

# PUBLIC SAFETY

## PERSONNEL RETIREMENT SYSTEM



### 46th COMPREHENSIVE ANNUAL FINANCIAL REPORT

#### A PENSION TRUST FUND OF THE STATE OF ARIZONA



FOR THE FISCAL YEAR ENDED JUNE 30, 2014

# Our Vision, Mission & Values

## VISION

- Invest, secure and manage responsibly the retirement funds of its members in accordance with all legal, investment and financial requirements and in a manner consistent with the quality to which its members have become accustomed.

## MISSION

- To be a low cost, highly personalized quality service provider of funds management and benefit services.
- To manage long-term investments with the goal of consistently outperforming over time the composite weighted market return benchmark net of all investment related costs so as to assure the financial integrity of the funds and the security of the benefits these funds provide.

## VALUES

- Do what is best for our members and financial health and integrity of the System.
- Be proactive.
- Committed to high quality, uniform, sustainable service.
- Innovative and cost effective in Plan administration and services.
- Use best practices in HR management.

# **Public Safety Personnel Retirement System**

A Pension Trust Fund of the State of Arizona

## **Forty-Sixth Comprehensive Annual Financial Report**

For the Fiscal Year Ended  
June 30, 2014

Prepared by the Staff of PSPRS

Public Safety Personnel Retirement System  
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# TABLE OF CONTENTS

## INTRODUCTORY SECTION

Certificate of Achievement	6
Board of Trustees Transmittal Letter	7
Board of Trustees	12
Executive Staff and Organizational Chart	13
Professional Advisors	14

## FINANCIAL SECTION

Independent Auditor's Report	16
Management's Discussion and Analysis	18
Basic Financial Statements	
Statement of Fiduciary Net Position	22
Statement of Changes in Fiduciary Net Position	23
Notes to the Financial Statements	24
Required Supplementary Information	
Schedule of Funding Progress	38
Schedule of Employer Contributions	38
Schedule of Investment Returns	38
Notes to the Required Supplementary Information	39
Supporting Schedules Information	
Schedule of Changes in Reserve Balances	40
Schedule of Receipts and Disbursements	41
Schedule of Administrative Expenses	42
Schedule of Consultant Expenses	43

## INVESTMENT SECTION

Chief Investment Officer's Letter	46
Fund Investment Objectives	48
Investment Performance	
Asset Allocation	48
Annualized Rates of Return, Benchmark and Indices	49
Top 10 Investment Holdings	50
Summary of Changes in Investment Portfolio	50
Schedule of Commissions Paid to Brokers	50
Equity Portfolio	55
Fixed Income Portfolio	56

## **TABLE OF CONTENTS** (continued)

Alternative Investments Portfolio	
Credit Opportunities Portfolio	57
Private Equity Portfolio	58
Absolute Return Portfolio	59
Real Assets Portfolio & GTAA Securities Portfolio	60
Real Estate Portfolio & Risk Parity Portfolio	61

### **ACTUARIAL SECTION**

Actuary's Certification Letter	64
Actuarial Balance Sheet	67
Summary of Valuation Assumptions	68
Solvency Test	70
Summary of Active Member Data	71
Summary of Retirees and Inactive Members	72
Schedule of Experience Gain/Loss	73

### **STATISTICAL SECTION**

Statistical Summary	76
Changes in Plan Net Position - Last Ten Fiscal Years	77
Schedule of Revenue by Source - Last Ten Fiscal Years	78
Schedule of Benefits by Type - Last Ten Fiscal Years	78
Deductions from Fiduciary Net Position for Benefits and Refunds by Type - Last Ten Fiscal Years	78
Valuation Assets vs. Pension Liabilities - Last Ten Fiscal Years	79
Schedule of Benefits by Type and Range	79
Contribution Rates- Last Ten Fiscal Years	81
Distribution of Benefit Recipients By Location	82
System Membership - Last Ten Fiscal Years	82
Principal Participating Employers	83
Summary of Benefit Increases - Last Ten Years	83
Summary of Growth of the System - Last Ten Fiscal Years	84
Benefits Payable by Benefit Type	84
Average Monthly Benefits and Membership - Last Ten Fiscal Years	85
Ten Year Estimated Contribution Rates	86
Schedule of Changes in Refundable Member Reserve Balances	87
Schedule of Changes in Employer Reserve Balances and Unfunded AAL	93
Schedule of Changes in Health Insurance Reserve Balances	101
Schedule of Changes in Employers Earnings Distribution	107
Participating Employers	115

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Certificate of Achievement	6
Board of Trustees Transmittal Letter	7
Board of Trustees	12
Executive Staff and Organizational Chart	13
Professional Advisors	14





Government Finance Officers Association

**Certificate of  
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**Arizona Public Safety Personnel  
Retirement System**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO



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

**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

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**Administration**

**Ryan Parham**  
Chief Investment Officer

**Jared A. Smout**  
Deputy Administrator

February 25, 2015

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-sixth Comprehensive Annual Financial Report (CAFR) for the PSPRS for the fiscal year ended June 30, 2014 (FY'14), in accordance with the provisions of A.R.S. § 38-848. 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.

The financial statements were prepared in conformity with generally accepted accounting principles appropriate for government-sponsored defined benefit 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.

Immediately following the Independent Auditor's report is Management's Discussion and Analysis (MD&A). It should be read in conjunction with this Letter of Transmittal. Also included in the report are the actuarial Certification Statement and the actuarial Balance Sheet from the June 30, 2014 Actuarial Valuation Report prepared by the System's actuary, Gabriel, Roeder, Smith & Co. (GRS).

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

The System was created on July 1, 1968 by A.R.S. § 38-841, "to provide a uniform, consistent and equitable statewide program for public safety personnel who are regularly assigned hazardous duty in the employ of the state of Arizona or a political subdivision thereof." PSPRS is an agent multiple-employer defined benefit plan and is administered at the local level by 237 individual Local Boards in accordance with A.R.S. § 38-847. Each Local Board determines 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 contributions received from and benefits distributed for each local board are accounted for by the Board of Trustees through the administrative offices of the System. 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 these 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 the defined benefit plan, the Board also administers a separate cancer insurance program for members of the System.

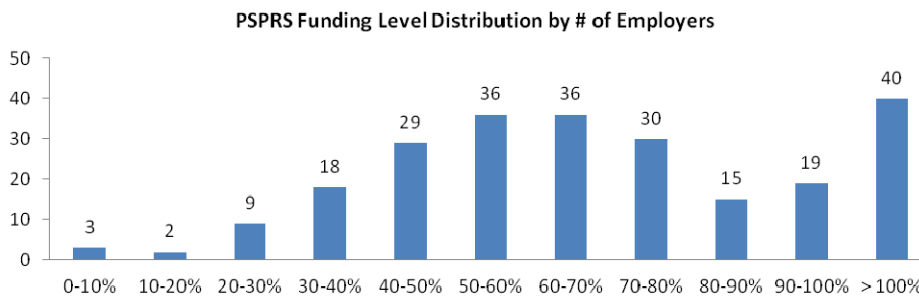
### **The System's Funding Status**

As of fiscal year-end, the financial status of the PSPRS, as reflected in its funding ratio, decreased from 57.2% at June 30, 2013, to 50.4% at June 30, 2014. The primary contributor to this decline was the court-ordered reinstatement of the previous mechanism for funding permanent benefit increases (PBI). That mechanism was modified with the passage of SB 1609 in the Fiftieth Legislature, First Regular Session (2011), but was immediately challenged in the courts, along with other key pension reform initiatives, upon enactment. In February 2014, the Arizona Supreme Court affirmed the ruling of the Superior Court in the *Fields* case that changes made to the funding mechanism for PBIs were unconstitutional as applied to already retired members. As such, the liability associated with the reinstatement of the previous PBI mechanism, which included retroactive payments back to 2011, accounted for 6.1% of the overall 6.8% decline.

This PBI mechanism requires that in any year in which the System generates an investment return in excess of 9%, one-half of that excess return be diverted into the PSPRS Reserve for Future Benefit Increases. These Reserve assets finance the PBIs for all eligible beneficiaries. As such, these assets are not used to decrease the System’s unfunded liabilities, and the unfunded liabilities continue to rise as additional PBIs are awarded. This creates a scenario in which higher investment returns create additional unfunded liabilities that outpace or outmatch the Fund’s ability to accumulate assets necessary to cover these liabilities.

Another factor contributing to the funding level decline is the ongoing recognition of asset losses from fiscal years 2008, 2009 and 2012, which continue to offset any gains enjoyed over the past seven-year smoothing period. This accounted for 2.4% of the overall decline in the funding ratio. Fortunately, 2014, is the last year that the System will have to account for 2008 losses in our seven-year actuarial smoothing methodology. Unfortunately, the one-seventh share of fiscal 2009 losses that will need to be recognized next fiscal year is \$184 million, which will, again, most assuredly impact future gains. Conversely, unexpected demographic changes allowed for a positive increase of 1.7% in the overall changes to the funding ratio.

While the numbers above are presented in the aggregate, it is important to remember that any aggregate number calculated for PSPRS is for comparison purposes only and does not necessarily reflect the most accurate picture of the System. Because PSPRS is an agent multiple-employer plan, it is comprised of 237 individual plans whose employers are responsible for their own assets and liabilities. As such, each individual plan has its own funding level. Therefore, a more appropriate representation of the System is a distribution of those employers by their individual funding status as shown by the following chart:

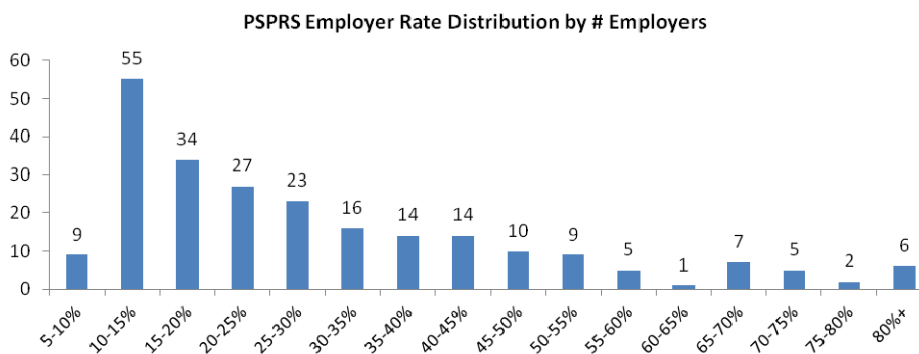


While the majority of the membership falls within the aggregate funding level range, it is worth noting that 44% of the employers are more than 70% funded. Additionally, more than three-quarters of the employers have funding levels higher than the aggregate funding level of 50.4%.

**Member and Employer Contribution Rates**

In addition to decreased funding levels, the reinstatement of the previous PBI funding mechanism has also resulted in increases to employer contribution rates. Currently, the aggregate employer rate is 32.5% and will increase to 41.4% beginning July 1, 2015. The full effect of reinstating this PBI mechanism accounted for 7.2% of that increase. However, anticipating the adverse effects of that reinstatement on the individual employer contribution rates, the Board of Trustees adopted a 3-year phase-in policy which gives employers the option of contributing at the rate that reflects the full effect of the PBI mechanism reinstatement (the before phase-in rate) or the rate that phases-in the effects over 3 years (the after phase-in rate). While it is recommended that the employers contribute at the before phase-in rate, the aggregate after phase-in rate is 34.4%, thereby offering some short-term relief to the employers.

Again, as with the funding level, the aggregate employer rate could be misinterpreted because each individual plan in PSPRS has its own employer contribution rate. Another distribution graph representing those individual rates is more informative:



Similar to the funding level results, about the same number of employers are faring better in their individual employer contribution rate than the aggregate rate calculated for the whole.

In addition to the changes in the PBI funding mechanism promulgated by SB 1609, the employee contribution rate, which had historically been 7.65%, has steadily increased since fiscal year 2011-12. It is currently set at 11.05% and is slated to max out at 11.65% next fiscal year. These contribution rate increases also face a legal challenge (*Hall*) that has secured a Superior Court minute entry declaring the changes unconstitutional on reconsideration.

Should the plaintiffs ultimately prevail, member contribution rates may be retroactively reset to 7.65% and the previous PBI mechanism could also be made available to eligible active members. Both outcomes will exacerbate the declining funding levels and increasing employer contribution rates.

### **FY'14 Investment Results**

While the System is administered at the local level, all assets managed by the Board of Trustees are pooled for investment purposes in accordance with A.R.S. § 38-848. The FY'14 investment return is 13.28%, net of fees. This is 543 basis points higher than the 7.85% actuarial assumed rate of return, but also 54 basis points lower than the 13.82% benchmark return for the System. Eleven of the System's asset classes had positive returns for the fiscal year; the only exception was "Real Estate" which had a -1.26% return. In addition, half of all the asset classes outperformed their respective benchmarks.

The investment strategy of PSPRS is directly impacted by the reinstated PBI funding mechanism. This funding mechanism effectively prevents funding level improvements and can adversely affect funding levels when benefit increases add to the liabilities that must be supported by the fund. Low funding levels result in low risk tolerance and provide incentive for investment strategies that seek modest and consistent returns. However, the portfolio 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 are reevaluating their risk levels.

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

Our efforts over the past few years to increase communication and education with our Local Boards have been met with great success in helping them to better understand their duties and roles as administrators of their individual plans. Because of the increasing employer contribution rates and the heavier burden it has created, we have expanded these outreach efforts to focus more intently on the financial professionals and other decision makers at the local level, to assist with understanding the various components of their employer liabilities. Furthermore, we have begun assessing how we can provide broader, more robust communication channels and clear, concise messaging to those employers, our membership, and other interested stakeholders. This includes, but is not limited to, more outreach, website redesign, educational sessions and stakeholder meetings, to name a few.

Additionally, organizational efforts to become more efficient were begun in May by focusing more intently on our internal processes and procedures. To foster this process, construction continues on the *Knowledge|Information Management Portal*, a three-tiered, folder-based system for controlling the PSPRS operational documents and records. The portal enables enhanced organizational planning, execution and reporting. It integrates the processes and groups in the organization to create a uniform approach to document management and records retention, thereby increasing efficiency and strengthening decision making. Our goal over the next three to five years is to achieve *International Organization for Standardization (ISO) Quality Certifications* and apply for the Malcolm Baldrige Quality Award, the highest level of national quality recognition a U.S. organization can receive.

Finally, since late fall of 2013, we have been undergoing our sunset review and performance audit with the Office of the Auditor General. The collaborative relationship we have experienced with the Office over the past year has been very enlightening and is providing additional insight for more efficiencies and improvement. We look forward to the release of their report in fall 2015.

### **Certificate of Achievement**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the System for the PSPRS Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. This was the twenty-third consecutive year that the System has achieved this prestigious award. In order to be awarded a Certificate, a governmental entity must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

We believe our FY'14 CAFR continues to meet the Certificate of Achievement Program's requirements. We are, therefore, submitting it to the GFOA to determine its eligibility for a certificate.

**Conclusion**

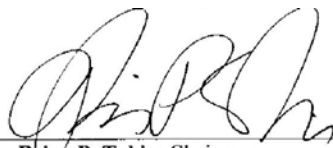
Our goal as the Board of Trustees is to bring every individual plan to at least 100% funded within our closed amortization period of 22 years ending June 30, 2036. Doing so will gradually bring the employer rates down to levels required to only cover each year's incremental portion (the normal cost), without an additional component for previously liabilities (the unfunded actuarial accrued liability). Some individual plans have already reached this level and others are expected to follow at varying rates.

While the funding horizon has always been the timeframe for reaching a fully funded status, the reversal of certain pension reform provisions (and the threat of reversal of others) adds additional stress to employer contribution rates as the System progresses toward the funding goal. However, over the past year PSPRS has noticed a more concerted effort amongst management, employers and stakeholders to better understand the issues at hand and work together toward a solution. This includes internal and external efforts for increased efficiency, communication and education amongst these groups.

As members of the PSPRS Board of Trustees, we intend to continue our efforts to secure the long-term financial integrity of the System and to faithfully serve the interests of the System's participants and beneficiaries.

We appreciate the opportunity to serve the State of Arizona, its political subdivisions and PSPRS members and we look forward to continuing to serve as Trustees.

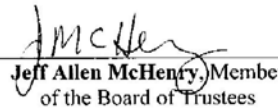
Respectfully submitted,



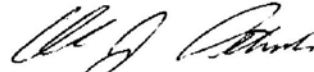
**Brian P. Tobin**, Chairman  
of the Board of Trustees



**Gregory Ferguson**, Vice Chairman  
of the Board of Trustees



**Jeff Allen McHenry**, Member  
of the Board of Trustees



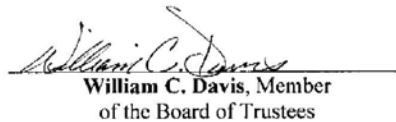
**Richard J. Petrenka**, Member  
of the Board of Trustees



**Randie A. Stein**, Member  
of the Board of Trustees



**Lauren Kingry**, Member  
of the Board of Trustees



**William C. Davis**, Member  
of the Board of Trustees



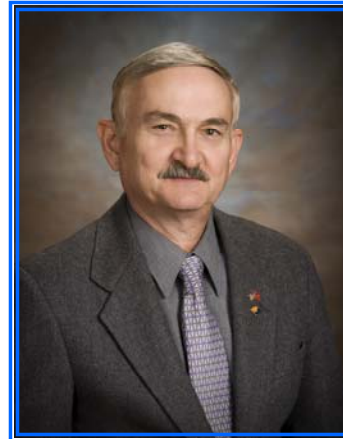
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**BOARD OF TRUSTEES**

(AS OF JUNE 30, 2014)



**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

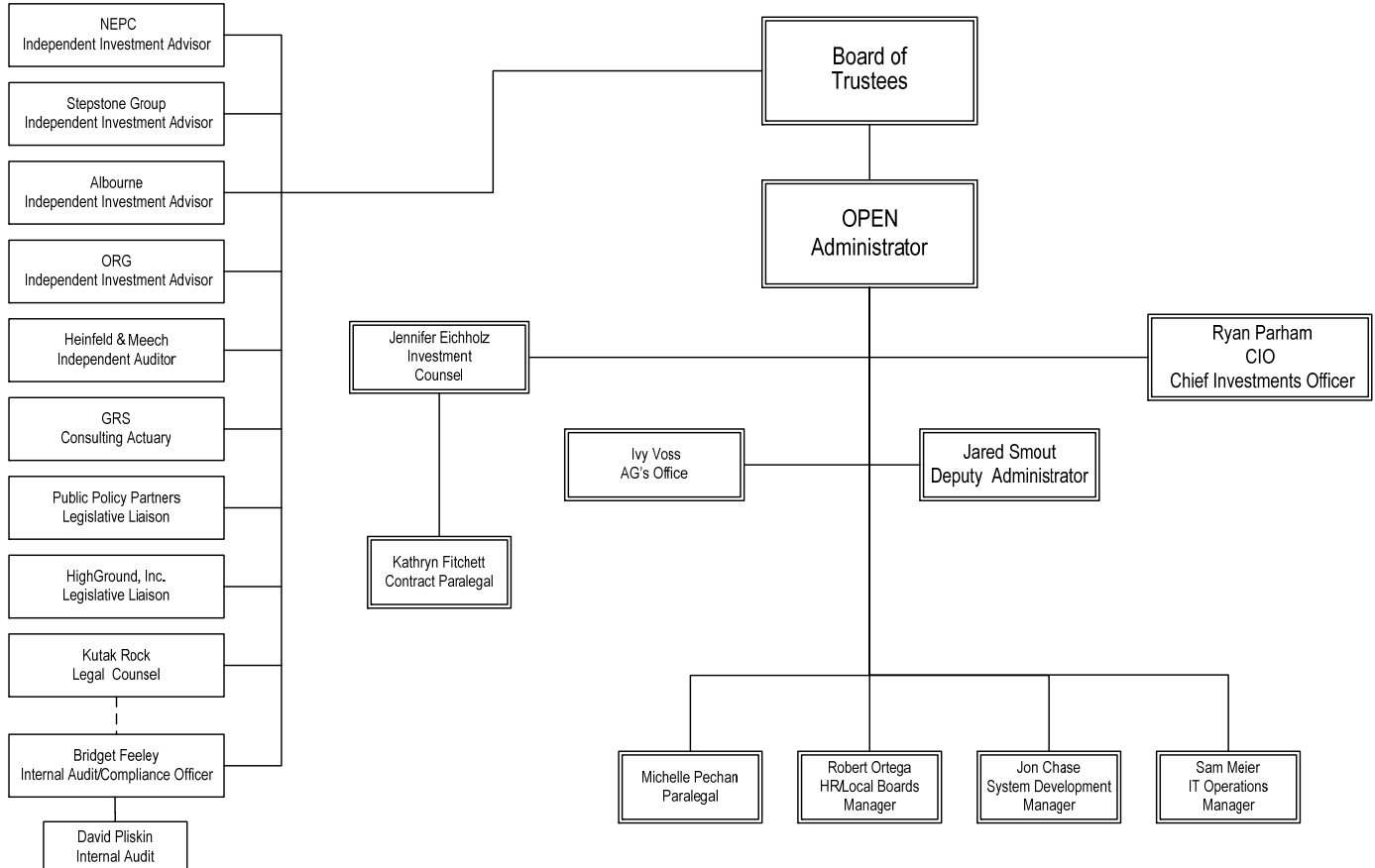
EXECUTIVE STAFF AND ORGANIZATIONAL CHART



**Ryan Parham**  
Chief Investment Officer



**Jared A. Smout**  
Deputy Administrator



**PROFESSIONAL ADVISORS**

ALBOURNE AMERICA, LLC	International Alternative Investment Consultant
BNY MELLON ASSET SERVICING	Independent Investment Advisor
BUCK CONSULTING, LLC	Compensation Consultant
COOLEY LLP	Investment Counsel
ERNST & YOUNG LLP	Investment Consultant
FOLEY & LARDNER, LLC	Investment Counsel
FOSTER PEPPER	Investment Counsel
GABRIEL ROEDER SMITH & COMPANY	Actuary
GOODWIN PROCTER	Legislative Liaison
HEINFELD, MEECH & CO.	Independent Auditor
HIGHGROUND, INC	Legislative Liaison
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
PATRICE ROBINSON CONSULTING	IT Consultant
PILLSBURY	Investment Counsel
PUBLIC POLICY PARTNERS	Legislative Liaison
ROPES & GRAY LLP	Investment Counsel
STEPSTONE GROUP LLC	Equity Advisors
STEPTOE & JOHNSON, LLP	Litigation Counsel

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.



<b>Independent Auditor's Report</b>	<b>16</b>
<b>Management's Discussion and Analysis</b>	<b>18</b>
<b>Basic Financial Statements</b>	
<b>Statement of Fiduciary Net Position</b>	<b>22</b>
<b>Statement of Changes in Fiduciary Net Position</b>	<b>23</b>
<b>Notes to the Financial Statements</b>	<b>24</b>
<b>Required Supplementary Information</b>	
<b>Schedule of Funding Progress</b>	<b>38</b>
<b>Schedule of Employer Contributions</b>	<b>38</b>
<b>Schedule of Investment Returns</b>	<b>38</b>
<b>Notes to the Required Supplementary Information</b>	<b>39</b>
<b>Supporting Schedules Information</b>	
<b>Schedule of Changes in Reserve Balances</b>	<b>40</b>
<b>Schedule of Receipts and Disbursements</b>	<b>41</b>
<b>Schedule of Administrative Expenses</b>	<b>42</b>
<b>Schedule of Consultant Expenses</b>	<b>43</b>





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Fax (520) 742-2718

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Public Safety Personnel Retirement System

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

We have audited the accompanying financial statements of Public Safety Personnel Retirement System (PSPRS), a component unit of the State of Arizona, which comprise the Statement of Fiduciary Net Position as of June 30, 2014, and the related 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, 2014, 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.

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**Change in Accounting Principle**

As described in Note 1, PSPRS implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 10 and No. 62, for the year ended June 30, 2014, 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 PSPRS' 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 February 25, 2015, on our consideration of the PSPRS' 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 PSPRS' internal control over financial reporting and compliance.



HEINFELD, MEECH & CO., P.C.  
CPAs and Business Consultants

February 25, 2015

**PSPRS MANAGEMENT DISCUSSION & ANALYSIS**

The Public Safety Personnel Retirement 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 2014 are as follows:

- The Public Safety Personnel Retirement System (PSPRS) had a total rate of return (net of fees) of 13.28% this year. Our total portfolio underperformed the target fund benchmark by 54 basis points. This is an improvement from the prior year's return of 10.64%.
- In compliance with the Supreme Court decision regarding permanent benefit increase (PBI) payments, the Future Benefit Increase Reserve was restored effective FY 2012 for those members who retired effectively on or before July 1, 2011. The retroactive funding of the reserves and the increase for FY 2014, were depleted with the distribution of a retroactive PBI increase and PBI for FY 2014 effective July 1, 2014.
- Retirement benefits paid totaled \$625.68 million for the current year, compared to \$566.10 for the previous year. This represents a 10.52% increase from the prior year. Normal, survivor, and disability retirement benefits paid increased by \$59.58 million.

**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 Plan.

*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, the Schedule of Employer Contributions and the Schedule of Investment Returns.

*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 System. 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 for FY2014 and FY2013. Following each schedule is a brief summary of the significant changes noted in these schedules.



## SUMMARY COMPARATIVE STATEMENTS OF FIDUCIARY NET POSITION

	As of 06/30/2014	As of 06/30/2013	Change	% Change
Cash and Short-Term Investments	279,346,379	107,493,228	171,853,151	159.87%
Total Receivables	65,784,963	39,828,240	25,956,723	65.17%
Total Investments	5,947,189,662	5,392,261,504	554,928,158	10.29%
Securities Lending Collateral	446,357,582	171,006,687	275,350,895	161.02%
Net Capital Assets	3,487,856	3,643,709	(155,853)	(4.28)%
<b>Total Plan Assets</b>	<b>6,742,166,442</b>	<b>5,714,233,368</b>	<b>1,027,933,074</b>	<b>17.99%</b>
Accrued Accounts Payable	47,364,078	352,877	47,011,201	13,322.26%
Investment Purchases Payable	22,023,345	13,816,754	8,206,591	59.40%
Securities Lending Collateral	446,357,582	171,006,687	275,350,895	161.02%
<b>Total Plan Liabilities</b>	<b>515,745,005</b>	<b>185,176,318</b>	<b>330,568,687</b>	<b>178.52%</b>
<b>Net Position</b>	<b>6,226,421,437</b>	<b>5,529,057,050</b>	<b>697,364,387</b>	<b>12.61%</b>

**Summary Comparative Statements of Plan Net Assets Analysis**

The total plan net assets held in trust for benefits at June 30, 2014 were \$6.23 billion, a 12.61% increase from \$5.53 billion at June 30, 2013. The increase in net position is primarily due to favorable financial markets during the fiscal year. The increase in cash and receivables is attributable to normal fluctuations in investment income receivables during the year. PSPRS is fully deploying cash in other investments vehicles like exchange traded funds, equities, fixed income and private equity. Detailed information regarding the System's investment portfolio is included in the investment section of this report. The increase in security lending collateral is due to normal fluctuations in the lending program as well as changes in exposure to other alternative investments. The investment of the collateral fluctuated in a similar manner.

## SUMMARY COMPARATIVE STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

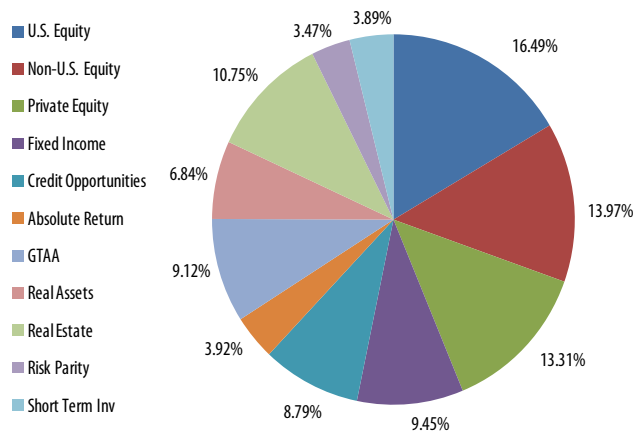
	2014	2013	Change	% Change
<b>ADDITIONS</b>				
Total Contributions and Service Purchase	585,402,560	515,046,528	70,356,032	13.66%
Net Investment Income (Loss)	757,180,984	541,980,088	215,200,896	39.71%
Service Transfers	775,283	744,656	30,627	4.11%
<b>Total Additions (Reductions)</b>	<b>1,343,358,827</b>	<b>1,057,771,272</b>	<b>285,587,555</b>	<b>27.00%</b>
<b>DEDUCTIONS</b>				
Benefits	625,683,000	566,103,901	59,579,099	10.52%
Service Transfers and Refunds	14,485,192	13,333,922	1,151,270	8.63%
Administrative Expenses	5,826,248	5,104,446	721,802	14.14%
<b>Total Deductions</b>	<b>645,994,440</b>	<b>584,542,269</b>	<b>61,452,171</b>	<b>10.51%</b>
<b>Net Increase (Decrease)</b>	<b>697,364,387</b>	<b>473,229,003</b>	<b>224,135,384</b>	<b>47.36%</b>
<b>Balance Beginning of Year - July 1</b>	<b>5,529,057,050</b>	<b>5,055,828,047</b>	<b>473,229,003</b>	<b>9.36%</b>
<b>Balance End of Year - June 30</b>	<b>6,226,421,437</b>	<b>5,529,057,050</b>	<b>697,364,387</b>	<b>12.61%</b>

**Summary Comparative Statements of Changes in Plan Net Assets Analysis**

Employer and employee contributions for FY2014 increased \$70.36 million due to increased employee and employer contribution rates during fiscal year 2014. For FY 2014, PSPRS recognized a net investment gain of \$757.18 million which compares to a \$541.98 million loss in the previous year. This 39.71% increase was due to the positive 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 2014, these deductions totaled \$645.99 million, an increase of 10.51% from the \$584.54 million paid during FY 2013. Refunds and service transfers increased \$1.15 million over the prior year which equates to 8.63%. 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 increased 14.14%.

INVESTMENT ACTIVITIES



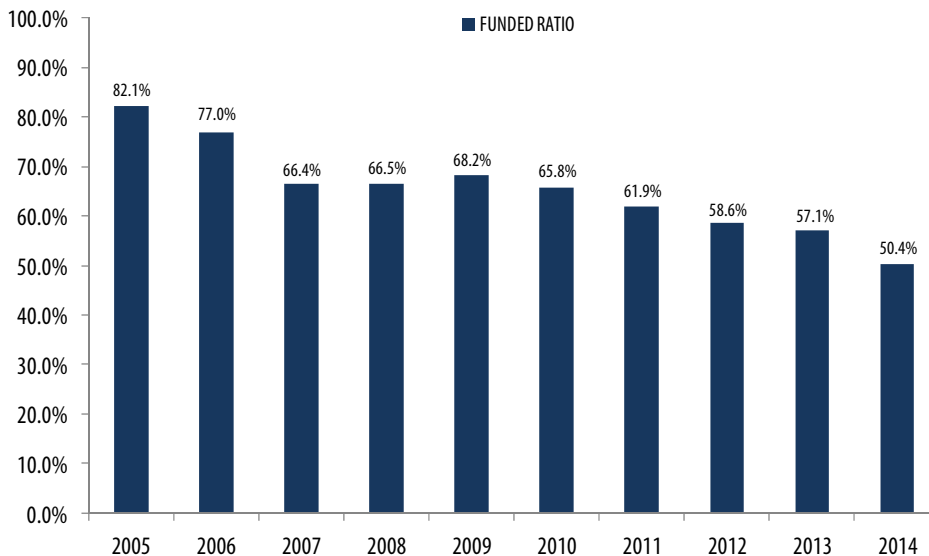
During FY2007 the Board of Trustees adopted a more diversified asset allocation policy and began an asset management restructuring that has been deployed over the past six years. As illustration, at the end of FY2007, 72.8% of the entire investment portfolio was invested in equities versus 30.5% at the end of FY2014. Fixed income had remained about 19% of the entire portfolio prior to being reduced to 9.5% in FY2014. However, alternative investments have increased from 3.5% in FY2007 to 56.4% in FY2014.

At June 30, 2014, PSPRS held \$1.88 billion in equities. The FY2014 rate of return for Total PSPRS equities was 21.20% versus a benchmark rate of return of 23.68%. At June 30, 2014, PSPRS held \$584.32 million in fixed income securities. The FY2014 rate of return for PSPRS fixed income securities was 6.21% versus a benchmark rate of return of 7.39%. 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 System’s investment portfolio can be found in the investment section of this report.

PSPRS 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.

In an effort to be more transparent in our financial reporting and to better track the performance of each investment, we have changed the way we are reporting investment-related fees and expenses. Previously, many of our investments were reported by their respective managers on a net of fee basis only. For those investments, we did not report a management fee. Beginning with FY2013, we have been proactive in obtaining the information on fees and expenses for those investments. This has resulted in an increase of reported management fees, year-over-year; however, this increase was due to the change in reporting, not to actual higher management fees. The investments are still being reported net of fees.

