</b>	<b>323,831</b>	<b>18,095</b>	<b>5.59%</b>
<b>Balance End of Year - June 30</b>	<b>342,177</b>	<b>334,309</b>	<b>8,202</b>	<b>7,617</b>	<b>350,379</b>	<b>341,926</b>	<b>8,453</b>	<b>2.47%</b>

***Summary Comparative Statements of Changes in Plan  
 Fiduciary Net Position Analysis***

Employer and employee contributions for FY2016 increased \$3.71 million due to increased employee and employer contribution rates during fiscal year 2016. For FY 2016, CORP-AOC recognized a net investment gain of \$2.11 million which compares to a \$12.06 million gain in the previous year. This 82.51% decrease was due to lower returns in the financial markets during the fiscal year.

Deductions from the CORP-AOC net assets held in trust for benefits consist primarily of pension, disability, survivor benefits, member refunds and administrative expenses. For FY 2016, the benefit deductions totaled \$22.52 million, an increase of 15.81% from the \$19.45 million paid during FY 2015. Refunds and service transfers increased \$997 thousand over the prior year which equates to 60.39%. Refunds represent a return of contributions held on account when a member leaves employment. Administrative expenses increased 2.68%.

## INVESTMENT ACTIVITIES

ASSET ALLOCATION  
JUNE 30, 2016

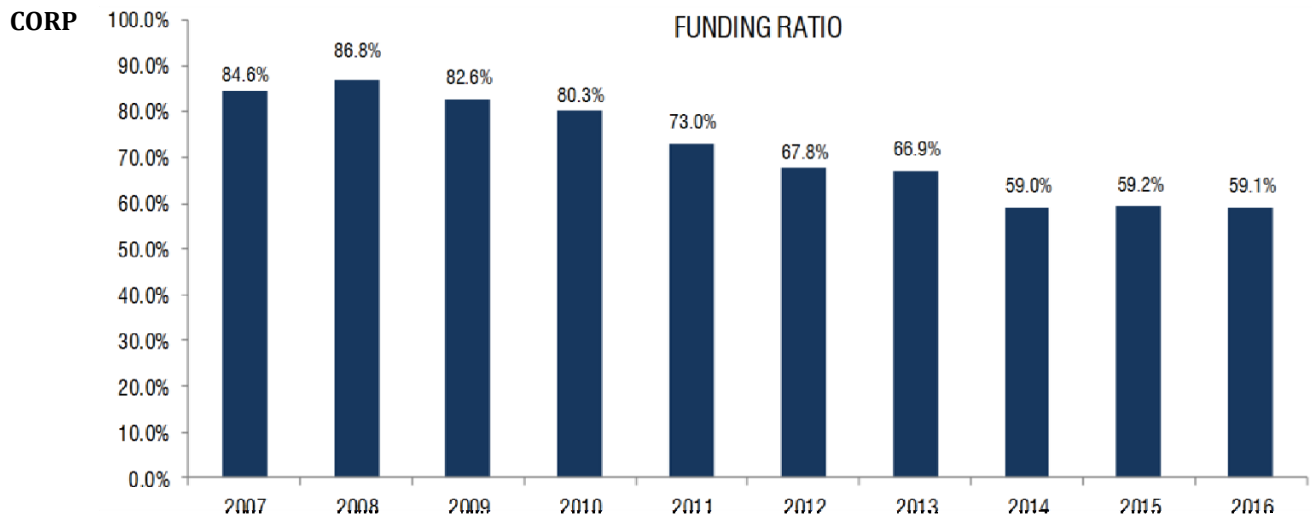
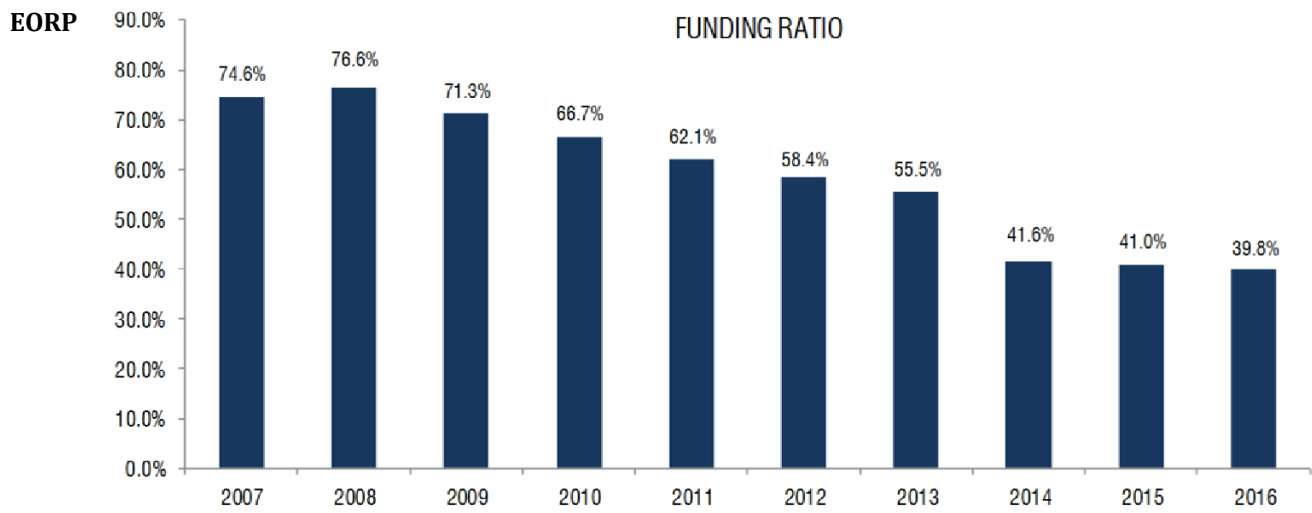
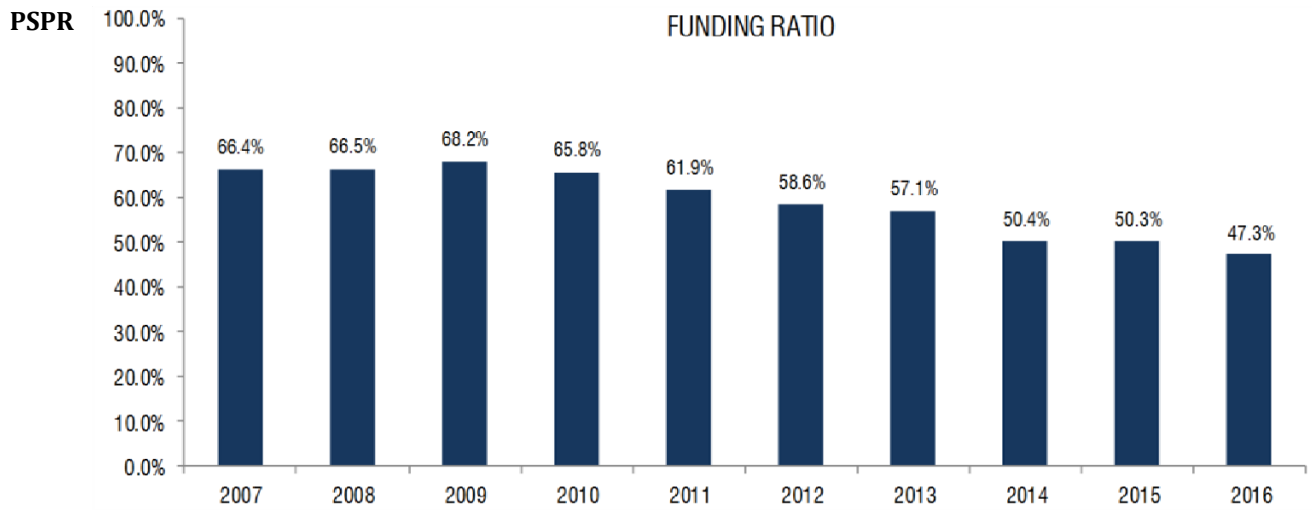
During FY2007 the Board of Trustees adopted a more diversified asset allocation policy and began an asset management restructuring that has been deployed over the past six years. As illustration, at the end of FY2007, 72.8% of the entire investment portfolio was invested in equities versus 29.80% at the end of FY2016. Fixed income had remained about 19% of the entire portfolio prior to being reduced to 5.97% in FY2016. However, alternative investments have increased from 3.5% in FY2007 to 61.98% in FY2016.

At June 30, 2016, the System held \$3.62 billion in equities. The FY2016 rate of return for the System's equities was -4.13% versus a benchmark rate of return of -3.79%. At June 30, 2016, the System held \$494.10 million in fixed income securities.

The FY2016 rate of return for the System's fixed income securities was 3.22% versus a benchmark rate of return of 8.87%. The benchmarks for both equities and fixed income securities are representative of the returns that could be expected in a similar investing environment. More detailed information regarding the Trust's investment portfolio can be found in the investment section of this report.

The System earns additional income by lending investment securities to brokers. This was done on a pooled basis by our custodial bank (BNY Mellon Bank). The brokers provide collateral and generally use the borrowed securities to cover short trades and failed trades.

HISTORICAL TRENDS





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COMBINED STATEMENT OF FIDUCIARY NET POSITION  
 JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015

	PSPRS PENSION	PSPRS HEALTH INS	EORP PENSION	EORP HEALTH INS	CORP PENSION
<b>ASSETS</b>					
Cash and Short-Term Investments	228,924,027	11,166,998	11,656,277	809,091	45,599,334
<b>RECEIVABLES</b>					
Member Contributions	1,949,125	0	207,280	0	441,783
Employer Contributions	5,028,188	0	374,699	0	847,460
Health Insurance Contributions	0	46,162	0	0	0
Court Fees	0	0	739,378	0	0
Interest and Dividends	5,321,052	263,652	254,298	19,103	1,075,822
Investment Sales	18,218,098	905,641	870,643	65,617	3,683,170
Other	17,492,870	0	1,042,458	0	78,554
<b>Total Receivables</b>	<b>48,009,333</b>	<b>1,215,455</b>	<b>3,488,756</b>	<b>84,720</b>	<b>6,126,789</b>
<b>INVESTMENTS AT FAIR VALUE (NOTE 5)</b>					
U.S. Equity	917,642,645	45,616,995	43,854,172	3,305,128	185,520,678
Non U.S. Equity	803,079,804	39,921,954	38,379,211	2,892,500	162,359,400
GTAA	538,037,878	26,746,437	25,712,848	1,937,883	108,775,625
Fixed Income	358,515,306	17,822,179	17,133,458	1,291,286	72,481,377
Private Credit	619,479,447	45,014,192	29,270,851	3,261,452	124,185,751
Private Equity	919,062,327	31,468,362	44,256,111	2,280,004	186,862,690
Real Assets	576,693,887	28,668,069	27,560,220	2,077,112	116,590,747
Real Estate	572,200,360	28,444,691	27,345,474	2,060,928	115,682,286
Absolute Return	248,853,298	12,370,763	11,892,707	896,310	50,310,905
Risk Parity	222,034,000	11,037,547	10,611,012	799,713	44,888,824
<b>Total Investments</b>	<b>5,775,598,952</b>	<b>287,111,189</b>	<b>276,016,064</b>	<b>20,802,316</b>	<b>1,167,658,283</b>
Securities Lending Collateral	296,476,856	14,738,181	14,168,639	1,067,838	59,939,006
<b>CAPITAL ASSETS (NOTE 6)</b>					
Land	495,436	0	33,145	0	67,529
Building	3,719,420	0	250,653	0	510,042
Furniture, Fixtures & Equipment	1,334,561	0	118,793	0	195,476
<b>Total Capital Assets</b>	<b>5,549,417</b>	<b>0</b>	<b>402,591</b>	<b>0</b>	<b>773,047</b>
Accumulated Depreciation	(2,333,496)	0	(180,756)	0	(331,798)
<b>Net Capital Assets</b>	<b>3,215,921</b>	<b>0</b>	<b>221,835</b>	<b>0</b>	<b>441,249</b>
<b>TOTAL PLAN ASSETS</b>	<b>6,352,225,089</b>	<b>314,231,823</b>	<b>305,551,571</b>	<b>22,763,965</b>	<b>1,279,764,661</b>
<b>Deferred Outflows of Resources - Pension Plan Items</b>	<b>705,307</b>	<b>0</b>	<b>34,530</b>	<b>0</b>	<b>145,194</b>
<b>LIABILITIES</b>					
Accrued Accounts Payable	476,266	0	1,770,966	0	7,125,574
Investment Purchases Payable	8,100,459	372,182	387,838	26,966	1,639,940
Securities Lending Collateral	296,447,800	14,767,237	14,166,534	1,069,943	59,930,869
Net Pension Liabilities (NOTE 14)	4,961,941	0	242,928	0	1,021,461
<b>Total Plan Liabilities</b>	<b>310,033,948</b>	<b>15,139,419</b>	<b>16,570,590</b>	<b>1,096,909</b>	<b>69,727,619</b>
<b>Deferred Inflows of Resources - Pension Plan Items</b>	<b>466,512</b>	<b>0</b>	<b>22,889</b>	<b>0</b>	<b>96,036</b>
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>	<b>6,042,477,418</b>	<b>299,092,404</b>	<b>288,994,996</b>	<b>21,667,056</b>	<b>1,210,095,975</b>
<b>NET POSITION RESERVES</b>					
Refundable Members' Reserve	1,421,902,209	0	58,174,329	0	327,090,915
Employers' Reserve	4,620,575,209	0	230,820,667	0	883,005,060
Health Insurance Reserve	0	299,092,404	0	21,667,056	0
Future Benefit Increase Reserve	0	0	0	0	0
<b>Total Net Position Reserves</b>	<b>6,042,477,418</b>	<b>299,092,404</b>	<b>288,994,996</b>	<b>21,667,056</b>	<b>1,210,095,975</b>

\* The accompanying notes are an integral part of these financial statements.

**COMBINED STATEMENT OF FIDUCIARY NET POSITION (cont)**  
**JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015**

	CORP HEALTH INS	CORP-AOC PENSION	CORP-AOC HEALTH INS	2016 SYSTEM	2015 SYSTEM
<b>ASSETS</b>					
Cash and Short-Term Investments	3,704,909	12,869,594	305,100	315,035,330	395,641,939
<b>RECEIVABLES</b>					
Member Contributions	0	309,193	0	2,907,381	6,404,329
Employer Contributions	0	704,299	0	6,954,646	16,458,199
Health Insurance Contributions	3,499	0	31,252	80,913	829,581
Court Fees	0	0	0	739,378	684,590
Interest and Dividends	87,473	303,632	7,203	7,332,235	7,729,722
Investment Sales	300,468	1,039,508	24,743	25,107,888	17,834,773
Other	0	22,170	0	18,636,052	8,879,168
<b>Total Receivables</b>	<b>391,440</b>	<b>2,378,802</b>	<b>63,198</b>	<b>61,758,493</b>	<b>58,820,362</b>
<b>INVESTMENTS AT FAIR VALUE (NOTE 5)</b>					
U.S. Equity	15,134,484	52,359,880	1,246,324	1,264,680,306	1,246,279,112
Non U.S. Equity	13,245,024	45,823,025	1,090,727	1,106,791,645	1,180,912,143
GTAA	8,873,744	30,699,966	730,752	741,515,133	811,612,857
Fixed Income	5,912,917	20,456,567	486,928	494,100,018	632,443,297
Private Credit	14,934,490	35,049,198	1,229,854	872,425,235	731,815,382
Private Equity	10,440,351	52,738,638	859,762	1,247,968,245	1,197,508,066
Real Assets	9,511,289	32,905,644	783,254	794,790,222	665,575,307
Real Estate	9,437,178	32,649,248	777,151	788,597,316	827,525,228
Absolute Return	4,104,284	14,199,350	337,988	342,965,605	339,244,209
Risk Parity	3,661,959	12,669,064	301,562	306,003,681	311,836,499
<b>Total Investments</b>	<b>95,255,720</b>	<b>329,550,580</b>	<b>7,844,302</b>	<b>7,959,837,406</b>	<b>7,944,752,100</b>
Securities Lending Collateral	4,889,729	16,916,708	402,669	408,599,626	342,053,154
<b>CAPITAL ASSETS (NOTE 6)</b>					
Land	0	19,059	0	615,169	615,169
Building	0	143,950	0	4,624,065	4,624,065
Furniture, Fixtures & Equipment	0	55,170	0	1,704,000	1,682,764
<b>Total Capital Assets</b>	<b>0</b>	<b>218,179</b>	<b>0</b>	<b>6,943,234</b>	<b>6,921,998</b>
Accumulated Depreciation	0	(93,644)	0	(2,939,694)	(2,694,437)
<b>Net Capital Assets</b>	<b>0</b>	<b>124,535</b>	<b>0</b>	<b>4,003,540</b>	<b>4,227,561</b>
<b>TOTAL PLAN ASSETS</b>	<b>104,241,798</b>	<b>361,840,219</b>	<b>8,615,269</b>	<b>8,749,234,395</b>	<b>8,745,495,116</b>
<b>Deferred Outflows of Resources - Pension Plan Items</b>	<b>0</b>	<b>40,978</b>	<b>0</b>	<b>926,009</b>	<b>720,358</b>
<b>LIABILITIES</b>					
Accrued Accounts Payable	0	2,011,065	0	11,383,871	9,121,515
Investment Purchases Payable	123,480	462,844	10,169	11,123,878	23,256,156
Securities Lending Collateral	4,899,369	16,914,411	403,463	408,599,626	342,053,154
Net Pension Liabilities (NOTE 14)		288,289		6,514,619	5,835,426
<b>Total Plan Liabilities</b>	<b>5,022,849</b>	<b>19,679,368</b>	<b>413,632</b>	<b>437,684,334</b>	<b>380,266,251</b>
<b>Deferred Inflows of Resources - Pension Plan Items</b>	<b>0</b>	<b>27,105</b>	<b>0</b>	<b>612,492</b>	<b>1,130,730</b>
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>	<b>99,218,949</b>	<b>342,177,483</b>	<b>8,201,637</b>	<b>8,311,925,918</b>	<b>8,364,818,493</b>
<b>NET POSITION RESERVES</b>					
Refundable Members' Reserve	0	82,952,449	0	1,890,119,902	1,810,430,789
Employers' Reserve	0	259,225,034	0	5,993,625,970	6,113,874,475
Health Insurance Reserve	99,218,949	0	8,201,637	428,180,046	440,513,229
Future Benefit Increase Reserve	0	0	0	0	0
<b>Total Net Position Reserves</b>	<b>99,218,949</b>	<b>342,177,483</b>	<b>8,201,637</b>	<b>8,311,925,918</b>	<b>8,364,818,493</b>

\* The accompanying notes are an integral part of these financial statements.

**COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
FOR THE YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015

	PSPRS	PSPRS HEALTH INS	EORP PENSION	EORP HEALTH INS	CORP PENSION
<b>ADDITIONS</b>					
Contributions					
Members' Contributions (NOTES 4,8)	169,469,738	0	7,730,530	0	42,539,910
Employers' Contributions (NOTES 4,8)	534,601,619	0	13,880,788	0	89,857,363
Health Insurance Contributions (NOTES 4,8)	0	4,195,339	0	0	0
Non-Employer Entity Contributions (NOTE 8)	17,316,362	0	5,000,000	0	0
Court Fees	0	0	8,579,644	0	0
Members' Service Purchase	12,539,883	0	95,732	0	298,536
Legacy Contributions	0	0	1,532,272	0	0
Alternate Employer Contributions	4,560,802	0	223,409	0	348,089
Additional Employer Contributions	25,699,974	0	0	0	35,249
<b>Total Contributions</b>	<b>764,188,378</b>	<b>4,195,339</b>	<b>37,042,375</b>	<b>0</b>	<b>133,079,147</b>
Investment Income					
<i>From Investing Income</i>					
Net Appreciation (Depreciation) in Fair Value of Inv. (NOTE 5)	22,062,979	1,091,239	1,013,825	75,087	4,784,169
Interest	2,281,004	112,819	109,766	8,129	454,227
Dividends	38,934,594	1,925,709	1,878,983	139,160	7,740,212
Other Income	71,958,073	3,559,054	3,468,934	256,915	14,226,139
<i>From Securities Lending Activities</i>					
Security Lending Activities (NOTE 5)					
Securities Lending Income	1,395,193	69,006	67,208	4,977	277,392
Borrower Rebates	784,226	38,788	37,777	2,798	155,920
Agents Share of Income	(326,326)	(16,140)	(15,720)	(1,164)	(64,880)
<b>Net Securities Lending Income</b>	<b>1,853,093</b>	<b>91,654</b>	<b>89,265</b>	<b>6,611</b>	<b>368,432</b>
<b>Total Investment Income (Loss)</b>	<b>137,089,743</b>	<b>6,780,475</b>	<b>6,560,773</b>	<b>485,902</b>	<b>27,573,179</b>
Less Investment Expense	(101,453,983)	(5,017,925)	(5,080,485)	(376,269)	(20,193,509)
<b>Net Investment Income (Loss)</b>	<b>35,635,760</b>	<b>1,762,550</b>	<b>1,480,288</b>	<b>109,633</b>	<b>7,379,670</b>
Transfers Into System	688,248	0	179,972	0	320,491
<b>Total Additions</b>	<b>800,512,386</b>	<b>5,957,889</b>	<b>38,702,635</b>	<b>109,633</b>	<b>140,779,308</b>
<b>DEDUCTIONS</b>					
Pension Benefits (NOTE 1)	596,752,910	0	58,002,514	0	101,611,054
DROP Benefits (NOTE 1)	213,900,201	0	0	0	3,204,216
Health Insurance Subsidy	0	15,289,473	0	1,022,136	0
Refunds To Terminated Members (NOTE 1)	17,427,012	0	83,747	0	28,990,424
Administrative Expenses	5,183,979	253,622	248,601	18,428	1,061,014
Transfers To Other Plans	539,586	0	41,201	0	1,375,640
<b>Total Deductions</b>	<b>833,803,688</b>	<b>15,543,095</b>	<b>58,376,063</b>	<b>1,040,564</b>	<b>136,242,348</b>
<b>NET INCREASE (DECREASE)</b>	<b>(33,291,302)</b>	<b>(9,585,206)</b>	<b>(19,673,428)</b>	<b>(930,931)</b>	<b>4,536,960</b>
<b>NET POSITION HELD IN TRUST</b>					
Beginning of Year, July 1	6,075,768,720	308,677,610	308,668,424	22,597,987	1,205,559,015
<b>End of Year, June 30</b>	<b>6,042,477,418</b>	<b>299,092,404</b>	<b>288,994,996</b>	<b>21,667,056</b>	<b>1,210,095,975</b>

\* The accompanying notes are an integral part of these financial statements.

**COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (cont)**  
**FOR THE YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015**

	CORP HEALTH INS	CORP-AOC PENSION	CORP-AOC HEALTH INS	2016 SYSTEM COMBINED	2015 SYSTEM COMBINED
<b>ADDITIONS</b>					
Contributions					
Members' Contributions (NOTES 4,8)	0	9,229,568	0	228,969,746	214,950,364
Employers' Contributions (NOTES 4,8)	0	20,939,407	0	659,279,177	542,955,006
Health Insurance Contributions (NOTES 4,8)	411,556	0	931,858	5,538,753	29,067,990
Non-Employer Entity Contributions (NOTE 8)	0	0	0	22,316,362	5,000,000
Court Fees	0	0	0	8,579,644	8,285,993
Members' Service Purchase	0	61,036	0	12,995,187	11,865,440
Legacy Contributions	0	0	0	1,532,272	607,432
Alternate Employer Contributions	0	99,040	0	5,231,340	3,150,602
Additional Employer Contributions	0	0	0	25,735,223	0
<b>Total Contributions</b>	<b>411,556</b>	<b>30,329,051</b>	<b>931,858</b>	<b>970,177,704</b>	<b>815,882,827</b>
Investment Income					
<i>From Investing Income</i>					
Net Appreciation (Depreciation) in Fair Value of Inv. (NOTE 5)	396,901	1,335,819	31,169	30,791,188	245,334,128
Interest	37,683	126,827	2,959	3,133,414	5,433,229
Dividends	642,137	2,161,194	50,427	53,472,416	54,615,408
Other Income	1,180,218	3,972,170	92,682	98,714,185	123,556,254
<i>From Securities Lending Activities</i>					
Security Lending Activities (NOTE 5)					
Securities Lending Income	23,013	77,452	1,807	1,916,048	892,583
Borrower Rebates	12,935	43,535	1,016	1,076,995	1,979,113
Agents Share of Income	(5,382)	(18,116)	(423)	(448,151)	(429,976)
<b>Net Securities Lending Income</b>	<b>30,566</b>	<b>102,871</b>	<b>2,400</b>	<b>2,544,892</b>	<b>2,441,720</b>
<b>Total Investment Income (Loss)</b>	<b>2,287,505</b>	<b>7,698,881</b>	<b>179,637</b>	<b>188,656,095</b>	<b>431,380,739</b>
Less Investment Expense	(1,675,279)	(5,638,357)	(131,559)	(139,567,366)	(133,506,558)
<b>Net Investment Income (Loss)</b>	<b>612,226</b>	<b>2,060,524</b>	<b>48,078</b>	<b>49,088,729</b>	<b>297,874,181</b>
Transfers Into System	0	562,662	0	1,751,373	569,640
<b>Total Additions</b>	<b>1,023,782</b>	<b>32,952,237</b>	<b>979,936</b>	<b>1,021,017,806</b>	<b>1,114,326,648</b>
<b>DEDUCTIONS</b>					
Pension Benefits (NOTE 1)	0	19,808,871	0	776,175,349	727,203,015
DROP Benefits (NOTE 1)	0	2,327,299	0	219,431,716	108,770,862
Health Insurance Subsidy	3,339,009	0	388,388	20,039,006	18,590,895
Refunds To Terminated Members (NOTE 1)	0	2,466,411	0	48,967,594	42,459,965
Administrative Expenses	86,569	299,369	6,798	7,158,380	7,448,062
Transfers To Other Plans	0	181,909	0	2,138,336	747,113
<b>Total Deductions</b>	<b>3,425,578</b>	<b>25,083,859</b>	<b>395,186</b>	<b>1,073,910,381</b>	<b>905,219,912</b>
<b>NET INCREASE (DECREASE)</b>	<b>(2,401,796)</b>	<b>7,868,378</b>	<b>584,750</b>	<b>(52,892,575)</b>	<b>209,106,736</b>
<b>NET POSITION HELD IN TRUST</b>					
Beginning of Year, July 1	101,620,745	334,309,105	7,616,887	8,364,818,493	8,155,711,757
<b>End of Year, June 30</b>	<b>99,218,949</b>	<b>342,177,483</b>	<b>8,201,637</b>	<b>8,311,925,918</b>	<b>8,364,818,493</b>

\* The accompanying notes are an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: PLAN DESCRIPTION

ORGANIZATION

The Public Safety Personnel Retirement System (“System”) is the administrator of three defined benefit public pension plans, the Public Safety Personnel Retirement System (PSPRS), the Elected Officials’ Retirement Plan (EORP), and the Corrections Officer Retirement Plan (CORP). The plans, including benefit provisions and the obligation to make contributions, are established and administered in accordance with Title 38, Chapter 5 of the Arizona Revised Statutes. The plans are tax qualified under Section 401(a) of the Internal Revenue Code.

Responsibility for the organization is vested in a Board of Trustees, which consists of seven members. Members are appointed by the Governor to five year terms. The Board of Trustees is responsible for the investment of the Plan’s assets, setting employer contribution rates in accordance with an actuarial study, adopting a budget, and the general protection and administration of the System.

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

The PSPRS is an agent multiple-employer public employee retirement plan established by Title 38, Chapter 5, Article 4 of the Arizona Revised Statutes, to provide benefits for public safety employees of certain state and local governments. The Board of Trustees and 233 local boards jointly administer the System.

Each eligible group participating in the System has a five-member local board. The chief elected official of the organization appoints three members and two members are elected by the active members of the eligible group. In general, each member serves a fixed four-year term. Each local board is responsible for determining eligibility for membership, service credits, eligibility for benefits, the timing of benefit payments, and the amount of benefits for its eligible group of employees. The various governing bodies pay all costs associated with the administration of the local boards.

At June 30, 2016 and 2015, the number of participating local government employer groups was:

GROUP	2016	2015
Municipalities	143	143
County Agencies	22	21
State Agencies	13	10
Special Districts	55	63
<b>Total Employers</b>	<b>233</b>	<b>237</b>

Any state, county or city in the State of Arizona may elect to have its paid, full-time eligible employees (generally, firefighters and police officers in hazardous duty positions) covered by PSPRS. At June 30, 2016 and 2015, statewide PSPRS membership consisted of:

MEMBERSHIP TYPE	RETIREMENT PLAN		INSURANCE SUBSIDY	
	2016	2015	2016	2015
Retirees	11,863	11,034	7,440	7,343
Terminated Vested	1,996	1,923	-	-
DROP	1,365	1,675	-	-
Current Vested	10,352	9,781	-	-
Current Non-Vested	8,354	8,628	-	-
<b>Total Members</b>	<b>33,930</b>	<b>33,041</b>	<b>7,440</b>	<b>7,343</b>

PSPRS provides retirement benefits as well as death and disability benefits. Generally, all benefits vest after five years of credited service.

Employees who became a member on or before December 31, 2011. Pursuant to A.R.S. §§ 38-842 and 38-844 and 38-845, retirement benefits will commence the first day of the month following termination of employment and based upon the following age and service requirements:

- Age 62 with 15 years of service: 50% of the average monthly benefit compensation for the first 20 years of credited service. The pension is reduced by 4% per year for each year of credited service under 20 years.
- 20 years of credited service: 50% of the average monthly benefit compensation for the first 20 years of credited service.
- 20 years of service with less than 20 years of credited service: 50% of the average monthly benefit compensation for the first 20 years of credited service. The pension is reduced by 4% per year for each year of credited service under 20 years.
- 20 to 24.99 years of credited service: 50% of the average monthly benefit compensation for the first 20 years of credited service plus 2% of the average monthly benefit compensation for each year of credited service between 20 and 24.99.
- 25 or more years of credited service: 50% of the average monthly benefit compensation for the first 20 years of credited service plus 2.5% of the average monthly benefit compensation for each year of credited service above 20 years - up to a maximum of 80% of the average monthly benefit compensation.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

The average monthly benefit compensation is equal to an average of the highest 36 consecutive months of compensation (salary) within the last 20 years of credited service.

Inactive members (not making contributions to the System) that have at least 10 years of credited service may elect to receive a Deferred Annuity at the age of sixty-two (62). This annuity is a lifetime monthly payment that is actuarially equivalent to the member's accumulated contributions in the System plus an equal amount paid by the employer. This annuity is not a retirement annuity and annuitants are not entitled to survivor benefits, benefit increases, or the group health insurance subsidy. A.R.S. § 38-846.01(A).

*Employees who became a member on or after January 1, 2012.* Pursuant to A.R.S. §§ 38-842 and 38-844 and 38-845, retirement benefits will commence the first day of the month following termination of employment and based upon the following age and service requirements:

Age 52.5 with 25 years of service: 62.5% of the average monthly benefit compensation. Benefits will be reduced by 4% for each year of credited service under 25 years; or

25 or more years of service: 62.5% of the average monthly benefit compensation for the first 25 years of credited service plus 2.5% of the average monthly benefit compensation for each year over 25 years of credited service - up to a maximum of 80% of the average monthly benefit compensation. The pension is reduced by 4% per year for each year of credited service under 25 years with a pro-rata reduction for any fractional years.

The average monthly benefit compensation is equal to an average of the highest 60 consecutive months of compensation (salary) within the last 20 years of credited service.

Compensation includes base wages, shift and military differential wage pay, compensatory time used by an employee in lieu of overtime not otherwise paid by an employer, holiday and overtime pay that is paid to an employee by the employer for the employee's performance of services in an eligible group on a regular monthly, semi-monthly, or biweekly payroll basis as well as any longevity pay paid to an employee at least every six months for which contributions are made to the system. For the purposes of computing retirement benefits, compensation does not include unused sick leave, unused compensatory time, payment in lieu of vacation, "fringe" benefit pay (such as uniform allowance, cell phone or mileage reimbursement) and any payments made directly or indirectly by the employer to the employee for work performed for a third party on a contracted basis except for third party contracts in certain situations. A.R.S. § 38-842(12).

Employees who became a member on or before December 31, 2011 may voluntarily and irrevocably enter into a Deferred Retirement Option Plan (DROP) program with the employer for a period of up to 60 months. The member's monthly benefit is calculated based upon the years of credited service and average monthly compensation at the beginning of the DROP period and is paid into the DROP account, where it earns interest. During the DROP period, the employee will not earn any additional credited service. At the end of the sixty (60) months (or prior to that time), the member terminates employment and the monies accrued in DROP will be paid as a lump-sum either directly to the member (less mandated taxes), or as a rollover. The member will then begin receiving the monthly retirement benefit - which is the same amount that was calculated at the beginning of DROP.

As of June 30, 2016 the DROP balance is \$1,490,830,450. The associated DROP liability is \$1,490,830,450.

Pursuant to A.R.S. §§ 38-857, 38-651.01 and 38-782, retirees and eligible survivors under the System that elect group health insurance and/or accident insurance coverage through the Arizona State Retirement System group plan (ASRS), the Arizona Department of Administration (ADOA) group plan, or a group plan through an employer of the PSPRS or CORP plans, the System may pay up to the following Premium Benefit amount:

SINGLE		FAMILY		
Not Medicare Eligible	Medicare Eligible	All Not Medicare Eligible	All Medicare Eligible	One With Medicare
\$150.00	\$100.00	\$260.00	\$170.00	\$215.00

As of July 2013, pursuant to §§ 38-857 the board established a separate account for the health insurance and these funds cannot be used for any other benefits.

Active members who have at least five (5) years of service with the System that have previous service with an agency of the U.S. Government, a state of the U.S., or a political subdivision of a state of the U.S. as a full-time paid fire fighter or full-time paid certified peace officer may elect to redeem up to sixty (60) months of any part of the prior service if the prior service is not on account with any other retirement system.



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**ELECTED OFFICIALS' RETIREMENT PLAN**

The Elected Officials' Retirement Plan (EORP) is a cost sharing multiple-employer public employee retirement plan established by Title 38, Chapter 5, Article 3 of the Arizona Revised Statutes, to provide benefits for elected officials and judges of certain state, county and local governments. The Board of Trustees of the Public Safety Personnel Retirement System (PSPRS) administers the EORP Plan.

All state and county elected officials and judges are members of the Plan. Any city or town in the State of Arizona may elect to have its' elected officials covered by EORP.

Legislation passed in 2013 (HB 2608) effectively closed the EORP to new members and created the Elected Officials' Defined Contribution Retirement System (EODCRS). Elected officials and judges who were members of the EORP on December 31, 2013 remain in the Plan. Elected officials, justices of the supreme court, judges of the court of appeals and superior court, and commissioners that make a timely election of membership who were initially hired on or after January 1, 2014 will be required to participate in the EODCRS or in ASRS.

At June 30, 2016 and 2015, the number of participating local government employer groups in EORP was:

GROUP	2016	2015
Cities and Towns	22	22
Counties	15	15
State Agencies	2	2
Non-Employer Entity	1	1
<b>Total Employers</b>	<b>40</b>	<b>40</b>

At June 30, 2016 and 2015, statewide EORP membership consisted of:

MEMBERSHIP TYPE	RETIREMENT PLAN		INSURANCE SUBSIDY	
	2016	2015	2016	2015
Retirees	1,123	1,116	668	649
Terminated Vested	163	171	-	-
Current Vested	541	500	-	-
Current Non-Vested	153	238	-	-
<b>Total Members</b>	<b>1,980</b>	<b>2,025</b>	<b>668</b>	<b>649</b>

The EORP provides retirement benefits as well as death and disability benefits. Generally, all benefits vest after five years of credited service.

*Employees who became a member on or before December 31, 2011.* Pursuant to A.R.S. §§ 38-801(5, 7 and 15), 38-805(A) and 38-808, normal retirement will commence the first day of the month following termination of employment to an elected official who ceases to hold office based the following age and service requirements:

- Age 65 years, with 5 or more years of credited service, or
- Age 62 years, with 10 or more years of credited service, or
- 20 or more years of credited service (regardless of age)

The amount of a normal retirement pension is 4% of the member's average yearly salary multiplied by the years of the member's credited service, not to exceed 80% of the member's average yearly salary.

Members who have at least five (5) years of credited service and who ceases to serve as an elected official may retire before meeting the age or service requirement for normal retirement. The amount of an early retirement pension is 4% of the member's average yearly salary multiplied by the years of the member's credited service, not to exceed 80% of the member's average yearly salary then reducing that amount by three-twelfths of one percent for each month early retirement precedes the member's normal retirement age. The maximum reduction is 30%.

The average monthly benefit compensation is equal to an average of the highest 36 consecutive months of compensation (salary) within the last 10 years of credited service. If an employee does not have three consecutive years of credited service as an elected official, the considered period is the employee's last consecutive period of employment with a Plan employer immediately before retirement.

*Employees who became a member on or after January 1, 2012.* Pursuant to A.R.S. §§ 38-801(5, 7 and 15), 38-805 (B) and 38-808, normal retirement benefits will commence the first day of the month following termination of employment and based upon the following:

- Age 65 years, with 5 or more years of credited service, or
- Age 62 years, with 10 or more years of credited service.

The amount of a normal retirement pension is 3% of the member's average yearly salary multiplied by the member's credited service, not to exceed 75% of the member's average yearly salary. Early retirement benefits are not available.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The average monthly benefit compensation is equal to an average of the highest 60 consecutive months of compensation (salary) within the last 10 years of credited service. If an employee does not have five consecutive years of credited service as an elected official, the considered period is the employee's last consecutive period of employment with a Plan employer immediately before retirement.

Pursuant to A.R.S. §§ 38-817, 38-651.01 and 38-782, retirees and survivors with 8 or more years of credited service that elect group health insurance and/or accident insurance coverage through the Arizona State Retirement System group plan (ASRS), the Arizona Department of Administration (ADOA) plan, or a group plan through an employer of the EORP plans, the Plan will pay up to the following premium benefit amount each month:

SINGLE		FAMILY		
Not Medicare Eligible	Medicare Eligible	All Not Medicare Eligible	All Medicare Eligible	One With Medicare
\$150.00	\$100.00	\$260.00	\$170.00	\$215.00

Active members who have at least five years of service with the System that have previous service with an agency of the U.S. Government, a state of the U.S., or a political subdivision of a state of the U.S. may elect to redeem up to 60 months of any part of the prior service if the prior service is not on account with any other retirement system.

**CORRECTIONS OFFICER RETIREMENT PLAN**

The Corrections Officer Retirement Plan (CORP) is a multiple-employer public employee retirement plan established by Title 38, Chapter 5, Article 6 of the Arizona Revised Statutes, to provide benefits for prison and jail employees of certain state, county and local governments. CORP includes a cost-sharing, multiple-employer plan for Administrative Office of the Courts (CORP-AOC) probation officers and an agent, multiple-employer plan for all other members. The Board of Trustees of the Public Safety Personnel Retirement System and 26 local boards administer the plan.

CORP-AOC provides the same benefits as CORP. The significant accounting and investment policies used for CORP are also used for CORP-AOC.

Each eligible group participating in the Plan has a five-member local board. Each local board is responsible for determining eligibility for membership, service credits, eligibility for benefits, the timing of benefit payments, and the amount of benefits for its eligible group of employees. The various governing bodies pay all costs associated with the administration of the local boards.

Any county or city in the State of Arizona may elect to have its eligible employees (generally prison or jail personnel who have direct inmate contact ) covered by CORP. At June 30, 2016 and 2015, the number of participating local government employer groups was:

GROUP	2016	2015
CORP-AOC	15	15
Towns—Dispatchers	3	3
Cities—Dispatchers	1	1
Cities—Detention	1	1
Counties—Dispatchers	4	4
Counties—Detention	13	13
State Agency—Dispatchers	1	1
State Agency—Detention	3	3
<b>Total Employers</b>	<b>41</b>	<b>41</b>

Designated positions for State and local government employers that elect to join the Plan are eligible to participate in the CORP if the employee's customary employment is for at least forty (40) hours per week, or as defined by statute. Those positions are specified in A.R.S. §§ 38-881 and include (but not limited to) state, county, city or town detention officers, certain dispatchers, and specifically designated positions for Arizona Department of Corrections and the Department of Juvenile Corrections employees.

At June 30, 2016 and 2015, statewide CORP membership consisted of the following:

MEMBERSHIP TYPE	RETIREMENT PLAN					
	CORP	CORP-AOC	2016	CORP	CORP-AOC	2015
Retirees	4,215	570	4,785	3,919	491	4,410
Terminated Vested	2,405	387	2,792	1,981	337	2,318
Current Vested	3,948	1,040	4,988	3,907	1,072	4,979
Current Non-Vested	7,789	1,069	8,858	8,147	1,058	9,205
<b>Total Members</b>	<b>18,357</b>	<b>3,066</b>	<b>21,423</b>	<b>17,954</b>	<b>2,958</b>	<b>20,912</b>

MEMBERSHIP TYPE	INSURANCE SUBSIDY					
	CORP	CORP-AOC	2016	CORP	CORP-AOC	2015
Retirees	2,447	228	2,675	2,306	112	2,418
Terminated Vested	-	-	-	-	-	-
Current Vested	-	-	-	-	-	-
Current Non-Vested	-	-	-	-	-	-
<b>Total Members</b>	<b>2,306</b>	<b>112</b>	<b>2,418</b>	<b>2,020</b>	<b>176</b>	<b>2,196</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

CORP provides retirement benefits as well as death and disability benefits. Generally, all benefits vest after five years of credited service.

*Employees who became a member on or before December 31, 2011.* Pursuant to A.R.S. §§ 38-881 and 38-885, retirement benefits will commence the first day of the month following termination of employment and based upon the following age and service requirements:

For retirement with 20 years of credited service but less than 25 years of credited service, or 80 points (age plus credited service) if membership date is on/after 8/9/01: 50% of the member's average monthly salary plus 2% of member's average monthly salary multiplied by each year of credited service over 20 (including fractional years).

For retirement with 25 or more years of credited service, or 80 points if membership date is on/after 8/9/01: 50% of the member's average monthly salary plus 2.5% of member's average monthly salary multiplied by each year of credited service over 20 (including fractional years) with a maximum of 80%.

For retirement with 20 years of service but less than 20 years of credited service, or 80 points if membership date is on/after 8/9/01: Member's average monthly salary multiplied by 2.5% for each year of credited service (include fractional years).

For retirement with 80 points if membership date is PRIOR to 8/9/01: Member's average monthly salary multiplied by 2.5% for each year of credited service (include fractional years) with a maximum of 75% of average monthly salary.

For retirement at age 62 with 10 years of service: Member's average monthly salary multiplied by 2.5% for each year of credited service (include fractional years).

Inactive members that have at least 10 years of credited service may elect to receive a "deferred annuity" at age 62. This annuity is a lifetime monthly payment that is actuarially equivalent to the member's accumulated contributions in the Plan plus an equal amount paid by the employer. This annuity is not a retirement benefit and annuitants are not entitled to survivor benefits, benefit increases, or the group health insurance subsidy.

The average monthly salary is equal to an average of the highest 36 consecutive months of compensation (salary) within the last 10 years of credited service.

*Employees who became a member after December 31, 2011.* Pursuant to A.R.S. §§ 38-881 and 38-885, retirement benefits will commence the first day of the month following termination of employment and based upon the following:

For retirement at age 62 with 10 years of service: Member's average monthly salary multiplied by 2.5% for each year of credited service (include fractional years).

For retirement at age 52.5 with 25 or more years of credited service: 62.5% of the member's average monthly salary plus 2.5% of the average monthly salary for each year of credited service over 25 (include fractional years) with a maximum of 80%.

For retirement at age 52.5 with 25 years of service but less than 25 years of credited service: average monthly salary multiplied by 2.5% for each year of credited service (include fractional years).

The average monthly salary is equal to an average of the highest 60 consecutive months of compensation (salary) within the last 10 years of credited service.

Employees who became a member on or after January 1, 2012 are not eligible for a "deferred annuity." However, a member who attains the service requirement for a normal retirement, but does not meet the age requirement, may elect to leave contributions on account until reaching the age requirement and then elect to receive a retirement benefit (which entitles them to survivor benefits, benefit increases, or the group health insurance subsidy).

Salary includes the base salary, shift differential pay, military differential wage pay and holiday pay paid a member for personal services rendered in a designated position to a participating employer on a regular monthly, semi-monthly or biweekly payroll basis. Salary includes amounts that are subject to deferred compensation or tax shelter agreements. "Base salary" means the amount of compensation each member is regularly paid for personal services rendered to an employer before the addition of any extra monies, including overtime pay, shift differential pay, holiday pay, fringe benefit pay and similar extra payments.

Active members who have at least five (5) years of credited service with the System that have previous service with an agency of the U.S. Government, a state of the U.S., or a political subdivision of a state of the U.S. may elect to redeem up to 60 months of any part of the prior service if the prior service is not on account with any other retirement system. Those members may also purchase up to 60 months of credited service for periods of active military service performed before employment with their current employer.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Pursuant to A.R.S. §§ 38-906, 38-651.01 and 38-782, retirees and eligible survivors under the System that elect group health insurance and/or accident insurance coverage through the Arizona State Retirement System group plan (ASRS), the Arizona Department of Administration (ADOA) plan, or a group plan through an employer of the CORP plans, the System may pay up to the following amount Premium Benefit amount:

SINGLE		FAMILY		
Not Medicare Eligible	Medicare Eligible	All Not Medicare Eligible	All Medicare Eligible	One With Medicare
\$150.00	\$100.00	\$260.00	\$170.00	\$215.00

Beginning July 1, 2006 and through June 30, 2016, the CORP shall offer the Reverse Deferred Retirement Option Plan (Reverse DROP) to members that are eligible for a normal pension (based on service and age) applicable to a membership date that is either prior to, or after January 1, 2012 (who is not awarded an accidental, ordinary or total and permanent disability pension). Under the Reverse DROP, the member must voluntarily and irrevocably elect to terminate employment and receive a normal retirement upon participation in the Reverse DROP. The Reverse DROP date is the first day of the month immediately following completion of required credited service, or a date not more than sixty (60) consecutive months before the date the member elects to participate in the Reverse DROP, whichever is later.

If a member elects to participate in the Reverse DROP, the years of service credit cannot go below 24 (non-dispatcher), or 25 (dispatcher) years of service credit after the Reverse DROP months are applied. The maximum number of months that a member could elect to reverse is 60 months (5 years).

The member’s pension will be calculated using the factors of credited service and average monthly benefit compensation in effect on the Reverse DROP Date. The lump sum distribution is credited as though it accrued monthly from the Reverse DROP date to the date the member elected to participate in the Reverse DROP (plus interest equal to the yield on a five (5) year Treasury note as of the first day of the month as published by the Federal Reserve Board).

Neither the member nor the employer is entitled to a refund of contributions made between the Reverse DROP date and the date the member elects to participate in the Reverse DROP. A.R.S. § 38-885.01.

Pursuant to statute, the Reverse DROP option will no longer be available after June 30, 2016. A.R.S. § 38-885.01.

**ELECTED OFFICIALS’ DEFINED CONTRIBUTION RETIREMENT SYSTEM**

As part of 2013 legislation, House Bill 2608 effectively closed the Elected Officials’ Retirement Plan (EORP) and created the Elected Officials’ Defined Contribution Retirement System (EODCRS), with an effective date of January 1, 2014. All employers who are in EORP are required to be in the EODCRS. This is to ensure that the legacy costs of EORP are continued to be funded by those employers whose members contribute to that liability. Elected Officials who are elected, appointed, or hired on or after January 1, 2014 have one of three different paths that are available to them.

*Path 1: Elected Officials’ Retirement Plan.*

ARS § 38-801 restricts membership in EORP to elected officials defined therein who were members of the plan on December 31, 2013.

*Path 2: Arizona State Retirement System.*

As prescribed in ARS § 38-727, if a person is appointed, elected, or hired on or after January 1, 2014 and does not have prior EORP time, but has ASRS time, that person has the option to return to ASRS. If that person chooses ASRS, that choice must be made in writing and filed with ASRS within 30 days after that person’s term begins. That decision is irrevocable during the term in which that election was made. Additionally, the member has the option to participate in either the EODCRS or ASRS Plan with each term. The elected official will contribute to and participate in the Long-Term Disability Program administered by ASRS.

*Path 3: Elected Officials’ Defined Contribution Retirement System.*

If a person is elected, appointed, or hired on or after January 1, 2014, does not have time on account with EORP, and does not timely opt out of EODCRS to return to ASRS, s/he is automatically enrolled in EODCRS, which is administered by Nationwide Retirement Solutions, a third party vendor. The elected official will contribute to and participate in the Elected Officials’ Defined Contribution Retirement System Disability Program administered by EODCRS. Since PSPRS does not administer the EODCRS or have any control over the assets, assets and liabilities of the plan are not included in the System’s financial statements.

The EODCRS is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal. There is no vesting period required to receive benefits in the EODCRS. At the time of retirement or termination, an amount equal to the fair value of a member’s account is distributed to the member or transferred to another qualified plan or individual retirement account on the member’s behalf. A disability pension is available to members who become disabled while in office.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS****REPORTING ENTITY**

The System functions as a separate statutory entity and maintains rights to sue or be sued in its own name and to hold property in its own name. For financial reporting purposes, the System is considered a pension trust fund of the State of Arizona and is included as a component unit in the State's Comprehensive Annual Financial Report. The System does not have any component units.

**BASIS OF ACCOUNTING**

The System's financial statements are prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Prepaid contributions are recognized when received. Pension and Health Insurance subsidy benefits are recognized when due and payable in accordance with the terms of the Plan. Refunds are due and payable by state law within 20 days of receipt of a written application for a refund. Refunds are recorded when paid. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

Furniture, fixtures and equipment purchases costing \$10,000 or more, when acquired, are capitalized at cost. Improvements, which increase the useful life of the property, are also capitalized.

Investment income net of administrative and investment expenses are allocated to each employer group based on the average relative fund size for each employer group for that year. Administrative fees are paid from Investment returns and in cases where there is a loss, the fees are paid from contributions.

By state statute, the Plan is required to provide information in the financial statements used to calculate Net Effective Yield. Net Effective Yield includes only realized gains and losses. The Net Realized Gains (Losses) used in this calculation totaled \$301,320,246 for FYE 2016 and \$521,414,621 for FYE 2015. This calculation is independent of the calculation of the change in the fair value of investments and may include unrealized amounts from prior periods.

GASB Statement 72, *Fair Value Measurement and Application*, was issued and is effective for periods beginning after June 15, 2015. This Statement generally requires investments to be measured at fair value, and defined the term "fair value." It also requires disclosures to be made about fair value measurement, the level of fair value hierarchy, and valuation techniques. The System implemented the new requirements this fiscal year. The System also imple-

mented GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, and GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets held in trust for pension benefits at June 30, 2016. Actual results could differ from those estimates.

**NOTE 3: HEALTH INSURANCE PREMIUM SUBSIDY**

The System provides health insurance premium subsidies in accordance with A.R.S. §38-857 on behalf of eligible retired members who are receiving health benefits through the Arizona State Retirement System, Arizona Department of Administration, or the participating employer of the retired member. The System has set up separate 401(h) healthcare plans to receive contributions, invest assets, and pay subsidies. Contribution rates are determined annually by the actuary. The subsidy consists of a fixed dollar amount set by statute. The summary of significant accounting policies and investment policies for the healthcare plans are the same as the corresponding retirement plans. The healthcare plan assets are accounted for by employer, and are only available to pay health insurance benefits.

**NOTE 4: CONTRIBUTION REQUIREMENTS**

Contribution rates for members and employers are defined in statute. The System's funding policy also provides for employer contributions set at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. Rates for PSPRS and CORP are recalculated annually based on annual actuarial valuation results. During the year ended June 30, 2016, contributions to PSPRS and CORP were made in accordance with contribution requirements determined by an actuarial valuation of the System as of June 30, 2014. Contributions to EORP were made in accordance with rates set in statute.

**PSPRS**

PSPRS member contributions were 11.65% of covered payroll in fiscal year 2016. While each employer in PSPRS pays a separate contribution rate, actuarially determined contributions for PSPRS in the aggregate represented 41.37% of covered payroll [12.75% for normal costs (12.40% pension and 0.35% health insurance) and 28.62% for amortization of unfunded actuarial accrued liability in aggregate (28.68% pension and (0.06)% health insurance subsidy)]. In fiscal year 2016 employers were allowed to phase-in large increases in rates due to higher liabilities related to permanent benefit increases over three years.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

Employer contribution rates in PSPRS shall not be less than 8% of compensation. For any employer whose actual contribution rate was less than 8% of compensation in fiscal year 2007, that employer's contribution rate is not subject to the 8% minimum but shall be at least 5%.

**EORP**

The member contribution rate for EORP members is 13% of gross compensation.

As of January, 1 2014, the Arizona State Legislature closed the Elected Official's Retirement Plan and set the employer contribution rate to 23.50% of covered payroll (23.50% for pension and 0.00% for health insurance) with an additional five million dollars appropriated from the Arizona State Budget (Section 133 of Fiscal Year General Appropriation Act). The five million dollars from the State of Arizona is considered a contribution from a non-employer contributing entity and is listed separately on the Statement of Changes in Fiduciary Position. In addition, the EORP receives additional contributions from certain employers as specified in in A.R.S. § 38-810.

**EODCRS**

Members of the Elected Officials Defined Contribution Retirement System contribute 8% of gross compensation to Nationwide Retirement Solutions, Inc. that is deposited into their own individual accounts. Employers contribute an additional 6% of gross compensation into member accounts at Nationwide plus 17.5% to the EORP to help pay off EORP's unfunded liability.

**CORP**

The member contribution rate for CORP is 7.96% for dispatchers and 8.41% for non-dispatchers. While each employer in CORP pays a separate contribution rate, actuarially determined contributions for CORP (including CORP-AOC) in the aggregate for fiscal year 2016 represented 18.21% of covered payroll [6.88% for normal costs (6.55% pension and 0.33% health insurance) and 11.33% for amortization of unfunded actuarial accrued liability in aggregate (11.44% pension and (0.11)% health insurance subsidy)]. The actuarially determined contributions for CORP-AOC separately were 19.95% of covered payroll [6.77% for normal costs (6.48% pension and 0.29% health insurance) and 13.18% for amortization of unfunded actuarial accrued liability in aggregate (12.62% pension and 0.56% health insurance subsidy)]. In fiscal year 2016 employers were allowed to phase-in large increases in rates due to higher liabilities related to permanent benefit increases over three years. The minimum employer contribution rate is 6%. A.R.S. 38-891.

**NOTE 5: CASH AND INVESTMENTS**

**CASH**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the System's deposits may not be returned. The deposits are held in two financial institutions with a balance of up to \$250,000 (permanently guaranteed as of July 21, 2010) insured by the Federal Deposit Insurance Corporation (FDIC). The System mitigates custodial credit risk for deposits by requiring the financial institutions to pledge securities from an acceptable list in an amount at least equal to 102% of the aggregate amount of the deposits on a daily basis.

All monies shall be secured by the depository in which they are deposited and held to the same extent and in the same manner as required by the general depository law of the state. Cash balances represent both operating and cash accounts held by the bank and investment cash on deposit with the investment custodian. All deposits are carried at cost plus accrued interest. The following table is a schedule of the aggregate book and bank balances of all cash accounts as of June 30, 2016:

	REPORTED AMOUNT	BANK BALANCE
Pension Trust Fund	309,592,579	309,592,579
Operating Fund	5,442,751	25,646,200
<b>Total Deposits</b>	<b>315,035,330</b>	<b>335,238,779</b>

**MONEY-WEIGHTED RATE OF RETURN**

The money-weighted rate of return on investments for FY 2016 was .405%, and 3.984% for FY 2015. The calculation is less investment expenses of \$4,025,851. The money-weighted rate of return expresses investment performance, net of investments expense, adjusted for the changing amounts actually invested.