HISTORICAL TRENDS



Accounting standards require that the "Statement of Fiduciary Net Position" reflect investment asset values at fair market value and include only benefits and refunds due to plan members and beneficiaries and accrued investment and administrative expenses as of the reporting date. Information regarding the actuarial funding status of the plan is provided in the "Schedule of Funding Progress." The asset value for Health Insurance Premiums stated in the "Schedule of Funding Progress" is the actuarial value of assets as determined by calculating the ratio of the market value to book value of assets and the actuarial gains/losses smoothed over a seven year period. Actuarial valuations of the PSPRS assets and benefit obligations for the retirement plan are performed annually. The most recent actuarial valuation available is as of June 30, 2014.

At June 30, 2014, the total funded status of the PSPRS decreased to 50.4% from 57.1% at FYE 2013. This decrease in funded status is related primarily to the seven year smoothing period with only 1/7 of the investment gain from the FY2014 investment return being reflected in the calculation. A more detailed discussion of the funding status can be found in the Administrator's Letter of Transmittal in the Introductory Section of this report.

#### **REQUEST FOR INFORMATION**

This report is designed to provide a general overview of the Public Safety Personnel Retirement System's finances. 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.

## COMBINED STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2014 WITH COMPARATIVE TOTALS FOR 2013

	PENSION	HEALTH INSURANCE	COMBINED 2014	COMBINED 2013
<b>ASSETS</b>				
Cash and Short-Term Investments	268,643,600	10,702,779	279,346,379	107,493,228
<b>RECEIVABLES</b>				
Member Contributions	5,147,401	-	5,147,401	6,538,643
Employer Contributions	14,853,224	717,865	15,571,089	18,976,828
Interest and Dividends	5,397,414	254,480	5,651,894	5,540,578
Investment Sales	32,652,084	1,605,019	34,257,103	6,354,163
Other	5,147,153	10,323	5,157,476	2,418,028
<b>Total Receivables</b>	<b>63,197,276</b>	<b>2,587,687</b>	<b>65,784,963</b>	<b>39,828,240</b>
<b>INVESTMENTS AT FAIR VALUE (NOTES 2 AND 3)</b>				
U.S. Equity	972,412,363	47,799,112	1,020,211,475	1,003,092,332
Non U.S. Equity	821,558,042	40,383,839	861,941,881	774,718,974
GTAA	538,588,321	26,474,410	565,062,731	471,432,244
Fixed Income	556,946,519	27,376,811	584,323,330	610,452,326
Credit Opportunities	519,008,215	25,511,946	544,520,161	497,361,057
Private Equity	785,759,235	38,624,142	824,383,377	625,598,396
Real Assets	403,745,576	19,846,189	423,591,765	350,546,170
Real Estate	634,687,099	31,198,163	665,885,262	709,692,292
Absolute Return	231,082,617	11,358,909	242,441,526	226,547,902
Risk Parity	204,762,991	10,065,163	214,828,154	122,819,811
<b>Total Investments</b>	<b>5,668,550,978</b>	<b>278,638,684</b>	<b>5,947,189,662</b>	<b>5,392,261,504</b>
Securities Lending Collateral	425,444,765	20,912,817	446,357,582	171,006,687
<b>CAPITAL ASSETS (NOTE 4)</b>				
Land	495,436	-	495,436	495,436
Building	3,719,420	-	3,719,420	3,719,420
Furniture, Fixtures & Equipment	1,224,333	-	1,224,333	1,176,775
<b>Total Capital Assets</b>	<b>5,439,189</b>	<b>-</b>	<b>5,439,189</b>	<b>5,391,631</b>
Accumulated Depreciation	(1,951,333)	-	(1,951,333)	(1,747,922)
<b>Net Capital Assets</b>	<b>3,487,856</b>	<b>-</b>	<b>3,487,856</b>	<b>3,643,709</b>
<b>TOTAL PLAN ASSETS</b>	<b>6,429,324,475</b>	<b>312,841,967</b>	<b>6,742,166,442</b>	<b>5,714,233,368</b>
<b>LIABILITIES</b>				
Accrued Accounts Payable	47,364,078	-	47,364,078	352,877
Investment Purchases Payable	20,991,504	1,031,841	22,023,345	13,816,754
Securities Lending Collateral	425,444,765	20,912,817	446,357,582	171,006,687
<b>Total Plan Liabilities</b>	<b>493,800,347</b>	<b>21,944,658</b>	<b>515,745,005</b>	<b>185,176,318</b>
<b>NET POSITION HELD IN TRUST FOR PENSION AND HEALTH INSURANCE BENEFITS</b>	<b>5,935,524,128</b>	<b>290,897,309</b>	<b>6,226,421,437</b>	<b>5,529,057,050</b>
<b>NET POSITION RESERVES</b>				
Refundable Members' Reserve	1,248,939,460	-	1,248,939,460	1,154,573,232
Employers' Reserve	4,686,584,668	290,897,309	4,977,481,977	4,374,483,818
Future Benefit Increase Reserve	-	-	-	-
<b>Total Net Position Reserves</b>	<b>5,935,524,128</b>	<b>290,897,309</b>	<b>6,226,421,437</b>	<b>5,529,057,050</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, 2014 WITH COMPARATIVE TOTALS FOR 2013

	PENSION	HEALTH INSURANCE	COMBINED 2014	COMBINED 2013
<b>ADDITIONS</b>				
Contributions				
Members' Contributions (NOTES 2,5)	141,066,081	-	141,066,081	127,362,618
Employers' Contributions (NOTES 2,5)	411,724,217	19,534,206	431,258,423	378,701,291
Members' Service Purchase	10,956,659	-	10,956,659	6,830,833
Alternate Employer Contributions	2,121,397	-	2,121,397	2,151,786
<b>Total Contributions</b>	<b>565,868,354</b>	<b>19,534,206</b>	<b>585,402,560</b>	<b>515,046,528</b>
Investment Income				
<i>From Investing Income</i>				
Net Appreciation (Depreciation) in Fair Value of Investments (NOTES 2,3)	736,692,213	34,372,138	771,064,351	488,713,869
Interest	7,074,419	330,074	7,404,493	5,113,784
Dividends	41,811,724	1,950,826	43,762,550	39,898,109
Other Income	55,200,191	2,575,497	57,775,688	59,727,877
<i>From Securities Lending Activities</i>				
Security Lending Activities (NOTE 3)				
Securities Lending Income	661,931	30,884	692,815	179,558
Borrower Rebates	1,275,370	59,505	1,334,875	827,040
Agents Share of Income	(290,232)	(13,541)	(303,773)	(150,212)
<b>Net Securities Lending Income</b>	<b>1,647,069</b>	<b>76,848</b>	<b>1,723,917</b>	<b>856,386</b>
<b>Total Investment Income (Loss)</b>	<b>842,425,616</b>	<b>39,305,383</b>	<b>881,730,999</b>	<b>594,310,025</b>
Less Investment Expense	(118,997,884)	(5,552,131)	(124,550,015)	(52,329,937)
<b>Net Investment Income (Loss)</b>	<b>723,427,732</b>	<b>33,753,252</b>	<b>757,180,984</b>	<b>541,980,088</b>
Transfers Into System	775,283	-	775,283	744,656
<b>Total Additions</b>	<b>1,290,071,369</b>	<b>53,287,458</b>	<b>1,343,358,827</b>	<b>1,057,771,272</b>
<b>DEDUCTIONS</b>				
Pension Benefits (NOTE 2)	527,134,758	-	527,134,758	492,506,527
DROP Benefits (NOTE 2)	84,970,047	-	84,970,047	60,213,930
Health Insurance Subsidy	-	13,578,195	13,578,195	13,383,444
Refunds To Terminated Members (NOTE 2)	14,434,714	-	14,434,714	12,819,713
Administrative Expenses	5,826,248	-	5,826,248	5,104,446
Transfers To Other Plans	50,478	-	50,478	514,209
<b>Total Deductions</b>	<b>632,416,245</b>	<b>13,578,195</b>	<b>645,994,440</b>	<b>584,542,269</b>
<b>NET INCREASE (DECREASE)</b>	<b>657,655,124</b>	<b>39,709,263</b>	<b>697,364,387</b>	<b>473,229,003</b>
<b>NET POSITION HELD IN TRUST FOR PENSION AND HEALTH INSURANCE BENEFITS</b>				
Beginning of Year, July 1	5,277,869,004	251,188,046	5,529,057,050	5,055,828,047
<b>End of Year, June 30</b>	<b>5,935,524,128</b>	<b>290,897,309</b>	<b>6,226,421,437</b>	<b>5,529,057,050</b>

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

**PSPRS NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1: PLAN DESCRIPTION**

**ORGANIZATION**

The Public Safety Personnel Retirement System (PSPRS), a pension trust fund of the State of Arizona, 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 (formerly Fund Manager) and 237 local boards jointly administer the System.

Effective August 6, 1999, it became the Governor’s responsibility to appoint all members of the Board of Trustees. Effective April 28, 2010, SB 1006 was passed that changed the name of the Fund Manager to Board of Trustees and expanded the size of the Board from five to seven members. SB 1006 also increased the term from three to five years. There will be a transitional period during which the terms of office may vary. 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, hiring personnel to administer the System, setting up records, setting up accounts for each member, paying benefits and the general protection and administration of the System. Substantial investment experience is required for the member of the Board that represents the state as an employer and the two public members of the Board.

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.

Prior to January 1, 2014, the health insurance premium subsidy was considered an agency fund; provided by A.R.S. 38-857. The law was amended so all health insurance premium subsidies would be separated from the benefits. The contributions for the health insurance can only be used to pay health insurance benefits.

The addition or deletion of eligible groups does not require the approval of the other participating employers. The Board of Trustees approves new eligible groups for participation. The PSPRS is reported as a component unit of the State of Arizona.

The Board of Trustees of the PSPRS is also responsible for the investment and general administration of two other statewide retirement plans-the Corrections Officer Retirement Plan and the Elected Officials’ Retirement Plan. The investments and expenses of these plans were held and accounted for separately from those of PSPRS until September 1, 2008. Arizona Revised Statutes Section 38-848 was amended by Laws 2008, Ch. 286, § 22 to authorize the Board of Trustees to commingle the assets of the fund and the assets of all other plans entrusted to its management. Accordingly, the assets of these plans have been unitized but all receipts and earnings are credited and charges of payments are made to the appropriate employer, system or plan.

Since none of the plans have the authority to impose their will on any of the other plans, each plan is reported as its own stand-alone government.

At June 30, 2014 and 2013, the number of participating local government employer groups was:

<b>GROUP</b>	<b>2014</b>	<b>2013</b>
Municipalities	143	143
County Agencies	21	21
State Agencies	10	10
Special Districts	63	63
<b>Total Employers</b>	<b>237</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, 2014 and 2013, statewide PSPRS membership consisted of:

<b>MEMBERSHIP TYPE</b>	<b>RETIREMENT PLAN</b>		<b>INSURANCE SUBSIDY</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Retirees	10,524	10,159	6,965	6,714
Terminated Vested	1,563	1,442	-	-
DROP	1,559	1,482	-	-
Current Vested	9,492	9,298	-	-
Current Non-Vested	9,034	9,138	-	-
<b>Total Members</b>	<b>32,172</b>	<b>31,519</b>	<b>6,965</b>	<b>6,714</b>

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

A summary of benefit and plan provisions follows:

**SUMMARY OF BENEFITS**

**PURPOSE**

To provide a uniform, consistent and equitable statewide program for public safety personnel who are regularly assigned to hazardous duty in the employ of the State of Arizona, or a political subdivision of this State. Membership consists of those eligible employees who are employed by an employer who entered the system in 1968 or who has entered into an agreement to join the System on behalf of an eligible group. A.R.S. §38-841

**AVERAGE MONTHLY BENEFIT**

Employees who became a member of the System on or before December 31, 2011: An average of your highest **36** consecutive months of compensation (salary) within the last 20 years of credited service A.R.S. § 38-842 (7).

Employees who became a member of the System on or after January 1, 2012: An average of your highest **60** consecutive months of compensation (salary) within the last 20 years of credited service. A.R.S. § 38-842 (7).

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).

**PERMANENT BENEFIT INCREASE**

A retired member or survivor of a retired member, who retired prior to August 1, 2011, may be entitled to a permanent benefit increase in their base benefit contingent upon the balance in the Future Benefit Increase Reserve balance. The maximum amount of the increase is 4% of the average normal benefit being received on the preceding June 30. A.R.S. § 38-856.

A retired member or survivor of a retired member, who retired on or after August 1, 2011, may receive a benefit increase from the System if monies are available (See A.R.S. § 38-856). However, effective July 1, 2013 (A.R.S. § 38-856.02) and each July 1 thereafter, a benefit increase will be issued as long as the following criteria have been met:

Members of the plan <b>BEFORE</b> January 1, 2012:	Members of the plan <b>AFTER</b> January 1, 2012:
A. Retired member/survivor was receiving benefits on/before July 31 of two (2) previous years.	A. Age 55 on July 1 and is receiving benefits.
B. Retired member/survivor was age 55 on July 1 and receiving Benefits on/before July 31 of previous year.	B. Under age 55 on July 1 and was receiving an accidental disability and was receiving benefits on/before July 31 of two (2) previous years.
	C. Survivor under 55 on July 1, is survivor of KIA and receiving benefits on/before July 31 of two (2) previous years.

The increase will be calculated based on (if there are insufficient earnings to cover the maximum increases, the percentage increase is limited to the earnings available):

- If the ratio of the actuarial value of assets to liabilities is 60-64% and the total return is more than 10.5% for the prior fiscal year, 2% maximum increase to all eligible retirees and survivors.
- If the ratio of the actuarial value of assets to liabilities is 65-69% and the total return is more than 10.5% for the prior fiscal year, 2.5% maximum increase to all eligible retirees and survivors.
- If the ratio of the actuarial value of assets to liabilities is 70-74% and the total return is more than 10.5% for the prior fiscal year, 3% maximum increase to all eligible retirees and survivors.
- If the ratio of the actuarial value of assets to liabilities is 75-79% and the total return is more than 10.5% for the prior fiscal year, 3.5% maximum increase to all eligible retirees and survivor.
- If the ratio of the actuarial value of assets to liabilities is 80% or more and the total return is more than 10.5% for the prior fiscal year, 4% maximum increase to all eligible retirees and survivors.

From and after December 31, 2015, legislature may enact permanent one-time benefit increases after an analysis of the effect of the increase on the System by the Joint Legislative Budget Committee (JLBC). A.R.S. § 38-856.03.

The reserve balance as of June 30, 2014 is \$0.00.

**CANCER INSURANCE**

A cancer insurance program is administered by the PSPRS for eligible fire fighters and peace officers. A.R.S. §§ 38-641 through 38-645.

**CONTRIBUTIONS**

From July 1, 2013 through June 30, 2014, each member shall contribute 10.35% of compensation to the System on a pre-tax basis by payroll deduction. The contribution rate for members will change each fiscal year. A.R.S. § 38-843(E).

A member may not, under any circumstance, borrow from, take a loan against or remove contributions from the member’s account before the termination of membership in the plan or the receipt of a pension. A.R.S. § 38-843(C).

## FINANCIAL SECTION

### CREDITED SERVICE

The member's total period of service for which the member made contributions to the PSPRS. A.R.S. § 38-842(13).

### DEATH BENEFITS - ACTIVE MEMBER

*Spouse's Pension.* The surviving spouse of an active member will receive a Spouse's Pension each month for lifetime. The Spouse's Pension is 80% of the pension based on the calculation for an accidental disability retirement. If the member was killed in the line of duty, the spouse will receive a lifetime monthly benefit of 100% of the member's average monthly benefit compensation less the "Child's Pension" stated below (if applicable). A.R.S. § 38-846, AND

*Child's Pension.* The surviving eligible child(ren) will receive a Child's Pension up to 20% (in equal shares, but no more than 10% per eligible child) each month based on the calculation for an accidental disability retirement until each (unmarried) child turns 18, or under 23 years of age only during any period that the (unmarried) child is a full-time student. An eligible Child's Pension shall become payable directly to the eligible child when the eligible child reaches the age of 18, if the child remains eligible to receive the pension and is not subject to a guardianship or conservatorship due to disability or incapacity. A.R.S. §§ 38-842(23) and 38-846, OR

*Guardian Benefit.* If there is no surviving spouse, or the pension of the surviving spouse is terminated, and there is at least one (1) eligible child, a Guardian Benefit of 80% (based on the calculation for a Spouse's Pension) and the applicable Child's Pension (based on the calculation for a Child's Pension) will be paid to the guardian of the (unmarried) eligible child(ren) until the child turns 18, or under 23 years of age only during any period that the (unmarried) child is a full-time student. If a Guardian Benefit is paid to a disabled child (the child's disability occurred prior to the age of 23) and remains a dependent of the guardian, the benefit is payable to the guardian or conservator for the lifetime of the child. A.R.S. § 38-842(23) and 38-846. If the member was killed in the line of duty, the Guardian Benefit is 100% of the member's average monthly benefit compensation (less the Child's Pension if applicable), OR

*Balance of Contributions.* If there is no surviving spouse or eligible child(ren), the member's named beneficiary on file will receive the member's accumulated contributions. If the surviving beneficiary does not apply for the benefit within twelve months from the date of the member's death, the Local Board has the authority to pay the member's nearest of kin, or estate. A.R.S. § 38-846(l).

Note: Divorce automatically terminates the ex-spouse as the member's beneficiary. To maintain an ex-spouse as a beneficiary, you must complete a *Beneficiary Designation Form* after the date of the divorce.

### DEATH BENEFITS - INACTIVE MEMBER

*Balance of Contributions.* If the member was inactive, the member's named beneficiary on file will receive the member's accumulated contributions. If the surviving beneficiary does not apply for the benefit within twelve months from the date of the member's death, the Local Board has the authority to pay the member's nearest of kin, or estate. A.R.S. §§ 38-842(31) and 38-846(l).

Note: Divorce automatically terminates the ex-spouse as the member's beneficiary. To maintain an ex-spouse as a beneficiary, you must complete a *Beneficiary Designation Form* after the date of the divorce.

### DEATH BENEFITS - RETIRED MEMBER

*Spouse's Pension.* If married for at least two (2) consecutive years at the time of the member's death, the surviving spouse will receive a Spouse's Pension each month for lifetime based on 80% of the member's pension benefit. A.R.S. § 38-846, AND

*Child's Pension.* The surviving eligible child(ren) will receive a Child's Pension up to 20% (in equal shares, but no more than 10% per eligible child) each month based on the member's pension until each (unmarried) child turns 18, or under 23 years of age only during any period that the (unmarried) child is a full-time student. An eligible Child's Pension shall become payable directly to the eligible child when the eligible child reaches the age of 18, if the person remains eligible to receive the pension and is not subject to a guardianship or conservatorship due to disability or incapacity. A.R.S. §§ 38-842(23) and 38-846, OR

*Guardian Benefit.* If there is no surviving spouse, or the pension of the surviving spouse is terminated, and there is at least one eligible child, a Guardian Benefit of 80% (based on the member's pension) and the applicable Child's Pension (based on the member's pension) will be paid to the guardian of the (unmarried) eligible child (ren) until the child turns 18, or under 23 years of age only during any period that the (unmarried) child is a full-time student. If a Guardian Benefit is paid to a disabled child (the child's disability occurred prior to the age of 23) and remains a dependent of the guardian, the benefit is payable for the lifetime of the child. A.R.S. § 38-842(23) and 38-846, OR

*Balance of Contributions.* If there is no surviving spouse or eligible child(ren), the member's named beneficiary on file will receive the balance of the member's accumulated contributions less the pension payments made to the member. If the surviving beneficiary does not apply for the benefit within twelve months from the date of the member's death, the Local Board has the authority to pay the member's nearest of kin, or estate. A.R.S. § 38-846(l).

Note: Divorce automatically terminates the ex-spouse as the member's beneficiary. To maintain an ex-spouse as a beneficiary, you must complete a *Beneficiary Designation Form* after the date of the divorce.

### DEFERRED ANNUITY

Inactive members (not making contributions to the System) that have at least (ten) 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 benefit 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 12, 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 (survivor benefits, benefit increases, or the group health insurance subsidy). A.R.S. § 38-846.01(B).



**ACCIDENTAL DISABILITY**

A physical or mental condition which totally and permanently prevents an employee from performing a reasonable range of duties within the employee's job classification that was incurred in the performance of the employee's duties and was not the result of a physical or mental condition or injury that existed or occurred before the employee's date of membership in the System. A.R.S. §§ 38-842(1) and 38-844.

Eligibility for an accidental disability will be determined by the Local Board upon an independent medical examination. For members with a membership date on or before December 31, 2011, the monthly benefit is 50% of the member's average monthly compensation, or the normal pension amount, whichever is greater. For members with a membership date on or after January 1, 2012, the monthly benefit is 62.5% of the member's average monthly compensation less a 4% reduction for each year of credited service under 25 years, or the normal pension amount, whichever is greater (but not less than 50% of the average monthly compensation). (There is no age or credited service requirement.) The Local Board may require periodic medical re-evaluations and the accidental disability may terminate if the Local Board finds the member no longer meets the requirements for the disability benefit and refuses an offer of employment by an employer in the system. A.R.S. §§ 38-844 and 38-845.

**CATASTROPHIC DISABILITY**

A physical (not mental) condition or injury that totally and permanently prevents an employee from engaging in any gainful employment that was incurred in the performance of the employee's duties and that did not exist or occur before the employee's date of membership in the System. A.R.S. §§ 38-842(8) and 38-844.

Eligibility for a catastrophic disability will be determined by the Local Board upon an independent medical examination. The monthly benefit is 90% of average monthly benefit compensation for first 60 months then reduced to either 62.5% of the average monthly benefit compensation, or normal pension amount, whichever is greater. (There is no credited service requirement.) The Local Board may require periodic medical re-evaluations and the catastrophic disability may terminate if the Local Board finds the member no longer meets the requirements for the disability benefit. A.R.S. §§ 38-844 and 38-845 and Section 11.

**ORDINARY DISABILITY**

A physical condition that totally and permanently prevents an employee from performing a reasonable range of duties within the employee's department, or a mental condition that totally and permanently prevents the employee from engaging in any substantial gainful activity. The physical or mental condition or injury did not occur before the employee's date of membership in the System. A.R.S. §§ 38-842(34) and 38-844.

Eligibility for an ordinary disability will be determined by the Local Board upon an independent medical examination. For all members, the monthly benefit is a percentage of normal retirement based on the employee's years of credited service (maximum of 20 years) divided by twenty (20). The Local Board may require periodic medical re-evaluations and the ordinary disability may terminate if the Local Board finds that the member no longer meets the requirements for the disability benefit and refuses an offer of employment by an employer in the system. A.R.S. §§ 38-844 and 38-845.

**TEMPORARY DISABILITY**

A physical or mental condition that totally and temporarily prevents an employee from performing a reasonable range of duties within the employee's department and that was incurred in the performance of the employee's duties. The monthly benefit is one-twelfth of 50% of annual compensation at time of disability. (There is no credited service requirement.) The disability pension will be paid for no more than twelve (12) months, or if the member returns to work, or if the Local Board deems the member is no longer under temporary disability, whichever occurs first. The member must terminate employment to receive this benefit. A.R.S. §§ 38-842(46), 38-844 and 38-845.

**DIVORCE / DOMESTIC RELATIONS ORDER (DRO)**

If the member has been involved in a divorce(s), please provide the PSPRS with a complete copy of the Divorce Decree(s) and any attachments or exhibits if referenced in the Decree(s). Upon receipt, additional correspondence will be provided to the parties. If the retirement account is required to be split, a Domestic Relations Order (DRO) will need to be prepared. To ensure that the language in the DRO is acceptable, it is recommended to provide the PSPRS with a draft copy of the DRO for review and approval prior to submitting it to the court. A.R.S. § 38-860.

**DEFERRED RETIREMENT OPTION PLAN (DROP)**

*Employees who became a member on or before December 31, 2011 that have AT LEAST 20 years of credited service on January 1, 2012 and enter into DROP either prior to or after January 1, 2012 may voluntarily and irrevocably enter into the DROP program with the employer for a period of up to sixty (60) months (i.e., 5 years). 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 that same amount is credited to the DROP account with interest (subject to change each fiscal year). Currently, the interest rate is 7.85% from July 1, 2014 through June 30, 2015.*

Additionally, during the DROP period, the member remains as a full-time employee and contributions will not be paid by the employee or the employer and 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. A.R.S. §§ 38-842, 38-844.02 through 38-844.09.

*Employees who became a member on or before December 31, 2011 that have LESS THAN 20 years of credited service on January 1, 2012 and enter into the DROP program after January 1, 2012, may voluntarily and irrevocably enter into the DROP program with the employer for a period of up to 60 months (5 years). 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 that same amount is credited to the DROP account with interest (subject to change each fiscal year equal to the average annual return of the system – minimum 2%; maximum assumed earnings rate). The interest rate for the DROP account is 3.40% from July 1, 2014 through June 30, 2015. A.R.S. §§ 38-842, 38-844.02 through 38-844.09, and 38-844.06(B).*

## FINANCIAL SECTION

Additionally, during the DROP period, the member remains as a full-time employee and contributions will be paid by the employee (at the same contribution rate previously being paid), but 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 and will also receive the contributions made to the retirement system during period of time in DROP, plus interest (subject to change each fiscal year). The interest rate for the contributions made during the member's participation in DROP is 2.00%. A.R.S. §§ 38-842, 38-844.02 through 38-844.09, and 38-844.06(B). The liability for the DROP program is \$1,526,606,719 for FY2014. As of June 30, 2014 the drop balance is \$1,526,606,719.

*\*Employees who became a member on or after January 1, 2012 are not eligible to participate in DROP.*

### ELIGIBILITY

Police officers who are certified peace officers and fire fighters are eligible to participate in the PSPRS if the employee's customary employment is for at least forty (40) hours per week for more than six (6) months in a calendar year and are regularly assigned to hazardous duties. Retroactive to January 1, 2009, police and fire chiefs are eligible to participate in the PSPRS. A.R.S. § 38-842 (24 and 31).

### HEALTH INSURANCE

Pursuant to A.R.S. §§ 38-857, 38-651.01 and 38-782, retirees and 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 will 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

Employees who become a member on/after September 12, 2013, or their survivors, will not be eligible for the Premium Benefit if they are (re)employed and participates in health care coverage provided by the member's or survivor's new employer. A.R.S. § 38-857.

If a law enforcement officer, as defined in A.R.S. § 38-1103(E)(2), is killed in the line of duty, the surviving spouse or dependent(s) are entitled to insurance benefits either by the former employer, or from the state retirement system from which the spouse or dependent is receiving benefits. The health insurance premium amount payable by the employer of the deceased law enforcement officer is the amount the employer of the deceased law enforcement officer would pay for an active law enforcement officer for a family coverage premium or single coverage premium, whichever is applicable. A.R.S. § 38-1103.

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.

### JOINDERS

Specific positions and employers may participate in the PSPRS if the governing body of the employer enters into a joinder agreement to bring such employees into the PSPRS. The joinder agreement shall be in accordance with the provisions of this System. Assets under any existing public employee defined benefit retirement program shall be transferred to the PSPRS within sixty (60) days after the employer's effective date. A.R.S. § 38-851.

### PURCHASE OF HANDGUN OR SHOTGUN

Upon retirement and subject to approval by the employer, the PSPRS retiree may purchase the handgun or shotgun issued by the employer to the employee at less than fair market value. A.R.S. § 38-845(H).

### REFUNDS

*Employees who became a member on or before December 31, 2011*, pursuant to A.R.S. § 38-846.02 (A and B), upon termination of employment (for any reason other than death or retirement) within twenty (20) days after filing an application with the PSPRS, the member will receive a lump-sum payment of accumulated contributions (less any benefits paid or any amounts owed to the System) - thus, forfeiting all membership rights and credited service in the System upon receipt of refund of contributions. If the member has five (5) or more years of credited service, an additional percentage of contributions will be refunded to the member according to the member's years of service as stated below:

- 5 to 5.9 years of service = 25% of additional member contributions.
- 6 to 6.9 years of service = 40% of additional member contributions.
- 7 to 7.9 years of service = 55% of additional member contributions.
- 8 to 8.9 years of service = 70% of additional member contributions.
- 9 to 9.9 years of service = 85% of additional member contributions.
- 10 or more years of service = 100% of member contributions plus 3% interest if left on deposit after 30 days.

*Employees who became a member on or after January 1, 2012, pursuant to A.R.S. § 38-846.02 (C), upon termination of employment (for any reason other than death or retirement) within twenty (20) days after filing an application with PSPRS, shall receive a lump-sum payment, plus interest at a rate determined by the board (currently 3%) as of the date of termination, of ONLY their accumulated contributions (less any benefits paid or any amounts owed to the System) - thus, forfeiting all membership rights and credited service in the System upon receipt of refund of contributions. The member will NOT receive the additional percentage of contributions as stated above.*

Note: A member may not, under any circumstance, borrow from, take a loan against or remove contributions from the member's account before the termination of membership in the plan or the receipt of a pension. A.R.S. § 38-843(C).

#### RETIREMENT ELIGIBILITY AND CALCULATION

*Employees who became a member on or before December 31, 2011, pursuant to A.R.S. §§ 38-842(12, 13, 32 and 43) and 38-844 and 38-845, retirement benefits will commence the first day of month following termination of employment and based upon the following:*

- 20 years of credited service: 50% of the average monthly benefit compensation for the first 20 years of credited service. A.R.S. § 38-845(A).
- Age 62 with 15 years of service, or 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. A.R.S. §§ 38-842(7 and 32) and 38-845(A)(1).
- 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. A.R.S. §§ 38-842(7 and 32) and 38-845(A)(1).
- 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. A.R.S. §§ 38-842(7) and 38-845(A)(2).
- 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. A.R.S. §§ 38-842(7) and 38-845(A)(2).

*Employees who became a member on or after January 1, 2012, pursuant to A.R.S. §§ 38-842(7, 12, 32 and 43) and 38-844 and 38-845, retirement benefits will commence the first day of month following termination of employment and based upon the following :*

- 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. A.R.S. §§ 38-842(7 and 32) and 38-845(G).
- 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. A.R.S. §§ 38-842(7) and 38-845(G).

#### TAXATION OF RETIREMENT BENEFITS

All PSPRS retirement benefits in excess of \$2,500 annually will be subject to Arizona state tax. A.R.S. §§ 38-852 and 43-1022.

#### RETURN TO WORK AFTER RETIREMENT

In order for you to continue to receive your retirement benefits, you must terminate your employment and be retired for a minimum of one (1) year from the effective date of your retirement, in any capacity, by the employer from which you retired. If you are re-employed in the same, or substantially similar position, by the employer from which you retired, your retirement benefits will be suspended. You can return to work with the employer from which you retired and continue to receive your retirement benefits as long as you are retired for a minimum of sixty (60) consecutive days from the effective date of your retirement and you were hired as a result of participating in an open, competitive, new-hire process for an entry-level, nonsupervisory position, or hired as a fire inspector, or arson investigator. You may continue to receive your retirement benefits if you are assigned to voluntary duties (i.e., acting as a limited authority peace officer for an employer pursuant to the Arizona peace officer standards and training board rules). If you are receiving an accidental or ordinary disability retirement (*and have not reached normal retirement*) and have become employed by any employer in a PSPRS covered position, your local board shall determine if you will continue to receive your retirement benefits. Upon eligibility for (re)retirement, the service from the disability retirement will be considered "service" and not "credited" service and your average monthly compensation will be based on the compensation from the new employment. You cannot have an implicit or explicit pre-existing agreement with the employer from which you retired, whether written or verbal, to return to work, in any capacity.

If a retired member returns to work in any capacity in a position ordinarily filled by an employee, the employer is required to pay an alternate contribution rate to the PSPRS. Effective August 2, 2012, this section does not apply if the retired member is required to participate in another state retirement system and the retired member returned to work before July 20, 2011. A.R.S. § 38-843.05 .

Effective July 20, 2011, the premium benefit (subsidy) will not apply if the retired member or survivor is reemployed and participates in health care coverage provided by the member's or survivor's new employer. A.R.S. § 38-817(E).

SERVICE PURCHASE

*Purchase of Prior Active Military Service.* Members who have at least ten (10) years of service with the System may purchase up to sixty (60) months of credited service for periods of active military service performed before employment with their current employer. A.R.S. § 38-858(A). Active members may also receive credited service limited to sixty (60) months if ordered/volunteered to active military service while working for the current employer if the criteria is met pursuant to A.R.S. § 38-858. The member shall pay the members contributions, upon which the employer shall make employer contributions. If member performs military service due to presidential call-up, the employer shall make the employer and employee contributions not to exceed forty-eight (48) months pursuant to A.R.S. § 38-858 (G). For more information, contact your employer.

*Purchase of Prior Service from an Out-of-State Agency.* 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. A.R.S. § 38-853.01.

*Purchase of Prior Forfeited Service within the SAME Retirement Plan.* If a former member who becomes RE-EMPLOYED with the SAME EMPLOYER within two years after the former member's termination date, and applies with the System within ninety days of reemployment, may elect to purchase all of the previously forfeited credited service. The amount required to reinstate the credited service is the amount previously withdrawn plus interest at the rate of 9% compounded annually from the date of withdrawal to the date of repayment and the reimbursement is required to be paid within one (1) year from the date of re-employment. A.R.S. § 38-849(C). (Form P1B) OR

If the statutory requirements above are not met, the member may still purchase some or all of the previously forfeited credited service calculated based on an amount computed by the System's actuary to equal the actuarial present value. A.R.S. § 38-849(C)(D), as applicable. (Form P2)

*Purchase of Service between the Arizona Retirement Plans/Systems.* Members of any of the four Arizona state retirement System/Plans that have credited service under another Arizona state retirement System/Plan may redeem the credited service to their current Arizona state retirement System/Plan by paying the full actuarial present value of the credited service into the current Arizona retirement System/Plan with the approval of the PSPRS or governing board. A.R.S. § 38-922.

*Purchase of Service from Rural Metro/Contract Service.* Active members that have previous service with a corporation that contracted with an employer now covered by the System to provide firefighting services on behalf of that employer as a full-time paid firefighter may purchase service subject to limitations pursuant to federal laws. A.R.S. §§ 38-842 and 38-853.01.

*Purchase of Service with a PSPRS Employer Prior to Joinder Date.* Active members of the System that had previous service in this state as an employee with an employer now covered by the System as a full-time paid fire fighter or full-time paid certified peace officer may elect to redeem any part of the prior service if the prior service is not on account with any other retirement system. A.R.S. § 38-853.01.

TRANSFERS

*Transfer of Contributions between PSPRS Employers.* (Form P1A). A member who terminates employment with an employer and accepts a position with the same or another employer participating in the system, after completing an application that is acceptable to the board shall have their credited service transferred to their record with the new employer if they leave their accumulated contributions on deposit with the System. The period not employed shall not be considered as service. A.R.S. § 38-853.

*Transfer of Service between the Arizona Retirement Plans/Systems.* (Form U2). Members of any of the four Arizona state retirement System/Plans that have credited service under another Arizona state retirement System/Plan may transfer the credited service to their current Arizona state retirement System/Plan by transferring the full actuarial present value of the credited service into the current Arizona retirement System/Plan with the approval of the PSPRS or governing board. A reduced credited service amount may be transferred based on the transfer of the actuarial present value of the credited service under the prior Arizona state System/Plan. A.R.S. §§ 38-921 and 38-922.

*Transfer of Service between Municipal Retirement Systems and Special Retirement Plans.* (Form U2A). An active or inactive member of a retirement System or Plan of a municipality of this state (i.e., City of Phoenix and City of Tucson) or of the PSPRS may transfer the service to their current retirement System or Plan based on the member's accumulated contributions plus interest, or the member may elect a reduced service amount to be transferred based on the actuarial present value. A.R.S. §§ 38-923 and 38-924.

This is not an official version of the Arizona Revised Statutes. If there are any differences or discrepancies, the official version will prevail.



**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS****BASIS OF ACCOUNTING**

PSPRS 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. Pension and health insurance subsidy benefits are recognized when due and payable in accordance with the terms of the System. 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.

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.

By state statute, the System 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 Gain (Loss) used in this calculation totaled \$411.46 million for FYE 2014 and \$268.82 million for FYE 2013. This calculation is independent of the calculation of the change in the fair value of investments and may include unrealized amounts from prior periods.

**NEW ACCOUNTING PRONOUNCEMENT**

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, was issued and is effective for periods beginning after December 15, 2012. There is no effect on the PSPRS financial statements. GASB Statement 66, *Technical Corrections – 2012 an amendment of GASB Statements No. 10 and No. 62*, was issued and is effective for periods beginning after December 15, 2012. There is no effect on the PSPRS financial statements. The GASB has issued Statement No. 67, "Financial Reporting for Pension Plans; an amendment of GASB Statement No. 25" This Statement replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trust or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2013. The requirements of this statement have been implemented in the PSPRS financial statements. GASB 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, was issued and is effective for periods beginning after June 15, 2013. There is no effect on the PSPRS financial statements.

**ESTIMATES**

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, 2014. Actual results could differ from those estimates.

**NOTE 3: 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.

In addition to the FDIC insurance coverage on the operating and money market accounts of PSPRS, Wells Fargo Bank pledged the following securities to PSPRS, the Corrections Officer Retirement Plan and the Elected Officials' Retirement Plan on June 30, 2014 as collateral:

Description	CPN	Maturity	Market Value
FNMA Pool MA1688	3.50	12-1-2033	1,132,902
FNMA Pool AB7748	3.00	1-1-2043	12,858,589
FNMA Pool AR2458	3.00	12-1-2042	37,676,656
<b>TOTAL</b>			<b>51,668,147</b>

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 and short-term investment accounts as of June 30, 2014:

	REPORTED AMOUNT	BANK BALANCE
Pension Trust Fund	228,437,220	228,437,220
Operating Fund	50,909,159	66,589,100
<b>Total Deposits</b>	<b>279,346,379</b>	<b>295,026,320</b>

**MONEY-WEIGHTED RATE OF RETURN**

The money-weighted rate of return on investments for FY 2014 was 11.619%, \$580,358,372 and 13.471%, \$740,505,088 for FY 2013. The calculation is less investment expenses of \$124,550,015. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**INVESTMENTS**

PSPRS investments are reported at Fair Value. Fair Values are determined as follows: Short-term investments are reported at cost plus accrued interest. Equity securities are valued at the last reported sales price. Fixed-income securities are valued using the last reported sales price or the estimated fair value as determined by fixed-income broker/dealers plus accrued interest. Investments in hedge funds are valued monthly at the last reported valuations. Limited partnership investments in credit opportunities, private equity, real assets and real estate are valued on a quarterly or monthly basis at last reported valuations adjusted by any subsequent cash flows. Investment income is recognized as earned.

Statutes enacted by the Arizona Legislature authorize the Board of Trustees to make investments in accordance with the "Prudent Man" rule. The Board of Trustees is not limited to so-called "Legal Investments for Trustees." In making every investment, the Board of Trustees shall exercise the judgment and care under the circumstances then prevailing which persons 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 eighty percent 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 five percent 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 five percent 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 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 percent 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 § 80 a-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, 2014, the fair value of the PSPRS Trust and the allocation for each system and plan was as follows:

PLAN	UNITIZED	PERCENT
PSPRS	6,193,474,862	76.20%
CORP	1,599,282,660	19.68%
EORP	334,748,966	4.12%
<b>TOTAL</b>	<b>8,127,506,488</b>	<b>100.00%</b>

**CUSTODIAL CREDIT RISK**

Custodial Credit Risk is the risk that PSPRS 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 counterparty to the investment or deposit transaction fails. As of June 30, 2014, PSPRS 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 PSPRS have any investments that are not registered in the name of PSPRS or the PSPRS Trust and are either held by the counterparty or the counterparty's trust department or agent.

**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, 2014, the System's fixed income assets that were not government guaranteed represented 96.2% of the fixed income portfolio.

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. According 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) and collateralized bond obligations (CBO).

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 Plan's fixed income portfolio exposure levels and credit qualities.

**AVERAGE CREDIT QUALITY AND EXPOSURE LEVELS  
OF NON-GOVERNMENT GUARANTEED SECURITIES**

<b>FIXED SECURITY TYPE</b>	<b>FAIR VALUE JUNE 30, 2014</b>	<b>% OF ALL FIXED INCOME ASSETS</b>	<b>WEIGHTED AVG. CREDIT</b>
Corporate Bonds	545,309,240	97.0%	A
Mortgages	-	0.0%	
CBO	16,835,702	3.0%	
<b>Total</b>	<b>562,144,942</b>	<b>100.0%</b>	

**RATINGS DISPERSION DETAIL**

<b>CREDIT RATING LEVEL</b>	<b>CORPORATE BONDS</b>	<b>MORTGAGES</b>	<b>CBO</b>
AAA	-	-	-
AA	13,772,615	-	-
A	15,751,906	-	-
BBB	16,182,855	-	-
Below BBB	7,931,748	-	-
Not Rated	491,670,116	-	16,835,702
<b>Total</b>	<b>545,309,240</b>	<b>-</b>	<b>16,835,702</b>

**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.

**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 Plan's fixed income assets.

**SEGMENTED TIME DISTRIBUTION BY SECURITY TYPE  
(INCLUDING GOVERNMENT GUARANTEED SECURITIES)**

<b>FIXED INCOME SECURITY</b>	<b>&lt;1</b>	<b>1-5</b>	<b>6-10</b>	<b>11-15</b>	<b>16-20</b>	<b>&gt;20</b>
Corporate	-	36,117,510	13,517,505	9,889,874	2,939,648	482,844,703
Agencies	-	-	-	2	8,024,878	14,153,508
Mortgages	-	-	-	-	-	-
CBO	-	9,410,951	-	-	-	7,424,751
<b>Total</b>	<b>-</b>	<b>45,528,461</b>	<b>13,517,505</b>	<b>9,889,876</b>	<b>10,964,526</b>	<b>504,422,962</b>

**CALLABLE BONDS BY SECURITY TYPE**  
(INCLUDING GOVERNMENT GUARANTEED SECURITIES)

FIXED INCOME SECURITY TYPE	FAIR VALUE JUNE 30, 2014	% OF ALL FIXED INCOME ASSETS
Corporate	-	0.00%
Agencies	-	0.00%
<b>Totals</b>	<b>-</b>	<b>0.00%</b>

**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 PSPRS 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):

<b>FOREIGN CURRENCY RISK</b>					
CURRENCY	SHORT TERM	FIXED INCOME	EQUITY	OTHER	TOTAL
AUSTRALIAN DOLLAR	46,598	-	36,574,618	-	36,621,215
BRAZIL REAL	6,101	-	17,604,981	-	17,611,083
CANADIAN DOLLAR	56,005	-	48,457,330	-	48,513,335
CHILEAN/COLOMBIAN PESO	0	-	3,178,918	-	3,178,918
DANISH KRONE	4,552	-	7,982,563	-	7,987,115
EURO CURRENCY UNIT	850,955	-	173,525,408	105,603,240	279,979,603
HONG KONG DOLLAR	111,699	-	42,085,361	-	42,197,059
INDONESIAN RUPIAH	715	-	5,031,458	-	5,032,173
ISRAELI SHEKEL	45,487	-	2,446,708	-	2,492,195
JAPANESE YEN	1,022,446	-	105,038,293	-	106,060,739
MALAYSIAN RINGGIT	4,010	-	4,883,556	-	4,887,566
MEXICAN NEW PESO	7,878	-	7,584,834	-	7,592,712
NEW TAIWAN DOLLAR	57,476	-	16,322,892	-	16,380,368
NEW TURKISH LIRA	43,945	-	2,112,917	-	2,156,862
NEW ZEALAND DOLLAR	21,948	-	973,038	-	994,986
NORWEGIAN KRONE	58,723	-	5,726,208	-	5,784,931
PHILIPPINES PESO	252	-	1,234,821	-	1,235,073
POLISH ZLOTY	10,078	-	2,107,167	-	2,117,245
POUND STERLING	322,032	-	120,787,637	31,038,564	152,148,234
S AFRICAN COMM RAND	33,778	-	9,496,043	-	9,529,821
SINGAPORE DOLLAR	10,874	-	6,093,237	-	6,104,111
SOUTH KOREAN WON	28,140	-	20,655,905	-	20,684,046
SWEDISH KRONA	2,505	-	14,368,309	-	14,370,814
SWISS FRANC	2,482	-	48,447,637	-	48,450,119
THAILAND BAHT	0	-	1,891,385	-	1,891,385
<b>TOTAL MARKET VALUE</b>	<b>2,748,678</b>	<b>-</b>	<b>704,611,223</b>	<b>136,641,805</b>	<b>844,001,706</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 PSPRS 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 PSPRS 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 gains for PSPRS was \$2,092,283 at June 30, 2014 consisting of U.S. Equity (gain of \$2,115,561) and Risk Parity (loss of \$23,278). Interest risk associated with these investments are included in the tables on page 35.

**SECURITY LENDING PROGRAM**

The System is party to a securities lending agreement with a bank. The bank, on behalf of the Plan, 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, 2014 the fair value of securities on loan was \$433.79 million and the collateral was \$446.01 million for Public Safety Personnel Retirement 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. Additionally, at least 20% of total collateral investments shall be invested on an overnight basis. At June 30, 2014, the weighted average maturity was 73 days for all investments purchased with cash collateral from unmatched loans. The Plan has no credit risk because the amounts owed to the borrowers exceed the amounts the borrowers owe to the Plan.

Prior to FY2009, the System had not experienced any defaults or losses on these loans. However, in November 2008 PSPRS was informed that due to recent market events one or more securities lending collateral vehicles that held assets had been impaired. This potential liability will be realized upon settlement of the recovery process or if there becomes a liquidity issue with the collateral pool. A liability of \$4.45 million has been recorded as the System's share.

ASSET CLASS	OUT ON LOAN	TOTAL AVAILABLE TO LOAN	% OF AVAILABLE TO LOAN
Equities	466,013,900	617,583,961	75.5%
Agencies	-	-	-
Treasuries	-	-	-
Exchange Traded	777,660	7,776,605	10.0%
<b>Totals</b>	<b>433,791,560</b>	<b>625,350,566</b>	<b>69.4%</b>

**VALUATION PROCESS FOR NON-EXCHANGE TRADED INVESTMENTS**

The Public Safety Personnel Retirement 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, which may include discounted cash flow methodologies (such as purchase offers) or market comparable pricing is otherwise unavailable or appears imprudent to employ. Upon receipt of an external manager's valuation of assets under its management, that valuation is provided to the System's custodian bank which then reflects the valuation on the System's books of account.

**NOTE 4: 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, 2014 was \$203,411.

The following table is a schedule of the capital asset account balances as of June 30, 2014, and June 30, 2013, and changes to those account balances during the year ended June 30, 2014.

**SCHEDULE OF CAPITAL ASSET ACCOUNT BALANCES**

	LAND	BUILDING AND IMPROVEMENTS	FURNITURE, FIXTURES AND EQUIPMENT	TOTAL CAPITAL ASSETS
<b>CAPITAL ASSETS</b>				
Balance June 30, 2013	495,436	3,719,420	1,176,775	5,391,631
Additions	-	-	47,558	47,558
Deletions	-	-	-	-
<b>Balance June 30, 2014</b>	<b>495,436</b>	<b>3,719,420</b>	<b>1,224,333</b>	<b>5,439,189</b>
<b>ACCUMULATED DEPRECIATION</b>				
Balance June 30, 2013	-	(821,434)	(926,488)	(1,747,922)
Additions	-	(105,374)	(98,037)	(203,411)
Deletions	-	-	-	-
<b>Balance June 30, 2014</b>	<b>-</b>	<b>(926,808)</b>	<b>(1,024,525)</b>	<b>(1,951,333)</b>
<b>Net Capital Assets</b>	<b>495,436</b>	<b>2,792,612</b>	<b>199,808</b>	<b>3,487,856</b>



**NOTE 5: CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE**

The Retirement System's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using the Entry Age Normal cost method. Unfunded actuarial accrued liabilities and assets in excess of actuarial accrued liabilities are being amortized as a level percent of payroll over a closed 22 year period. Beginning July 1, 2006, the minimum employer contribution rate increased from 5% to 8%. A.R.S. §38-843.

During the year ended June 30, 2014, contributions were made in accordance with contribution requirements determined by an actuarial valuation of the System as of June 30, 2012. Employer contributions represented 29.05% of covered payroll [13.37% for normal costs (13.04% pension and 0.33% health insurance) and 17.07% for amortization of unfunded actuarial accrued liability in aggregate (16.01% pension and 1.06% health insurance subsidy)]. Member contributions represented 10.35% of covered payroll and are attributable to normal costs.

**NOTE 6: OTHER BENEFITS**

The PSPRS adopted a supplemental defined contribution plan 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%

PSPRS administers the supplemental defined contribution plan through Nationwide Retirement Solutions, Inc. All contributions are sent directly to Nationwide Retirement Solutions, Inc. from the participating employer groups.

**NOTE 7: HEALTH INSURANCE PREMIUM SUBSIDY**

The plan description, summary of significant accounting policies, investment policies and contributions required for the health insurance subsidy are the same as the retirement plan and can be found under Notes 1, 2 and 5. The health insurance premium subsidy provided by A.R.S. §38-857 consists of a fixed dollar amount set by statute and paid by the Plan on behalf of eligible retired members. The subsidized health benefits are provided and administered by the Arizona State Retirement System, Arizona Department of Administration or the participating employer of the retired member. According to Governmental Accounting Standards Board (GASB) Statement No. 43, the health insurance subsidy paid by the Plan represents other post employment benefits. As of July 1, 2013 the Plan administers a separate health-care plan as defined under IRC §401(h). In addition, the Plan is statutorily authorized, by A.R.S. §38-857, to maintain a separate account for the health insurance subsidy assets and benefit payments. The Health Insurance assets are accounted for by employer, and are available to pay only Health Insurance benefit .

**NOTE 8: PLAN TERMINATION**

PSPRS and its related plans are administered in accordance with Arizona statutes. These statutes do provide for termination of the plans under A.R.S. 41-3016.18. The plans are scheduled to terminate on July 1, 2016, pending the results of the sunset audit review by the legislature and the Auditor General's office.

**NOTE 9: 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 Plan 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 Plan 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.

As stated in Note 3 – Cash and Investments (under the Security Lending Program heading), 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 \$5.8 million dollars for all three plans and has been recorded as a liability. It is anticipated that a final resolution will be reached in next few fiscal years.

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

The required schedule of funding progress for health insurance premium subsidy 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 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, 2014
- Actuarial Cost Method: Entry Age Normal
- Amortization Method: Level Percent of Payroll, Closed
- Remaining Amortization Period: 22 years closed for unfunded actuarial accrued liability
- Asset Valuation Method: 7-Year Smoothed Market Value, 80%/120% Market
- Investment Rate of Return: 7.85%

As of June 30, 2014 health insurance premium subsidy has assets in excess of \$7,916,996 for a funding ratio of 102.80%. The assets for the health insurance premium subsidy were \$294,431,458 with liabilities of \$286,514,462. The excess is (0.57)% of covered payroll, \$1,390,346,174.

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 under "Summary of Benefits".

**NOTE 11: PENDING LAWSUITS**

In compliance with the Supreme Court decision regarding permanent benefit increase (PBI) payments, the Public Safety Personnel Retirement System issued a retroactive permanent benefit increase payment for its eligible members (those members who retired effectively on or before July 1, 2011). We are still awaiting the outcomes of the others lawsuits filed in the Superior Court of Arizona in Maricopa County that challenged Senate Bill 1609 in 2011.

**NOTE 12: ESTABLISHMENT OF HEALTH INSURANCE RESERVES**

In order to preserve the non-taxable status of the health insurance subsidy benefit, the IRS required PSPRS to maintain a reserve separate from the pension reserve. Consequently, reserve balances for the health insurance subsidy were constructed from prior years of contribution and subsidy distribution data. Previously, employer contributions were reported net of health insurance subsidy distributions with the subsidy payments included in pension benefits. Changes were employed to report pension and health insurance subsidy contributions separately including schedules. Likewise, pension benefits paid and health insurance subsidy payments are being reported separately.

REQUIRED SUPPLEMENTARY INFORMATION

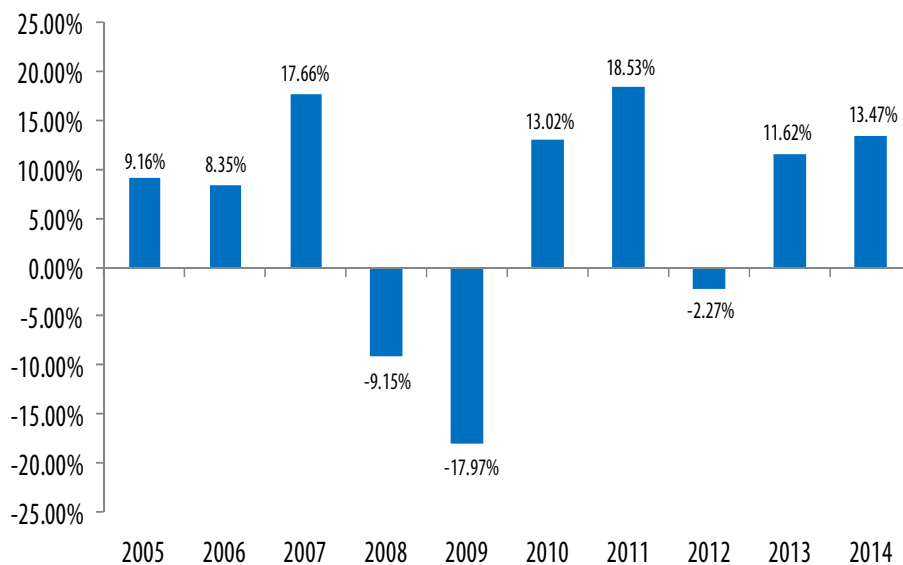
**SCHEDULE OF FUNDING PROGRESS - HEALTH INSURANCE**  
3-YEAR SCHEDULE

ACTUARIAL VALUATION DATE	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)
06-30-12	-	270,777,736	270,777,736	0.00%	1,349,251,544	20.07%
06-30-13	-	279,186,592	279,186,592	0.00%	1,370,609,327	20.37%
06-30-14	294,431,458	286,514,462	(7,916,996)	102.80%	1,390,346,174	(0.57)%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
HEALTH INSURANCE

FISCAL YEAR END JUNE 30,	ANNUAL REQUIRED CONT.	PERCENTAGE CONTRIBUTED
2012	22,135,531	100.00%
2013	21,625,733	100.00%
2014	19,534,206	100.00%

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



**REQUIRED SUPPLEMENTARY INFORMATION****NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION****HEALTH INSURANCE**

As of July 1, 2013, the assets for Health Insurance premiums were separated from the pension assets. The Health Insurance contributions will be accounted for by employer and are only available to pay health insurance benefits.

**SCHEDULE OF CHANGES IN RESERVE BALANCES**  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	REFUNDABLE MEMBERS' RESERVE	EMPLOYERS' RESERVE	HEALTH INSURANCE RESERVE	FUTURE BENEFIT INCREASE RESERVE
<b>BALANCE AS OF JUNE 30, 2012</b>	<b>\$ 1,067,750,716</b>	<b>\$ 3,767,719,206</b>	<b>\$ 220,358,125</b>	<b>\$ -</b>
DISTRIBUTION OF REVENUES AND EXPENSES				
Members' Contributions	127,362,618	-	-	-
Employers' Contributions	-	360,458,794	20,394,283	-
Earnings (Loss) on Investments Net of Investment Expenses	-	518,161,006	23,819,082	-
Pension and Insurance Benefits	-	(552,720,457)	(13,383,444)	-
Refunds to Terminated Members	(7,995,112)	(4,824,601)	-	-
Administrative Expenses	-	(5,104,446)	-	-
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	7,282,093	(220,813)	-	-
Balances Transferred to Employers' Reserve due to Retirement	(39,827,083)	39,827,083	-	-
<b>BALANCE AS OF JUNE 30, 2013</b>	<b>1,154,573,232</b>	<b>4,123,295,772</b>	<b>251,188,046</b>	<b>-</b>
DISTRIBUTION OF REVENUES AND EXPENSES				
Members' Contributions	141,066,081	-	-	-
Employers' Contributions	-	413,845,614	19,534,206	-
Earnings (Loss) on Investments Net of Investment Expenses	-	723,427,732	33,753,252	-
Pension and Insurance Benefits	-	(612,104,805)	(13,578,195)	-
Refunds to Terminated Members	(8,872,870)	(5,561,843)	-	-
Administrative Expenses	-	(5,826,248)	-	-
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	11,417,803	263,660	-	-
Balances Transferred to Employers' Reserve due to Retirement	(49,244,786)	49,244,786	-	-
<b>BALANCE AS OF JUNE 30, 2014</b>	<b>\$ 1,248,939,460</b>	<b>\$ 4,686,584,668</b>	<b>\$ 290,897,309</b>	<b>\$ -</b>



## SUPPORTING SCHEDULES INFORMATION

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
<b>RECEIPTS</b>		
Members' Contributions	142,457,323	124,403,358
Employers' Contributions	415,007,276	348,788,995
Health Insurance Contributions	19,656,886	20,394,283
Alternative Contributions	2,121,397	2,151,786
Interest	7,354,463	5,074,261
Dividends	43,701,264	39,064,772
Other Income	55,036,240	59,826,691
Securities Lending Income	1,597,460	841,939
Transfer In	775,283	744,656
Service Purchase	10,956,659	6,830,833
Maturities and Sales of:		
U S Equity	709,355,910	434,627,304
NON-U S Equity	353,295,023	149,811,170
GTAA	110,507,161	37,735,364
Fixed Income	139,150,965	119,089,446
Absolute Return	9,748,881	22,063,628
Credit Opportunities	185,706,447	152,194,813
Private Equity	157,400,261	48,830,739
Real Assets	142,101,705	61,335,514
Real Estate	187,040,797	24,433,558
Risk Parity	139,724,344	18,475,723
<b>Total Receipts</b>	<b>2,832,695,745</b>	<b>1,676,718,833</b>
<b>DISBURSEMENTS</b>		
Pension Benefits	527,134,758	492,506,527
Refunds to Terminated Members	14,434,714	12,819,713
Drop Benefits	84,970,047	60,213,930
Health Insurance Subsidy	13,578,195	13,383,444
Investment and Administrative Expenses	83,365,062	30,107,892
Transfer Out	50,478	514,209
Acquisitions of:		
U S Equity	734,635,237	248,618,636
NON-U S Equity	344,242,077	135,782,905
GTAA	58,978,542	22,485,858
Fixed Income	171,912,085	43,656,876
Absolute Return	15,773,511	37,960,041
Credit Opportunities	117,201,192	190,116,975
Private Equity	74,566,662	96,135,934
Real Assets	95,197,895	91,380,535
Real Estate	268,508,309	56,004,397
Risk Parity	56,293,829	140,214,063
<b>Total Disbursements</b>	<b>2,660,842,594</b>	<b>1,671,901,934</b>
INCREASE (DECREASE) IN CASH	171,853,151	4,816,899
BEGINNING CASH BALANCE - July 1	107,493,228	102,676,329
<b>ENDING CASH BALANCE - June 30</b>	<b>279,346,379</b>	<b>107,493,228</b>

**SCHEDULE OF ADMINISTRATIVE EXPENSES**  
FOR THE YEAR ENDED JUNE 30, 2014

<b>EXPENSE CATEGORY</b>	<b>ADMINISTRATIVE</b>	<b>INVESTMENT</b>	<b>TOTAL</b>
Accounting and Auditing Services	70,586	-	70,586
Actuarial Services	326,803	-	326,803
Building Expense	111,627	-	111,627
Communications	31,049	-	31,049
Computer Related Expense	96,692	33,789	130,481
Contractual Services	42,487	-	42,487
Depreciation Expense	203,411	-	203,411
Board of Trustees Initiatives	14,008	-	14,008
Furniture and Equipment	19,229	628	19,857
Investment Services	-	121,377,724	121,377,724
Legal Services	1,172,423	607,346	1,779,769
Local Board Training	-	-	-
Payroll Taxes and Fringe Benefits	799,040	239,983	1,039,023
Postage Expenses	24,382	-	24,382
Printing and Publications	9,243	-	9,243
Professional Services	685,366	1,366,774	2,052,140
Salaries and Wages	2,152,585	844,215	2,996,800
Supplies and Services	23,439	-	23,439
Training Expenses	32,452	36,581	69,033
Travel Expense	11,426	42,975	54,401
<b>TOTAL</b>	<b>5,826,248</b>	<b>124,550,015</b>	<b>130,376,263</b>

## SUPPORTING SCHEDULES INFORMATION

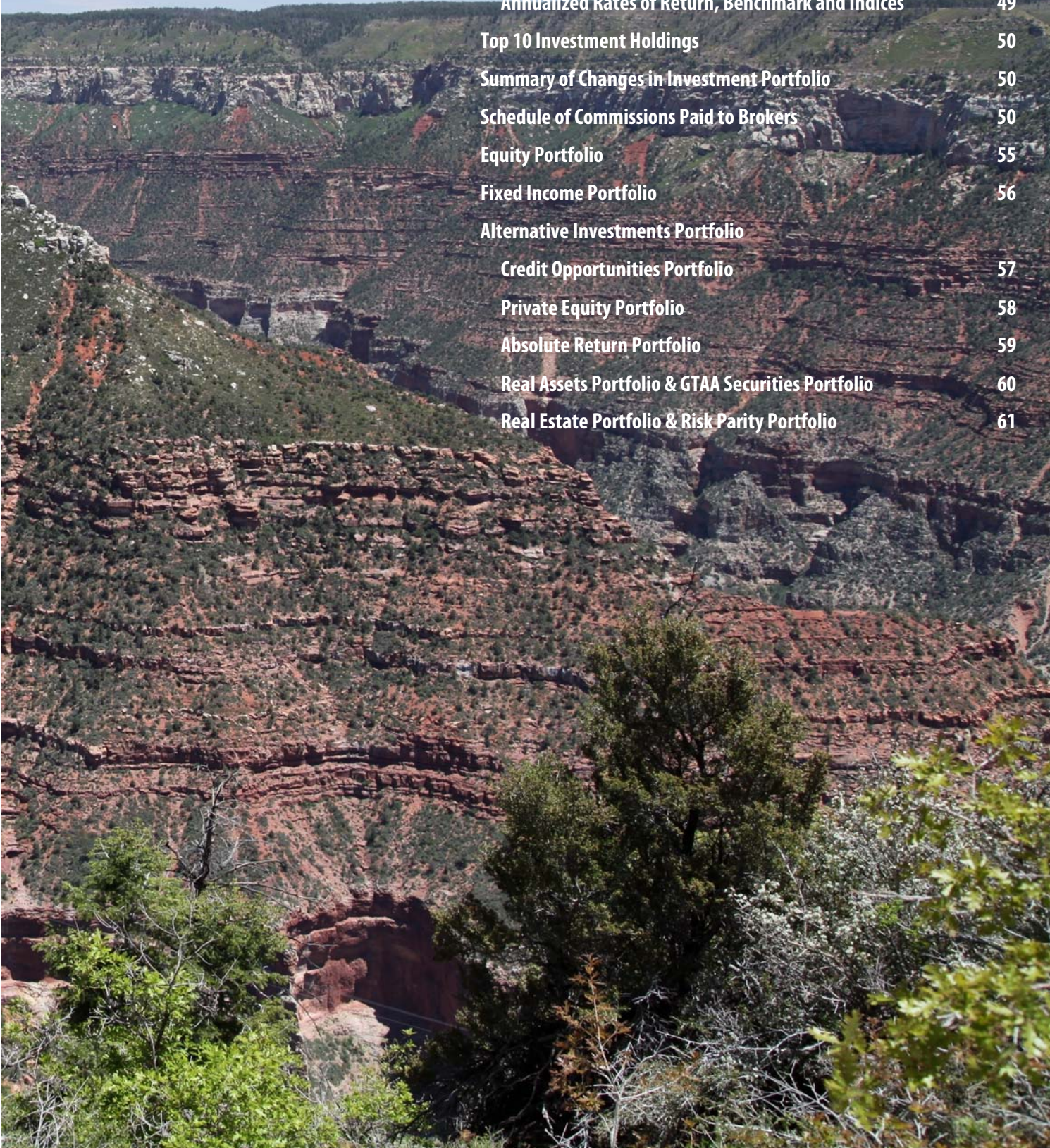
**SCHEDULE OF CONSULTANT EXPENSES**  
FOR THE YEAR ENDED JUNE 30, 2014

CONSULTANT	SERVICE PROVIDED	FEES PAID
ALBOURNE AMERICA, LLC	International Alternative Investment Consultant	437,359
BNY MELLON ASSET SERVICING	Independent Investment Advisor	149,620
COOLEY LLP	Investment Counsel	13,812
ERNST & YOUNG LLP	Investment Consultant	194,861
FOLEY & LARDNER, LLC	Investment Counsel	49,110
GABRIEL ROEDER SMITH & COMPANY	Actuary	288,915
GOODWIN PROCTER	Legislative Liaison	24,499
HEINFELD, MEECH & CO.	Independent Auditor	74,218
HIGHGROUND, INC	Legislative Liaison	61,959
JACKSON WALKER LLP	Investment Counsel	29,713
KUTAK ROCK LLP	General Counsel	1,196,894
LEWIS AND ROCA, LLP	HR Consultant	97,025
LIGHT STONE SOLUTIONS, LLC	Due Diligence	142,572
NEPC, LLC	Independent Investment Advisor	326,501
OFFICE OF THE ATTORNEY GENERAL	General Counsel	53,440
ORG PORTFOLIO MANAGEMENT LLC	Real Estate Consultant	227,791
OSAM INC.	IT Counsel	27,630
PATRICE ROBINSON CONSULTING	IT Consultant	31,578
PILLSBURY	Investment Counsel	6,181
PUBLIC POLICY PARTNERS	Legislative Liaison	91,117
ROPES & GRAY LLP	Investment Counsel	5,134
STEPSTONE GROUP LLC	Equity Advisors	75,930
STEPTOE & JOHNSON, LLP	Litigation Counsel	53,885
WHETSTINE, CHARLES	IRS Consultant	51,198
<b>Total</b>		<b>3,710,942</b>

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Chief Investment Officer's Letter	46
Fund Investment Objectives	48
Investment Performance	
Asset Allocation	48
Annualized Rates of Return, Benchmark and Indices	49
Top 10 Investment Holdings	50
Summary of Changes in Investment Portfolio	50
Schedule of Commissions Paid to Brokers	50
Equity Portfolio	55
Fixed Income Portfolio	56
Alternative Investments Portfolio	
Credit Opportunities Portfolio	57
Private Equity Portfolio	58
Absolute Return Portfolio	59
Real Assets Portfolio & GTAA Securities Portfolio	60
Real Estate Portfolio & Risk Parity Portfolio	61





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

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

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FAX: (602) 255-5572

**Administration**

**Ryan Parham**  
Chief Investment Officer

**Jared A. Smout**  
Deputy 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

February 25, 2015

The Board of Trustees and  
The Deputy 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, 2013 and ending June 30, 2014, I submit the following comments and observations for your consideration and for the consideration of the respective parties in interest of the System:

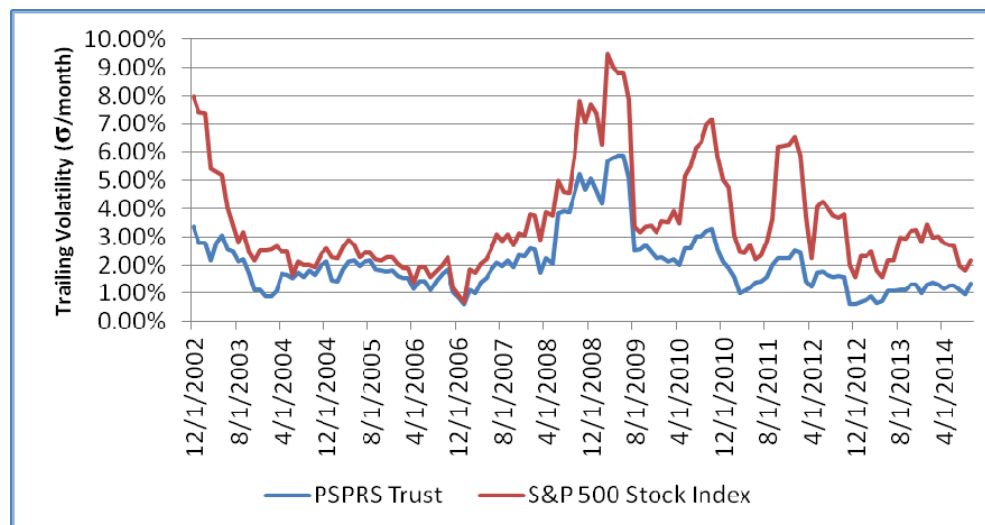
**INTRODUCTION**

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, 2014. This marks approximately the fourth year in the operation of a substantially less risky portfolio, and five years since we began moving away from the old U.S. stock (equity) heavy strategy. In 2014, we returned approximately 13.28% or approximately \$988,000,000.00 in earnings. In 2013, our return was approximately 10.64% and our five year annualized return is approximately 10.68%. This is exactly the increase in consistency that we have been charged with delivering to the PSPRS system. Our assumed earnings rate is 7.85%. That is a primary goal for the system's investments for us to "break even." 7.85% is the rate calculated to pay our liabilities and to move toward 100% funding over time. Even with much less risk, in the last five years we have exceeded that goal by almost 3% per year.