**FAIR VALUE REPORTING**

The System's investments are reported at fair value. The System does not value any non-publicly traded assets. All of the System's non-publicly traded assets are managed by external managers, who value the investments under their management in accordance with their established valuation policies. Short-term investments are reported at cost plus accrued interest. The System categorizes its fair value measurements for investments within the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Level 1 – Unadjusted quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

Level 1 debt and equity securities are valued based on prices quoted in active markets for those securities. Level 2 securities are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices. Level 3 securities, whose stated market prices are unobservable by the market place, are priced by the investment manager or General Partner using discounted cash flow techniques. The System has the following recurring fair value measurements as of June 30, 2016:

INVESTMENTS MEASURED AT FAIR VALUE (IN THOUSANDS)				
	Fair Value	Level 1	Level 2	Level 3
<b>Fixed Income</b>				
US Government Bonds	8,014	0	8,014	0
Corporate Bonds	486,086	0	20,256	465,830
<b>Total Fixed Income</b>	<b>494,100</b>	<b>0</b>	<b>28,270</b>	<b>465,830</b>
<b>Equity</b>				
US Equity	1,264,680	966,806	0	297,874
Non US Equity	1,106,792	889,407	0	217,385
<b>Total Equity</b>	<b>2,371,472</b>	<b>1,856,213</b>	<b>0</b>	<b>515,259</b>
<b>Total Fair Value</b>	<b>2,865,572</b>	<b>1,856,213</b>	<b>28,270</b>	<b>981,089</b>

The fair value of alternative investments is based on the investments' net asset value (NAV) per share. These are investments for which exchange quotations are not readily available and are valued at estimated fair value, as determined in good faith by the General Partner of each fund or by the investment manager responsible for that sector.

Alternative investments are most often established as pooled private investment limited partnerships that are open to a limited group of accredited investors, require large minimum investments and are illiquid. Investors in such structures are Limited Partners.

**Absolute Return Funds** include investments in eight funds that are designed to make a positive absolute return regardless of the underlying market condition in the asset class that they primarily are investing in.

**GTAA** (Global Tactical Asset Allocation) investments are held in seven funds that are designed to offer risk reduction, uncorrelated returns and liquidity.

**Private Credit** investments are held in 30 funds that focus on debt instruments.

**Private Equity** investments are held in 67 funds. The types of partnership strategies included in this asset class include venture capital, growth equity, buyouts, and other special situations.

**Real Asset** investments are held in 27 funds that invest in assets like gas, oil, minerals and timber.

**Real Estate** investments are held in 38 funds that invest directly in real estate holdings.

**Risk Parity** investments are held in four funds which focus on allocation of risk or volatility to be more resistant to market downturns.

Redemptions (the ability to withdraw money from an investment) are allowed in most of the individual investments within the GTAA, Private Credit, Real Asset, Real Estate and Risk Parity asset classes. Redemptions are allowed monthly, quarterly or annually. Some individual investments allow for daily redemptions within the Private Credit, Real Asset and Real Estate asset classes. The redemption notice period is 5 days for Risk Parity investments. Private Credit, Real Asset and Real Estate investments have redemption notice periods as short as 1 day and as long as annually. GTAA investments have redemption notice periods as short as 5 days and as long as annually.

The table below provides more information about the unfunded commitments for the System's investments measured at the net asset value:

INVESTMENTS MEASURED AT NET ASSET VALUE (NAV) (IN THOUSANDS)		
Investment	Fair Value	Unfunded Commitments
Absolute Return	342,966	103,439
GTAA	741,515	0
Private Credit	872,425	672,052
Private Equity	1,247,968	666,080
Real Assets	794,790	235,356
Real Estate	788,597	609,157
Risk Parity	306,004	0
<b>TOTAL</b>	<b>5,094,265</b>	<b>2,286,084</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

By statute, the Board of Trustees is to make investments in accordance with the "Prudent Man" rule. In making every investment, the board shall exercise the judgment and care under the circumstances then prevailing which men of ordinary prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income from their funds as well as the probable safety of their capital, provided:

- 1) That not more than 80% of the combined assets of the system or other plans that the board manages shall be invested at any given time in corporate stocks, based on cost value of such stocks irrespective of capital appreciation.
- 2) That not more than 5% of the combined assets of the system or other plans that the board manages shall be invested in corporate stock issued by any one corporation, other than corporate stock issued by corporations chartered by the United States government or corporate stock issued by a bank or insurance company.
- 3) That not more than 5% of the voting stock of any one corporation shall be owned by the system and other plans that the board administers, except that this limitation does not apply to membership interests in limited liability companies.
- 4) That corporate stocks and exchange traded funds eligible for purchase shall be restricted to stocks and exchange traded funds that, except for bank stocks, insurance stocks and membership interests in limited liability companies, are either:
  - a) Listed or approved on issuance for listing on an exchange registered under the Securities Exchange Act of 1934, as amended (15 United States Code §78a through §78ll);
  - b) Designated or approved on notice of issuance for designation on the national market system of a national securities association registered under the Securities Exchange A, Act of 1934, as amended (15 United States Code §78a through §78ll).
  - c) Listed or approved on issuance for listing on an exchange registered under the laws of this [Arizona] state or any other state.
  - d) Listed or approved on issuance for listing on an exchange of a foreign country with which the United States is maintaining diplomatic relations at the time of purchase, except that no more than twenty per cent of the combined assets of the system and other plans that the board manages shall be invested in foreign securities, based on the cost value of the stocks irrespective of capital appreciation.
  - e) An exchange traded fund that is recommended by the chief investment officer of the system, that is registered under the investment company act of 1940 (15 United States Code Section 80a-1 through 80a-64) and that is both traded on a public exchange and based on a publicly recognized index.

A.R.S. § 38-848.B as amended in 2008 authorized the Board of Trustees to commingle the assets of all the plans entrusted to its management, subject to the crediting of receipts and earnings and charging of payments to the appropriate employer, system or plan. As a result, the various assets of the Public Safety Retirement System, Elected Officials' Retirement Plan, and the Corrections Officer Retirement Plan were unitized beginning September 1, 2008 into the PSPRS Trust. Investments for each fund are allocated daily via a constant dollar unitization methodology. Realized and unrealized gains are allocated monthly using the same methodology.

At June 30, 2016, the fair value of the PSPRS Trust and the allocation for each system and plan was as follows:

PLAN	UNITIZED	PERCENT
PSPRS Pension	6,042,477,418	72.69%
PSPRS Health Ins.	299,092,404	3.60%
EORP Pension	288,994,996	3.48%
EORP Health Ins.	21,667,056	0.26%
CORP Pension	1,210,095,975	14.56%
CORP Health Ins.	99,218,949	1.19%
CORP-AOC Pension	342,177,483	4.12%
CORP-AOC Health Ins.	8,201,637	0.10%
<b>TOTAL</b>	<b>8,311,925,918</b>	<b>100.00%</b>

**CUSTODIAL CREDIT RISK**

Custodial Credit Risk is the risk that the System will not be able (a) to recover deposits if the depository financial institution fails or (b) to recover the value of the investment or collateral securities that are in the possession of an outside party if the counterpart to the investment or deposit transaction fails. As of June 30, 2016, the System has no fund or deposits that were not covered by depository insurance or collateralized with securities held by our banks' trust department or agent. Nor does the System have any investments that are not registered in the name of the System, and are either held by the counterpart or the counterpart's trust department or agent. The system's cash is not collateralized by Wells Fargo, but is pooled with the State of Arizona Treasurer.

**CREDIT RISK**

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the System. As of June 30, 2016, the System's fixed income assets that were not government guaranteed represented 98.4% of the fixed income portfolio.



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

Each portfolio is managed in accordance with investment guidelines that are specific as to permissible credit quality ranges, exposure levels within individual quality tiers, and the average credit quality of the overall portfolios. To those guidelines, the fixed income portfolio must have a minimum weighted average quality rating of A3/A-. Fixed income securities must have a minimum quality rating of Baa3/BBB- at the time of purchase.

The portion of the bond portfolio in securities rated Baa3/BBB- through Baa1/BBB+ must be 20% or less of the fair value of the fixed income portfolio.

Included in the fixed income portfolio are cash equivalents or commercial paper. Commercial Paper must have a minimum quality rating of A-1/P-1 at the time of purchase. Investments in derivatives are limited to collateralized mortgage obligations (CMO), collateralized bond obligations (CBO), collateralized debt obligations (CDO), and asset-backed securities (ABS).

In preparing this report, collateral for securities lending has been excluded because it is invested in a securities lending collateral investment pool. The following tables summarize the System's fixed income portfolio exposure levels and credit qualities.

**CONCENTRATION OF CREDIT RISK**

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. Other than bonds used as direct obligations of and fully guaranteed by the U.S. Government, not more than 5% of the Fund or its fixed income portfolio at fair value shall be invested in bonds issued by any one institution, agency or corporation.

AVERAGE CREDIT QUALITY AND EXPOSURE LEVELS OF NON-GOVERNMENT GUARANTEED SECURITIES			
FIXED SECURITY TYPE	FAIR VALUE JUNE 30, 2016	% OF FIXED INCOME ASSETS	WEIGHTED AVG. CREDIT
Corporate Bonds	486,085,794	100.0%	BB
Mortgages	-	0.0%	-
CBO	-	0.0%	-
<b>Total</b>	<b>486,085,794</b>	<b>100.0%</b>	

RATINGS DISPERSION DETAIL	
CREDIT RATING LEVEL	CORPORATE BONDS
AAA	-
AA	-
A	-
BBB	10,548,437
BB	1,196,735
B	-
CCC	1,074,385
CC	-
C	1,113,208
Not Rated	472,153,029
<b>Total</b>	<b>486,085,794</b>

**INTEREST RATE RISK**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. This risk is managed within the portfolio using segmented time distributions. It is widely used in the management of fixed income portfolios in that it quantifies the risk of interest rate changes. The System does invest in fixed income securities with floating rates that contain coupon adjustment mechanisms in a rising interest rate environment.

The following tables quantify, to the fullest extent possible, the interest rate risk of the System's fixed income assets.

SEGMENTED TIME DISTRIBUTION BY SECURITY TYPE (INCLUDING GOVERNMENT GUARANTEED SECURITIES) (IN THOUSANDS)						
FIXED INCOME SECURITY	<1	1-5	6-10	11-15	16-20	>20
Corporate	-	9,504	-	1,113	1,183	474,286
Agencies	-	-	-	-	-	8,014
Mortgages	-	-	-	-	-	-
CBO	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>9,504</b>	<b>-</b>	<b>1,113</b>	<b>1,183</b>	<b>482,300</b>

CALLABLE BONDS BY SECURITY TYPE (INCLUDING GOVERNMENT GUARANTEED SECURITIES)		
FIXED INCOME SECURITY TYPE	FAIR VALUE JUNE 30, 2016	% OF ALL FIXED INCOME ASSETS
Corporate	-	0.00%
Agencies	-	0.00%
<b>Totals</b>	<b>-</b>	<b>0.00%</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## FOREIGN CURRENCY RISK

Foreign currency risk is the risk that changes in the foreign exchange rate will adversely impact the fair value of an investment. The System is allowed to invest part of its assets in foreign investments. The following table shows the System's exposure to foreign currency risk (U. S. dollars):

FOREIGN CURRENCY RISK 6/30/16 (IN THOUSANDS)				
CURRENCY	SHORT TERM	EQUITY	OTHER	TOTAL
AUSTRALIAN DOLLAR	19	46,281	0	46,300
BRAZIL REAL	56	14,476	0	14,532
CANADIAN DOLLAR	123	58,791	0	58,914
CHILEAN PESO	15	1,899	0	1,914
COLOMBIAN PESO	10	692	0	702
CZECH KORUNA	27	238	0	265
DANISH KRONE	5	11,338	0	11,343
EURO CURRENCY UNIT	1,225	182,865	119,720	303,810
HONG KONG DOLLAR	262	55,924	0	56,186
HUNGARIAN FORINT	23	433	0	456
INDONESIAN RUPIAH	32	4,564	0	4,596
ISRAELI SHEKEL	51	3,561	0	3,612
JAPANESE YEN	455	146,748	0	147,203
MALAYSIAN RINGGIT	14	5,382	0	5,396
MEXICAN PESO	40	7,645	0	7,685
NEW TAIWAN DOLLAR	461	22,583	0	23,044
NEW ZEALAND DOLLAR	9	1,321	0	1,330
NORWEGIAN KRONE	50	3,980	0	4,030
PHILIPPINES PESO	30	2,586	0	2,616
POLISH ZLOTY	50	1,864	0	1,914
POUND STERLING	177	118,788	33,143	152,108
QATARI RIYAL	80	1,720	0	1,800
SINGAPORE DOLLAR	39	7,763	0	7,802
SOUTH AFRICAN RAND	232	12,819	0	13,051
SOUTH KOREAN WON	80	30,244	0	30,324
SWEDISH KRONA	31	18,934	0	18,965
SWISS FRANC	22	55,536	0	55,558
THAILAND BAHT	11	3,509	0	3,520
TURKISH LIRA	28	2,209	0	2,237
<b>TOTAL FAIR VALUE</b>	<b>3,657</b>	<b>824,693</b>	<b>152,863</b>	<b>981,213</b>

## DERIVATIVES

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates, or financial indexes.

They include futures contracts, options contracts, and forward foreign currency exchange. The Board of Trustees has adopted a derivative policy that specifically authorizes external investment managers to enter into certain derivative contracts based on an analysis that the use of such derivatives will have a positive impact on the Trust's ability to manage its underlying assets and liabilities. The System Trust investment program, indirectly through its external managers, holds investments in futures contracts. The external money managers enter into these certain derivative instruments primarily to enhance the performance and reduce the volatility of the System portfolio, to gain or hedge exposure to certain markets, and to manage interest rate risk. The external managers are required to follow certain controls, documentation and risk management procedures when employing these financial instruments.

The fair value exposure associated with these derivative instruments was recorded on the financial statements as a portion of the unrealized gains and losses related to U.S. Equity and Fixed Income. The total of unrealized loss for the System was \$131,267 at June 30, 2016 consisting of Non-U.S. Equity (gain of \$278,373) and Risk Parity (loss of \$409,639). Interest risk associated with these investments are included in the tables on page 49.

## SECURITY LENDING PROGRAM

The System is party to a securities lending agreement with a bank. The bank, on behalf of the System, enters into agreements with brokers to loan securities and have the same securities returned at a later date. The loans are fully collateralized primarily by cash. Collateral is marked-to-market on a daily basis. Non-cash collateral can be sold only upon borrower default. The Plan requires collateral of at least 102% of the fair value of the loaned U.S. Government or corporate security. Securities on loan are carried at fair value.

As of June 30, 2016 the fair value of securities on loan was \$399,121,853 and the collateral was \$408,599,626 for the System. The System receives a negotiated fee for its loan activities and is indemnified for broker default by the securities lending agent. The System participates in a collateral investment pool. All security loans may be terminated on demand by either the lender or the borrower. All matched loans shall have matched collateral investments.

The total cash collateral investments received for unmatched loans (any loan for which the cash collateral has not been invested for a specific maturity) will have a maximum effective duration of 233 days. And, at least 20% of total collateral investments shall be invested on an overnight basis. At June 30, 2016, the weighted average maturity was 5 days for all investments purchased with cash collateral from unmatched loans. The System has no credit risk because the amounts owed to the borrowers exceed the amounts the borrowers owe to the System.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

ASSET CLASS	OUT ON LOAN	TOTAL AVAILABLE TO LOAN	% OF AVAILABLE TO LOAN
Equities	355,197,259	619,004,746	57%
Agencies	-	-	-
Treasuries	-	-	-
Exchange Traded Funds	43,924,594	180,432,881	25%
<b>Totals</b>	<b>399,121,853</b>	<b>799,437,627</b>	<b>50%</b>

## NOTE 6: CAPITAL ASSETS

These assets are stated at cost, and depreciable assets are depreciated using the straight-line method over the estimated life of the asset. Repairs and maintenance are charged to expense as incurred. Depreciation expense for June 30, 2016 was \$245,257.

The following table is a schedule of the capital asset account balances as of June 30, 2016, and June 30, 2015, and changes to those account balances during the year ended June 30, 2016.

SCHEDULE OF CAPITAL ASSET ACCOUNT BALANCES				
	LAND	BUILDING IMPROVEMENTS	FURNITURE FIXTURES EQUIPMENT	TOTAL CAPITAL ASSETS
<b>CAPITAL ASSETS</b>				
June 30, 2015	615,169	4,624,065	1,682,764	6,921,998
Additions	0	0	21,236	21,236
Deletions	0	0	0	0
<b>June 30, 2016</b>	<b>615,169</b>	<b>4,624,065</b>	<b>1,704,000</b>	<b>6,943,234</b>
<b>ACCUMULATED DEPRECIATION</b>				
June 30, 2015	0	(1,286,465)	(1,407,972)	(2,694,437)
Additions	0	(95,657)	(149,600)	(245,257)
Deletions	0	0	0	0
<b>June 30, 2016</b>	<b>0</b>	<b>(1,382,122)</b>	<b>(1,557,572)</b>	<b>(2,929,694)</b>
<b>Net Capital Assets</b>	<b>615,169</b>	<b>3,241,943</b>	<b>146,428</b>	<b>4,003,540</b>

## NOTE 7: PLAN TERMINATION

The System is administered in accordance with Arizona statutes. These statutes do provide for termination of the plans under A.R.S. 41-3016.18. The plans were scheduled to terminate on July 1, 2016. However, based on the Auditor General's sunset review and performance audit, the Legislative Committee of Reference held a hearing on November 18, 2015 and recommended to the full Legislature that the System continue for eight more years beginning July 1, 2016. This recommendation was considered and approved during the 2016 legislative session.

## NOTE 8: NET PENSION LIABILITY

This note is only applicable to EORP and CORP-AOC. Only cost-sharing plans are required to report the net pension liability. PSPRS and CORP are agent-multiple plans so this note is not applicable to PSPRS and CORP.

## DETERMINATION OF TOTAL PENSION LIABILITY

**EORP:** The total pension liability shown in this subsection is also shown as of the last date of the pension plan's fiscal year, June 30, 2016. A single discount rate of 3.68% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 7.50% and a municipal bond rate of 2.85% (20-year Bond Buyer Index as published by the Federal Reserve, as of June 30, 2016). The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates set by statute and non-employer contributions. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2027. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2027, and the municipal bond rate was applied to all benefit payments after that date

EXPECTED RETURN - ARITHMETIC BASIS TARGET ASSET ALLOCATION			
ASSET CLASS	TARGET ALLOCATION	REAL RETURN ARITHMETIC BASIS	LONG-TERM EXPECTED PORTFOLIO REAL RATE OF RETURN
Short Term Investments	2.00%	0.75%	0.02%
Absolute Return	5.00%	4.11%	0.21%
Risk Parity	4.00%	5.13%	0.21%
Fixed Income	7.00%	2.92%	0.20%
Real Assets	8.00%	4.77%	0.38%
GTAA	10.00%	4.38%	0.44%
Private Equity	11.00%	9.50%	1.05%
Real Estate	10.00%	4.48%	0.45%
Credit Opportunities	13.00%	7.08%	0.92%
Non-U.S. Equity	14.00%	8.25%	1.16%
U.S. Equity	16.00%	6.23%	1.00%
<b>Total</b>	<b>100.00%</b>		<b>6.01%</b>
Inflation			3.00%
<b>Expected Arithmetic Nominal Return</b>			<b>9.01%</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected real rates of return (expected returns, net of pension plan investment expense ) are developed for each major class. The arithmetic method is the best method used to calculate the average rate per period on an investment that is compounded over multiple periods.

The actuarial assumptions below are used for calculating the total pension liability and may be different than those used for the calculation of funding and contribution rates. Actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

Valuation Date:	June 30, 2016
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Dollar, Closed
Remaining Amort. Period:	20 years
Asset Valuation Method:	Fair Value
Actual Contrib. Amounts:	Amounts are according to Section 38-810, Arizona Revised Statutes: 23.50% of aggregate payroll for 30 years. Includes \$5 million appropriation from a non-employer contributing member, the State of Arizona
Investment Rate of Return:	7.50%
Projected Salary Increases:	4.25%
Payroll Growth:	4.00%
Retirement Age:	Experience based table of rates specific to the type of eligibility condition.
Mortality:	RP-2000 mortality table projected to 2025 using scale AA (unadjusted Male and Female)
Assumed Future P.B.I.:	Members Retired on or before July 1, 2011: 3.00% of benefit. Members Retired on or after August 1, 2011: 0.50% of benefit.

**MEASUREMENT OF NET PENSION LIABILITY**

The net pension liability is to be measured as the total pension liability, less the amount of the pension plan’s fiduciary net position. As of the plan year ending June 30, 2016, the net pension liability is \$944,752,783. If a single discount rate that is 1% lower was used, the net pension liability would have been \$1,099,738,882. Similarly, if a single discount rate that was 1% higher was used, the net pension liability would have been \$815,378,793. Total Pension Liability for FY 2016 is \$1,233,747,779. The Plan’s Fiduciary Net Position is \$288,994,996 which is 23.42% of Total Pension Liability.

EORP SENSITIVITY OF THE NET PENSION LIABILITY TO THE SINGLE DISCOUNT RATE ASSUMPTION (IN THOUSANDS)			
	1% DECREASE 2.68%	CURRENT SINGLE RATE ASSUMPTION 3.68%	1% INCREASE 4.68%
Total Pension Liability	1,388,734	1,233,748	1,104,374
Plan Fiduciary Net Position	288,995	288,995	288,995
<b>Net Pension Liability</b>	<b>1,099,739</b>	<b>944,753</b>	<b>815,379</b>

**CORP-AOC:** The total pension liability shown in this subsection is also shown as of the last date of the pension plan’s fiscal year, June 30, 2016. A single discount rate of 7.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.50%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The actuarial methods for CORP-AOC were the same as CORP aggregate.

The actuarial methods and assumptions used for the pension liability are as follows:

Valuation Date:	June 30, 2016
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level % of Payroll, Closed
Remaining Amort. Period:	20 years
Asset Valuation Method:	Fair Value
Inflation:	4.00%, no explicit price inflation assumption
Investment Rate of Return:	7.50%
Projected Salary Increases:	4.00% - 7.25%
Payroll Growth:	4.00%
Retirement Age:	Experience based table of rates specific to type of eligibility condition.
Mortality:	RP-2000 mortality table (adjusted by 105% for Males and Females).
Assumed Future P.B.I.:	Members Retired on or before July 1, 2011: 2.25% of benefit. Members Retired on or after August 1, 2011: 0.50% of benefit.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

The assumptions above are used for calculating the total pension liability and may be different than those used for the calculation of funding and contribution rates. Actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

EXPECTED RETURN — ARITHMETIC BASIS TARGET ASSET ALLOCATION			
ASSET CLASS	TARGET ALLOCATION	REAL RETURN ARITHMETIC BASIS	LONG-TERM EXPECTED PORTFOLIO REAL RATE OF RETURN
Short Term Investments	2.00%	0.75%	0.02%
Absolute Return	5.00%	4.11%	0.21%
Risk Parity	4.00%	5.13%	0.21%
Fixed Income	7.00%	2.92%	0.20%
Real Assets	8.00%	4.77%	0.38%
GTA	10.00%	4.38%	0.44%
Private Equity	11.00%	9.50%	1.05%
Real Estate	10.00%	4.48%	0.45%
Credit Opportunities	13.00%	7.08%	0.92%
Non-U.S. Equity	14.00%	8.25%	1.16%
U.S. Equity	16.00%	6.23%	1.00%
<b>Total</b>	<b>100.00%</b>		<b>6.01%</b>
Inflation			3.00%
<b>Expected Arithmetic Nominal Return</b>			<b>9.01%</b>

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The geometric method is the best method used to calculate the average rate per period on an investment that is compounded over multiple periods.

**MEASUREMENT OF NET PENSION LIABILITY**

The net pension liability is to be measured as the total pension liability, less the amount of the pension plan's fiduciary net position. As of the plan year ending June 30, 2016, the net pension liability is \$282,153,367. If a single discount rate that is one percent lower was used, the net pension liability would have been \$362,627,442. Similarly, if a single discount rate that was one percent higher was used, the net pension liability would have been \$215,685,165.

Total Pension Liability for FY2016 is \$624,330,850. The Plan's Fiduciary Net Position is \$342,177,483 which is 54.81% of Total Pension Liability.

CORP—AOC SENSITIVITY OF THE NET PENSION LIABILITY TO THE SINGLE DISCOUNT RATE ASSUMPTION (IN THOUSANDS)			
	1% DECREASE 6.50%	CURRENT SINGLE RATE ASSUMPTION 7.50%	1% INCREASE 8.50%
Total Pension Liability	704,805	624,331	557,863
Plan Fiduciary Net Position	342,178	342,178	342,178
<b>Net Pension Liability</b>	<b>362,627</b>	<b>282,153</b>	<b>215,685</b>

**NOTE 9: OTHER BENEFITS**

The System adopted a supplemental defined contribution plan available for all contributing members of an eligible group. An eligible group is defined as the employees of the Board of Trustees, PSPRS, the EORP and the CORP. The employees of any of these eligible groups must make an election to participate within two years after the employee first meets the eligibility requirements to participate in the plan. The election to participate is irrevocable and continues for the remainder of the employee's employment with the employer. If an employee elects to participate, the employee must contribute at least 1% of the employee's gross compensation. The IRS maintains that the employers designate the amounts contributed by each employee. All amounts contributed are subject to the discretion and control of the employer. Employee contributions and earnings to the plan are immediately vested. Employer contributions, if any, are vested based on the following schedule:

- Less than one year of service: 0%
- One year but less than two: 20%
- Two years but less than three: 40%
- Three years but less than four: 60%
- Four years but less than five: 80%
- Five years or more: 100%

The supplemental defined contribution plan is administered by Nationwide Retirement Solutions, Inc. All contributions are sent directly to Nationwide Retirement Solutions, Inc. from the participating employer groups.

**NOTE 10: FUNDING STATUS AND PROGRESS****HEALTH INSURANCE**

The required schedule of funding progress for healthcare plans used to pay health insurance premium subsidies immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing

NOTES TO THE FINANCIAL STATEMENTS (Continued)

over time relative to the actuarial accrued liability for benefits. The actuarial methods and assumptions used for the health insurance premium subsidy benefits are as follows:

Valuation Date:	June 30, 2016
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level % of Payroll, Closed
Remaining Amort. Period:	20 year, Closed for U.A.A.L.
Asset Valuation Method:	7yr Smoothed Fair Value, 80%/120% Market
Investment Rate of Return:	7.50%
Proj. Salary Increases (EO)	4.25% including inflation of 4.00%

As of June 30, 2016 the PSPRS healthcare subsidy plan has assets in excess of \$20,322,935 for a funding ratio of 106.7%. The assets for the health insurance premium subsidy were \$324,351,993 with liabilities of \$304,029,058. The excess is (1.40)% of covered payroll, \$1,448,215,223.

The EORP healthcare subsidy plan has assets in excess of \$10,645,928 for a funding ratio of 182.89%. The assets for the health insurance premium subsidy were \$23,508,583 with liabilities of \$12,853,655. The excess is (18.44)% of covered payroll, \$57,766,003.

The healthcare subsidy plan for CORP has assets in excess of \$18,156,823 for a funding ratio of 119.99%. The assets for health insurance premium subsidy were \$107,281,942 with liabilities of \$89,125,119. The excess is (3.70)% of covered payroll, \$490,694,404.

As of June 30, 2016 the CORP-AOC cost-sharing plan health insurance premium subsidy had unfunded liabilities of \$9,007,766 for a funding ratio of 49.60%. The assets for the CORP-AOC health insurance premium subsidy were \$8,868,140 with liabilities of \$17,875,906. The liability is 8.29% of covered payroll, \$108,624,572.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and the actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Consistent with this perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The actuarial calculations are based on the benefits provided under the terms of the Plan in effect at the time of each valuation. These benefits are described in Note 1.

NOTE 11: BASIS FOR ALLOCATION

The basis for allocation relates to the net assets and is based on the balances of the bank of record, BNY Mellon. The allocation between pension and health insurance is based on the reserve balances as of June 30, 2016.

Description	Pension	Health Ins	Total Plan	Total System
PSPRS	72.69%	3.60%	76.29%	
<b>Total PSPRS</b>			<b>76.29%</b>	
EORP	3.48%	0.26%	3.74%	
<b>Total EORP</b>			<b>3.74%</b>	
CORP	14.56%	1.19%	15.75%	
CORP-AOC	4.12%	0.10%	4.22%	
<b>Total CORP</b>			<b>19.97%</b>	
<b>TOTAL SYSTEM</b>				<b>100.00%</b>

NOTE 12: CONTINGENCIES

Some of our real estate partners in the investments categorized as “other investments” have obtained third party financing, which is secured by real property. The System has entered into Capital Call Agreements with regards to these third party financing arrangements. The Capital Call Agreements, in the unlikely event of default, limit the System to the amount of the defaulted payment or the original terms of the investment approved by the Board of Trustees, whichever is less. In management’s opinion, any loss realized due to current economic conditions will not have a material effect on the financial statements.

The System was notified in November 2008 of a situation involving one or more security lending collateral vehicles that held assets which have been impaired as a result of recent market events. An estimate of the unrealized loss is approximately \$805,537 for the System and has been recorded as a liability. It is anticipated that a final resolution will be reached in next few fiscal years.

NOTE 13: SUBSEQUENT EVENT

In November, 2016, the Arizona Supreme Court overturned two provisions of state law passed by the legislature in 2011. The Court determined that an increase in employee contribution rates from 7.65% of pay to 11.65% of pay for active members, and modest reductions to pension benefit increases for retirees instituted in 2011 were unconstitutional. Refunds equal to roughly \$200 million will be issued on behalf of affected active members, and pension benefit increases will be granted to affected benefit recipients in calendar year 2017. Actuarial liabilities are expected to increase roughly \$1 billion as a result.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**NOTE 14: DEFINED BENEFIT PENSION PLANS**

The employees of the System are covered under the Arizona State Retirement System (ASRS) for pension benefits after retirement.

**PLAN DESCRIPTION**

**ORGANIZATION**

The Arizona State Retirement System (ASRS) is a component unit of the State of Arizona. The ASRS is a cost-sharing, multiple-employer, defined benefit pension plan, a cost-sharing, multiple employer, defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing, multiple employer, defined benefit long-term disability (OPEB) plan, established by the State of Arizona to provide pension benefits for employees of the State and employees of participating political subdivisions and school districts. The ASRS is administered in accordance with Title 38, Chapter 5, Article 2 of the Arizona Revised Statutes (A.R.S.). The Long Term Disability Program is administered in accordance with Title 38, Chapter 5, Article 2.1. The ASRS issues a publicly available financial report that includes financial statements and required supplementary information. The report is available on the ASRS website at [www.azasrs.gov](http://www.azasrs.gov).

**BENEFITS**

The ASRS provides benefits under formulas and provisions described in Arizona State law. Benefits and administrative expenses are paid from funds contributed by members and employers and from earnings on investments. The ASRS provides for retirement, disability, health insurance premium supplemental benefits and survivor benefits.

Retirement benefits are calculated on the basis of age, total credited service and average monthly compensation, which is established on a fiscal year basis (July 1 to June 30).

Members with an initial membership date before July 1, 2011, are eligible for full retirement benefits upon the earliest of attaining:

- Age 65; OR
- Age 62 with 10 years of credited service; OR
- Age plus credited service equaling 80 or more

Members with initial membership dates on or after July 1, 2011, are eligible for full retirement benefits upon the earliest of attaining:

- Age 65; OR
- Age 62 with 10 years of credited service; OR
- Age 60 with 25 years of credited service; OR
- Age 55 with 30 years of credited service.

Average monthly compensation is determined by a 60-month or 36-month calculation depending on when a member began contributing to the ASRS.

The 60-month calculation is an option for members who began contributing to the ASRS before January 1, 1984. To determine a member's benefit using this formula, the ASRS averages the highest 60 consecutive months of salary within the last 120 months of service. This calculation includes base salary, additional contracts, overtime and any other form of compensation. Termination payments may include sick pay (except for state and county employees), vacation pay, compensation time pay, retirement incentive pay (excludes payments made after retirement begins, such as VIP or ESP), or any other payments paid at the time of retirement. The average monthly compensation for members who began contributing before January 1, 1984 is automatically based on whichever calculation provides the greater benefit.

The 36-month calculation is required for members who began contributing to the ASRS on or after January 1, 1984. To determine a member's benefit using this formula, the ASRS averages the highest 36 consecutive months of salary within the last 120 months of service. This calculation excludes any termination payments the member received upon retirement.

For members who began contributing to the ASRS on or after July 1, 2011, the average monthly compensation used in a retiring member's retirement benefit calculation is the average of the highest consecutive 60 months in the last 120 months. Unlike the pre-1984 60 month calculation, the 60 month calculation enacted in 2011 does not include termination pay such as sick leave, annual leave etc.

The graded multiplier is a percentage set by Arizona State statute. It is the percentage of the average monthly compensation members will receive for each year of credited service they have accrued at retirement. This percentage is based on their total years of service at retirement based on the following graded multiplier schedule:

YEARS OF SERVICE	MULTIPLIER
00.00 - 19.99 years	2.10%
20.00 - 24.99 years	2.15%
25.00 - 29.99 years	2.20%
30.00 or more years	2.30%

**PERMANENT BENEFIT INCREASE (PBI)**

Retired members who have been retired one year and members receiving LTD benefits are eligible for a benefit increase adjustment up to a maximum of 4%.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

Retired members with at least 10 years of service who have been retired five or more years are eligible for an enhanced permanent benefit increase (EPBI). For each complete five-year period the member has been retired, an incremental benefit is paid if monies to pay the benefit are available. This benefit is funded by an interest credit of 8% of the reserve for future PBIs.

The PBI is paid from a reserve of excess investment earnings. Funds are reserved when total actuarial investment returns for each fiscal year are 8% or greater. If there are no excess investment earnings in the reserve, then no additional benefit increase is paid. As of June 30, 2016, there is a zero balance in the reserve for future PBIs.

Due to legislation enacted in the 2013 legislative session, PBIs and EPBIs will not be awarded to members hired after September 13, 2013.

**CONTRIBUTIONS**

Per Arizona Revised Statutes, contribution requirements for active plan members and their participating employers are established and may be amended by the ASRS Board. Contribution rates are actuarially determined and are expected to finance the costs of benefits earned by plan members during the year and any unfunded accrued liability. Cost of administering the plan is financed through employer contributions, member contributions and investment earnings.

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work. ACR contributions totaling \$26.4 million were received in FY15 and are included in Employer Contributions on the Statement of Changes in Fiduciary Net Position.

Employers' contractually required contribution rates as a percentage of covered payroll and the employees' matching contributions were as follows for fiscal year 2016:

CONTRIBUTION RATES	EMPLOYEE	EMPLOYER
Retirement	11.35%	10.85%
Health Benefit Supplement	0.00%	0.50%
Long-Term Disability	0.12%	0.12%
<b>TOTAL REQUIRED</b>	<b>11.47%</b>	<b>11.47%</b>
Alternate Contribution Rate	9.36%	0.00%

State statutes allow the purchase of eligible service credit for which no benefit can be paid by another qualified plan. Purchasable services include leave of absence, military service, other public service employment and previously forfeited service under the ASRS. Statutes also allow purchase of military service regardless of whether a benefit

may be paid. The Systems contributions to ASRS were \$475,910 for the year ended June 30, 2016.

**TERMINATION OF EMPLOYMENT**

Upon termination of employment, members may elect to receive their contributions made to the Plan, plus accrued interest. Members with an initial membership date before July 1, 2011, may receive a percentage of employer contributions to the plan based on years of service as follows:

YEARS OF SERVICE	VESTING
5.00 - 5.99 years	25.00%
6.00 - 6.99 years	40.00%
7.00 - 7.99 years	55.00%
8.00 - 8.99 years	70.00%
9.00 - 9.99 years	85.00%
10.00 or more years	100.00%

Members with an initial membership date on or after July 1, 2011 will not receive any portion of the employer contributions if they withdraw their account balance prior to retirement. This does not apply to terminations due to an employer reduction in force or position elimination, in which case the above ASRS vesting schedule will apply.

Withdrawal of accumulated contributions results in forfeiture of the member's accrued benefits in the Plan; however, state law provides for reinstatement of a member's forfeited service upon repayment of the accumulated contributions, plus interest if a former member returns to covered service.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the ASRS and additions to/deductions from ASRS' fiduciary net position have been determined on the same basis as they are reported by ASRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**EMPLOYER CONTRIBUTIONS**

Contributions are recognized as revenues when due, pursuant to statutory and contractual requirements.

**ACTUARIAL ASSUMPTIONS**

The total pension liability was determined by an actuarial valuation as of June 30, 2014, and rolled forward using generally accepted actuarial procedures to June 30, 2015.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

The actuarial assumptions related to funding were selected on the basis of an experience study which was performed for the five-year period ending June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013 actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

Actuarial Valuation Date	June 30, 2014
Actuarial Roll Forward Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Discount Rate	8.00%
Projected Salary Increase	3.00 - 6.75%
Inflation	3.00%
Permanent Benefit Increase	Included
Mortality Rates	1994 GAM Scale BB

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

ASSET CLASS	EXPECTED RETURN ARITHMETIC BASIS		
	TARGET ASSET ALLOCATION	REAL RETURN ARITHMETIC BASIS	LONG-TERM EXPECTED REAL RATE OF RETURN
Equity	58.00%	6.79%	3.94%
Fixed Income	25.00%	3.70%	.93%
Commodities	2.00%	3.93%	.08%
Real Estate	10.00%	4.25%	.42%
Multi-Asset Class	5.00%	3.41%	.17%
<b>Total</b>	<b>100.00%</b>		<b>5.54%</b>
Inflation			3.25%
<b>Expected arithmetic nominal return</b>			<b>8.79%</b>

Actual returns may be lower due to volatility of returns. The long-term expected rate of return of 8.79% differs from the 8% utilized to discount the net pension liability. Details regarding the discount rate for actuarial purposes follows.

## DISCOUNT RATE

The discount rate used to measure the total pension liability was 8%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Boards' funding policy, which establishes the contractually required rate under Arizona statute.

Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The table below presents the net pension liability of the participating employers calculated using the discount rate of 8%, as well as what the employers' net pension liability would be if it were calculated using the discount rate that is 1.00% lower (7.00%) or 1.00% higher (9.00%) than the current rate at June 30, 2016 (in thousands):

SENSITIVITY ANALYSIS—NET PENSION LIABILITY (IN THOUSANDS)		
1% DECREASE (7.00%)	CURRENT DISCOUNT RATE (8.00%)	1% INCREASE (9.00%)
8,536	6,515	5,129

## PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2016, the System recorded a liability of \$6,514,619 for the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2015 and determined by an actuarial valuation as of that date with a roll-forward to June 30, 2016. The System's proportionate share of the total net pension liability was based on the ratio of the System's actual contributions of \$419,503 paid to ASRS for the year ended June 30, 2015 relative to the actual contributions of \$1,003,030,750 from all participating employers. At June 30, 2016 the System's proportionate share was 0.04182% which is an increase of 0.00238% from the previous year.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

For the year ended June 30, 2016, the System recognized a pension expense of \$426,932, our proportionate share of the total pension expense. At June 30, 2016, the System reported deferred outflows of resources and deferred inflows of resources from the following sources related to ASRS pension benefits:

RECONCILIATION OF EMPLOYER CONTRIBUTIONS (IN THOUSANDS)		
BALANCE OF DEFERRED OUTFLOWS AND INFLOWS DUE TO:	RESOURCE DEFERRED OUTFLOWS	RESOURCE DEFERRED INFLOWS
Differences Between Expected and Actual Experience	177,770	341,373
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		208,779
Changes of Assumptions		
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	272,329	62,340
Employer contributions subsequent to the measurement date	475,910	
<b>TOTAL</b>	<b>926,009</b>	<b>612,492</b>

\$475,910 reported as deferred outflows of resources to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2017. Other amounts reported as collective deferred (inflows)/outflows of resources to be recognized in pension expense:

DEFERRED INFLOWS AND OUTFLOWS	
FYE JUNE 30,	(INFLOW) OUTFLOW
2017	(62,422)
2018	(124,576)
2019	(126,107)
2020	150,712
2021	-
Thereafter	-
<b>TOTAL</b>	<b>(162,393)</b>

Additional financial and actuarial information is available at [www.azasrs.gov](http://www.azasrs.gov).

REQUIRED SUPPLEMENTARY INFORMATION

**PSPRS**  
**SCHEDULE OF FUNDING PROGRESS - HEALTH INSURANCE**  
3-YEAR SCHEDULE  
(IN THOUSANDS)

ACTUARIAL VALUATION DATE JUNE 30,	ACTUARIAL VALUE OF ASSETS \$ (A)*	ACTUARIAL ACCRUED LIABILITY (AAL) AT ENTRY AGE \$ (B)*	UNFUNDED AAL (EXCESS) (UAAL) \$ (B-A)*	FUNDED RATIO (A/B)	COVERED PAYROLL \$ (C)	UAAL AS A PERCENTAGE OF COVERED PAYROLL ((B-A)/C)
2014	294,431	286,514	(7,917)	102.80%	1,390,346	-0.57%
2015	315,354	294,410	(20,943)	107.10%	1,401,178	-1.49%
2016	324,352	304,029	(20,323)	106.70%	1,448,215	-1.40%

**PSPRS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**HEALTH INSURANCE**  
3-YEAR SCHEDULE

FISCAL YEAR END JUNE 30,	ANNUAL REQUIRED CONT.	PERCENTAGE CONTRIBUTED
2014	20,676,943	100.00%
2015	22,600,769	100.00%
2016	4,195,339	100.00%

**EORP**  
**SCHEDULE OF FUNDING PROGRESS - HEALTH INSURANCE**  
3-YEAR SCHEDULE  
(IN THOUSANDS)

ACTUARIAL VALUATION DATE JUNE 30,	ACTUARIAL VALUE OF ASSETS \$ (A)*	ACTUARIAL ACCRUED LIABILITY (AAL) AT ENTRY AGE \$ (B)*	UNFUNDED AAL (EXCESS) (UAAL) \$ (B-A)*	FUNDED RATIO (A/B)	COVERED PAYROLL \$ (C)	UAAL AS A PERCENTAGE OF COVERED PAYROLL ((B-A)/C)
2014	23,113	12,112	(11,001)	190.83%	68,341	-16.10%
2015	23,044	12,361	(10,683)	186.42%	61,933	-17.25%
2016	23,509	12,854	(10,655)	182.90%	57,766	-18.40%

**EORP**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**HEALTH INSURANCE**  
3-YEAR SCHEDULE

FISCAL YEAR END JUNE 30,	ANNUAL REQUIRED CONT.	PERCENTAGE CONTRIBUTED
2014	0	0.00%
2015	0	0.00%
2016	0	0.00%

**CORP**  
**SCHEDULE OF FUNDING PROGRESS - HEALTH INSURANCE**  
3-YEAR SCHEDULE  
(IN THOUSANDS)

ACTUARIAL VALUATION DATE JUNE 30,	ACTUARIAL VALUE OF ASSETS \$ (A)*	ACTUARIAL ACCRUED LIABILITY (AAL) AT ENTRY AGE \$ (B)*	UNFUNDED AAL (EXCESS) (UAAL) \$ (B-A)*	FUNDED RATIO (A/B)	COVERED PAYROLL \$ (C)	UAAL AS A PERCENTAGE OF COVERED PAYROLL ((B-A)/C)
2014	95,740	80,168	(15,573)	119.42%	514,536	-3.03%
2015	103,582	83,823	(19,759)	123.57%	505,905	-3.91%
2016	107,282	89,125	(18,157)	119.99%	490,694	-3.70%

**CORP**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**HEALTH INSURANCE**  
3-YEAR SCHEDULE

FISCAL YEAR END JUNE 30,	ANNUAL REQUIRED CONT.	PERCENTAGE CONTRIBUTED
2014	6,576,531	100.00%
2015	7,158,835	100.00%
2016	411,556	100.00%

**CORP-AOC**  
**SCHEDULE OF FUNDING PROGRESS - HEALTH INSURANCE**  
3-YEAR SCHEDULE  
(IN THOUSANDS)

ACTUARIAL VALUATION DATE JUNE 30,	ACTUARIAL VALUE OF ASSETS \$ (A)*	ACTUARIAL ACCRUED LIABILITY (AAL) AT ENTRY AGE \$ (B)*	UNFUNDED AAL (EXCESS) (UAAL) \$ (B-A)*	FUNDED RATIO (A/B)	COVERED PAYROLL \$ (C)	UAAL AS A PERCENTAGE OF COVERED PAYROLL ((B-A)/C)
2014	6,359	16,847	10,488	37.75%	110,728	9.47%
2015	7,764	17,048	9,284	45.54%	110,363	9.25%
2016	8,868	17,876	9,008	49.61%	108,625	8.29%

**CORP-AOC**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**HEALTH INSURANCE**  
3-YEAR SCHEDULE

FISCAL YEAR END JUNE 30,	ANNUAL REQUIRED CONT.	PERCENTAGE CONTRIBUTED
2014	1,017,989	100.00%
2015	954,946	100.00%
2016	931,858	100.00%

REQUIRED SUPPLEMENTARY INFORMATION

**EORP**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
LAST 10 FISCAL YEARS (BUILT PROSPECTIVELY FROM 2014)

FISCAL YEAR END JUNE 30,	ACTUARIALLY DETERMINED CONTRIBUTION	ACTUAL CONTRIBUTION	CONTRIBUTION DEFICIENCY (EXCESS)	CONTRACTUALLY REQUIRED CONTRIBUTIONS	COVERED PAYROLL	CONTRIBUTION AS A % OF COVERED PAYROLL
2014	28,235,016	29,845,174	(1,610,158)	16,060,110	68,340,894	43.67%
2015	37,323,403	29,324,054	7,999,349	14,554,345	61,933,383	47.35%
2016	59,142,210	29,216,113	29,926,097	13,755,011	57,766,003	50.58%

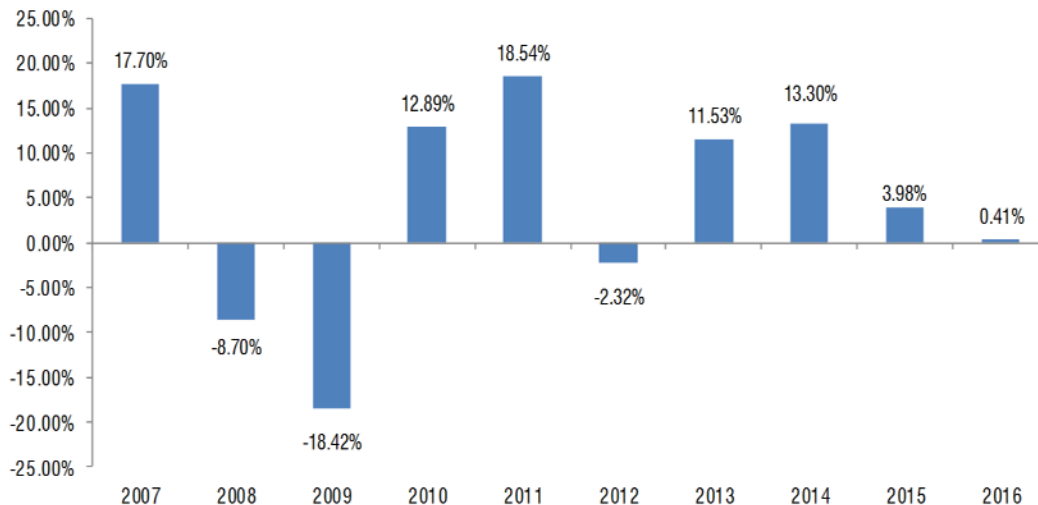
**CORP-AOC**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
LAST 10 FISCAL YEARS (BUILT PROSPECTIVELY FROM 2014)

FISCAL YEAR END JUNE 30,	ACTUARIALLY DETERMINED CONTRIBUTION	ACTUAL CONTRIBUTION	CONTRIBUTION DEFICIENCY (EXCESS)	COVERED PAYROLL	CONTRIBUTION AS A % OF COVERED PAYROLL
2014	15,930,155	15,551,633	378,522	110,728,017	14.04%
2015	16,364,512	16,560,621	(196,109)	110,362,697	15.01%
2016	22,874,814	21,038,447	1,836,367	108,624,572	19.37%

**ASRS**  
**SCHEDULE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS**  
LAST 10 FISCAL YEARS (BUILT PROSPECTIVELY FROM 2015)

FISCAL YEAR END JUNE 30,	PERCENTAGE OF THE NET PENSION LIABILITY (ASSET)	SHARE OF THE NET PENSION LIABILITY (ASSET)	COVERED PAYROLL	NET PENSION LIABILITY (ASSET) AS A % OF COVERED PAYROLL	FIDUCIARY NET POSITION AS A % OF TOTAL PENSION LIABILITY
2015	0.039438%	5,835	3,452	169.05%	69.49%
2016	0.041820%	6,515	3,852	169.13%	68.35%

**SCHEDULE OF INVESTMENT RETURNS - MONEY WEIGHTED RATE OF RETURN**  
**ALL PLANS COMBINED**  
LAST TEN FISCAL YEARS



## REQUIRED SUPPLEMENTARY INFORMATION

EORP SCHEDULE OF EMPLOYER'S NET PENSION LIABILITY LAST 10 FISCAL YEARS (BUILT PROSPECTIVELY FROM 2014)						
FISCAL YEAR END JUNE 30,	TOTAL PENSION LIABILITY	PLAN NET POSITION	NET PENSION LIABILITY	PLAN NET POSITION AS A % OF TOTAL PENSION LIABILITY	COVERED PAYROLL	NET PENSION LIABILITY AS A % OF COVERED PAYROLL
2014	984,876,274	314,304,310	670,571,964	31.91%	68,340,894	981.22%
2015	1,090,119,723	308,668,424	781,451,299	28.32%	61,933,383	1,261.76%
2016	1,233,747,779	288,994,996	944,752,783	23.42%	57,766,003	1,635.48%

CORP-AOC SCHEDULE OF EMPLOYER'S NET PENSION LIABILITY LAST 10 FISCAL YEARS (BUILT PROSPECTIVELY FROM 2014)						
FISCAL YEAR END JUNE 30,	TOTAL PENSION LIABILITY	PLAN NET POSITION	NET PENSION LIABILITY	PLAN NET POSITION AS A % OF TOTAL PENSION LIABILITY	COVERED PAYROLL	NET PENSION LIABILITY AS A % OF COVERED PAYROLL
2014	541,912,095	317,519,007	224,393,088	58.59%	110,728,017	202.65%
2015	577,419,466	334,292,749	243,126,717	57.89%	110,362,697	220.30%
2016	624,330,850	342,177,483	282,153,367	54.81%	108,624,572	259.75%

REQUIRED SUPPLEMENTARY INFORMATION

EORP SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS LAST 10 FISCAL YEARS (BUILT PROSPECTIVELY)			
FISCAL YEAR ENDING JUNE 30,	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>			
Service Cost	24,580,665	23,501,879	23,501,879
Interest on Total Pension Liability	52,165,633	54,960,104	47,537,398
Benefit Changes	150,362,643	95,710,915	342,442,071
Expected-Actual Experience of Total Pension Liability	(25,394,624)	(14,303,022)	4,643,397
Benefit Payments and Refunds	(58,086,261)	(54,626,427)	(54,138,971)
<b>Net Change in Total Pension Liability</b>	<b>143,628,056</b>	<b>105,243,449</b>	<b>363,985,774</b>
<b>Beginning Total Pension Liability</b>	<b>1,090,119,723</b>	<b>984,876,274</b>	<b>620,890,500</b>
<b>Ending Total Pension Liability (A)</b>	<b>1,233,747,779</b>	<b>1,090,119,723</b>	<b>984,876,274</b>
<b>PLAN FIDUCIARY NET POSITION</b>			
Employer Contributions	24,216,113	24,324,054	24,845,174
Employee Contributions	7,826,262	9,113,788	8,989,478
Non-Employer Contributions	5,000,000	5,000,000	5,000,000
Pension Plan Net Investment Income	1,480,289	6,358,800	34,068,988
Benefit Payments and Refunds	(58,086,261)	(54,626,427)	(54,138,971)
Pension Plan Administrative Expense	(248,601)	(297,535)	(315,896)
Other	138,770	4,491,434	3,327,220
<b>Net Changes in Plan Fiduciary Net Position</b>	<b>(19,673,428)</b>	<b>(5,635,886)</b>	<b>21,775,993</b>
<b>Beginning Plan Fiduciary Net Position</b>	<b>308,668,424</b>	<b>314,304,310</b>	<b>292,528,317</b>
<b>Ending Plan Fiduciary Net Position (B)</b>	<b>288,994,996</b>	<b>308,668,424</b>	<b>314,304,310</b>
<b>Net Pension Liability (A-B)</b>	<b>944,752,783</b>	<b>781,451,299</b>	<b>670,571,964</b>
<b>Plan Fiduciary Net Position as % of Total Pension Liability</b>	<b>23.42%</b>	<b>28.32%</b>	<b>31.91%</b>
<b>Covered Employee Payroll</b>	<b>57,766,003</b>	<b>61,933,383</b>	<b>68,340,894</b>
<b>Net Position Liability as % of Covered Employee Payroll</b>	<b>1,635.48%</b>	<b>1,261.76%</b>	<b>981.22%</b>

## REQUIRED SUPPLEMENTARY INFORMATION

<b>CORP-AOC</b>			
<b>SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS</b>			
<b>LAST 10 FISCAL YEARS (BUILT PROSPECTIVELY)</b>			
<b>FISCAL YEAR ENDING JUNE 30,</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>TOTAL PENSION LIABILITY</b>			
Service Cost	16,087,299	15,617,822	16,955,738
Interest on Total Pension Liability	44,993,203	42,338,170	35,423,999
Benefit Changes	26,734,733	0	45,420,437
Expected-Actual Experience of Total Pension Liability	(16,301,270)	(1,686,095)	9,870,077
Benefit Payments and Refunds	(24,602,581)	(20,762,526)	(17,082,841)
<b>Net Change in Total Pension Liability</b>	<b>46,911,384</b>	<b>35,507,371</b>	<b>90,587,410</b>
<b>Beginning Total Pension Liability</b>	<b>577,419,466</b>	<b>541,912,095</b>	<b>451,324,685</b>
<b>Ending Total Pension Liability (A)</b>	<b>624,330,850</b>	<b>577,419,466</b>	<b>541,912,095</b>
<b>PLAN FIDUCIARY NET POSITION</b>			
Employer Contributions	21,038,447	16,560,621	15,551,633
Employee Contributions	9,290,604	9,614,012	9,132,189
Pension Plan Net Investment Income	2,060,524	6,924,061	36,147,891
Benefit Payments and Refunds	(24,602,581)	(20,762,526)	(17,082,841)
Pension Plan Administrative Expense	(297,359)	(306,036)	(304,890)
Other	378,743	4,759,896	(4,624,871)
<b>Net Changes in Plan Fiduciary Net Position</b>	<b>7,868,378</b>	<b>16,790,028/</b>	<b>38,819,111</b>
<b>Beginning Plan Fiduciary Net Position</b>	<b>334,309,105</b>	<b>317,519,077</b>	<b>278,699,966</b>
<b>Ending Plan Fiduciary Net Position (B)</b>	<b>342,177,483</b>	<b>334,309,105</b>	<b>317,519,077</b>
<b>Net Pension Liability (A-B)</b>	<b>282,153,367</b>	<b>243,126,717</b>	<b>224,393,018</b>
<b>Plan Fiduciary Net Position as % of Total Pension Liability</b>	<b>54.81%</b>	<b>57.89 %</b>	<b>58.59 %</b>
<b>Covered Employee Payroll</b>	<b>108,624,572</b>	<b>110,362,697</b>	<b>110,728,017</b>
<b>Net Position Liability as % of Covered Employee Payroll</b>	<b>259.75%</b>	<b>220.30 %</b>	<b>202.65 %</b>

**REQUIRED SUPPLEMENTARY INFORMATION**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE 1: SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED TO DETERMINE RECOMMENDED CONTRIBUTION AMOUNTS**

**EORP**

**ACTUARIAL METHODS AND ASSUMPTIONS USED TO DETERMINE RECOMMENDED CONTRIBUTION AMOUNTS**  
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:

**PENSION**

Valuation date June 30, 2016  
Actuarial cost method: Entry Age Normal.  
Amortization method: Level dollar, closed.  
Remaining amortization period: 20 years  
Asset valuation method: 7-year smoothed market  
80%/120% market corridor.