**DIVERSIFICATION (HOW MUCH UP AND HOW MUCH DOWN)**

The Trust's portfolio returns for the fiscal year ending June 30, 2014 continue to come from many diversified sources (10 separate asset classes.) We expect that diversification to help us to *capture* most of strong positive markets and to *protect* us from the worst of devastating negative markets. This was demonstrated in 2014 where we captured almost 3/4 of the returns of stock heavy portfolios. But in Q3 2014, when stocks were hard hit we had only 1/3 of the losses of those portfolios.

For the past five years the total volatility of the PSPRS portfolio has been roughly one half that of the U.S. Stock markets.



The practical implications of this shift can be seen in the following worst case stress model results:

Events	Today's Portfolio	PSPRS Trust Actual
Asian Crisis of 1997	3.4%	5.7%
Russian/LTCM Crisis 1998	-3.1%	-5.5%
WTC Attacks - Sept. 11	-6.1%	-11.7%
Stock Market Crash 2002	-8.0%	-21.1%
August Crisis 2007	1.3%	1.6%
January Crisis 2008	-4.1%	-2.7%
Credit Crunch 2008 (Aug to Nov)	-15.1%	-23.1%
Crisis 2009 (Jan-Feb)	-8.5%	-12.9%
Flash Crash 2010	-3.5%	-3.7%

Volatility analysis and stress test results such as these led us to perform a dedicated study of the Trust's risk and efficiency evolution over time. Results were published in the *Journal of Asset Management* in August, 2014 (entitled "Modern Pension Fund Diversification") and lead us to conclude that the current portfolio has almost 1/4 as much risk at it had just seven years ago, that it has roughly half the risk of a 60% stock/40% bond portfolio, but it has also maintained roughly the same expected return.

Independent peer comparison analysis places the PSPRS Trust among the top 10% lowest risk, and top 10% highest efficiency (Sharpe Ratio) of defined-benefit pension funds in the United States today, based on one year, three year and five year track records.

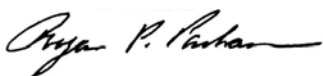
#### THE PSPRS TEAM (A FURTHER NOTE)

We have been much in the news in the last year as a variety of reckless allegations made by former staff members were investigated, often at our request. I am happy to report that, yet again, PSPRS has been exonerated of any wrong doing, most recently by the U.S. Attorney's office. I can further confirm that all members of the PSPRS investment staff are currently paid below the median and below the average of their peers in similar funds throughout the U.S. as reported in a recent compensation survey.

The current PSPRS Investment team brings together more than 100 years of experience, 7 master level degrees along with 5 doctorate level degrees. When we add that to the hundreds of analysts who work within our consultancies in offices around the world, we have expertise, experience and coverage to manage our truly global and diversified portfolio.

I am wonderfully proud of all the hard work that has been done by Staff and our Consultants which has produced these admirable results.

Respectfully and Gratefully 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.

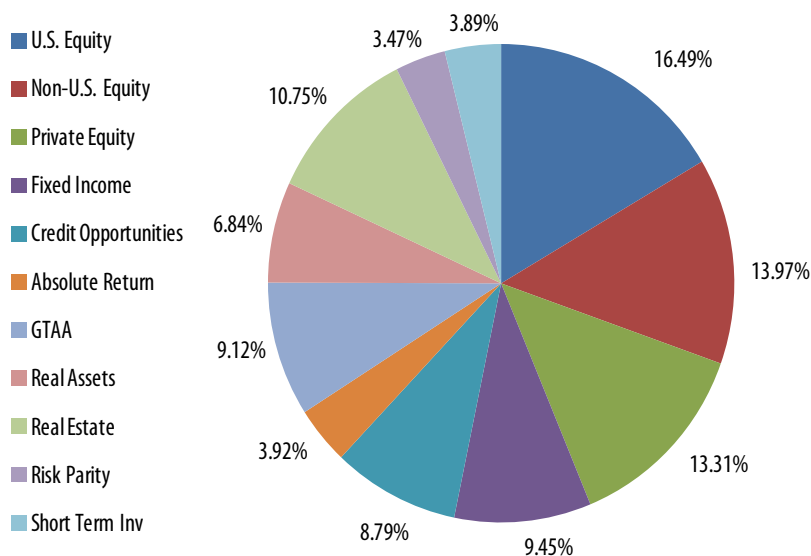
Consistent with the Fund objectives, the primary investment objective of the Fund is to maximize long-term real (after inflation) investment returns recognizing established risk (volatility) parameters and the need to preserve capital by:

- 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 market 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, 2014



**ANNUALIZED RATES OF RETURN\***  
JUNE 30, 2014

<b>Description</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
PSPRS - Total Fund	13.28%	7.65%	10.68%	5.77%
<i>Target Fund Benchmark</i>	<i>13.82%</i>	<i>8.84%</i>	<i>11.15%</i>	<i>4.81%</i>
Total Equity	21.20%	10.36%	14.72%	6.75%
<i>Target Equity Benchmark</i>	<i>23.68%</i>	<i>11.78%</i>	<i>15.82%</i>	<i>7.92%</i>
U.S. Equity	21.90%	13.85%	17.57%	N/A
<i>Russell 3000</i>	<i>25.22%</i>	<i>16.46%</i>	<i>19.33%</i>	<i>N/A</i>
Non-U.S. Equity	20.35%	5.54%	10.71%	N/A
<i>MSCI ACWI Ex-US Net</i>	<i>21.75%</i>	<i>5.73%</i>	<i>11.11%</i>	<i>N/A</i>
Private Equity	26.60%	14.46%	19.04%	N/A
<i>Russell 3000 + 100 bps</i>	<i>26.22%</i>	<i>17.46%</i>	<i>20.33%</i>	<i>N/A</i>
Fixed Income	6.21%	4.62%	6.31%	5.04%
<i>BC Global Aggregate</i>	<i>7.39%</i>	<i>2.57%</i>	<i>4.60%</i>	<i>5.06%</i>
Credit Opportunities	11.31%	7.89%	14.75%	N/A
<i>ML US High Yield BB-B Constrained, CSFB Arbitrage</i>	<i>8.59%</i>	<i>7.70%</i>	<i>11.19%</i>	<i>N/A</i>
Absolute Return	8.28%	9.54%	N/A	N/A
<i>BofA ML 3-Month T-Bill + 200 bps</i>	<i>2.05%</i>	<i>2.07%</i>	<i>N/A</i>	<i>N/A</i>
GTAA	7.51%	4.78%	N/A	N/A
<i>3-Month LIBOR + 300bps</i>	<i>3.23%</i>	<i>3.33%</i>	<i>N/A</i>	<i>N/A</i>
Real Assets	8.85%	4.24%	5.10%	N/A
<i>CPI + 200 bps</i>	<i>4.08%</i>	<i>3.84%</i>	<i>4.00%</i>	<i>N/A</i>
Real Estate	-1.26%	1.54%	-2.77%	N/A
<i>NCREIF NPI</i>	<i>11.21%</i>	<i>11.32%</i>	<i>9.67%</i>	<i>N/A</i>
Risk Parity	9.71%	N/A	N/A	N/A
<i>BC Global Agg, MSCI AC World Net, Dow Jones UBS Ind</i>	<i>12.07%</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Short Term Investments	0.27%	-0.05%	0.05%	1.76%
<i>BofA ML 3-Month T-Bill</i>	<i>0.05%</i>	<i>0.07%</i>	<i>0.11%</i>	<i>1.63%</i>

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

**Target Fund Benchmarks (Effective Dates)**

July 1, 2013 to Present: 17% Russell 3000, 14% MSCI ACWI Ex-US Net, 10% Russell 3000 + 100 bps, 8% BC Global Aggregate, 12% Credit Opportunities Benchmark, 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 Benchmark and 2% BofA ML 3-Month T-Bill.

July 1, 2012 - June 30, 2013: 18% Russell 3000, 14% MSCI World Ex-US Net, 9% Russell 3000 + 100 bps, 12% BC Global Aggregate, 12% Credit Opportunities Benchmark, 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 Benchmark and 2% BofA ML 3-Month T-Bill.

July 1, 2010 - 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.

April 1, 2009 - June 30, 2010: 30% Russell 3000, 20% MSCI ACWI Ex-US Net, 20% BC US Aggregate, 8% NCREIF NPI, 8% Russell 3000 + 100 bps, 8% BofA ML US High Yield BB-B Constrained, 5% CPI + 200 bps and 1% BofA ML 3-Month T-Bill

**Target Equity Benchmarks (Effective Dates)**

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

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

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

**EQUITY PORTFOLIO TOP 10 HOLDINGS**  
 JUNE 30, 2014

Description	Shares	Fair Value
STATE STREET INTL EQ	93,444,398	594,424,238
STATE STREET US EQTY	8,081,001	401,846,311
CRESTLINE ALPHA	133,027,789	133,027,787
ACADIAN US MANAGED	2,201,791	102,968,453
SEG BAXTER STREET	22,838,168	73,922,420
EAGLE SMALL CAP ST	2,083,968	65,713,857
ESG CBE	60,479,507	60,479,507
SOUTHPOINT	57,063,556	57,063,556
THB MICRO CAP	5,365,057	53,185,062
GOTHAM INSTL SELECT	1,358,713	45,961,350

**FIXED INCOME PORTFOLIO TOP 10 HOLDINGS**  
 JUNE 30, 2014

Description	Shares	Fair Value
BGI CORE ACTIVE BOND FUND	9,356,134	227,638,280
IGUAZU PARTNERS LP	62,198,320	62,198,321
BLACKROCK FIXED INCOME GLOBAL	57,181,237	57,181,236
GOLDENTREE HIGH YIELD VALUE	47,411,762	47,411,761
FRANKLIN TEMPLETON EMD	42,245,374	42,245,374
CAPITAL GUARDIAN EMERGING	1,883,814	29,142,595
CBO HLDGS III 04-3 CL A 144A	9,438,078	9,410,952
FHLMC MULTICLASS MTG 3561 B	7,620,387	8,024,877
FHLMC MULTICLASS MTG 3740 KD	7,620,387	7,990,052
SKYWAY CONCESSION CO LLC 144A	9,906,504	7,776,605

**SUMMARY OF CHANGES IN INVESTMENT PORTFOLIO**

JUNE 30, 2014

(IN THOUSANDS)

DESCRIPTION	JUNE 30, 2013 BALANCE				JUNE 30, 2014 BALANCE			
	PERCENT AT FAIR VALUE	FAIR VALUE	BOOK VALUE	ACQUIRED	MATURED AND SOLD	FAIR VALUE	BOOK VALUE	PERCENT AT FAIR VALUE
U. S. Equity	18.60%	1,003,092	816,243	729,367	760,087	1,020,211	785,523	17.15%
Non U. S. Equity	14.37%	774,719	717,083	353,160	354,233	861,942	716,010	14.49%
GTAA	8.74%	471,432	389,757	110,507	58,978	565,063	441,286	9.50%
Fixed Income	11.32%	610,452	548,073	139,151	172,440	584,323	514,784	9.83%
Absolute Return	4.20%	226,548	180,172	9,749	15,774	242,442	174,147	4.08%
Credit Opportunities	9.23%	497,361	462,082	193,052	128,653	544,520	526,481	9.16%
Private Equity	11.60%	625,598	546,685	157,400	74,567	824,383	629,518	13.86%
Real Assets	6.50%	350,546	324,070	142,292	95,404	423,592	370,958	7.12%
Real Estate	13.16%	709,693	786,205	187,041	268,509	665,885	704,737	11.20%
Risk Parity	2.28%	122,820	122,332	140,216	64,916	214,828	197,632	3.61%
<b>Total Portfolio</b>	<b>100.00%</b>	<b>5,392,261</b>	<b>4,892,702</b>	<b>2,161,935</b>	<b>1,993,561</b>	<b>5,947,189</b>	<b>5,061,076</b>	<b>100.00%</b>

\*See Note 14.

**SCHEDULE OF COMMISSIONS PAID TO BROKERS**  
 YEAR ENDED JUNE 30, 2014

BROKER	NUMBER OF SHARES TRADED	AVERAGE COMMISSION	TOTAL COMMISSIONS
ABEL NOSER CORP, NEW YORK	10,699	0.0300	321
AQUA SECURITIES LP, NEW YORK	4,979	0.0200	100
B.RILEY & CO.,LLC, LOS ANGELES	35,729	0.0364	1,302
BAIRD, ROBERT W & CO INC, MILWAUKEE	517,890	0.0331	17,119
BANCO BTG PACTUAL SA, RIO DE JANEIRO	218,336	0.0227	4,950
BANCO ITAU, SAO PAULO	503,504	0.0126	6,329
BANCO SANTANDER, NEW YORK	141,728	0.0019	268
BANQUE PARIBAS, PARIS	32,089	0.0746	2,393
BARCLAYS BK PLC, NEW YORK	66,896	0.0241	1,610
BARCLAYS CAPITAL INC./LE, NEW JERSEY	305	0.0115	4



**SCHEDULE OF COMMISSIONS PAID TO BROKERS**  
YEAR ENDED JUNE 30, 2014

<b>BROKER</b>	<b>NUMBER OF SHARES TRADED</b>	<b>AVERAGE COMMISSION</b>	<b>TOTAL COMMISSIONS</b>
BARCLAYS CAPITAL LE, JERSEY CITY	95,874	0.0135	1,290
BARCLAYS CAPITAL, LONDON (BARCGB33)	14,065	0.0031	43
BARRINGTON RESEARCH ASSOCIATES, BROOKLYN	36,022	0.0376	1,353
BB&T SECURITIES, LLC, RICHMOND	149,313	0.0333	4,976
BENCHMARK COMPANY LLC, BROOKLYN	549	0.0100	5
BERNSTEIN SANFORD C & CO, NEW YORK	268,724	0.0200	5,377
BLOOMBERG TRADEBOOK LLC, NEW YORK	588,297	0.0200	11,766
BMO CAPITAL MARKETS CORP, NEW YORK	59,457	0.0312	1,856
BNP PARIBAS BKRGE (INT), KING OF PRUSSIA	31,606	0.0143	453
BNP PARIBAS PRIME BRKRGE INC, NEW YORK	1,276	0.2211	282
BNY CONVERGEX, NEW YORK	11,046	0.0150	166
BTIG LLC, SAN FRANCISCO	483,127	0.0189	9,137
BURKE & QUICK PARTNERS LLC, JERSEY CITY	38,148	0.0306	1,167
CANACCORD GENUITY INC, NEW YORK	211,185	0.0260	5,500
CANTOR CLEARING SERV, NEW YORK	5,715	0.0100	57
CANTOR FITZGERALD & CO INC, NEW YORK	537,812	0.0158	8,521
CAPITAL ONE SOUTHCOAST INC, NEW ORLEANS	29,967	0.0460	1,380
CITIGROUP GBL MKTS AUSTRALIA PTY, SYDNEY	12,167	0.0035	43
CITIGROUP GBL MKTS INC, NEW YORK	71,880	0.0192	1,382
CITIGROUP GBL MKTS/SALOMON, NEW YORK	417,270	0.0037	1,528
CITIGROUP GLOBAL MARKETS LTD, LONDON	102,961	0.0042	431
CJS SECURITIES INC, JERSEY CITY	17,994	0.0366	658
COMPASS POINT RESEARCH & TR, JERSEY CITY	252,310	0.0252	6,367
COWEN AND COMPANY LLC, NEW YORK	98,375	0.0271	2,664
CRAIG HALLUM, MINNEAPOLIS	411,412	0.0317	13,056
CREDIT LYONNAIS SECS (ASIA), HONG KONG	221,067	0.0029	636
CREDIT LYONNAIS SECS, SINGAPORE	1,528,993	0.0019	2,848
CREDIT RESEARCH & TRADING LLC, JERSEY	24,127	0.0354	853
CREDIT SUISSE (EUROPE), LONDON	41,646	0.0060	251
CREDIT SUISSE (EUROPE), SEOUL	149,661	0.0390	5,840
CREDIT SUISSE AUSTRALIA EQ, MELBOURNE	12,356	0.0017	21
CREDIT SUISSE, NEW YORK (CSUS)	11,843,196	0.0016	18,626
CREDIT SUISSE, SAO PAULO	971,142	0.0041	4,026
CREDIT SUISSE, TAIPEI	7,252,323	0.0008	6,024
DAVIDSON(D A) & CO INC, NEW YORK	11,539	0.0207	239
DEUTSCHE BK SECS INC, NY (NWSCUS33)	12,980,777	0.0050	65,015
DOUGHERTY COMPANY, BROOKLYN	164,914	0.0303	4,990
EVERCORE GROUP LLC, JERSEY CITY	19,617	0.0390	765
FBR CAPITAL MARKETS & CO, ARLINGTON	15,101	0.0309	466
FIG PARTNERS LLC, ATLANTA	167,257	0.0323	5,395
FIRST ANALYSIS SECS CORP, CHICAGO	30,082	0.0500	1,504
GBM BRASIL DTVM SA, RIO DE JANEIRO	126,651	0.0233	2,955
GLOBAL HUNTER SECURITIES LTD, JERSEY	13,770	0.0363	500
GOLDMAN SACHS & CO, NY	1,185,543	0.0323	38,242

**SCHEDULE OF COMMISSIONS PAID TO BROKERS**  
YEAR ENDED JUNE 30, 2014

<b>BROKER</b>	<b>NUMBER OF SHARES TRADED</b>	<b>AVERAGE COMMISSION</b>	<b>TOTAL COMMISSIONS</b>
GOLDMAN SACHS (ASIA) LLC, TAIPEI	1,914,241	0.0034	6,567
GOLDMAN SACHS EXECUTION & CLEARING, NY	84,448	0.0171	1,445
GOLDMAN SACHS INTL, LONDON (GSILGB2X)	922,283	0.0059	5,439
GOODBODY STOCKBROKERS, DUBLIN	1,507	0.0070	11
G-TRADE SERVICES LTD, HAMILTON	11,431	0.0014	16
GUGGENHEIM CAPITAL MKT LLC, JERSEY CITY	17,312	0.0500	866
HONG KONG & SHANGHAI BKG CORP, AUCKLAND	5,385	0.0024	13
HSBC BANK AUSTRALIA LTD, SYDNEY	836,187	0.0008	709
HSBC BANK PLC (MIDLAND BK)(JAC), LONDON	2,716,971	0.0042	11,322
INSTINET CORP, NEW YORK	513,475	0.0161	8,242
INSTINET CORP, NY	90,500	0.0270	2,447
INSTINET EUROPE LIMITED, LONDON	5,245,799	0.0057	29,652
INVESTEC SECURITIES (331), LONDON	771,375	0.0147	11,341
INVESTMENT TECHNOLOGY GROUP LTD, DUBLIN	2,847,503	0.0050	14,313
INVESTMENT TECHNOLOGY GROUP, NEW YORK	204,187	0.0113	2,302
ISI GROUP INC, NY	2,048,073	0.0103	21,183
ITAU USA SECURITIES INC, NEW YORK	1,586,450	0.0028	4,421
ITG AUSTRALIA LTD, MELBOURNE	65,385	0.1213	7,929
ITG CANADA CORP, TORONTO	168,868	0.0118	1,989
ITG HONG KONG LIMITED, HONG KONG	8,761,785	0.0007	5,856
ITG INC, NY	19,677	0.0174	343
J P MORGAN SECS LTD, LONDON	187,747	0.0450	8,457
J P MORGAN SECURITIES INC, BROOKLYN	51,054	0.0143	730
J.P. MORGAN CLEARING CORP, NEW YORK	546,876	0.0151	8,266
JANNEY MONTGOMERY SCOTT, PHILADELPHIA	17,445	0.0500	872
JEFFERIES & CO INC, NEW YORK	428,759	0.0229	9,833
JEFFERIES & CO LTD, LONDON	24,379	0.0023	57
JMP SECURITIES, SAN FRANCISCO	81,254	0.0339	2,751
JOHNSON RICE & CO, NEW ORLEANS	38,640	0.0379	1,463
JONESTRADING INSTL SVCS LLC, WESTLAKE	609,635	0.0164	10,016
JPMORGAN SECURITIES INC, NEW YORK	4,387,248	0.0002	674
KEEFE BRUYETTE AND WOODS, JERSEY CITY	289,511	0.0314	9,084
KEYBANC CAPITAL MARKETS INC, NEW YORK	479,948	0.0362	17,368
KING (CL) & ASSOCIATES, ALBANY	13,421	0.0210	282
KNIGHT DIRECT LLC, JERSEY CITY	10,590	0.0133	141
KNIGHT EQUITY MARKETS L.P., JERSEY CITY	1,324,852	0.0168	22,236
LEERINK SWANN & CO, JERSEY CITY	13,609	0.0314	427
LEK SECURITIES CORP, NEW YORK	169,263	0.0188	3,190
LIQUIDNET INC, BROOKLYN	789,643	0.0191	15,061
LOOP CAPITAL MARKETS, JERSEY CITY	13,604	0.0105	143
MACQUARIE BANK LIMITED, SYDNEY	35,110	0.0006	21
MACQUARIE BANK LTD, HONG KONG	29,720	0.0022	67
MACQUARIE CAPITAL (USA) INC., NEW YORK	315,422	0.0085	2,678
MACQUARIE EQUITIES LTD, SYDNEY	32,669	0.0075	245

**SCHEDULE OF COMMISSIONS PAID TO BROKERS**  
YEAR ENDED JUNE 30, 2014

<b>BROKER</b>	<b>NUMBER OF SHARES TRADED</b>	<b>AVERAGE COMMISSION</b>	<b>TOTAL COMMISSIONS</b>
MACQUARIE SECURITIES LTD, AUCKLAND	9,498	0.0078	74
MAINFIRST BANK AG,FRANKFURT AM MAIN	84,887	0.1756	14,902
MERIDIAN EQUITY PARTNERS, NEW YORK	154,320	0.0237	3,663
MERRILL LYNCH CANADA (MLCT), TORONTO	8,154	0.0121	99
MERRILL LYNCH INTL (KSI), LONDON	486,025	0.0383	18,629
MERRILL LYNCH INTL LONDON EQUITIES	1,385,678	0.0056	7,823
MERRILL LYNCH INTL LTD (IPB), LONDON	154,504	0.0079	1,220
MERRILL LYNCH PIERCE FENNER SMITH INC NY	512,671	0.0136	6,976
MERRILL LYNCH PIERCE FENNER, WILMINGTON	303,246	0.0121	3,674
MIZUHO SECURITIES USA, INC., NEW YORK	1,261	0.0233	29
MONTROSE SECURITIES EQ, SAN FRANCISCO	4,648	0.0100	46
MORGAN STANLEY & CO INC, NY	34,572,437	0.0035	119,314
MORGAN STANLEY & CO INTL LTD, SEOUL	29,701	0.0491	1,458
MORGAN STANLEY HONG KONG SEC LTD	296,707	0.0005	158
MORGAN STANLEY SECURITIES LTD, LONDON	625	0.0025	2
MS SECS SVCS INC INTL, BROOKLYN	29,921	0.0158	473
NATIONAL FINL SVCS CORP, NEW YORK	41,936	0.0379	1,588
NEEDHAM & CO, NEW YORK	68,665	0.0297	2,039
NEWEDGE USA LLC, NEW YORK	76	21.6909	1,653
NOBLE INTL INVESTMENTS INC, JERSEY CITY	20,212	0.0315	636
NORTHLAND SECS INC, JERSEY CITY	116,949	0.0298	3,488
NUMIS SECURITIES INC., NEW YORK	524,661	0.0212	11,104
ODDO ET CIE, PARIS	35,787	0.0935	3,345
OPPENHEIMER & CO INC, NEW YORK	209,753	0.0358	7,511
PACIFIC CREST SECURITIES, PORTLAND	99,202	0.0339	3,366
PERSHING LLC, JERSEY CITY	187,256	0.0281	5,266
PICKERING ENERGY PARTNERS, HOUSTON	7,140	0.0494	352
PIPER JAFFRAY & CO, MINNEAPOLIS	174,426	0.0304	5,307
PULSE TRADING LLC, BOSTON	1,772,887	0.0298	52,835
RAYMOND JAMES & ASSOC INC, ST PETERSBURG	222,920	0.0263	5,858
RBC CAPITAL MARKETS LLC, NEW YORK	7,831,353	0.0051	40,148
RBC DOMINION SECS INC, TORONTO (DOMA)	85,501	0.0124	1,059
ROTH CAPITAL PARTNERS LLC, IRVINE	95,204	0.0282	2,681
SANDLER O'NEILL & PARTNERS, NEW YORK	428,296	0.0250	10,723
SANFORD C. BERNSTEIN & CO, WHITE PLAINS	7,530	0.0186	140
SCOTIA CAPITAL (USA) INC, NEW YORK	38,968	0.0449	1,748
SG AMERICAS SECURITIES LLC, NEW YORK	310,977	0.0185	5,763
SG SEC (LONDON) LTD, LONDON	11,600	0.0048	56
SIDOTI & CO LLC, NEW YORK	161,679	0.0334	5,405
SIS SEGAINTERSETTLE AG, ZURICH	85,191	0.0952	8,114
STATE STREET BROKERAGE SVCS, BOSTON	295,769	0.0308	9,102
STEPHENS INC, LITTLE ROCK	310,454	0.0362	11,225
STERNE AGEE & LEACH INC	47,267	0.0347	1,640
STIFEL NICOLAUS	1,144,360	0.0090	10,342

**SCHEDULE OF COMMISSIONS PAID TO BROKERS**  
YEAR ENDED JUNE 30, 2014

<b>BROKER</b>	<b>NUMBER OF SHARES TRADED</b>	<b>AVERAGE COMMISSION</b>	<b>TOTAL COMMISSIONS</b>
SUNTRUST CAPITAL MARKETS INC, ATLANTA	10,557	0.0452	477
UBS EQUITIES, LONDON	149,241	0.0050	746
UBS SECURITIES LLC, STAMFORD	344,326	0.0222	7,634
UBS WARBURG ASIA LTD, HONG KONG	429,866	0.0025	1,081
UBS WARBURG AUSTRALIA EQUITIES, SYDNEY	318,216	0.0082	2,598
UBS WARBURG, LONDON	99,964	0.0028	283
WEDBUSH MORGAN SECS INC, LOS ANGELES	18,922	0.0375	709
WEEDEN & CO, NEW YORK	637,256	0.0240	15,299
WELLS FARGO SECURITIES LLC, CHARLOTTE	23,556	0.0114	269
WILLIAM BLAIR & CO, CHICAGO	166,079	0.0316	5,254
WUNDERLICH SECURITIES INC, MEMPHIS	62,114	0.0377	2,342
<b>TOTAL COMMISSIONS</b>	<b>135,592,109</b>	<b>0.0070</b>	<b>951,244</b>

**U.S. EQUITY PORTFOLIO**  
YEAR ENDED JUNE 30, 2014

SHARES	DESCRIPTION	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
2,201,791	ACADIAN US MANAGED	90,237,380	102,968,453	12,731,074
28,573	AZ GDH 115-65	5,646,841	6,486,527	839,686
388,259	AZ GDH 140-40	13,017,285	14,052,885	1,035,600
135,091	AZ GHVS 115-65	6,036,634	6,594,078	557,444
346,988	AZ GHVS 140-40	13,382,563	14,599,134	1,216,571
133,027,789	CRESTLINE ALPHA	114,305,812	133,027,787	18,721,975
2,083,968	EAGLE SMALL CAP ST	48,198,865	65,713,857	17,514,992
562,809	FRONTPOINT ALPHA	607,958	562,809	(45,149)
1,358,713	GOTHAM INSTL SELECT	43,057,942	45,961,350	2,903,408
1,243,709	GOTHAM VALUE 1000	40,907,963	44,826,060	3,918,098
443,498	GOTHAM VALUE 2000	9,335,284	10,070,103	734,819
1,195,275	RANGER SMALL CAP	34,326,554	43,563,093	9,236,539
57,063,556	SOUTHPOINT	45,722,325	57,063,556	11,341,231
1,319	SSGA BETA	0	2,115,561	2,115,561
8,081,001	STATE STREET US EQTY	260,794,391	401,846,311	141,051,920
5,365,057	THB MICRO CAP	44,160,677	53,185,062	9,024,386
537,237	THB SMALL CAP VAL	15,784,473	17,574,849	1,790,376
<b>214,064,633</b>	<b>TOTAL US EQUITY PORTFOLIO</b>	<b>785,522,944</b>	<b>1,020,211,475</b>	<b>234,688,530</b>

**NON-U.S. EQUITY PORTFOLIO**  
YEAR ENDED JUNE 30, 2014

SHARES	DESCRIPTION	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
5,157,751	BLKRK FRONTIER FUND	22,862,665	43,420,066	20,557,401
60,479,507	ESG CBE	57,152,906	60,479,507	3,326,601
5,060,722	GOTHAM 400 INTL	29,067,661	31,755,799	2,688,138
3,405,561	GOTHAM INSTL INTL	27,220,657	30,327,566	3,106,909
540,040	INTL EQUITY FUNDS	25,328,207	27,612,286	2,284,079
22,838,168	SEG BAXTER STREET	71,985,251	73,922,420	1,937,169
93,444,398	STATE STREET INTL EQ	482,392,868	594,424,238	112,031,370
<b>190,926,146</b>	<b>TOTAL NON-US EQUITY PORTFOLIO</b>	<b>716,010,215</b>	<b>861,941,881</b>	<b>145,931,667</b>

**FIXED INCOME PORTFOLIO**  
YEAR ENDED JUNE 30, 2014

PAR VALUE	DESCRIPTION	COUPON RATE	MATURITY	COST	FAIR VALUE
U.S. GOVERNMENT SECURITIES					
463,309	FHLMC POOL #H1-0069	6.00%	11/01/2036	463,734	517,933
486,016	FHLMC POOL #H1-5010	6.00%	11/01/2036	486,446	542,976
7,620,387	FHLMC MULTICLASS MTG 3561 B	4.00%	08/15/2029	7,542,843	8,024,877
7,620,387	FHLMC MULTICLASS MTG 3740 KD	4.00%	11/15/2038	7,463,419	7,990,052
4,942,412	FHLMC MULTICLASS MTG 4012 MW	3.50%	03/15/2042	4,965,337	5,102,546
<b>21,132,511</b>	<b>TOTAL US GOVERNMENT SECURITIES</b>			<b>20,921,779</b>	<b>22,178,384</b>