*Actuarial assumptions:*

Investment Rate of Return: 7.50%  
Projected Salary Increases: 4.25%  
Payroll Growth: 4.00%  
Cost of Living Adjustments: Members retired on or before July 1, 2011: 3.00% of benefit. Members retired on or after August 1, 2011: 0.50% of benefit.

**CORP-AOC**

**ACTUARIAL METHODS AND ASSUMPTIONS USED TO DETERMINE RECOMMENDED CONTRIBUTION AMOUNTS**  
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:

**PENSION**

Valuation date: June 30, 2016  
Actuarial cost method: Entry Age Normal  
Amortization method: Level percent of pay, closed  
Remaining amortization period: 20 years for underfunded,  
20 years for overfunded  
Asset valuation method: 7-year smoothed market  
80%/120% market corridor.

*Actuarial assumptions:*

Investment Rate of Return: 7.50%  
Projected Salary Increases: 4.00% - 7.25%  
Payroll Growth: 4.00%  
Cost of Living Adjustments: Members retired on or before July 1, 2011: 2.25% of benefit. Members retired on or after August 1, 2011: 0.50% of benefit.

**NOTE 2: FACTORS THAT AFFECT TRENDS**

The investment return assumption for all plans was lowered from 7.85% to 7.50% in fiscal year 2016. The reverse DROP sunset provision was cancelled in EORP in fiscal year 2016, resulting in an increase in liabilities.

Actual investment returns in 2015 and 2016 were below the Fund's return assumption.



## SUPPORTING SCHEDULES INFORMATION

**SCHEDULE OF CHANGES IN RESERVE BALANCES**  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015  
(IN THOUSANDS)

	PSPRS				EORP			
	EE RESERVE	ER RESERVE	HI RESERVE	FUTURE BENEFIT INCREASE RESERVE	EE RESERVE	ER RESERVE	HI RESERVE	FUTURE BENEFIT INCREASE RESERVE
<b>BALANCE AS OF JUNE 30, 2014</b>	<b>1,248,939</b>	<b>4,686,585</b>	<b>290,897</b>	<b>0</b>	<b>54,011</b>	<b>253,566</b>	<b>22,773</b>	<b>6,727</b>
GASB 68 Prior Year Adjustment		(4,828)				(251)		
DISTRIBUTION OF REVENUES AND EXPENSES								
Prior Year Reserve Adjustments		(22)	0					
Members' Contributions	154,359				8,472			
Employers' Contributions		448,098	21,481			24,324		
Non-Employer Contributions						5,000		
Earnings (Loss) on Investments Net of Investment Expenses		216,286	10,811			11,075	804	
Pension and Insurance Benefits		(665,138)	(14,242)			(54,453)	(957)	
Refunds to Terminated Members	(8,355)	(5,543)			(172)	(1)	0	
Administrative Expenses		(5,387)	(269)			(298)	(22)	
DISTRIBUTION OF TRANSFERS								
Excess Investment Earnings to be used for Future Benefit Increases		0				0		
Earnings (Loss) on Excess Investment Earnings Account Assets		0				(248)		248
Amount Utilized by Benefit Increases Granted		0				6,975		(6,975)
Net Transfers In (Out) and Purchase of Service Credits	10,667	108			667	1		
Balances Transferred to Employers' Reserve due to Retirement	(59,644)	59,644			(7,030)	7,030		
<b>BALANCE AS OF JUNE 30, 2015</b>	<b>1,345,966</b>	<b>4,729,803</b>	<b>308,678</b>	<b>0</b>	<b>55,948</b>	<b>252,720</b>	<b>22,598</b>	<b>0</b>
DISTRIBUTION OF REVENUES AND EXPENSES								
Members' Contributions	169,470				7,731			
Employers' Contributions		564,861	4,195			24,216	0	
Non-Employer Contributions		17,316				5,000		
Earnings (Loss) on Investments Net of Investment Expenses		35,636	1,763			1,480	109	
Pension and Insurance Benefits		(810,653)	(15,289)			(58,003)	(1,022)	
Refunds to Terminated Members	(10,414)	(7,013)			(83)	0		
Administrative Expenses		(5,184)	(254)			(249)	(18)	
DISTRIBUTION OF TRANSFERS								
Excess Investment Earnings to be used for Future Benefit Increases								
Earnings (Loss) on Excess Investment Earnings Account Assets								
Amount Utilized by Benefit Increases Granted								
Net Transfers In (Out) and Purchase of Service Credits	12,684	5			212	23		
Balances Transferred to Employers' Reserve due to Retirement	(95,804)	95,804			(5,634)	5,634		
<b>BALANCE AS OF JUNE 30, 2016</b>	<b>1,421,902</b>	<b>4,620,575</b>	<b>299,093</b>	<b>0</b>	<b>58,174</b>	<b>230,821</b>	<b>21,667</b>	<b>0</b>

SUPPORTING SCHEDULES INFORMATION

**SCHEDULE OF CHANGES IN RESERVE BALANCES**  
 FOR THE YEARS ENDED JUNE 30, 2016 AND 2015  
 (IN THOUSANDS)

	CORP				CORP-AOC			
	EE RESERVE	ER RESERVE	HI RESERVE	FUTURE BENEFIT INCREASE RESERVE	EE RESERVE	ER RESERVE	HI RESERVE	FUTURE BENEFIT INCREASE RESERVE
<b>BALANCE AS OF JUNE 30, 2014</b>	<b>317,239</b>	<b>862,487</b>	<b>95,012</b>	<b>0</b>	<b>79,116</b>	<b>238,403</b>	<b>6,312</b>	<b>0</b>
GASB 68 Prior Year Adjustment		(986)				(269)		
DISTRIBUTION OF REVENUES AND EXPENSES								
Members' Contributions	42,817				9,303			
Employers' Contributions		66,017	6,209			16,561	1,378	
Non-Employer Contributions								
Earnings (Loss) on Investments Net of Investment Expenses		43,281	3,563			11,804	251	
Pension and Insurance Benefits		(97,252)	(3,074)			(19,131)	(318)	
Refunds to Terminated Members	(17,165)	(9,592)			(1,072)	(560)		
Administrative Expenses		(1,086)	(89)			(293)	(6)	
DISTRIBUTION OF TRANSFERS		0				0		
Excess Investment Earnings to be used for Future Benefit Increases		0				0		
Earnings (Loss) on Excess Investment Earnings Account Assets		0				0		
Amount Utilized by Benefit Increases Granted		0				0		
Net Transfers In (Out) and Purchase of Service Credits	96	(297)			411	35		
Balances Transferred to Employers' Reserve due to Retirement	(16,853)	16,853			(5,375)	5,375		
<b>BALANCE AS OF JUNE 30, 2015</b>	<b>326,134</b>	<b>879,425</b>	<b>101,621</b>	<b>0</b>	<b>82,383</b>	<b>251,925</b>	<b>7,617</b>	<b>0</b>
DISTRIBUTION OF REVENUES AND EXPENSES								
Members' Contributions	42,540				9,230			
Employers' Contributions		90,240	412			21,038	932	
Non-Employer Contributions								
Earnings (Loss) on Investments Net of Investment Expenses		7,380	612			2,061	48	
Pension and Insurance Benefits		(104,815)	(3,339)			(22,136)	(388)	
Refunds to Terminated Members	(18,420)	(10,571)			(1,654)	(812)		
Administrative Expenses		(1,061)	(87)			(299)	(7)	
DISTRIBUTION OF TRANSFERS								
Excess Investment Earnings to be used for Future Benefit Increases								
Earnings (Loss) on Excess Investment Earnings Account Assets								
Amount Utilized by Benefit Increases Granted								
Net Transfers In (Out) and Purchase of Service Credits	(313)	(443)			294	148		
Balances Transferred to Employers' Reserve due to Retirement	(22,850)	22,850			(7,300)	7,300		
<b>BALANCE AS OF JUNE 30, 2016</b>	<b>327,091</b>	<b>883,005</b>	<b>99,219</b>	<b>0</b>	<b>82,953</b>	<b>259,225</b>	<b>8,202</b>	<b>0</b>

## SUPPORTING SCHEDULES INFORMATION

<b>SCHEDULE OF RECEIPTS AND DISBURSEMENTS COMBINED PLANS FOR THE YEARS ENDED JUNE 30, 2016 AND 2015</b>		
	<b>2016</b>	<b>2015</b>
<b>RECEIPTS</b>		
Members' Contributions	232,466,694	214,696,136
Employers' Contributions	686,099,092	542,801,425
Health Insurance Contributions	6,287,421	29,074,352
Non-Employer Contributions	5,000,000	5,000,000
Court Fees	8,524,856	8,284,032
Alternative Contributions	5,231,340	3,299,430
Legacy Contributions	1,532,272	607,432
Additional Employer Contributions	25,735,223	0
Interest	3,771,010	5,887,520
Dividends	53,232,307	53,847,970
Other Income	105,618,811	120,767,097
Securities Lending Income	2,702,410	5,140,695
Transfer In	1,648,609	569,640
Service Purchase	12,995,187	11,865,440
Maturities and Sales of:		
U S Equity	1,199,614,491	1,364,794,935
NON-U S Equity	112,698,449	225,800,038
GTAA	37,038,177	87,273,056
Fixed Income	160,473,142	232,594,682
Absolute Return	47,802,222	50,339,610
Private Credit	181,671,787	191,504,600
Private Equity	273,080,906	226,664,657
Real Assets	117,246,113	96,959,373
Real Estate	197,607,095	229,729,707
Risk Parity	181,242,680	103,865,329
<b>Total Receipts</b>	<b>3,659,320,294</b>	<b>3,811,367,156</b>
<b>DISBURSEMENTS</b>		
Pension Benefits	776,175,349	727,203,015
Refunds to Terminated Members	48,967,594	42,459,965
Drop Benefits	219,431,716	108,770,862
Health Insurance Subsidy	20,039,006	18,590,895
Investment and Administrative Expenses	61,383,363	108,483,430
Transfer Out	2,035,573	747,113
Acquisitions of:		
U S Equity	1,236,379,069	1,162,187,767
NON-U S Equity	173,795,223	357,685,372
GTAA	15,000,000	110,000,000
Fixed Income	10,004,992	87,400,451
Absolute Return	64,834,149	52,860,131
Private Credit	339,556,734	239,424,852
Private Equity	195,851,365	209,338,409
Real Assets	241,411,723	243,205,489
Real Estate	166,726,585	154,422,054
Risk Parity	168,339,365	145,415,500
<b>Total Disbursements</b>	<b>3,739,931,805</b>	<b>3,768,195,305</b>
INCREASE (DECREASE) IN CASH	<b>(80,611,512)</b>	<b>43,171,851</b>
BEGINNING CASH BALANCE - July 1	395,641,939	352,470,088
<b>ENDING CASH BALANCE - June 30</b>	<b>315,030,427</b>	<b>395,641,939</b>

SUPPORTING SCHEDULES INFORMATION

SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED JUNE 30, 2016							
EXPENSE CATEGORY	PSPRS		EORP		CORP		TOTAL
	ADMIN	INVEST	ADMIN	INVEST	ADMIN	INVEST	
Accounting and Auditing Services	94,743	0	4,655	0	25,099	0	124,497
Actuarial Services	318,758	0	12,691	0	95,097	0	426,546
Building Expense	136,629	0	6,689	0	36,064	0	179,382
Communications	48,244	0	2,371	0	12,781	0	63,396
Computer Related Expense	125,827	47,022	6,183	2,310	33,334	12,457	227,133
Contractual Services	10,807	0	531	0	2,863	0	14,201
Depreciation Expense	186,803	0	9,146	0	49,309	0	245,258
Fund Manager Initiatives	347,958	0	17,097	0	92,181	0	457,236
Furniture and Equipment	10,703	0	526	0	2,835	0	14,064
Investment Services	0	103,349,843	0	5,303,347	0	26,811,603	135,464,793
Legal Services	248,750	755,483	12,223	37,122	65,899	200,143	1,319,620
Payroll Taxes and Fringe Benefits	907,533	229,305	44,593	11,267	240,425	60,748	1,493,871
Postage Expenses	24,134	0	1,186	0	6,394	0	31,714
Printing and Publications	13,044	0	641	0	3,456	0	17,141
Professional Services	436,710	1,256,005	24,333	61,716	118,569	332,742	2,230,075
Salaries and Wages	2,444,451	787,972	120,111	38,718	647,586	208,751	4,247,589
Supplies and Services	27,328	0	1,343	0	7,240	0	35,911
Training Expenses	42,943	28,975	2,110	1,424	11,376	7,676	94,504
Travel Expense	12,236	17,303	601	850	3,242	4,584	38,816
<b>TOTAL</b>	<b>5,437,601</b>	<b>106,471,908</b>	<b>267,030</b>	<b>5,456,754</b>	<b>1,453,750</b>	<b>27,638,704</b>	<b>146,725,747</b>

## SUPPORTING SCHEDULES INFORMATION

SCHEDULE OF CONSULTANT EXPENSES ALL PLANS FOR THE YEAR ENDED JUNE 30, 2016		
CONSULTANT	SERVICE PROVIDED	FEES PAID
ALBOURNE AMERICA, LLC	International Alternative Investment Consultant	560,000
AVANT STRATEGIES	Public Relations Consultant	108,396
BNY MELLON ASSET SERVICING	Independent Investment Advisor	385,837
COPPERSMITH BROCKELMAN	Litigation Counsel	177
ERNST & YOUNG LLP	Investment Consultant	181,033
FENNEMORE CRAIG, P.C.	General Counsel	6,360
FOLEY & LARDNER, LLC	Investment Counsel	118,289
GABRIEL ROEDER SMITH & COMPANY	Actuary	353,000
CORTEX APPLIED RESEARCH INC.	Governance Consultant	132,000
HEINFELD, MEECH & CO.	Independent Auditor	124,843
HIGHGROUND, INC	Legislative Liaison	85,800
JACKSON WALKER LLP	Investment Counsel	25,280
KUTAK ROCK LLP	General Counsel	648,354
SIMPSON THATCHER & BARTLETT LLP,	Investment Counsel	4,500
LIGHT STONE SOLUTIONS, LLC	Due Diligence	191,171
MCLAGAN MANAGEMENT CONSULTANTS	Compensation Consultant	90,000
NEPC, LLC	Independent Investment Advisor	436,848
OFFICE OF THE ATTORNEY GENERAL	General Counsel	156,900
ORG PORTFOLIO MANAGEMENT LLC	Real Estate Consultant	320,000
SPECIAL COUNSEL	General Counsel	37,244
PUBLIC POLICY PARTNERS	Legislative Liaison	120,000
STEPSTONE GROUP LLC	Equity Advisors	100,000
STEPTOE & JOHNSON, LLP	Litigation Counsel	50,128
SUBROSA INVESTIGATIONS	Due Diligence	76,472
WHETSTINE, CHARLES	Tax Counsel	39,119
<b>TOTAL</b>		<b>4,351,750</b>

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INVESTMENT SECTION



Brian P. Tobin, Chairman  
 Gregory Ferguson, Vice Chair  
 Jeff McHenry, Trustee  
 Richard J. Petrenka, Trustee  
 Randie A. Stein, Trustee  
 Lauren W. Kingry, Trustee  
 William C. Davis, Trustee

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
 CORRECTIONS OFFICER RETIREMENT PLAN  
 ELECTED OFFICIALS' RETIREMENT PLAN**

3010 East Camelback Road, Suite 200  
 Phoenix, Arizona 85016-4416

[www.psprs.com](http://www.psprs.com)

TELEPHONE: (602) 255-5575

FAX: (602) 255-5572

**Administration**

**Jared A. Smout**  
 Administrator

**Ryan Parham**  
 Chief Investment Officer

December 28, 2016

The Board of Trustees and  
 The Administrator of the  
 Arizona Public Safety Personnel Retirement System

Members:

As the Chief Investment Officer of the Public Safety Personnel Retirement System (PSPRS) during the fiscal year beginning July 1, 2015 and ending June 30, 2016, I submit the following comments and observations for your consideration and for the consideration of the respective parties in interest of the System:

**INTRODUCTION**

On behalf of the PSPRS investment team, it is a pleasure to provide this annual update of investment activities of the PSPRS Trust for the fiscal year ending June 30, 2016. It has now been about six years since the portfolio was reconstructed to remove its extreme dependence upon Equities toward a more balanced and stable portfolio. Our net return for the year was 0.63%. That is below our assumed earnings rate of 7.5% but is a return that places us in the top third of our peers in a year when many pension funds had negative returns. Our return was achieved with less risk than about 90 percent of our peer funds. The five year annualized returns were about 5.4%. This is representative of the current low return environment which persists in most markets. Our Asset Allocation is designed to return our assumed earnings rate over long time periods even though we, like our peers, currently have lower returns. (Investment returns reported in this investment section were prepared using a time-weighted rate of return methodology based upon fair market values, net of investment expenses.)

**ASSET ALLOCATION**

The assets of the Trust continue to be invested across ten global asset classes with the following asset allocation targets:

Description	Target Allocation
Public Equity	30%
Private Equity	11%
Fixed Income	7%
Private Credit	13%
Absolute Return	5%
GTAA	10%
Real Assets	8%
Real Estate	10%
Risk Parity	4%
Cash	2%
<b>Total</b>	<b>100%</b>

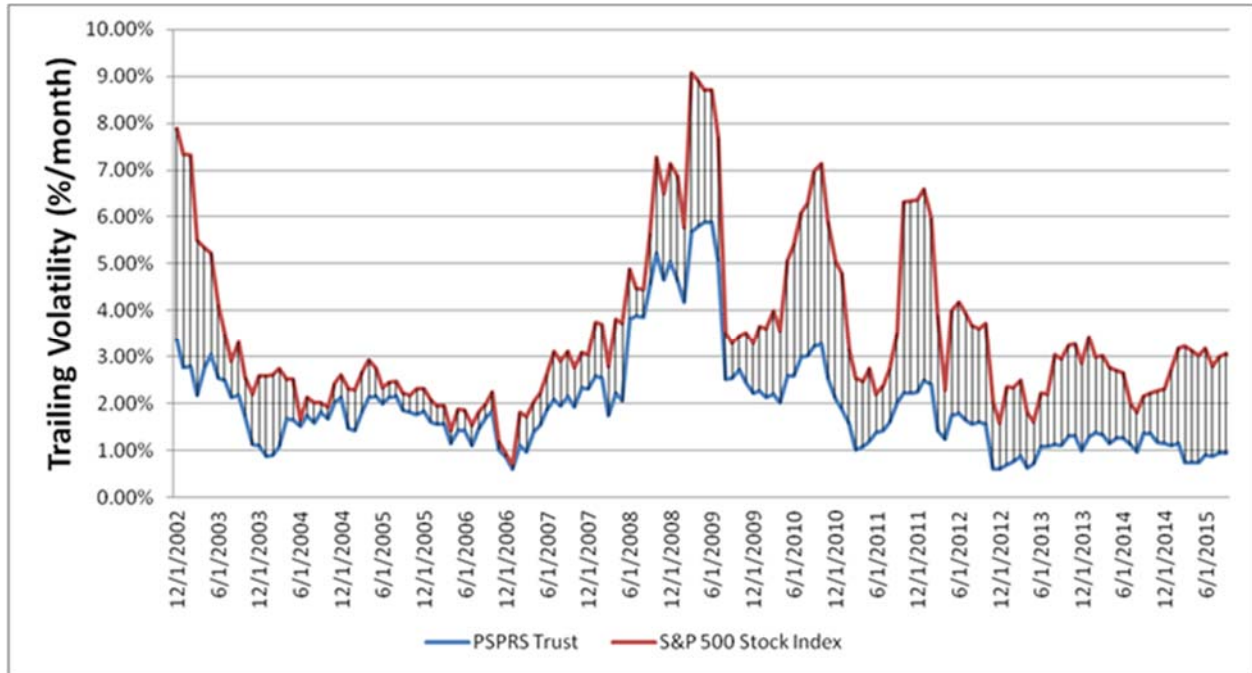


**PRIVATE EQUITY / FEES:**

In this fiscal year our Private Equity portfolio was a standout, earning about 11.30% and about 13.46% over five years. These returns are net of fees and help to offset the very low and for some the negative returns of global public markets. We closely monitor higher fee structures to ensure that our net of fee returns justify those exposures.

**RISK - PROTECTING THE DOWNSIDE**

In a continuation from previous letters, the portfolio risk over time against a pure stock index continues to show favorable results (the difference between the red line and blue line):



Recent court decisions concerning the benefits and the liabilities of the System have had a decidedly negative influence on the Plan’s funding levels. This continues to argue that one of the portfolio’s primary objects must be to control risk and to protect the system from catastrophic losses.

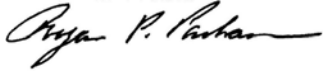
The following chart illustrates the improved resiliency of this portfolio in times of market stress. The column labeled “Today’s Portfolio” shows how the portfolio would have fared during historic market events had it been constructed as it is today. The column labeled “PSPRS Trust Actual” shows how it actually performed.

Events	Today's Portfolio	PSPRS Trust Actual
Asian Crisis of 1997	3.20%	5.70%
Russian/LTCM Crisis 1998	-3.70%	-5.50%
WTC Attacks - Sept. 11	-3.20%	-11.70%
Stock Market Crash 2002	-4.80%	-21.10%
August Crisis 2007	1.30%	1.60%
January Crisis 2008	-2.30%	-2.70%
Credit Crunch 2008 (Aug to Nov)	-15.50%	-23.10%
Crisis 2009 (Jan-Feb)	-7.70%	-12.90%
Flash Crash 2010	-3.60%	-3.70%

### CONCLUSION

The PSPRS portfolio is broadly diversified and significantly less volatile than our peers, and less than we have been historically. But we have to embrace some risk to have the opportunity of returns that reach our assumed earnings rate. I am happy to report that the portfolio's efficiency, that is the return per unit of risk taken, places us in the top five percent of our peers.

Respectfully Submitted,



Ryan P. Parham  
Chief Investment Officer

**FUND INVESTMENT OBJECTIVES**

The objective of the Fund is to ensure the integrity of the Elected Officials’ Retirement Plan, Public Safety Personnel Retirement Plan and the Corrections Officer Retirement Plan in order to adequately fund benefit levels for members as stated in Title 38, Chapter 5, Articles 3,4 and 6 of the Arizona Revised Statutes and as amended from time to time by the Legislature. To achieve the objective, the Fund will do the following:

- Maintain a goal for the Fund’s assets to be equal to the Fund’s liabilities within a twenty year period.
- Annually adjust the employer contribution rates based on the recommendations made by the annual actuarial evaluations.
- Determine a reasonable contribution rate necessary to fund benefits approved by the legislature and then reduce the variation in the employer contribution rate over time to the Fund.
- Preserve and enhance the capital of the Fund through effective management of the portfolio in order to take advantage of attractive opportunities various markets and market sectors have to offer.
- Provide the opportunity for increased benefits for retirees as the legislature may from time to time enact through systematic growth of the investment fund.

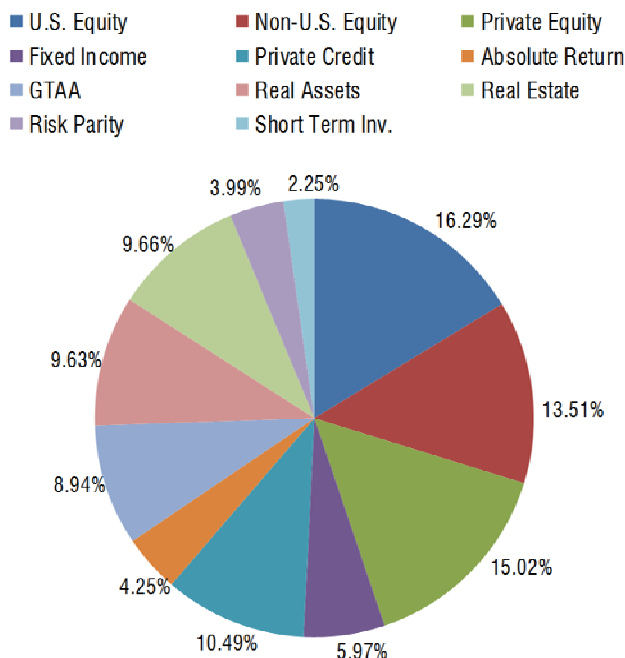
Consistent with the Fund objectives, the primary investment objective of the Fund is to maximize long-term real (after inflation) investment returns recognizing established risk (volatility) parameters and the need to preserve capital by:

- Deriving a reasonable asset allocation model that attempts to fully achieve the primary investment objective, over the long term.
- Consistent with these objectives and the direction of the Board of Trustees, strategically allocating within asset classes and investment styles in order to enhance investment returns.
- Regularly reviewing the status of investments.
- Regularly assessing the need to adjust the mix, type and composition of the investment classes within the allocation ranges.

The possibility of short-term declines in the fair value of the Fund or the Fund’s assets is a recognized consequence of achieving potentially higher long-term investment returns.

The time horizon for evaluating total Fund investment performance shall be long-term.

**ASSET ALLOCATION**  
JUNE 30, 2016



ANNUALIZED RATES OF RETURN*				
JUNE 30, 2016				
Description	TRUST 1 Year	TRUST 3 Years	TRUST 5 Years	TRUST 10 Years
Arizona PSPRS Trust - Total Fund	0.63%	5.71%	5.40%	4.45%
<i>Target Fund Benchmark</i>	<i>1.98%</i>	<i>6.03%</i>	<i>6.19%</i>	<i>4.28%</i>
Total Equity	-4.13%	5.52%	5.44%	4.81%
<i>Target Equity Benchmark</i>	<i>-3.79%</i>	<i>6.44%</i>	<i>6.37%</i>	<i>5.02%</i>
U.S. Equity	0.18%	9.08%	9.45%	N/A
<i>Russell 3000</i>	<i>2.14%</i>	<i>11.13%</i>	<i>11.60%</i>	<i>7.40%</i>
Non-U.S. Equity	-8.97%	1.41%	0.37%	N/A
<i>MSCI ACWI Ex-US Net</i>	<i>-10.24%</i>	<i>1.16%</i>	<i>0.10%</i>	<i>1.87%</i>
Private Equity	11.30%	16.65%	13.46%	N/A
<i>Russell 3000 + 100 bps</i>	<i>3.14%</i>	<i>12.13%</i>	<i>12.60%</i>	<i>9.26%</i>
Fixed Income	3.22%	3.84%	3.84%	4.55%
<i>BC Global Aggregate</i>	<i>8.87%</i>	<i>2.80%</i>	<i>1.77%</i>	<i>4.40%</i>
Private Credit	3.76%	6.56%	6.42%	N/A
<i>50% BofA ML US High Yield BB-B, 50% CSFB Fixed Income</i>	<i>0.93%</i>	<i>3.52%</i>	<i>5.00%</i>	<i>5.19%</i>
Absolute Return	-4.09%	2.88%	5.74%	N/A
<i>BofA ML 3-Month T-Bill + 200 bps</i>	<i>2.19%</i>	<i>2.09%</i>	<i>2.09%</i>	<i>3.04%</i>
GTAA	-6.09%	2.38%	2.80%	N/A
<i>3-Month LIBOR + 300 bps</i>	<i>3.48%</i>	<i>3.32%</i>	<i>3.35%</i>	<i>4.39%</i>
Real Assets	1.53%	1.91%	1.95%	N/A
<i>CPI + 200 bps</i>	<i>3.05%</i>	<i>3.10%</i>	<i>3.35%</i>	<i>N/A</i>
Real Estate	1.00%	1.31%	1.97%	N/A
<i>NCREIF NPI *</i>	<i>10.64%</i>	<i>11.61%</i>	<i>11.52%</i>	<i>7.40%</i>
Risk Parity	2.42%	4.26%	N/A	N/A
<i>60% BC Global, 30% MSCI, 10% Bloomberg Index TR</i>	<i>2.91%</i>	<i>2.53%</i>	<i>1.72%</i>	<i>3.67%</i>
Short Term Investments	0.48%	0.26%	0.07%	1.14%
<i>BofA ML 3-Month T-Bill</i>	<i>0.19%</i>	<i>0.09%</i>	<i>0.09%</i>	<i>1.04%</i>

\*Time weighted rate of return based on the market rate of return (net of fees).

**Target Fund Benchmarks (Effective Dates)**

July 1, 2014 to Present: 16% Russell 3000, 14% MSCI World Ex-US Net, 11% Russell 3000 + 100 bps, 7% BC Global Aggregate, 13% Credit Opps, 4% BofA ML 3-Month T-Bill + 200 bps, 10% 3-Month LIBOR + 300 bps, 8% CPI + 200 bps, 11% NCREIF NPI, 4% Risk Parity and 2% BofA ML 3-Month T-Bill

July 1, 2013 to June 30, 2014: 17% Russell 3000, 14% MSCI ACWI Ex-US Net, 10% Russell 3000 + 100 bps, 8% BC Global Aggregate, 12% Credit Opps, 4% BofA ML 3-Month T-Bill + 200 bps, 10% 3-Month LIBOR + 300 bps, 8% CPI + 200 bps, 11% NCREIF NPI, 4% Risk Parity and 2% BofA ML 3-Month T-Bill.

July 1, 2012 to June 30, 2013: 18% Russell 3000, 14% MSCI World Ex-US Net, 9% Russell 3000 + 100 bps, 12% BC Global Aggregate, 12% Credit Opps, 4% BofA ML 3-Month T-Bill + 200 bps, 8% 3-Month LIBOR + 300 bps, 7% CPI + 200 bps, 10% NCREIF NPI, 4% Risk Parity and 2% BofA ML 3-Month T-Bill.

July 1, 2010 to June 30, 2012: 20% Russell 3000, 15% MSCI World Ex-US Net, 8% 3-Month LIBOR + 300 bps, 20% BC US Aggregate, 4% BofA ML 3-Month T-Bill + 200 bps, 9% BofA ML US High Yield BB-B Constrained, 8% Russell 3000 + 100 bps, 6% CPI + 200 bps, 8% NCREIF NPI and 2% BofA ML 3-Month T-Bill.

**Target Equity Benchmarks (Effective Dates)**

July 1, 2014 to Present: 53.33% Russell 3000 and 46.67% MSCI World Ex-US Net

July 1, 2013 to June 30, 2014: 54.84% Russell 3000 and 45.16% MSCI ACWI Ex-US Net.

July 1, 2012 to June 30, 2013: 56.25% Russell 3000 and 43.75% MSCI ACWI Ex-US Net.

July 1, 2010 to June 30, 2012: 57.14% Russell 3000 and 42.86% MSCI ACWI Ex-US Net.

TRUST EQUITY PORTFOLIO TOP 10 HOLDINGS JUNE 30, 2016		
Description	Shares	Fair Value
STATE STREET INTL EQ	150,966,748	792,129,451
STATE STREET US EQTY	10,487,735	523,240,692
CRESTLINE ALPHA	214,069,142	214,069,142
ACADIAN US MANAGED	2,981,934	170,645,095
SEG BAXTER STREET	103,907,584	103,907,584
SOUTHPOINT	83,746,680	83,746,680
ESG CBE	65,284,749	65,284,749
GOTHAM VALUE 1000	2,067,230	59,384,109
GOTHAM INSTL SELECT	2,075,952	58,180,425
BLKRK FRONTIER FUND	7,369,599	48,192,772

TRUST FIXED INCOME PORTFOLIO TOP 10 HOLDINGS JUNE 30, 2016		
Description	Shares	Fair Value
BGI CORE ACTIVE BOND FUND	5,518,761	145,985,980
IGUAZU PARTNERS LP	101,474,945	101,474,945
FIELD STREET FUND	79,674,574	79,674,574
BLACKROCK FIXED INCOME GLOBAL	75,187,594	75,187,594
GOLDENTREE HIGH YIELD VALUE	63,507,006	63,507,006
FHLMC MULTICLASS MTG 4012 MW	6,485,776	7,470,511
PROTECTIVE LIFE CORP	3,500,000	4,897,235
ONEOK PARTNERS LP	3,400,000	3,558,542
ATLANTICA TENDER DRILLING 144A	3,000,000	3,027,267
UNITED UTILITIES PLC	2,000,000	2,092,660

TRUST SUMMARY OF CHANGES IN INVESTMENT PORTFOLIO JUNE 30, 2016 (IN THOUSANDS)								
DESCRIPTION	JUNE 30, 2015 BALANCE				JUNE 30, 2016 BALANCE			
	PERCENT AT FAIR VALUE	FAIR VALUE	BOOK VALUE	ACQUIRED	MATURED AND SOLD	FAIR VALUE	BOOK VALUE	PERCENT AT FAIR VALUE
U. S. Equity	15.69%	1,246,279	995,311	1,224,200	1,176,373	1,264,680	1,043,138	15.89%
Non U. S. Equity	14.86%	1,180,912	1,067,877	173,795	123,253	1,106,792	1,118,419	13.90%
GTAA	10.22%	811,613	602,419	15,000	37,304	741,515	580,115	9.32%
Fixed Income	7.96%	632,443	569,308	10,049	141,492	494,100	437,865	6.21%
Absolute Return	4.27%	339,244	233,537	64,835	42,900	342,966	255,472	4.31%
Private Credit	9.21%	731,815	803,759	343,495	159,875	872,425	987,379	10.96%
Private Equity	15.07%	1,197,508	927,581	195,851	149,276	1,247,968	974,156	15.68%
Real Assets	8.38%	665,575	642,337	241,412	112,638	794,790	771,111	9.99%
Real Estate	10.42%	827,525	924,054	166,727	191,332	788,597	899,449	9.91%
Risk Parity	3.93%	311,837	294,696	168,339	181,480	306,004	281,555	3.84%
<b>TOTAL PORTFOLIO</b>	<b>100.00%</b>	<b>7,944,751</b>	<b>7,060,879</b>	<b>2,603,703</b>	<b>2,315,923</b>	<b>7,959,837</b>	<b>7,348,659</b>	<b>100.00%</b>

**INVESTMENT SECTION**

SCHEDULE OF COMMISSIONS PAID TO BROKERS YEAR ENDED JUNE 30, 2016			
BROKER	SHARES TRADED	AVG COMM	TOTAL COMM
ABEL NOSER CORP, NEW YORK	498,786	0.0117	5,815
B.RILEY & CO.,LLC, LOS ANGEL	25,829	0.0264	681
BAIRD, ROBERT W & CO INC, MI	645,216	0.0272	17,527
BANCO SANTANDER, NEW YORK	91,115	0.0012	106
BARCLAYS CAPITAL INC./LE, NE	148,744	0.0190	2,820
BARCLAYS CAPITAL, LONDON (BA	777,204	0.0012	928
BARRINGTON RESEARCH ASSOC	6,800	0.0350	238
BB&T SECURITIES, LLC, RICHMO	11,963	0.0368	441
BENCHMARK COMPANY, LLC	9,294	0.0328	305
BERNSTEIN SANFORD C & CO, NE	179,178	0.0153	2,748
BLOOMBERG TRADEBOOK LLC	272,951	0.0200	5,459
BMO CAPITAL MARKETS CORP	18,160	0.0300	545
BNY CONVERGEX, NEW YORK	17,005	0.0200	340
BROCKHOUSE AND COOPER, MT	97,791	0.0123	1,202
BTIG LLC, SAN FRANCISCO	297,070	0.0170	5,061
CANACCORD GENUITY INC.NY	52,894	0.0323	1,710
CANTOR CLEARING SERV, NY	120	0.0200	2
CANTOR CLEARING SERVICE,	1,272	0.0200	25
CANTOR FITZGERALD & CO INC,	234,969	0.0150	3,533
CITIGROUP GBL MKTS AUSTRALIA	31,096	0.0026	82
CITIGROUP GBL MKTS INC, NEW	281,166	0.0149	4,202
CITIGROUP GBL MKTS/SALOMON,	918,449	0.0026	2,381
CITIGROUP GLOBAL MARKETS	68,897	0.0023	160
CJS SECURITIES INC, JERSEY C	1,905	0.0350	67
CLSA SECURITIES, KUALA LUMPU	76,900	0.0007	57
COMPASS POINT RESEARCH	133,172	0.0348	4,629
COWEN AND COMPANY LLC, NY	22,753	0.0323	736
CRAIG HALLUM, MINNEAPOLIS	175,324	0.0204	3,580
CREDIT LYONNAIS SEC, SEOUL	496	0.7236	359
CREDIT LYONNAIS SECS (ASIA),	70,200	0.0060	422
CREDIT LYONNAIS SECS, SINGAP	6,900	0.0333	230
CREDIT RESEARCH & TRADING LL	22,640	0.0350	792
CREDIT SUISSE (EUROPE), LOND	245,541	0.0033	799
CREDIT SUISSE (EUROPE), SEOU	1,650	0.0498	82
CREDIT SUISSE AUSTRALIA EQ,	163,699	0.0022	365
CREDIT SUISSE, NEW YORK (CSU	981,474	0.0072	7,052
CREDIT SUISSE, SAO PAULO	13,670	0.0009	12
CREDIT SUISSE, TAIPEI	153,000	0.0012	180
DEUTSCHE BK INTL EQ, LONDN (	13,057	0.0096	125
DEUTSCHE BK SEC INC, NEW YOR	2,280,000	0.0001	184
DEUTSCHE BK SECS INC, NY (NW	1,224,488	0.0070	8,593
DEUTSCHE SEC ASIA LTD, TAIPE	5,000	0.0229	115

SCHEDULE OF COMMISSIONS PAID TO BROKERS (cont) YEAR ENDED JUNE 30, 2016			
BROKER	SHARES TRADED	AVG COMM	TOTAL COMM
DOUGHERTY & COMPANY LLC	13,605	0.0306	416
DOUGHERTY COMPANY, BRK	39,785	0.0324	1,290
EXANE, PARIS (EXANFRPP)	8,069	0.0074	60
FIG PARTNERS LLC, ATLANTA	155,899	0.0337	5,255
FIRST ANALYSIS SECS CORP, CH	4,200	0.0465	195
GOLDMAN SACHS (ASIA) LLC, TA	945,000	0.0018	1,662
GOLDMAN SACHS (ASIA), SEOUL	12,340	0.0035	43
GOLDMAN SACHS & CO, NY	1,710,389	0.0232	39,658
GOLDMAN SACHS EXECUTION	91,602	0.0214	1,965
GOLDMAN SACHS INTL, LONDON	55,293	0.0040	220
GOODBODY STOCKBROKERS	2,500	0.0465	116
GUGGENHEIM CAPITAL MKT LLC,	8,421	0.0400	337
HONG KONG & SHANGHAI BKG	251	0.0015	0
HSBC BANK AUSTRALIA LTD, SYD	414,573	0.0020	845
HSBC BANK PLC (MIDLAND BK)(J	150,398	0.0274	4,115
HSBC SECS INC, NEW YORK	456,942	0.0141	6,450
ICBC FINCL SVCS, NEW YORK	6,760	0.0350	237
INSTINET CORP, NEW YORK	309,421	0.0127	3,928
INSTINET CORP, NY	111,342	0.0150	1,670
INSTINET EUROPE LIMITED, LON	1,010,043	0.0029	2,957
INSTINET PACIFIC LTD, HONG K	874,754	0.0007	629
INSTINET, SINGAPORE	15,600	0.0029	45
INVESTMENT TECHNOLOGY GRP	1,451,884	0.0029	4,261
INVESTMENT TECHNOLOGY GRP	69,500	0.0084	586
ISI GROUP INC, NY	2,525,548	0.0102	25,772
ITG AUSTRALIA LTD, MELBOURNE	308,423	0.0062	1,923
ITG CANADA CORP, TORONTO	22,800	0.0057	130
ITG HONG KONG LIMITED, HONG	973,134	0.0005	503
J P MORGAN SECS LTD, LONDON	332,403	0.0033	1,082
J P MORGAN SECURITIES INC, B	144,970	0.0090	1,302
J.P. MORGAN CLEARING CORP, N	592,062	0.0175	10,383
JANNEY MONTGOMERY SCOTT,	853	0.0300	26
JEFFERIES & CO INC, NEW YORK	862,600	0.0193	16,617
JEFFERIES & CO LTD, LONDON	20,282	0.0029	59
JOHNSON RICE & CO, NEW ORLEA	11,300	0.0271	307
JOHNSON RICE & COMPANY LLC,	4,567	0.0420	192
JONESTRADING INSTL SVCS LLC,	241,253	0.0151	3,647
JP MORGAN SECS (FAR EAST) LT	31,437	0.0247	775
JP MORGAN SECS ASIA PACIFIC,	887,900	0.0002	194
JPMORGAN SECURITIES INC, NEW	857,652	0.0028	2,376
KEEFE BRUYETTE AND WOODS, JE	91,204	0.0348	3,178
KEYBANC CAPITAL MARKETS INC,	203,933	0.0334	6,819

**SCHEDULE OF COMMISSIONS PAID TO BROKERS (cont)**  
YEAR ENDED JUNE 30, 2016

<b>BROKER</b>	<b>SHARES TRADED</b>	<b>AVG COMM</b>	<b>TOTAL COMM</b>
KING (CL) & ASSOCIATES, ALBA	1,788	0.0446	80
KNIGHT CAPITAL EUROPE LTD, L	39,587	0.0038	152
KNIGHT CLEARING SERVICES LLC	60,100	0.0146	876
KNIGHT EQUITY MARKETS L.P.,J	403,879	0.0251	10,131
LIQUIDNET INC, BROOKLYN	40,057	0.0200	801
LIQUIDNET INC, NEW YORK	53,847	0.0191	1,029
LOOP CAPITAL MARKETS, JERSEY	3,600	0.0135	49
MACQUARIE BANK LIMITED, SYDN	28,111	0.0018	51
MACQUARIE BANK LTD, HK	1,929,300	0.0003	641
MACQUARIE CAPITAL (USA) INC.	28	0.0100	0
MAXIM GROUP, JERSEY CITY	1,980	0.0250	50
MERIDIAN EQUITY PARTNERS, NE	50,118	0.0150	752
MERRILL LYNCH GILTS LTD, LON	60,800	0.0025	153
MERRILL LYNCH INTL LONDON EQ	2,065,002	0.0015	3,101
MERRILL LYNCH PIERCE FENNER	1,717,426	0.0165	28,377
MERRILL LYNCH PIERCE FENNER,	108,635	0.0157	1,704
MIZUHO SECURITIES USA INC, N	8,046	0.0300	241
MKM PARTNERS LLC, GREENWI	153,199	0.0152	2,332
MORGAN J P SECS INC, NEW YOR	1,802	6.2241	11,216
MORGAN STANLEY & CO INC, NY	36,415	0.0020	73
MORGAN STANLEY & CO INC, NY	74,760,258	0.0021	160,137
MORGAN STANLEY & CO INTL LTD	35,538	0.0670	2,381
MS SECS SVCS INC INTL, BROOK	23,239	0.0226	526
NATIONAL FINL SVCS CORP, NEW	632,638	0.0178	11,243
NEEDHAM & CO, NEW YORK	18,755	0.0331	620
NEEDHAM AND COMPANY LLC,	20,595	0.0352	724
NEWEDGE USA LLC, NEW YORK	163	15.6001	2,543
NORTHLAND SECS INC, JERSEY C	13,548	0.0346	468
OLIVETREE USA LLC, NEW YORK	6,079	0.0350	213
OPPENHEIMER & CO INC, NEW YO	219,687	0.0322	7,075
PERSHING LLC, JERSEY CITY	416,440	0.0288	11,980
PIPER JAFFRAY & CO, MINNEAPO	51,912	0.0288	1,494
RAYMOND JAMES & ASSOC INC	394,125	0.0231	9,102
RBC CAPITAL MARKETS LLC, NY	828,497	0.0138	11,404
ROTH CAPITAL PARTNERS LLC, I	42,420	0.0314	1,334
S G WARBURG, SEOUL	2,334	0.0644	150
SANDLER O'NEILL & PARTNERS L	89,943	0.0341	3,065
SANDLER O'NEILL & PARTNERS,	135,284	0.0348	4,705
SANFORD C BERNSTEIN & CO INC	1,644	0.0517	85
SCOTIA CAPITAL (USA) INC, NE	10,098	0.0400	404
SG AMERICAS SECURITIES LLC,	248,848	0.0210	5,221
SG SEC (LONDON) LTD, LONDON	1,675,403	0.0003	579

**SCHEDULE OF COMMISSIONS PAID TO BROKERS (cont)**  
YEAR ENDED JUNE 30, 2016

<b>BROKER</b>	<b>SHARES TRADED</b>	<b>AVG COMM</b>	<b>TOTAL COMM</b>
SIDOTI & CO LLC, NEW YORK	4,604	0.0396	182
STATE STREET BROKERAGE SVC	489,017	0.0287	14,044
STATE STREET GLOBAL MARKETS	32,672	0.0123	402
STEPHENS INC, LITTLE ROCK	114,547	0.0351	4,020
STIFEL NICOLAUS	54,821	0.0213	1,168
SUNTRUST CAPITAL MARKETS	43,548	0.0381	1,658
TORONTO DOMINION SEC, TOR	746	0.0231	17
UBS SECURITIES CANADA, TOR	30,200	0.0062	187
UBS SECURITIES LLC, STAMFORD	531,283	0.0084	4,480
UBS WARBURG ASIA LTD, HK	2,050,473	0.0007	1,386
UBS WARBURG, LONDON	433,164	0.0061	2,621
WEDBUSH MORGAN SECS INC, LA	33,684	0.0324	1,093
WEEDEN & CO, GREENWICH	13,881	0.0075	104
WEEDEN & CO, NEW YORK	828,665	0.0241	19,987
WELLS FARGO SECURITIES LLC,	300,753	0.0155	4,675
WELLS FARGO SECURITIES LLC,	300,753	0.0155	4,675
WILLIAM BLAIR & CO, CHICAGO	35,437	0.0372	1,320
WM SMITH & CO, JERSEY	2,847	0.0325	92
WUNDERLICH SECURITIES INC, M	31,731	0.0371	1,178
WUNDERLICH SECURITIES, INC,	4,038	0.0400	162
YUANTA CORE PACIFIC SECURITI	178,000	0.0009	165
<b>TOTAL BROKER COMMISSIONS</b>	<b>118,214,762</b>	<b>0.0051</b>	<b>597,796</b>

U.S. EQUITY PORTFOLIO YEAR ENDED JUNE 30, 2016				
DESCRIPTION	SHARES	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
ACADIAN US MANAGED	2,981,934	141,321,663	170,645,095	29,323,432
AZ GDH 115-65	56,217	7,300,875	7,845,491	544,616
AZ GDH 140-40	260,592	15,988,199	16,660,831	672,633
AZ GHVS 115-65	100,796	8,179,757	8,156,589	(23,169)
AZ GHVS 140-40	317,350	18,458,840	18,503,937	45,098
CRESTLINE ALPHA	214,069,142	200,000,000	214,069,142	14,069,142
EAGLE SMALL CAP ST	1,093,395	34,266,150	41,852,339	7,586,190
GOTHAM INSTL SELECT	2,075,952	60,298,349	58,180,425	(2,117,924)
GOTHAM VALUE 1000	2,067,230	61,455,107	59,384,109	(2,070,998)
GOTHAM VALUE 2000	785,514	13,002,784	12,788,666	(214,118)
RANGER SMALL CAP	638,635	20,499,986	25,154,629	4,654,643
SOUTHPOINT	83,746,680	60,000,000	83,746,680	23,746,680
SSGA BETA	1,913	0	(409,639)	(409,639)
STATE STREET US EQTY	10,487,735	376,056,331	523,240,692	147,184,361
THB MICRO CAP	1,723,291	26,309,951	24,861,319	(1,448,632)
<b>TOTAL US EQUITY PORTFOLIO</b>	<b>320,406,376</b>	<b>1,043,137,991</b>	<b>1,264,680,305</b>	<b>221,542,314</b>

NON U.S. EQUITY PORTFOLIO YEAR ENDED JUNE 30, 2016				
DESCRIPTION	SHARES	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
BLKRK FRONTIER FUND	7,369,599	35,001,972	48,192,772	13,190,799
ESG CBE	65,284,749	75,000,000	65,284,749	(9,715,251)
GOTHAM 400 INTL	9,480,334	41,663,050	38,358,423	(3,304,627)
GOTHAM INSTL INTL	2,300,795	38,180,903	39,655,085	1,474,182
INTL EQUITY FUNDS	412,850	22,827,619	19,263,581	(3,564,038)
SEG BAXTER STREET	103,907,584	100,181,559	103,907,584	3,726,025
STATE STREET INTL EQ	150,966,748	805,563,418	792,129,451	(13,433,967)
<b>TOTAL NON-US EQUITY PORTFOLIO</b>	<b>339,722,659</b>	<b>1,118,418,520</b>	<b>1,106,791,645</b>	<b>(11,626,876)</b>



FIXED INCOME PORTFOLIO YEAR ENDED JUNE 30, 2016					
U.S. GOVT SECURITIES	PAR VALUE	COUPON RATE	MATURITY	COST	FAIR VALUE
FHLMC POOL #H1-0069	134,915	6.000%	11/01/2036	135,027	142,987
FHLMC POOL #H1-5010	370,283	6.000%	11/01/2036	370,579	400,724
FHLMC MULTICLASS MTG 4012 MW	6,485,776	3.500%	03/15/2042	6,513,686	7,470,511
GNMA POOL #0427558	2	7.500%	04/15/2026	2	2
<b>TOTAL US GOVERNMENT SECURITIES</b>	<b>6,990,976</b>			<b>7,019,294</b>	<b>8,014,224</b>
CORPORATE BONDS	PAR VALUE	COUPON RATE	MATURITY	COST	FAIR VALUE
ACA ABS 2006-1 LTD 1A A3L 144A	2,481,181	2.208%	06/10/2041	1,085,184	25
ATLANTICA TENDER DRILLING 144A	3,000,000	8.000%	09/23/2019	3,027,267	3,027,267
BGI CORE ACTIVE BOND FUND	5,518,761			111,076,001	145,985,980
BLACKROCK FIXED INCOME GLOBAL	75,187,594			75,000,000	75,187,594
CHLOE MARINE CORP LTD	4,500,000	12.000%	12/28/2016	4,563,226	45
CONAGRA FOODS INC	856,000	9.750%	03/01/2021	916,250	1,088,618
FIELD STREET FUND	79,674,574			75,000,000	79,674,574
GOLDENTREE HIGH YIELD VALUE	63,507,006			50,000,000	63,507,006
IGUAZU PARTNERS LP	101,474,945			80,000,000	101,474,945
ISLAND DRILLING CO ASA REGS	4,000,000	9.500%	04/03/2018	4,083,401	200,000
LATINA OFFSHORE LTD 144A	3,557,143	8.875%	07/03/2018	3,639,229	1,920,857
MORGAN STANLEY ABS CAPI NC1 M2	109,501	2.813%	12/27/2033	98,672	108,117
MORGAN STANLEY ABS CAPI NC2 M2	92,085	2.288%	12/25/2033	80,552	84,385
NORTH STREET REFE 3A CTFS 144A	1,206,457	4.387%	04/30/2031	1,113,082	1,113,082
OCEANTEAM ASA	2,610,000	11.965%	10/24/2017	2,648,775	1,174,500
ONEOK PARTNERS LP	3,400,000	6.650%	10/01/2036	3,681,271	3,558,542
PROTECTIVE LIFE CORP	3,500,000	8.450%	10/15/2039	3,944,227	4,897,235
REGIONAL DIVERSIFIED FUND 144A	1	0.093%	03/15/2030	1	1
SHORT-TERM INVESTMENT FUND B	261	0.000%		261	261
TRAINER WORTHAM FI 2A A3L 144A	10,000,000	2.415%	04/10/2037	7,611,422	100
UNITED UTILITIES PLC	2,000,000	4.550%	06/19/2018	1,955,440	2,092,660
XPO CNW INC	1,500,000	6.700%	05/01/2034	1,321,964	990,000
<b>TOTAL CORPORATE BONDS</b>	<b>368,175,510</b>			<b>430,846,225</b>	<b>486,085,794</b>
<b>TOTAL FIXED INCOME PORTFOLIO</b>	<b>375,166,486</b>			<b>437,865,519</b>	<b>494,100,018</b>

<b>PRIVATE CREDIT PORTFOLIO</b> YEAR ENDED JUNE 30, 2016			
<b>DESCRIPTION</b>	<b>COST</b>	<b>FAIR VALUE</b>	<b>UNREALIZED GAIN (LOSS)</b>
BRIGHTWOOD CAPITAL FUND III LP	60,000,000	55,275,710	(4,724,290)
CASTLE CREEK AZ TARP	11,488,435	13,578,341	2,089,906
CENTERBRIDGE	0	5,583,420	5,583,420
CENTERBRIDGE SC II	22,627,808	24,386,762	1,758,954
COMVEST CAPITAL III LP	27,418,745	25,111,984	(2,306,761)
CRESTLINE OPP FUND III LP	15,729,469	15,729,469	0
CRESTLINE OPPORTUNITY FUND	37,510,915	37,083,642	(427,273)
CRESTLINE SPECIALTY LENDING US	28,314,283	28,939,851	625,568
DAVIDSON KEMPNER SPECIAL OPP	6,000,000	6,000,000	0
DAVIDSON KEMPNER SPECIAL OPP	63,637,500	65,722,849	2,085,349
EJF DEBT OPPORTUNITIES FUND	40,000,000	54,475,272	14,475,272
ESG CREDIT MACRO EVENT FUND	75,000,000	41,328,474	(33,671,526)
ISHARES IBOX USD HIGH YIELD	7,332,016	7,092,609	(239,407)
MELODY CAP PTNRS ONSHORE	48,295,435	49,812,171	1,516,736
MELODY TELECOM LAND ONSHORE	78,336,105	90,975,735	12,639,630
NORTHERN SHIPPING FUND III LP	16,870,435	16,870,435	0
OHA STRATEGIC CREDIT	343,104	8,080,108	7,737,004
PAC ALLI ASIA SPEC FEEDER LP	10,969,370	12,752,874	1,783,504
PACIFIC ALLIANCE ASIA	40,000,000	53,610,354	13,610,354
PINEBRIDGE STRUCTURED CAP	2,680,000	2,680,000	0
PSPRS PNM MAC MORTGOPP	128,455,066	18,941,464	(109,513,602)
PSPRS-APOLLO EUR NPL	37,513,770	4,338,673	(33,175,097)
SJC ONSHORE DIR LDNG FD III LP	13,733,855	13,610,310	(123,545)
SJC ONSHORE DIRECT LENDING	9,253,208	8,221,079	(1,032,129)
SJC ONSHORE DIRECT LENDING	46,504,793	45,919,250	(585,543)
SPDR BARCLAYS HIGH YIELD BD	5,513,414	4,891,814	(621,600)
SPDR BARCLAYS SHORT-TERM HIG	29,998,442	26,157,898	(3,840,544)
STARK ABS OPPORTUNITIES MASTER	623,370	968,906	345,536
STELLUS CREDIT MASTER FUND LLC	33,406,431	32,061,321	(1,345,110)
STERLING GROUP PARTNERS IV	3,861,377	3,806,845	(54,532)
TGP OPPORTUNITIES PTNRS III A	27,096,142	30,056,580	2,960,438
TPG OPPORTUNITIES FUND II LP	36,066,572	45,002,726	8,936,154
WEST FACE LONG TERM OPP	22,798,789	23,358,309	559,520
<b>TOTAL PRIVATE CREDIT PORTFOLIO</b>	<b>987,378,849</b>	<b>872,425,235</b>	<b>(114,953,614)</b>