PAR VALUE	DESCRIPTION	COUPON RATE	MATURITY	COST	FAIR VALUE
CORPORATE BONDS					
1,819,815	ACA ABS 2006-1 LTD 1A A3L 144A	1.78%	06/10/2041	631,890	18
1,469,211	ASSOCIATES CORP OF NORTH AMERI	6.95%	11/01/2018	1,417,996	1,754,591
3,810,194	AUSTRALIA & NEW ZEALAND B 144A	4.88%	01/12/2021	3,900,269	4,294,164
144,859	AUTO BD RECEIVABLES TR 94-A	6.40%	04/15/2009	144,859	0
1,524,077	BANK ONE CORP	8.00%	04/29/2027	1,500,144	2,059,761
2,286,116	BASSDRILL BETA LTD	8.50%	04/24/2018	2,320,201	2,320,201
9,356,134	BGI CORE ACTIVE BOND FUND	0.00%	01/00/1900	188,310,739	227,638,280
57,181,237	BLACKROCK FIXED INCOME GLOBAL	0.00%	01/00/1900	57,152,904	57,181,236
1,883,814	CAPITAL GUARDIAN EMERGING	0.00%	01/00/1900	24,320,033	29,142,595
9,438,078	CBO HLDGS III 04-3 CL A 144A	1.00%	06/01/2019	9,410,952	9,410,952
7,152,927	CBO HLDGS III 1A 04-1 C-2 144A	7.00%	02/10/2038	7,424,752	7,424,752
3,810,194	CHICAGO PARKING METERS LL 144A	5.49%	12/30/2020	4,141,203	4,141,186
3,429,174	CHLOE MARINE CORP LTD	12.00%	12/28/2016	3,673,024	3,729,227
652,305	CONAGRA FOODS INC	9.75%	03/01/2021	717,914	850,820
1,143,058	CON-WAY INC	6.70%	05/01/2034	992,161	1,258,965
42,245,374	FRANKLIN TEMPLETON EMD	0.00%	01/00/1900	33,863,283	42,245,374
2,286,116	GENERAL ELECTRIC CAPITAL CORP	0.49%	08/07/2018	2,139,055	2,262,660
3,810,194	GILEAD SCIENCES INC	4.50%	04/01/2021	3,858,955	4,231,334
3,505,378	GLBL INVESTMNT GRP FNCE	11.00%	09/24/2017	3,243,547	3,549,196
47,411,762	GOLDENTREE HIGH YIELD VALUE	0.00%	01/00/1900	38,101,938	47,411,761
2,667,136	GOLDMAN SACHS GROUP INC/THE	6.75%	10/01/2037	2,786,688	3,208,644
917	GRACIE INTERNATIONAL CREDIT	0.00%	01/00/1900	1,905,098	1,845,934
4,953,252	HSBC FINANCE CORP	0.66%	06/01/2016	4,815,335	4,954,638
62,198,320	IGUAZU PARTNERS LP	0.00%	01/00/1900	53,342,710	62,198,321
53,176	JP MORGAN MBS SERI R2 3A1 144A	4.85%	04/28/2026	53,657	53,508
3,048,155	MARINE ACCURATE WELL	9.50%	04/03/2018	3,184,189	3,185,322
114,677	MORGAN STANLEY ABS CAPI NC1 M2	2.48%	12/27/2033	101,803	113,578
96,931	MORGAN STANLEY ABS CAPI NC2 M2	1.96%	12/25/2033	83,149	78,744
919,367	NORTH STREET REFE 3A CTF5 144A	3.99%	04/30/2031	838,607	838,607
3,810,194	NORTH STREET REFE 3A NOTE 144A	1.24%	04/30/2031	1,462,776	649,753
3,200,563	OCEANTEAM SHIPPING ASA	11.48%	10/24/2017	3,327,270	3,327,270
2,590,932	ONEOK PARTNERS LP	6.65%	10/01/2036	2,826,453	3,188,764
2,667,136	PROTECTIVE LIFE CORP	8.45%	10/15/2039	3,034,746	3,883,589



**FIXED INCOME PORTFOLIO**  
YEAR ENDED JUNE 30, 2014

PAR VALUE	DESCRIPTION	COUPON RATE	MATURITY	COST	FAIR VALUE
CORPORATE BONDS					
3,048,155	SANTA MARIA OFFSHORE LTD	8.88%	07/03/2018	3,188,739	3,246,285
4,572,232	SECURITY MUTUAL LIFE CO OF NEW	9.38%	12/15/2016	4,649,115	4,649,115
9,906,504	SKYWAY CONCESSION CO LLC 144A	0.61%	06/30/2026	7,546,736	7,776,605
7,620,387	TRAINER WORTHAM FI 2A A3L 144A	1.98%	04/10/2037	5,624,848	76
3,608,193	TRI-COMMAND MILITARY HOUS 144A	5.38%	02/15/2048	3,245,308	3,198,266
1,524,077	UNITED UTILITIES PLC	4.55%	06/19/2018	1,455,549	1,617,015
1,524,077	WACHOVIA CORP	0.50%	06/15/2017	1,471,625	1,521,990
1,447,874	WESTERN GROUP HOUSING LP 144A	6.75%	03/15/2057	1,651,700	1,701,846
<b>323,932,272</b>	<b>TOTAL US CORPORATE BONDS</b>			<b>493,861,916</b>	<b>562,144,946</b>
<b>345,064,783</b>	<b>TOTAL FIXED INCOME PORTFOLIO</b>			<b>514,783,695</b>	<b>584,323,330</b>

**CREDIT OPPORTUNITIES PORTFOLIO**  
YEAR ENDED JUNE 30, 2014

DESCRIPTION	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
APOLLO EUR PRIN FIN	47,798,134	41,457,251	(6,340,883)
CASTLE CREEK TARP	18,938,527	19,322,837	384,309
CENTERBRIDGE SC I	0	13,214,979	13,214,979
CENTERBRIDGE SC II	21,423,700	25,275,183	3,851,483
CREDIT OPPS PUBLIC	81,944,986	84,439,402	2,494,415
CRESTLINE OPP FD II	6,329,677	5,837,910	(491,767)
EJF DEBT OPPS FUND	30,481,550	48,747,090	18,265,540
ESG CME FUND	57,152,906	35,723,588	(21,429,318)
OHA STRATEGIC CREDIT	3,803,175	9,047,212	5,244,037
PAG ASIA OPP FUND	30,481,550	37,190,502	6,708,952
PAG SPEC SITUATIONS	13,976,463	15,721,669	1,745,206
PNMAC MORTG OPP	99,065,037	77,402,883	(21,662,154)
SJC DIR LENDING II	13,589,171	13,193,422	(395,749)
SJC DIRECT LENDING	15,678,440	15,329,349	(349,091)
STARK ABS OPPS	475,032	522,319	47,286
TPG OPPS II	51,782,812	65,435,206	13,652,394
TPG OPPS III	3,078,377	2,972,418	(105,959)
WEST FACE LT OPPS	30,481,549	33,686,941	3,205,392
<b>TOTAL CREDIT OPPORTUNITIES PORTFOLIO</b>	<b>526,481,087</b>	<b>544,520,161</b>	<b>18,039,074</b>

**PRIVATE EQUITY PORTFOLIO**  
YEAR ENDED JUNE 30, 2014

<b>DESCRIPTION</b>	<b>COST</b>	<b>FAIR VALUE</b>	<b>UNREALIZED GAIN (LOSS)</b>
ABRY PARTNERS V	7,728,926	4,625,783	(3,103,143)
APOLLO INV FD VII	22,876,742	37,545,882	14,669,141
AVALON VENTURES IX	11,421,886	13,386,461	1,964,575
AVALON VENTURES X	5,149,520	5,311,394	161,874
BARING ASIA PE V	15,150,221	16,835,251	1,685,030
BERKSHIRE PARTN VIII	5,119,891	5,498,468	378,577
BCP V	11,102,254	15,194,416	4,092,162
CASTLE CREEK V	10,404,746	10,682,563	277,817
CASTLE CREEK IV	35,992,575	64,571,499	28,578,924
CENTERBRIDGE CP II	31,500,722	32,983,087	1,482,365
CHARLESBANK VII	14,545,520	22,801,436	8,255,916
CORTEC V	12,936,053	15,257,442	2,321,389
PROSPECTOR EQ CAP	398,894	482,427	83,533
DAG II CO-INV	13,375,435	5,910,611	(7,464,823)
DAG VENTURES II	3,978,736	3,179,578	(799,159)
DAG III CO-INV	63,630	32,890,303	32,826,673
DAG VENTURES III	8,624,544	15,648,374	7,023,829
DAG IV CO-INV	16,553,621	28,576,171	12,022,550
DAG IV DIRECT	18,660,177	23,028,283	4,368,106
DAG V COINV	3,048,156	3,044,636	(3,520)
DAG V DIRECT	6,141,651	10,623,784	4,482,133
DFJ MERCURY II	11,309,342	13,449,964	2,140,622
DRUG RYLTY II CO-INV	5,412,812	5,721,982	309,170
DRUG RYLTY II DIRECT	9,412,048	12,472,273	3,060,225
EQT VI	12,500,633	14,223,945	1,723,311
INSIGHT EQUITY II	26,148,810	32,453,327	6,304,517
INSIGHT MEZZANINE I	1,067,640	1,166,362	98,722
JMI EQUITY FUND VII	12,422,143	12,422,211	68
KKR ASIA FUND II	4,763,667	4,753,219	(10,448)
LADDER	17,294,899	23,062,676	5,767,777
LITTLEJOHN FUND IV	21,971,686	33,007,580	11,035,895
LITTLEJOHN IV COINV	2,484,399	6,305,677	3,821,278
LONGWORTH VP III	8,504,352	10,859,873	2,355,521
MADRONA VENTURES V	969,694	993,796	24,102
DFJ MERCURY III	1,005,891	779,831	(226,060)
MESIROW FINANCIAL	12,120,969	8,113,929	(4,007,040)
MIDOCEAN CO-INV	4,450,649	6,467,496	2,016,847
MIDOCEAN PTNS	22,688,482	28,372,888	5,684,407
MILLENNIUM TV II	9,144,465	8,966,227	(178,238)
SP TRIDENT V COINV	3,385,461	5,162,024	1,776,563

**PRIVATE EQUITY PORTFOLIO**  
YEAR ENDED JUNE 30, 2014

<b>DESCRIPTION</b>	<b>COST</b>	<b>FAIR VALUE</b>	<b>UNREALIZED GAIN (LOSS)</b>
OAKTREE EPF III	21,922,658	26,017,885	4,095,227
PATRIA BRAZIL IV	2,382,721	3,300,427	917,706
PENINSULA EQ PTNS	3,250,963	3,016,589	(234,374)
STEPSTONE SECONDARY	39,975,187	52,002,552	12,027,365
STERLING GROUP III	10,264,135	13,289,052	3,024,916
TOWERBROOK III	20,584,465	28,107,642	7,523,177
TOWERBROOK IV	168,105	168,105	0
SP TRIDENT FUND V	23,299,175	26,835,991	3,536,816
TRUSTBRIDGE PARTN IV	16,149,830	21,576,533	5,426,704
VALLEY VENTURES III	6,050,670	2,206,918	(3,843,752)
VALLEY VENT III ANNX	1,997,253	881,634	(1,115,619)
VISTA EQUITY FUND IV	31,850,978	36,934,468	5,083,490
VIVO VENTURES VII	9,790,175	13,212,455	3,422,280
<b>TOTAL PRIVATE EQUITY PORTFOLIO</b>	<b>629,518,251</b>	<b>824,383,377</b>	<b>194,865,126</b>

**ABSOLUTE RETURN PORTFOLIO**  
YEAR ENDED JUNE 30, 2014

<b>DESCRIPTION</b>	<b>COST</b>	<b>FAIR VALUE</b>	<b>UNREALIZED GAIN (LOSS)</b>
DAVIDSON KEMPNER	53,342,711	65,406,698	12,063,987
GSAM HF SEED 2011	35,346,884	40,750,573	5,403,689
LSV SPEC OPP FD IV	11,984,513	23,062,132	11,077,619
LSV SPEC OPPS FD III	4,464,067	20,301,167	15,837,100
LUXOR CAP PARTNERS	15,666,445	19,466,239	3,799,794
OZ MASTER FUND	53,342,712	73,454,717	20,112,005
<b>TOTAL ABSOLUTE RETURN PORTFOLIO</b>	<b>174,147,332</b>	<b>242,441,526</b>	<b>68,294,194</b>

**REAL ASSETS PORTFOLIO**  
YEAR ENDED JUNE 30, 2014

DESCRIPTION	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
ACTIS ENERGY 3	3,808,171	2,671,046	(1,137,125)
ALTERNA I	18,423,705	26,777,473	8,353,768
ALTERNA II	2,340,830	2,262,976	(77,854)
CONSERVATION FOREST	11,649,874	11,031,456	(618,418)
CONSERVATN FOREST II	17,773,423	21,913,035	4,139,612
DENHAM COMMODITY VI	10,924,197	13,777,736	2,853,539
EDESIA ALPHA FUND	19,050,969	20,024,984	974,015
EIF US POWER FUND IV	12,490,509	9,429,621	(3,060,888)
ENCAP FUND IX	4,044,058	4,120,047	75,989
ENERGY RECAP FUND	7,012,918	9,041,127	2,028,209
FUNDAMENTAL PARTN II	26,707,564	32,033,243	5,325,679
GEOSPHERE	0	1,250,142	1,250,142
JP MORGAN AIRRO FUND	17,407,597	21,052,089	3,644,492
JPM AIRRO SIDECAR	17,427,192	20,494,970	3,067,778
MAGNETAR LLC - COINV	2,171,810	2,171,810	0
MAGNETAR MTP ERGY FD	60,963,100	61,865,354	902,254
MCQUIE EUR INFR III	14,507,779	23,448,469	8,940,690
MCQUIE INFRA PT II	11,435,927	14,611,738	3,175,811
ORG SECONDARY RA	14,923,387	20,677,213	5,753,826
TAYLOR WOODS	19,050,969	20,552,616	1,501,647
TIPS AND RA	70,473,831	77,012,303	6,538,472
TVEST CROSSOVER III	8,370,422	7,372,317	(998,105)
<b>TOTAL REAL ASSETS PORTFOLIO</b>	<b>370,958,232</b>	<b>423,591,765</b>	<b>52,633,533</b>

**GTAA SECURITIES PORTFOLIO**  
YEAR ENDED JUNE 30, 2014

DESCRIPTION	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
ALPHADYNE	38,101,938	35,782,927	(2,319,011)
BLACKROCK GBL ASCENT	43,560,531	39,358,411	(4,202,120)
BLACKROCK GBL ASCENT	69,157,099	73,242,113	4,085,014
BLACKROCK GBL ASCENT	38,101,938	36,407,984	(1,693,954)
BRIDGEWATER GTAA	119,007,349	217,591,750	98,584,401
BRIDGEWATER PAMM	22,861,162	27,385,551	4,524,389
DE SHAW MULTI ASSET	110,495,619	135,293,995	24,798,376
<b>TOTAL GTAA SECURITIES PORTFOLIO</b>	<b>441,285,636</b>	<b>565,062,731</b>	<b>123,777,095</b>

**REAL ESTATE PORTFOLIO**  
YEAR ENDED JUNE 30, 2014

<b>DESCRIPTION</b>	<b>COST</b>	<b>FAIR VALUE</b>	<b>UNREALIZED GAIN (LOSS)</b>
ALCION II	11,394,235	9,710,162	(1,684,073)
ARES US REAL ESTATE	28,654,461	32,509,224	3,854,763
BREP VI	37,501,603	68,588,267	31,086,664
CATALYST EURO	25,016,954	23,144,604	(1,872,350)
CLEARBELL II	3,067,775	3,978,061	910,286
CLSA FUDO CAP II	17,789,204	17,286,145	(503,059)
DESERT TROON	303,151,694	226,982,384	(76,169,308)
GREENFIELD VI	19,690,064	22,643,883	2,953,820
H2 CREDIT PARTNERS	30,481,550	40,330,930	9,849,380
HARRISON ST RE	22,161,879	20,069,908	(2,091,971)
HARRISON ST RE COINV	5,033,173	7,877,902	2,844,729
IRON POINT RE	38,464,871	51,513,340	13,048,469
IRON POINT RE II	3,502,037	3,745,931	243,894
LUBERT ADLER FD VI B	14,638,673	18,494,924	3,856,251
MOUNT GRANGE	14,559,847	27,060,503	12,500,656
ORG SECONDARY RE	29,745,966	35,237,506	5,491,540
OWH BERKANA HLD	33,785,489	10,022,476	(23,763,013)
PATRON IV	2,750,669	3,328,971	578,302
PEBBLECREEK	28,995,574	8,763,446	(20,232,128)
PIVOTAL EQUITY	1,905,097	6,286,820	4,381,723
WALTON MEXICO	24,246,811	19,687,608	(4,559,203)
WALTON ST FD VII	8,199,742	8,622,267	422,525
<b>TOTAL REAL ESTATE PORTFOLIO</b>	<b>704,737,368</b>	<b>665,885,262</b>	<b>(38,852,103)</b>

**RISK PARITY PORTFOLIO**  
YEAR ENDED JUNE 30, 2014

<b>DESCRIPTION</b>	<b>COST</b>	<b>FAIR VALUE</b>	<b>UNREALIZED GAIN (LOSS)</b>
BRIDGEWATER RA FUND	60,963,100	62,233,613	1,270,513
BRIDGEWTR ALL WEATHR	91,392,863	107,054,497	15,661,634
FFTW TIPS/CURRENCY	30,014,628	30,050,124	35,496
RISK PARITY FUNDS	15,261,709	15,489,920	228,211
<b>TOTAL RISK PARITY PORTFOLIO</b>	<b>197,632,300</b>	<b>214,828,154</b>	<b>17,195,854</b>



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Actuary's Certification Letter	64
Actuarial Balance Sheet	67
Summary of Valuation Assumptions	68
Solvency Test	70
Summary of Active Member Data	71
Summary of Retirees and Inactive Members	72
Schedule of Experience Gain/Loss	73





November 4, 2014

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, Deputy Administrator

The purpose of the annual actuarial valuation of the Arizona Public Safety Personnel Retirement System as of June 30, 2014 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, 2015.

The funding objective is stated in Article 4, Chapter 5, Title 38, Sections 843B and 848N 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, 2014.

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 otherwise 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, 2014 CAFR:

- Aggregate Actuarial Balance Sheet as of June 30, 2014
- 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, 2014



The Board of Trustees  
November 4, 2014  
Page 2

GRS did not prepare any of the schedules included in the “Financial Section” of the June 30, 2014 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 seven-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 \$87 million (\$83 million for pension and \$4 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, 2014 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, 2014 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, 2014 actuarial valuation reflected the following changes:

- Assumption and method changes:
  - Wage inflation was decreased from 4.50% to 4.00%.
- Benefit changes:
  - Member contributions for the fiscal year beginning July 1, 2014 were increased to 11.65% of payroll with maintenance of effort provision.



The Board of Trustees  
November 4, 2014  
Page 3

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 (M.A.A.A.), and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

A handwritten signature in black ink that reads 'Mark Buis'.

Mark Buis, F.S.A, M.A.A.A

A handwritten signature in black ink that reads 'James D. Anderson'.

James D. Anderson, F.S.A, M.A.A.A

MB/JDA:bd



**AGGREGATE ACTUARIAL BALANCE SHEET**  
YEAR ENDED JUNE 30, 2014

<b>ACTUARIAL ASSETS</b>	<b>2014</b>
<b>ACCRUED ASSETS</b>	
Member Accumulated Contributions	1,058,473,519
Employer and Benefit Payment Reserves	5,167,947,918
Funding Value Adjustment	86,994,113
<b>Total Accrued Assets</b>	<b>6,313,415,550</b>
<b>PROSPECTIVE ASSETS</b>	
Member Contributions	1,318,044,394
Employer Normal Costs	963,664,588
Employer Unfunded Actuarial Accrued Liability	6,206,115,729
<b>Total Prospective Assets</b>	<b>8,487,824,711</b>
<b>Total Actuarial Assets</b>	<b>14,801,240,261</b>
<b>ACTUARIAL PRESENT VALUES (LIABILITY)</b>	
<b>PENSIONS IN PAYMENT STATUS</b>	
Pensions in payment status	6,545,011,544
<b>PROSPECTIVE PAYMENTS</b>	
Retirement Payments	7,991,455,758
Health Insurance Payments	204,127,080
Member Contribution Refunds	60,645,879
Pension Increase Reserve	-
<b>Total Prospective Payments</b>	<b>8,256,228,717</b>
<b>Total Actuarial Present Values (Liabilities)</b>	<b>14,801,240,261</b>

**SUMMARY OF VALUATION ASSUMPTIONS**

**ECONOMIC ASSUMPTIONS**

Interest Rate: 7.85% (net of expenses)

Salary Increases: 4.00% for inflation

**HEALTHY MORTALITY TABLE**

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 TABLES**

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.

**MORTALITY RATES AND LIFE EXPECTANCY**

HEALTHY MORTALITY

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

**MORTALITY RATES AND LIFE EXPECTANCY**

DISABLED MORTALITY

SAMPLE AGES	PROBABILITY OF DYING NEXT YEAR		FUTURE LIFE EXPECTANCY (YEARS)	
	MEN	WOMEN	MEN	WOMEN
50	0.53%	0.47%	23.05	25.08
55	1.03%	0.90%	18.79	20.80
60	1.77%	1.55%	14.89	16.86
65	3.06%	2.49%	11.34	13.29
70	5.54%	4.13%	8.25	10.09
75	9.97%	7.08%	5.81	7.35
80	17.27%	12.59%	4.02	5.30

**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.

**MORTALITY RATES**

ACTIVE MEMBERS

SAMPLE AGES	PROBABILITY OF DYING NEXT YEAR	
	MEN	WOMEN
50	0.16%	0.13%
55	0.27%	0.24%
60	0.53%	0.47%
65	1.03%	0.90%

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.

## SUMMARY OF VALUTATION ASSUMPTIONS

**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**

Future cost of living increases are not reflected in the liabilities. The 2012 Experience Study recommended reducing the expected rate of return by approximately 0.5% to account for this contingency.

**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 retired 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.

YEAR ENDED JUNE 30,	AGGREGATE ACCRUED LIABILITIES				PORTION OF ACCRUED LIABILITIES COVERED BY NET ASSETS AVAILABLE FOR BENEFITS		
	ACTIVE MEMBER CONT.	RETIRANTS AND BENEFICIARIES	ACTIVE MEMBERS (ER PORTION)	VALUATION ASSETS AVAILABLE FOR BENEFITS	(1)	(2)	(3)
	\$ (1)	\$ (2)	\$ (3)	\$ (2)			
2005	643,712	2,566,487	2,741,738	4,886,963	100.00%	100.00%	61.20%
2006	698,025	2,743,387	3,053,601	4,999,911	100.00%	100.00%	51.00%
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%

See Schedule of Funding Progress in the Required Supplementary Information.

## 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 18,436 active members in the Plan as of June 30, 2013, compared to 18,542 for the prior year.

ATTAINED 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	341							341	48,867
25-29	1,149	626	1					1,776	56,827
30-34	788	2,197	371	1				3,357	66,538
35-39	401	1,498	1,483	306				3,688	73,151
40-44	226	909	1,281	1,451	186	2		4,055	80,139
45-49	136	401	622	1,110	567	159	1	2,996	85,093
50-54	44	198	260	465	336	269	39	1,611	87,628
55-59	18	68	106	170	99	69	28	558	84,102
60-64	8	19	23	41	11	8	5	115	80,963
65+	2	5	5	9	6	2		29	79,380
<b>Total</b>	<b>3,113</b>	<b>5,921</b>	<b>4,152</b>	<b>3,553</b>	<b>1,205</b>	<b>509</b>	<b>73</b>	<b>18,526</b>	<b>75,048</b>

## COMPARATIVE SCHEDULE

YEAR ENDED JUNE 30,	ACTIVE MEMBERS	PAYROLL +000	AGE (YEARS)	SERVICE (YEARS)	AVERAGE SALARY	INCREASE IN AVG. PAY
2005	16,317	974,863	37.6	9.5	59,745	3.90%
2006	17,324	1,073,685	37.4	9	61,977	3.70%
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	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%

SUMMARY OF RETIREES AND INACTIVE MEMBERS

YEAR ENDED JUNE 30,	RETIRANTS AND BENEFICIARIES							PERCENT INCREASE	AVERAGE PENSION
	NUMBER REMOVED FROM ROLES	NUMBER ADDED TO ROLES	TOTALS	ANNUAL ALLOWANCES REMOVED FROM ROLES	ANNUAL ALLOWANCES ADDED TO ROLES	ANNUAL PENSIONS			
2005	103	395	6,688	3,095,916	23,228,295	244,294,740	9.0%	36,527	
2006	164	350	6,874	4,721,490	13,926,144	265,826,712	8.8%	38,671	
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	

Effective June 30, 2004, started reporting the annual allowances removed from roles and annual allowances added to roles. This information was not available prior to the effective date.

As of June 30, 2013, there were 1,442 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 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, 2014**

ATTAINED AGE	YEARS OF SERVICE TO VALUATION DATE					TOTAL
	0-4	5-9	10-14	15-19	20+	
< 30	249	29				278
30-39	537	146	28			711
40-44	173	32	35	8	1	249
45-49	99	29	26	6	3	163
50-54	56	13	14	9	1	93
55-59	20	12	7	6	2	47
60-69	9	3	5	1	1	19
70+	2		1			3
<b>Total</b>	<b>1,145</b>	<b>264</b>	<b>116</b>	<b>30</b>	<b>8</b>	<b>1,563</b>



**SCHEDULE OF EXPERIENCE GAIN (LOSS)**  
 YEAR ENDED JUNE 30, 2014  
 (IN THOUSANDS)

(1) UAAL* at start of year	4,638,844
(2) Normal cost for year	286,676
(3) Funding Method Contribution	565,868
(4) Interest accrued on (1), (2) and (3)	353,191
(5) Expected UAAL before changes [(1)+(2)-(3)+(4)]	4,712,843
(6) Changes from benefit increases	1,291,150
(7) Change in Reserve for future pension increases	-
(8) Expected UAAL after changes: (5)+(6)+(7)	6,003,993
(9) Actual UAAL at end of year	6,214,033
<b>(10) Experience Gain (Loss): (8)-(9)</b>	<b>(210,040)</b>

\* Unfunded Actuarial Accrued Liability

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Statistical Summary	76
Changes in Plan Net Position - Last Ten Fiscal Years	77
Schedule of Revenue by Source - Last Ten Fiscal Years	78
Schedule of Benefits by Type - Last Ten Fiscal Years	78
Deductions from Fiduciary Net Position for Benefits and Refunds by Type - Last Ten Fiscal Years	78
Valuation Assets vs. Pension Liabilities - Last Ten Fiscal Years	79
Schedule of Benefits by Type and Range	79
Contribution Rates- Last Ten Fiscal Years	81
Distribution of Benefit Recipients By Location	82
System Membership - Last Ten Fiscal Years	82
Principal Participating Employers	83
Summary of Benefit Increases - Last Ten Years	83
Summary of Growth of the System - Last Ten Fiscal Years	84
Benefits Payable by Benefit Type	84
Average Monthly Benefits and Membership - Last Ten Fiscal Years	85
Ten Year Estimated Contribution Rates	86
Schedule of Changes in Refundable Member Reserve Balances	87
Schedule of Changes in Employer Reserve Balances and Unfunded AAL	93
Schedule of Changes in Health Insurance Reserve Balances	101
Schedule of Changes in Employers Earnings Distribution	107
Participating Employers	115



**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.

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

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

**CHANGES IN NET PLAN POSITION LAST 10 FISCAL YEARS**  
(IN THOUSANDS)

	2014	2013	2012	2011	2010
<b>ADDITIONS</b>					
Member Contributions	\$ 141,066	\$ 127,363	\$ 112,645	\$ 99,262	\$ 102,142
Employer Contributions	413,846	360,458	291,735	255,147	280,830
Health Insurance Contributions	19,534	20,394	19,095	17,299	19,876
Net Investment Gain (Loss)	757,181	541,981	(60,521)	789,264	553,077
Member Service Purchase	10,957	6,831	13,735	20,936	10,607
Transfers IN	775	745	540	304	759
<b>Total Additions (Reductions)</b>	<b>1,343,359</b>	<b>1,057,772</b>	<b>377,229</b>	<b>1,182,212</b>	<b>967,291</b>
<b>DEDUCTIONS</b>					
Pension & Insurance Benefits	625,683	566,105	520,696	534,388	481,979
Refunds To Terminated Members	14,435	12,820	12,377	11,976	9,975
Administrative Expenses	5,826	5,104	4,890	4,776	4,932
Transfers OUT	51	514	81	293	243
<b>Total Deductions</b>	<b>645,995</b>	<b>584,543</b>	<b>538,044</b>	<b>551,433</b>	<b>497,129</b>
<b>NET INCREASE (DECREASE)</b>	<b>697,364</b>	<b>473,229</b>	<b>(160,815)</b>	<b>630,779</b>	<b>470,162</b>
<b>NET POSITION HELD IN TRUST</b>					
Beginning of Fiscal Year, July 1	5,529,057	5,055,828	5,216,643	4,585,863	4,115,702
<b>End of Fiscal Year, June 30</b>	<b>\$ 6,226,421</b>	<b>\$ 5,529,057</b>	<b>\$ 5,055,828</b>	<b>\$ 5,216,643</b>	<b>\$ 4,585,863</b>
	2009	2008	2007	2006	2005
<b>ADDITIONS</b>					
Member Contributions	\$ 101,184	\$ 97,157	\$ 84,630	\$ 75,616	\$ 67,948
Employer Contributions	306,249	213,084	171,267	121,149	99,027
Health Insurance Contributions	22,187	20,472	6,320	6,070	5,471
Net Investment Gain (Loss)	(872,799)	(408,918)	815,524	379,512	383,530
Member Service Purchase	7,626	9,483	9,160	9,409	8,163
Transfers IN	584	1,696	1,640	1,125	994
<b>Total Additions (Reductions)</b>	<b>(434,969)</b>	<b>(67,026)</b>	<b>1,088,541</b>	<b>592,881</b>	<b>565,133</b>
<b>DEDUCTIONS</b>					
Pension & Insurance Benefits	456,566	430,209	450,345	284,028	257,449
Refunds To Terminated Members	7,643	7,884	8,709	7,226	7,648
Administrative Expenses	4,352	7,250	3,971	2,980	1,600
Transfers OUT	49	144	121	290	129
<b>Total Deductions</b>	<b>468,610</b>	<b>445,487</b>	<b>463,146</b>	<b>294,524</b>	<b>266,826</b>
<b>NET INCREASE (DECREASE)</b>	<b>(903,579)</b>	<b>(512,513)</b>	<b>625,395</b>	<b>298,357</b>	<b>298,307</b>
<b>NET POSITION HELD IN TRUST</b>					
Beginning of Fiscal Year, July 1	5,019,281	5,531,794	4,906,399	4,608,042	4,309,735
<b>End of Fiscal Year, June 30</b>	<b>\$ 4,115,702</b>	<b>\$ 5,019,281</b>	<b>\$ 5,531,794</b>	<b>\$ 4,906,399</b>	<b>\$ 4,608,042</b>

FINANCIAL TRENDS

**SCHEDULE OF REVENUE BY SOURCE (ALL PLANS COMBINED)**  
LAST TEN FISCAL YEARS (Includes Health Insurance Subsidy)

YEAR ENDING JUNE 30,	MEMBER CONT.	EMPLOYER CONT.	FIRE INSURANCE PREMIUM TAX	HEALTH INSURANCE CONT.	% OF COVERED PAYROLL	INVESTMENT INCOME (LOSS)	TRANSFERRED IN FROM OTHER PLANS	TOTAL
2005	67,947,506	92,778,813	11,718,337	5,470,632	10.05%	383,530,412	9,156,465	565,131,533
2006	75,616,322	121,561,838	5,656,848	6,070,125	12.80%	379,512,079	10,533,585	592,880,672
2007	84,629,709	166,281,935	11,305,571	6,319,694	13.83%	815,524,366	10,799,442	1,088,541,023
2008	97,156,897	209,425,888	12,306,704	20,472,131	16.52%	(411,505,523)	11,179,532	(81,436,502)
2009	101,183,586	303,715,517	24,720,792	22,186,655	21.71%	(872,798,642)	8,209,996	(434,968,751)
2010	102,141,540	288,786,191	11,920,934	19,875,793	20.77%	553,076,513	11,366,583	967,291,761
2011	99,262,271	273,824,144	12,022,353	17,299,140	20.89%	789,263,727	21,240,375	1,195,612,870
2012	112,645,371	298,641,991	12,187,512	19,094,922	22.68%	(41,661,350)	14,275,143	396,088,667
2013	127,362,618	368,025,011	12,828,065	20,394,283	27.18%	541,980,088	7,575,490	1,057,771,272
2014	141,066,081	399,705,874	14,139,739	19,534,206	30.44%	757,180,984	11,731,942	1,343,358,827