PRIVATE EQUITY PORTFOLIO YEAR ENDED JUNE 30, 2016			
DESCRIPTION	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
ABRY PARTNERS	10,065,400	2,480,186	(7,585,214)
AVALON VENTURES IX	16,502,532	15,372,657	(1,129,875)
AVALON VENTURES X L.P.	13,257,257	14,456,097	1,198,840
BARING ASIA PE FUND VI LP	5,514,131	5,437,984	(76,147)
BARING ASIA PRIVATE EQUITY V	36,667,871	44,573,181	7,905,310
BERKSHIRE FUND VIII-A LP	13,569,991	15,256,761	1,686,770
CAPSTONE THERAPEUTICS CORP	34,004	7,676	(26,328)
CASTLE CREEK CAP PTNRS VI LP	2,846,993	2,846,993	0
CASTLE CREEK CAPITAL PART.	22,145,108	24,042,094	1,896,986
CASTLE CREEK IV	36,070,347	61,472,456	25,402,109
CENTERBRIDGE CAPITAL PART.	57,216,963	55,778,384	(1,438,579)
CENTERBRIDGE CAPITAL PTNR.	4,971,069	5,548,999	577,930
CHARLESBANK EQUITY FUND VII	19,467,216	32,791,780	13,324,564
CHARLESBANK EQUITY FUND VIII	11,139,344	11,647,165	507,821
CORTEC GROUP FUND V LP	22,887,690	64,440,360	41,552,670
CORTEC GROUP FUND VI LP	6,716,931	6,119,168	(597,763)
CYMPHONIX NOTE PAYABLE	1,212	1,212	0
CYMPHONIX SERIES C	16,813	16,813	0
DAG VENTURES II CO-INVEST	15,447,731	758,492	(14,689,239)
DAG VENTURES II DIRECT	4,400,137	1,396,982	(3,003,155)
DAG VENTURES III CO-INVEST	0	2,179,394	2,179,394
DAG VENTURES III DIRECT	9,743,172	4,279,883	(5,463,289)
DAG VENTURES IV CO-INVEST LP	21,653,636	34,800,128	13,146,492
DAG VENTURES IV LP	23,180,073	25,134,905	1,954,832
DAG VENTURES V CO-INVEST	796,835	790,065	(6,770)
DAG VENTURES V LP	8,423,606	35,171,034	26,747,428
DFJ MERCURY II	17,840,902	19,651,544	1,810,642
DRUG ROYALTY INVESTMENT	8,509,419	7,894,416	(615,003)
DRUG RYLTY II DIRECT	0	1	1
EQT VI LP	27,146,210	32,903,776	5,757,566
HTG MOLECULAR DIAGNOSTICS	282,386	149,725	(132,661)
INSIGHT EQUITY II	34,662,866	51,492,430	16,829,564
INSIGHT EQUITY MEZZANINE I	1,452,206	1,169,446	(282,760)
JMI EQUITY FUND VII LP	19,424,232	19,882,099	457,867
KKR ASIAN FUND II LP	11,726,216	16,222,402	4,496,186
LADDER	22,695,564	31,371,002	8,675,438
LITTLEJOHN FUND IV	29,757,437	33,790,464	4,033,027
LITTLEJOHN FUND V LP	7,530,390	7,827,143	296,753
LITTLEJOHN IV CO-INVEST LP	3,260,200	7,950,841	4,690,641
LONGWORTH VP III	14,260,000	20,814,991	6,554,991
MADRONA VENTURE FUND V LP	3,038,046	3,454,420	416,374
MERCURY FUND VENTURES III LP	9,020,000	9,876,531	856,531
MESIROW CAPITAL PARTNERS IX	13,019,975	5,924,841	(7,095,134)
MIDOCEAN PARTNER III CO-INVEST	1,048,720	3,156,523	2,107,803

PRIVATE EQUITY PORTFOLIO (cont) YEAR ENDED JUNE 30, 2016			
DESCRIPTION	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
MIDOCEAN PARTNER III DIRECT	27,818,973	32,955,913	5,136,940
MILLENNIUM TECHNOLOGY	16,117,116	14,668,335	(1,448,781)
NXT CAPITAL HOLDINGS LP	4,442,637	6,101,206	1,658,569
OAKTREE EURO PRINCIPAL III	44,153,928	58,582,167	14,428,239
ONDAX CORPORATION SERIES C	174,815	174,815	0
ONDAX CORPORATION SERIES D	19,471	19,471	0
ONDAX CORPORATION SERIES E	40,032	80,064	40,032
PATRIA - BRAZILIAN PRIVATE	7,436,914	10,100,579	2,663,665
PATRIA-BRAZILIAN PE FD V LP	270,562	345,298	74,736
PENINSULA EQUITY PARTNERS	4,513,737	3,131,058	(1,382,679)
ROCKBRIDGE VI COINVEST	9,077,599	8,884,368	(193,231)
STEPSTONE AZ CHINA & ASIA OPP	7,028,463	8,719,679	1,691,216
STEPSTONE AZ SECONDARY	45,999,794	56,201,180	10,201,386
STERLING GROUP PARTNERS III	20,841,308	35,295,886	14,454,578
TOWERBROOK INVESTORS III	16,766,866	18,097,780	1,330,914
TOWERBROOK INVESTORS IV	6,030,544	8,654,150	2,623,606
TRIDENT CAPITAL FUND VI LP	9,743,243	10,146,240	402,997
TRIDENT V LP	32,453,492	40,383,613	7,930,121
TRITIUM FUND I LP	4,277,639	4,277,639	0
TRUSTBRIDGE PARTNERS IV LP	26,527,223	52,244,177	25,716,954
TRUSTRIDGE PARTNERS V LP	20,889,772	24,980,910	4,091,138
TSG CONSUMER PARTNERS 7A	9,996	9,996	0
TSG CONSUMER PARTNERS 7B	322,911	320,192	(2,719)
VALLEY VENTURES III	3,375,298	0	(3,375,298)
VALLEY VENTURES III ANNEX	1,056,530	0	(1,056,530)
VISTA EQUITY PARTNERS FD V LP	7,718,539	7,985,936	267,397
VISTA EQUITY PARTNERS FUND IV	36,341,605	62,213,357	25,871,752
VIVO CAPITAL FUND VIII LP	11,665,471	11,820,907	155,436
VIVO VENTURES VII LP	21,503,539	31,186,058	9,682,519
ZANE BENEFITS INC	127,274	53,827	(73,447)
<b>TOTAL PRIVATE EQUITY PORTFOLIO</b>	<b>974,156,122</b>	<b>1,247,968,245</b>	<b>273,812,123</b>

ABSOLUTE RETRN PORTFOLIO YEAR ENDED JUNE 30, 2016			
DESCRIPTION	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
DAVIDSON KEMPNER INSTITUTIONAL	70,000,000	88,368,090	18,368,090
GSAM HF SEED 2011	5,211,636	14,425,375	9,213,739
LSV SPECIAL OPPORTUNITIES FUND	0	12,773,889	12,773,889
LSV SPECIAL OPPORTUNITIES FUND	20,259,988	47,962,360	27,702,372
LUXOR CAPITAL PARTNERS	40,000,000	31,418,495	(8,581,505)
OZ DOMESTIC PARTNERS II LP	50,000,000	50,722,266	722,266
OZ DOMESTIC PARTNERS II LP	70,000,000	97,295,130	27,295,130
<b>TOTAL ABSOLUTE RETURN PORTFOLIO</b>	<b>255,471,624</b>	<b>342,965,605</b>	<b>87,493,981</b>

## INVESTMENT SECTION

REAL ASSETS PORTFOLIO YEAR ENDED JUNE 30, 2016			
DESCRIPTION	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
ACTIS ENERGY 3 A LP	19,637,707	18,064,166	(1,573,541)
ACTIS GP LLP BEVI III LP	11,172,215	13,618,797	2,446,582
ALTERNA CORE CAP ASSETS II	25,674,304	24,448,524	(1,225,780)
ALTERNA I	20,549,930	23,166,070	2,616,140
ANTERO MIDSTREAM PART LP	1,557,562	2,144,513	586,951
CONSERVATION FORESTRY I	11,081,643	9,323,410	(1,758,233)
CONSERVATN FOREST II	16,982,111	24,714,178	7,732,067
DENHAM COMMODITY PART VI	25,008,723	21,551,466	(3,457,257)
EIF US POWER FUND IV	30,763,300	21,477,727	(9,285,573)
ENCAP ENERGY CAPITAL FUND IX	20,580,486	20,031,435	(549,051)
ENCAP ENERGY CAP FUND X LP	9,715,095	9,403,068	(312,027)
ENERGY TRANSFER EQUITY LP	2,683,002	5,658,892	2,975,890
ENERGY TRANSFER PART LP	1,994,570	1,966,392	(28,178)
ENLINK MIDSTREAM PART LP	1,600,810	2,639,863	1,039,053
ENTERPRISE PRODUCTS PART L	5,449,739	7,001,040	1,551,301
EQT MIDSTREAM PARTNERS LP	1,878,121	2,197,891	319,770
FIRST TRUST ISE-REV NAT GAS	12,842,047	3,876,163	(8,965,884)
FUNDAMENTAL PARTNERS II	51,464,182	53,281,225	1,817,043
FUNDAMENTAL PARTNERS III LP	34,456,654	35,406,618	949,964
GENESIS ENERGY LP	1,838,102	2,655,511	817,409
JP MORGAN AIRRO FUND	23,249,528	24,428,464	1,178,936
JP MORGAN AIRRO SIDECAR LP	22,869,167	23,804,564	935,397
LD COMMODITIES ALPHA FD LTD	25,000,000	28,059,722	3,059,722
MACQUARIE EUR INFRASTRUCT III	16,840,849	26,944,016	10,103,167
MACQUARIE INFRA II US	15,007,015	19,510,121	4,503,106
MAGELLAN MIDSTREAM PART LP	3,378,038	4,074,968	696,930
MAGNETAR FINANCIAL LLC CMLP	4,750,000	3,397,732	(1,352,268)

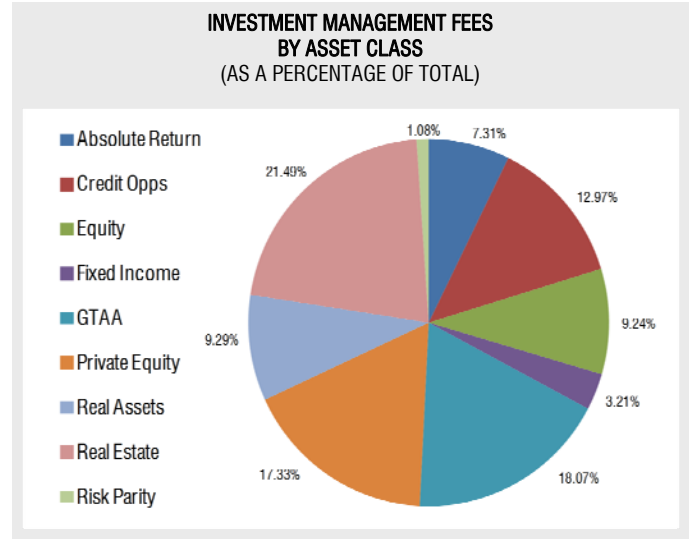
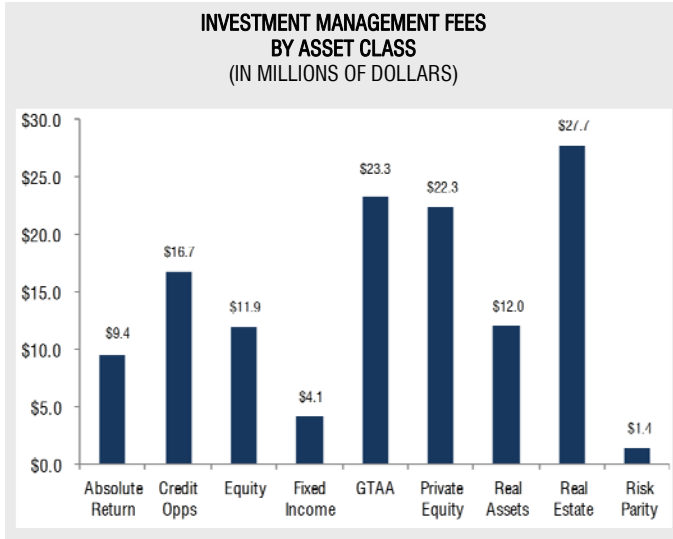
REAL ASSETS PORTFOLIO (cont) YEAR ENDED JUNE 30, 2016			
DESCRIPTION	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
MAGNETAR MTP	80,000,000	66,178,869	(13,821,131)
MPLX LP	2,268,689	2,731,799	463,110
NGL ENERGY PARTNERS LP	836,041	2,001,224	1,165,183
ONEOK INC	1,696,781	3,424,087	1,727,306
ORG SECONDARY - REAL ASSETS	9,310,305	16,729,691	7,419,386
ORION CO-INVEST II LP PROJECT	6,296,296	6,972,855	676,559
ORION CO-INVEST III LP PROJECT	5,000,000	4,361,097	(638,903)
ORION CO-INVEST IV LP-PROJECT	259,188	280,394	21,206
ORION MINE FINANCE FD I-A LP	42,595,663	44,456,334	1,860,671
PHILLIPS 66 PARTNERS LP	1,454,664	1,388,872	(65,792)
PLAINS ALL AMER PIPELINE L	1,993,265	2,786,221	792,956
PLAINS GP HOLDINGS LP	1,025,688	1,335,468	309,780
RICE MIDSTREAM PARTNERS LP	1,074,304	1,728,439	654,135
RIDGEWOOD ENERGY OIL/GAS FD	2,071,276	1,756,235	(315,041)
SHELL MIDSTREAM PART LP	4,162,878	4,043,683	(119,195)
SPDR GOLD SHARES	91,484,191	89,373,820	(2,110,371)
SUNOCO LOGISTICS PART LP	2,717,669	3,480,532	762,863
TALLGRASS ENERGY GP LP	1,120,015	1,600,890	480,875
TALLGRASS ENERGY PART LP	2,381,684	3,197,377	815,693
TARGA RESOURCES CORP	1,951,666	1,993,770	42,104
TAYLOR WOODS PARTNERS LP	55,000,000	65,119,348	10,119,348
TRUST IN ENERGY RECAP FUND	13,119,357	8,360,313	(4,759,044)
TVEST CROSSOVER III	15,709,247	18,319,053	2,609,806
WESTERN GAS EQUITY PART LP	3,486,645	4,170,206	683,561
WILLIAMS COS INC/THE	2,727,608	2,680,000	(47,608)
WILLIAMS PARTNERS LP	3,343,182	3,473,110	129,928
<b>TOTAL REAL ASSETS PORTFOLIO</b>	<b>771,111,202</b>	<b>794,790,223</b>	<b>23,679,021</b>

RISK PARITY PORTFOLIO YEAR ENDED JUNE 30, 2016			
DESCRIPTION	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
ALL WEATHER PORTFOLIO	101,143,748	117,402,165	16,258,417
BRIDGEWATER REAL ASSET	80,000,000	79,157,782	(842,218)
ISHARES 20+ YEAR TREAS BO	19,847,028	24,269,441	4,422,413
ISHARES TIPS BOND ETF	30,564,308	31,359,029	794,721
SALIENT RP-DRQ V10	50,000,000	53,815,263	3,815,263
<b>TOTAL RISK PARITY PORTFOLIO</b>	<b>281,555,084</b>	<b>306,003,680</b>	<b>24,448,596</b>

GTAA SECURITIES PORTFOLIO YEAR ENDED JUNE 30, 2016			
DESCRIPTION	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
ALPHADYNE INVESTMENT	50,000,000	53,808,875	3,808,875
BLUE TREND FUND	76,249,488	86,904,304	10,654,816
BREXAN HOWARD FUND	12,695,676	12,019,247	(676,429)
BRIDGEWATER PURE ALPHA	156,169,682	255,643,206	99,473,524
BRIDGEWATER PURE ALPHA MAJ	30,000,000	34,759,934	4,759,934
D. E. SHAW MULTI-ASSET FUND	145,000,000	194,369,726	49,369,726
GMO BFA FUND	110,000,000	104,009,841	(5,990,159)
<b>TOTAL GTAA SEC. PORTFOLIO</b>	<b>580,114,846</b>	<b>741,515,133</b>	<b>161,400,287</b>

REAL ESTATE PORTFOLIO YEAR ENDED JUNE 30, 2016			
DESCRIPTION	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
12TH ST & BELL	5,013,890	1,600,000	(3,413,890)
29TH AVE & CAMELBACK	321,374	480,000	158,626
32ND ST & VAN BUREN	3,547,104	4,240,000	692,896
44TH AVE & NORTHERN	1,752,056	560,000	(1,192,056)
67TH AVE & GREENWAY	2,325,956	400,000	(1,925,956)
ALCION RE PARTNERS FUND II	7,245,191	7,694,973	449,782
ALCION RE PARTNERS FUND III-B	9,699,226	8,126,637	(1,572,589)
ARES US REAL ESTATE FUND VII	15,171,093	10,905,315	(4,265,778)
BENSION ELLIOT RE PTNRS IV LP	14,403,298	1,793,356	(12,609,942)
BLACKSTONE REAL ESTATE PART VI	19,478,341	36,147,373	16,669,032
BPE ASIA RE PROJECT ALLIANCE	7,280,218	7,225,344	(54,874)
BPE ASIA REAL ESTATE FUND LP	7,050,790	8,126,149	1,075,359
CATALYST EPF II SCOTS LP	21,982,192	22,230,656	248,464
CATALYST EUROPEAN	24,283,412	25,185,675	902,263
CLEARBELL II FEEDER LP	19,981,814	9,625,523	(10,356,291)
DTR1 C POOL	124,404,213	78,500,000	(45,904,213)
DTR1 POOL	231,702,746	117,400,000	(114,302,746)
FROGMORE REAL ESTATE PARTNERS	12,394,649	10,014,133	(2,380,516)
FUDO CAPITAL II LP	7,875,384	1,142,738	(6,732,646)
GREENFIELD ACQUISITION	17,178,860	20,435,343	3,256,483
GREENFIELD ACQUISITION VI	14,037,373	16,739,220	2,701,847
H/2 CREDIT PARTNERS L.P.	40,000,000	56,071,290	16,071,290
HARRISON ST RE COINV	0	69,234	69,234
HARRISON STREET REAL ESTATE	14,285,717	8,831,319	(5,454,398)
IRON POINT RE PARTNERS III LP	5,964,747	5,785,789	(178,958)
IRON POINT REAL ESTATE	6,089,840	7,368,071	1,278,231
IRONPOINT RE	36,445,895	54,292,167	17,846,272
LUBERT ADLER LARAMAR URBAN	4,000,000	3,290,387	(709,613)
LUBERT-ADLER RE FDS PROJECT	12,000,000	33,526,013	21,526,013
LUBERT-ADLER RE FUND VII LP	24,000,000	23,121,899	(878,101)
LUBERT-ALDER RE VI-B	0	12,533,805	12,533,805
ORG SECONDARY FUND	73,970,230	87,707,910	13,737,680
OWC WHISPERING CANYON	29,626,122	3,749,014	(25,877,108)
PATRON CAPITAL IV LP	3,930,476	6,324,002	2,393,526
PIVOTAL REALTY HOLDINGS/TALLEY	1,608,655	1,100,000	(508,655)
PSPRS-MOUNT GRANGE	456,383	13,502,898	13,046,515
ROCKBRIDGE HOSPITALITY FD VI	26,039,864	28,531,279	2,491,415
WALTON ST MEXICO FUND I-Q LP	34,971,212	28,022,850	(6,948,362)
WALTON STREET RE FD VII-Q LP	18,930,491	26,196,954	7,266,463
<b>TOTAL REAL ESTATE PORTFOLIO</b>	<b>899,448,812</b>	<b>788,597,316</b>	<b>(110,851,496)</b>

INVESTMENT MANAGEMENT FEES



All investment manager fees, whether directly invoiced or deducted from the fund on a net basis, are classified and reported as investment expense. While some investment managers submit invoices for their investment management fees, a significant number of investment managers provide account valuations on a net of fee basis. Those management fees are often netted against investment income and are not readily separable. For greater transparency, the System makes a good faith attempt to disaggregate netted fee amounts that are not necessarily readily separable. The System collects and aggregates the netted investment fees and checks for reasonableness in order to disclose fees that would not otherwise be disclosed. The collection process is not standard practice for many plan sponsors. The netted investment expenses include amounts for investment management fees, performance

fees (including carried interest allocations), and other expenses such as organizational expenses in limited partnership structures. The total netted fee amounts reported also reflect the impact of any offsets which have the effect of reducing this total. Therefore, in order to compare investment expense as reported by the System with investment management costs reported by other public pension plans, an understanding of the actual fees and expenses included in any comparative reports is necessary. Additionally, investment plan composition directly influences the fee structure of a plan and adjustments for differences in plan asset allocation is necessary before conclusions can be reached from such comparisons.

# ACTUARIAL SECTION





December 22, 2016

The Board of Trustees  
Arizona Public Safety Personnel Retirement System  
3010 East Camelback Road, Suite 200  
Phoenix, Arizona 85016-4416

**Re: Arizona Public Safety Personnel Retirement System**

Attention: Jared Smout, Administrator

The purpose of the annual actuarial valuation of the Arizona Public Safety Personnel Retirement System as of June 30, 2016 is to:

- Compute the liabilities associated with benefits likely to be paid on behalf of current retired and non-retired members.
- Compare assets with accrued liabilities to assess the funded condition.
- Compute the recommended employers' contribution for the Fiscal Year beginning July 1, 2017.

The funding objective is stated in Article 4, Chapter 5, Title 38, Section 843B of the Arizona Revised Statutes. The valuation should not be relied upon for any other purpose.

The valuation process develops contribution rates that are sufficient to fund the plan's normal cost (i.e., the costs assigned by the valuation method to the year of service about to be rendered), as well as to fund unfunded actuarial accrued liabilities as a level percent of active member payroll over a finite period. The valuations were completed based upon population data, asset data, and plan provisions as of June 30, 2016.

The valuation was based upon information furnished by the plan's administrative staff concerning Retirement System benefits, financial transactions, and active members, terminated members, retirees and beneficiaries. We checked the data for internal and year-to-year consistency, but did not audit the data. As a result, we do not assume responsibility for the accuracy or completeness of the data provided. The actuary summarizes and tabulates population data in order to analyze longer-term trends. The following schedules were prepared by the actuary and provided to the administrative staff to be included in the "Actuarial Section" of the June 30, 2016 CAFR:

- Aggregate Actuarial Balance Sheet as of June 30, 2016
- Summary of Valuation Assumptions
- Solvency Test
- Summary of Active Member Data
- Summary of Retirees and Inactive Members
- Schedule of Experience Gain/(Loss) for year ended June 30, 2016





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GRS did not prepare any of the schedules included in the “Financial Section” of the June 30, 2016 CAFR. However, we did provide certain pieces of information that were used in that section, such as the Actuarial Accrued Liability and the Actuarial Value of Assets.

Assets are valued on a market related basis. This method recognizes the assumed return fully each year and spreads each year’s gain or loss above or below assumed return over a closed 7-year period. The continuing effect of prior asset losses was dampened by the 7-year smoothing period, and further offset by the effect of lower than assumed pay increases. There remains \$536.7 million (\$511.4 million for pension and \$25.3 million for health) of unrecognized investment losses that will in the absence of other gains, drive the contribution rate up over the next several years.

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. The Board of Trustees adopts these assumptions after considering the advice of the actuary and other professionals. The assumptions and the methods comply with the requirements of Statement No. 67 of the Governmental Accounting Standards Board. Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution rates as needed. The June 30, 2016 valuations were based upon assumptions that were recommended in connection with a study of experience covering the 2006-2011 period. Future actuarial measurements may differ significantly from those presented in the valuations due to such factors as experience differing from that anticipated by the actuarial assumptions, changes in plan provisions, changes in actuarial assumptions or methods, or changes in applicable law.

Based upon the results of the June 30, 2016 valuations, the retired lives are less than fully funded on a funding value of assets basis and market value of asset basis. It is most important that this plan receive contributions at least equal to the actuarial rates.

The June 30, 2016 actuarial valuation reflected the following changes:

- Benefit changes
  - Interest on DROP for employees who became members before December 31, 2011 that have AT LEAST 20 years of credited service on January 1, 2012 will be 7.40% for the fiscal year beginning July 1, 2016.
  - Interest on DROP for employees who became members before December 31, 2011 that have LESS THAN 20 years of credited service on January 1, 2012 will be 4.50% for the fiscal year beginning July 1, 2016.
  - Replacing Permanent Benefit Increases with a CPI-based Cost-of-Living Adjustment for all retirees.
  - Change benefit formulas for Tier 3 members (those hired after July 1, 2017) while introducing 50/50 cost split of Tier 3 plan cost between employees and employers.



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The Board of Trustees  
December 22, 2016  
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In order to gain a full understanding of the actuarial condition of the plan, it is important to read the full actuarial report that we have provided to the System.

Mark Buis and James D. Anderson are Members of the American Academy of Actuaries (MAAA), and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,

A handwritten signature in cursive script that reads 'Mark Buis'.

Mark Buis, FSA, EA, FCA, MAAA

A handwritten signature in cursive script that reads 'James D. Anderson'.

James D. Anderson, FSA, EA, MAAA

MB/JDA/FP:mrb

<b>PSPRS AGGREGATE ACTUARIAL BALANCE SHEET YEAR ENDED JUNE 30, 2016</b>			
<b>ACTUARIAL ASSETS</b>	<b>PENSION</b>	<b>HEALTH INSURANCE</b>	<b>TOTAL</b>
<b>ACCRUED ASSETS</b>			
Member Accumulated Contributions	1,213,983,605	0	1,213,983,605
Employer and Benefit Payment Reserves	4,828,493,813	299,092,404	5,127,586,217
Funding Value Adjustment	511,425,540	25,259,589	536,685,129
<b>Total Accrued Assets</b>	<b>6,553,902,958</b>	<b>324,351,993</b>	<b>6,878,254,951</b>
<b>PROSPECTIVE ASSETS</b>			
Member Contributions	1,412,197,375	0	1,412,197,375
Employer Normal Costs	1,411,923,448	40,867,637	1,452,791,085
Employer Unfunded Actuarial Accrued Liability	7,694,806,637	(20,322,935)	7,674,483,702
<b>Total Prospective Assets</b>	<b>10,518,927,460</b>	<b>20,544,702</b>	<b>10,539,472,162</b>
<b>Total Actuarial Assets</b>	<b>17,072,830,418</b>	<b>344,896,695</b>	<b>17,417,727,113</b>
<b>ACTUARIAL PRESENT VALUES (LIABILITY)</b>			
<b>PENSIONS IN PAYMENT STATUS</b>			
Pensions in payment status	7,407,668,886	133,566,004	7,541,234,890
<b>PROSPECTIVE PAYMENTS</b>			
Retirement Payments	9,595,027,873	0	9,595,027,873
Health Insurance Payments	0	211,330,691	211,330,691
Member Contribution Refunds	70,133,659	0	70,133,659
Pension Increase Reserve	0	0	0
<b>Total Prospective Payments</b>	<b>9,665,161,532</b>	<b>211,330,691</b>	<b>9,876,492,223</b>
<b>Total Actuarial Present Values (Liabilities)</b>	<b>17,072,830,418</b>	<b>344,896,695</b>	<b>17,417,727,113</b>

**PSPRS SUMMARY OF VALUATION ASSUMPTIONS**

**ECONOMIC ASSUMPTIONS**

Interest Rate: 7.50% (net of expenses)  
 Salary Increases: 4.00% for inflation

**HEALTHY MORTALITY**

RP2000 Health Annuitant Mortality Table projected to 2015 using projection scale AA adjusted by 105% for both males and females. This assumption was first used for the FY2012 valuation of the System and include margin for future improvements in mortality.

**DISABLED MORTALITY**

RP2000 Health Annuitant Mortality Table projected to 2015 using projection scale AA set forward 10 years for both males and females. This assumption was first used for the FY2012 valuation of the System.

**ACTIVE MEMBERS MORTALITY TABLE**

Sample rates of mortality for death-in-service set forward 0 years for both males and females. This assumption was first used for the FY2012 valuation of the System.

Retirement benefits will commence the first day of the month following termination of employment and based upon completion of 20 years of service, or following 62nd birthday and completion of 15 years of service.

MORTALITY RATES AND LIFE EXPECTANCY HEALTHY MORTALITY					MORTALITY RATES AND LIFE EXPECTANCY HEALTHY MORTALITY					MORTALITY RATES ACTIVE MEMBERS		
SAMPLE AGES	PROBABILITY OF DYING NEXT YEAR		FUTURE LIFE EXPECTANCY (YEARS)		SAMPLE AGES	PROBABILITY OF DYING NEXT YEAR		FUTURE LIFE EXPECTANCY (YEARS)		AGES	PROBABILITY OF DYING NEXT YEAR	
	MEN	WOMEN	MEN	WOMEN		MEN	WOMEN	MEN	WOMEN		MEN	WOMEN
50	0.16%	0.13%	31.88	33.93	50	0.16%	0.13%	31.88	33.93	50	0.16%	0.13%
55	0.27%	0.24%	27.19	29.20	55	0.27%	0.24%	27.19	29.20	55	0.27%	0.24%
60	0.53%	0.47%	22.67	24.66	60	0.53%	0.47%	22.67	24.66	60	0.53%	0.47%
65	1.03%	0.90%	18.43	20.39	65	1.03%	0.90%	18.43	20.39	65	1.03%	0.90%
70	1.77%	1.55%	14.56	16.49	70	1.77%	1.55%	14.56	16.49			
75	3.06%	2.49%	11.04	12.95	75	3.06%	2.49%	11.04	12.95			
80	5.54%	4.13%	8.00	9.80	80	5.54%	4.13%	8.00	9.80			

**PSPRS MISCELLANEOUS AND TECHNICAL ASSUMPTIONS****MARRIAGE ASSUMPTION**

85% 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. 85% of members are assumed to be married at time of retirement.

**BENEFIT SERVICE**

Exact fractional service is used to determine the amount of benefit payable.

**NORMAL COST PERCENTAGE**

For the purposes of calculating the Normal Cost as a percent of payroll under the Entry Age Normal Cost Method, the Normal Cost was projected with interest to the applicable Fiscal Year and divided by the Payroll projected with wage base to the applicable Fiscal Year.

**HEALTH CARE UTILIZATION**

75% of future retirees are expected to utilize health care. 85% of those are assumed to be married.

**FUTURE COST OF LIVING INCREASES**

The cost-of-living adjustment will be based on the average annual percentage change in the Metropolitan Phoenix-Mesa Consumer Price Index published by the United States Department of Labor, Bureau of Statistics. We have assumed that to be 1.75% for this valuation.

PSPRS SUMMARY OF ACTIVE MEMBER DATA

AGE AND SERVICE DISTRIBUTION

Listed below is a summary of Active Members by age group, years of service and annual compensation. The summary points out that there were 18,706 active members in the System as of June 30, 2016, compared to 18,409 for the prior year.

AGE	YEARS OF SERVICE TO VALUATION DATE							TOTALS	
	0-4	5-9	10-14	15-19	20-24	25-29	30+	NO.	AVG. SALARY
< 24	498	1						499	49,885
25-29	1,643	228	1					1,872	55,441
30-34	1,153	1,543	556	1				3,253	68,279
35-39	578	1,104	1,572	390				3,644	76,661
40-44	248	599	1,183	1,503	180	2		3,715	83,501
45-49	134	327	685	1,260	745	134	1	3,286	88,815
50-54	48	134	305	511	339	278	34	1,649	89,977
55-59	23	53	108	207	115	82	32	620	86,951
60-64	14	21	26	56	14	8	9	148	82,125
65+	1	4	4	7	1	1	2	20	79,177
<b>Total</b>	<b>4,340</b>	<b>4,014</b>	<b>4,440</b>	<b>3,935</b>	<b>1,394</b>	<b>505</b>	<b>78</b>	<b>18,706</b>	<b>77,420</b>

YEAR ENDED JUNE 30,	COMPARATIVE SCHEDULE					
	ACTIVE MEMBERS	PAYROLL +000	AGE (YEARS)	SERVICE (YEARS)	AVERAGE SALARY	INCREASE IN AVG. PAY
2007	18,624	1,228,037	37.3	8.9	65,938	6.30%
2008	19,912	1,383,332	37.3	8.9	69,472	5.40%
2009	19,867	1,415,643	37.8	9.4	71,256	2.60%
2010	19,468	1,400,547	38.4	10.0	71,941	1.00%
2011	18,638	1,325,350	38.6	10.2	71,110	-1.20%
2012	18,542	1,349,252	39.1	10.6	72,767	2.30%
2013	18,436	1,370,609	39.5	11.1	74,344	2.20%
2014	18,526	1,390,346	39.7	11.2	75,048	0.90%
2015	18,409	1,401,178	39.7	11.3	76,114	1.40%
2016	18,706	1,448,215	39.7	11.3	77,420	1.70%

## PSPRS SUMMARY OF INACTIVE MEMBER DATA

As of June 30, 2016, there were 1,996 inactive members in the System who had not withdrawn their accumulated member contributions. It is assumed that these inactive members are waiting to meet the age requirements for a deferred annuity (A.R.S.§38-846.01). They are broken down by attained age and years of service as follows:

SUMMARY OF INACTIVE MEMBERS FOR THE YEAR ENDED JUNE 30, 2016						
ATTAINED AGE	YEARS OF SERVICE TO VALUATION DATE					TOTAL
	0-4	5-9	10-14	15-19	20+	
< 30	328	22				350
30-39	670	158	37	5		870
40-44	220	67	33	17		337
45-49	126	38	35	16		215
50-54	69	19	23	12	5	128
55-59	33	7	10	7	1	58
60-69	13	7	9	5	1	35
70+	2		1			3
<b>Total</b>	<b>1,461</b>	<b>318</b>	<b>148</b>	<b>62</b>	<b>7</b>	<b>1,996</b>

## PSPRS SUMMARY OF RETIRED MEMBER DATA

YEAR ENDED JUNE 30,	NUMBER REMOVED FROM ROLES	NUMBER ADDED TO ROLES	PSPRS RETIRED AND BENEFICIARIES					
			TOTALS	ANNUAL ALLOWANCES REMOVED FROM ROLES	ANNUAL ALLOWANCES ADDED TO ROLES	ANNUAL PENSIONS	PERCENT INCREASE	AVERAGE PENSION
2007	159	918	7,633	3,578,561	45,409,478	307,657,629	15.7%	40,306
2008	164	772	8,241	3,642,137	38,830,259	342,845,751	11.4%	41,602
2009	222	590	8,609	11,175,896	47,338,063	379,007,918	10.5%	44,025
2010	139	484	8,954	5,756,060	37,338,661	410,590,518	8.3%	45,856
2011	130	698	9,522	5,139,598	49,120,961	454,571,881	10.7%	47,739
2012	138	418	9,802	5,859,981	36,291,206	485,003,106	6.7%	49,480
2013	186	543	10,159	8,308,593	26,893,778	503,588,291	3.8%	49,571
2014	195	560	10,524	8,599,683	48,220,721	543,209,329	7.9%	51,616
2015	184	694	11,034	7,890,225	36,611,404	571,930,508	5.3%	51,833
2016	219	1,048	11,863	9,945,560	58,950,969	620,935,917	8.6%	52,342



December 22, 2016

The Board of Trustees  
Arizona Elected Officials' Retirement System  
3010 East Camelback Road, Suite 200  
Phoenix, Arizona 85016-4416

**Re: Arizona Elected Officials' Retirement Plan**

Attention: Jared A. Smout, Administrator

The purpose of the annual actuarial valuation of the Arizona Elected Officials' Retirement Plan as of June 30, 2016 is to:

- Compute the liabilities associated with benefits likely to be paid on behalf of current retired and non-retired members.
- Compare assets with accrued liabilities to assess the funded condition.
- Compute the recommended employers' contribution for the Fiscal Year beginning July 1, 2017.

The funding objective is stated in Article 4, Chapter 5, Title 38, Sections 810C-D of the Arizona Revised Statutes. The valuation should not be relied upon for any other purpose.

The valuation process develops contribution rates that are sufficient to fund the Plan's normal cost (i.e., the costs assigned by the valuation method to the year of service about to be rendered), as well as to fund unfunded actuarial accrued liabilities as a level percent of active member payroll over a finite period. The valuations were completed based upon population data, asset data, and plan provisions as of June 30, 2016.

The valuation was based upon information furnished by the plan's administrative staff concerning Retirement Plan benefits, financial transactions, and active members, terminated members, retirees and beneficiaries. We checked the data for internal and year-to-year consistency, but did not audit the data. As a result, we do not assume responsibility for the accuracy or completeness of the data provided. The actuary summarizes and tabulates population data in order to analyze longer-term trends. The following schedules were prepared by the actuary and provided to the administrative staff to be included in the "Actuarial Section" of the June 30, 2016 CAFR:

- Aggregate Actuarial Balance Sheet as of June 30, 2016
- Summary of Valuation Assumptions
- Solvency Test
- Summary of Active Member Data
- Summary of Retirees and Inactive Members
- Schedule of Experience Gain/(Loss) for year ended June 30, 2016





The Board of Trustees  
December 22, 2016  
Page 2

GRS did not prepare any of the schedules included in the “Financial Section” of the June 30, 2016 CAFR. However, we did provide certain pieces of information that were used in that section, such as the Actuarial Accrued Liability and the Actuarial Value of Assets.

Assets are valued on a market related basis. This method recognizes the assumed return fully each year and spreads each year’s gain or loss above or below assumed return over a closed 7-year period. The continuing effect of prior asset losses was dampened by the 7-year smoothing period, and further offset by the effect of lower than assumed pay increases. There remains \$27.3 million (\$25.5 million for pension and \$1.8 million for health) of unrecognized investment losses that will, in the absence of other gains, drive the contribution rate up over the next several years.

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. The Board of Trustees adopts these assumptions after considering the advice of the actuary and other professionals. The assumptions and the methods comply with the requirements of Statement No. 67 of the Governmental Accounting Standards Board. Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution rates as needed. The June 30, 2016 valuations were based upon assumptions that were recommended in connection with a study of experience covering the 2006-2011 period. Future actuarial measurements may differ significantly from those presented in the valuations due to such factors as experience differing from that anticipated by the actuarial assumptions, changes in plan provisions, changes in actuarial assumptions or methods, or changes in applicable law.

Based upon the results of the June 30, 2016 valuations, the retired lives are less than fully funded on a funding value of assets basis and market value of assets basis. It is most important that this plan receive contributions at least equal to the actuarial rates. The Plan’s funded status as of June 30, 2016 is 37.6%, and the actuarially determined contribution has increased from 95.56% to 106.55% of payroll. The changes reflect continued investment loss phase-in, and are expected to be exacerbated going forward as statutorily required contributions that were set prior to the Fields and Hall cases will increasingly fall behind the Actuarially Determined Contribution. The statutorily required contribution of 23.5% of payroll plus court fees and a \$5 million appropriation is calculated to equal \$30.0 million for FY18, well short of the Actuarially Determined Contribution of \$61.5 million.

In order to gain a full understanding of the actuarial condition of the plan, it is important to read the full actuarial report that we have provided to the Plan.



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The Board of Trustees  
December 22, 2016  
Page 3

Mark Buis and James D. Anderson are Members of the American Academy of Actuaries (MAAA), and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,

A handwritten signature in cursive script that reads "Mark Buis".

Mark Buis, FSA, EA, FCA, MAAA

A handwritten signature in cursive script that reads "James D. Anderson".

James D. Anderson, FSA, EA, MAAA

MB/JDA/FP:mrb

<b>EORP AGGREGATE ACTUARIAL BALANCE SHEET YEAR ENDED JUNE 30, 2016</b>			
<b>ACTUARIAL ASSETS</b>	<b>PENSION</b>	<b>HEALTH INSURANCE</b>	<b>TOTAL</b>
<b>ACCRUED ASSETS</b>			
Member Accumulated Contributions	57,472,772	0	57,472,772
Employer and Benefit Payment Reserves	231,522,224	21,667,056	253,189,280
Funding Value Adjustment	25,529,644	1,841,527	27,371,171
<b>Total Accrued Assets</b>	<b>314,524,640</b>	<b>23,508,583</b>	<b>338,033,223</b>
<b>PROSPECTIVE ASSETS</b>			
Member Contributions	39,886,580	0	39,886,580
Employer Normal Costs	37,086,027	1,562,843	38,648,870
Employer Unfunded Actuarial Accrued Liability	522,953,725	(10,654,928)	512,298,797
<b>Total Prospective Assets</b>	<b>599,926,332</b>	<b>(9,092,085)</b>	<b>590,834,247</b>
<b>Total Actuarial Assets</b>	<b>914,450,972</b>	<b>14,416,498</b>	<b>928,867,470</b>
<b>ACTUARIAL PRESENT VALUES (LIABILITY)</b>			
<b>PENSIONS IN PAYMENT STATUS</b>			
Pensions in payment status	622,642,155	8,562,569	631,204,724
<b>PROSPECTIVE PAYMENTS</b>			
Retirement Payments	290,929,544	0	290,929,544
Health Insurance Payments	0	5,853,929	5,853,929
Member Contribution Refunds	879,273	0	879,273
Pension Increase Reserve	0	0	0
<b>Total Prospective Payments</b>	<b>291,808,817</b>	<b>5,853,929</b>	<b>297,662,746</b>
<b>Total Actuarial Present Values (Liabilities)</b>	<b>914,450,972</b>	<b>14,416,498</b>	<b>928,867,470</b>

**EORP SUMMARY OF VALUATION ASSUMPTIONS**

**ECONOMIC ASSUMPTIONS**

Interest Rate: 7.50% (net of expenses)  
 Salary Increases: 4.25% for inflation

**HEALTHY MORTALITY TABLE**

RP2000 Health Annuitant Mortality Table projected to 2025 using projection scale AA with no adjustments for males and females. This assumption was first used for the FY2012 valuation of the System and include margin for future improvements in mortality.

**DISABLED MORTALITY TABLES**

RP2000 Health Annuitant Mortality Table projected to 2025 using projection scale AA set forward 10 years for both males and females. This assumption was first used for the FY2012 valuation of the System.

**ACTIVE MEMBER MORTALITY TABLE**

Sample rates of mortality for death-in-service set forward 0 years for both males and females. This assumption was first used for the FY2013 valuation of the System.

Active members are eligible to retire early at any age within 5 years of service, or normally at any age with 20 years of service, at age 62 with 10 years of service, or at age 65 with 5 years of service. Pensions were assumed to be decreased 3/12 of 1% for each month the age at early retirement precedes normal retirement age, with a maximum reduction of 30%.

These rates adopted by the Board of Trustees, as recommended by the Plan’s actuary, were first used for the June 30, 2007 valuation.

MORTALITY RATES AND LIFE EXPECTANCY HEALTHY MORTALITY					MORTALITY RATES AND LIFE EXPECTANCY HEALTHY MORTALITY					MORTALITY RATES ACTIVE MEMBERS		
SAMPLE AGES	PROBABILITY OF DYING NEXT YEAR		FUTURE LIFE EXPECTANCY (YEARS)		SAMPLE AGES	PROBABILITY OF DYING NEXT YEAR		FUTURE LIFE EXPECTANCY (YEARS)		AGES	PROBABILITY OF DYING NEXT YEAR	
	MEN	WOMEN	MEN	WOMEN		MEN	WOMEN	MEN	WOMEN		MEN	WOMEN
50	0.16%	0.13%	31.88	33.93	50	0.16%	0.13%	31.88	33.93	50	0.16%	0.13%
55	0.27%	0.24%	27.19	29.20	55	0.27%	0.24%	27.19	29.20	55	0.27%	0.24%
60	0.53%	0.47%	22.67	24.66	60	0.53%	0.47%	22.67	24.66	60	0.53%	0.47%
65	1.03%	0.90%	18.43	20.39	65	1.03%	0.90%	18.43	20.39	65	1.03%	0.90%
70	1.77%	1.55%	14.56	16.49	70	1.77%	1.55%	14.56	16.49			
75	3.06%	2.49%	11.04	12.95	75	3.06%	2.49%	11.04	12.95			
80	5.54%	4.13%	8.00	9.80	80	5.54%	4.13%	8.00	9.80			

**EORP MISCELLANEOUS AND TECHNICAL ASSUMPTIONS****MARRIAGE ASSUMPTION**

85% 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 evaluation 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 75% Joint and Survivor form of payment with no reduction, for married members. 85% of members are assumed to be married at time of retirement.

**BENEFIT SERVICE**

Exact fractional service is used to determine the amount of benefit payable.

**NORMAL COST PERCENTAGE**

For the purposes of calculating the Normal Cost as a percent of payroll under the Projected Unit Credit Cost Method, the Normal Cost was projected with interest to the applicable Fiscal Year and divided by the Payroll projected with wage base to the applicable Fiscal Year.

**HEALTH CARE UTILIZATION**

70% of future retirees are expected to utilize health care. 85% of those are assumed to be married.

**FUTURE COST OF LIVING INCREASES**

Members retired on or before July 1, 2011: 3.00% of benefit. Members retired on or after August 1, 2011: 0.50% of benefit.

**EORP SUMMARY OF ACTIVE MEMBER DATA**

**AGE AND SERVICE DISTRIBUTION**

Listed below is a summary of Active Members by age group, years of service and annual compensation. The summary points out that there were 694 active members in the Plan as of June 30, 2016, decreased from 738 for the prior year.

AGE	YEARS OF SERVICE TO VALUATION DATE							TOTALS	
	0-4	5-9	10-14	15-19	20-24	25-29	30+	NO.	AVG. SALARY
< 24								0	0
25-29								0	0
30-34	6	6						12	36,965
35-39	8	12		2				22	31,417
40-44	17	19	6					42	74,224
45-49	25	36	13	2				76	91,273
50-54	25	40	22	12	2			101	100,762
55-59	26	49	35	31	2	1	1	145	91,210
60-64	26	36	31	34	12	2	1	142	90,329
65+	20	51	33	32	11	4	3	154	67,195
<b>Total</b>	<b>153</b>	<b>249</b>	<b>140</b>	<b>113</b>	<b>27</b>	<b>7</b>	<b>5</b>	<b>694</b>	<b>83,236</b>

YEAR ENDED JUNE 30,	COMPARATIVE SCHEDULE					
	ACTIVE MEMBERS	PAYROLL +000	AGE (YEARS)	SERVICE (YEARS)	AVERAGE SALARY	INCREASE IN AVG. PAY
2007	813	61,308	54.4	8.3	75,409	10.30%
2008	824	62,184	54.6	8.4	75,474	0.10%
2009	857	67,777	54.6	8.1	79,086	4.80%
2010	827	66,442	55.1	8.5	80,341	1.60%
2011	845	66,637	54.6	8.0	78,860	-1.80%
2012	845	67,934	55.3	8.5	80,395	1.90%
2013	839	67,505	54.9	8.0	80,459	0.10%
2014	843	68,341	55.6	8.6	81,069	0.80%
2015	738	61,933	56.2	9.3	83,921	3.50%
2016	694	57,766	57.0	10.0	83,236	-0.80%

*Group averages are not used in the actuarial computations but are computed and shown because of their general interest. Reflects the 1985 amendment consolidating the Judges' Retirement System and the Elected Officials' Retirement Plan. Includes participating municipalities pursuant to a 1987 amendment beginning with the June 30, 1988, valuation.*

## EORP SUMMARY OF INACTIVE MEMBER DATA

As of June 30, 2016, there were 163 inactive members in the Plan who had not withdrawn their accumulated member contributions. It is assumed that these inactive members are waiting to meet the age requirements for service retirement. They are broken down by attained age and years of service as follows:

SUMMARY OF INACTIVE MEMBERS FOR THE YEAR ENDED JUNE 30, 2016						
ATTAINED AGE	YEARS OF SERVICE TO VALUATION DATE					TOTAL
	0-4	5-9	10-14	15-19	20+	
< 30						0
30-39	8	4		1		13
40-44	11	4	2			17
45-49	7	12	1			20
50-54	12	6	3			21
55-59	12	16	2	2		32
60-69	18	24	6	4	1	53
70+	3	2		1	1	7
<b>Total</b>	<b>71</b>	<b>68</b>	<b>14</b>	<b>8</b>	<b>2</b>	<b>163</b>

## EORP SUMMARY OF RETIRED MEMBER DATA

YEAR ENDED JUNE 30,	EORP RETIRANTS AND BENEFICIARIES							
	NUMBER REMOVED FROM ROLES	NUMBER ADDED TO ROLES	TOTALS	ANNUAL ALLOWANCES REMOVED FROM ROLES	ANNUAL ALLOWANCES ADDED TO ROLES	ANNUAL PENSIONS	PERCENT INCREASE	AVERAGE PENSION
2007	29	58	826	842,516	3,178,426	30,380,250	8.3%	36,780
2008	29	75	872	668,820	3,138,910	32,850,340	8.1%	37,672
2009	47	80	905	987,408	4,399,639	36,262,571	10.4%	40,069
2010	25	41	921	666,409	3,740,863	39,337,025	8.5%	42,711
2011	32	101	990	1,182,916	5,307,555	43,461,664	10.5%	43,901
2012	33	35	992	1,277,532	1,726,008	43,910,140	1.0%	44,264
2013	26	91	1,057	915,428	4,208,986	47,203,698	7.5%	44,658
2014	42	38	1,053	1,363,194	7,164,962	53,005,466	12.3%	50,338
2015	23	86	1,116	831,841	4,570,428	56,744,053	7.1%	50,846
2016	51	58	1,123	2,136,634	3,484,310	58,091,729	2.4%	51,729



December 22, 2016

The Board of Trustees  
Arizona Corrections Officer Retirement Plan  
3010 East Camelback Road, Suite 200  
Phoenix, Arizona 85016-4416

**Re: Arizona Corrections Officer Retirement Plan**

Attention: Jared A. Smout, Administrator

The purpose of the annual actuarial valuation of the Arizona Corrections Officer Retirement Plan as of June 30, 2016 is to:

- Compute the liabilities associated with benefits likely to be paid on behalf of current retired and non-retired members.
- Compare assets with accrued liabilities to assess the funded condition.
- Compute the recommended employers' contribution for the Fiscal Year beginning July 1, 2017.

The funding objective is stated in Article 4, Chapter 5, Title 38, Section 891A of the Arizona Revised Statutes. The valuation should not be relied upon for any other purpose.

The valuation process develops contribution rates that are sufficient to fund the plan's normal cost (i.e., the costs assigned by the valuation method to the year of service about to be rendered), as well as to fund unfunded actuarial accrued liabilities as a level percent of active member payroll over a finite period. The valuations were completed based upon population data, asset data, and plan provisions as of June 30, 2016.

The valuation was based upon information furnished by the plan's administrative staff concerning Retirement Plan benefits, financial transactions, and active members, terminated members, retirees and beneficiaries. We checked the data for internal and year-to-year consistency, but did not audit the data. As a result, we do not assume responsibility for the accuracy or completeness of the data provided. The actuary summarizes and tabulates population data in order to analyze longer-term trends. The following schedules were prepared by the actuary and provided to the administrative staff to be included in the "Actuarial Section" of the June 30, 2016 CAFR:

- Aggregate Actuarial Balance Sheet as of June 30, 2016
- Summary of Valuation Assumptions
- Solvency Test
- Summary of Active Member Data
- Summary of Retirees and Inactive Members
- Schedule of Experience Gain/(Loss) for year ended June 30, 2016





The Board of Trustees  
December 22, 2016  
Page 2

GRS did not prepare any of the schedules included in the “Financial Section” of the June 30, 2016 CAFR. However, we did provide certain pieces of information that were used in that section, such as the Actuarial Accrued Liability and the Actuarial Value of Assets.

Assets are valued on a market related basis. This method recognizes the assumed return fully each year and spreads each year’s gain or loss above or below assumed return over a closed 7-year period. The continuing effect of prior asset losses was dampened by the 7-year smoothing period, and further offset by the effect of lower than assumed pay increases. There remains \$134.7 million (\$126.0 million for pension and \$8.7 million for health) of unrecognized investment losses that will, in the absence of other gains, drive the contribution rate up over the next several years.

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. The Board of Trustees adopts these assumptions after considering the advice of the actuary and other professionals. The assumptions and the methods comply with the requirements of Statement No. 67 of the Governmental Accounting Standards Board. Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution rates as needed. The June 30, 2016 valuations were based upon assumptions that were recommended in connection with a study of experience covering the 2006-2011 period. Future actuarial measurements may differ significantly from those presented in the valuations due to such factors as experience differing from that anticipated by the actuarial assumptions, changes in plan provisions, changes in actuarial assumptions or methods, or changes in applicable law.

It is most important that this plan receive contributions at least equal to the actuarial rates.

The June 30, 2016 actuarial valuation reflected the following changes:

- Benefit changes
  - The Reverse DROP sunset provision was cancelled.

In order to gain a full understanding of the actuarial condition of the plan, it is important to read the full actuarial report that we have provided to the Plan.



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The Board of Trustees  
December 22, 2016  
Page 3

Mark Buis and James D. Anderson are Members of the American Academy of Actuaries (MAAA), and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,

A handwritten signature in cursive script that reads 'Mark Buis'.

Mark Buis, FSA, EA, FCA, MAAA

A handwritten signature in cursive script that reads 'James D. Anderson'.

James D. Anderson, FSA, EA, MAAA

MB/JDA/FP:mrb

<b>CORP AGGREGATE ACTUARIAL BALANCE SHEET YEAR ENDED JUNE 30, 2016</b>			
<b>ACTUARIAL ASSETS</b>	<b>PENSION</b>	<b>HEALTH INSURANCE</b>	<b>TOTAL</b>
<b>ACCRUED ASSETS</b>			
Member Accumulated Contributions	408,016,158	0	408,016,158
Employer and Benefit Payment Reserves	1,144,257,300	107,420,586	1,251,677,886
Funding Value Adjustment	126,001,550	8,729,496	134,731,046
<b>Total Accrued Assets</b>	<b>1,678,275,008</b>	<b>116,150,082</b>	<b>1,794,425,090</b>
<b>PROSPECTIVE ASSETS</b>			
Member Contributions	343,202,399	0	343,202,399
Employer Normal Costs	277,285,035	11,960,190	289,245,225
Employer Unfunded Actuarial Accrued Liability	1,252,403,249	(9,149,057)	1,243,254,192
<b>Total Prospective Assets</b>	<b>1,872,890,683</b>	<b>2,811,133</b>	<b>1,875,701,816</b>
<b>Total Actuarial Assets</b>	<b>3,551,165,691</b>	<b>118,961,215</b>	<b>3,670,126,906</b>
<b>ACTUARIAL PRESENT VALUES (LIABILITY)</b>			
<b>PENSIONS IN PAYMENT STATUS</b>			
Pensions in payment status	1,495,286,564	41,492,406	1,536,778,970
<b>PROSPECTIVE PAYMENTS</b>			
Retirement Payments	1,992,562,978	0	1,992,562,978
Health Insurance Payments	0	77,468,809	77,468,809
Member Contribution Refunds	63,316,149	0	63,316,149
Pension Increase Reserve	0	0	0
<b>Total Prospective Payments</b>	<b>2,055,879,127</b>	<b>77,468,809</b>	<b>2,133,347,936</b>
<b>Total Actuarial Present Values (Liabilities)</b>	<b>3,551,165,691</b>	<b>118,961,215</b>	<b>3,670,126,906</b>

**CORP SUMMARY OF VALUATION ASSUMPTIONS**

**ECONOMIC ASSUMPTIONS**

Interest Rate: 7.50% (net of expenses)  
 Salary Increases: 4.00% for inflation

**HEALTHY MORTALITY TABLE**

RP2000 Health Annuitant Mortality Table adjusted by 105% for both males and females. This assumption was first used for the FY2012 valuation of the System.

**DISABLED MORTALITY TABLES**

RP2000 Health Annuitant Mortality Table set forward 10 years for both males and females. This assumption was first used for the FY2012 valuation of the System.

**ACTIVE MEMBERS MORTALITY TABLE**

Sample rates of mortality for death-in-service set forward 0 years for both males and females.

This assumption was first used for the FY2012 valuation of the System.

Active members are eligible to retire normally at any age with 20 years of service (25 years for dispatchers), at age 62 with 10 years of service, or when a combination of age and credited service is equal to or greater than 80 years.

These rates adopted by the Board of Trustees, as recommended by the Plan's actuary, were first used for the June 30, 2007 valuation.

MORTALITY RATES AND LIFE EXPECTANCY HEALTHY MORTALITY					MORTALITY RATES AND LIFE EXPECTANCY HEALTHY MORTALITY					MORTALITY RATES ACTIVE MEMBERS		
SAMPLE AGES	PROBABILITY OF DYING NEXT YEAR		FUTURE LIFE EXPECTANCY (YEARS)		SAMPLE AGES	PROBABILITY OF DYING NEXT YEAR		FUTURE LIFE EXPECTANCY (YEARS)		AGES	PROBABILITY OF DYING NEXT YEAR	
	MEN	WOMEN	MEN	WOMEN		MEN	WOMEN	MEN	WOMEN		MEN	WOMEN
50	0.16%	0.13%	31.88	33.93	50	0.16%	0.13%	31.88	33.93	50	0.16%	0.13%
55	0.27%	0.24%	27.19	29.20	55	0.27%	0.24%	27.19	29.20	55	0.27%	0.24%
60	0.53%	0.47%	22.67	24.66	60	0.53%	0.47%	22.67	24.66	60	0.53%	0.47%
65	1.03%	0.90%	18.43	20.39	65	1.03%	0.90%	18.43	20.39	65	1.03%	0.90%
70	1.77%	1.55%	14.56	16.49	70	1.77%	1.55%	14.56	16.49			
75	3.06%	2.49%	11.04	12.95	75	3.06%	2.49%	11.04	12.95			
80	5.54%	4.13%	8.00	9.80	80	5.54%	4.13%	8.00	9.80			

**CORP MISCELLANEOUS AND TECHNICAL ASSUMPTIONS****MARRIAGE ASSUMPTION**

80% 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. 80% of members are assumed to be married at time of retirement.

**BENEFIT SERVICE**

Exact fractional service is used to determine the amount of benefit payable.

**NORMAL COST PERCENTAGE**

For the purposes of calculating the Normal Cost as a percent of payroll under the Projected Unit Credit Cost Method, the Normal Cost was projected with interest to the applicable Fiscal Year and divided by the Payroll projected with wage base to the applicable Fiscal Year.

**HEALTH CARE UTILIZATION**

70% of future retirees are expected to utilize health care. 80% of those are assumed to be married.

**FUTURE COST OF LIVING INCREASES**

Members retired on or before July 1, 2011: 2.25% of benefit. Members retired on or after August 1, 2011: 0.50% of benefit.

**CORP SUMMARY OF ACTIVE MEMBER DATA**

**AGE AND SERVICE DISTRIBUTION**

Listed below is a summary of Active Members by age group, years of service and annual compensation. The summary points out that there were 13,846 active members in the Plan as of June 30, 2016, decreased from 14,184 for the prior year.

AGE	YEARS OF SERVICE TO VALUATION DATE							TOTALS	
	0-4	5-9	10-14	15-19	20-24	25-29	30+	NO.	AVG. SALARY
< 24	1,149	4						1,153	35,087
25-29	2,018	395	10					2,423	37,010
30-34	989	782	306	1				2,078	40,656
35-39	539	557	570	166	1			1,833	44,089
40-44	381	414	479	509	49			1,832	46,783
45-49	300	373	361	424	183	24		1,665	48,226
50-54	203	219	281	279	136	95	9	1,222	48,357
55-59	134	167	222	247	78	58	25	931	47,980
60-64	59	112	142	132	41	34	9	529	48,145
65+	15	48	54	32	17	6	8	180	48,103
<b>Total</b>	<b>5,787</b>	<b>3,071</b>	<b>2,425</b>	<b>1,790</b>	<b>505</b>	<b>217</b>	<b>51</b>	<b>13,846</b>	<b>43,285</b>

YEAR ENDED JUNE 30,	COMPARATIVE SCHEDULE					
	ACTIVE MEMBERS	PAYROLL +000	AGE (YEARS)	SERVICE (YEARS)	AVERAGE SALARY	INCREASE IN AVG. PAY
2007	12,780	515,428	39.0	6.0	40,331	9.80%
2008	14,716	642,621	39.6	7.0	43,668	8.30%
2009	14,580	630,825	40.2	7.4	43,266	-0.90%
2010	14,319	616,481	40.3	7.8	43,053	-0.50%
2011	14,565	609,243	40.1	7.7	41,829	-2.80%
2012	14,991	626,223	39.8	7.7	41,773	-0.10%
2013	14,580	604,068	39.7	8.0	41,431	-0.80%
2014	14,595	625,264	39.6	8.1	42,841	3.40%
2015	14,184	616,267	39.5	8.3	43,448	1.40%
2016	13,846	599,319	39.1	8.3	43,285	-0.4%

## CORP SUMMARY OF INACTIVE MEMBER DATA

As of June 30, 2016, there were 2,792 inactive members in the Plan who had not withdrawn their accumulated member contributions. They are broken down by attained age and years of service as follows:

SUMMARY OF INACTIVE MEMBERS FOR THE YEAR ENDED JUNE 30, 2016						
ATTAINED AGE	YEARS OF SERVICE TO VALUATION DATE					TOTAL
	0-4	5-9	10-14	15-19	20+	
< 30	863	43				906
30-39	700	129	38	5		872
40-44	219	41	16	4		280
45-49	163	39	26	9	2	239
50-54	117	22	24	8	1	172
55-59	92	29	42	13	1	177
60-69	76	12	37	12	1	138
70+	4	3			1	8
<b>Total</b>	<b>2,234</b>	<b>318</b>	<b>183</b>	<b>51</b>	<b>6</b>	<b>2,792</b>

## CORP SUMMARY OF RETIRED MEMBER DATA

YEAR ENDED JUNE 30,	CORP RETIRANTS AND BENEFICIARIES							
	NUMBER REMOVED FROM ROLES	NUMBER ADDED TO ROLES	TOTALS	ANNUAL ALLOWANCES REMOVED FROM ROLES	ANNUAL ALLOWANCES ADDED TO ROLES	ANNUAL PENSIONS	PERCENT INCREASE	AVERAGE PENSION
2007	68	272	2,123	971,820	6,365,640	42,666,000	14.0%	20,097
2008	100	405	2,428	2,197,553	10,594,200	51,062,647	19.7%	21,031
2009	118	281	2,591	1,532,671	9,559,615	59,089,591	15.7%	22,806
2010	52	369	2,908	850,373	11,529,838	69,769,056	18.1%	23,992
2011	48	396	3,256	880,983	12,749,577	81,637,650	17.0%	25,073
2012	64	284	3,476	1,078,072	7,358,770	87,918,348	7.7%	25,293
2013	69	403	3,810	1,418,636	9,965,863	96,465,575	9.7%	25,319
2014	56	336	4,090	1,070,772	12,167,340	107,562,143	11.5%	26,299
2015	69	389	4,410	1,498,665	10,153,781	116,217,259	8.0%	26,353
2016	100	475	4,785	2,124,616	12,531,785	126,624,428	9.00%	26,463

**SOLVENCY TEST**

Testing the financial solvency of a retirement plan can be done in several ways. The funding objective is to meet long-term benefit promises through contributions that remain approximately level from year to year as a percent of member payroll. If the contributions to the plan are level in concept and soundly executed, and if the plan continues its present operations pattern for the indefinite future, the plan will pay all promised benefits when due - the ultimate test of financial soundness.

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

1. Active member contributions on deposit.
2. The liabilities for future benefits to present re tired lives.
3. The liabilities for service already rendered by active members.

In a plan that has been following the discipline of level percent of payroll financing, the liabilities for active 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 members (liability 3) will be partially covered by the remainder of present assets. Generally, if the plan has been using level cost financing, the funded portion of liability 3 will increase over time. Liability 3 being fully funded is very rare. All amounts presented are in thousands.

PSPRS	AGGREGATE ACCRUED LIABILITIES							
	YEAR ENDED JUNE 30,	ACTIVE MEMBER CONT.	RETIRANTS AND BENEFICIARIES	ACTIVE MEMBERS (ER PORTION)	VALUATION ASSETS AVAILABLE FOR BENEFITS	PORTION OF ACCRUED LIABILITIES COVERED BY NET ASSETS AVAILABLE FOR BENEFITS		
		\$ (1)	\$ (2)	\$ (3)	\$ (2)	(1)	(2)	(3)
2007	730,929	3,183,931	3,353,431	4,829,521	100.00%	100.00%	27.30%	
2008	789,566	3,418,835	3,454,378	5,095,645	100.00%	100.00%	25.70%	
2009	737,839	4,622,427	2,629,185	5,445,497	100.00%	100.00%	3.20%	
2010	808,207	4,993,382	2,690,233	5,591,304	100.00%	96.00%	0.00%	
2011	819,996	5,790,724	2,754,541	5,795,945	100.00%	86.00%	0.00%	
2012	897,597	6,364,273	3,063,659	6,051,595	100.00%	81.00%	0.00%	
2013	978,017	6,652,270	3,193,253	6,185,074	100.00%	78.00%	0.00%	
2014	1,058,474	7,949,695	3,224,848	6,018,984	100.00%	62.40%	0.00%	
2015	1,295,884	8,326,599	3,063,317	6,217,787	100.00%	59.10%	0.00%	
2016	1,213,983	8,873,605	4,161,122	6,553,903	100.00%	60.18%	0.00%	

EORP	AGGREGATE ACCRUED LIABILITIES							
	YEAR ENDED JUNE 30,	ACTIVE MEMBER CONT.	RETIRANTS AND BENEFICIARIES	ACTIVE MEMBERS (ER PORTION)	VALUATION ASSETS AVAILABLE FOR BENEFITS	PORTION OF ACCRUED LIABILITIES COVERED BY NET ASSETS AVAILABLE FOR BENEFITS		
		\$ (1)	\$ (2)	\$ (3)	\$ (2)	(1)	(2)	(3)
2007	39,760	277,278	134,261	336,717	100.00%	100.00%	14.70%	
2008	41,964	285,634	126,743	348,013	100.00%	100.00%	16.10%	
2009	40,924	324,200	141,067	360,950	100.00%	99.00%	0.00%	
2010	43,283	349,417	143,071	357,342	100.00%	90.00%	0.00%	
2011	42,171	393,830	154,321	366,429	100.00%	82.00%	0.00%	
2012	47,274	400,005	162,949	356,346	100.00%	77.00%	0.00%	
2013	47,351	431,511	153,675	350,885	100.00%	70.00%	0.00%	
2014	54,318	576,015	165,913	313,382	100.00%	45.00%	0.00%	
2015	56,387	601,711	155,353	315,387	100.00%	43.00%	0.00%	
2016	57,473	622,642	157,363	314,525	100.00%	41.28%	0.00%	



CORP	AGGREGATE ACCRUED LIABILITIES						
	YEAR ENDED JUNE 30,	ACTIVE MEMBER CONT. \$ (1)	RETIRANTS AND BENEFICIARIES \$ (2)	ACTIVE MEMBERS (ER PORTION) \$ (3)	VALUATION ASSETS AVAILABLE FOR BENEFITS \$ (2)	PORTION OF ACCRUED LIABILITIES COVERED BY NET ASSETS AVAILABLE FOR BENEFITS	
					(1)	(2)	(3)
2007	213,688	430,172	466,941	940,126	100.00%	100.00%	63.40%
2008	296,317	504,462	589,584	1,027,026	100.00%	100.00%	68.90%
2009	314,100	586,596	683,597	1,309,124	100.00%	100.00%	59.70%
2010	345,122	689,910	686,973	1,382,144	100.00%	100.00%	50.50%
2011	353,892	823,664	831,013	1,466,750	100.00%	100.00%	34.80%
2012	373,726	918,771	939,047	1,512,989	100.00%	100.00%	23.50%
2013	382,417	1,011,478	936,343	1,559,583	100.00%	100.00%	17.70%
2014	396,381	1,269,515	971,649	1,511,212	100.00%	87.82%	0.00%
2015	406,641	1,351,259	982,336	1,571,431	100.00%	86.20%	0.00%
2016	408,016	1,495,287	1,027,375	1,678,275	100.00%	84.95%	0.00%

See Schedule of Funding Progress in the Required Supplementary Information.

## EXPERIENCE GAIN (LOSS)

EXPERIENCE GAIN (LOSS)				
(IN THOUSANDS)				
YEAR ENDED JUNE 30, 2016				
		PSPRS	EORP	CORP
(1)	UAAL* at start of year	6,468,014	498,063	1,168,806
(2)	Normal cost for year	293,234	14,442	90,120
(3)	Funding Method Contribution	764,188	37,181	163,408
(4)	Interest accrued on (1), (2) and (3)	489,254	38,205	88,875
(5)	Expected UAAL before changes [(1) + (2) - (3) + (4)]	6,486,314	513,529	1,184,392
(6)	Changes from benefit increases	1,222,782	25,580	120,179
(7)	Change in Reserve for future pension increases	0	0	0
(8)	Expected UAAL after changes: (5) + (6) + (7)	7,709,096	539,109	1,304,570
(9)	Actual UAAL at end of year	7,694,807	522,954	1,252,403
(10)	<b>Experience Gain (Loss): (8)-(9)</b>	<b>14,289</b>	<b>16,156</b>	<b>52,167</b>

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### SUMMARY

The Statistical Section provides additional historical perspective, context, and detail to assist the reader in using the information in the financial statements, notes to the financial statements and required supplemental information to understand and assess the economic condition of PSPRS.

Financial trend information is intended to assist users in understanding and assessing the changes in the financial position over time. Schedules and charts presenting financial trend information are Schedule of Changes in Net Position, Schedule of Revenue by Source, Schedule of Expenses by Type, Deductions from Net Position for Benefits and Refunds by Type, Valuation Assets vs. Pension Liabilities, and Contribution Rates.

Operating information is intended to provide contextual information about the operations and resources of PSPRS to assist readers in using financial statement information to understand and assess the economic condition. Schedules and charts presenting operating information are Membership in the Retirement System\*, Principal Participating Employers, Benefit Recipients by Location, Summary of the Growth of the System, Benefits Payable\*, Average Monthly Benefit Amounts\*, Summary of Benefit Increases\*, Schedule of Changes in Employers' Reserve Balances, Schedule of Changes in Refundable Member Reserve Balances, Schedule of Employers' Earnings Distribution, and Participating Employers.

CORP-AOC was first split out from CORP in 2014. In some financial schedules in this statistical section, especially when multiple years worth of data are shown, CORP-AOC has been reported separately from CORP. In the other financial schedules, CORP-AOC has been combined with CORP.

Schedules and information are derived from PSPRS internal sources unless otherwise indicated.

\* Schedules and data are provided by actuarial consultant Gabriel, Roeder & Smith.

## FINANCIAL TRENDS

<b>CHANGES IN NET PLAN POSITION LAST 10 FISCAL YEARS - PENSION</b>					
<b>ALL PLANS COMBINED</b>					
(IN THOUSANDS)					
	2016	2015	2014	2013	2012
<b>ADDITIONS</b>					
Member Contributions	228,970	214,951	201,741	185,713	171,472
Employer Contributions	691,779	546,712	507,939	435,122	354,881
Non-Employer Contribution	22,316	5,000	5,000	0	0
Court Fees	8,580	8,286	8,541	8,412	8,880
Net Investment Gain (Loss)	46,556	282,446	945,182	677,204	(76,947)
Member Service Purchase	12,995	11,865	11,474	7,873	15,247
Transfers IN	1,751	570	1,171	947	1,057
<b>Total Additions (Reductions)</b>	<b>1,012,947</b>	<b>1,069,830</b>	<b>1,681,048</b>	<b>1,315,271</b>	<b>474,590</b>
<b>DEDUCTIONS</b>					
Pension & Insurance Benefits	995,607	835,974	773,174	693,007	638,679
Refunds To Terminated Members	48,968	42,460	45,037	44,123	38,211
Administrative Expenses	6,793	7,063	7,580	6,671	6,361
Transfers OUT	2,138	747	574	1,392	1,045
<b>Total Deductions</b>	<b>1,053,506</b>	<b>886,244</b>	<b>826,365</b>	<b>745,193</b>	<b>684,296</b>
<b>NET INCREASE (DECREASE)</b>	<b>(40,559)</b>	<b>183,587</b>	<b>854,683</b>	<b>570,078</b>	<b>(209,706)</b>
<b>NET POSITION HELD IN TRUST</b>					
Beginning of Fiscal Year, July 1	7,924,305	7,747,074	6,892,360	6,322,282	6,531,988
GASB 67 and Prior Year Adjustment	0	(6,355)	0	0	0
<b>End of Fiscal Year, June 30</b>	<b>7,883,746</b>	<b>7,924,305</b>	<b>7,747,043</b>	<b>6,892,360</b>	<b>6,322,282</b>
	2011	2010	2009	2008	2007
<b>ADDITIONS</b>					
Member Contributions	154,870	161,234	158,719	212,611	130,075
Employer Contributions	311,079	338,429	365,800	364,473	198,993
Non-Employer Contribution	0	0	0	0	0
Court Fees	9,896	9,538	8,000	4,155	3,978
Net Investment Gain (Loss)	986,460	687,789	(1,106,644)	(481,657)	978,805
Member Service Purchase	23,165	12,229	8,432	11,399	12,047
Transfers IN	794	1,343	1,219	5,486	3,286
<b>Total Additions (Reductions)</b>	<b>1,486,264</b>	<b>1,210,562</b>	<b>(564,474)</b>	<b>116,467</b>	<b>1,327,184</b>
<b>DEDUCTIONS</b>					
Pension & Insurance Benefits	637,012	570,409	534,002	498,965	507,770
Refunds To Terminated Members	37,121	29,876	22,654	24,160	25,471
Administrative Expenses	6,285	6,092	5,938	8,708	5,043
Transfers OUT	1,266	829	561	1,012	2,204
<b>Total Deductions</b>	<b>681,684</b>	<b>607,206</b>	<b>563,155</b>	<b>532,845</b>	<b>540,488</b>
<b>NET INCREASE (DECREASE)</b>	<b>804,580</b>	<b>603,356</b>	<b>(1,127,629)</b>	<b>(416,378)</b>	<b>786,696</b>
<b>NET POSITION HELD IN TRUST</b>					
Beginning of Fiscal Year, July 1	5,727,408	5,124,052	6,251,681	6,668,059	5,881,363
<b>End of Fiscal Year, June 30</b>	<b>6,531,988</b>	<b>5,727,408</b>	<b>5,124,052</b>	<b>6,251,681</b>	<b>6,668,059</b>

FINANCIAL TRENDS

CHANGES IN NET PLAN POSITION LAST 10 FISCAL YEARS - HEALTH INSURANCE ALL PLANS COMBINED (IN THOUSANDS)					
	2016	2015	2014	2013	2012
<b>ADDITIONS</b>					
Health Insurance Contributions	5,539	29,068	27,296	28,946	27,901
Net Investment Gain (Loss)	2,532	15,428	48,084	33,783	(2,439)
<b>Total Additions (Reductions)</b>	<b>8,071</b>	<b>44,465</b>	<b>75,380</b>	<b>62,729</b>	<b>25,462</b>
<b>DEDUCTIONS</b>					
Pension & Insurance Benefits	20,039	18,591	17,567	17,114	17,336
Administrative Expenses	365	385	0	0	0
<b>Total Deductions</b>	<b>20,404</b>	<b>18,976</b>	<b>17,567</b>	<b>17,114</b>	<b>17,336</b>
<b>NET INCREASE (DECREASE)</b>	<b>(12,333)</b>	<b>25,520</b>	<b>57,813</b>	<b>45,615</b>	<b>8,126</b>
<b>NET POSITION HELD IN TRUST</b>					
Beginning of Fiscal Year, July 1	440,513	414,993	357,211	311,596	303,470
<b>End of Fiscal Year, June 30</b>	<b>428,180</b>	<b>440,513</b>	<b>415,024</b>	<b>357,211</b>	<b>311,596</b>
	2011	2010	2009	2008	2007
<b>ADDITIONS</b>					
Health Insurance Contributions	25,416	26,402	29,097	28,000	10,148
Net Investment Gain (Loss)	44,291	29,139	(43,995)	(18,452)	36,168
<b>Total Additions (Reductions)</b>	<b>69,707</b>	<b>55,541</b>	<b>(14,898)</b>	<b>9,548</b>	<b>46,316</b>
<b>DEDUCTIONS</b>					
Pension & Insurance Benefits	17,026	15,751	15,356	14,809	13,773
Administrative Expenses	0	0	0	0	0
<b>Total Deductions</b>	<b>17,026</b>	<b>15,751</b>	<b>15,356</b>	<b>14,809</b>	<b>13,773</b>
<b>NET INCREASE (DECREASE)</b>	<b>52,681</b>	<b>39,790</b>	<b>(30,254)</b>	<b>(5,261)</b>	<b>32,543</b>
<b>NET POSITION HELD IN TRUST</b>					
Beginning of Fiscal Year, July 1	250,789	210,999	241,253	246,514	213,971
<b>End of Fiscal Year, June 30</b>	<b>303,470</b>	<b>250,789</b>	<b>210,999</b>	<b>241,253</b>	<b>246,514</b>

## FINANCIAL TRENDS

SCHEDULE OF REVENUE BY SOURCE										
LAST TEN FISCAL YEARS (Includes Health Insurance Subsidy)										
PLAN	YEAR ENDING JUNE 30,	MEMBER CONTRIB	EMPLOYER CONTRIB	FIRE INSURANCE PREMIUM TAX	COURT FEES	HEALTH INSURANCE CONTRIB	% OF COVERED PAYROLL	INVESTMENT INCOME (LOSS)	TRANSFER FROM OTHER PLANS	TOTAL
PSPRS	2007	84,629,709	159,962,241	11,305,571	0	6,319,694	13.83%	815,524,366	10,799,442	1,088,541,023
	2008	97,156,897	188,953,757	12,306,704	0	20,472,131	16.52%	(411,505,523)	11,179,532	(81,436,502)
	2009	101,183,586	281,528,862	24,720,792	0	22,186,655	21.71%	(872,798,642)	8,209,996	(434,968,751)
	2010	102,141,540	268,910,398	11,920,934	0	19,875,793	20.77%	553,076,513	11,366,583	967,291,761
	2011	99,262,271	256,525,004	12,022,353	0	17,299,140	20.89%	789,263,727	21,240,375	1,195,612,870
	2012	112,645,371	279,547,069	12,187,512	0	19,094,922	22.68%	(41,661,350)	14,275,143	396,088,667
	2013	127,362,618	347,630,728	12,828,065	0	20,394,283	27.18%	541,980,088	7,575,490	1,057,771,272
	2014	141,066,081	399,705,875	14,139,739	0	19,534,206	30.44%	757,180,984	11,731,942	1,343,358,827
	2015	154,359,120	434,962,028	13,135,529	0	21,480,853	32.54%	227,096,052	10,797,538	861,831,120
	2016	169,469,738	565,862,395	16,316,362	0	4,195,339	41.37%	37,398,310	13,125,367	806,367,511
EORP	2007	4,089,699	5,975,979	0	3,977,740	955,111	18.55%	54,598,524	3,147,915	72,744,968
	2008	4,355,999	6,808,557	0	4,155,348	1,379,146	20.21%	(23,150,918)	1,618,535	(4,833,333)
	2009	4,436,652	9,172,918	0	8,000,231	1,273,229	28.00%	(61,526,963)	660,650	(37,983,283)
	2010	4,611,179	8,444,229	0	9,538,094	1,243,514	26.25%	34,583,592	930,727	59,351,335
	2011	4,716,681	10,865,962	0	9,895,857	1,180,768	29.79%	48,274,987	1,699,788	76,634,043
	2012	6,858,675	11,627,462	0	8,880,308	1,232,862	32.99%	(2,641,096)	809,474	26,767,685
	2013	7,700,666	13,567,248	0	8,411,739	1,208,405	36.44%	30,737,247	245,084	61,870,389
	2014	8,938,401	21,304,591	0	8,540,583	1,072,197	23.50%	41,567,954	149,656	81,573,382
	2015	8,471,736	21,038,061	0	8,285,993	0	23.50%	11,878,472	667,914	50,342,176
	2016	7,730,530	20,636,469	0	8,579,644	0	23.50%	1,589,921	275,704	38,812,268
CORP	2007	41,354,907	21,749,008	0	0	2,873,685	4.46%	144,850,095	1,386,706	212,214,401
	2008	111,097,660	144,581,325	0	0	6,147,893	6.72%	(68,039,675)	4,087,988	197,875,191
	2009	53,098,136	50,378,712	0	0	5,636,426	8.65%	(216,313,556)	781,196	(106,419,086)
	2010	54,480,961	49,154,582	0	0	5,282,496	7.49%	129,267,190	1,276,087	239,461,316
	2011	50,891,168	45,067,749	0	0	6,934,982	8.57%	193,212,289	1,018,286	297,124,474
	2012	51,967,894	51,524,317	0	0	7,568,087	9.50%	(10,340,020)	1,219,350	101,939,628
	2013	50,648,775	61,106,590	0	0	7,334,225	11.31%	138,267,533	999,077	258,356,200
	2014	42,697,294	62,246,291	0	0	5,477,173	13.32%	156,410,650	417,437	267,248,845
	2015	42,816,526	66,016,801	0	0	6,208,839	14.12%	46,844,490	503,585	162,390,241
	2016	42,539,910	90,240,701	0	0	411,556	17.84%	7,991,896	619,027	141,803,090
AOC	2014	9,039,472	15,551,633	0	0	1,204,069	15.58%	38,106,222	345,423	64,246,819
	2015	9,302,982	16,560,621	0	0	1,378,298	16.15%	12,055,167	466,043	39,763,111
	2016	9,229,568	21,038,447	0	0	931,858	19.95%	2,108,602	623,698	33,932,173

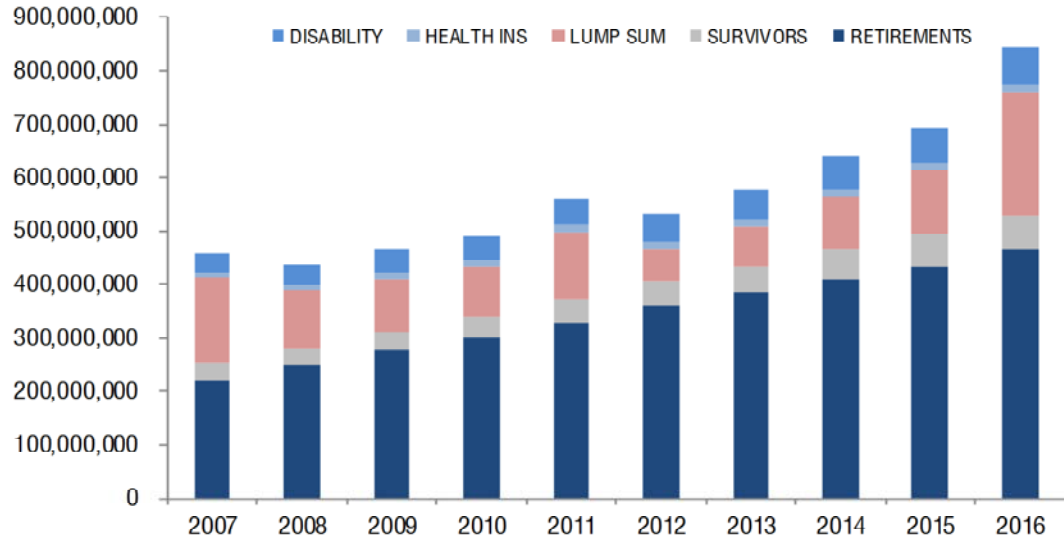
FINANCIAL TRENDS

SCHEDULE OF BENEFITS BY TYPE LAST TEN FISCAL YEARS							
PLAN	YEAR ENDING JUNE 30,	BENEFITS	HEALTH INSURANCE SUBSIDY	ADMIN. EXPENSES	REFUNDS	TRANSFER TO OTHER PLANS	TOTAL
PSPRS	2007	439,336,159	11,009,305	3,971,338	8,708,528	120,511	463,145,841
	2008	418,384,355	11,824,417	4,661,877	7,884,695	144,622	442,899,966
	2009	444,352,210	12,214,037	4,352,207	7,643,202	49,169	468,610,825
	2010	469,481,695	12,496,923	4,932,349	9,975,440	243,073	497,129,480
	2011	534,386,731	13,400,890	4,776,388	11,976,416	292,996	564,833,421
	2012	507,182,015	13,513,216	4,890,364	12,376,688	81,362	538,043,645
	2013	552,720,457	13,383,444	5,104,446	12,819,713	514,209	584,542,269
	2014	612,104,805	13,578,195	5,826,248	14,434,714	50,478	645,994,440
	2015	665,138,192	14,242,153	5,655,658	13,897,612	23,119	698,956,734
	2016	810,653,111	15,289,473	5,437,601	17,427,012	539,586	849,346,783
EORP	2007	28,717,546	850,915	339,875	127,738	20,169	30,056,243
	2008	31,607,055	911,923	355,290	63,958	3,834	32,942,060
	2009	34,178,410	917,286	521,507	131,663	0	35,748,866
	2010	36,884,844	884,225	245,127	126,426	0	38,140,622
	2011	39,665,718	926,378	324,343	216,689	28,071	41,161,199
	2012	43,536,995	914,968	287,772	89,631	0	44,829,366
	2013	45,472,356	901,360	299,692	123,773	36,682	46,833,863
	2014	53,984,038	950,531	315,896	154,933	23,581	55,428,979
	2015	54,453,000	956,773	319,124	173,427	0	55,902,324
	2016	58,002,514	1,022,136	267,029	83,747	41,202	59,416,628
CORP	2007	39,716,871	1,913,186	732,236	16,634,320	2,062,977	61,059,590
	2008	48,972,663	2,073,245	1,102,992	16,211,929	864,053	69,224,882
	2009	55,488,889	2,207,889	1,064,825	14,879,342	511,697	74,152,642
	2010	64,039,674	2,372,104	915,378	19,774,873	586,100	87,688,129
	2011	76,359,270	2,699,129	1,184,756	24,927,660	945,170	106,115,985
	2012	87,977,793	2,890,441	1,182,692	25,743,514	964,033	118,758,473
	2013	94,813,343	2,829,735	1,266,690	31,179,499	840,629	130,929,896
	2014	91,318,857	2,728,206	1,143,482	29,131,822	437,114	124,759,481
	2015	97,251,701	3,073,707	1,161,134	26,757,384	704,263	128,948,189
	2016	104,815,270	3,339,009	1,147,583	28,990,424	1,375,640	139,667,926
AOC	2014	15,767,955	309,357	294,209	1,314,886	61,575	17,747,982
	2015	19,130,984	318,262	312,146	1,631,542	19,731	21,412,665
	2016	22,136,170	388,388	306,167	2,466,411	181,909	25,479,045

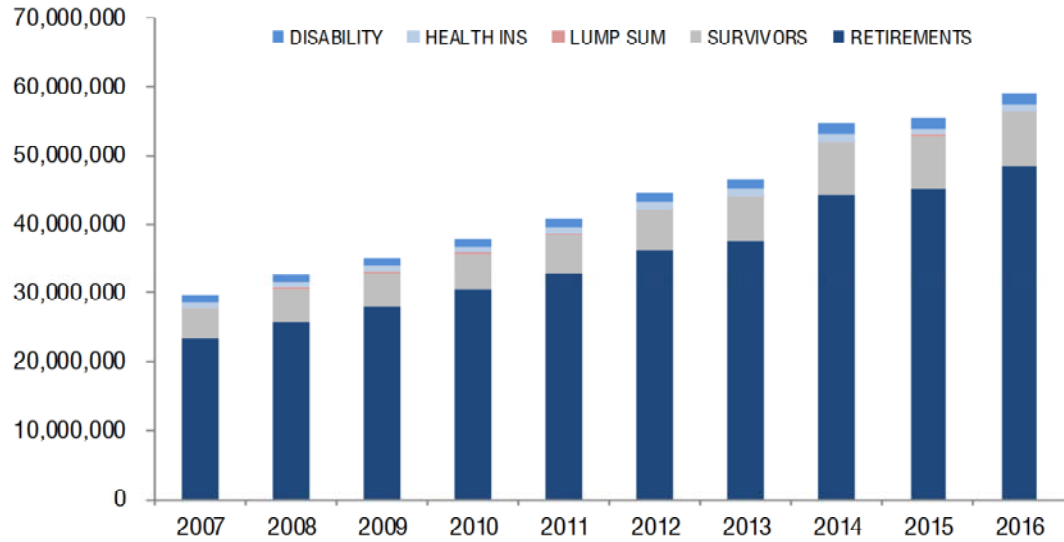


FINANCIAL TRENDS

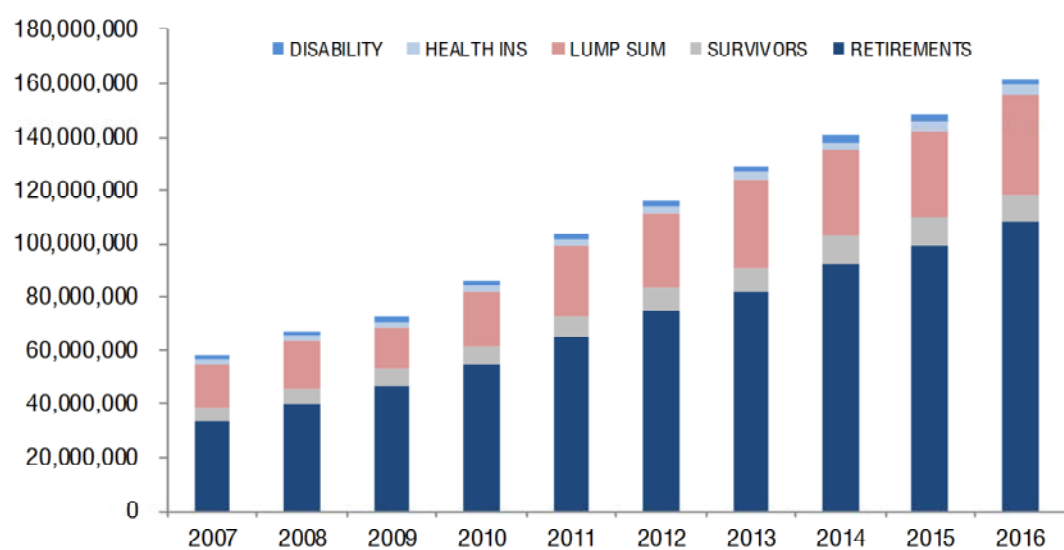
PSPRS



EORP



CORP



FINANCIAL TRENDS

DEDUCTIONS FROM NET POSITION FOR BENEFITS AND REFUNDS BY TYPE									
LAST TEN FISCAL YEARS									
PLAN	YEAR ENDING JUNE 30,	NORMAL BENEFITS	SURVIVOR BENEFITS	DISABILITY BENEFITS	DEFERRED BENEFITS	TOTAL BENEFITS	DROP PROGRAM	SEPARATION REFUNDS	HEALTH INSURANCE SUBSIDY
PSPRS	2007	220,950,477	30,742,748	35,536,324	146,890	287,376,439	151,959,720	8,708,528	11,009,305
	2008	247,831,306	33,357,309	39,137,350	151,698	320,477,663	97,907,651	7,884,695	11,824,417
	2009	274,965,209	36,380,334	41,979,907	158,494	353,483,944	90,868,266	7,643,202	12,214,037
	2010	300,889,208	39,673,066	45,439,760	179,265	386,181,299	83,300,396	9,975,440	12,496,923
	2011	328,892,084	43,889,613	49,132,258	199,716	422,113,671	112,273,060	11,976,416	13,400,890
	2012	359,668,287	47,630,792	53,214,209	187,449	460,700,737	46,481,278	12,376,688	13,513,216
	2013	383,377,255	51,443,297	57,486,396	199,579	492,506,527	60,213,930	12,819,713	13,383,444
	2014	408,013,131	56,828,856	62,099,110	193,661	527,134,758	84,970,047	14,434,714	13,578,195
	2015	434,918,201	60,353,312	64,842,830	219,581	560,333,924	104,804,268	13,897,612	14,242,153
	2016	465,711,498	62,969,494	67,833,683	238,235	596,752,910	213,900,201	17,427,012	15,289,473
EORP	2007	23,435,322	4,231,772	1,050,452	0	28,717,546	0	127,738	850,915
	2008	25,967,062	4,637,432	1,002,561	0	31,607,055	0	63,958	911,923
	2009	28,020,876	5,007,588	1,149,946	0	34,178,410	0	131,663	917,286
	2010	30,411,785	5,379,358	1,093,701	0	36,884,844	0	126,426	884,225
	2011	32,855,786	5,582,012	1,227,920	0	39,665,718	0	216,689	926,378
	2012	36,215,843	6,030,424	1,290,728	0	43,536,995	0	89,631	914,968
	2013	37,637,320	6,477,448	1,357,588	0	45,472,356	0	123,773	901,360
	2014	44,479,754	7,488,200	1,650,094	0	53,618,049	0	154,933	950,531
	2015	45,334,729	7,486,807	1,631,464	0	54,453,000	0	173,427	956,773
	2016	48,439,241	7,812,332	1,750,941	0	58,002,514	0	83,747	1,022,136
CORP	2007	33,341,839	4,860,093	1,514,939	0	39,716,871	0	16,634,320	1,913,186
	2008	39,831,873	5,934,454	1,625,680	0	47,392,007	1,580,656	16,211,929	2,073,245
	2009	46,752,709	6,685,021	1,805,702	0	55,243,432	245,457	14,879,342	2,207,889
	2010	54,722,001	6,740,427	1,914,842	0	63,377,270	662,404	19,774,873	2,372,104
	2011	65,448,261	7,467,220	2,105,741	0	75,021,222	1,338,048	24,927,660	2,699,129
	2012	74,822,948	8,602,328	2,259,626	0	85,684,902	2,292,891	25,743,514	2,890,441
	2013	81,829,319	9,043,592	2,306,541	0	93,179,451	1,633,892	31,179,499	2,829,735
	2014	78,117,262	9,704,817	2,446,501	0	90,268,580	1,050,277	29,131,822	2,728,206
	2015	82,764,383	9,990,109	2,602,666	102,637	95,459,795	1,791,906	26,757,384	3,073,707
	2016	88,359,009	10,421,844	2,678,670	151,531	101,611,054	3,204,216	28,990,424	3,339,009
AOC	2014	14,620,291	344,977	86,082	0	15,051,350	716,605	1,314,886	309,357
	2015	16,449,475	416,971	89,850	0	16,956,296	2,174,688	1,631,542	318,262
	2016	19,131,207	574,800	92,533	10,331	19,808,871	2,327,299	2,466,411	388,388

FINANCIAL TRENDS

VALUATION ASSETS vs. PENSION LIABILITIES INCLUDES HEALTH INSURANCE SUBSIDY LAST TEN FISCAL YEARS (IN THOUSANDS)					
PLAN	YEAR ENDING JUNE 30,	VALUATION ASSETS	UNFUNDED LIABILITIES	ACCRUED LIABILITIES	FUNDED RATIO
PSPRS	2007	4,829,521	2,438,770	7,268,291	66.4%
	2008	5,095,645	2,567,134	7,662,779	66.5%
	2009	5,445,497	2,543,954	7,989,451	68.2%
	2010	5,591,304	2,900,518	8,491,822	65.8%
	2011	5,795,945	3,569,316	9,365,261	61.9%
	2012	6,051,595	4,273,935	10,325,530	58.6%
	2013	6,185,074	4,638,466	10,823,540	57.1%
	2014	6,313,415	6,206,116	12,519,531	50.4%
	2015	6,533,140	6,447,071	12,980,211	50.3%
	2016	6,878,255	7,674,484	14,552,739	47.3%
EORP	2007	336,717	114,582	451,299	74.6%
	2008	348,013	106,327	454,341	76.6%
	2009	360,950	145,240	506,190	71.3%
	2010	357,342	178,429	535,771	66.7%
	2011	366,429	223,892	590,321	62.1%
	2012	356,346	253,883	610,229	58.4%
	2013	350,885	281,652	632,537	55.5%
	2014	336,495	471,862	808,357	41.6%
	2015	338,431	487,380	825,811	41.0%
	2016	338,033	512,299	850,332	39.8%
CORP	2007	940,126	170,675	1,110,801	84.6%
	2008	1,207,026	183,337	1,390,363	86.8%
	2009	1,309,124	275,169	1,584,293	82.6%
	2010	1,382,144	339,862	1,722,006	80.3%
	2011	1,466,750	541,820	2,008,569	73.0%
	2012	1,512,989	718,555	2,231,544	67.8%
	2013	1,559,583	770,655	2,330,238	66.9%
	2014	1,613,312	1,121,248	2,734,560	59.0%
	2015	1,682,776	1,158,331	2,841,108	59.2%
	2016	1,794,425	1,243,254	3,037,679	59.1%

FINANCIAL TRENDS

PSPRS SCHEDULE OF BENEFITS BY TYPE AND RANGE FISCAL YEAR 2016				
MONTHLY BENEFIT AMOUNT	NORMAL BENEFITS	SURVIVOR BENEFITS	DISABILITY BENEFITS	TOTAL BENEFITS
Under 1,000	22	31	6	59
1,001-2,000	16	24	60	100
2,001-3,000	417	269	269	955
3,001-4,000	2,799	848	850	4,497
4,001-5,000	2,850	214	296	3,360
5,001-6,000	1,423	87	51	1,561
6,001-7,000	667	27	37	731
7,001-8,000	325	12	12	349
8,001-9,000	134	6	4	144
9,001-10,000	66	1	1	68
Over 10,001	36	2	1	39
<b>Totals</b>	<b>8,755</b>	<b>1,521</b>	<b>1,587</b>	<b>11,863</b>

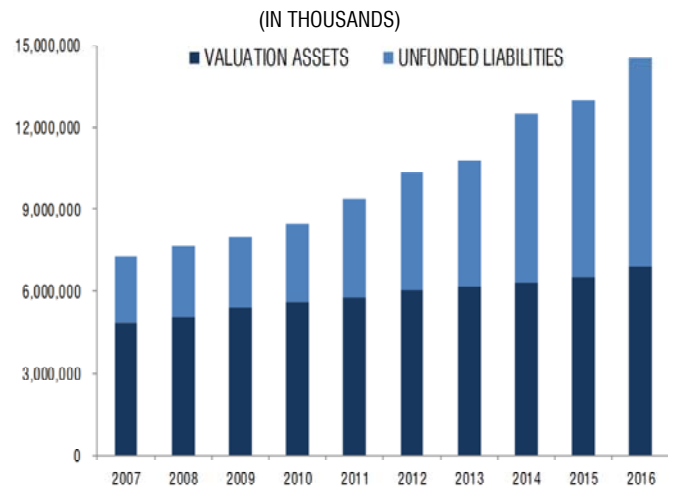
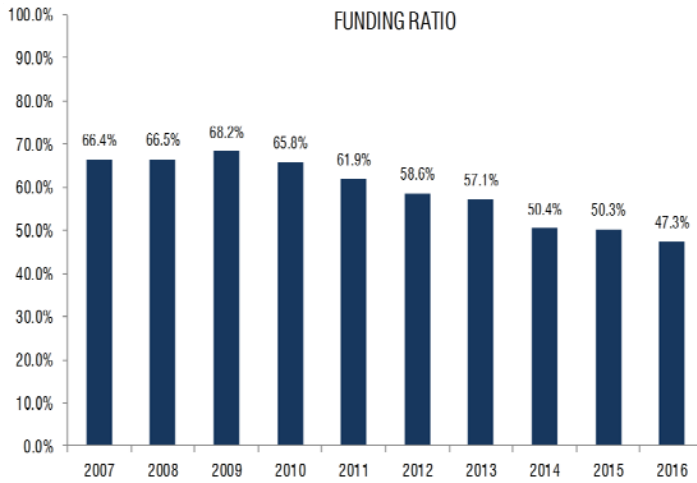
EORP SCHEDULE OF BENEFITS BY TYPE AND RANGE FISCAL YEAR 2016				
MONTHLY BENEFIT AMOUNT	NORMAL BENEFITS	SURVIVOR BENEFITS	DISABILITY BENEFITS	TOTAL BENEFITS
Under 1,000	187	67	0	254
1,001-2,000	133	39	1	173
2,001-3,000	110	22	1	133
3,001-4,000	72	17	1	90
4,001-5,000	84	14	2	100
5,001-6,000	50	7	0	57
6,001-7,000	35	5	0	40
7,001-8,000	43	5	1	49
8,001-9,000	26	12	4	42
9,001-10,000	39	14	1	54
Over 10,001	118	6	7	131
<b>Totals</b>	<b>897</b>	<b>208</b>	<b>18</b>	<b>1,123</b>

CORP SCHEDULE OF BENEFITS BY TYPE AND RANGE FISCAL YEAR 2016				
MONTHLY BENEFIT AMOUNT	NORMAL BENEFITS	SURVIVOR BENEFITS	DISABILITY BENEFITS	TOTAL BENEFITS
Under 1,000	292	114	11	417
1,001-2,000	1,173	397	83	1,653
2,001-3,000	1,510	62	30	1,602
3,001-4,000	366	12	3	381
4,001-5,000	106	2	0	108
5,001-6,000	35	0	0	35
6,001-7,000	13	0	0	13
7,001-8,000	2	0	0	2
8,001-9,000	3	0	0	3
9,001-10,000	0	0	0	0
Over 10,001	1	0	0	1
<b>Totals</b>	<b>3,501</b>	<b>587</b>	<b>127</b>	<b>4,215</b>

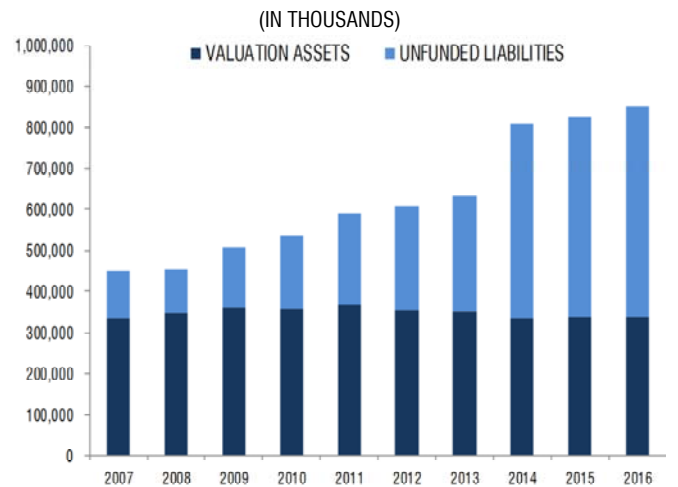
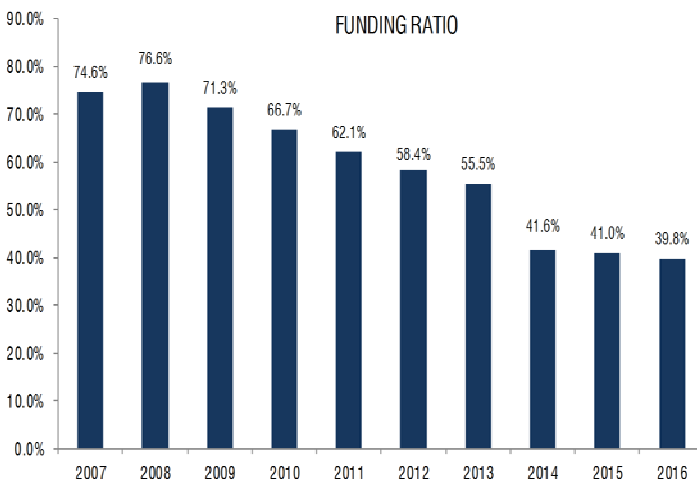
CORP-AOC SCHEDULE OF BENEFITS BY TYPE AND RANGE FISCAL YEAR 2016				
MONTHLY BENEFIT AMOUNT	NORMAL BENEFITS	SURVIVOR BENEFITS	DISABILITY BENEFITS	TOTAL BENEFITS
Under 1,000	5	0	6	11
1,001-2,000	66	9	3	78
2,001-3,000	204	8	0	212
3,001-4,000	155	1	0	156
4,001-5,000	78	0	0	78
5,001-6,000	17	0	0	17
6,001-7,000	11	0	0	11
7,001-8,000	7	0	0	7
8,001-9,000	0	0	0	0
9,001-10,000	0	0	0	0
Over 10,001	0	0	0	0
<b>Totals</b>	<b>543</b>	<b>18</b>	<b>9</b>	<b>570</b>

**FINANCIAL TRENDS**

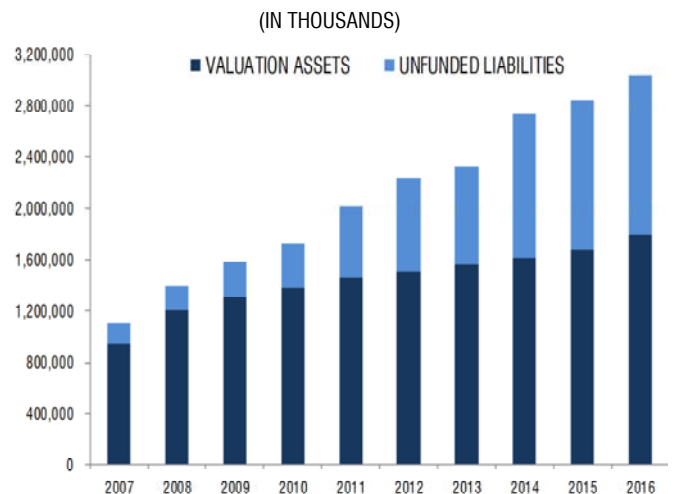
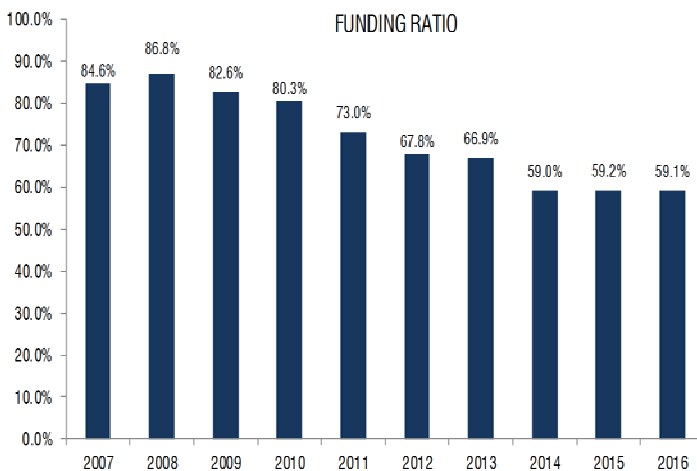
**PSPRS**



**EORP**



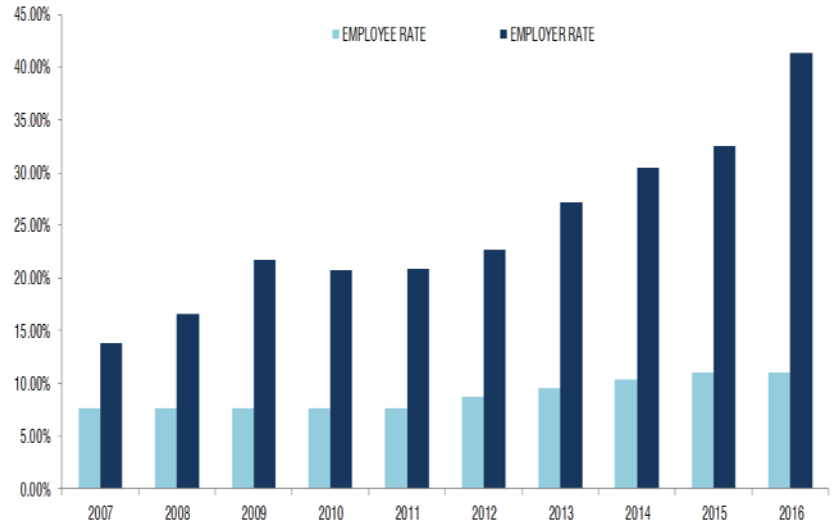
**CORP**



FINANCIAL TRENDS

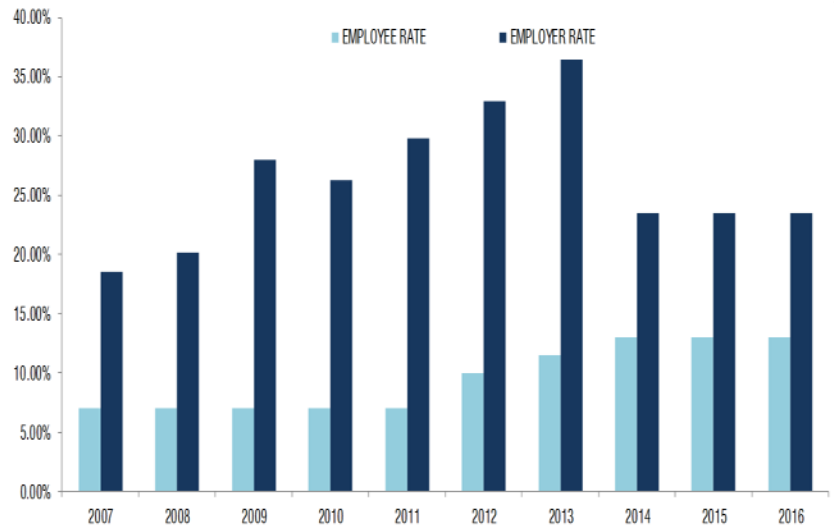
**PSPRS  
CONTRIBUTION RATES  
LAST TEN FISCAL YEARS**

YEAR ENDING JUNE 30,	AVERAGE EMPLOYER RATE	EMPLOYEE RATE
2007	13.83%	7.65%
2008	16.52%	7.65%
2009	21.71%	7.65%
2010	20.77%	7.65%
2011	20.89%	7.65%
2012	22.68%	8.65%
2013	27.18%	9.55%
2014	30.44%	10.35%
2015	32.54%	11.05%
2016	41.37%	11.05%