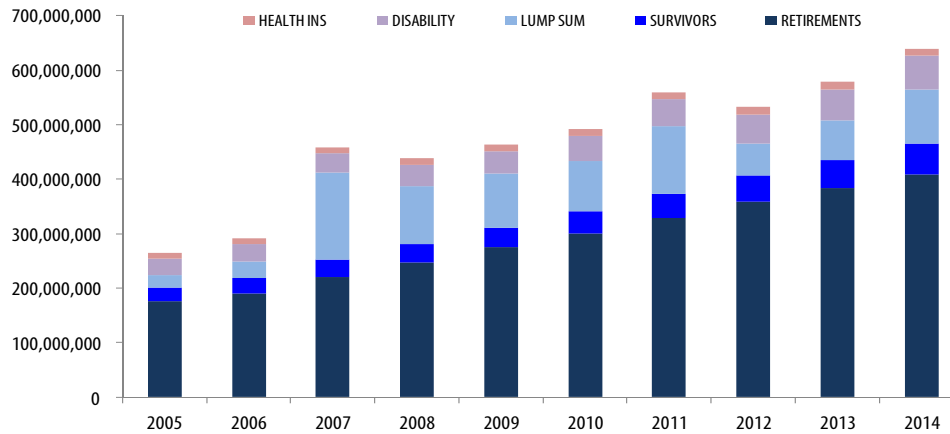
**SCHEDULE OF BENEFITS BY TYPE (ALL PLANS COMBINED)**  
LAST TEN FISCAL YEARS

YEAR ENDING JUNE 30,	BENEFITS	HEALTH INSURANCE SUBSIDY	ADMIN. EXPENSES	REFUNDS	TRANSFERRED TO OTHER PLANS	TOTAL
2005	246,031,164	11,417,919	1,599,784	7,647,443	128,407	266,824,717
2006	273,823,722	10,203,920	2,979,511	7,225,720	291,161	294,524,034
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

**DEDUCTIONS FROM NET POSITION FOR BENEFITS AND REFUNDS BY TYPE**  
LAST TEN FISCAL YEARS

YEAR ENDING JUNE 30,	NORMAL BENEFITS	SURVIVOR BENEFITS	DISABILITY BENEFITS	DEFERRED BENEFITS	TOTAL BENEFITS	DROP PROGRAM	SEPARATION REFUNDS	HEALTH INSURANCE SUBSIDY
2005	176,394,304	25,357,132	28,883,283	131,285	230,766,004	15,265,160	7,647,443	11,417,919
2006	190,350,994	27,991,410	32,501,612	140,587	250,984,603	22,839,120	7,225,720	10,203,920
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





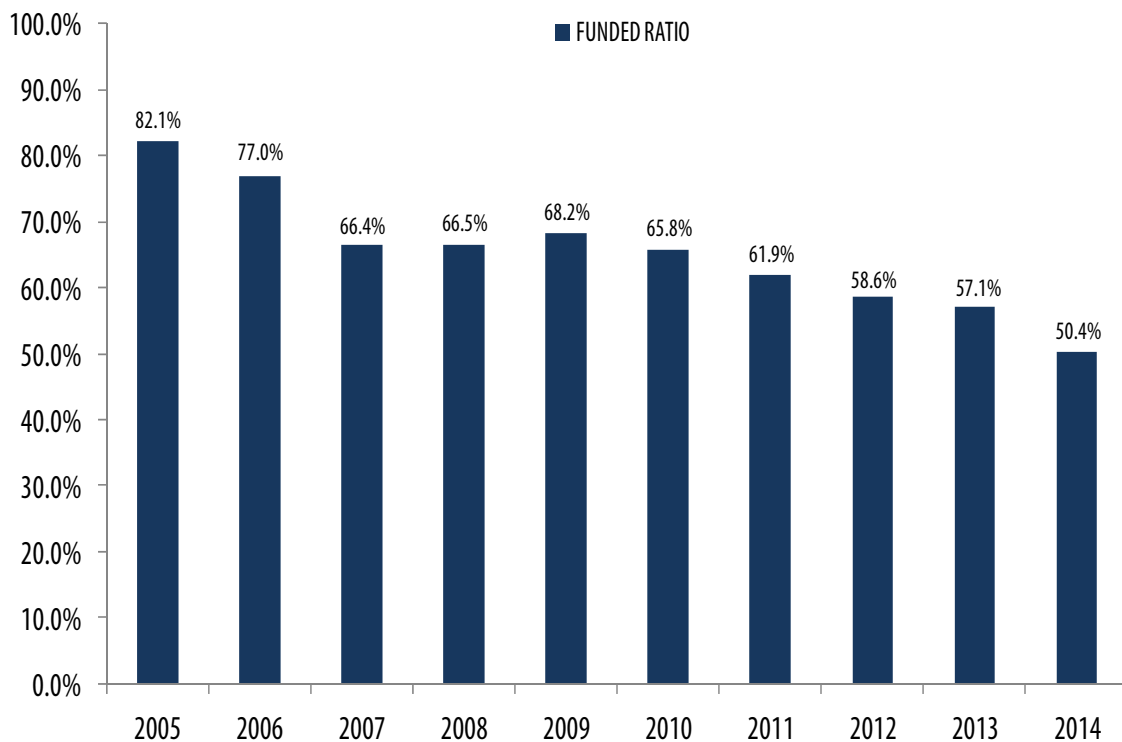
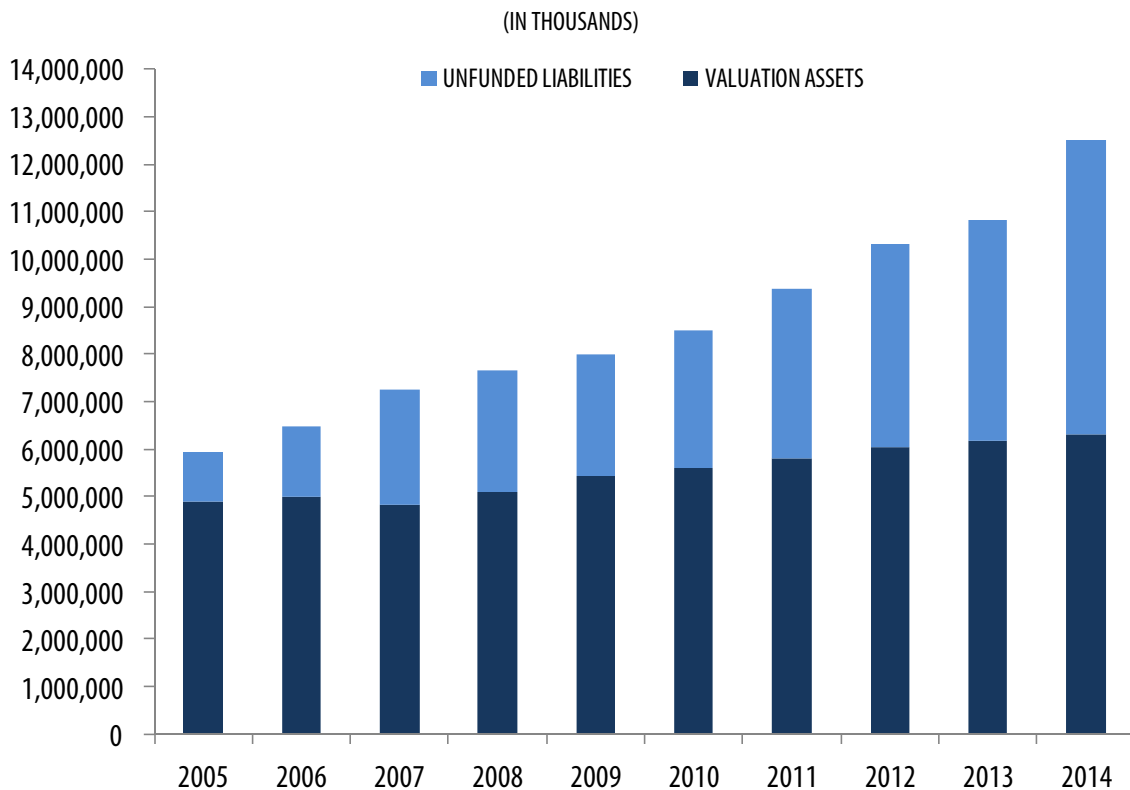
**VALUATION ASSETS vs. PENSION LIABILITIES  
INCLUDES HEALTH INSURANCE SUBSIDY  
LAST TEN FISCAL YEARS  
(IN THOUSANDS)**

YEAR ENDING JUNE 30,	VALUATION ASSETS	UNFUNDED LIABILITIES	ACCRUED LIABILITIES	FUNDED RATIO
2005	4,886,963	1,064,974	5,951,937	82.1%
2006	4,999,911	1,495,101	6,495,012	77.0%
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%

**SCHEDULE OF BENEFITS BY TYPE AND RANGE  
FISCAL YEAR 2014**

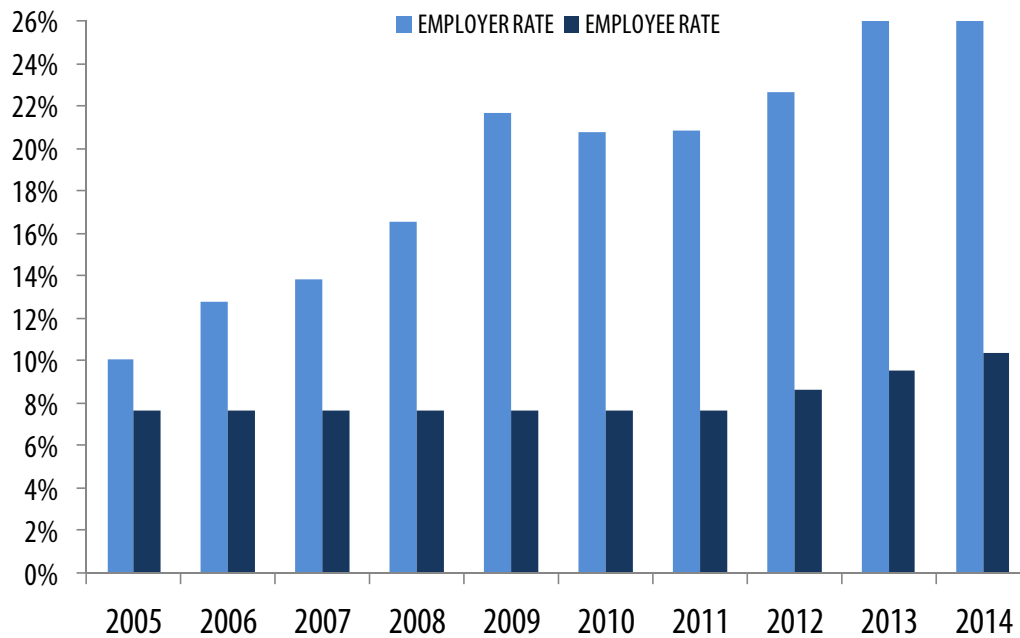
MONTHLY BENEFIT AMOUNT	NORMAL BENEFITS	SURVIVOR BENEFITS	DISABILITY BENEFITS	TOTAL BENEFITS
Under 1,000	19	35	6	60
1,001-2,000	12	20	50	82
2,001-3,000	364	274	245	883
3,001-4,000	2,737	774	825	4,336
4,001-5,000	2,476	164	255	2,895
5,001-6,000	1,207	73	41	1,321
6,001-7,000	498	22	29	549
7,001-8,000	218	7	5	230
8,001-9,000	99	5	2	106
9,001-10,000	40	1	1	42
Over 10,001	19	-	1	20
<b>Totals</b>	<b>7,689</b>	<b>1,375</b>	<b>1,460</b>	<b>10,524</b>

FINANCIAL TRENDS

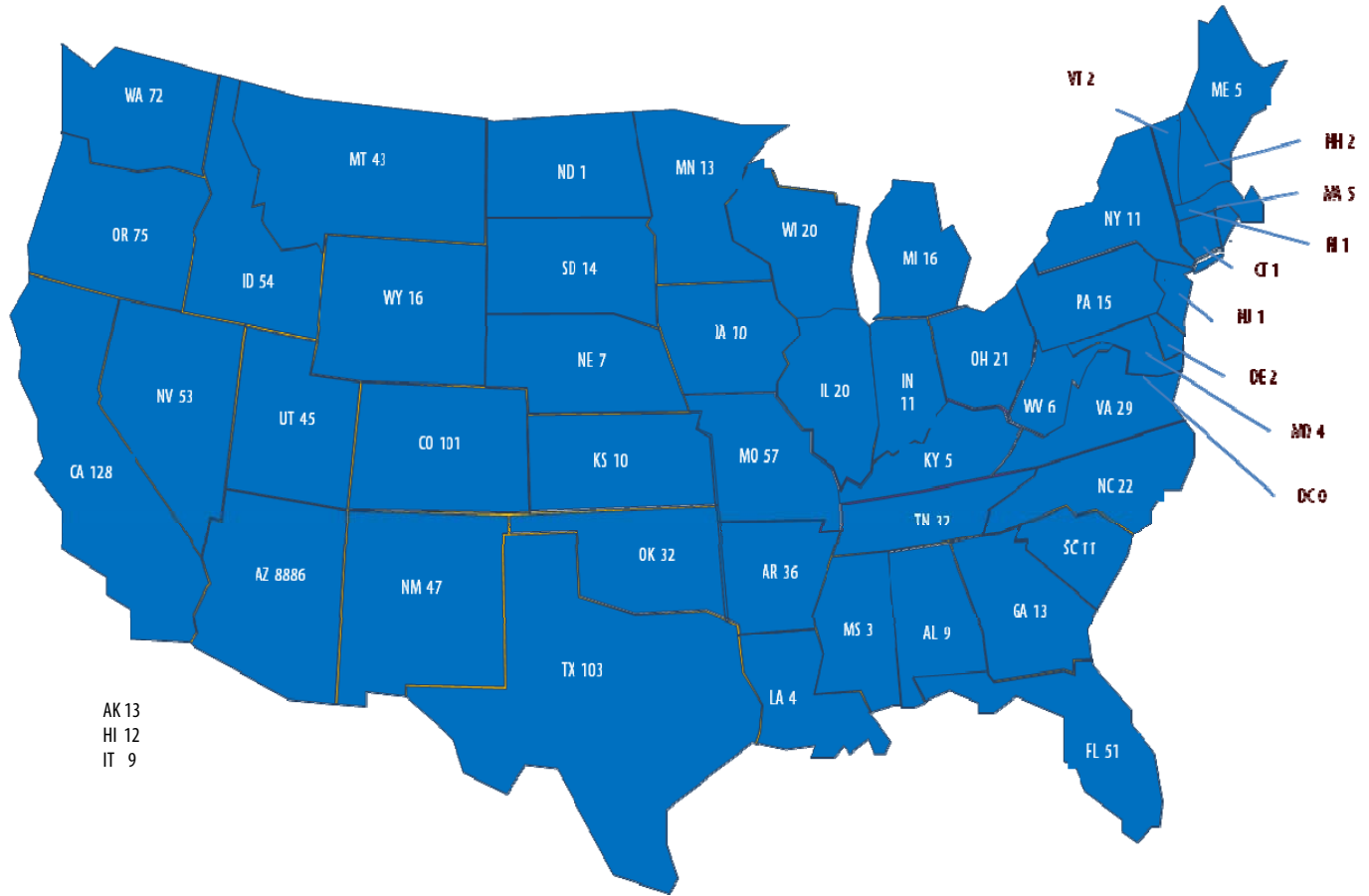


**CONTRIBUTION RATES  
LAST TEN FISCAL YEARS**

<b>YEAR ENDING JUNE 30,</b>	<b>AVERAGE EMPLOYER RATE</b>	<b>EMPLOYEE RATE</b>
2005	10.05%	7.65%
2006	12.80%	7.65%
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%

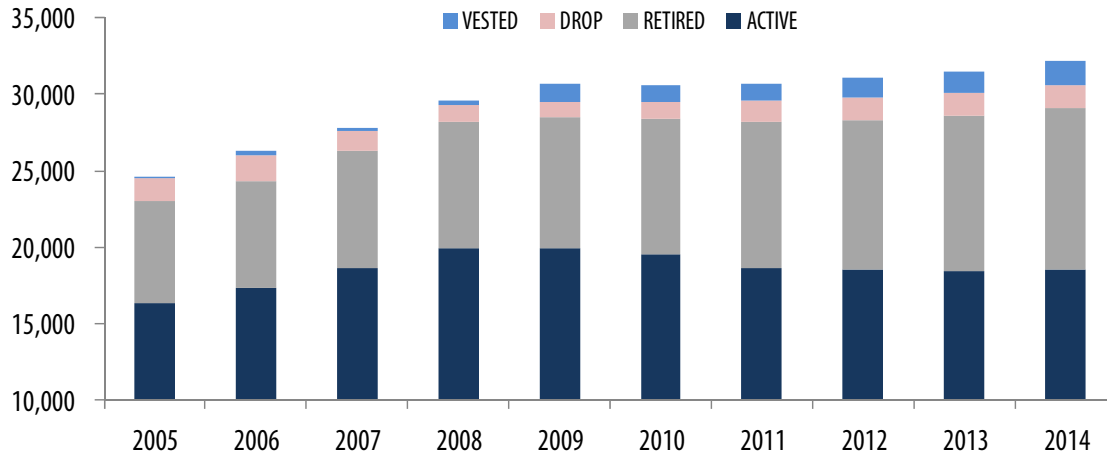


DISTRIBUTION OF BENEFIT RECIPIENTS BY LOCATION



MEMBERSHIP IN RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS

YEAR ENDING JUNE 30,	ACTIVE	BENEFICIARY RETIRED	DROP	TERMINATED VESTED	TOTAL
2005	16,317	6,688	1,472	104	24,581
2006	17,324	6,974	1,746	226	26,270
2007	18,624	7,633	1,325	212	27,794
2008	19,912	8,241	1,181	213	29,547
2009	19,867	8,609	1,044	1,145	30,665
2010	19,468	8,954	1,093	1,106	30,621
2011	18,638	9,522	1,419	1,081	30,660
2012	18,542	9,802	1,496	1,264	31,104
2013	18,436	10,159	1,482	1,442	31,519
2014	18,526	10,524	1,559	1,563	32,172



**PRINCIPAL PARTICIPATING EMPLOYERS  
LAST TEN FISCAL YEARS**

EMPLOYER	2014			2005		
	COVERED EMPLOYEES	RANK	% OF MEMBERSHIP	COVERED EMPLOYEES	RANK	% OF MEMBERSHIP
PHOENIX POLICE	2,542	1	13.72%	2,673	1	16.38%
PHOENIX FIRE	1,352	2	7.30%	1,230	2	7.54%
DEPT OF PUBLIC SAFETY	981	3	5.30%	987	3	6.05%
TUCSON POLICE	858	4	4.63%	857	4	5.25%
MESA POLICE	722	5	3.90%	790	5	4.84%
MARICOPA SHERIFF	611	6	3.30%	651	6	3.99%
TUCSON FIRE	498	7	2.69%	457	8	2.80%
PIMA SHERIFF	491	8	2.65%	444	7	2.72%
GLENDALE POLICE	385	9	2.08%	338	10	2.07%
SCOTTSDALE POLICE	385	10	2.08%	342	9	2.10%
ALL OTHERS	9,701		52.36%	7,548		46.26%
<b>TOTAL</b>	<b>18,526</b>		<b>100.00%</b>	<b>16,317</b>		<b>100.00%</b>

**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 COLA	EXCESS EARNINGS AVAILABLE	BENEFIT INCREASE 4% CAP
2005	0.11%	2,198,002	51,818,252	(85,121,958)	537,513,325	116.82
2006	0.00%	-	44,613,606	(91,412,190)	490,714,741	121.76
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

OPERATING INFORMATION

**SUMMARY OF GROWTH OF THE SYSTEM  
LAST TEN FISCAL YEARS**

<b>YEAR ENDING JUNE 30,</b>	<b>TOTAL ASSETS AT BOOK</b>	<b>INVESTMENT REALIZED EARNINGS</b>	<b>ASSUMED ACTUARIAL YIELD</b>	<b>NET EFFECTIVE YIELD</b>	<b>AVERAGE EMPLOYER RATE</b>
2005	3,820,166,058	266,719,194	8.75%	7.41%	10.05%
2006	4,183,883,048	445,686,514	8.50%	11.78%	12.80%
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%

**BENEFITS PAYABLE JUNE 30, 2014  
BY TYPE OF BENEFIT**

<b>PENSIONS BEING PAID</b>	<b>NO.</b>	<b>ANNUAL PENSIONS</b>	<b>AVERAGE PENSIONS</b>
<b>RETIRED MEMBERS</b>			
Service Pensions	7,689	421,060,456	54,761
Disability Pensions	1,460	63,630,465	43,583
<b>Total Retired Members</b>	<b>9,149</b>	<b>484,690,921</b>	<b>52,977</b>
<b>SURVIVORS OF MEMBERS</b>			
Spouses	1,303	56,986,422	43,735
Children w/Guardians	72	1,531,986	21,278
<b>Total Survivors of Members</b>	<b>1,375</b>	<b>58,518,408</b>	<b>42,559</b>
<b>TOTAL PENSIONS BEING PAID</b>	<b>10,524</b>	<b>543,209,329</b>	<b>51,616</b>

	<b>AVERAGE AGE</b>	<b>AVERAGE SERVICE</b>	<b>AVG. AGE AT RETIREMENT</b>
Normal retired members	63.8	23.5	51.4
Disability retired members	57.2	14.3	43.9
Spouse beneficiaries	68.8	19.1	44.1



**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+	
2005	Average monthly benefit								3,044
	Average final average salary								4,834
	Number of retirees								6,688
2006	Average monthly benefit	2,323	2,410	2,522	2,629	2,931	4,210	5,114	3,176
	Average final average salary								4,979
	Number of retirees	221	288	368	465	3,727	1,461	652	7,182
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

\* Detailed information not available prior to fiscal year ending June 30, 2006.

OPERATING INFORMATION

10 YEAR ESTIMATED CONTRIBUTION RATES  
(IN PERCENTAGE)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
PSPRS Aggregate	41.86%	41.77%	41.77%	41.80%	41.54%	41.33%	41.25%	41.13%	40.98%	40.81%
Dept. of Liquor Licenses and Control	61.21	69.09	70.41	71.05	70.91	70.78	70.68	70.87	70.78	70.44
Dept. of Public Safety	69.96	78.42	78.99	79.24	79.14	79.09	79.16	79.12	79.15	79.17
Northern Arizona University	45.35	49.85	50.14	50.30	50.58	50.42	50.15	50.06	49.78	49.45
University of Arizona	31.01	33.43	33.29	33.26	32.95	32.56	32.33	32.01	31.72	31.43
Arizona State University	33.20	35.71	35.64	35.60	35.30	35.15	35.00	34.85	34.69	34.54
Arizona Game and Fish Dept.	81.48	92.45	94.04	94.82	95.30	95.37	95.45	95.49	95.43	95.36
Dept. of Law	70.12	69.72	69.41	69.22	68.92	68.70	68.59	68.48	68.41	68.34
Dept. of Emergency and Military Affairs	28.55	32.03	31.99	31.85	31.50	31.15	30.93	30.67	30.37	30.13
Arizona State Parks Board	39.32	44.57	44.69	44.76	44.41	44.24	44.06	44.31	44.44	44.18

*\*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, 2014

SYSTEM	2013 BALANCES	RESERVE TRANSFERS	CONTRIBUTIONS RECEIVED	WITHDRAWN MEMBERS	2014 BALANCES
AK CHIN INDIAN COMM. FIRE DEPT.	760,431	(12,934)	222,313	0	969,810
AK CHIN INDIAN COMM. POLICE DEPT.	473,358	(88,037)	116,235	(59,111)	442,445
APACHE COUNTY SHERIFF'S DEPT.	950,432	(27,794)	165,707	(67,597)	1,020,749
APACHE JUNCTION FIRE DISTRICT	4,967,474	54,622	607,581	0	5,629,677
APACHE JUNCTION POLICE DEPARTMENT	2,429,415	(61,020)	322,946	(115,266)	2,576,075
ARIZONA STATE CAPITOL POLICE	0	0	0	0	0
ARIZONA STATE PARK RANGERS	1,728,191	32,520	120,595	0	1,881,306
ASU PD PSPRS LOCAL BOARD	2,521,347	(68,741)	412,369	(3,342)	2,861,633
ATTORNEY GENERAL INVESTIGATORS	615,295	(76,916)	93,560	(57,951)	573,988
AVONDALE FIRE DEPARTMENT	3,397,590	34,999	506,808	0	3,939,397
AVONDALE POLICE DEPARTMENT	4,156,617	(212,786)	743,958	(35,072)	4,652,717
AVRA VALLEY FIRE DISTRICT	543,140	(40,929)	139,769	(76,716)	565,264
AZ DPT. LIQ. LIC. & CONTROL INVST	664,122	21,323	71,586	0	757,031
BENSON FIRE DEPARTMENT	79,707	0	7,093	0	86,800
BENSON POLICE DEPARTMENT	538,631	(28,845)	82,762	(31,191)	561,358
BISBEE FIRE DEPARTMENT	524,896	(16,359)	83,553	(40,066)	552,022
BISBEE POLICE DEPARTMENT	625,683	(215,656)	104,080	(21,444)	492,664
BLACK CANYON FIRE DISTRICT	206,231	(8,906)	38,396	(15,004)	220,716
BUCKEYE FIRE DEPARTMENT	3,404,840	37,070	679,303	0	4,121,213
BUCKEYE POLICE DEPARTMENT	2,897,535	192,057	633,425	(26,934)	3,696,084
BUCKEYE VALLEY FIRE DISTRICT	2,034,496	(69,896)	429,785	(30,014)	2,364,371
BUCKSKIN FIRE DISTRICT	418,384	19,233	80,221	(51,954)	465,883
BULLHEAD CITY FIRE DEPARTMENT	4,773,059	(100,722)	547,270	(39,231)	5,180,376
BULLHEAD CITY POLICE DEPARTMENT	4,369,091	(356,476)	474,532	(3,914)	4,483,232
CAMP VERDE FIRE DISTRICT	974,270	(69,503)	168,172	0	1,072,939
CAMP VERDE MARSHALL'S	362,373	48,068	79,176	(2,661)	486,956
CASA GRANDE FIRE DEPARTMENT	3,106,354	(229,507)	555,093	(27,799)	3,404,141
CASA GRANDE POLICE DEPARTMENT	3,804,604	(332,805)	539,514	(68,841)	3,942,472
CAVE CREEK MARSHALS	49,557	0	9,343	0	58,900
CENTRAL AZ. COLLEGE POLICE DEPT.	120,265	0	28,177	0	148,442
CENTRAL YAVAPAI FIRE DISTRICT	4,873,228	(139,343)	570,958	0	5,304,843
CHANDLER FIRE DEPARTMENT	14,572,744	(140,420)	1,775,319	(44,823)	16,162,820
CHANDLER POLICE DEPARTMENT	23,096,354	(1,582,477)	2,675,724	(153,496)	24,036,106
CHINO VALLEY FIRE DISTRICT	1,598,386	(90,334)	217,009	0	1,725,061
CHINO VALLEY POLICE DEPARTMENT	828,646	(41,393)	126,689	(54,262)	859,680
CHRISTOPHER-KOHL'S FIRE DISTRICT	81,118	0	20,066	0	101,185
CITY OF MARICOPA - FIRE	2,702,507	(130,809)	472,460	0	3,044,158
CITY OF MARICOPA (POLICE DEPT.)	1,704,231	(61,972)	376,082	(78,156)	1,940,184
CLARKDALE FIRE DISTRICT	309,910	(43,868)	56,102	0	322,144
CLARKDALE POLICE DEPARTMENT	231,056	7,992	40,659	0	279,707
CLIFTON FIRE DEPARTMENT	0	0	0	0	0
CLIFTON POLICE DEPARTMENT	92,132	(29,193)	31,409	(29,438)	64,910

**SCHEDULE OF CHANGES IN REFUNDABLE MEMBER RESERVE BALANCES**  
FISCAL YEAR ENDED JUNE 30, 2014

SYSTEM	2013 BALANCES	RESERVE TRANSFERS	CONTRIBUTIONS RECEIVED	WITHDRAWN MEMBERS	2014 BALANCES
COCHISE COUNTY SHERIFF'S DEPT	3,012,681	(151,019)	480,171	(57,182)	3,284,651
COCONINO COUNTY SHERIFF'S DEPT	2,053,611	(124,414)	342,096	(59,107)	2,212,186
COOLIDGE FIRE DEPARTMENT	58,821	0	17,779	0	76,600
COOLIDGE POLICE DEPARTMENT	1,137,051	(148,702)	158,597	(103,010)	1,043,936
CORONA DE TUCSON FIRE DISTRICT	466,392	0	100,646	0	567,037
COTTONWOOD FIRE DEPARTMENT	922,604	62,285	171,178	0	1,156,067
COTTONWOOD POLICE DEPARTMENT	1,099,783	0	199,451	(48,361)	1,250,873
DAISY MOUNTAIN FIRE DISTRICT	4,828,246	(22,336)	739,872	(22,307)	5,523,475
DEPARTMENT OF EMER & MILITARY AFF	1,569,198	11,988	232,048	(39,298)	1,773,936
DEPARTMENT OF PUBLIC SAFETY	30,485,991	(2,234,658)	4,080,305	(136,609)	32,195,030
DESERT HILLS FIRE DEPARTMENT	427,070	(27,907)	120,773	(24,942)	494,994
DOUGLAS FIRE DEPARTMENT	851,614	14,968	146,888	0	1,013,470
DOUGLAS POLICE DEPARTMENT	1,450,912	0	201,922	(133,527)	1,519,306
DREXEL HEIGHTS FIRE DISTRICT	3,757,127	(228,711)	456,315	(59,541)	3,925,190
EAGAR POLICE DEPARTMENT	382,528	(20,022)	31,614	(8,720)	385,400
EL MIRAGE FIRE DEPARTMENT	947,537	(74,444)	182,336	0	1,055,428
EL MIRAGE POLICE DEPARTMENT	1,947,727	(130,373)	326,197	(39,184)	2,104,368
ELOY FIRE DISTRICT	861,917	(15,301)	187,714	0	1,034,330
ELOY POLICE DEPARTMENT	1,306,919	(123,244)	220,644	0	1,404,320
FLAGSTAFF FIRE DEPARTMENT	5,166,693	(248,630)	525,878	0	5,443,941
FLAGSTAFF POLICE DEPARTMENT	4,889,626	(237,814)	768,029	(69,901)	5,349,939
FLORENCE FIRE DEPARTMENT	693,059	68,843	161,991	0	923,893
FLORENCE POLICE DEPARTMENT	748,701	38,069	192,212	(22,471)	956,511
FORT MCDOWELL TRIBAL FIRE DEPT.	516,698	0	88,490	0	605,188
FORT MCDOWELL TRIBAL POLICE DEPT.	984,586	(16,750)	151,041	0	1,118,877
FORT MOJAVE MESA FIRE DISTRICT	1,404,720	(57,963)	221,768	(12,413)	1,556,112
FORT MOJAVE TRIBAL POLICE DEPT.	631,534	0	158,221	(44,021)	745,734
FREDONIA MARSHALS	68,234	0	12,681	0	80,915
FRY FIRE DISTRICT	1,691,786	(146,842)	271,334	(84,433)	1,731,845
GAME AND FISH DEPARTMENT	6,585,766	(355,605)	741,960	0	6,972,121
GILA COUNTY SHERIFF'S DEPARTMENT	1,372,097	(33,333)	175,906	(24,319)	1,490,352
GILA RIVER FIRE DEPARTMENT	2,515,965	(175,655)	473,882	(5,809)	2,808,384
GILA RIVER POLICE DEPARTMENT	3,836,813	33,716	802,701	(29,006)	4,644,224
GILBERT FIRE DEPARTMENT	11,590,329	(398,343)	1,667,772	0	12,859,758
GILBERT POLICE DEPARTMENT	12,950,994	(405,346)	2,088,159	(58,077)	14,575,730
GLENDALE FIRE DEPARTMENT	17,608,353	(836,965)	2,264,832	0	19,036,220
GLENDALE POLICE DEPARTMENT	24,385,616	(242,648)	3,431,952	(231,786)	27,343,133
GLOBE FIRE DEPARTMENT	720,879	0	90,601	0	811,480
GLOBE POLICE DEPARTMENT	785,099	(111,276)	108,788	(14,475)	768,135
GOLDEN SHORES FIRE DISTRICT	250,188	0	39,849	0	290,037
GOLDEN VALLEY FIRE DISTRICT	701,190	1,237	170,261	0	872,689
GOLDER RANCH FIRE DISTRICT	5,585,719	(353,659)	892,042	(18,106)	6,105,996