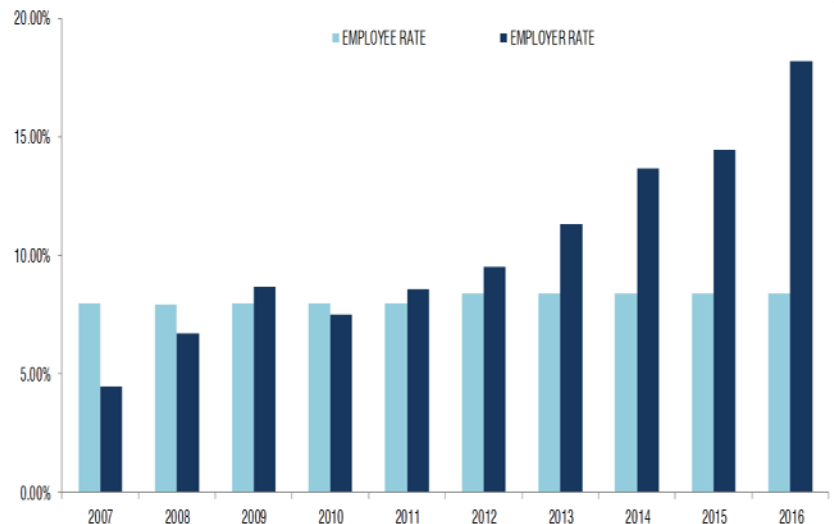
**EORP  
CONTRIBUTION RATES  
LAST TEN FISCAL YEARS**

YEAR ENDING JUNE 30,	AVERAGE EMPLOYER RATE	EMPLOYEE RATE
2007	18.55%	7.00%
2008	20.21%	7.00%
2009	28.00%	7.00%
2010	26.25%	7.00%
2011	29.79%	7.00%
2012	32.99%	10.00%
2013	36.44%	11.50%
2014	23.50%	13.00%
2015	23.50%	13.00%
2016	23.50%	13.00%

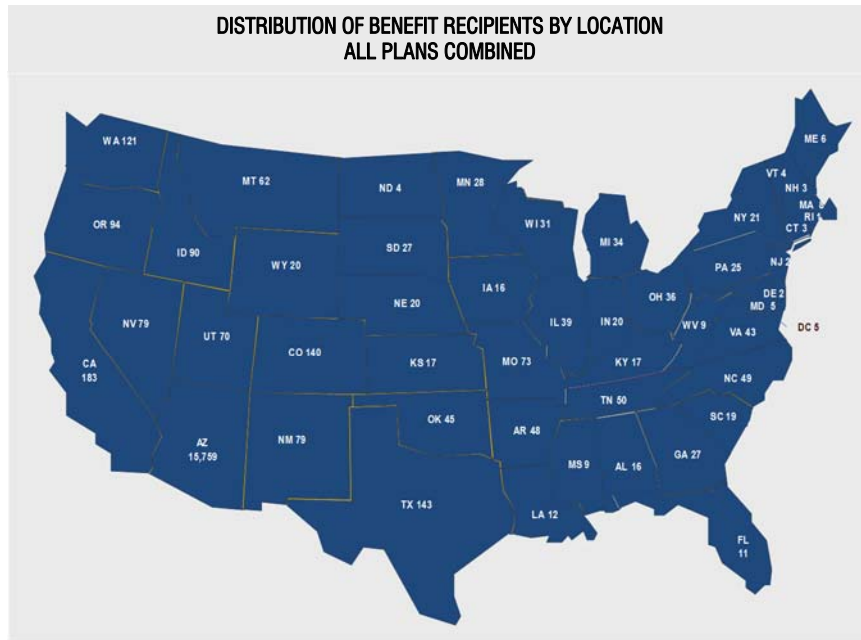


**CORP  
CONTRIBUTION RATES  
LAST TEN FISCAL YEARS**

YEAR ENDING JUNE 30,	AVERAGE EMPLOYER RATE	EMPLOYEE RATE
2007	4.46%	7.96%
2008	6.72%	7.93%
2009	8.65%	7.96%
2010	7.49%	7.96%
2011	8.57%	7.96%
2012	9.50%	8.41%
2013	11.31%	8.41%
2014	13.68%	8.41%
2015	14.46%	8.41%
2016	18.21%	8.41%

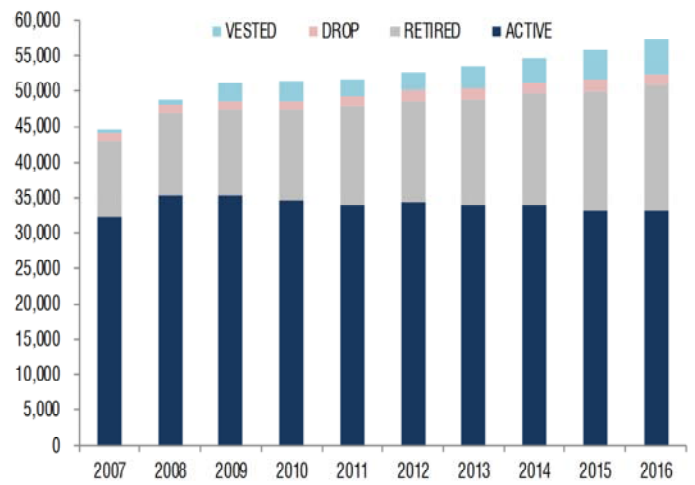


OPERATING INFORMATION



**MEMBERSHIP IN RETIREMENT SYSTEM  
ALL PLANS COMBINED  
LAST TEN FISCAL YEARS**

YEAR ENDING JUNE 30,	ACTIVE	BENE-FICIARY RETIRED	DROP	TERMINAT-ED VESTED	TOTAL
2007	32,217	10,582	1,325	531	44,655
2008	35,452	11,541	1,181	574	48,748
2009	35,304	12,105	1,044	2,740	51,193
2010	34,614	12,783	1,093	2,853	51,343
2011	34,048	13,768	1,419	2,503	51,738
2012	34,378	14,270	1,496	2,497	52,641
2013	33,855	15,026	1,482	3,065	53,428
2014	33,964	15,667	1,559	3,410	54,600
2015	33,331	16,560	1,675	4,412	55,978
2016	33,246	17,771	1,365	4,951	57,333



**PRINCIPAL PARTICIPATING EMPLOYERS COMPARISON**

EMPLOYER	2016			2007		
	COVERED	RANK	% OF COVERED	COVERED	RANK	% OF COVERED
STATE	9,840	1	29.60%	10,667	1	33.11%
MARICOPA COUNTY	3,979	2	11.97%	2,960	3	9.19%
CITY OF PHOENIX	3,884	3	11.68%	4,350	2	13.50%
CITY OF TUCSON	1,431	4	4.30%	1,474	4	4.58%
PIMA COUNTY	1,303	5	3.92%	1,068	6	3.32%
CITY OF MESA	1,113	6	3.35%	1,139	5	3.54%
CITY OF SCOTTSDALE	638	7	1.92%	612	7	1.90%
CITY OF GLENDALE	612	8	1.84%	580	8	1.80%
CITY OF CHANDLER	506	9	1.52%	514	9	1.60%
PINAL COUNTY	478	10	1.44%	488	10	1.51%
ALL OTHER	9,462		28.46%	8,365		25.95%
<b>TOTAL</b>	<b>33,246</b>		<b>100.00%</b>	<b>32,217</b>		<b>100.00%</b>

OPERATING INFORMATION

PSPRS SUMMARY OF BENEFIT INCREASES LAST TEN FISCAL YEARS						
YEAR ENDING JUNE 30,	EXCESS YIELD PER STATUTE	EXCESS EARNINGS	EARNED ON EXCESS AVAILABLE	UTILIZED TO FUND PBI	EXCESS EARNINGS AVAILABLE	BENEFIT INCREASE 4% CAP
2007	8.05%	190,317,350	83,666,863	(101,767,604)	662,931,350	127.06
2008	0.00%	-	(48,208,368)	(114,771,709)	499,951,273	134.34
2009	0.00%	-	(88,616,363)	(125,721,193)	285,613,717	138.66
2010	4.47%	90,856,517	38,472,168	(139,653,075)	275,289,327	146.74
2011	8.37%	111,327,479	47,817,756	(154,776,639)	279,657,923	152.84
2012	0.00%	-	(2,209,298)	(173,606,421)	103,842,204	159.13
2013	1.64%	23,833,551	11,048,811	(138,724,566)	-	121.19
2014	4.28%	71,624,927	-	(71,624,927)	-	65.20
2015	0.00%	-	-	-	-	0.00
2016	0.00%	-	-	-	-	0.00

EORP SUMMARY OF BENEFIT INCREASES LAST TEN FISCAL YEARS						
YEAR ENDING JUNE 30,	EXCESS YIELD PER STATUTE	EXCESS EARNINGS	EARNED ON EXCESS AVAILABLE	UTILIZED TO FUND PBI	EXCESS EARNINGS AVAILABLE	BENEFIT INCREASE 4% CAP
2007	8.01%	20,886,734	2,810,583	(9,392,556)	30,827,881	4.00%
2008	0.00%	-	(2,340,761)	(10,302,702)	18,184,418	4.00%
2009	0.00%	-	(3,227,552)	(11,319,196)	3,637,670	4.00%
2010	4.47%	15,303,603	489,994	(12,367,914)	7,063,353	4.00%
2011	0.00%	32,774,743	1,226,904	(13,406,035)	27,658,965	4.00%
2012	0.00%	-	(218,506)	(15,084,924)	12,355,535	4.00%
2013	0.00%	6,913,090	1,314,629	(16,212,682)	4,370,572	4.00%
2014	0.00%	17,528,322	580,412	(15,751,565)	6,727,741	4.00%
2015	0.00%	-	247,581	(6,975,322)	-	1.77%
2016	0.00%	-	-	-	-	0.00%

CORP SUMMARY OF BENEFIT INCREASES LAST TEN FISCAL YEARS						
YEAR ENDING JUNE 30,	EXCESS YIELD PER STATUTE	EXCESS EARNINGS	EARNED ON EXCESS AVAILABLE	UTILIZED TO FUND PBI	EXCESS EARNINGS AVAILABLE	BENEFIT INCREASE 4% CAP
2007	7.77%	35,123,022	5,583,177	(13,572,783)	60,426,061	4.00%
2008	0.00%	-	(4,258,829)	(15,533,554)	40,633,678	4.00%
2009	0.00%	-	(7,311,624)	(18,197,108)	15,124,946	4.00%
2010	4.47%	22,836,733	2,037,330	(21,264,230)	18,734,779	4.00%
2011	0.00%	18,471,995	3,254,231	(25,641,306)	14,819,699	4.00%
2012	0.00%	-	(117,076)	(14,702,623)	-	1.94%
2013	0.00%	4,244,357	-	(4,244,357)	-	0.55%
2014	0.00%	12,916,571	-	(12,916,571)	-	1.59%
2015	0.00%	-	-	-	-	0.00%
2016	0.00%	-	-	-	-	0.00%



## OPERATING INFORMATION

PSPRS SUMMARY OF GROWTH OF THE SYSTEM LAST TEN FISCAL YEARS					
YEAR ENDING JUNE 30,	TOTAL ASSETS AT BOOK	INVESTMENT REALIZED EARNINGS	ASSUMED ACTUARIAL YIELD	NET EFFECTIVE YIELD	AVERAGE EMPLOYER RATE
2007	4,517,667,333	529,659,234	8.50%	12.93%	13.83%
2008	5,137,831,607	726,656,511	8.50%	16.26%	16.52%
2009	4,528,657,401	(693,024,100)	8.50%	-11.82%	21.71%
2010	4,515,144,264	(853,785)	8.50%	-1.52%	20.77%
2011	4,654,515,193	228,517,315	8.25%	6.44%	20.89%
2012	4,754,315,706	153,740,609	8.00%	4.25%	22.68%
2013	5,035,133,736	268,824,221	7.85%	7.16%	27.18%
2014	5,345,000,339	359,609,007	7.85%	7.69%	30.44%
2015	5,713,026,312	437,627,571	7.85%	7.94%	32.54%
2016	5,876,814,681	244,244,997	7.50%	4.22%	41.37%

EORP SUMMARY OF GROWTH OF THE SYSTEM LAST TEN FISCAL YEARS					
YEAR ENDING JUNE 30,	TOTAL ASSETS AT BOOK	INVESTMENT REALIZED EARNINGS	ASSUMED ACTUARIAL YIELD	NET EFFECTIVE YIELD	AVERAGE EMPLOYER RATE
2007	299,238,103	37,306,895	8.50%	13.85%	18.55%
2008	324,245,532	51,421,361	8.50%	17.56%	20.21%
2009	284,301,733	(43,712,004)	8.50%	-12.05%	28.00%
2010	275,228,597	(83,746)	8.50%	-1.48%	26.25%
2011	281,066,482	13,833,726	8.25%	6.56%	29.79%
2012	278,266,609	9,054,084	8.00%	4.22%	32.99%
2013	283,202,703	15,232,109	7.85%	7.07%	36.44%
2014	289,437,455	22,551,048	7.85%	7.64%	23.50%
2015	296,427,743	23,012,960	7.85%	7.87%	23.50%
2016	287,908,552	12,033,354	7.50%	4.21%	23.50%

CORP SUMMARY OF GROWTH OF THE SYSTEM LAST TEN FISCAL YEARS					
YEAR ENDING JUNE 30,	TOTAL ASSETS AT BOOK	INVESTMENT REALIZED EARNINGS	ASSUMED ACTUARIAL YIELD	NET EFFECTIVE YIELD	AVERAGE EMPLOYER RATE
2007	840,116,484	90,731,938	8.50%	12.14%	4.46%
2008	1,108,093,837	125,821,779	8.50%	13.50%	6.72%
2009	1,057,808,935	(175,258,029)	8.50%	-13.04%	8.65%
2010	1,095,569,678	(322,346)	8.50%	-1.50%	7.49%
2011	1,162,499,803	56,158,378	8.25%	6.43%	8.57%
2012	1,205,454,963	38,880,876	8.00%	4.27%	9.50%
2013	1,283,208,335	68,918,508	7.85%	7.20%	11.31%
2014	1,370,985,156	105,803,854	7.85%	7.72%	13.68%
2015	1,474,581,597	113,314,143	7.85%	7.99%	14.46%
2016	1,537,017,590	63,339,430	7.50%	4.11%	18.21%

OPERATING INFORMATION

PSPRS BENEFITS PAYABLE JUNE 30, 2016 BY TYPE OF BENEFIT			
PENSIONS BEING PAID	NO.	ANNUAL PENSIONS	AVERAGE PENSIONS
<b>RETIRED MEMBERS</b>			
Service Pensions	8,755	486,634,446	55,584
Disability Pensions	1,587	68,982,345	43,467
<b>Total Retired Members</b>	<b>10,342</b>	<b>555,616,791</b>	<b>53,724</b>
<b>SURVIVORS OF MEMBERS</b>			
Spouses	1,449	63,649,535	43,927
Children w/Guardians	72	1,669,591	23,189
<b>Total Survivors of Members</b>	<b>1,521</b>	<b>65,319,126</b>	<b>42,945</b>
<b>TOTAL PENSIONS BEING PAID</b>	<b>11,863</b>	<b>620,935,917</b>	<b>52,342</b>

PSPRS			
	AVERAGE AGE	AVERAGE SERVICE	AVG RETIRE AGE
Normal retired members	63.9	23.6	51.8
Disability retired members	57.7	14.4	44.1
Spouse beneficiaries	69.6	19.3	44.2

EORP BENEFITS PAYABLE JUNE 30, 2016 BY TYPE OF BENEFIT			
PENSIONS BEING PAID	NO.	ANNUAL PENSIONS	AVERAGE PENSIONS
<b>RETIRED MEMBERS</b>			
Service Pensions	897	48,187,456	53,721
Disability Pensions	18	1,860,354	103,353
<b>Total Retired Members</b>	<b>915</b>	<b>50,047,810</b>	<b>54,697</b>
<b>SURVIVORS OF MEMBERS</b>			
Spouses	206	7,976,892	38,723
Children w/Guardians	2	67,027	33,514
<b>Total Survivors of Members</b>	<b>208</b>	<b>8,403,919</b>	<b>38,673</b>
<b>TOTAL PENSIONS BEING PAID</b>	<b>1,123</b>	<b>58,091,729</b>	<b>51,729</b>

EORP			
	AVERAGE AGE	AVERAGE SERVICE	AVG RETIRE AGE
Normal retired members	71.9	14.5	61.0
Disability retired members	68.8	12.3	58.5
Spouse beneficiaries	77.0	13.8	57.6

CORP BENEFITS PAYABLE JUNE 30, 2016 BY TYPE OF BENEFIT			
PENSIONS BEING PAID	NO.	ANNUAL PENSIONS	AVERAGE PENSIONS
<b>RETIRED MEMBERS</b>			
Service Pensions	4,044	113,232,724	28,000
Disability Pensions	136	2,766,411	20,341
<b>Total Retired Members</b>	<b>4,180</b>	<b>115,999,135</b>	<b>27,751</b>
<b>SURVIVORS OF MEMBERS</b>			
Spouses	572	10,185,854	17,807
Children w/Guardians	33	439,439	13,316
<b>Total Survivors of Members</b>	<b>605</b>	<b>10,625,293</b>	<b>17,562</b>
<b>TOTAL PENSIONS BEING PAID</b>	<b>4,785</b>	<b>126,624,428</b>	<b>26,463</b>

CORP			
	AVERAGE AGE	AVERAGE SERVICE	AVG RETIRE AGE
Normal retired members	64.0	20.1	56.5
Disability retired members	56.7	9.6	45.8
Spouse beneficiaries	67.2	12.9	52.3

## OPERATING INFORMATION

		PSPRS AVERAGE MONTHLY BENEFITS AND MEMBERSHIP IN RETIREMENT SYSTEM LAST TEN FISCAL YEARS							
YEAR ENDING JUNE 30,		YEARS OF CREDITED SERVICE BY CATEGORY							ALL MEMBERS
		<5	5-10	10-15	15-20	20-25	25-30	30+	
2007	Average monthly benefit	2,449	2,522	2,620	2,751	3,045	4,321	4,950	3,359
	Average final average salary								5,213
	Number of retirees	208	302	382	481	3,948	1,787	525	7,633
2008	Average monthly benefit	2,373	2,654	2,703	2,858	3,115	4,281	5,183	3,467
	Average final average salary								5,483
	Number of retirees	233	317	403	501	4,209	2,013	565	8,241
2009	Average monthly benefit	2,638	2,741	2,894	3,007	3,293	4,492	5,401	3,669
	Average final average salary								5,741
	Number of retirees	202	336	425	511	4,351	2,201	583	8,609
2010	Average monthly benefit	2,768	2,879	2,952	3,137	3,434	4,652	5,592	3,821
	Average final average salary								5,938
	Number of retirees	210	343	439	533	4,482	2,333	614	8,954
2011	Average monthly benefit	2,868	3,008	3,061	3,282	3,577	4,820	5,791	3,978
	Average final average salary								6,007
	Number of retirees	221	355	469	551	4,741	2,540	645	9,522
2012	Average monthly benefit	2,988	3,116	3,184	3,405	3,718	4,973	5,988	4,123
	Average final average salary								6,077
	Number of retirees	228	367	478	567	4,872	2,636	654	9,802
2013	Average monthly benefit	3,039	3,122	3,160	3,393	3,718	4,999	6,031	4,131
	Average final average salary								6,197
	Number of retirees	236	386	501	588	5,041	2,740	667	10,159
2014	Average monthly benefit	3,224	3,244	3,304	3,483	3,892	5,182	6,259	4,301
	Average final average salary								6,281
	Number of retirees	231	398	527	627	5,215	2,842	684	10,524
2015	Average monthly benefit	3,241	3,214	3,264	3,500	3,890	5,227	6,309	4,319
	Average final average salary								6,413
	Number of retirees	229	418	545	646	5,465	3,016	715	11,034
2016	Average monthly benefit	3,211	3,177	3,287	3,483	3,892	5,292	6,421	4,362
	Average final average salary								6,598
	Number of retirees	239	436	566	675	5,822	3,332	793	11,863

OPERATING INFORMATION

		EORP AVERAGE MONTHLY BENEFITS AND MEMBERSHIP IN RETIREMENT SYSTEM LAST TEN FISCAL YEARS							
YEAR ENDING JUNE 30,		YEARS OF CREDITED SERVICE BY CATEGORY							ALL MEMBERS
		<5	5-10	10-15	15-20	20-25	25-30	30+	
2007	Average monthly benefit								3,065
	Average final average salary								5,895
	Number of retirees								826
2008	Average monthly benefit	1,181	1,060	2,320	4,030	6,293	5,843	3,706	3,139
	Average final average salary								6,090
	Number of retirees	16	245	253	143	154	47	14	872
2009	Average monthly benefit	1,161	1,113	2,437	4,196	6,724	5,911	3,802	3,339
	Average final average salary								6,388
	Number of retirees	12	257	255	149	167	50	15	905
2010	Average monthly benefit	1,208	1,156	2,565	4,428	7,116	6,083	3,956	3,559
	Average final average salary								6,525
	Number of retirees	12	255	257	156	177	50	14	921
2011	Average monthly benefit	1,142	1,171	2,700	4,547	7,246	6,309	3,589	3,658
	Average final average salary								6,517
	Number of retirees	11	277	273	169	195	49	16	990
2012	Average monthly benefit	1,133	1,153	2,722	4,609	7,297	6,382	3,589	3,689
	Average final average salary								6,580
	Number of retirees	10	276	277	168	197	48	16	992
2013	Average monthly benefit	1,133	1,144	2,829	4,650	7,297	6,327	3,565	3,722
	Average final average salary								6,576
	Number of retirees	10	291	299	181	209	50	17	1,057
2014	Average monthly benefit	1,252	1,279	3,186	5,258	8,228	7,304	3,964	4,195
	Average final average salary								6,489
	Number of retirees	12	293	295	179	211	48	15	1,053
2015	Average monthly benefit	1,075	1,323	3,260	5,244	8,247	7,342	4,612	4,237
	Average final average salary								6,520
	Number of retirees	14	312	309	190	226	49	16	1,116
2016	Average monthly benefit	828	1,311	3,289	5,425	8,287	7,366	4,709	4,311
	Average final average salary								6,613
	Number of retirees	12	311	307	198	230	48	17	1,123

\* Detailed information not available prior to fiscal year ending June 30, 2008.

## OPERATING INFORMATION

		CORP AVERAGE MONTHLY BENEFITS AND MEMBERSHIP IN RETIREMENT SYSTEM LAST TEN FISCAL YEARS							
YEAR ENDING JUNE 30,		YEARS OF CREDITED SERVICE BY CATEGORY							ALL MEMBERS
		<5	5-10	10-15	15-20	20-25	25-30	30+	
2007	Average monthly benefit								1,675
	Average final average salary								3,096
	Number of retirees								2,123
2008	Average monthly benefit	1,093	998	1,028	1,467	2,055	2,934	3,506	1,753
	Average final average salary								3,354
	Number of retirees	122	158	554	391	849	288	66	2,428
2009	Average monthly benefit	1,155	1,080	1,079	1,596	2,227	3,311	4,019	1,900
	Average final average salary								3,535
	Number of retirees	126	164	614	400	930	290	67	2,591
2010	Average monthly benefit	1,208	1,133	1,131	1,669	2,308	3,397	4,189	1,999
	Average final average salary								3,606
	Number of retirees	132	172	671	438	1,078	335	82	2,908
2011	Average monthly benefit	1,235	1,172	1,169	1,733	2,364	3,424	4,322	2,089
	Average final average salary								3,682
	Number of retirees	138	176	715	458	1,272	399	98	3,256
2012	Average monthly benefit	1,233	1,185	1,168	1,733	2,363	3,392	4,435	2,108
	Average final average salary								3,743
	Number of retirees	142	170	740	477	1,406	434	107	3,476
2013	Average monthly benefit	1,243	1,189	1,176	1,721	2,357	3,373	4,333	2,110
	Average final average salary								3,808
	Number of retirees	148	169	811	524	1,566	477	115	3,810
2014	Average monthly benefit	1,340	1,292	1,216	1,791	2,428	3,482	4,423	2,192
	Average final average salary								3,719
	Number of retirees	150	174	864	554	1,706	517	125	4,090
2015	Average monthly benefit	1,287	1,261	1,214	1,803	2,398	3,475	4,418	2,196
	Average final average salary								3,881
	Number of retirees	150	171	916	585	1,877	566	145	4,410
2016	Average monthly benefit	1,279	1,283	1,199	1,799	2,384	3,425	4,320	2,205
	Average final average salary								4,074
	Number of retirees	148	175	958	618	2,072	646	168	4,785

\* Detailed information not available prior to fiscal year ending June 30, 2008.

OPERATING INFORMATION

PSPRS 10 YEAR ESTIMATED CONTRIBUTION RATES (IN PERCENTAGE)										
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
PSPRS Aggregate	51.84	52.44	53.13	53.45	53.84	54.39	54.79	54.87	54.94	54.97
Dept. of Liquor Licenses and Control	93.83	94.77	94.72	94.10	94.30	94.87	95.03	94.77	94.52	94.19
Dept. of Public Safety	86.97	87.81	87.91	87.56	87.58	87.73	87.76	87.51	87.28	87.07
Northern Arizona University	58.35	58.83	58.76	57.93	57.99	58.19	58.03	57.91	57.92	57.99
University of Arizona	43.42	43.96	43.79	43.23	43.30	43.30	43.33	43.09	43.05	43.09
Arizona State University	39.57	39.98	39.89	39.60	39.61	39.90	40.07	39.97	39.88	39.57
Arizona Game and Fish Dept.	104.03	104.66	104.20	103.17	103.16	103.35	103.44	103.28	103.11	103.09
Attorney General Investigators	62.98	63.61	63.48	62.97	62.97	62.99	62.83	62.68	62.51	62.33
Dept. of Emergency and Military Affairs	31.22	31.51	31.26	30.73	30.90	31.22	31.48	31.46	31.51	31.59
Arizona State Parks Board	56.72	58.18	58.70	58.32	58.59	58.91	58.35	57.72	57.53	57.28

EORP 10 YEAR ESTIMATED CONTRIBUTION RATES (IN PERCENTAGE)										
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
EORP Aggregate	23.50	23.50	23.50	23.50	23.50	23.50	23.50	23.50	23.50	23.50
Counties and State	23.50	23.50	23.50	23.50	23.50	23.50	23.50	23.50	23.50	23.50
Cities and Towns	23.50	23.50	23.50	23.50	23.50	23.50	23.50	23.50	23.50	23.50

CORP 10 YEAR ESTIMATED CONTRIBUTION RATES (IN PERCENTAGE)										
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
CORP Aggregate	20.76	21.16	21.44	21.51	21.64	21.88	22.03	22.00	21.95	21.89
State Department of Corrections	20.83	20.95	21.18	21.24	21.34	21.55	21.68	21.64	21.61	21.56
Dept. of Public Safety - Dispatchers	22.95	23.57	24.41	24.85	25.35	26.03	26.50	26.63	26.74	26.83
Dept. of Public Safety - Detention	18.28	18.88	19.16	19.30	19.44	19.62	19.72	19.73	19.73	19.72
Administrative Offices of the Courts (AOC)	22.51	22.63	22.91	22.99	23.15	23.48	23.71	23.71	23.70	23.70
Dept. of Juvenile Corrections	31.03	31.36	31.80	32.00	32.24	32.58	32.78	32.76	32.73	32.71

*\*Estimated contribution rates for the next 10 years per Amended Statute 38-848.*

## OPERATING INFORMATION

SCHEDULE OF CHANGES IN REFUNDABLE MEMBER RESERVE BALANCES					
FISCAL YEAR ENDED JUNE 30, 2016					
PSPRS SYSTEM	2015 BALANCES	RESERVE TRANSFERS	CONTRIB RECEIVED	WITHDRAWN MEMBERS	2016 BALANCES
AK CHIN INDIAN COMM. FIRE DEPT.	1,184,659	(153,724)	251,248	0	1,282,183
AK CHIN INDIAN COMM. POLICE DEPT.	608,644	17,490	190,045	(10,704)	805,475
APACHE COUNTY SHERIFF'S DEPT.	1,126,377	7,922	194,438	(80,229)	1,248,508
APACHE JUNCTION POLICE DEPARTMENT	2,905,645	(276,740)	419,315	(96,673)	2,951,548
ARIZONA STATE PARK RANGERS	1,849,394	(383,317)	143,087	(63,930)	1,545,235
ASU PD PSPRS LOCAL BOARD	3,192,755	45,857	616,394	0	3,855,006
ATTORNEY GENERAL INVESTIGATORS	807,280	45,046	185,221	(37,598)	999,949
AVONDALE FIRE DEPARTMENT	4,539,071	(38,961)	729,183	(63,609)	5,165,684
AVONDALE POLICE DEPARTMENT	5,471,350	(378,665)	932,789	(150,882)	5,874,592
AVRA VALLEY FIRE DISTRICT	742,220	(68,046)	213,270	0	887,445
AZ DPT. LIQ. LIC. & CONTROL INVST	737,057	0	69,580	0	806,637
BENSON FIRE DEPARTMENT	93,791	0	7,984	0	101,775
BENSON POLICE DEPARTMENT	523,761	(48,317)	84,768	(10,729)	549,484
BISBEE FIRE DEPARTMENT	566,217	(41,578)	107,983	(10,953)	621,668
BISBEE POLICE DEPARTMENT	443,654	(17,426)	68,545	(10,315)	484,459
BLACK CANYON FIRE DISTRICT	225,157	(17,847)	41,039	0	248,350
BUCKEYE FIRE DEPARTMENT	4,851,665	(75,543)	916,577	0	5,692,700
BUCKEYE POLICE DEPARTMENT	4,457,465	(101,781)	868,827	(244,140)	4,980,371
BUCKEYE VALLEY FIRE DISTRICT	2,640,993	(253,165)	488,975	0	2,876,803
BUCKSKIN FIRE DISTRICT	537,491	(36,213)	123,553	0	624,830
BULLHEAD CITY FIRE DEPARTMENT	5,398,754	(7,455)	610,443	(158,867)	5,842,874
BULLHEAD CITY POLICE DEPARTMENT	4,300,384	(200,427)	550,490	(77,949)	4,572,498
CAMP VERDE FIRE DISTRICT	1,243,146	(172,093)	188,869	0	1,259,922
CAMP VERDE MARSHALL'S	583,239	(12,614)	248,471	(39,674)	779,423
CASA GRANDE FIRE DEPARTMENT	3,828,988	(252,945)	521,437	(14,471)	4,083,009
CASA GRANDE POLICE DEPARTMENT	4,429,060	(258,495)	726,673	(72,163)	4,825,075
CAVE CREEK MARSHALS	69,411	0	11,673	0	81,084
CENTRAL AZ. COLLEGE POLICE DEPT.	183,294	0	38,175	0	221,469
CENTRAL YAVAPAI FIRE DISTRICT	5,616,688	(358,083)	758,771	0	6,017,376
CHANDLER FIRE DEPARTMENT	17,566,480	(969,018)	2,140,037	0	18,737,499
CHANDLER POLICE DEPARTMENT	26,566,747	(2,651,063)	3,633,359	(3,260)	27,545,783
CHINO VALLEY FIRE DISTRICT	1,824,764	(179,877)	261,064	(15,858)	1,890,093
CHINO VALLEY POLICE DEPARTMENT	924,112	(37,865)	145,561	0	1,031,807
CHRISTOPHER-KOHL'S FIRE DISTRICT	114,314	24,111	31,820	0	170,245
CITY OF MARICOPA - FIRE	3,449,259	(46,210)	581,920	(104,460)	3,880,509
CITY OF MARICOPA (POLICE DEPT.)	2,231,989	(214,074)	487,208	0	2,505,124
CLARKDALE FIRE DISTRICT	331,910	(59,978)	47,908	0	319,840
CLARKDALE POLICE DEPARTMENT	263,398	(155,918)	92,595	(6,169)	193,906
CLIFTON FIRE DEPARTMENT	0	0	0	0	0
CLIFTON POLICE DEPARTMENT	102,182	0	42,355	0	144,538

OPERATING INFORMATION

SCHEDULE OF CHANGES IN REFUNDABLE MEMBER RESERVE BALANCES					
FISCAL YEAR ENDED JUNE 30, 2016					
PSPRS SYSTEM	2015 BALANCES	RESERVE TRANSFERS	CONTRIB RECEIVED	WITHDRAWN MEMBERS	2016 BALANCES
COCHISE COUNTY SHERIFF'S DEPT	3,766,779	(1,461)	542,026	(8,545)	4,298,799
COCONINO COUNTY SHERIFF'S DEPT	2,558,397	(189,626)	366,754	(15,750)	2,719,775
COOLIDGE FIRE DEPARTMENT	104,532	52,544	33,645	0	190,720
COOLIDGE POLICE DEPARTMENT	1,226,881	(230,450)	202,170	(14,966)	1,183,636
CORONA DE TUCSON FIRE DISTRICT	617,883	0	126,500	(163,427)	580,956
COTTONWOOD FIRE DEPARTMENT	1,298,016	(147,633)	195,245	0	1,345,628
COTTONWOOD POLICE DEPARTMENT	1,471,479	(177,744)	235,544	0	1,529,279
DAISY MOUNTAIN FIRE DISTRICT	6,169,460	(125,717)	1,089,704	(118,688)	7,014,759
DEPARTMENT OF EMER & MILITARY AFF	1,898,330	(30,761)	271,136	(35,475)	2,103,231
DEPARTMENT OF PUBLIC SAFETY	34,066,590	(3,342,459)	5,328,026	(166,778)	35,885,379
DESERT HILLS FIRE DEPARTMENT	559,798	(76,321)	132,346	(43,241)	572,581
DOUGLAS FIRE DEPARTMENT	1,164,951	(1,247)	184,516	(30,676)	1,317,544
DOUGLAS POLICE DEPARTMENT	1,559,878	(155,061)	263,157	(47,603)	1,620,372
DREXEL HEIGHTS FIRE DISTRICT	4,247,744	(417,086)	521,488	(80,727)	4,271,418
EAGAR POLICE DEPARTMENT	425,266	(191,548)	40,357	0	274,075
EL MIRAGE FIRE DEPARTMENT	1,295,098	(161,510)	202,337	0	1,335,925
EL MIRAGE POLICE DEPARTMENT	2,148,710	15,112	346,149	(67,895)	2,442,076
ELOY FIRE DISTRICT	1,178,126	(26,158)	231,094	(41,464)	1,341,597
ELOY POLICE DEPARTMENT	1,685,331	(122,990)	209,336	(7,217)	1,764,459
FLAGSTAFF FIRE DEPARTMENT	5,758,195	(243,359)	669,429	0	6,184,265
FLAGSTAFF POLICE DEPARTMENT	5,784,815	(247,285)	1,147,170	(165,552)	6,519,147
FLORENCE FIRE DEPARTMENT	1,208,836	(95,632)	189,829	(9,895)	1,293,139
FLORENCE POLICE DEPARTMENT	1,089,262	(80,260)	215,558	0	1,224,560
FORT MCDOWELL TRIBAL FIRE DEPT.	639,705	(93,785)	100,121	(40,498)	605,542
FORT MCDOWELL TRIBAL POLICE DEPT.	1,277,296	(16,441)	198,104	(73,569)	1,385,390
FORT MOJAVE MESA FIRE DISTRICT	1,609,547	0	243,855	(61,070)	1,792,331
FORT MOJAVE TRIBAL POLICE DEPT.	916,645	(67,894)	155,361	(144,761)	859,351
FREDONIA MARSHALS	94,705	0	14,878	(7,159)	102,424
FRY FIRE DISTRICT	2,049,883	(243,350)	419,779	(3,105)	2,223,207
GAME AND FISH DEPARTMENT	7,230,013	(593,360)	784,969	(31,367)	7,390,255
GILA COUNTY SHERIFF'S DEPARTMENT	1,601,040	(105,453)	243,186	0	1,738,773
GILA RIVER FIRE DEPARTMENT	3,227,489	(108,644)	539,681	(69,496)	3,589,030
GILA RIVER POLICE DEPARTMENT	5,404,949	(410,183)	995,672	(447,110)	5,543,329
GILBERT FIRE DEPARTMENT	14,704,708	(124,078)	1,792,809	0	16,373,439
GILBERT POLICE DEPARTMENT	16,220,541	(887,500)	2,243,118	(248,185)	17,327,975
GLENDALE FIRE DEPARTMENT	20,956,053	(1,240,786)	2,648,865	0	22,364,133
GLENDALE POLICE DEPARTMENT	29,682,582	(838,553)	4,299,358	(112,823)	33,030,564
GLOBE FIRE DEPARTMENT	785,555	(136,772)	109,165	(14,221)	743,727
GLOBE POLICE DEPARTMENT	935,653	(193,306)	122,776	(40,778)	824,346
GOLDEN SHORES FIRE DISTRICT	295,404	(4,193)	54,183	(59,220)	286,175



OPERATING INFORMATION

SCHEDULE OF CHANGES IN REFUNDABLE MEMBER RESERVE BALANCES					
FISCAL YEAR ENDED JUNE 30, 2016					
PSPRS SYSTEM	2015 BALANCES	RESERVE TRANSFERS	CONTRIB RECEIVED	WITHDRAWN MEMBERS	2016 BALANCES
GOLDEN VALLEY FIRE DISTRICT	1,043,028	(240,862)	179,021	(112,414)	868,773
GOLDER RANCH FIRE DISTRICT	7,030,852	19,778	1,168,274	(45,871)	8,173,033
GOODYEAR FIRE DEPARTMENT	6,587,657	(27,676)	992,221	0	7,552,202
GOODYEAR POLICE DEPARTMENT	5,470,790	(348,714)	885,129	(31,491)	5,975,714
GRAHAM COUNTY SHERIFF'S DEPT.	860,664	22,321	120,677	(19,560)	984,102
GREEN VALLEY FIRE DISTRICT	2,910,326	(221,451)	477,754	(42,686)	3,123,942
GREENLEE CNTY ATTY INVESTIGATORS	0	16,423	1,596	0	18,020
GREENLEE COUNTY SHERIFF'S DEPT.	635,914	(33,389)	116,399	0	718,925
GROOM CREEK FIRE DISTRICT	239,742	11,104	57,877	0	308,723
GUADALUPE FIRE DEPARTMENT	307,194	0	36,288	0	343,482
HARQUAHALA FIRE DISTRICT	426,817	(27,270)	90,462	0	490,009
HAYDEN POLICE DEPARTMENT	167,982	(10,085)	36,703	(3,214)	191,386
HEBER-OVERGAARD FIRE DISTRICT	515,107	0	106,149	0	621,256
HELLSGATE FIRE DISTRICT	317,018	0	74,348	0	391,365
HIGHLANDS FIRE DISTRICT	1,074,435	0	200,751	0	1,275,186
HOLBROOK POLICE DEPARTMENT	461,506	54,154	83,917	0	599,576
HUACHUCA CITY POLICE DEPARTMENT	163,065	21,670	41,048	0	225,783
HUALAPAI INDIAN TRIBE POLICE DEPT	610,284	35,105	126,790	0	772,179
JEROME POLICE DEPARTMENT	104,350	(13,002)	19,027	0	110,375
KEARNY POLICE DEPARTMENT	80,865	(33,092)	16,910	(19,965)	44,718
KINGMAN FIRE DEPARTMENT	3,141,803	(695,668)	341,001	0	2,787,136
KINGMAN POLICE DEPARTMENT	2,634,023	(160,248)	384,936	(46,196)	2,812,514
LA PAZ COUNTY ATTY. INVESTIGATORS	0	0	0	0	0
LA PAZ COUNTY SHERIFF'S DEPT.	983,018	39,186	343,870	(50,516)	1,315,559
LAKE HAVASU CITY FIRE DEPARTMENT	4,429,606	(12,757)	628,285	(89,132)	4,956,002
LAKE HAVASU CITY POLICE DEPT.	4,345,681	(236,087)	595,760	(149,065)	4,556,289
LAKE MOHAVE RANCHOS FIRE DISTRICT	142,072	68,653	24,742	(10,985)	224,482
MAMMOTH POLICE DEPARTMENT	92,233	(5,953)	8,920	(3,998)	91,203
MARANA POLICE DEPARTMENT	3,759,960	59,470	672,181	(108,633)	4,382,978
MARICOPA CNTY ATTY INVESTIGATORS	844,039	0	217,009	0	1,061,047
MARICOPA COUNTY PARK RANGERS	24,132	0	0	0	24,132
MARICOPA COUNTY SHERIFF'S OFFICE	46,506,625	(2,855,456)	6,635,173	(247,826)	50,038,516
MAYER FIRE DISTRICT	812,750	47,532	106,935	(86,349)	880,868
MESA FIRE DEPARTMENT	34,680,890	(2,141,653)	4,395,503	(7,296)	36,927,442
MESA POLICE DEPARTMENT	59,824,061	(4,747,680)	8,156,996	(209,847)	63,023,530
MIAMI POLICE DEPARTMENT	267,018	62,132	28,900	(108)	357,942
MOHAVE COUNTY SHERIFF'S DEPT.	4,153,036	(596,804)	510,843	(68,420)	3,998,656
MOHAVE VALLEY FIRE DISTRICT	1,261,377	(26,799)	205,449	0	1,440,027
MONTEZUMA RIMROCK FIRE DISTRICT	324,003	(44,128)	66,635	0	346,510
MOUNT LEMMON FIRE DISTRICT	176,851	0	33,977	(35,926)	174,901

OPERATING INFORMATION

SCHEDULE OF CHANGES IN REFUNDABLE MEMBER RESERVE BALANCES					
FISCAL YEAR ENDED JUNE 30, 2016					
PSPRS SYSTEM	2015 BALANCES	RESERVE TRANSFERS	CONTRIB RECEIVED	WITHDRAWN MEMBERS	2016 BALANCES
QUEEN CREEK FIRE DEPARTMENT	1,343,880	98,418	284,138	(43,974)	1,682,462
QUEEN VALLEY FIRE DISTRICT	84,443	0	14,441	0	98,884
RINCON VALLEY FIRE DISTRICT	1,382,362	(81,479)	239,817	(30,427)	1,510,274
RIO RICO FIRE DISTRICT	1,102,743	(161,355)	207,054	(37,327)	1,111,114
RIO VERDE FIRE DISTRICT	1,101,362	525	161,871	0	1,263,757
SAFFORD POLICE DEPARTMENT	1,282,220	(42,441)	159,315	0	1,399,094
SAHUARITA POLICE DEPARTMENT	2,090,161	12,579	344,000	(21,632)	2,425,108
SALT RIVER PIMA-MARICOPA FIRE	5,182,445	(190,702)	795,527	(15,616)	5,771,653
SALT RIVER PIMA-MARICOPA POLICE	5,417,093	(142,066)	1,080,862	(53,350)	6,302,539
SAN CARLOS TRIBAL POLICE DEPT.	768,824	(11,742)	237,370	(78,888)	915,565
SAN LUIS FIRE DEPARTMENT	1,072,100	(81,304)	207,731	0	1,198,526
SAN LUIS POLICE DEPARTMENT	1,312,064	(179,529)	207,745	0	1,340,280
SANTA CRUZ COUNTY SHERIFF'S DEPT.	1,679,273	(137,742)	201,552	(72,645)	1,670,438
SCOTTSDALE FIRE DEPARTMENT	20,492,702	(417,556)	2,693,382	(49,017)	22,719,512
SCOTTSDALE POLICE DEPARTMENT	31,821,966	(1,052,757)	4,230,093	(272,865)	34,726,437
SEDONA FIRE DISTRICT	4,746,568	(177,997)	736,922	0	5,305,493
SEDONA POLICE DEPARTMENT	1,115,254	(157,729)	182,485	(9,542)	1,130,468
SHOW LOW POLICE DEPARTMENT	1,491,956	(43,046)	232,542	0	1,681,452
SIERRA VISTA FIRE DEPARTMENT	2,546,689	(184,455)	350,230	(19,430)	2,693,035
SIERRA VISTA POLICE DEPARTMENT	3,591,089	(283,570)	626,104	(45,516)	3,888,108
SNOWFLAKE POLICE DEPARTMENT	444,222	(21,957)	74,644	0	496,909
SOMERTON FIRE DEPARTMENT	705,446	(42,602)	101,848	0	764,692
SOMERTON POLICE DEPARTMENT	832,732	(1,252)	122,642	(72,153)	881,968
SONOITA ELGIN FIRE DEPARTMENT	159,461	28,738	58,669	0	246,868
SOUTH TUCSON FIRE DEPARTMENT	210,487	0	17,377	0	227,864
SOUTH TUCSON POLICE DEPARTMENT	577,000	48,135	91,595	(10,564)	706,165
SPRINGVILLE POLICE DEPARTMENT	300,046	0	46,406	0	346,453
ST. JOHNS POLICE DEPARTMENT	187,843	6,300	35,342	0	229,485
SUMMIT FIRE DISTRICT	2,026,469	(240,247)	266,970	0	2,053,192
SUN CITY FIRE DISTRICT	5,299,559	(401,444)	486,770	0	5,384,886
SUN LAKES FIRE DISTRICT	2,864,615	(533,917)	412,746	0	2,743,444
SUN SITES PEARCE FIRE DISTRICT	191,989	0	36,507	0	228,495
SUPERIOR POLICE DEPARTMENT	203,107	(40,072)	42,490	0	205,525
SUPERSTITION FIRE AND MEDICAL DIS	6,318,678	32,090	838,526	0	7,189,294
SURPRISE FIRE DEPARTMENT	7,779,069	24,416	1,188,041	0	8,991,526
SURPRISE POLICE DEPARTMENT	7,482,879	(806,842)	1,496,064	0	8,172,101
TEMPE FIRE DEPARTMENT	14,225,120	(939,481)	1,620,334	0	14,905,973
TEMPE POLICE DEPARTMENT	26,943,328	(2,481,117)	3,597,316	(145,390)	27,914,137
THATCHER POLICE DEPARTMENT	600,379	(15,005)	88,964	0	674,338
THREE POINTS FIRE DISTRICT	639,639	0	207,683	(28,129)	819,192

## OPERATING INFORMATION

SCHEDULE OF CHANGES IN REFUNDABLE MEMBER RESERVE BALANCES					
FISCAL YEAR ENDED JUNE 30, 2016					
PSPRS SYSTEM	2015 BALANCES	RESERVE TRANSFERS	CONTRIB RECEIVED	WITHDRAWN MEMBERS	2016 BALANCES
NAU CAMPUS POLICE	741,382	51,776	124,352	0	917,511
NAVAJO COUNTY ATTY'S INVESTIGATOR	0	0	0	0	0
NAVAJO COUNTY SHERIFF'S DEPT.	1,605,473	(173,059)	295,080	(57,926)	1,669,568
NOGALES FIRE DEPARTMENT	2,603,631	(146,593)	279,990	(22,798)	2,714,230
NOGALES POLICE DEPARTMENT	2,928,034	(49,169)	381,314	0	3,260,179
NORTH COUNTY FIRE & MEDICAL DISTR	4,405,143	108,666	625,065	0	5,138,874
NORTHERN AZ. CONSOLIDATED FD #1	1,152,049	(118,270)	144,970	(54,195)	1,124,555
NORTHWEST FIRE DISTRICT	12,366,883	(168,951)	1,741,594	0	13,939,526
ORACLE FIRE DISTRICT	172,038	(27,667)	35,712	(10,370)	169,713
ORO VALLEY POLICE DEPT.	6,475,290	(217,869)	840,020	0	7,097,442
PAGE FIRE DEPARTMENT	504,130	(18,513)	102,410	(53,203)	534,824
PAGE POLICE DEPARTMENT	567,118	(84,980)	107,532	(105,620)	484,049
PALOMINAS FIRE DISTRICT	99,762	70,806	54,911	0	225,478
PARADISE VALLEY POLICE DEPARTMENT	2,081,487	(152,397)	312,821	0	2,241,910
PARKER POLICE DEPARTMENT	441,047	(27,782)	69,385	0	482,649
PASCUA YAQUI TRIBE FIRE DEPT.	1,146,602	1,826	182,692	0	1,331,119
PASCUA YAQUI TRIBE POLICE DEPT.	1,492,212	(66,452)	328,887	0	1,754,648
PATAGONIA MARSHALS	73,394	0	15,649	0	89,042
PAYSON FIRE DEPARTMENT	1,420,872	(188,677)	232,627	(45,995)	1,418,827
PAYSON POLICE DEPARTMENT	1,473,300	(369,398)	174,830	(12,013)	1,266,720
PEORIA FIRE DEPARTMENT	11,533,184	(46,256)	1,375,202	0	12,862,129
PEORIA POLICE DEPARTMENT	11,580,431	(581,581)	1,732,502	(271,243)	12,460,109
PHOENIX FIRE DEPARTMENT	151,691,759	(13,363,326)	16,039,045	(346,856)	154,020,621
PHOENIX POLICE DEPARTMENT	270,686,741	(22,169,893)	31,060,936	(959,548)	278,618,235
PICTURE ROCKS FIRE DISTRICT	564,010	(60,487)	87,023	(112,017)	478,529
PIMA COUNTY ATTORNEY INVESTIGATOR	236,182	0	16,347	0	252,530
PIMA COUNTY COMM. COLLEGE POLICE	1,265,308	(116,500)	201,857	(27,479)	1,323,187
PIMA COUNTY SHERIFF'S DEPARTMENT	19,136,079	(1,107,295)	2,834,980	(304,379)	20,559,385
PIMA POLICE DEPARTMENT	75,556	30,777	22,708	0	129,041
PINAL COUNTY SHERIFF'S DEPARTMENT	10,552,214	(560,312)	1,486,855	(286,998)	11,191,760
PINE-STRAWBERRY FIRE DISTRICT	941,246	0	141,283	0	1,082,530
PINETOP FIRE DISTRICT	1,360,227	0	248,937	0	1,609,165
PINETOP-LAKESIDE POLICE DEPT.	564,463	(36,673)	80,710	0	608,500
PINEWOOD FIRE DISTRICT	729,381	6,195	141,060	0	876,636
PONDEROSA FIRE DISTRICT	36,708	21,758	32,504	(8,625)	82,345
PRESCOTT FIRE DEPARTMENT	3,822,203	(250,504)	441,178	0	4,012,876
PRESCOTT POLICE DEPARTMENT	3,498,075	(408,004)	465,547	(83,320)	3,472,298
PRESCOTT VALLEY POLICE DEPARTMENT	3,152,120	(66,602)	519,203	(23,458)	3,581,262
QUARTZSITE FIRE DISTRICT	305,054	0	61,150	0	366,204
QUARTZSITE POLICE DEPARTMENT	282,998	(105,162)	57,606	(57,659)	177,783

OPERATING INFORMATION

SCHEDULE OF CHANGES IN REFUNDABLE MEMBER RESERVE BALANCES					
FISCAL YEAR ENDED JUNE 30, 2016					
PSPRS SYSTEM	2015 BALANCES	RESERVE TRANSFERS	CONTRIB RECEIVED	WITHDRAWN MEMBERS	2016 BALANCES
TIMBER MESA FIRE AND MEDICAL DIST	3,035,563	(68,502)	515,430	(62,518)	3,419,973
TOHONO O'ODHAM NATION FIRE DEPT.	1,741,376	(45,021)	291,661	(37,090)	1,950,926
TOHONO O'ODHAM NATION POLICE DEPT	2,896,548	(171,152)	528,745	(70,115)	3,184,027
TOLLESON FIRE DEPARTMENT	2,567,293	103,441	295,993	0	2,966,726
TOLLESON POLICE DEPARTMENT	1,336,572	(23,296)	238,489	(854)	1,550,912
TOMBSTONE MARSHAL'S DEPARTMENT	164,059	(40,846)	26,346	0	149,559
TONOPAH VALLEY FIRE DISTRICT	259,775	(10,871)	63,068	0	311,973
TOWN OF SUPERIOR (FIRE DEPT)	114,908	(2,978)	24,054	0	135,985
TRI-CITY FIRE DISTRICT	783,473	8,238	174,216	0	965,927
TUBAC FIRE DISTRICT	1,322,454	(51,309)	205,184	0	1,476,329
TUCSON AIRPORT AUTHORITY FIRE DPT	1,035,392	(49,709)	133,036	0	1,118,719
TUCSON AIRPORT AUTHORITY POLICE	1,463,765	(175,048)	172,693	0	1,461,410
TUCSON FIRE	36,314,127	(5,693,699)	5,209,851	(140,390)	35,689,888
TUCSON POLICE	52,743,123	(6,402,368)	8,187,736	(632,057)	53,896,434
U OF A CAMPUS POLICE DEPARTMENT	3,713,367	(307,647)	427,983	(28,025)	3,805,678
VERDE VALLEY FIRE DISTRICT	1,635,250	16,401	234,014	(139,517)	1,746,148
WELLTON POLICE	146,537	(21,591)	30,538	0	155,484
WHETSTONE FIRE DISTRICT	124,774	(61,513)	26,864	0	90,125
WICKENBURG FIRE DEPARTMENT	349,549	0	86,662	0	436,211
WICKENBURG POLICE DEPARTMENT	568,852	(71,297)	124,271	0	621,827
WILLCOX POLICE DEPARTMENT	424,818	(142,984)	55,731	0	337,565
WILLIAMS POLICE DEPARTMENT	293,197	0	66,794	(14,795)	345,196
WILLIAMSON VALLEY FIRE DISTRICT	409,126	(59,630)	152,340	0	501,836
WINSLOW FIRE DEPARTMENT	244,751	(107,066)	46,204	0	183,890
WINSLOW POLICE DEPARTMENT	1,120,159	(166,128)	132,509	(48,344)	1,038,195
WITTMANN FIRE & MEDICAL DISTRICT	330,642	8,629	67,406	0	406,677
YAVAPAI CNTY ATTRNY INVESTIGATORS	0	0	0	0	0
YAVAPAI COUNTY SHERIFF'S DEPT.	6,184,032	(521,864)	832,840	(10,741)	6,484,267
YAVAPAI PRESCOTT TRIBAL POLICE	173,670	80,221	52,519	(31,235)	275,174
YOUNGTOWN POLICE DEPARTMENT	41,599	0	3,922	(38,640)	6,882
YUMA COUNTY SHERIFF'S DEPARTMENT	4,208,569	(631,793)	578,796	(32,703)	4,122,869
YUMA FIRE DEPARTMENT	6,867,628	(346,373)	947,173	0	7,468,429
YUMA POLICE DEPARTMENT	9,110,527	(1,286,005)	1,286,467	(243,279)	8,867,710
<b>TOTALS</b>	<b>1,345,966,186</b>	<b>(95,659,737)</b>	<b>182,009,622</b>	<b>(10,413,861)</b>	<b>1,421,902,209</b>

OPERATING INFORMATION

SCHEDULE OF CHANGES IN REFUNDABLE MEMBER RESERVE BALANCES					
FISCAL YEAR ENDED JUNE 30, 2016					
CORP PLAN	2015 BALANCES	RESERVE TRANSFERS	CONTRIB RECEIVED	WITHDRAWN MEMBERS	2016 BALANCES
DEPARTMENT OF CORRECTIONS	210,436,342	(15,547,018)	27,823,665	(11,530,960)	211,182,029
DEPT OF JUVENILE CORRECTIONS	13,026,009	(1,185,622)	1,530,784	(951,140)	12,420,032
PINAL COUNTY - CORP	6,765,699	(882,690)	682,808	(329,776)	6,236,041
GILA COUNTY - CORP	1,216,606	(130,249)	187,968	(85,331)	1,188,994
GRAHAM COUNTY - DETENTION	508,790	(845)	104,762	(82,578)	530,129
MARICOPA COUNTY - CORP	63,781,538	(3,975,903)	8,277,119	(3,263,184)	64,819,569
CITY OF AVONDALE - DETENTION	399,672	17,270	43,964	(44,094)	416,811
YUMA COUNTY - CORP	2,852,389	8,473	426,930	(516,058)	2,771,734
PIMA COUNTY - CORP	12,775,315	(867,985)	1,729,770	(494,744)	13,142,355
APACHE COUNTY - CORP	321,277	(25,442)	53,178	(92,613)	256,399
COCHISE COUNTY - CORP	1,355,456	(208,749)	197,513	(62,725)	1,281,494
COCONINO COUNTY - CORP	2,035,790	(184,203)	318,137	(42,483)	2,127,241
MOHAVE COUNTY - CORP	1,547,861	(187,982)	331,483	(165,325)	1,526,037
SANTA CRUZ COUNTY - CORP	446,295	(21,725)	73,036	(88,899)	408,707
NAVAJO COUNTY - CORP	709,036	(65,116)	130,513	(72,453)	701,981
YAVAPAI COUNTY - CORP	3,765,373	(5,367)	590,516	(208,532)	4,141,991
PINAL COUNTY - DISPATCHERS	503,079	(63,690)	34,058	(62,797)	410,649
ORO VALLEY - DISPATCHERS	300,958	(63,881)	18,982	0	256,059
TOWN OF MARANA - DISPATCHERS	356,943	0	32,623	(28,043)	361,523
GILA COUNTY - DISPATCHERS	245,615	0	20,184	(26,113)	239,686
TOWN OF WICKENBURG-DISPATCHEERS	89,157	0	10,447	0	99,604
GRAHAM COUNTY - DISPATCHERS	160,749	0	14,206	(18,812)	156,143
YAVAPAI COUNTY - DISPATCHERS	135,137	0	13,442	(6,208)	142,371
CITY OF SOMERTON - DISPATCHERS	141,131	0	11,478	0	152,609
DEPARTMENT OF PUBLIC SAFETY	2,224,270	(104,833)	175,309	(226,962)	2,067,784
DEPARTMENT OF PUBLIC SAFETY DETENTION	33,524	33,650	5,572	(19,804)	52,942
<b>TOTALS CORP</b>	<b>326,134,012</b>	<b>(23,461,909)</b>	<b>42,838,447</b>	<b>(18,419,636)</b>	<b>327,090,915</b>
CORP-AOC PLAN	2015 BALANCES	RESERVE TRANSFERS	CONTRIB RECEIVED	WITHDRAWN MEMBERS	2016 BALANCES
ADMIN. OFFICE OF THE COURT	82,383,224	(7,067,305)	9,290,604	(1,654,073)	82,952,449
<b>TOTALS CORP-AOC</b>	<b>82,383,224</b>	<b>(7,067,305)</b>	<b>9,290,604</b>	<b>(1,654,073)</b>	<b>82,952,449</b>

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES  
FISCAL YEAR ENDED JUNE 30, 2016

PSPRS SYSTEM	2015	GASB 68	RESERVE	CONTRIB	FIRE TAX	ADDITIONAL
AK CHIN INDIAN COMM. FIRE DEPT.	4,139,767	33	(131,935)	360,020		
AK CHIN INDIAN COMM. POLICE DEPT.	2,150,913	17	29,823	248,371		
APACHE COUNTY SHERIFF'S DEPT.	2,467,239	20	(4,069)	881,064		
APACHE JUNCTION POLICE DEPARTMENT	8,629,506	69	309,073	1,534,907		
ARIZONA STATE PARK RANGERS	7,406,729	60	383,317	525,067		
ASU PD PSPRS LOCAL BOARD	11,753,837	94	132,866	1,972,504		
ATTORNEY GENERAL INVESTIGATORS	3,521,685	28	333,856	1,454,840		
AVONDALE FIRE DEPARTMENT	12,627,183	102	(45,671)	799,534	141,053	
AVONDALE POLICE DEPARTMENT	14,499,024	117	(1,551)	1,683,672		
AVRA VALLEY FIRE DISTRICT	2,685,724	22	7,551	224,804	14,258	
AZ DPT. LIQ. LIC. & CONTROL INVST	2,962,610	24		428,147		
BENSON FIRE DEPARTMENT	347,785	3		404	10,089	
BENSON POLICE DEPARTMENT	1,560,313	13	(18,002)	191,584		
BISBEE FIRE DEPARTMENT	(53,304)	(0)	(22,424)	803,698	12,920	
BISBEE POLICE DEPARTMENT	740,163	6	153	552,417		
BLACK CANYON FIRE DISTRICT	592,213	5	(621)	33,427	3,684	
BUCKEYE FIRE DEPARTMENT	11,522,164	93	(31,324)	1,082,153	147,779	
BUCKEYE POLICE DEPARTMENT	11,230,178	90	214,763	1,435,056		
BUCKEYE VALLEY FIRE DISTRICT	6,314,551	51	(103,669)	467,755	39,647	
BUCKSKIN FIRE DISTRICT	1,282,389	10	(24,955)	431,870	17,799	
BULLHEAD CITY FIRE DEPARTMENT	22,034,188	177	380	1,195,256	86,783	360,363
BULLHEAD CITY POLICE DEPARTMENT	15,948,274	128	202,264	1,391,558		
CAMP VERDE FIRE DISTRICT	3,883,313	31	(31,846)	285,086	19,159	
CAMP VERDE MARSHALL'S	2,561,010	21	(4,980)	267,840		
CASA GRANDE FIRE DEPARTMENT	10,502,032	84	285,977	1,109,010	98,968	121,613
CASA GRANDE POLICE DEPARTMENT	12,465,379	100	157,808	2,316,222		2,171
CAVE CREEK MARSHALS	165,376	1		15,280		
CENTRAL AZ. COLLEGE POLICE DEPT.	503,093	4		65,732		
CENTRAL YAVAPAI FIRE DISTRICT	18,661,994	150	490,164	1,964,089	189,410	
CHANDLER FIRE DEPARTMENT	56,018,672	450	1,007,515	3,840,953	831,224	
CHANDLER POLICE DEPARTMENT	84,751,949	681	2,889,049	8,727,946		136
CHINO VALLEY FIRE DISTRICT	6,521,584	52	179,877	434,156	36,180	1,500
CHINO VALLEY POLICE DEPARTMENT	3,298,634	27	(11,507)	269,502		
CHRISTOPHER-KOHL'S FIRE DISTRICT	301,943	2	(8,314)	34,630	6,121	
CITY OF MARICOPA - FIRE	7,935,605	64	(49,656)	699,815	95,311	
CITY OF MARICOPA (POLICE DEPT.)	5,698,946	46	26,710	584,950		
CLARKDALE FIRE DISTRICT	758,313	6	(33,368)	41,272		
CLARKDALE POLICE DEPARTMENT	1,454,407	12	170,093	111,130		
CLIFTON FIRE DEPARTMENT	99,878	1				20,000
CLIFTON POLICE DEPARTMENT	516,250	4		37,593		

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES (cont)  
FISCAL YEAR ENDED JUNE 30, 2016

PSPRS SYSTEM	PENSION	DROP	ENHANCED	DIST. OF	DIST. OF	2016	2015
AK CHIN INDIAN COMM. FIRE DEPT.	(177,665)			30,835	(4,837)	4,216,219	1,393,429
AK CHIN INDIAN COMM. POLICE DEPT.	(102,440)		(166)	17,203	(2,875)	2,340,847	259,714
APACHE COUNTY SHERIFF'S DEPT.	(788,588)		(63,338)	20,966	(3,417)	2,509,877	9,704,311
APACHE JUNCTION POLICE DEPARTMENT	(1,573,831)	(1,048,955)	(49,694)	65,053	(9,761)	7,856,368	19,133,113
ARIZONA STATE PARK RANGERS	(632,810)	(1,111,346)	(42,774)	50,660	(7,690)	6,571,213	6,139,265
ASU PD PSPRS LOCAL BOARD	(1,664,659)			90,516	(13,425)	12,271,735	16,600,902
ATTORNEY GENERAL INVESTIGATORS	(1,337,039)	(485,038)		23,539	(3,787)	3,508,085	12,315,810
AVONDALE FIRE DEPARTMENT	(338,708)		(66,725)	102,392	(15,134)	13,204,027	3,830,770
AVONDALE POLICE DEPARTMENT	(1,031,948)		(78,396)	118,764	(17,489)	15,172,193	10,738,204
AVRA VALLEY FIRE DISTRICT	(130,615)			20,638	(3,370)	2,819,013	84,087
AZ DPT. LIQ. LIC. & CONTROL INVST	(543,983)			21,434	(3,484)	2,864,748	6,632,570
BENSON FIRE DEPARTMENT				2,580	(771)	360,089	25,624
BENSON POLICE DEPARTMENT	(214,909)		(322)	11,938	(2,118)	1,528,497	1,946,894
BISBEE FIRE DEPARTMENT	(827,006)			3,065	(841)	(83,892)	10,125,657
BISBEE POLICE DEPARTMENT	(670,738)	(66)	(309)	6,838	(1,384)	627,079	8,090,362
BLACK CANYON FIRE DISTRICT				4,887	(1,103)	632,491	(163,654)
BUCKEYE FIRE DEPARTMENT				100,160	(14,812)	12,806,212	744,694
BUCKEYE POLICE DEPARTMENT	(647,194)		(223,855)	93,818	(13,900)	12,088,955	7,594,916
BUCKEYE VALLEY FIRE DISTRICT	(60,533)			53,292	(8,069)	6,703,026	(443,467)
BUCKSKIN FIRE DISTRICT	(364,454)			10,898	(1,968)	1,351,590	4,428,203
BULLHEAD CITY FIRE DEPARTMENT	(997,928)		(113,191)	162,095	(23,725)	22,704,398	12,991,546
BULLHEAD CITY POLICE DEPARTMENT	(1,698,091)	(341,637)	(54,156)	118,139	(17,400)	15,549,080	17,840,772
CAMP VERDE FIRE DISTRICT	(184,677)			29,870	(4,698)	3,996,237	782,327
CAMP VERDE MARSHALL'S	(264,036)		(43,463)	18,359	(3,042)	2,531,709	1,951,822
CASA GRANDE FIRE DEPARTMENT	(1,099,762)		(434)	88,738	(13,169)	11,093,058	10,566,583
CASA GRANDE POLICE DEPARTMENT	(2,003,301)	(687,337)	(50,957)	105,517	(15,583)	12,290,021	25,269,974
CAVE CREEK MARSHALS				1,438	(607)	181,489	51,318
CENTRAL AZ. COLLEGE POLICE DEPT.	(44,926)			4,150	(997)	527,057	338,771
CENTRAL YAVAPAI FIRE DISTRICT	(1,954,310)	(955,053)		139,639	(21,493)	18,514,591	22,633,935
CHANDLER FIRE DEPARTMENT	(3,191,693)	(2,455,578)		440,223	(63,746)	56,428,022	36,858,622
CHANDLER POLICE DEPARTMENT	(6,275,564)	(6,736,703)	(98)	677,501	(97,889)	83,937,008	80,549,097
CHINO VALLEY FIRE DISTRICT	(384,673)	(560,285)	(476)	48,936	(7,442)	6,269,410	3,828,541
CHINO VALLEY POLICE DEPARTMENT	(313,564)			24,661	(3,949)	3,263,803	2,522,285
CHRISTOPHER-KOHL'S FIRE DISTRICT	(12,684)			2,620	(777)	323,542	48,927
CITY OF MARICOPA - FIRE	(34,354)		(113,570)	68,821	(10,303)	8,591,732	181,873
CITY OF MARICOPA (POLICE DEPT.)	(140,350)			47,805	(7,279)	6,210,828	(287,608)
CLARKDALE FIRE DISTRICT	(34,233)			6,173	(1,288)	736,875	279,581
CLARKDALE POLICE DEPARTMENT	(166,732)			10,150	(1,860)	1,577,200	1,174,951
CLIFTON FIRE DEPARTMENT	(29,974)			523	(475)	89,952	210,519
CLIFTON POLICE DEPARTMENT	(29,362)			3,720	(935)	527,269	(167,643)

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES  
FISCAL YEAR ENDED JUNE 30, 2016

PSPRS SYSTEM	2015	GASB 68	RESERVE	CONTRIB	FIRE TAX	ADDITIONAL
COCHISE COUNTY SHERIFF'S DEPT	10,498,281	84	134,406	2,414,120		1,000,000
COCONINO COUNTY SHERIFF'S DEPT	7,273,030	58	110,345	2,388,778		10,000,000
COOLIDGE FIRE DEPARTMENT	283,817	2	38,892	30,236	17,468	
COOLIDGE POLICE DEPARTMENT	3,989,433	32	159,946	632,418		
CORONA DE TUCSON FIRE DISTRICT	1,651,517	13		168,012	19,609	
COTTONWOOD FIRE DEPARTMENT	3,527,408	28	58,785	268,164	23,923	52,441
COTTONWOOD POLICE DEPARTMENT	3,416,822	27	170,347	781,503		128,938
DAISY MOUNTAIN FIRE DISTRICT	15,226,774	122	108,125	857,621	139,767	
DEPARTMENT OF EMER & MILITARY AFF	6,235,919	50	(6,314)	723,660		
DEPARTMENT OF PUBLIC SAFETY	314,047,685	2,524	3,884,847	56,121,319		
DESERT HILLS FIRE DEPARTMENT	1,302,308	10	28,454	170,925	11,912	
DOUGLAS FIRE DEPARTMENT	2,503,120	20	(23,343)	980,901	15,326	
DOUGLAS POLICE DEPARTMENT	4,745,565	38	155,061	1,078,409		
DREXEL HEIGHTS FIRE DISTRICT	14,153,476	114	410,014	902,942	69,090	
EAGAR POLICE DEPARTMENT	1,495,458	12	97,736	153,528		
EL MIRAGE FIRE DEPARTMENT	3,349,678	27	(61,930)	238,232	43,128	
EL MIRAGE POLICE DEPARTMENT	5,719,557	46	202	809,325		
ELOY FIRE DISTRICT	3,159,820	25	(5,605)	289,969	22,367	
ELOY POLICE DEPARTMENT	4,792,148	39	92,050	390,887		
FLAGSTAFF FIRE DEPARTMENT	20,077,755	161	215,260	3,742,858	209,771	(0)
FLAGSTAFF POLICE DEPARTMENT	17,180,713	138	134,707	3,289,914		151,608
FLORENCE FIRE DEPARTMENT	2,521,975	20	(60,094)	174,384	29,622	
FLORENCE POLICE DEPARTMENT	3,790,698	30	59,253	278,284		
FORT MCDOWELL TRIBAL FIRE DEPT.	1,645,250	13	(44,196)	107,770		
FORT MCDOWELL TRIBAL POLICE DEPT.	3,452,113	28		197,297		
FORT MOJAVE MESA FIRE DISTRICT	7,168,442	58		593,403	29,786	
FORT MOJAVE TRIBAL POLICE DEPT.	2,156,418	17	(2,818)	164,830		
FREDONIA MARSHALS	503,602	4		16,615		
FRY FIRE DISTRICT	6,570,576	53	114,607	1,036,664	36,207	
GAME AND FISH DEPARTMENT	19,206,111	154	433,839	4,747,745		
GILA COUNTY SHERIFF'S DEPARTMENT	4,760,320	38	115,994	867,460		
GILA RIVER FIRE DEPARTMENT	7,752,233	62	(42,394)	612,995		
GILA RIVER POLICE DEPARTMENT	12,097,867	97	27,036	1,062,786		
GILBERT FIRE DEPARTMENT	33,951,520	273	220,141	1,586,887	750,160	846,789
GILBERT POLICE DEPARTMENT	42,806,017	344	1,000,414	3,999,357		427,567
GLENDALE FIRE DEPARTMENT	69,519,981	559	1,008,568	6,208,919	507,098	622,635
GLENDALE POLICE DEPARTMENT	85,523,200	687	835,981	12,335,278		1,191,812
GLOBE FIRE DEPARTMENT	2,675,737	22	126,885	389,053	12,955	
GLOBE POLICE DEPARTMENT	2,760,248	22	134,096	533,254		
GOLDEN SHORES FIRE DISTRICT	842,537	7		47,007	3,747	



OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES (cont)  
FISCAL YEAR ENDED JUNE 30, 2016

PSPRS SYSTEM	PENSION	DROP	ENHANCED	DIST. OF	DIST. OF	2016	2015
COCHISE COUNTY SHERIFF'S DEPT	(2,512,254)	(239,773)	(256)	95,788	(14,183)	11,376,213	28,448,479
COCONINO COUNTY SHERIFF'S DEPT	(2,459,858)	(209,469)		59,803	(9,005)	17,153,682	30,158,752
COOLIDGE FIRE DEPARTMENT				2,688	(787)	372,317	(149,317)
COOLIDGE POLICE DEPARTMENT	(515,802)	(410,428)	(449)	30,292	(4,759)	3,880,684	5,950,715
CORONA DE TUCSON FIRE DISTRICT	(103,387)		(163,427)	12,400	(2,184)	1,582,553	931,911
COTTONWOOD FIRE DEPARTMENT	(140,348)	(65,051)		29,391	(4,629)	3,750,112	1,524,935
COTTONWOOD POLICE DEPARTMENT	(615,989)	(253,636)		31,475	(4,929)	3,654,559	8,058,018
DAISY MOUNTAIN FIRE DISTRICT	(236,380)		(118,688)	128,074	(18,829)	16,086,588	1,846,201
DEPARTMENT OF EMER & MILITARY AFF	(547,740)		(24,832)	48,305	(7,351)	6,421,697	6,389,447
DEPARTMENT OF PUBLIC SAFETY	(65,391,990)	(18,565,875)	(106,674)	1,963,062	(282,874)	291,672,024	672,435,257
DESERT HILLS FIRE DEPARTMENT	(71,234)		(15,692)	11,177	(2,008)	1,435,853	775,450
DOUGLAS FIRE DEPARTMENT	(887,351)		(16,872)	21,858	(3,545)	2,590,114	11,098,133
DOUGLAS POLICE DEPARTMENT	(1,137,208)	(229,833)	(45,381)	36,786	(5,693)	4,597,743	13,918,712
DREXEL HEIGHTS FIRE DISTRICT	(700,860)	(910,237)	(65,368)	105,268	(15,548)	13,948,891	7,111,856
EAGAR POLICE DEPARTMENT	(220,112)	(194,349)		10,064	(1,848)	1,340,489	2,078,207
EL MIRAGE FIRE DEPARTMENT	(141,470)			27,547	(4,364)	3,450,849	1,084,172
EL MIRAGE POLICE DEPARTMENT	(483,740)	(206)	(52,339)	47,376	(7,217)	6,033,004	6,084,659
ELOY FIRE DISTRICT			(29,025)	26,269	(4,180)	3,459,642	1,065,998
ELOY POLICE DEPARTMENT	(356,138)	(77,121)	(217)	37,912	(5,855)	4,873,705	3,402,190
FLAGSTAFF FIRE DEPARTMENT	(4,074,849)	(21,044)		160,712	(23,526)	20,287,099	43,289,426
FLAGSTAFF POLICE DEPARTMENT	(3,309,746)		(100,047)	146,825	(21,527)	17,472,585	38,982,201
FLORENCE FIRE DEPARTMENT			(297)	22,354	(3,617)	2,684,348	(359,501)
FLORENCE POLICE DEPARTMENT	(207,846)			29,001	(4,573)	3,944,847	526,137
FORT MCDOWELL TRIBAL FIRE DEPT.			(28,349)	13,258	(2,308)	1,691,439	(171,838)
FORT MCDOWELL TRIBAL POLICE DEPT.			(29,427)	27,844	(4,407)	3,643,447	18,412
FORT MOJAVE MESA FIRE DISTRICT	(591,941)		(16,281)	51,643	(7,831)	7,227,278	6,248,295
FORT MOJAVE TRIBAL POLICE DEPT.			(117,193)	17,945	(2,982)	2,216,217	(713,767)
FREDONIA MARSHALS	(28,875)			3,479	(901)	493,923	15,409
FRY FIRE DISTRICT	(1,006,874)		(93)	51,388	(7,794)	6,794,732	11,255,279
GAME AND FISH DEPARTMENT	(6,601,674)	(597,826)	(182)	149,987	(21,982)	17,316,172	78,668,029
GILA COUNTY SHERIFF'S DEPARTMENT	(945,297)	(337,375)		37,079	(5,735)	4,492,484	10,819,336
GILA RIVER FIRE DEPARTMENT	(211,613)		(42,605)	65,230	(9,786)	8,124,122	928,207
GILA RIVER POLICE DEPARTMENT	(265,040)		(286,172)	103,500	(15,293)	12,724,780	(1,579,459)
GILBERT FIRE DEPARTMENT	(322,023)	(207,699)		300,260	(43,606)	37,082,702	7,081,485
GILBERT POLICE DEPARTMENT	(2,470,324)	(583,157)	(213,955)	365,916	(53,053)	45,279,126	31,630,763
GLENDALE FIRE DEPARTMENT	(5,221,362)	(2,977,940)		547,030	(79,115)	70,136,375	59,801,330
GLENDALE POLICE DEPARTMENT	(9,374,433)	(1,682,784)	(76,353)	729,015	(105,301)	89,377,102	125,976,500
GLOBE FIRE DEPARTMENT	(445,415)	(233,604)	(427)	19,895	(3,263)	2,541,838	4,800,625
GLOBE POLICE DEPARTMENT	(536,647)		(1,223)	21,771	(3,533)	2,907,988	6,631,384
GOLDEN SHORES FIRE DISTRICT			(60,989)	6,173	(1,288)	837,193	(366,503)

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES  
FISCAL YEAR ENDED JUNE 30, 2016

PSPRS SYSTEM	2015	GASB 68	RESERVE	CONTRIB	FIRE TAX	ADDITIONAL
GOLDEN VALLEY FIRE DISTRICT	2,982,613	24	(35,337)	275,351	13,958	
GOLDER RANCH FIRE DISTRICT	19,938,665	160	116,151	1,597,294	259,941	
GOODYEAR FIRE DEPARTMENT	16,345,614	131	305,758	926,451	247,524	(0)
GOODYEAR POLICE DEPARTMENT	15,711,444	126	516,449	1,597,875		
GRAHAM COUNTY SHERIFF'S DEPT.	2,678,750	22	21,080	305,162		45,666
GREEN VALLEY FIRE DISTRICT	11,892,569	96	221,451	745,388	114,196	
GREENLEE CNTY ATTY INVESTIGATORS	50,903	0		1,096		4
GREENLEE COUNTY SHERIFF'S DEPT.	2,811,147	23	(6,961)	234,075		
GROOM CREEK FIRE DISTRICT	572,820	5		49,760	5,078	
GUADALUPE FIRE DEPARTMENT	548,514	4		78,628	4,248	
HARQUAHALA FIRE DISTRICT	976,429	8		88,140		
HAYDEN POLICE DEPARTMENT	1,255,100	10		38,747	530	
HEBER-OVERGAARD FIRE DISTRICT	1,517,431	12		120,853	23,017	
HELLSGATE FIRE DISTRICT	1,287,931	10		108,833	7,181	
HIGHLANDS FIRE DISTRICT	3,870,148	31		373,764	28,508	
HOLBROOK POLICE DEPARTMENT	1,266,745	10	83,442	495,281		
HUACHUCA CITY POLICE DEPARTMENT	335,360	3	12,313	65,465		
HUALAPAI INDIAN TRIBE POLICE DEPT	1,319,031	11	96,468	134,953		
JEROME POLICE DEPARTMENT	291,968	2		20,660		
KEARNY POLICE DEPARTMENT	1,404,306	11	32,084	33,576		
KINGMAN FIRE DEPARTMENT	11,157,017	90	816,558	944,625	59,265	
KINGMAN POLICE DEPARTMENT	9,176,445	74	160,996	1,160,861		
LA PAZ COUNTY ATTY. INVESTIGATORS	189,796	2		6,951		3,576
LA PAZ COUNTY SHERIFF'S DEPT.	4,452,483	36	9,719	791,496		
LAKE HAVASU CITY FIRE DEPARTMENT	15,382,870	124	175,566	2,046,165	206,940	
LAKE HAVASU CITY POLICE DEPT.	15,112,253	121	174,784	2,228,546		
LAKE MOHAVE RANCHOS FIRE DISTRICT	820,700	7	109,486	51,459	5,433	
MAMMOTH POLICE DEPARTMENT	253,953	2	55,344	16,725		
MARANA POLICE DEPARTMENT	11,649,009	94	164,033	1,323,677		(0)
MARICOPA CNTY ATTY INVESTIGATORS	3,906,591	31		1,398,933		
MARICOPA COUNTY PARK RANGERS	1,517,518	12				51,204
MARICOPA COUNTY SHERIFF'S OFFICE	147,066,067	1,182	2,920,071	25,751,005		
MAYER FIRE DISTRICT	2,354,155	19	(17,636)	124,414	6,575	
MESA FIRE DEPARTMENT	129,414,330	1,040	2,129,056	10,317,091	1,115,135	1,302,602
MESA POLICE DEPARTMENT	222,263,085	1,787	5,128,308	21,772,929		2,293,978
MIAMI POLICE DEPARTMENT	740,787	6	117,715	102,757		
MOHAVE COUNTY SHERIFF'S DEPT.	15,532,917	125	528,176	1,623,099		
MOHAVE VALLEY FIRE DISTRICT	5,095,018	41	(38,716)	208,647	16,808	
MONTEZUMA RIMROCK FIRE DISTRICT	1,031,816	8	186,926	115,903	7,884	
MOUNT LEMMON FIRE DISTRICT	542,704	4		29,576	5,091	

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES (cont)  
FISCAL YEAR ENDED JUNE 30, 2016

PSPRS SYSTEM	PENSION	DROP	ENHANCED	DIST. OF	DIST. OF	2016	2015
GOLDEN VALLEY FIRE DISTRICT	(159,590)		(87,876)	23,200	(3,738)	3,008,605	1,232,781
GOLDER RANCH FIRE DISTRICT	(609,057)	(111,917)	(45,871)	162,509	(23,784)	21,284,091	9,145,359
GOODYEAR FIRE DEPARTMENT	(385,270)			141,788	(20,803)	17,561,193	2,964,458
GOODYEAR POLICE DEPARTMENT	(937,766)	(429,478)	(121)	130,212	(19,137)	16,569,604	9,868,742
GRAHAM COUNTY SHERIFF'S DEPT.	(185,960)			21,393	(3,478)	2,882,634	2,603,701
GREEN VALLEY FIRE DISTRICT	(733,100)	(156,512)	(36,283)	86,607	(12,862)	12,121,550	6,528,007
GREENLEE CNTY ATTY INVESTIGATORS				304	(444)	51,865	(52,093)
GREENLEE COUNTY SHERIFF'S DEPT.	(207,444)			20,853	(3,401)	2,848,293	1,728,702
GROOM CREEK FIRE DISTRICT				5,024	(1,123)	631,563	(93,456)
GUADALUPE FIRE DEPARTMENT	(48,359)			5,169	(1,144)	587,062	639,682
HARQUAHALA FIRE DISTRICT				8,548	(1,630)	1,071,495	(351,524)
HAYDEN POLICE DEPARTMENT				8,413	(1,611)	1,301,189	(1,060,735)
HEBER-OVERGAARD FIRE DISTRICT	(23,988)			12,363	(2,179)	1,647,509	(263,322)
HELLSGATE FIRE DISTRICT	(93,008)			9,539	(1,773)	1,318,713	729,630
HIGHLANDS FIRE DISTRICT	(316,476)			29,530	(4,649)	3,980,857	3,120,162
HOLBROOK POLICE DEPARTMENT	(481,711)			11,026	(1,987)	1,372,807	6,398,471
HUACHUCA CITY POLICE DEPARTMENT				3,376	(886)	415,630	278,415
HUALAPAI INDIAN TRIBE POLICE DEPT	(51,438)			12,162	(2,150)	1,509,037	(405,083)
JEROME POLICE DEPARTMENT				2,358	(739)	314,248	(128,383)
KEARNY POLICE DEPARTMENT	(203,499)		(599)	8,178	(1,577)	1,272,481	858,642
KINGMAN FIRE DEPARTMENT	(1,090,180)	(656,130)		82,081	(12,211)	11,301,114	10,850,664
KINGMAN POLICE DEPARTMENT	(1,135,397)	(273,918)	(33,894)	67,582	(10,125)	9,112,624	11,204,614
LA PAZ COUNTY ATTY. INVESTIGATORS	(31,210)			1,047	(551)	169,612	129,646
LA PAZ COUNTY SHERIFF'S DEPT.	(924,440)		(18,336)	31,841	(4,982)	4,337,817	9,484,398
LAKE HAVASU CITY FIRE DEPARTMENT	(2,208,172)	(402,208)	(53,488)	116,400	(17,149)	15,247,047	25,116,741
LAKE HAVASU CITY POLICE DEPT.	(2,228,314)	(348,754)	(126,841)	113,130	(16,679)	14,908,247	25,184,430
LAKE MOHAVE RANCHOS FIRE DISTRICT	(87,715)		(177)	5,664	(1,215)	903,641	432,656
MAMMOTH POLICE DEPARTMENT	(17,267)		(120)	2,187	(715)	310,109	183,773
MARANA POLICE DEPARTMENT	(988,819)		(77,073)	95,438	(14,133)	12,152,225	9,865,743
MARICOPA CNTY ATTY INVESTIGATORS	(815,133)			29,781	(4,685)	4,515,519	6,211,580
MARICOPA COUNTY PARK RANGERS	(155,675)			8,529	(1,627)	1,419,961	979,082
MARICOPA COUNTY SHERIFF'S OFFICE	(21,144,495)	(5,246,167)	(216,223)	1,146,484	(165,373)	150,112,550	256,878,559
MAYER FIRE DISTRICT	(134,310)		(90,877)	18,583	(3,074)	2,257,848	933,367
MESA FIRE DEPARTMENT	(13,783,658)	(6,102,201)	(219)	954,211	(137,706)	125,209,681	140,122,142
MESA POLICE DEPARTMENT	(26,345,962)	(4,997,216)	(135,982)	1,667,471	(240,340)	221,408,056	276,016,941
MIAMI POLICE DEPARTMENT	(81,333)		(3)	6,642	(1,356)	885,215	823,752
MOHAVE COUNTY SHERIFF'S DEPT.	(1,772,630)	(1,407,805)	(22,486)	110,794	(16,343)	14,575,847	18,476,524
MOHAVE VALLEY FIRE DISTRICT	(182,333)			37,572	(5,806)	5,131,232	(28,029)
MONTEZUMA RIMROCK FIRE DISTRICT	(102,781)	(175,394)		8,372	(1,605)	1,071,131	639,041
MOUNT LEMMON FIRE DISTRICT			(36,222)	4,210	(1,006)	544,358	(134,399)

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES  
FISCAL YEAR ENDED JUNE 30, 2016

PSPRS SYSTEM	2015	GASB 68	RESERVE	CONTRIB	FIRE TAX	ADDITIONAL
NAU CAMPUS POLICE	2,640,687	21	26,245	570,841		
NAVAJO COUNTY ATTY'S INVESTIGATOR	21,263	0				65,456
NAVAJO COUNTY SHERIFF'S DEPT.	3,734,753	30	(42,529)	1,205,254		
NOGALES FIRE DEPARTMENT	6,831,746	55	192,770	706,783	30,974	
NOGALES POLICE DEPARTMENT	10,104,773	81	100,172	863,530		
NORTH COUNTY FIRE & MEDICAL DISTR	12,670,969	102	191,550	1,416,184		
NORTHERN AZ. CONSOLIDATED FD #1	3,306,827	27	47,868	296,152	25,701	
NORTHWEST FIRE DISTRICT	36,482,389	293	612,827	2,714,664	322,041	
ORACLE FIRE DISTRICT	410,998	3	(8,584)	31,297	6,069	
ORO VALLEY POLICE DEPT.	19,126,667	154	255,940	1,505,274		(0)
PAGE FIRE DEPARTMENT	1,211,511	10	(210)	101,021	20,189	
PAGE POLICE DEPARTMENT	2,744,688	22	94,587	336,612		
PALOMINAS FIRE DISTRICT	377,462	3	70,886	59,312	9,196	
PARADISE VALLEY POLICE DEPARTMENT	5,623,702	45	831,960	1,840,012		1,216,398
PARKER POLICE DEPARTMENT	1,726,417	14	(11,612)	170,633		
PASCUA YAQUI TRIBE FIRE DEPT.	3,156,012	25		311,473		
PASCUA YAQUI TRIBE POLICE DEPT.	3,918,999	32	66,452	457,632		
PATAGONIA MARSHALS	510,077	4		71,823		
PAYSON FIRE DEPARTMENT	4,426,368	36	89,076	407,538	52,911	
PAYSON POLICE DEPARTMENT	3,812,219	31	146,695	802,434		
PEORIA FIRE DEPARTMENT	37,269,742	300	133,231	2,264,177	462,497	435,844
PEORIA POLICE DEPARTMENT	40,226,518	323	618,357	4,500,426		229,447
PHOENIX FIRE DEPARTMENT	536,209,073	4,310	14,408,956	45,786,390	4,146,053	(0)
PHOENIX POLICE DEPARTMENT	942,028,452	7,572	22,573,808	92,297,903		0
PICTURE ROCKS FIRE DISTRICT	2,970,685	24	(38,271)	199,966	12,278	
PIMA COUNTY ATTORNEY INVESTIGATOR	1,192,248	10		160,784		
PIMA COUNTY COMM. COLLEGE POLICE	3,983,984	32	95,071	549,848		
PIMA COUNTY SHERIFF'S DEPARTMENT	121,277,371	975	708,979	16,162,483		
PIMA POLICE DEPARTMENT	365,972	3	6,961	28,197		
PINAL COUNTY SHERIFF'S DEPARTMENT	33,833,436	272	470,601	3,263,429		
PINE-STRAWBERRY FIRE DISTRICT	2,935,334	24		294,222	17,949	
PINETOP FIRE DISTRICT	3,743,381	30		491,894	39,619	26,861
PINETOP-LAKESIDE POLICE DEPT.	1,380,951	11	126,014	388,358		
PINEWOOD FIRE DISTRICT	1,763,007	14		252,524	18,007	
PONDEROSA FIRE DISTRICT	38,357	0	19,346	28,053	6,415	
PRESCOTT FIRE DEPARTMENT	13,355,613	107	158,804	3,190,554	191,049	
PRESCOTT POLICE DEPARTMENT	8,097,758	65	36,063	2,119,598		
PRESCOTT VALLEY POLICE DEPARTMENT	11,075,702	89	312,445	948,215		
QUARTZSITE FIRE DISTRICT	824,067	7		53,754	9,127	
QUARTZSITE POLICE DEPARTMENT	2,586,127	21	91,817	62,335		

## OPERATING INFORMATION

**SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES (cont)**  
FISCAL YEAR ENDED JUNE 30, 2016

<b>PSPRS SYSTEM</b>	<b>PENSION</b>	<b>DROP</b>	<b>ENHANCED</b>	<b>DIST. OF</b>	<b>DIST. OF</b>	<b>2016</b>	<b>2015</b>
NAU CAMPUS POLICE	(611,101)			19,995	(3,277)	2,643,410	6,599,746
NAVAJO COUNTY ATTY'S INVESTIGATOR	(35,451)			390	(456)	51,201	568,715
NAVAJO COUNTY SHERIFF'S DEPT.	(1,078,872)		(24,929)	31,020	(4,864)	3,819,864	11,789,316
NOGALES FIRE DEPARTMENT	(719,592)	(263,979)	(9,119)	54,697	(8,271)	6,816,065	9,700,088
NOGALES POLICE DEPARTMENT	(1,018,527)			76,325	(11,383)	10,114,972	10,444,306
NORTH COUNTY FIRE & MEDICAL DISTR	(714,510)	(335,124)		102,416	(15,137)	13,316,450	10,870,206
NORTHERN AZ. CONSOLIDATED FD #1	(263,944)	(363,729)	(54,195)	23,739	(3,816)	3,014,629	2,696,539
NORTHWEST FIRE DISTRICT	(1,383,079)	(426,228)	6,031	290,856	(42,253)	38,577,542	18,079,867
ORACLE FIRE DISTRICT			(311)	3,450	(896)	442,026	(133,966)
ORO VALLEY POLICE DEPT.	(1,106,968)			154,181	(22,586)	19,912,662	14,252,522
PAGE FIRE DEPARTMENT	(77,017)		(20,270)	10,162	(1,862)	1,243,534	504,499
PAGE POLICE DEPARTMENT	(383,386)		(54,485)	18,774	(3,101)	2,753,711	2,937,998
PALOMINAS FIRE DISTRICT				3,442	(895)	519,406	(269,519)
PARADISE VALLEY POLICE DEPARTMENT	(1,862,765)	(590,272)		57,574	(8,685)	7,107,970	21,133,464
PARKER POLICE DEPARTMENT	(142,410)			12,736	(2,233)	1,753,545	1,317,252
PASCUA YAQUI TRIBE FIRE DEPT.	(49,470)			26,179	(4,167)	3,440,053	2,073,383
PASCUA YAQUI TRIBE POLICE DEPT.	(169,890)			33,337	(5,197)	4,301,365	2,978,498
PATAGONIA MARSHALS	(70,533)			3,452	(897)	513,926	691,135
PAYSON FIRE DEPARTMENT	(487,365)		(45,995)	34,274	(5,332)	4,471,510	4,201,642
PAYSON POLICE DEPARTMENT	(911,942)		(360)	30,541	(4,795)	3,874,822	11,286,043
PEORIA FIRE DEPARTMENT	(1,384,991)	(354,914)		298,901	(43,410)	39,081,376	18,967,656
PEORIA POLICE DEPARTMENT	(3,721,357)	(1,579,074)	(145,128)	320,234	(46,480)	40,403,266	43,417,252
PHOENIX FIRE DEPARTMENT	(63,540,621)	(44,806,503)	(293,828)	3,927,113	(565,491)	495,275,452	705,965,510
PHOENIX POLICE DEPARTMENT	(125,472,795)	(43,780,401)	(664,591)	7,019,350	(1,010,448)	892,998,851	1,357,324,832
PICTURE ROCKS FIRE DISTRICT	(273,835)		(112,249)	19,720	(3,238)	2,775,081	1,619,331
PIMA COUNTY ATTORNEY INVESTIGATOR	(239,560)			8,114	(1,568)	1,120,028	2,185,344
PIMA COUNTY COMM. COLLEGE POLICE	(539,780)		(9,527)	31,061	(4,870)	4,105,820	4,972,546
PIMA COUNTY SHERIFF'S DEPARTMENT	(17,489,515)	(4,702,468)	(230,293)	808,315	(116,712)	116,419,134	188,759,788
PIMA POLICE DEPARTMENT				2,896	(817)	403,212	(302,561)
PINAL COUNTY SHERIFF'S DEPARTMENT	(3,812,606)	(277,488)	(226,644)	259,484	(37,738)	33,472,745	35,739,595
PINE-STRAWBERRY FIRE DISTRICT	(295,134)			22,912	(3,697)	2,971,611	2,769,792
PINETOP FIRE DISTRICT	(297,471)			30,734	(4,822)	4,030,226	3,699,608
PINETOP-LAKESIDE POLICE DEPT.	(376,953)			12,011	(2,128)	1,528,263	4,578,801
PINEWOOD FIRE DISTRICT	(194,186)			15,112	(2,575)	1,851,903	1,919,724
PONDEROSA FIRE DISTRICT			(259)	758	(509)	92,161	(8,938)
PRESCOTT FIRE DEPARTMENT	(3,248,034)	(265,214)		103,026	(15,225)	13,470,681	34,821,884
PRESCOTT POLICE DEPARTMENT	(2,828,972)	(82,237)	(53,080)	65,838	(9,874)	7,345,161	35,881,302
PRESCOTT VALLEY POLICE DEPARTMENT	(890,946)	(41,305)	(5,535)	84,955	(12,625)	11,470,995	7,784,862
QUARTZSITE FIRE DISTRICT				6,882	(1,390)	892,447	119,128
QUARTZSITE POLICE DEPARTMENT	(211,328)		(38,183)	15,855	(2,682)	2,503,962	232,417

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES  
FISCAL YEAR ENDED JUNE 30, 2016

PSPRS SYSTEM	2015	GASB 68	RESERVE	CONTRIB	FIRE TAX	ADDITIONAL
QUEEN CREEK FIRE DEPARTMENT	3,369,569	27	61,709	346,519	106,305	299,825
QUEEN VALLEY FIRE DISTRICT	184,548	1		16,997	1,421	
RINCON VALLEY FIRE DISTRICT	3,236,032	26	(11,394)	243,852	37,732	
RIO RICO FIRE DISTRICT	2,719,310	22	35,670	185,222	15,957	
RIO VERDE FIRE DISTRICT	3,639,383	29		184,513	20,734	74,021
SAFFORD POLICE DEPARTMENT	2,893,666	23	63,762	712,165		
SAHUARITA POLICE DEPARTMENT	6,084,269	49	133,970	390,062		
SALT RIVER PIMA-MARICOPA FIRE	16,585,056	133	224,507	1,181,119		
SALT RIVER PIMA-MARICOPA POLICE	14,845,780	119	(125,146)	1,710,677		
SAN CARLOS TRIBAL POLICE DEPT.	2,279,837	18	173,952	296,603		
SAN LUIS FIRE DEPARTMENT	3,021,684	24	55,110	233,069	20,243	
SAN LUIS POLICE DEPARTMENT	3,811,330	31	80,252	351,711		
SANTA CRUZ COUNTY SHERIFF'S DEPT.	4,322,280	35	97,762	769,878		68,585
SCOTTSDALE FIRE DEPARTMENT	40,089,562	322	363,770	1,088,222	1,886,043	
SCOTTSDALE POLICE DEPARTMENT	111,589,827	897	1,015,483	11,709,752		
SEDONA FIRE DISTRICT	13,724,165	110	225,771	1,349,560	164,911	
SEDONA POLICE DEPARTMENT	4,447,837	36	166,477	425,456		58,016
SHOW LOW POLICE DEPARTMENT	4,965,188	40	87,671	640,904		142,981
SIERRA VISTA FIRE DEPARTMENT	10,506,216	84	94,273	1,005,138	96,636	
SIERRA VISTA POLICE DEPARTMENT	10,983,515	88	150,266	1,889,021		
SNOWFLAKE POLICE DEPARTMENT	1,574,470	13	(6,375)	222,768		
SOMERTON FIRE DEPARTMENT	2,060,147	17	(12,444)	177,538	10,829	
SOMERTON POLICE DEPARTMENT	2,561,631	21	466	233,387		
SONOITA ELGIN FIRE DEPARTMENT	461,232	4	18,003	54,321	11,678	
SOUTH TUCSON FIRE DEPARTMENT	1,136,784	9		102,548		
SOUTH TUCSON POLICE DEPARTMENT	(465,249)	(4)	171,430	599,358		
SPRINGERVILLE POLICE DEPARTMENT	1,362,262	11		93,363		
ST. JOHNS POLICE DEPARTMENT	829,699	7	2,162	79,318		
SUMMIT FIRE DISTRICT	6,458,719	52	121,063	345,161	32,955	
SUN CITY FIRE DISTRICT	14,598,555	117	644,407	1,461,995	105,274	
SUN LAKES FIRE DISTRICT	10,435,839	84	576,540	678,855	73,572	
SUN SITES PEARCE FIRE DISTRICT	383,289	3		34,409	3,445	
SUPERIOR POLICE DEPARTMENT	866,137	7	(53,914)	68,133		
SUPERSTITION FIRE AND MEDICAL DIS	18,517,030	149	4,324	1,457,677	125,696	
SURPRISE FIRE DEPARTMENT	20,408,468	164	5,456	1,435,365	338,595	
SURPRISE POLICE DEPARTMENT	20,382,847	164	945,566	2,303,420		
TEMPE FIRE DEPARTMENT	56,983,848	458	1,003,513	6,032,050	633,877	(0)
TEMPE POLICE DEPARTMENT	78,990,255	635	2,307,323	12,552,735		(26)
THATCHER POLICE DEPARTMENT	1,854,460	15		309,120		310,000
THREE POINTS FIRE DISTRICT	1,731,803	14		165,781		

## OPERATING INFORMATION

**SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES (cont)**  
FISCAL YEAR ENDED JUNE 30, 2016

PSPRS SYSTEM	PENSION	DROP	ENHANCED	DIST. OF	DIST. OF	2016	2015
QUEEN CREEK FIRE DEPARTMENT	(129,228)		(30,782)	30,764	(4,827)	4,049,882	72,432
QUEEN VALLEY FIRE DISTRICT				1,650	(637)	203,981	11,161
RINCON VALLEY FIRE DISTRICT	(67,006)		(12,171)	27,742	(4,392)	3,450,421	(80,725)
RIO RICO FIRE DISTRICT	(32,468)		(26,129)	22,724	(3,670)	2,916,637	(541,547)
RIO VERDE FIRE DISTRICT	(97,977)			28,435	(4,492)	3,844,647	1,311,302
SAFFORD POLICE DEPARTMENT	(628,906)	(226,538)		24,757	(3,962)	2,834,967	8,211,085
SAHUARITA POLICE DEPARTMENT	(70,888)		(1,338)	49,360	(7,503)	6,577,981	(153,243)
SALT RIVER PIMA-MARICOPA FIRE	(554,536)		(468)	130,434	(19,169)	17,547,076	5,725,308
SALT RIVER PIMA-MARICOPA POLICE	(806,064)		(37,345)	122,068	(17,965)	15,692,124	8,478,206
SAN CARLOS TRIBAL POLICE DEPT.	(36,553)		(47,315)	19,104	(3,149)	2,682,497	228,486
SAN LUIS FIRE DEPARTMENT	(74,905)	(206,158)		23,851	(3,832)	3,069,086	216,242
SAN LUIS POLICE DEPARTMENT	(243,451)	(89,556)		30,048	(4,724)	3,935,642	1,908,524
SANTA CRUZ COUNTY SHERIFFS DEPT.	(696,853)		(45,778)	38,727	(5,973)	4,548,663	9,074,863
SCOTTSDALE FIRE DEPARTMENT	(813,403)	(540,948)	(26,959)	357,511	(51,844)	42,352,278	(4,022,114)
SCOTTSDALE POLICE DEPARTMENT	(11,750,659)	(1,845,061)	(190,122)	841,731	(121,521)	111,250,327	119,008,680
SEDONA FIRE DISTRICT	(1,006,397)	(544,511)		110,412	(16,288)	14,007,734	10,996,248
SEDONA POLICE DEPARTMENT	(400,659)	(55,306)	(286)	35,088	(5,449)	4,671,210	3,447,082
SHOW LOW POLICE DEPARTMENT	(529,550)			39,378	(6,066)	5,340,547	5,938,823
SIERRA VISTA FIRE DEPARTMENT	(1,102,070)	(449,563)		74,132	(11,067)	10,213,780	10,809,553
SIERRA VISTA POLICE DEPARTMENT	(1,816,026)	(530,578)	(47,663)	84,142	(12,508)	10,700,257	19,830,015
SNOWFLAKE POLICE DEPARTMENT	(260,793)			11,743	(2,090)	1,539,735	2,383,899
SOMERTON FIRE DEPARTMENT	(108,658)			16,375	(2,756)	2,141,048	1,064,722
SOMERTON POLICE DEPARTMENT	(124,542)		(58,440)	19,691	(3,233)	2,628,980	1,336,447
SONOITA ELGIN FIRE DEPARTMENT				4,088	(988)	548,337	(173,023)
SOUTH TUCSON FIRE DEPARTMENT	(214,223)			7,602	(1,494)	1,031,226	2,131,921
SOUTH TUCSON POLICE DEPARTMENT	(522,534)		(317)	1,149	(565)	(216,732)	7,525,971
SPRINGVILLE POLICE DEPARTMENT	(94,232)			9,786	(1,808)	1,369,381	831,148
ST. JOHNS POLICE DEPARTMENT	(65,464)			6,068	(1,273)	850,516	569,022
SUMMIT FIRE DISTRICT	(336,284)	(445,312)		48,805	(7,423)	6,217,736	2,701,321
SUN CITY FIRE DISTRICT	(1,496,392)	(1,529,006)		114,979	(16,945)	13,882,984	20,308,588
SUN LAKES FIRE DISTRICT	(598,566)			78,792	(11,738)	11,233,378	3,858,459
SUN SITES PEARCE FIRE DISTRICT				3,547	(910)	423,782	19,533
SUPERIOR POLICE DEPARTMENT	(85,900)			5,919	(1,252)	799,130	418,615
SUPERSTITION FIRE AND MEDICAL DIS	(638,368)			148,850	(21,819)	19,593,540	9,274,135
SURPRISE FIRE DEPARTMENT	(485,385)			170,022	(24,865)	21,847,821	6,843,615
SURPRISE POLICE DEPARTMENT	(1,234,713)	(594,639)		168,147	(24,595)	21,946,197	16,333,797
TEMPE FIRE DEPARTMENT	(7,211,753)	(3,556,164)		420,827	(60,955)	54,245,700	77,129,311
TEMPE POLICE DEPARTMENT	(12,656,406)	(2,972,121)	(46,653)	653,674	(94,460)	78,734,956	149,637,083
THATCHER POLICE DEPARTMENT	(263,800)			16,396	(2,759)	2,223,432	3,601,519
THREE POINTS FIRE DISTRICT	(108,900)		(15,471)	14,315	(2,460)	1,785,082	828,619

**STATISTICAL SECTION**

**OPERATING INFORMATION**

<b>SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES</b> FISCAL YEAR ENDED JUNE 30, 2016						
PSPRS SYSTEM	2015 BALANCES	GASB 68 PRIOR ADJ	RESERVE TRANSFERS	CONTRIB RECEIVED	FIRE TAX RECEIVED	ADDITIONAL ER CONT.
TIMBER MESA FIRE AND MEDICAL DIST	7,803,974	63	109,614	538,911	71,274	
TOHONO O'ODHAM NATION FIRE DEPT.	5,322,722	43	88,550	282,148		
TOHONO O'ODHAM NATION POLICE DEPT	14,658,212	118	(112,945)	819,831		
TOLLESON FIRE DEPARTMENT	5,854,892	47	140,441	436,037	38,200	276,800
TOLLESON POLICE DEPARTMENT	3,772,476	30	(11,724)	596,260		565,484
TOMBSTONE MARSHAL'S DEPARTMENT	679,960	5	(11,234)	16,328		
TONOPAH VALLEY FIRE DISTRICT	596,055	5		62,618		
TOWN OF SUPERIOR (FIRE DEPT)	426,930	3		23,064		
TRI-CITY FIRE DISTRICT	2,012,396	16	94	188,551	4,716	
TUBAC FIRE DISTRICT	3,592,730	29	49,483	216,345	23,776	
TUCSON AIRPORT AUTHORITY FIRE DPT	3,445,929	28	108,558	839,895		
TUCSON AIRPORT AUTHORITY POLICE	2,770,934	22	176,476	860,997		
TUCSON FIRE	137,172,479	1,103	5,770,868	21,395,131	1,071,575	235,262
TUCSON POLICE	234,475,926	1,885	5,961,826	31,353,830		3,000,000
U OF A CAMPUS POLICE DEPARTMENT	9,580,085	77	464,907	1,181,033		
VERDE VALLEY FIRE DISTRICT	5,116,616	41		267,920	47,857	
WELLTON POLICE	531,729	4	21,591	80,788		
WHETSTONE FIRE DISTRICT	269,796	2	(24,469)	23,064	4,544	
WICKENBURG FIRE DEPARTMENT	853,325	7		80,265		
WICKENBURG POLICE DEPARTMENT	2,022,144	16	(12,271)	307,317		
WILLCOX POLICE DEPARTMENT	1,498,523	12	145,643	268,467		
WILLIAMS POLICE DEPARTMENT	1,192,561	10		158,399		
WILLIAMSON VALLEY FIRE DISTRICT	476,051	4	(14,043)	135,704	4,313	
WINSLOW FIRE DEPARTMENT	5,712,638	46	107,066	42,300	7,215	
WINSLOW POLICE DEPARTMENT	4,338,646	35	166,128	394,615		
WITTMANN FIRE & MEDICAL DISTRICT	632,429	5	(7,573)	59,577	11,970	
YAVAPAI CNTY ATTRNY INVESTIGATORS	(147,951)	(1)		93,173		
YAVAPAI COUNTY SHERIFF'S DEPT.	15,665,631	126	124,197	2,503,859		
YAVAPAI PRESCOTT TRIBAL POLICE	501,635	4	25,975	91,160		
YOUNGTOWN POLICE DEPARTMENT	551,461	4				70,420
YUMA COUNTY SHERIFF'S DEPARTMENT	12,084,767	97	321,696	1,536,325		
YUMA FIRE DEPARTMENT	21,847,632	176	118,704	3,544,698	155,309	
YUMA POLICE DEPARTMENT	32,547,980	262	1,183,254	4,511,261		
<b>TOTALS</b>	<b>4,729,802,534</b>	<b>38,020</b>	<b>95,808,401</b>	<b>540,162,421</b>	<b>16,316,362</b>	<b>25,699,974</b>



OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES (cont)							
FISCAL YEAR ENDED JUNE 30, 2016							
PSPRS SYSTEM	PENSION PAYMENTS	DROP PAYMENTS	ENHANCED REFUNDS	DIST. OF EARNINGS	DIST. OF ADMIN EXP	2016 BALANCES	2015 UAAL
TIMBER MESA FIRE AND MEDICAL DIST	(192,238)		(30,383)	65,212	(9,784)	8,356,643	190,595
TOHONO O'ODHAM NATION FIRE DEPT.	(63,701)		(20,399)	42,463	(6,510)	5,645,316	269,305
TOHONO O'ODHAM NATION POLICE DEPT	(666,272)		(648)	103,454	(15,287)	14,786,463	3,866,375
TOLLESON FIRE DEPARTMENT	(230,974)			51,108	(7,754)	6,558,798	2,779,960
TOLLESON POLICE DEPARTMENT	(412,068)		(26)	31,927	(4,994)	4,537,366	4,522,528
TOMBSTONE MARSHAL'S DEPARTMENT				4,722	(1,079)	688,703	(589,295)
TONOPAH VALLEY FIRE DISTRICT				5,274	(1,159)	662,794	(245,054)
TOWN OF SUPERIOR (FIRE DEPT)	(17,597)			3,212	(862)	434,751	(46,844)
TRI-CITY FIRE DISTRICT	(57,756)			17,109	(2,862)	2,162,265	477,537
TUBAC FIRE DISTRICT	(81,270)			29,535	(4,650)	3,825,977	596,838
TUCSON AIRPORT AUTHORITY FIRE DPT	(831,564)	(270,538)		26,592	(4,227)	3,314,674	10,054,628
TUCSON AIRPORT AUTHORITY POLICE	(879,698)	(270,850)		24,385	(3,909)	2,678,358	11,576,470
TUCSON FIRE	(29,086,172)	(20,015,188)	(118,391)	978,548	(141,208)	117,264,006	303,409,780
TUCSON POLICE	(45,383,747)	(16,908,251)	(428,928)	1,658,844	(239,099)	213,492,287	477,628,144
U OF A CAMPUS POLICE DEPARTMENT	(958,243)	(698,746)	(11,210)	78,871	(11,749)	9,625,025	12,698,596
VERDE VALLEY FIRE DISTRICT	(204,825)		(122,496)	39,685	(6,110)	5,138,687	1,794,818
WELLTON POLICE	(125,937)			3,981	(973)	511,182	986,098
WHETSTONE FIRE DISTRICT				2,132	(707)	274,363	(151,544)
WICKENBURG FIRE DEPARTMENT				7,439	(1,470)	939,565	(187,051)
WICKENBURG POLICE DEPARTMENT	(344,348)			14,946	(2,551)	1,985,255	2,856,545
WILLCOX POLICE DEPARTMENT	(303,991)			11,329	(2,030)	1,617,952	3,104,194
WILLIAMS POLICE DEPARTMENT	(125,795)		(444)	8,886	(1,679)	1,231,938	1,093,335
WILLIAMSON VALLEY FIRE DISTRICT				5,743	(1,226)	606,545	(37,871)
WINSLOW FIRE DEPARTMENT	(139,321)			34,484	(5,362)	5,759,065	(3,648,247)
WINSLOW POLICE DEPARTMENT	(325,235)	(107,589)	(48,344)	31,807	(4,977)	4,445,085	3,311,709
WITTMANN FIRE & MEDICAL DISTRICT				5,854	(1,242)	701,019	(74,737)
YAVAPAI CNTY ATTRNY INVESTIGATORS	(76,767)			(570)	(318)	(132,434)	1,267,158
YAVAPAI COUNTY SHERIFF'S DEPT.	(2,532,765)	(26,560)	(322)	128,609	(18,906)	15,843,868	29,978,521
YAVAPAI PRESCOTT TRIBAL POLICE			(12,494)	4,732	(1,081)	609,931	(208,004)
YOUNGTOWN POLICE DEPARTMENT	(106,306)		(21,252)	3,410	(891)	496,847	920,887
YUMA COUNTY SHERIFF'S DEPARTMENT	(1,471,896)	(710,669)	(12,929)	94,390	(13,982)	11,827,799	15,191,817
YUMA FIRE DEPARTMENT	(3,915,483)	(777,379)		166,820	(24,405)	21,116,072	43,300,866
YUMA POLICE DEPARTMENT	(5,179,893)	(172,930)	(117,270)	242,213	(35,253)	32,979,623	48,860,510
<b>TOTALS</b>	<b>(596,752,910)</b>	<b>(213,900,201)</b>	<b>(7,013,151)</b>	<b>35,635,760</b>	<b>(5,222,000)</b>	<b>4,620,575,209</b>	<b>6,464,429,760</b>

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES						
FISCAL YEAR ENDED JUNE 30, 2016						
CORP PLAN	2015 BALANCES	GASB 68 PRIOR ADJ	RESERVE TRANSFERS	CONTRIB RECEIVED	ADDITIONAL ER CONT.	PENSION PAYMENTS
DEPARTMENT OF CORRECTIONS	578,491,895	(4,671)	15,212,104	60,984,325		(70,694,815)
DEPT OF JUVENILE CORRECTIONS	45,372,057	(366)	1,115,904	3,997,173		(6,866,310)
PINAL COUNTY - CORP	17,339,392	(140)	216,489	793,253		(846,557)
GILA COUNTY - CORP	2,819,210	(23)	139,072	191,008		(142,362)
GRAHAM COUNTY - DETENTION	1,397,084	(11)	(517)	107,149		(112,897)
MARICOPA COUNTY - CORP	149,810,441	(1,210)	3,881,365	15,892,539		(14,031,364)
CITY OF AVONDALE - DETENTION	779,461	(6)	24,326	58,915		(11,584)
YUMA COUNTY - CORP	8,811,631	(71)	(7,250)	659,646		(764,163)
PIMA COUNTY - CORP	36,427,405	(294)	829,993	4,634,282		(5,203,662)
APACHE COUNTY - CORP	983,629	(8)	25,460	86,753		(85,521)
COCHISE COUNTY - CORP	3,752,808	(30)	245,446	365,058	35,249	(471,267)
COCONINO COUNTY - CORP	5,078,722	(41)	151,630	381,483		(260,989)
MOHAVE COUNTY - CORP	5,394,668	(44)	121,915	277,167		(275,251)
SANTA CRUZ COUNTY - CORP	1,810,917	(15)	(9,826)	68,260		(105,711)
NAVAJO COUNTY - CORP	2,594,382	(21)	54,266	137,367		(195,428)
YAVAPAI COUNTY - CORP	7,039,839	(57)	165,071	944,491		(808,795)
PINAL COUNTY - DISPATCHERS	950,330	(8)	63,690	52,927		(49,818)
ORO VALLEY - DISPATCHERS	904,109	(7)	63,881	52,583		(119,180)
TOWN OF MARANA - DISPATCHERS	620,503	(5)		48,648		
GILA COUNTY - DISPATCHERS	1,020,598	(8)		35,930		(80,128)
TOWN OF WICKENBURG-DISPATCHEERS	301,392	(2)		36,040		(45,340)
GRAHAM COUNTY - DISPATCHERS	360,844	(3)		10,904		
YAVAPAI COUNTY - DISPATCHERS	505,418	(4)		26,040		(39,324)
CITY OF SOMERTON - DISPATCHERS	322,748	(3)		39,841		(32,389)
DEPARTMENT OF PUBLIC SAFETY	6,534,013	(53)	71,582	319,130		(368,200)
DEPARTMENT OF PUBLIC SAFETY DETENTION	1,508	(0)	42,133	4,539		
<b>TOTALS CORP</b>	<b>879,425,002</b>	<b>(7,101)</b>	<b>22,406,736</b>	<b>90,205,452</b>	<b>35,249</b>	<b>(101,611,054)</b>
CORP-AOC PLAN	2015 BALANCES	GASB 68 PRIOR ADJ	RESERVE TRANSFERS	CONTRIB RECEIVED	ADDITIONAL ER CONT.	PENSION PAYMENTS
ADMIN. OFFICE OF THE COURT	251,925,881	(2,034)	7,448,082	21,038,447		(19,808,871)
<b>TOTALS CORP-AOC</b>	<b>251,925,881</b>	<b>(2,034)</b>	<b>7,448,082</b>	<b>21,038,447</b>		<b>(19,808,871)</b>

**OPERATING INFORMATION**

<b>SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES (cont)</b>						
FISCAL YEAR ENDED JUNE 30, 2016						
<b>CORP PLAN</b>	<b>DROP PAYMENTS</b>	<b>ENHANCED REFUNDS</b>	<b>DIST. OF EARNINGS</b>	<b>DIST. OF ADMIN EXP</b>	<b>2016 BALANCES</b>	<b>2015 UAAL</b>
DEPARTMENT OF CORRECTIONS	(1,810,470)	(6,423,783)	4,830,853	(683,485)	579,901,953	631,487,465
DEPT OF JUVENILE CORRECTIONS		(435,111)	349,994	(49,889)	43,483,450	52,950,396
PINAL COUNTY - CORP		(235,710)	145,124	(20,921)	17,390,931	5,253,772
GILA COUNTY - CORP		(30,624)	25,007	(3,936)	2,997,352	531,669
GRAHAM COUNTY - DETENTION		(20,922)	11,695	(2,054)	1,379,527	456,209
MARICOPA COUNTY - CORP	(1,302,043)	(2,411,490)	1,315,283	(186,382)	152,967,139	159,867,565
CITY OF AVONDALE - DETENTION		(19,498)	7,365	(1,441)	837,538	311,775
YUMA COUNTY - CORP		(338,653)	69,097	(10,170)	8,420,067	5,495,339
PIMA COUNTY - CORP	(91,704)	(222,605)	301,514	(43,034)	36,631,895	52,126,101
APACHE COUNTY - CORP		(27,333)	7,904	(1,518)	989,367	532,017
COCHISE COUNTY - CORP		(28,556)	32,454	(4,989)	3,926,172	4,381,070
COCONINO COUNTY - CORP		(1,005)	44,475	(6,689)	5,387,587	2,302,942
MOHAVE COUNTY - CORP		(51,459)	42,247	(6,374)	5,502,870	(701,345)
SANTA CRUZ COUNTY - CORP		(21,931)	13,350	(2,288)	1,752,758	149,623
NAVAJO COUNTY - CORP		(22,884)	19,994	(3,227)	2,584,449	574,562
YAVAPAI COUNTY - CORP		(100,402)	68,029	(10,019)	7,298,157	8,609,607
PINAL COUNTY - DISPATCHERS		(32,248)	8,733	(1,635)	991,971	788,756
ORO VALLEY - DISPATCHERS			7,237	(1,423)	907,199	1,132,837
TOWN OF MARANA - DISPATCHERS		(19,630)	6,034	(1,253)	654,297	437,863
GILA COUNTY - DISPATCHERS		(18,279)	7,545	(1,467)	964,191	541,823
TOWN OF WICKENBURG-DISPATCHEERS			2,383	(737)	293,735	418,226
GRAHAM COUNTY - DISPATCHERS		(10,346)	3,221	(855)	363,764	(83,374)
YAVAPAI COUNTY - DISPATCHERS			3,898	(951)	495,077	332,365
CITY OF SOMERTON - DISPATCHERS			2,886	(808)	332,275	564,349
DEPARTMENT OF PUBLIC SAFETY		(98,319)	52,898	(7,880)	6,503,171	4,082,421
DEPARTMENT OF PUBLIC SAFETY DETENTION			449	(463)	48,166	3,736
<b>TOTALS CORP</b>	<b>(3,204,216)</b>	<b>(10,570,789)</b>	<b>7,379,669</b>	<b>(1,053,889)</b>	<b>883,005,060</b>	<b>932,547,769</b>
<b>CORP-AOC PLAN</b>	<b>DROP PAYMENTS</b>	<b>ENHANCED REFUNDS</b>	<b>DIST. OF EARNINGS</b>	<b>DIST. OF ADMIN EXP</b>	<b>2016 BALANCES</b>	<b>2015 UAAL</b>
ADMIN. OFFICE OF THE COURT	(2,327,299)	(812,338)	2,060,524	(297,359)	259,225,034	236,258,086
<b>TOTALS CORP-AOC</b>	<b>(2,327,299)</b>	<b>(812,338)</b>	<b>2,060,524</b>	<b>(297,359)</b>	<b>259,225,034</b>	<b>236,258,086</b>

OPERATING INFORMATION

SCHEDULE OF CHANGES IN HEALTH INSURANCE RESERVE BALANCES						
FISCAL YEAR ENDED JUNE 30, 2016						
PSPRS SYSTEM	2015 BALANCES	CONTRIB RECEIVED	SUBSIDY BENEFITS	DIST. OF EARNINGS	DIST. OF ADMIN EXP	2016 BALANCES
AK CHIN INDIAN COMM. FIRE DEPT.	143,250	9,274	(3,120)	848	(122)	150,130
AK CHIN INDIAN COMM. POLICE DEPT.	86,118	4,404		512	(74)	90,960
APACHE COUNTY SHERIFF'S DEPT.	274,010	8,011	(11,482)	1,579	(227)	271,891
APACHE JUNCTION POLICE DEPARTMENT	702,156	6,119	(41,311)	3,996	(575)	670,386
ARIZONA STATE PARK RANGERS	607,151	982	(21,468)	3,474	(500)	589,640
ASU PD PSPRS LOCAL BOARD	926,961		(43,682)	5,279	(760)	887,798
ATTORNEY GENERAL INVESTIGATORS	334,677	7,802	(30,606)	1,881	(271)	313,484
AVONDALE FIRE DEPARTMENT	440,254	23,986	(8,717)	2,588	(372)	457,738
AVONDALE POLICE DEPARTMENT	685,395	29,635	(21,750)	3,999	(575)	696,704
AVRA VALLEY FIRE DISTRICT	150,817		(69)	875	(126)	151,498
AZ DPT. LIQ. LIC. & CONTROL INVST	105,054	14,155	(18,084)	602	(87)	101,640
BENSON FIRE DEPARTMENT	8,819	636		51	(7)	9,499
BENSON POLICE DEPARTMENT	150,514	1,019	(2,328)	870	(125)	149,949
BISBEE FIRE DEPARTMENT	228,011		(11,139)	1,294	(186)	217,980
BISBEE POLICE DEPARTMENT	160,553	5,236	(15,155)	909	(131)	151,413
BLACK CANYON FIRE DISTRICT	37,851	892		222	(32)	38,933
BUCKEYE FIRE DEPARTMENT	379,113	27,905		2,267	(326)	408,959
BUCKEYE POLICE DEPARTMENT	483,178	23,919	(1,786)	2,866	(412)	507,764
BUCKEYE VALLEY FIRE DISTRICT	274,054	17,921		1,634	(235)	293,374
BUCKSKIN FIRE DISTRICT	65,688	4,564	(2,947)	386	(56)	67,635
BULLHEAD CITY FIRE DEPARTMENT	1,179,188		(16,106)	6,797	(978)	1,168,901
BULLHEAD CITY POLICE DEPARTMENT	1,000,341	12,198	(33,439)	5,754	(828)	984,026
CAMP VERDE FIRE DISTRICT	168,441	5,171		991	(143)	174,460
CAMP VERDE MARSHALL'S	170,246	2,967	(6,416)	980	(141)	167,635
CASA GRANDE FIRE DEPARTMENT	408,591	21,777	(34,832)	2,321	(334)	397,524
CASA GRANDE POLICE DEPARTMENT	807,076	10,954	(49,322)	4,607	(663)	772,652
CAVE CREEK MARSHALS	7,439	401		44	(6)	7,877
CENTRAL AZ. COLLEGE POLICE DEPT.	22,490	1,772	(140)	135	(19)	24,238
CENTRAL YAVAPAI FIRE DISTRICT	966,285	17,632	(55,662)	5,521	(794)	932,981
CHANDLER FIRE DEPARTMENT	2,313,794	63,200	(86,582)	13,348	(1,921)	2,301,839
CHANDLER POLICE DEPARTMENT	3,755,769	150,944	(194,516)	21,726	(3,126)	3,730,796
CHINO VALLEY FIRE DISTRICT	285,591	10,391	(15,040)	1,649	(237)	282,353
CHINO VALLEY POLICE DEPARTMENT	236,192	1,289	(8,443)	1,352	(195)	230,196
CHRISTOPHER-KOHL'S FIRE DISTRICT	16,503	875	(1,800)	93	(13)	15,658
CITY OF MARICOPA - FIRE	265,712	23,025	(1,800)	1,593	(229)	288,301
CITY OF MARICOPA (POLICE DEPT.)	213,907	15,055		1,282	(184)	230,060
CLARKDALE FIRE DISTRICT	30,709	2,007		184	(26)	32,872
CLARKDALE POLICE DEPARTMENT	129,023		(2,735)	741	(107)	126,922
CLIFTON FIRE DEPARTMENT	12,658		(1,200)	70	(10)	11,518
CLIFTON POLICE DEPARTMENT	50,261			292	(42)	50,511

## OPERATING INFORMATION

SCHEDULE OF CHANGES IN HEALTH INSURANCE RESERVE BALANCES						
FISCAL YEAR ENDED JUNE 30, 2016						
PSPRS SYSTEM	2015 BALANCES	CONTRIB RECEIVED	SUBSIDY BENEFITS	DIST. OF EARNINGS	DIST. OF ADMIN EXP	2016 BALANCES
COCHISE COUNTY SHERIFF'S DEPT	1,155,461	3,722	(62,757)	6,558	(944)	1,102,040
COCONINO COUNTY SHERIFF'S DEPT	620,065	22,262	(47,944)	3,535	(509)	597,409
COOLIDGE FIRE DEPARTMENT	10,688	3,178		67	(10)	13,923
COOLIDGE POLICE DEPARTMENT	340,427		(21,457)	1,937	(279)	320,628
CORONA DE TUCSON FIRE DISTRICT	92,713	5,071		552	(79)	98,256
COTTONWOOD FIRE DEPARTMENT	134,210	10,027	(7,410)	787	(113)	137,500
COTTONWOOD POLICE DEPARTMENT	283,935	5,868	(5,838)	1,651	(238)	285,378
DAISY MOUNTAIN FIRE DISTRICT	526,387	31,661		3,131	(451)	560,729
DEPARTMENT OF EMER & MILITARY AFF	592,519		(1,445)	3,436	(494)	594,015
DEPARTMENT OF PUBLIC SAFETY	30,617,361		(1,677,105)	173,421	(24,954)	29,088,723
DESERT HILLS FIRE DEPARTMENT	62,413	7,222		381	(55)	69,961
DOUGLAS FIRE DEPARTMENT	416,577		(13,752)	2,384	(343)	404,866
DOUGLAS POLICE DEPARTMENT	577,355		(47,317)	3,253	(468)	532,823
DREXEL HEIGHTS FIRE DISTRICT	773,399	14,009	(20,227)	4,468	(643)	771,006
EAGAR POLICE DEPARTMENT	117,388		(625)	680	(98)	117,345
EL MIRAGE FIRE DEPARTMENT	116,422	4,695		688	(99)	121,706
EL MIRAGE POLICE DEPARTMENT	277,047	12,776	(7,277)	1,634	(235)	283,945
ELOY FIRE DISTRICT	129,596	7,305		771	(111)	137,561
ELOY POLICE DEPARTMENT	314,623		(3,000)	1,818	(262)	313,180
FLAGSTAFF FIRE DEPARTMENT	2,565,417		(99,256)	14,624	(2,104)	2,478,681
FLAGSTAFF POLICE DEPARTMENT	1,448,376	2,281	(74,313)	8,204	(1,181)	1,383,368
FLORENCE FIRE DEPARTMENT	106,075	6,408		630	(91)	113,023
FLORENCE POLICE DEPARTMENT	212,133	5,366	(4,320)	1,234	(178)	214,235
FORT MCDOWELL TRIBAL FIRE DEPT.	89,954	2,234		528	(76)	92,640
FORT MCDOWELL TRIBAL POLICE DEPT.	184,464	4,495		1,082	(156)	189,886
FORT MOJAVE MESA FIRE DISTRICT	279,117	9,068	(10,050)	1,618	(233)	279,519
FORT MOJAVE TRIBAL POLICE DEPT.	93,272	2,667		549	(79)	96,409
FREDONIA MARSHALS	48,340			281	(40)	48,581
FRY FIRE DISTRICT	327,314	20,553	(25,976)	1,886	(271)	323,506
GAME AND FISH DEPARTMENT	2,821,669	28,815	(189,233)	15,952	(2,295)	2,674,907
GILA COUNTY SHERIFF'S DEPARTMENT	602,798		(17,840)	3,451	(497)	587,913
GILA RIVER FIRE DEPARTMENT	404,257	9,730		2,371	(341)	416,017
GILA RIVER POLICE DEPARTMENT	615,592	28,205	(344)	3,645	(525)	646,574
GILBERT FIRE DEPARTMENT	1,183,845	58,585	(4,335)	6,975	(1,004)	1,244,065
GILBERT POLICE DEPARTMENT	1,953,012	65,060	(44,987)	11,394	(1,639)	1,982,838
GLENDALE FIRE DEPARTMENT	4,129,677		(124,182)	23,643	(3,402)	4,025,735
GLENDALE POLICE DEPARTMENT	4,697,076	194,203	(265,236)	27,086	(3,897)	4,649,232
GLOBE FIRE DEPARTMENT	164,627	12,830	(8,740)	978	(141)	169,554
GLOBE POLICE DEPARTMENT	271,302	5,615	(19,480)	1,529	(220)	258,746
GOLDEN SHORES FIRE DISTRICT	29,810	2,239		179	(26)	32,202

OPERATING INFORMATION

SCHEDULE OF CHANGES IN HEALTH INSURANCE RESERVE BALANCES						
FISCAL YEAR ENDED JUNE 30, 2016						
PSPRS SYSTEM	2015 BALANCES	CONTRIB RECEIVED	SUBSIDY BENEFITS	DIST. OF EARNINGS	DIST. OF ADMIN EXP	2016 BALANCES
GOLDEN VALLEY FIRE DISTRICT	160,846	4,323	(2,350)	938	(135)	163,621
GOLDER RANCH FIRE DISTRICT	892,684	45,227	(20,673)	5,236	(753)	921,720
GOODYEAR FIRE DEPARTMENT	531,698	34,914	(10,595)	3,127	(450)	558,694
GOODYEAR POLICE DEPARTMENT	709,434	30,830	(6,840)	4,188	(603)	737,009
GRAHAM COUNTY SHERIFF'S DEPT.	214,687	2,135	(3,323)	1,245	(179)	214,565
GREEN VALLEY FIRE DISTRICT	513,978	22,971	(32,562)	2,952	(425)	506,913
GREENLEE CNTY ATTY INVESTIGATORS						
GREENLEE COUNTY SHERIFF'S DEPT.	240,661		(1,200)	1,394	(201)	240,655
GROOM CREEK FIRE DISTRICT	23,982	1,311		143	(21)	25,415
GUADALUPE FIRE DEPARTMENT	32,001	2,738	(1,200)	190	(27)	33,702
HARQUAHALA FIRE DISTRICT	46,704	2,330		278	(40)	49,271
HAYDEN POLICE DEPARTMENT	46,594	287		271	(39)	47,114
HEBER-OVERGAARD FIRE DISTRICT	82,529	1,188		482	(69)	84,129
HELLSGATE FIRE DISTRICT	53,604	4,366		322	(46)	58,246
HIGHLANDS FIRE DISTRICT	162,388	5,614	(3,100)	952	(137)	165,717
HOLBROOK POLICE DEPARTMENT	210,956		(8,004)	1,202	(173)	203,981
HUACHUCA CITY POLICE DEPARTMENT	17,103	4,045		111	(16)	21,243
HUALAPAI INDIAN TRIBE POLICE DEPT	54,087	5,550		328	(47)	59,918
JEROME POLICE DEPARTMENT	20,069	784		118	(17)	20,955
KEARNY POLICE DEPARTMENT	41,680	325	(659)	242	(35)	41,554
KINGMAN FIRE DEPARTMENT	661,639	1,773	(13,200)	3,812	(548)	653,475
KINGMAN POLICE DEPARTMENT	561,530	12,274	(15,511)	3,250	(468)	561,076
LA PAZ COUNTY ATTY. INVESTIGATORS	11,418		(420)	65	(9)	11,054
LA PAZ COUNTY SHERIFF'S DEPT.	424,283		(3,856)	2,454	(353)	422,529
LAKE HAVASU CITY FIRE DEPARTMENT	1,440,116		(72,924)	8,164	(1,175)	1,374,181
LAKE HAVASU CITY POLICE DEPT.	1,038,518	17,105	(48,398)	5,950	(856)	1,012,319
LAKE MOHAVE RANCHOS FIRE DISTRICT	54,050			314	(45)	54,318
MAMMOTH POLICE DEPARTMENT	33,897			197	(28)	34,065
MARANA POLICE DEPARTMENT	709,571	19,753	(23,840)	4,113	(592)	709,005
MARICOPA CNTY ATTY INVESTIGATORS	254,375	1,433	(12,678)	1,446	(208)	244,368
MARICOPA COUNTY PARK RANGERS	42,083		(3,553)	233	(34)	38,729
MARICOPA COUNTY SHERIFF'S OFFICE	12,629,354		(382,563)	72,269	(10,399)	12,308,661
MAYER FIRE DISTRICT	95,021	4,473		564	(81)	99,976
MESA FIRE DEPARTMENT	7,563,144	76,615	(511,246)	42,748	(6,151)	7,165,110
MESA POLICE DEPARTMENT	10,496,568	591,219	(1,192,382)	59,376	(8,544)	9,946,237
MIAMI POLICE DEPARTMENT	59,856	546		349	(50)	60,700
MOHAVE COUNTY SHERIFF'S DEPT.	1,273,161		(16,992)	7,350	(1,058)	1,262,462
MOHAVE VALLEY FIRE DISTRICT	344,906			2,002	(288)	346,620
MONTEZUMA RIMROCK FIRE DISTRICT	51,670	3,368	(2,310)	302	(43)	52,986
MOUNT LEMMON FIRE DISTRICT	26,694	1,447		159	(23)	28,277

## OPERATING INFORMATION

SCHEDULE OF CHANGES IN HEALTH INSURANCE RESERVE BALANCES						
FISCAL YEAR ENDED JUNE 30, 2016						
PSPRS SYSTEM	2015 BALANCES	CONTRIB RECEIVED	SUBSIDY BENEFITS	DIST. OF EARNINGS	DIST. OF ADMIN EXP	2016 BALANCES
NAU CAMPUS POLICE	294,366	534	(20,213)	1,658	(239)	276,105
NAVAJO COUNTY ATTY'S INVESTIGATOR	7,120		(1,566)	39	(6)	5,587
NAVAJO COUNTY SHERIFF'S DEPT.	589,376		(12,328)	3,385	(487)	579,946
NOGALES FIRE DEPARTMENT	508,572	24,934	(43,505)	2,898	(417)	492,482
NOGALES POLICE DEPARTMENT	905,569	16,694	(63,290)	5,141	(740)	863,375
NORTH COUNTY FIRE & MEDICAL DISTR	426,655	40,646	(29,005)	2,501	(360)	440,436
NORTHERN AZ. CONSOLIDATED FD #1	155,071	13,573	(4,764)	922	(133)	164,669
NORTHWEST FIRE DISTRICT	1,601,163	54,806	(32,185)	9,345	(1,345)	1,631,784
ORACLE FIRE DISTRICT	21,085	1,771		127	(18)	22,964
ORO VALLEY POLICE DEPT.	1,040,026	26,358	(13,757)	6,072	(874)	1,057,826
PAGE FIRE DEPARTMENT	56,188	2,447	(1,200)	328	(47)	57,716
PAGE POLICE DEPARTMENT	374,482			2,174	(313)	376,343
PALOMINAS FIRE DISTRICT	26,286	1,632		156	(22)	28,052
PARADISE VALLEY POLICE DEPARTMENT	444,451	16,919	(35,908)	2,532	(364)	427,630
PARKER POLICE DEPARTMENT	137,356		(534)	796	(114)	137,503
PASCUA YAQUI TRIBE FIRE DEPT.	165,105	8,323		981	(141)	174,268
PASCUA YAQUI TRIBE POLICE DEPT.	183,705	11,424	(3,780)	1,088	(157)	192,280
PATAGONIA MARSHALS	29,342			170	(25)	29,488
PAYSON FIRE DEPARTMENT	193,652	14,841	(24,220)	1,098	(158)	185,213
PAYSON POLICE DEPARTMENT	270,897	12,483	(29,546)	1,533	(221)	255,146
PEORIA FIRE DEPARTMENT	1,503,997	28,323	(19,167)	8,748	(1,259)	1,520,643
PEORIA POLICE DEPARTMENT	1,811,341	48,972	(80,130)	10,470	(1,507)	1,789,146
PHOENIX FIRE DEPARTMENT	36,102,228		(1,508,708)	205,587	(29,583)	34,769,524
PHOENIX POLICE DEPARTMENT	63,928,176		(2,602,325)	364,080	(52,389)	61,637,542
PICTURE ROCKS FIRE DISTRICT	186,678		(5,400)	1,069	(154)	182,194
PIMA COUNTY ATTORNEY INVESTIGATOR	106,384		(3,240)	609	(88)	103,665
PIMA COUNTY COMM. COLLEGE POLICE	370,189		(5,361)	2,134	(307)	366,655
PIMA COUNTY SHERIFF'S DEPARTMENT	7,920,483	84,479	(384,748)	45,204	(6,505)	7,658,913
PIMA POLICE DEPARTMENT	23,984			139	(20)	24,103
PINAL COUNTY SHERIFF'S DEPARTMENT	2,290,633	33,215	(70,470)	13,201	(1,900)	2,264,678
PINE-STRAWBERRY FIRE DISTRICT	182,280	1,543	(866)	1,060	(152)	183,865
PINETOP FIRE DISTRICT	153,139	7,946	(3,652)	899	(129)	158,202
PINETOP-LAKESIDE POLICE DEPT.	95,955	7,132	(16,685)	521	(75)	86,847
PINEWOOD FIRE DISTRICT	42,934	8,187	(3,957)	260	(37)	47,388
PONDEROSA FIRE DISTRICT	5,232	1,966		35	(5)	7,228
PRESCOTT FIRE DEPARTMENT	1,154,032		(50,407)	6,570	(945)	1,109,251
PRESCOTT POLICE DEPARTMENT	771,308	30,165	(74,405)	4,371	(629)	730,809
PRESCOTT VALLEY POLICE DEPARTMENT	560,948	17,218	(10,367)	3,275	(471)	570,603
QUARTZSITE FIRE DISTRICT	39,343	1,801		233	(34)	41,343
QUARTZSITE POLICE DEPARTMENT	112,806		(3,591)	645	(93)	109,768

OPERATING INFORMATION

SCHEDULE OF CHANGES IN HEALTH INSURANCE RESERVE BALANCES						
FISCAL YEAR ENDED JUNE 30, 2016						
PSPRS SYSTEM	2015 BALANCES	CONTRIB RECEIVED	SUBSIDY BENEFITS	DIST. OF EARNINGS	DIST. OF ADMIN EXP	2016 BALANCES
QUEEN CREEK FIRE DEPARTMENT	126,066	9,434	(3,120)	744	(107)	133,017
QUEEN VALLEY FIRE DISTRICT	11,468	1,284		70	(10)	12,812
RINCON VALLEY FIRE DISTRICT	155,538	9,644		926	(133)	165,974
RIO RICO FIRE DISTRICT	138,800	6,759		823	(118)	146,264
RIO VERDE FIRE DISTRICT	112,837	7,892	(2,220)	671	(96)	119,083
SAFFORD POLICE DEPARTMENT	275,204	10,265	(11,089)	1,597	(230)	275,746
SAHUARITA POLICE DEPARTMENT	264,860	17,217	(1,152)	1,581	(227)	282,278
SALT RIVER PIMA-MARICOPA FIRE	608,393	16,042		3,575	(514)	627,496
SALT RIVER PIMA-MARICOPA POLICE	633,268	29,013	(22,977)	3,685	(530)	642,458
SAN CARLOS TRIBAL POLICE DEPT.	121,607	7,945		726	(105)	130,174
SAN LUIS FIRE DEPARTMENT	174,579	7,720		1,031	(148)	183,182
SAN LUIS POLICE DEPARTMENT	260,384	5,367	(3,537)	1,516	(218)	263,512
SANTA CRUZ COUNTY SHERIFF'S DEPT.	443,625	346	(29,194)	2,501	(360)	416,919
SCOTTSDALE FIRE DEPARTMENT	1,208,382	97,096	(14,044)	7,082	(1,019)	1,297,497
SCOTTSDALE POLICE DEPARTMENT	6,140,863	56,297	(280,120)	35,084	(5,048)	5,947,075
SEDONA FIRE DISTRICT	449,357	33,238	(24,092)	2,631	(379)	460,756
SEDONA POLICE DEPARTMENT	271,108		(7,583)	1,544	(222)	264,847
SHOW LOW POLICE DEPARTMENT	351,317	3,793	(5,989)	2,036	(293)	350,864
SIERRA VISTA FIRE DEPARTMENT	551,753	23,681	(48,660)	3,132	(451)	529,456
SIERRA VISTA POLICE DEPARTMENT	673,246	42,485	(76,274)	3,821	(550)	642,729
SNOWFLAKE POLICE DEPARTMENT	124,913	2,435	(1,620)	727	(105)	126,351
SOMERTON FIRE DEPARTMENT	126,600	3,428	(1,300)	740	(106)	129,362
SOMERTON POLICE DEPARTMENT	191,340	5,474	(1,800)	1,121	(161)	195,973
SONOITA ELGIN FIRE DEPARTMENT	33,730	1,138		198	(29)	35,037
SOUTH TUCSON FIRE DEPARTMENT	82,553	1,373	(3,870)	474	(68)	80,462
SOUTH TUCSON POLICE DEPARTMENT	96,777	11,585	(12,710)	557	(80)	96,128
SPRINGERVILLE POLICE DEPARTMENT	99,993			580	(84)	100,490
ST. JOHNS POLICE DEPARTMENT	59,177			344	(49)	59,471
SUMMIT FIRE DISTRICT	277,323	10,062	(2,038)	1,631	(235)	286,744
SUN CITY FIRE DISTRICT	820,713	17,923	(37,810)	4,714	(678)	804,862
SUN LAKES FIRE DISTRICT	335,415	10,927	(7,848)	1,954	(281)	340,166
SUN SITES PEARCE FIRE DISTRICT	13,485	3,017		86	(12)	16,576
SUPERIOR POLICE DEPARTMENT	85,776			498	(72)	86,203
SUPERSTITION FIRE AND MEDICAL DIS	771,451	24,700	(8,818)	4,517	(650)	791,200
SURPRISE FIRE DEPARTMENT	695,151	40,121	(12,498)	4,094	(589)	726,279
SURPRISE POLICE DEPARTMENT	894,997	50,058	(26,963)	5,266	(758)	922,600
TEMPE FIRE DEPARTMENT	3,685,139		(219,704)	20,807	(2,994)	3,483,248
TEMPE POLICE DEPARTMENT	4,058,015	190,333	(414,111)	23,045	(3,316)	3,853,965
THATCHER POLICE DEPARTMENT	195,979		(1,406)	1,134	(163)	195,543
THREE POINTS FIRE DISTRICT	94,396	3,809	(3,600)	549	(79)	95,075



## OPERATING INFORMATION

<b>SCHEDULE OF CHANGES IN HEALTH INSURANCE RESERVE BALANCES</b>						
FISCAL YEAR ENDED JUNE 30, 2016						
<b>PSPRS SYSTEM</b>	<b>2015 BALANCES</b>	<b>CONTRIB RECEIVED</b>	<b>SUBSIDY BENEFITS</b>	<b>DIST. OF EARNINGS</b>	<b>DIST. OF ADMIN EXP</b>	<b>2016 BALANCES</b>
TIMBER MESA FIRE AND MEDICAL DIST	335,369		(10,120)	1,909	(275)	326,883
TOHONO O'ODHAM NATION FIRE DEPT.	190,447	13,519		1,143	(165)	204,945
TOHONO O'ODHAM NATION POLICE DEPT	502,017	22,685	(3,432)	2,969	(427)	523,811
TOLLESON FIRE DEPARTMENT	257,289	7,578	(4,920)	1,500	(216)	261,232
TOLLESON POLICE DEPARTMENT	243,378	6,755	(7,272)	1,413	(203)	244,072
TOMBSTONE MARSHAL'S DEPARTMENT	52,187			303	(44)	52,446
TONOPAH VALLEY FIRE DISTRICT	45,183	2,062		268	(39)	47,474
TOWN OF SUPERIOR (FIRE DEPT)	29,278	826	(1,200)	169	(24)	29,048
TRI-CITY FIRE DISTRICT	99,405	5,248		591	(85)	105,160
TUBAC FIRE DISTRICT	194,389	6,243		1,144	(165)	201,611
TUCSON AIRPORT AUTHORITY FIRE DPT	320,391		(9,240)	1,836	(264)	312,723
TUCSON AIRPORT AUTHORITY POLICE	272,930	3,796	(12,477)	1,562	(225)	265,587
TUCSON FIRE	11,208,870	230,639	(981,645)	63,131	(9,084)	10,511,911
TUCSON POLICE	16,339,612	487,085	(1,570,353)	92,027	(13,242)	15,335,129
U OF A CAMPUS POLICE DEPARTMENT	524,829	29,311	(28,247)	3,061	(440)	528,513
VERDE VALLEY FIRE DISTRICT	265,865	2,009	(2,580)	1,541	(222)	266,614
WELLTON POLICE	49,462			287	(41)	49,708
WHETSTONE FIRE DISTRICT	17,190	687		101	(15)	17,963
WICKENBURG FIRE DEPARTMENT	42,845	4,686		262	(38)	47,755
WICKENBURG POLICE DEPARTMENT	155,631	2,773	(5,855)	896	(129)	153,316
WILCOX POLICE DEPARTMENT	123,383	718	(3,100)	712	(102)	121,610
WILLIAMS POLICE DEPARTMENT	98,542		(1,650)	567	(82)	97,377
WILLIAMSON VALLEY FIRE DISTRICT	31,128	3,948		191	(27)	35,239
WINSLOW FIRE DEPARTMENT	270,604		(1,200)	1,568	(226)	270,746
WINSLOW POLICE DEPARTMENT	315,766		(10,274)	1,801	(259)	307,034
WITTMANN FIRE & MEDICAL DISTRICT	31,306	3,529		189	(27)	34,997
YAVAPAI CNTY ATTRNY INVESTIGATORS	16,468		(1,200)	92	(13)	15,347
YAVAPAI COUNTY SHERIFF'S DEPT.	1,106,947	44,961	(35,427)	6,447	(928)	1,122,000
YAVAPAI PRESCOTT TRIBAL POLICE	28,998	450		170	(24)	29,593
YOUNGTOWN POLICE DEPARTMENT	55,888		(9,427)	319	(46)	46,734
YUMA COUNTY SHERIFF'S DEPARTMENT	979,295		(8,294)	5,660	(814)	975,846
YUMA FIRE DEPARTMENT	1,705,650	24,387	(78,534)	9,746	(1,402)	1,659,846
YUMA POLICE DEPARTMENT	2,760,862		(121,098)	15,677	(2,256)	2,653,185
<b>TOTALS</b>	<b>308,677,610</b>	<b>4,195,339</b>	<b>(15,289,473)</b>	<b>1,762,549</b>	<b>(253,622)</b>	<b>299,092,404</b>

OPERATING INFORMATION

SCHEDULE OF CHANGES IN HEALTH INSURANCE RESERVE BALANCES						
FISCAL YEAR ENDED JUNE 30, 2016						
CORP PLAN	2015 BALANCES	CONTRIB RECEIVED	SUBSIDY BENEFITS	DIST. OF EARNINGS	DIST. OF ADMIN EXP	2016 BALANCES
DEPARTMENT OF CORRECTIONS	70,632,685	296,044	(2,626,294)	424,763	(60,062)	68,667,136
DEPT OF JUVENILE CORRECTIONS	5,945,072		(206,499)	35,719	(5,051)	5,769,241
PINAL COUNTY - CORP	1,258,067	21,109	(9,000)	7,714	(1,091)	1,276,799
GILA COUNTY - CORP	301,176	8,493	(3,328)	1,854	(262)	307,933
GRAHAM COUNTY - DETENTION	66,957	3,737	(2,795)	412	(58)	68,253
MARICOPA COUNTY - CORP	14,999,938	9,786	(267,769)	90,808	(12,840)	14,819,922
CITY OF AVONDALE - DETENTION	27,711	3,137		178	(25)	31,001
YUMA COUNTY - CORP	964,946		(2,347)	5,882	(832)	967,649
PIMA COUNTY - CORP	3,465,351	36,602	(123,879)	20,906	(2,956)	3,396,025
APACHE COUNTY - CORP	163,280		(2,636)	989	(140)	161,493
COCHISE COUNTY - CORP	615,430		(14,616)	3,708	(524)	603,999
COCONINO COUNTY - CORP	436,023	8,228	(13,423)	2,649	(375)	433,103
MOHAVE COUNTY - CORP	585,523		(5,981)	3,558	(503)	582,596
SANTA CRUZ COUNTY - CORP	209,101		(13,545)	1,218	(172)	196,602
NAVAJO COUNTY - CORP	323,707		(3,120)	1,967	(278)	322,276
YAVAPAI COUNTY - CORP	1,047,893		(4,636)	6,383	(903)	1,048,738
PINAL COUNTY - DISPATCHERS	137,708			840	(119)	138,429
ORO VALLEY - DISPATCHERS	83,440		(20,556)	478	(68)	63,294
TOWN OF MARANA - DISPATCHERS	34,512	1,475		215	(30)	36,172
GILA COUNTY - DISPATCHERS	79,862			487	(69)	80,281
TOWN OF WICKENBURG-DISPATCHEERS	35,494		(99)	216	(31)	35,581
GRAHAM COUNTY - DISPATCHERS	16,730	464		103	(15)	17,283
YAVAPAI COUNTY - DISPATCHERS	21,964	709		136	(19)	22,790
CITY OF SOMERTON - DISPATCHERS	16,426	1,038		103	(15)	17,553
DEPARTMENT OF PUBLIC SAFETY	150,226	20,633	(18,488)	930	(132)	153,170
DEPARTMENT OF PUBLIC SAFETY DETENTION	1,520	99		10	(1)	1,628
<b>TOTALS CORP</b>	<b>101,620,745</b>	<b>411,555</b>	<b>(3,339,009)</b>	<b>612,226</b>	<b>(86,569)</b>	<b>99,218,948</b>
CORP-AOC PLAN	2015 BALANCES	CONTRIB RECEIVED	SUBSIDY BENEFITS	DIST. OF EARNINGS	DIST. OF ADMIN EXP	2016 BALANCES
ADMIN. OFFICE OF THE COURT	7,616,887	931,858	(388,388)	48,078	(6,798)	8,201,637
<b>TOTALS CORP-AOC</b>	<b>7,616,887</b>	<b>931,858</b>	<b>(388,388)</b>	<b>48,078</b>	<b>(6,798)</b>	<b>8,201,637</b>

**OPERATING INFORMATION**

**PSPRS PARTICIPATING EMPLOYERS**

AK CHIN INDIAN COMM. FIRE DEPT.	COCHISE COUNTY SHERIFF'S DEPT	GOLDEN VALLEY FIRE DISTRICT
AK CHIN INDIAN COMM. POLICE DEPT.	COCONINO COUNTY SHERIFF'S DEPT	GOLDER RANCH FIRE DISTRICT
APACHE COUNTY SHERIFF'S DEPT.	COOLIDGE FIRE DEPARTMENT	GOODYEAR FIRE DEPARTMENT
APACHE JUNCTION POLICE DEPARTMENT	COOLIDGE POLICE DEPARTMENT	GOODYEAR POLICE DEPARTMENT
ARIZONA STATE PARK RANGERS	CORONA DE TUCSON FIRE DISTRICT	GRAHAM COUNTY SHERIFFS DEPT.
ASU PD PSPRS LOCAL BOARD	COTTONWOOD FIRE DEPARTMENT	GREEN VALLEY FIRE DISTRICT
ATTORNEY GENERAL INVESTIGATORS	COTTONWOOD POLICE DEPARTMENT	GREENLEE CNTY ATTY INVESTIGATORS
AVONDALE FIRE DEPARTMENT	DAISY MOUNTAIN FIRE DISTRICT	GREENLEE COUNTY SHERIFF'S DEPT.
AVONDALE POLICE DEPARTMENT	DEPARTMENT OF EMER & MILITARY AFF	GROOM CREEK FIRE DISTRICT
AVRA VALLEY FIRE DISTRICT	DEPARTMENT OF PUBLIC SAFETY	GUADALUPE FIRE DEPARTMENT
AZ DPT. LIQ. LIC. & CONTROL INVST	DESERT HILLS FIRE DEPARTMENT	HARQUAHALA FIRE DISTRICT
BENSON FIRE DEPARTMENT	DOUGLAS FIRE DEPARTMENT	HAYDEN POLICE DEPARTMENT
BENSON POLICE DEPARTMENT	DOUGLAS POLICE DEPARTMENT	HEBER-OVERGAARD FIRE DISTRICT
BISBEE FIRE DEPARTMENT	DREXEL HEIGHTS FIRE DISTRICT	HELLSGATE FIRE DISTRICT
BISBEE POLICE DEPARTMENT	EAGAR POLICE DEPARTMENT	HIGHLANDS FIRE DISTRICT
BLACK CANYON FIRE DISTRICT	EL MIRAGE FIRE DEPARTMENT	HOLBROOK POLICE DEPARTMENT
BUCKEYE FIRE DEPARTMENT	EL MIRAGE POLICE DEPARTMENT	HUACHUCA CITY POLICE DEPARTMENT
BUCKEYE POLICE DEPARTMENT	ELOY FIRE DISTRICT	HUALAPAI INDIAN TRIBE POLICE DEPT
BUCKEYE VALLEY FIRE DISTRICT	ELOY POLICE DEPARTMENT	JEROME POLICE DEPARTMENT
BUCKSKIN FIRE DISTRICT	FLAGSTAFF FIRE DEPARTMENT	KEARNY POLICE DEPARTMENT
BULLHEAD CITY FIRE DEPARTMENT	FLAGSTAFF POLICE DEPARTMENT	KINGMAN FIRE DEPARTMENT
BULLHEAD CITY POLICE DEPARTMENT	FLORENCE FIRE DEPARTMENT	KINGMAN POLICE DEPARTMENT
CAMP VERDE FIRE DISTRICT	FLORENCE POLICE DEPARTMENT	LA PAZ COUNTY ATTY. INVESTIGATORS
CAMP VERDE MARSHALL'S	FORT MCDOWELL TRIBAL FIRE DEPT.	LA PAZ COUNTY SHERIFF'S DEPT.
CASA GRANDE FIRE DEPARTMENT	FORT MCDOWELL TRIBAL POLICE DEPT.	LAKE HAVASU CITY FIRE DEPARTMENT
CASA GRANDE POLICE DEPARTMENT	FORT MOJAVE MESA FIRE DISTRICT	LAKE HAVASU CITY POLICE DEPT.
CAVE CREEK MARSHALS	FORT MOJAVE TRIBAL POLICE DEPT.	LAKE MOHAVE RANCHOS FIRE DISTRICT
CENTRAL AZ. COLLEGE POLICE DEPT.	FREDONIA MARSHALS	MAMMOTH POLICE DEPARTMENT
CENTRAL YAVAPAI FIRE DISTRICT	FRY FIRE DISTRICT	MARANA POLICE DEPARTMENT
CHANDLER FIRE DEPARTMENT	GAME AND FISH DEPARTMENT	MARICOPA CNTY ATTY INVESTIGATORS
CHANDLER POLICE DEPARTMENT	GILA COUNTY SHERIFF'S DEPARTMENT	MARICOPA COUNTY PARK RANGERS
CHINO VALLEY FIRE DISTRICT	GILA RIVER FIRE DEPARTMENT	MARICOPA COUNTY SHERIFF'S OFFICE
CHINO VALLEY POLICE DEPARTMENT	GILA RIVER POLICE DEPARTMENT	MAYER FIRE DISTRICT
CHRISTOPHER-KOHL'S FIRE DISTRICT	GILBERT FIRE DEPARTMENT	MESA FIRE DEPARTMENT
CITY OF MARICOPA - FIRE	GILBERT POLICE DEPARTMENT	MESA POLICE DEPARTMENT
CITY OF MARICOPA (POLICE DEPT.)	GLENDALE FIRE DEPARTMENT	MIAMI POLICE DEPARTMENT
CLARKDALE FIRE DISTRICT	GLENDALE POLICE DEPARTMENT	MOHAVE COUNTY SHERIFF'S DEPT.
CLARKDALE POLICE DEPARTMENT	GLOBE FIRE DEPARTMENT	MOHAVE VALLEY FIRE DISTRICT
CLIFTON FIRE DEPARTMENT	GLOBE POLICE DEPARTMENT	MONTEZUMA RIMROCK FIRE DISTRICT
CLIFTON POLICE DEPARTMENT	GOLDEN SHORES FIRE DISTRICT	MOUNT LEMMON FIRE DISTRICT

OPERATING INFORMATION

PSPRS PARTICIPATING EMPLOYERS

NAU CAMPUS POLICE  
 NAVAJO COUNTY ATTY'S INVESTIGATOR  
 NAVAJO COUNTY SHERIFF'S DEPT.  
 NOGALES FIRE DEPARTMENT  
 NOGALES POLICE DEPARTMENT  
 NORTH COUNTY FIRE & MEDICAL DISTR  
 NORTHERN AZ. CONSOLIDATED FD #1  
 NORTHWEST FIRE DISTRICT  
 ORACLE FIRE DISTRICT  
 ORO VALLEY POLICE DEPT.  
 PAGE FIRE DEPARTMENT  
 PAGE POLICE DEPARTMENT  
 PALOMINAS FIRE DISTRICT  
 PARADISE VALLEY POLICE DEPARTMENT  
 PARKER POLICE DEPARTMENT  
 PASCUA YAQUI TRIBE FIRE DEPT.  
 PASCUA YAQUI TRIBE POLICE DEPT.  
 PATAGONIA MARSHALS  
 PAYSON FIRE DEPARTMENT  
 PAYSON POLICE DEPARTMENT  
 PEORIA FIRE DEPARTMENT  
 PEORIA POLICE DEPARTMENT  
 PHOENIX FIRE DEPARTMENT  
 PHOENIX POLICE DEPARTMENT  
 PICTURE ROCKS FIRE DISTRICT  
 PIMA COUNTY ATTORNEY INVESTIGATOR  
 PIMA COUNTY COMM. COLLEGE POLICE  
 PIMA COUNTY SHERIFF'S DEPARTMENT  
 PIMA POLICE DEPARTMENT  
 PINAL COUNTY SHERIFF'S DEPARTMENT  
 PINE-STRAWBERRY FIRE DISTRICT  
 PINETOP FIRE DISTRICT  
 PINETOP-LAKESIDE POLICE DEPT.  
 PINWOOD FIRE DISTRICT  
 PONDEROSA FIRE DISTRICT  
 PRESCOTT FIRE DEPARTMENT  
 PRESCOTT POLICE DEPARTMENT  
 PRESCOTT VALLEY POLICE DEPARTMENT  
 QUARTZSITE FIRE DISTRICT  
 QUARTZSITE POLICE DEPARTMENT

QUEEN CREEK FIRE DEPARTMENT  
 QUEEN VALLEY FIRE DISTRICT  
 RINCON VALLEY FIRE DISTRICT  
 RIO RICO FIRE DISTRICT  
 RIO VERDE FIRE DISTRICT  
 SAFFORD POLICE DEPARTMENT  
 SAHUARITA POLICE DEPARTMENT  
 SALT RIVER PIMA-MARICOPA FIRE  
 SALT RIVER PIMA-MARICOPA POLICE  
 SAN CARLOS TRIBAL POLICE DEPT.  
 SAN LUIS FIRE DEPARTMENT  
 SAN LUIS POLICE DEPARTMENT  
 SANTA CRUZ COUNTY SHERIFF'S DEPT.  
 SCOTTSDALE FIRE DEPARTMENT  
 SCOTTSDALE POLICE DEPARTMENT  
 SEDONA FIRE DISTRICT  
 SEDONA POLICE DEPARTMENT  
 SHOW LOW POLICE DEPARTMENT  
 SIERRA VISTA FIRE DEPARTMENT  
 SIERRA VISTA POLICE DEPARTMENT  
 SNOWFLAKE POLICE DEPARTMENT  
 SOMERTON FIRE DEPARTMENT  
 SOMERTON POLICE DEPARTMENT  
 SONOITA ELGIN FIRE DEPARTMENT  
 SOUTH TUCSON FIRE DEPARTMENT  
 SOUTH TUCSON POLICE DEPARTMENT  
 SPRINGERVILLE POLICE DEPARTMENT  
 ST. JOHNS POLICE DEPARTMENT  
 SUMMIT FIRE DISTRICT  
 SUN CITY FIRE DISTRICT  
 SUN LAKES FIRE DISTRICT  
 SUN SITES PEARCE FIRE DISTRICT  
 SUPERIOR POLICE DEPARTMENT  
 SUPERSTITION FIRE AND MEDICAL DIS  
 SURPRISE FIRE DEPARTMENT  
 SURPRISE POLICE DEPARTMENT  
 TEMPE FIRE DEPARTMENT  
 TEMPE POLICE DEPARTMENT  
 THATCHER POLICE DEPARTMENT  
 THREE POINTS FIRE DISTRICT

TIMBER MESA FIRE AND MEDICAL DIST  
 TOHONO O'ODHAM NATION FIRE DEPT.  
 TOHONO O'ODHAM NATION POLICE DEPT  
 TOLLESON FIRE DEPARTMENT  
 TOLLESON POLICE DEPARTMENT  
 TOMBSTONE MARSHAL'S DEPARTMENT  
 TONOPAH VALLEY FIRE DISTRICT  
 TOWN OF SUPERIOR (FIRE DEPT)  
 TRI-CITY FIRE DISTRICT  
 TUBAC FIRE DISTRICT  
 TUCSON AIRPORT AUTHORITY FIRE DPT  
 TUCSON AIRPORT AUTHORITY POLICE  
 TUCSON FIRE  
 TUCSON POLICE  
 U OF A CAMPUS POLICE DEPARTMENT  
 VERDE VALLEY FIRE DISTRICT  
 WELLTON POLICE  
 WHETSTONE FIRE DISTRICT  
 WICKENBURG FIRE DEPARTMENT  
 WICKENBURG POLICE DEPARTMENT  
 WILLCOX POLICE DEPARTMENT  
 WILLIAMS POLICE DEPARTMENT  
 WILLIAMSON VALLEY FIRE DISTRICT  
 WINSLOW FIRE DEPARTMENT  
 WINSLOW POLICE DEPARTMENT  
 WITTMANN FIRE & MEDICAL DISTRICT  
 YAVAPAI CNTY ATTRNY INVESTIGATORS  
 YAVAPAI COUNTY SHERIFF'S DEPT.  
 YAVAPAI PRESCOTT TRIBAL POLICE  
 YOUNGTOWN POLICE DEPARTMENT  
 YUMA COUNTY SHERIFF'S DEPARTMENT  
 YUMA FIRE DEPARTMENT  
 YUMA POLICE DEPARTMENT

**OPERATING INFORMATION**

**EORP PARTICIPATING EMPLOYERS**

STATE OF ARIZONA	CITY OF APACHE JUNCTION	TOWN OF GILBERT
P.S.P.R.S.	CITY OF AVONDALE	TOWN OF MARANA
APACHE COUNTY	CITY OF CHANDLER	TOWN OF SAHUARITA
COCHISE COUNTY	CITY OF FLAGSTAFF	TOWN OF THATCHER
COCONINO COUNTY	CITY OF GLENDALE	
GILA COUNTY	CITY OF GLOBE	
GRAHAM COUNTY	CITY OF MESA	
GREENLEE COUNTY	CITY OF PEORIA	
LA PAZ COUNTY	CITY OF PHOENIX	
MARICOPA COUNTY	CITY OF SAFFORD	
MOHAVE COUNTY	CITY OF SCOTTSDALE	
NAVAJO COUNTY	CITY OF SOUTH TUCSON	
PIMA COUNTY	CITY OF SURPRISE	
PINAL COUNTY	CITY OF TEMPE	
SANTA CRUZ COUNTY	CITY OF TOLLESON	
YAVAPAI COUNTY	CITY OF TUCSON	
YUMA COUNTY	CITY OF YUMA	

**CORP PARTICIPATING EMPLOYERS**

DEPARTMENT OF CORRECTIONS	APACHE COUNTY - DETENTION OFFICERS	GILA COUNTY - DISPATCHERS
DEPARTMENT OF JUVENILE CORRECTIONS	COCHISE COUNTY - DETENTION OFFICERS	GRAHAM COUNTY - DISPATCHERS
APACHE COUNTY - AOC	COCONINO COUNTY - DETENTION OFFICERS	PINAL COUNTY - DISPATCHERS
COCHISE COUNTY - AOC	GILA COUNTY - DETENTION OFFICERS	YAVAPAI COUNTY - DISPATCHERS
COCONINO COUNTY - AOC	GRAHAM COUNTY - DETENTION OFFICERS	CITY OF SOMERTON - DISPATCHERS
GILA COUNTY - AOC	MARICOPA COUNTY - DETENTION OFFICERS	TOWN OF MARANA - DISPATCHERS
GRAHAM COUNTY - AOC	MOHAVE COUNTY - DETENTION OFFICERS	TOWN OF ORO VALLEY - DISPATCHERS
GREENLEE COUNTY - AOC	NAVAJO COUNTY - DETENTION OFFICERS	TOWN OF WICKENBURG - DISPATCHERS
LA PAZ COUNTY - AOC	PIMA COUNTY - DETENTION OFFICERS	DEPARTMENT OF PUBLIC SAFETY - DISPATCHERS
MARICOPA COUNTY - AOC	PINAL COUNTY - DETENTION OFFICERS	
MOHAVE COUNTY - AOC	SANTA CRUZ COUNTY - DETENTION OFFICERS	
NAVAJO COUNTY - AOC	YAVAPAI COUNTY - DETENTION OFFICERS	
PIMA COUNTY - AOC	YUMA COUNTY - DETENTION OFFICERS	
PINAL COUNTY - AOC	CITY OF AVONDALE - DETENTION OFFICERS	
SANTA CRUZ COUNTY - AOC	DEPARTMENT OF PUBLIC SAFETY - DETENTION	
YAVAPAI COUNTY - AOC		
YUMA COUNTY - AOC		

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