## OPERATING INFORMATION

**SCHEDULE OF CHANGES IN REFUNDABLE MEMBER RESERVE BALANCES**  
FISCAL YEAR ENDED JUNE 30, 2014

<b>SYSTEM</b>	<b>2013 BALANCES</b>	<b>RESERVE TRANSFERS</b>	<b>CONTRIBUTIONS RECEIVED</b>	<b>WITHDRAWN MEMBERS</b>	<b>2014 BALANCES</b>
GOODYEAR FIRE DEPARTMENT	5,256,741	(109,572)	754,465	0	5,901,635
GOODYEAR POLICE DEPARTMENT	4,539,705	(112,194)	704,171	(242,051)	4,889,631
GRAHAM COUNTY ATTORNEY INVEST.	0	0	0	0	0
GRAHAM COUNTY SHERIFF'S DEPT.	810,939	(85,083)	98,297	0	824,153
GREEN VALLEY FIRE DISTRICT	2,640,490	(404,049)	436,618	0	2,673,059
GREENLEE CNTY ATTY INVESTIGATORS	0	0	0	0	0
GREENLEE COUNTY SHERIFF'S DEPT.	553,406	0	94,828	(11,928)	636,306
GROOM CREEK FIRE DISTRICT	177,341	(11,852)	38,275	(8,893)	194,871
GUADALUPE FIRE DEPARTMENT	249,925	0	27,116	0	277,041
HARQUAHALA FIRE DISTRICT	302,768	(22,488)	74,159	0	354,439
HAYDEN POLICE DEPARTMENT	114,223	(10,266)	40,346	(7,935)	136,368
HEBER-OVERGAARD FIRE DISTRICT	362,610	10,754	82,488	(29,263)	426,588
HELLSGATE FIRE DISTRICT	332,154	92,741	53,594	(60,830)	417,659
HIGHLANDS FIRE DISTRICT	1,008,491	(79,477)	180,991	0	1,110,005
HOLBROOK POLICE DEPARTMENT	484,036	(125,508)	68,611	0	427,138
HUACHUCA CITY POLICE DEPARTMENT	44,191	(7,041)	33,116	0	70,266
HUALAPAI INDIAN TRIBE POLICE DEPT	324,764	70,325	182,647	(38,033)	539,703
JEROME POLICE DEPARTMENT	78,542	(7,992)	15,379	0	85,929
KEARNY POLICE DEPARTMENT	286,188	(156,558)	57,330	(325)	186,635
KINGMAN FIRE DEPARTMENT	2,791,061	24,391	281,866	(21,450)	3,075,868
KINGMAN POLICE DEPARTMENT	2,383,288	(143,957)	304,317	(67,831)	2,475,818
LA PAZ COUNTY ATTY. INVESTIGATORS	0	0	0	0	0
LA PAZ COUNTY SHERIFF'S DEPT.	981,742	(51,739)	156,266	(36,028)	1,050,241
LAKE HAVASU CITY FIRE DEPARTMENT	3,626,642	(12,284)	510,116	(14,758)	4,109,716
LAKE HAVASU CITY POLICE DEPT.	4,536,622	(601,059)	549,533	(53,600)	4,431,495
LAKE MOHAVE RANCHOS FIRE DISTRICT	157,635	(15,142)	18,499	(18,539)	142,453
LAKESIDE FIRE DISTRICT	894,039	0	175,804	0	1,069,843
LINDEN FIRE DISTRICT	206,263	(8,708)	43,701	0	241,256
MAMMOTH POLICE DEPARTMENT	79,391	(2,535)	15,758	(1,219)	91,394
MARANA POLICE DEPARTMENT	3,260,604	(358,148)	578,596	(133,702)	3,347,351
MARICOPA CNTY ATTY INVESTIGATORS	686,693	(61,936)	175,233	(58,287)	741,704
MARICOPA COUNTY PARK RANGERS	24,132	0	0	0	24,132
MARICOPA COUNTY SHERIFF'S OFFICE	39,579,316	(1,447,449)	4,854,094	(258,846)	42,727,114
MAYER FIRE DISTRICT	660,731	81,942	83,553	0	826,226
MESA FIRE DEPARTMENT	30,973,241	(1,767,933)	3,487,455	(1,873)	32,690,891
MESA POLICE DEPARTMENT	52,672,136	(3,406,322)	6,783,969	(40,738)	56,009,045
MIAMI FIRE DEPARTMENT - GONE	0	0	0	0	0
MIAMI POLICE DEPARTMENT	143,146	82,790	20,682	(238)	246,380
MOHAVE COUNTY SHERIFF'S DEPT.	3,921,386	(105,510)	485,480	(33,345)	4,268,011
MOHAVE VALLEY FIRE DISTRICT	1,318,441	(45,240)	181,999	(155,050)	1,300,151
MONTEZUMA RIMROCK FIRE DISTRICT	291,757	(35,606)	46,590	0	302,741
MOUNT LEMMON FIRE DISTRICT	144,623	0	30,547	(27,976)	147,195

**SCHEDULE OF CHANGES IN REFUNDABLE MEMBER RESERVE BALANCES**  
 FISCAL YEAR ENDED JUNE 30, 2014

<b>SYSTEM</b>	<b>2013 BALANCES</b>	<b>RESERVE TRANSFERS</b>	<b>CONTRIBUTIONS RECEIVED</b>	<b>WITHDRAWN MEMBERS</b>	<b>2014 BALANCES</b>
NAU CAMPUS POLICE	781,036	(66,432)	107,305	0	821,908
NAVAJO COUNTY ATTY'S INVESTIGATOR	0	0	0	0	0
NAVAJO COUNTY SHERIFF'S DEPT.	1,332,850	(79,330)	233,105	(44,990)	1,441,634
NOGALES FIRE DEPARTMENT	2,170,762	0	237,504	0	2,408,266
NOGALES POLICE DEPARTMENT	2,591,285	(149,638)	349,414	(38,276)	2,752,786
NORTHERN AZ. CONSOLIDATED FD #1	1,021,638	(74,455)	140,061	(15,291)	1,071,953
NORTHWEST FIRE DISTRICT	9,966,799	(104,874)	1,429,528	(85,814)	11,205,639
ORACLE FIRE DISTRICT	121,567	0	37,354	(6,322)	152,599
ORO VALLEY POLICE DEPT.	5,552,262	(325,504)	698,036	(69,843)	5,854,950
PAGE FIRE DEPARTMENT	462,575	(73,036)	88,424	(54,419)	423,544
PAGE POLICE DEPARTMENT	848,118	(124,972)	110,427	(68,062)	765,511
PALOMINAS FIRE DISTRICT	55,705	0	26,323	(2,498)	79,529
PARADISE VALLEY POLICE DEPARTMENT	2,022,858	(270,801)	303,349	0	2,055,406
PARKER POLICE DEPARTMENT	451,856	(31,720)	57,280	(25,475)	451,940
PASCUA YAQUI TRIBE FIRE DEPT.	864,857	0	146,991	(33,333)	978,515
PASCUA YAQUI TRIBE POLICE DEPT.	1,074,797	16,308	216,128	0	1,307,233
PATAGONIA MARSHALS	49,583	0	10,293	0	59,876
PAYSON FIRE DEPARTMENT	1,170,918	(109,641)	183,753	0	1,245,030
PAYSON POLICE DEPARTMENT	1,075,224	46,052	178,839	(974)	1,299,141
PEORIA FIRE DEPARTMENT	9,557,281	(71,411)	1,168,186	0	10,654,056
PEORIA POLICE DEPARTMENT	9,999,042	(974,979)	1,491,406	(80,714)	10,434,755
PHOENIX FIRE DEPARTMENT	131,791,153	(3,701,204)	14,152,105	(75,355)	142,166,698
PHOENIX POLICE DEPARTMENT	240,155,384	(9,822,869)	27,930,873	(1,653,762)	256,609,626
PICTURE ROCKS FIRE DISTRICT	584,118	(88,829)	79,415	(28,265)	546,439
PIMA COUNTY ATTORNEY INVESTIGATOR	200,402	0	16,867	0	217,269
PIMA COUNTY COMM. COLLEGE POLICE	892,468	(648)	177,668	0	1,069,488
PIMA COUNTY SHERIFF'S DEPARTMENT	16,498,146	(990,146)	2,350,487	(150,274)	17,708,212
PIMA POLICE DEPARTMENT	69,746	0	12,990	(25,773)	56,963
PINAL COUNTY SHERIFF'S DEPARTMENT	9,047,567	(307,746)	1,433,684	(124,517)	10,048,987
PINE-STRAWBERRY FIRE DISTRICT	936,282	0	127,660	0	1,063,942
PINETOP FIRE DISTRICT	1,109,574	(113,034)	183,241	(20,381)	1,159,401
PINETOP-LAKESIDE POLICE DEPT.	420,479	21,488	66,534	(12,459)	496,042
PINEWOOD FIRE DISTRICT	523,100	0	122,532	0	645,632
PONDEROSA FIRE DISTRICT	0	0	17,192	0	17,192
PRESCOTT FIRE DEPARTMENT	3,698,564	(413,932)	462,684	(64,040)	3,683,276
PRESCOTT POLICE DEPARTMENT	2,973,540	(87,577)	410,728	0	3,296,691
PRESCOTT VALLEY POLICE DEPARTMENT	2,887,105	(374,244)	644,582	(93,207)	3,064,236
QUARTZSITE FIRE DISTRICT	219,879	0	48,698	0	268,576
QUARTZSITE POLICE DEPARTMENT	518,694	(239,650)	56,784	(35,189)	300,639
QUEEN CREEK FIRE DEPARTMENT	819,123	20,047	275,273	0	1,114,443
QUEEN VALLEY FIRE DISTRICT	57,916	0	12,886	0	70,801
RINCON VALLEY FIRE DISTRICT	963,702	4,514	197,131	0	1,165,347



## OPERATING INFORMATION

**SCHEDULE OF CHANGES IN REFUNDABLE MEMBER RESERVE BALANCES**  
FISCAL YEAR ENDED JUNE 30, 2014

<b>SYSTEM</b>	<b>2013 BALANCES</b>	<b>RESERVE TRANSFERS</b>	<b>CONTRIBUTIONS RECEIVED</b>	<b>WITHDRAWN MEMBERS</b>	<b>2014 BALANCES</b>
RIO RICO FIRE DISTRICT	853,637	(45,175)	154,550	0	963,013
RIO VERDE FIRE DISTRICT	897,095	0	111,794	0	1,008,888
SAFFORD POLICE DEPARTMENT	1,109,811	(96,738)	125,969	0	1,139,042
SAHUARITA POLICE DEPARTMENT	1,543,089	24,425	260,111	0	1,827,625
SALT RIVER PIMA-MARICOPA FIRE	4,139,731	(144,151)	616,188	(87,445)	4,524,323
SALT RIVER PIMA-MARICOPA POLICE	4,837,726	(390,435)	775,540	(189,179)	5,033,652
SAN CARLOS TRIBAL POLICE DEPT.	556,862	(17,116)	146,671	0	686,417
SAN LUIS FIRE DEPARTMENT	812,956	(7,861)	157,403	0	962,497
SAN LUIS POLICE DEPARTMENT	1,064,065	731	165,787	(10,568)	1,220,015
SANTA CRUZ COUNTY SHERIFF'S DEPT.	1,627,019	(147,599)	197,413	(77,478)	1,599,355
SCOTTSDALE FIRE DEPARTMENT	16,519,139	(200,174)	2,628,707	(244,039)	18,703,633
SCOTTSDALE POLICE DEPARTMENT	28,808,472	(1,217,049)	3,495,112	(203,770)	30,882,764
SEDONA FIRE DISTRICT	3,626,513	4,615	592,699	0	4,223,827
SEDONA POLICE DEPARTMENT	1,027,950	(246,542)	158,370	(17,451)	922,328
SHOW LOW FIRE DISTRICT	1,219,698	(2,046)	202,618	0	1,420,270
SHOW LOW POLICE DEPARTMENT	1,181,190	(30,210)	197,185	0	1,348,164
SIERRA VISTA FIRE DEPARTMENT	2,281,080	15,187	280,114	0	2,576,381
SIERRA VISTA POLICE DEPARTMENT	2,741,712	(27,900)	434,697	0	3,148,508
SNOWFLAKE POLICE DEPARTMENT	407,491	0	74,324	0	481,815
SOMERTON FIRE DEPARTMENT	584,920	(76,260)	99,020	0	607,680
SOMERTON POLICE DEPARTMENT	684,929	0	91,866	0	776,795
SONOITA ELGIN FIRE DEPARTMENT	179,947	(12,206)	52,722	0	220,462
SOUTH TUCSON FIRE DEPARTMENT	286,637	(77,671)	16,767	(32,683)	193,051
SOUTH TUCSON POLICE DEPARTMENT	443,713	1,422	66,539	0	511,674
SPRINGVILLE POLICE DEPARTMENT	221,791	0	35,700	0	257,491
ST. JOHNS POLICE DEPARTMENT	170,793	(11,581)	17,863	(13,441)	163,634
SUMMIT FIRE DISTRICT	1,814,020	(148,509)	229,772	0	1,895,283
SUN CITY FIRE DISTRICT	5,261,429	(555,324)	468,414	0	5,174,519
SUN CITY WEST FIRE DISTRICT	3,445,234	48,280	452,080	0	3,945,594
SUN LAKES FIRE DISTRICT	2,442,401	(104,617)	363,486	0	2,701,271
SUN SITES PEARCE FIRE DISTRICT	136,201	0	31,241	(9,672)	157,769
SUPERIOR POLICE DEPARTMENT	180,976	(24,175)	25,911	0	182,712
SURPRISE FIRE DEPARTMENT	6,250,596	(350,607)	916,860	(47,386)	6,769,463
SURPRISE POLICE DEPARTMENT	5,896,101	(76,476)	977,373	(138,299)	6,658,699
TEMPE FIRE DEPARTMENT	12,475,725	(945,338)	1,461,331	0	12,991,719
TEMPE POLICE DEPARTMENT	22,822,362	(1,042,326)	3,253,980	(64,245)	24,969,771
THATCHER POLICE DEPARTMENT	526,341	0	74,365	(65,991)	534,715
THREE POINTS FIRE DISTRICT	469,573	0	88,238	0	557,811
TOHONO O'ODHAM NATION FIRE DEPT.	1,204,936	(29,238)	284,195	0	1,459,894
TOHONO O'ODHAM NATION POLICE DEPT	2,121,423	(83,985)	507,997	(37,242)	2,508,193
TOLLESON FIRE DEPARTMENT	2,153,607	(95,192)	232,876	0	2,291,291
TOLLESON POLICE DEPARTMENT	1,211,323	0	201,353	(39,710)	1,372,966

**SCHEDULE OF CHANGES IN REFUNDABLE MEMBER RESERVE BALANCES**  
 FISCAL YEAR ENDED JUNE 30, 2014

SYSTEM	2013 BALANCES	RESERVE TRANSFERS	CONTRIBUTIONS RECEIVED	WITHDRAWN MEMBERS	2014 BALANCES
TOMBSTONE MARSHAL'S DEPARTMENT	194,047	(25,832)	15,048	(32,623)	150,640
TONOPAH VALLEY FIRE DISTRICT	177,660	(494)	50,150	(27,526)	199,790
TOWN OF SUPERIOR (FIRE DEPT)	105,241	(36,076)	21,221	0	90,386
TRI-CITY FIRE DISTRICT	579,479	(53,589)	119,205	0	645,095
TUBAC FIRE DISTRICT	1,055,108	0	159,842	(19,361)	1,195,589
TUCSON AIRPORT AUTHORITY FIRE DPT	866,176	0	111,010	0	977,186
TUCSON AIRPORT AUTHORITY POLICE	1,160,943	(46,043)	150,551	(11,350)	1,254,101
TUCSON FIRE	30,819,172	(1,139,142)	3,849,878	(194,949)	33,334,958
TUCSON POLICE	46,109,281	(2,492,487)	6,411,220	(249,005)	49,779,009
U OF A CAMPUS POLICE DEPARTMENT	2,927,056	56,907	447,101	(1,405)	3,429,660
VERDE VALLEY FIRE DISTRICT	1,252,504	(73,183)	205,566	0	1,384,887
WELLTON POLICE	159,040	(23,704)	27,743	(94,834)	68,245
WHETSTONE FIRE DISTRICT	102,762	0	24,330	(27,051)	100,042
WICKENBURG FIRE DEPARTMENT	236,881	0	52,733	0	289,613
WICKENBURG POLICE DEPARTMENT	532,738	(87,440)	99,823	0	545,120
WILLCOX POLICE DEPARTMENT	328,344	0	49,893	0	378,236
WILLIAMS POLICE DEPARTMENT	193,599	(2,478)	45,171	0	236,292
WILLIAMSON VALLEY FIRE DISTRICT	109,857	(827)	76,755	0	185,786
WINSLOW FIRE DEPARTMENT	195,712	0	34,510	0	230,222
WINSLOW POLICE DEPARTMENT	1,113,839	(132,679)	112,725	(24,918)	1,068,966
WITTMANN FIRE DISTRICT	211,248	0	56,870	0	268,119
YAVAPAI CNTY ATTRNY INVESTIGATORS	0	0	0	0	0
YAVAPAI COUNTY SHERIFF'S DEPT.	5,238,573	(139,196)	710,433	(151,330)	5,658,480
YAVAPAI PRESCOTT TRIBAL POLICE	197,901	(13,965)	21,451	(58,868)	146,520
YOUNGTOWN POLICE DEPARTMENT	124,653	(50,058)	5,795	0	80,391
YUMA COUNTY SHERIFF'S DEPARTMENT	3,259,343	12,759	536,761	(53,743)	3,755,120
YUMA FIRE DEPARTMENT	6,238,368	(202,992)	754,968	0	6,790,344
YUMA POLICE DEPARTMENT	7,566,064	(379,706)	1,103,885	(34,448)	8,255,795
<b>TOTALS</b>	<b>1,154,573,232</b>	<b>(48,783,641)</b>	<b>152,022,740</b>	<b>(8,872,871)</b>	<b>1,248,939,461</b>

OPERATING MATION

SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES

FISCAL YEAR ENDED JUNE 30, 2014

SYSTEM	2013 BALANCES	MOVE TO HEALTH INS	RESERVE TRANSFERS	CONTRIB RECEIVED	FIRE TAX RECEIVED	PENSION PAYMENTS	DROP PAYMENT	ENHANCED REFUNDS	DIST. OF EARNINGS	2014 BALANCES	UNFUNDED AAL 2013
AK CHIN INDIAN COMM. FIRE DEPT.	3,241,227	(100,438)	(2,591)	299,564	0	(163,174)	0	0	550,609	3,825,197	905,376
AK CHIN INDIAN COMM. POLICE DEPT.	1,626,952	(55,626)	88,037	145,659	0	(101,730)	0	(22,340)	282,027	1,962,979	3,608
APACHE COUNTY SHERIFF'S DEPT.	2,480,270	(211,383)	(9,238)	600,229	0	(773,350)	0	(61,113)	432,476	2,457,891	7,270,762
APACHE JUNCTION FIRE DISTRICT	14,596,989	(575,120)	293,402	887,594	105,935	(538,967)	(132,343)	0	2,659,653	17,297,142	5,990,081
APACHE JUNCTION POLICE DEPARTMENT	8,236,842	(553,663)	80,786	1,112,992	0	(1,438,192)	(271,287)	(50,942)	1,359,410	8,475,947	13,949,521
ARIZONA STATE CAPITOL POLICE	2,186,673	(115,055)	0	0	0	0	0	0	284,336	2,355,953	0
ARIZONA STATE PARK RANGERS	6,757,305	(471,809)	14,579	320,769	0	(448,532)	0	0	1,104,356	7,276,669	3,723,407
ASU PD PSPRS LOCAL BOARD	10,758,051	(731,494)	108,458	1,082,064	0	(1,574,282)	0	(100)	1,721,641	11,364,339	10,397,393
ATTORNEY GENERAL INVESTIGATORS	3,294,761	(253,255)	182,505	919,380	0	(1,202,201)	(428,843)	(25,389)	465,470	2,952,428	9,893,750
AVONDALE FIRE DEPARTMENT	9,659,089	(300,317)	7,526	658,531	111,226	(352,875)	0	0	1,788,115	11,571,294	2,342,071
AVONDALE POLICE DEPARTMENT	11,498,198	(498,446)	235,335	1,232,188	0	(935,136)	(45,166)	(19,289)	2,121,707	13,589,391	6,533,711
AVRA VALLEY FIRE DISTRICT	2,058,341	(108,714)	191,762	157,062	16,127	(83,602)	0	(70,788)	355,692	2,515,879	(449,938)
AZ DPT. LIQ. LIC. & CONTROL INVST	2,727,490	(87,895)	97,132	300,968	0	(510,802)	0	0	445,741	2,972,634	4,421,156
BENSON FIRE DEPARTMENT	278,106	(6,038)	0	(3,546)	12,093	0	0	0	48,425	329,041	82,704
BENSON POLICE DEPARTMENT	1,321,952	(116,261)	(12,378)	173,370	0	(168,605)	0	(17,155)	240,572	1,421,496	1,476,994
BISBEE FIRE DEPARTMENT	721,094	(188,292)	(8,343)	474,862	13,981	(785,906)	0	(43,508)	132,336	316,224	7,585,357
BISBEE POLICE DEPARTMENT	1,152,280	(130,416)	215,656	348,980	0	(578,636)	(12,972)	(5,361)	217,688	1,207,219	5,969,327
BLACK CANYON FIRE DISTRICT	447,743	(26,871)	0	36,046	3,771	0	0	(3,751)	88,916	545,854	(97,176)
BUCKEYE FIRE DEPARTMENT	7,692,635	(231,161)	17,275	852,458	114,940	0	0	0	1,580,157	10,026,304	(746,072)
BUCKEYE POLICE DEPARTMENT	8,478,080	(327,195)	114,499	1,006,884	0	(627,906)	0	15,740	1,584,629	10,244,731	4,265,305
BUCKEYE VALLEY FIRE DISTRICT	4,425,695	(185,291)	(31,214)	474,288	30,760	0	0	(12,006)	903,216	5,605,448	256,810
BUCKSKIN FIRE DISTRICT	1,188,701	(46,001)	16,779	248,612	21,858	(330,445)	0	(53,167)	208,284	1,254,622	2,924,256
BULLHEAD CITY FIRE DEPARTMENT	18,921,878	(931,940)	100,722	886,991	86,806	(707,738)	(248,701)	(10,426)	3,136,493	21,234,086	7,706,499
BULLHEAD CITY POLICE DEPARTMENT	15,008,912	(787,378)	397,118	1,103,933	0	(1,358,264)	(1,148,402)	0	2,475,730	15,691,648	12,646,417
CAMP VERDE FIRE DISTRICT	2,990,391	(120,606)	69,503	253,885	19,026	(126,716)	0	0	542,398	3,627,881	833,740
CAMP VERDE MARSHALLS	2,364,940	(136,901)	14	170,919	0	(261,907)	0	(80)	357,316	2,494,302	1,131,757
CASA GRANDE FIRE DEPARTMENT	8,268,163	(305,237)	202,951	905,601	85,660	(888,632)	0	(6,950)	1,538,450	9,800,008	8,043,929
CASA GRANDE POLICE DEPARTMENT	11,391,232	(625,990)	176,132	1,604,579	0	(1,875,846)	(297,465)	(67,717)	1,965,995	12,270,970	18,862,330
CAVE CREEK MARSHALS	115,038	(5,104)	0	12,034	0	0	0	0	23,067	145,035	35,140
CENTRAL AZ. COLLEGE POLICE DEPT.	403,718	(14,614)	0	53,767	0	(44,216)	0	0	71,519	470,174	216,873

**SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES**  
FISCAL YEAR ENDED JUNE 30, 2014

SYSTEM	2013 BALANCES	MOVE TO HEALTH INS	RESERVE TRANSFERS	CONTRIB RECEIVED	FIRE TAX RECEIVED	PENSION PAYMENTS	DROP PAYMENT	ENHANCED REFUNDS	DIST OF EARNINGS	2014 BALANCES	UNFUNDED AAL 2013
CENTRAL YAVAPAI FIRE DISTRICT	16,648,310	(757,187)	139,343	1,271,762	152,848	(1,541,911)	(178,012)	0	2,841,935	18,577,089	16,602,532
CHANDLER FIRE DEPARTMENT	47,028,189	(1,803,032)	144,733	2,499,531	653,163	(2,661,232)	(537,033)	(15,758)	8,217,832	53,526,394	25,329,030
CHANDLER POLICE DEPARTMENT	70,050,606	(2,875,100)	1,724,340	5,465,059	0	(4,763,422)	(1,983,457)	(154,124)	12,329,319	79,793,221	52,143,686
CHINO VALLEY FIRE DISTRICT	5,319,309	(221,597)	90,334	286,463	33,450	(241,778)	(17,034)	0	927,595	6,176,742	2,103,450
CHINO VALLEY POLICE DEPARTMENT	2,979,152	(183,281)	100,581	208,691	0	(265,837)	0	(48,418)	498,013	3,288,901	1,644,019
CHRISTOPHER-KOHL'S FIRE DISTRICT	241,208	(11,636)	0	12,520	6,720	(14,950)	0	0	43,894	277,756	657
CITY OF MARICOPA - FIRE	5,550,176	(177,870)	130,809	547,549	64,156	(22,903)	0	0	1,161,089	7,253,006	(79,252)
CITY OF MARICOPA (POLICE DEPT.)	4,118,765	(137,252)	(5,392)	486,264	0	(101,894)	0	(46,659)	806,411	5,120,243	(380,615)
CLARKDALE FIRE DISTRICT	470,710	(19,304)	0	59,932	8,836	0	0	0	108,367	628,540	65,829
CLARKDALE POLICE DEPARTMENT	1,415,238	(99,142)	3,735	88,260	0	(139,695)	0	0	213,297	1,481,693	581,564
CLIFTON FIRE DEPARTMENT	132,084	(12,997)	0	2,000	0	(29,265)	0	0	14,951	106,774	108,032
CLIFTON POLICE DEPARTMENT	466,287	(39,512)	(13,831)	35,445	0	(28,653)	0	0	69,648	489,384	(163,755)
COCHISE COUNTY SHERIFF'S DEPT	9,867,500	(896,327)	162,440	1,590,648	0	(2,505,692)	(17,545)	(22,873)	1,625,439	9,803,591	20,811,273
COCONINO COUNTY SHERIFF'S DEPT	7,850,126	(495,109)	149,134	1,717,418	0	(2,302,697)	(417,700)	(21,649)	1,241,662	7,721,185	22,726,473
COOLIDGE FIRE DEPARTMENT	180,106	0	0	14,814	14,517	0	0	0	35,053	244,490	(126,389)
COOLIDGE POLICE DEPARTMENT	3,883,035	(263,666)	144,710	351,195	0	(434,538)	(333,578)	(91,579)	622,292	3,877,870	3,811,465
CORONA DE TUCSON FIRE DISTRICT	1,181,935	(65,201)	0	136,592	18,200	(34,572)	0	0	230,520	1,467,474	577,487
COTTONWOOD FIRE DEPARTMENT	2,720,748	(97,130)	12,581	239,217	22,691	(125,956)	0	0	505,572	3,277,722	1,015,694
COTTONWOOD POLICE DEPARTMENT	2,924,624	(211,221)	0	562,803	0	(549,124)	0	(48,702)	531,085	3,209,465	5,721,737
DAISY MOUNTAIN FIRE DISTRICT	11,087,716	(362,679)	(7,782)	754,512	110,606	(102,740)	0	0	2,198,085	13,677,717	935,156
DEPARTMENT OF EMER & MILITARY AFF	5,710,193	(457,096)	13,182	488,534	0	(587,405)	0	(15,664)	948,507	6,100,250	4,259,248
DEPARTMENT OF PUBLIC SAFETY	338,596,907	(25,692,025)	2,627,878	34,964,709	0	(58,976,310)	(10,242,025)	(142,121)	45,566,474	326,703,487	485,181,759
DESERT HILLS FIRE DEPARTMENT	899,526	(37,125)	(29,965)	191,024	11,858	(26,372)	0	(13,718)	188,086	1,183,313	717,085
DOUGLAS FIRE DEPARTMENT	2,903,171	(346,585)	7,942	596,223	17,614	(918,315)	0	0	469,297	2,729,346	7,913,568
DOUGLAS POLICE DEPARTMENT	5,032,894	(477,106)	0	731,085	0	(1,072,028)	0	(124,702)	807,496	4,897,638	10,154,288
DREXEL HEIGHTS FIRE DISTRICT	11,907,393	(591,691)	(187,608)	598,253	66,716	(528,824)	0	(59,541)	2,056,216	13,260,913	4,157,401
EAGAR POLICE DEPARTMENT	1,368,302	(91,729)	73,009	102,307	0	(171,055)	0	0	228,166	1,509,000	1,144,130
EL MIRAGE FIRE DEPARTMENT	2,456,456	(81,526)	57,526	229,360	28,912	(190,050)	0	0	464,743	2,965,421	253,120
EL MIRAGE POLICE DEPARTMENT	4,285,339	(199,307)	(11,084)	531,345	0	(376,120)	0	0	839,169	5,069,342	4,057,043
ELOY FIRE DISTRICT	2,187,530	(88,398)	(2,010)	233,695	20,344	0	0	0	429,676	2,780,837	791,290

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES  
FISCAL YEAR ENDED JUNE 30, 2014

SYSTEM	2013 BALANCES	MOVE TO HEALTH INS	RESERVE TRANSFERS	CONTRIB RECEIVED	FIRE TAX RECEIVED	PENSION PAYMENTS	DROP PAYMENT	ENHANCED REFUNDS	DIST. OF EARNINGS	2014 BALANCES	UNFUNDED AAL 2013
ELOY POLICE DEPARTMENT	4,165,458	(242,945)	55,390	306,183	0	(299,245)	(84,439)	0	719,613	4,620,015	1,615,853
FLAGSTAFF FIRE DEPARTMENT	21,985,132	(2,153,961)	571,522	1,826,390	203,821	(3,607,503)	(387,095)	0	3,407,667	21,845,971	28,603,348
FLAGSTAFF POLICE DEPARTMENT	16,563,486	(1,168,084)	34,846	2,311,119	0	(3,182,092)	(48,065)	(11,433)	2,757,888	17,257,665	27,844,395
FLORENCE FIRE DEPARTMENT	1,472,204	(70,668)	178,584	150,121	26,874	0	0	0	323,597	2,080,713	(376,558)
FLORENCE POLICE DEPARTMENT	3,084,937	(157,471)	2,287	221,399	0	(163,774)	0	(5,618)	518,949	3,500,709	(185,497)
FORT MCDOWELL TRIBAL FIRE DEPT.	1,218,024	(65,761)	0	105,248	0	0	0	0	240,208	1,497,720	17,712
FORT MCDOWELL TRIBAL POLICE DEPT.	2,532,500	(135,167)	(5,593)	223,307	0	0	0	0	484,167	3,099,214	155,243
FORT MOJAVE MESA FIRE DISTRICT	6,119,851	(214,026)	39,920	457,148	27,976	(496,490)	0	0	1,002,591	6,936,970	4,134,211
FORT MOJAVE TRIBAL POLICE DEPT.	1,468,208	(65,185)	0	183,903	0	0	0	0	295,962	1,882,888	(674,755)
FREDONIA MARSHALS	482,183	(38,299)	0	11,799	0	(28,875)	0	0	70,655	497,462	(63,024)
FRY FIRE DISTRICT	6,133,997	(263,687)	(173,793)	675,914	41,875	(965,423)	0	(44,239)	999,067	6,403,712	8,387,323
GAME AND FISH DEPARTMENT	23,065,885	(2,361,527)	430,681	3,863,739	0	(6,350,404)	(905,879)	0	3,630,165	21,372,661	59,860,652
GILA COUNTY SHERIFF'S DEPARTMENT	4,814,702	(484,300)	120,939	520,920	0	(876,757)	0	(149)	786,078	4,881,433	7,022,457
GILA RIVER FIRE DEPARTMENT	5,987,226	(291,897)	(131,316)	605,748	0	(247,073)	0	(174)	1,150,761	7,073,274	719,347
GILA RIVER POLICE DEPARTMENT	8,769,359	(426,178)	(69,962)	916,189	0	(141,861)	0	0	1,755,977	10,803,524	(1,194,636)
GILBERT FIRE DEPARTMENT	24,560,145	(803,623)	398,343	1,397,509	556,636	(171,217)	0	0	5,004,459	30,942,252	3,071,205
GILBERT POLICE DEPARTMENT	33,019,401	(1,403,249)	454,644	3,103,356	0	(1,946,790)	(74,062)	(8,209)	6,255,986	39,401,077	18,777,538
GLENDALE FIRE DEPARTMENT	61,683,410	(3,331,431)	836,965	4,222,202	408,195	(4,483,067)	(2,316,538)	0	10,372,938	67,392,675	38,969,073
GLENDALE POLICE DEPARTMENT	72,269,965	(3,692,637)	119,139	8,220,748	0	(8,314,358)	0	(70,011)	12,855,792	81,388,638	89,806,669
GLOBE FIRE DEPARTMENT	2,529,513	(130,977)	0	289,943	12,249	(396,467)	0	0	425,082	2,729,344	4,020,481
GLOBE POLICE DEPARTMENT	2,747,670	(219,281)	78,763	282,220	0	(517,246)	0	749	445,624	2,818,500	4,612,083
GOLDEN SHORES FIRE DISTRICT	643,421	(19,776)	0	41,466	4,029	0	0	0	123,715	792,856	(125,780)
GOLDEN VALLEY FIRE DISTRICT	2,349,806	(119,007)	584	253,945	16,716	(153,282)	0	0	418,826	2,767,588	958,154
GOLDER RANCH FIRE DISTRICT	15,489,326	(652,182)	408,047	1,056,526	263,967	(378,488)	(855,903)	0	2,838,650	18,169,944	6,712,623
GOODYEAR FIRE DEPARTMENT	11,957,282	(365,988)	246,728	753,517	194,965	(144,821)	(197,044)	0	2,374,446	14,819,085	1,659,501
GOODYEAR POLICE DEPARTMENT	12,708,575	(507,627)	143,400	1,116,495	0	(771,304)	0	(207,295)	2,311,670	14,793,913	6,438,444
GRAHAM COUNTY ATTORNEY INVEST.	2,471	(1,720)	0	0	0	0	0	0	215	967	(3,018)
GRAHAM COUNTY SHERIFF'S DEPT.	2,342,801	(165,079)	(4,502)	195,845	0	(182,340)	0	0	411,626	2,598,352	1,828,881
GREEN VALLEY FIRE DISTRICT	10,183,842	(407,434)	378,521	552,730	117,840	(404,671)	(414,150)	0	1,702,968	11,709,646	4,130,896
GREENLEE CNTY ATTY INVESTIGATORS	43,740	0	0	0	0	0	0	0	5,841	49,581	(48,925)

**SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES**  
FISCAL YEAR ENDED JUNE 30, 2014

SYSTEM	2013 BALANCES	MOVE TO HEALTH INS	RESERVE TRANSFERS	CONTRIB RECEIVED	FIRE TAX RECEIVED	PENSION PAYMENTS	DROP PAYMENT	ENHANCED REFUNDS	DIST. OF EARNINGS	2014 BALANCES	UNFUNDED AAL 2013
GREENLEE COUNTY SHERIFF'S DEPT.	2,383,976	(185,770)	0	160,337	0	(145,009)	0	0	386,427	2,599,962	848,422
GROOM CREEK FIRE DISTRICT	397,729	(15,915)	(3,056)	40,605	4,165	0	0	0	79,691	503,219	(93,468)
GUADALUPE FIRE DEPARTMENT	433,957	(23,055)	0	51,534	3,660	(47,649)	0	0	92,104	510,551	504,781
HARQUAHALA FIRE DISTRICT	687,341	(33,065)	(12,653)	80,882	0	0	0	0	138,022	860,528	(223,392)
HAYDEN POLICE DEPARTMENT	957,676	(31,640)	(8,519)	49,263	0	0	0	0	145,233	1,112,012	(897,010)
HEBER-OVERGAARD FIRE DISTRICT	1,133,070	(59,992)	0	91,066	27,174	(23,988)	0	(5,544)	205,930	1,367,715	(213,094)
HELLSGATE FIRE DISTRICT	987,252	(36,655)	114,102	78,461	7,260	0	0	(63,650)	188,554	1,275,323	400,125
HIGHLANDS FIRE DISTRICT	2,791,041	(117,360)	81,545	305,594	28,794	(167,054)	0	0	522,968	3,445,528	1,956,237
HOLBROOK POLICE DEPARTMENT	1,365,205	(172,540)	153,626	281,536	0	(448,947)	0	0	230,716	1,409,596	4,055,895
HUACHUCA CITY POLICE DEPARTMENT	147,392	0	(1,241)	66,189	0	0	0	0	31,663	244,003	235,205
HUALAPAI INDIAN TRIBE POLICE DEPT	708,778	(33,411)	114,683	219,764	0	0	0	(10,459)	171,779	1,171,132	(165,536)
JEROME POLICE DEPARTMENT	224,815	(14,505)	(3,735)	13,997	0	0	0	0	40,722	261,293	(110,567)
KEARNY POLICE DEPARTMENT	1,225,847	(30,057)	183,451	40,902	0	(145,720)	0	0	198,521	1,472,944	282,783
KINGMAN FIRE DEPARTMENT	10,099,127	(507,968)	9,884	605,524	57,776	(701,268)	0	(8,577)	1,704,068	11,258,566	6,576,193
KINGMAN POLICE DEPARTMENT	8,496,089	(434,831)	217,260	732,712	0	(1,042,117)	(167,567)	(46,454)	1,409,584	9,164,676	7,588,072
LA PAZ COUNTY ATTY. INVESTIGATORS	228,571	(10,642)	0	0	0	(31,210)	0	0	27,730	214,449	58,487
LA PAZ COUNTY SHERIFF'S DEPT.	4,369,449	(334,180)	352,054	538,163	0	(787,848)	(280,844)	(25,219)	683,282	4,514,857	6,180,302
LAKE HAVASU CITY FIRE DEPARTMENT	15,338,571	(1,215,006)	117,083	1,256,767	195,383	(1,978,910)	(307,593)	0	2,435,938	15,842,235	16,691,740
LAKE HAVASU CITY POLICE DEPT.	14,961,813	(810,272)	396,123	1,354,412	0	(1,797,016)	(526,521)	(12,635)	2,503,686	16,069,590	17,091,564
LAKE MOHAVE RANCHOS FIRE DISTRICT	817,486	(42,646)	(1,864)	26,735	5,685	(87,715)	0	0	122,544	840,225	360,798
LAKESIDE FIRE DISTRICT	2,178,612	(87,488)	0	205,293	27,411	(28,374)	0	0	429,877	2,725,331	199,541
LINDEN FIRE DISTRICT	495,701	(29,439)	0	37,224	9,521	0	0	0	97,236	610,242	(82,074)
MAMMOTH POLICE DEPARTMENT	221,376	(25,691)	(561)	26,306	0	(16,558)	0	0	39,865	244,738	90,904
MARANA POLICE DEPARTMENT	9,650,365	(527,863)	342,041	797,871	0	(766,225)	(180,585)	(130,746)	1,698,902	10,883,759	6,147,770
MARICOPA CNTY ATTY INVESTIGATORS	3,093,247	(207,319)	130,697	875,484	0	(803,212)	0	(58,287)	504,282	3,534,891	5,062,721
MARICOPA COUNTY PARK RANGERS	(147,810)	(45,637)	0	1,930,040	0	(183,980)	0	0	97,025	1,649,638	2,152,641
MARICOPA COUNTY SHERIFF'S OFFICE	136,396,767	(9,881,013)	1,128,375	14,269,254	0	(19,829,195)	(1,283,230)	(163,952)	22,658,555	143,295,562	162,310,018
MAYER FIRE DISTRICT	1,756,638	(67,330)	129,556	112,348	6,606	(94,184)	0	0	339,686	2,183,321	150,308
MESA FIRE DEPARTMENT	121,481,789	(6,394,411)	1,655,421	8,267,347	889,622	(11,753,208)	(4,553,736)	(56)	19,680,406	129,273,174	105,604,693
MESA POLICE DEPARTMENT	201,057,137	(8,824,159)	3,693,845	17,442,679	0	(22,899,228)	(4,615,483)	(10,184)	33,091,255	218,935,862	204,673,038



OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES  
FISCAL YEAR ENDED JUNE 30, 2014

SYSTEM	2013 BALANCES	MOVE TO HEALTH INS	RESERVE TRANSFERS	CONTRIB RECEIVED	FIRE TAX RECEIVED	PENSION PAYMENTS	DROP PAYMENT	ENHANCED REFUNDS	DIST. OF EARNINGS	2014 BALANCES	UNFUNDED AAL 2013
MIAMI FIRE DEPARTMENT - GONE	16,347	0	0	0	0	0	0	0	2,183	18,530	(19,964)
MIAMI POLICE DEPARTMENT	551,059	(45,340)	107,214	54,893	0	(67,564)	0	0	102,886	703,148	616,499
MOHAVE COUNTY SHERIFF'S DEPT.	14,013,704	(1,003,031)	(74,509)	1,174,898	0	(1,496,135)	0	(12)	2,324,882	14,939,797	13,076,094
MOHAVE VALLEY FIRE DISTRICT	4,274,968	(262,302)	45,240	209,507	16,221	(115,682)	0	(139,896)	729,262	4,757,318	53,179
MONTEZUMA RIMROCK FIRE DISTRICT	813,853	(39,240)	(12,524)	110,499	7,834	(60,739)	0	0	148,771	968,454	572,195
MOUNT LEMMON FIRE DISTRICT	417,692	(18,067)	0	30,997	5,296	0	0	(19,583)	75,175	491,510	(66,757)
NAU CAMPUS POLICE	2,531,522	(248,349)	(29,713)	433,026	0	(520,001)	0	0	420,730	2,587,215	4,743,180
NAVAJO COUNTY ATTY'S INVESTIGATOR	71,081	(6,917)	0	0	0	(34,741)	0	0	6,711	36,134	330,035
NAVAJO COUNTY SHERIFF'S DEPT.	4,042,334	(468,196)	70,709	691,037	0	(1,107,255)	0	(15,091)	669,751	3,883,289	8,575,419
NOGALES FIRE DEPARTMENT	5,954,962	(420,610)	0	579,881	34,538	(665,170)	0	0	1,069,533	6,553,134	6,541,950
NOGALES POLICE DEPARTMENT	8,733,736	(737,110)	149,638	709,292	0	(787,965)	0	(38,540)	1,476,128	9,505,178	6,840,778
NORTHERN AZ. CONSOLIDATED FD #1	2,723,974	(108,391)	4,321	216,479	27,076	(169,324)	0	(3,823)	501,319	3,191,631	2,135,674
NORTHWEST FIRE DISTRICT	28,972,462	(1,172,659)	231,555	1,938,322	307,751	(962,356)	(428,991)	(75,244)	5,272,063	34,082,903	14,019,711
ORACLE FIRE DISTRICT	268,796	(12,647)	0	39,404	6,695	0	0	0	56,437	358,685	(73,302)
ORO VALLEY POLICE DEPT.	15,169,873	(743,980)	232,362	1,211,218	0	(911,120)	(271,277)	(52,753)	2,751,784	17,386,107	8,482,378
PAGE FIRE DEPARTMENT	1,062,110	(39,669)	(129,556)	101,051	20,142	(75,597)	0	(5,163)	192,408	1,125,725	208,873
PAGE POLICE DEPARTMENT	2,914,686	(303,797)	(126,193)	212,639	0	(307,226)	0	(37,434)	459,460	2,812,136	1,591,101
PALOMINAS FIRE DISTRICT	272,607	(18,571)	0	34,997	11,137	0	0	0	47,276	347,446	(189,559)
PARADISE VALLEY POLICE DEPARTMENT	5,450,620	(358,883)	305,109	1,045,144	0	(1,603,490)	(731,654)	0	910,490	5,017,336	16,024,473
PARKER POLICE DEPARTMENT	1,507,289	(106,570)	(14,579)	102,938	0	(116,124)	0	(10,190)	251,989	1,614,753	727,679
PASCUA YAQUI TRIBE FIRE DEPT.	2,273,247	(114,881)	0	281,911	0	(48,760)	0	(34,253)	432,277	2,789,540	2,013,871
PASCUA YAQUI TRIBE POLICE DEPT.	2,780,919	(130,400)	84,995	387,986	0	(144,007)	0	0	543,690	3,523,182	2,497,402
PATAGONIA MARSHALS	506,806	(23,125)	0	22,396	0	(69,041)	0	0	70,331	507,367	242,503
PAYSON FIRE DEPARTMENT	3,836,709	(153,496)	109,641	329,581	52,584	(364,450)	(323,476)	0	650,346	4,137,439	2,793,646
PAYSON POLICE DEPARTMENT	3,664,730	(219,455)	66	664,804	0	(853,282)	0	(29)	620,711	3,877,545	8,155,053
PEORIA FIRE DEPARTMENT	30,214,878	(1,112,733)	121,123	1,529,844	355,578	(1,117,704)	0	0	5,369,649	35,360,635	9,826,223
PEORIA POLICE DEPARTMENT	35,195,576	(1,384,125)	1,045,168	2,907,800	0	(2,966,571)	(1,198,028)	(54,800)	5,954,387	39,499,408	29,415,952
PHOENIX FIRE DEPARTMENT	507,633,898	(30,357,933)	3,760,973	39,495,034	3,405,352	(57,064,513)	(11,730,057)	(75,355)	82,574,683	537,642,081	528,281,130
PHOENIX POLICE DEPARTMENT	893,772,708	(53,118,119)	9,819,289	78,428,075	0	(111,606,901)	(14,631,232)	(1,373,996)	146,353,556	947,643,379	996,398,743
PICTURE ROCKS FIRE DISTRICT	2,814,315	(154,078)	78,454	107,812	12,577	(245,371)	0	(15,546)	436,894	3,035,058	583,480

**SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES**  
FISCAL YEAR ENDED JUNE 30, 2014

SYSTEM	2013 BALANCES	MOVE TO HEALTH INS	RESERVE TRANSFERS	CONTRIB RECEIVED	FIRE TAX RECEIVED	PENSION PAYMENTS	DROP PAYMENT	ENHANCED REFUNDS	DIST. OF EARNINGS	2014 BALANCES	UNFUNDED AAL 2013
PIMA COUNTY ATTORNEY INVESTIGATOR	1,383,413	(85,076)	0	123,772	0	(189,202)	0	0	202,587	1,435,493	1,436,474
PIMA COUNTY COMM. COLLEGE POLICE	3,662,873	(288,169)	(71)	386,690	0	(483,813)	0	0	594,430	3,871,940	3,125,282
PIMA COUNTY SHERIFF'S DEPARTMENT	116,565,279	(6,437,859)	898,396	11,691,166	0	(16,140,857)	(1,456,478)	(63,669)	17,082,220	122,138,197	132,607,768
PIMA POLICE DEPARTMENT	288,772	(18,216)	0	14,998	0	0	0	0	46,810	332,363	(266,859)
PINAL COUNTY SHERIFF'S DEPARTMENT	30,105,691	(1,785,533)	200,076	2,898,672	0	(3,440,678)	0	(74,721)	5,148,535	33,052,041	23,908,922
PINE-STRAWBERRY FIRE DISTRICT	2,489,146	(139,650)	149,583	206,840	20,110	(168,811)	0	0	470,518	3,027,736	2,031,847
PINETOP FIRE DISTRICT	2,881,360	(111,438)	113,034	302,267	45,374	(264,904)	0	0	541,927	3,507,619	2,635,792
PINETOP-LAKESIDE POLICE DEPT.	1,230,655	(75,569)	94,399	300,744	0	(362,365)	0	0	222,689	1,410,551	3,037,677
PINEWOOD FIRE DISTRICT	1,294,600	(27,636)	0	211,109	18,143	(159,291)	0	0	253,752	1,590,678	1,461,346
PONDEROSA FIRE DISTRICT	0	0	0	19,186	0	0	0	0	2,429	21,615	0
PRESCOTT FIRE DEPARTMENT	13,411,680	(928,898)	428,840	1,312,131	162,347	(2,836,097)	(805,945)	(37,865)	2,103,311	12,809,504	26,619,598
PRESCOTT POLICE DEPARTMENT	8,603,063	(641,765)	62,061	1,699,361	0	(2,676,726)	0	0	1,463,603	8,509,596	26,362,438
PRESCOTT VALLEY POLICE DEPARTMENT	8,715,888	(410,823)	396,261	739,690	0	(570,853)	(153,679)	(58,053)	1,557,510	10,215,941	4,093,992
QUARTZSITE FIRE DISTRICT	574,100	(26,729)	0	63,443	9,709	0	0	0	112,383	732,906	75,929
QUARTZSITE POLICE DEPARTMENT	2,081,386	(86,853)	239,650	66,339	0	(91,624)	0	(14,971)	340,182	2,534,110	(374,375)
QUEEN CREEK FIRE DEPARTMENT	1,106,517	(45,817)	64,382	248,009	70,417	(125,141)	0	0	291,024	1,609,391	807,379
QUEEN VALLEY FIRE DISTRICT	120,201	(7,114)	0	18,961	1,474	0	0	0	25,536	159,058	31,278
RINCON VALLEY FIRE DISTRICT	2,356,202	(106,605)	1,592	222,079	36,813	(67,006)	0	0	462,621	2,905,696	235,557
RIO RICO FIRE DISTRICT	1,910,455	(94,813)	45,175	191,482	18,763	(12,442)	0	0	386,327	2,444,947	(341,353)
RIO VERDE FIRE DISTRICT	2,489,536	(75,092)	0	283,152	21,875	(22,628)	0	0	473,574	3,170,418	1,077,253
SAFFORD POLICE DEPARTMENT	3,184,067	(210,603)	208,115	444,973	0	(495,213)	(798,048)	0	518,568	2,851,860	6,032,000
SAHUARITA POLICE DEPARTMENT	4,447,410	(169,721)	16,778	314,125	0	(37,716)	0	0	827,243	5,398,119	(38,176)
SALT RIVER PIMA-MARICOPA FIRE	13,064,878	(435,529)	73,951	965,305	0	(456,891)	(32,736)	(69,924)	2,326,216	15,435,270	3,666,927
SALT RIVER PIMA-MARICOPA POLICE	11,667,217	(460,321)	205,860	1,184,234	0	(726,989)	(74,838)	(128,957)	2,217,164	13,883,371	4,420,121
SAN CARLOS TRIBAL POLICE DEPT.	1,653,524	(85,461)	(1,661)	212,567	0	0	0	0	312,213	2,091,182	681,975
SAN LUIS FIRE DEPARTMENT	2,202,424	(122,174)	(667)	180,241	19,292	(25,329)	0	0	416,103	2,669,890	140,847
SAN LUIS POLICE DEPARTMENT	3,280,429	(191,720)	1,424	264,741	0	(224,040)	0	0	580,609	3,711,443	1,262,328
SANTA CRUZ COUNTY SHERIFF'S DEPT.	4,008,940	(343,100)	147,599	519,566	0	(646,057)	0	(39,670)	726,657	4,373,934	6,299,464
SCOTTSDALE FIRE DEPARTMENT	28,540,085	(802,699)	140,534	786,039	1,606,097	(483,809)	0	(52,075)	6,243,020	35,977,190	(6,524,983)
SCOTTSDALE POLICE DEPARTMENT	100,757,538	(4,918,752)	1,166,819	7,997,143	0	(10,238,117)	(1,869,724)	(99,549)	16,909,715	109,705,074	78,760,509

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES

FISCAL YEAR ENDED JUNE 30, 2014

SYSTEM	2013 BALANCES	MOVE TO HEALTH HINS	RESERVE TRANSFERS	CONTRIB RECEIVED	FIRE TAX RECEIVED	PENSION PAYMENTS	DROP PAYMENT	ENHANCED REFUNDS	DIST. OF EARNINGS	2014 BALANCES	UNFUNDED AAL 2013
SEDONA FIRE DISTRICT	11,037,131	(319,024)	208	953,890	145,410	(890,653)	0	0	1,990,781	12,917,743	8,242,304
SEDONA POLICE DEPARTMENT	4,064,306	(204,165)	9,793	287,018	0	(379,290)	(167,846)	0	642,644	4,252,460	2,312,962
SHOW LOW FIRE DISTRICT	3,159,588	(102,689)	0	222,804	43,047	(105,054)	0	0	602,103	3,819,800	(8,789)
SHOW LOW POLICE DEPARTMENT	4,301,150	(262,685)	(9,804)	422,659	0	(478,067)	0	0	721,393	4,694,646	4,075,946
SIERRA VISTA FIRE DEPARTMENT	9,950,682	(468,230)	1,769	566,054	109,650	(945,243)	0	0	1,604,061	10,818,743	7,896,809
SIERRA VISTA POLICE DEPARTMENT	10,329,262	(590,665)	(7,300)	1,218,115	0	(1,693,486)	0	0	1,701,054	10,956,980	15,085,115
SNOWFLAKE POLICE DEPARTMENT	1,376,983	(92,066)	0	171,514	0	(217,608)	0	0	234,045	1,472,867	1,708,477
SOMERTON FIRE DEPARTMENT	1,574,395	(91,942)	76,260	161,493	12,260	(88,662)	0	0	294,519	1,938,322	748,384
SOMERTON POLICE DEPARTMENT	2,163,834	(142,142)	0	156,039	0	(94,104)	0	0	381,216	2,464,844	1,093,859
SONOITA ELGIN FIRE DEPARTMENT	369,970	(21,762)	(486)	54,124	12,889	0	0	0	79,133	493,867	31,778
SOUTH TUCSON FIRE DEPARTMENT	1,205,224	(73,501)	77,671	44,137	0	(208,506)	0	(7,385)	181,791	1,219,432	1,193,365
SOUTH TUCSON POLICE DEPARTMENT	(138,512)	(71,043)	0	420,896	0	(573,234)	0	0	30,380	(331,512)	6,511,607
SPRINGERVILLE POLICE DEPARTMENT	1,253,746	(76,069)	0	64,094	0	(92,813)	0	0	192,437	1,341,395	375,094
ST. JOHNS POLICE DEPARTMENT	763,537	(45,957)	(3,435)	22,419	0	(49,020)	0	0	119,223	806,767	17,727
SUMMIT FIRE DISTRICT	4,946,117	(202,645)	47,350	325,818	32,965	(170,546)	0	0	910,407	5,889,466	1,574,087
SUN CITY FIRE DISTRICT	12,380,484	(678,874)	487,431	986,400	92,020	(1,148,888)	(522,254)	0	2,297,822	13,894,140	16,068,275
SUN CITY WEST FIRE DISTRICT	10,186,063	(315,154)	110,426	853,898	123,226	(612,655)	(290,748)	0	1,845,051	11,900,106	8,802,780
SUN LAKES FIRE DISTRICT	8,398,816	(248,119)	104,617	597,158	64,986	(439,876)	0	0	1,470,333	9,947,915	3,397,659
SUN SITES PEARCE FIRE DISTRICT	243,071	0	0	40,005	4,436	0	0	(811)	55,003	341,703	50,225
SUPERIOR POLICE DEPARTMENT	706,182	(65,053)	(2,193)	45,890	0	(59,563)	0	0	113,188	738,451	192,496
SURPRISE FIRE DEPARTMENT	16,025,108	(491,975)	350,607	1,011,368	286,943	(241,202)	(1,425,915)	(26,062)	2,973,644	18,462,514	3,533,717
SURPRISE POLICE DEPARTMENT	15,278,059	(637,904)	251,385	1,359,213	0	(841,685)	(93,559)	(83,759)	2,875,527	18,107,277	6,287,478
TEMPE FIRE DEPARTMENT	56,762,275	(3,126,997)	947,669	4,052,001	535,619	(6,167,494)	(3,638,185)	0	8,786,886	58,151,773	55,957,411
TEMPE POLICE DEPARTMENT	72,730,516	(3,347,805)	1,130,129	9,132,346	0	(11,165,776)	(2,433,972)	(21,131)	12,456,186	78,480,493	113,706,904
THATCHER POLICE DEPARTMENT	1,814,633	(154,603)	0	220,723	0	(264,593)	0	(67,108)	295,450	1,844,502	2,472,552
THREE POINTS FIRE DISTRICT	1,375,959	(69,014)	0	139,338	14,401	(108,190)	0	0	250,786	1,603,280	624,520
TOHONO O'ODHAM NATION FIRE DEPT.	3,879,589	(126,109)	(9,226)	348,875	0	(18,967)	0	0	709,028	4,783,190	283,197
TOHONO O'ODHAM NATION POLICE DEPT	11,950,267	(348,553)	118,365	701,662	0	(481,540)	0	0	1,904,354	13,844,555	2,749,202
TOLLESON FIRE DEPARTMENT	4,629,014	(189,523)	90,487	330,362	30,586	(193,215)	(196,453)	0	906,447	5,407,705	1,814,127
TOLLESON POLICE DEPARTMENT	3,070,734	(183,270)	0	426,364	0	(350,315)	0	(40,056)	572,806	3,496,262	3,160,765

**SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES**  
FISCAL YEAR ENDED JUNE 30, 2014

SYSTEM	2013 BALANCES	MOVE TO HEALTH INS	RESERVE TRANSFERS	CONTRIB RECEIVED	FIRE TAX RECEIVED	PENSION PAYMENTS	DROP PAYMENT	ENHANCED REFUNDS	DIST. OF EARNINGS	2014 BALANCES	UNFUNDED AAL 2013
TOMBSTONE MARSHAL'S DEPARTMENT	576,023	(41,684)	25,832	13,826	0	(25,832)	0	(4,379)	97,788	641,574	(420,372)
TONOPAH VALLEY FIRE DISTRICT	421,083	(28,890)	0	62,154	0	0	0	(27,752)	81,805	508,399	(193,770)
TOWN OF SUPERIOR (FIRE DEPT)	316,797	(21,931)	36,076	24,120	0	(8,799)	0	0	57,337	403,599	(91,778)
TRI-CITY FIRE DISTRICT	1,313,530	(67,089)	53,589	120,642	4,681	(12,083)	0	0	263,843	1,677,111	(63,215)
TUBAC FIRE DISTRICT	2,745,719	(139,272)	0	202,087	27,194	(54,098)	0	0	519,359	3,300,989	554,672
TUCSON AIRPORT AUTHORITY FIRE DPT	3,641,746	(261,026)	0	497,883	0	(813,515)	0	0	570,917	3,636,004	7,293,393
TUCSON AIRPORT AUTHORITY POLICE	2,817,375	(216,153)	53,160	576,148	0	(795,392)	0	(341)	511,958	2,946,755	8,398,890
TUCSON FIRE	144,022,223	(9,701,697)	1,191,041	14,895,574	1,077,296	(25,682,590)	(3,516,301)	(128,452)	22,057,153	144,214,247	230,848,654
TUCSON POLICE	242,051,932	(14,019,526)	2,200,124	25,050,303	0	(40,238,495)	(3,976,318)	(173,803)	36,646,985	247,541,202	350,020,175
U OF A CAMPUS POLICE DEPARTMENT	7,983,107	(390,022)	21,940	934,749	0	(928,263)	0	(42)	1,466,408	9,087,876	9,156,462
VERDE VALLEY FIRE DISTRICT	4,232,923	(201,759)	110,420	255,038	35,283	(150,649)	(177,257)	0	732,781	4,836,781	1,132,778
WELLTON POLICE	526,462	(39,092)	23,704	47,712	0	(76,367)	0	(49,608)	79,229	512,040	372,936
WHETSTONE FIRE DISTRICT	190,561	(11,465)	0	27,762	0	(76,367)	0	(12,767)	39,226	233,317	(34,602)
WICKENBURG FIRE DEPARTMENT	560,865	(25,586)	0	71,300	20,436	0	0	0	114,473	741,488	(33,437)
WICKENBURG POLICE DEPARTMENT	1,749,792	(120,214)	123,275	210,447	0	(277,479)	0	0	301,375	1,987,196	1,891,863
WILLCOX POLICE DEPARTMENT	1,470,113	(93,447)	0	148,617	0	(254,246)	0	0	230,213	1,501,250	1,972,916
WILLIAMS POLICE DEPARTMENT	1,137,333	(79,721)	80	62,029	0	(115,398)	0	0	171,708	1,176,032	378,292
WILLIAMSON VALLEY FIRE DISTRICT	206,298	(16,073)	(2,132)	84,543	3,369	0	0	0	51,945	327,951	(110,018)
WINSLOW FIRE DEPARTMENT	5,259,728	(225,010)	0	28,697	8,191	(170,353)	0	0	706,914	5,608,167	(3,300,686)
WINSLOW POLICE DEPARTMENT	3,881,947	(245,047)	39,896	209,534	0	(308,666)	0	(25,172)	642,166	4,194,658	2,380,441
WITTMANN FIRE DISTRICT	401,085	(19,522)	0	59,660	9,155	0	0	0	88,863	539,241	(10,904)
YAVAPAI CNTY ATTRNY INVESTIGATORS	19,700	(16,143)	0	0	0	(75,348)	0	0	(3,478)	(75,268)	820,619
YAVAPAI COUNTY SHERIFF'S DEPT.	14,240,506	(850,288)	161,877	1,852,166	0	(2,377,146)	(198,840)	(90,057)	2,529,056	15,267,274	21,963,814
YAVAPAI PRESIDENTIAL POLICE	426,321	(21,225)	13,199	28,083	0	0	0	(46,140)	78,189	478,428	(275,336)
YOUNGTOWN POLICE DEPARTMENT	675,011	(46,116)	(29,232)	29,173	0	(106,602)	0	0	93,634	615,867	451,842
YUMA COUNTY SHERIFF'S DEPARTMENT	10,751,635	(753,563)	6,584	1,273,705	0	(1,495,198)	0	(23,799)	1,837,941	11,597,305	11,502,074
YUMA FIRE DEPARTMENT	20,787,420	(1,376,216)	203,940	2,441,615	161,489	(3,562,842)	(235,600)	0	3,487,918	21,907,724	32,053,486
YUMA POLICE DEPARTMENT	31,663,802	(2,196,958)	299,176	3,099,353	0	(4,504,300)	(80,342)	(59)	5,059,099	33,339,771	31,839,390
<b>TOTALS</b>	<b>4,374,483,815</b>	<b>(251,188,046)</b>	<b>49,508,446</b>	<b>399,705,875</b>	<b>14,139,739</b>	<b>(527,134,758)</b>	<b>(84,970,047)</b>	<b>(5,561,841)</b>	<b>717,601,484</b>	<b>4,686,584,668</b>	<b>4,638,466,294</b>

\*See Note 14.

## OPERATING INFORMATION

**SCHEDULE OF CHANGES IN HEALTH INSURANCE RESERVE BALANCES**  
FISCAL YEAR ENDED JUNE 30, 2014

SYSTEM	2013 BALANCES	CONTRIBUTIONS RECEIVED	SUBSIDY BENEFITS	RESERVE EARNINGS	2014 BALANCES
AK CHIN INDIAN COMM. FIRE DEPT.	100,438	14,391	2,080	14,156	126,905
AK CHIN INDIAN COMM. POLICE DEPT.	55,626	8,086	0	7,924	71,636
APACHE COUNTY SHERIFF'S DEPT.	211,383	22,575	9,126	28,965	253,796
APACHE JUNCTION FIRE DISTRICT	575,120	52,833	7,505	79,386	699,834
APACHE JUNCTION POLICE DEPARTMENT	553,663	44,308	22,482	74,976	650,465
ARIZONA STATE CAPITOL POLICE	115,055	0	0	15,279	130,335
ARIZONA STATE PARK RANGERS	471,809	37,518	12,680	64,305	560,952
ASU PD PSPRS LOCAL BOARD	731,494	55,381	27,699	98,980	858,156
ATTORNEY GENERAL INVESTIGATORS	253,255	41,582	29,012	34,467	300,292
AVONDALE FIRE DEPARTMENT	300,317	45,072	6,920	42,415	380,884
AVONDALE POLICE DEPARTMENT	498,446	63,973	14,224	69,497	617,692
AVRA VALLEY FIRE DISTRICT	108,714	9,956	0	15,098	133,768
AZ DPT. LIQ. LIC. & CONTROL INVST	87,895	19,228	20,264	11,604	98,463
BENSON FIRE DEPARTMENT	6,038	1,172	0	880	8,089
BENSON POLICE DEPARTMENT	116,261	8,956	2,595	15,862	138,484
BISBEE FIRE DEPARTMENT	188,292	9,607	6,059	25,241	217,080
BISBEE POLICE DEPARTMENT	130,416	13,890	10,634	17,536	151,208
BLACK CANYON FIRE DISTRICT	26,871	3,079	0	3,773	33,723
BUCKEYE FIRE DEPARTMENT	231,161	47,256	0	33,836	312,253
BUCKEYE POLICE DEPARTMENT	327,195	47,729	3,240	46,406	418,089
BUCKEYE VALLEY FIRE DISTRICT	185,291	26,161	0	26,344	237,796
BUCKSKIN FIRE DISTRICT	46,001	7,983	1,927	6,511	58,568
BULLHEAD CITY FIRE DEPARTMENT	931,940	53,296	15,355	126,281	1,096,161
BULLHEAD CITY POLICE DEPARTMENT	787,378	67,397	33,708	106,801	927,868
CAMP VERDE FIRE DISTRICT	120,606	12,674	0	16,858	150,137
CAMP VERDE MARSHALL'S	136,901	9,639	3,832	18,566	161,274
CASA GRANDE FIRE DEPARTMENT	305,237	37,495	17,762	41,846	366,815
CASA GRANDE POLICE DEPARTMENT	625,990	53,169	19,046	85,397	745,511
CAVE CREEK MARSHALS	5,104	632	0	720	6,456
CENTRAL AZ. COLLEGE POLICE DEPT.	14,614	2,178	0	2,085	18,877
CENTRAL YAVAPAI FIRE DISTRICT	757,187	70,305	28,504	103,330	902,318
CHANDLER FIRE DEPARTMENT	1,803,032	161,930	80,417	244,855	2,129,401
CHANDLER POLICE DEPARTMENT	2,875,100	277,319	120,026	392,257	3,424,650
CHINO VALLEY FIRE DISTRICT	221,597	20,045	6,700	30,314	265,256
CHINO VALLEY POLICE DEPARTMENT	183,281	17,933	6,690	25,086	219,610
CHRISTOPHER-KOHL'S FIRE DISTRICT	11,636	1,939	600	1,634	14,608
CITY OF MARICOPA - FIRE	177,870	25,563	1,200	25,239	227,472
CITY OF MARICOPA (POLICE DEPT.)	137,252	23,255	0	19,771	180,279
CLARKDALE FIRE DISTRICT	19,304	3,578	0	2,801	25,683
CLARKDALE POLICE DEPARTMENT	99,142	10,410	3,003	13,658	120,207
CLIFTON FIRE DEPARTMENT	12,997	0	1,200	1,646	13,443
CLIFTON POLICE DEPARTMENT	39,512	1,699	0	5,360	46,572

OPERATING INFORMATION

**SCHEDULE OF CHANGES IN HEALTH INSURANCE RESERVE BALANCES**  
FISCAL YEAR ENDED JUNE 30, 2014

SYSTEM	2013 BALANCES	CONTRIBUTIONS RECEIVED	SUBSIDY BENEFITS	RESERVE EARNINGS	2014 BALANCES
COCHISE COUNTY SHERIFF'S DEPT	896,327	67,211	36,860	121,048	1,047,726
COCONINO COUNTY SHERIFF'S DEPT	495,109	66,743	48,189	66,982	580,646
COOLIDGE FIRE DEPARTMENT	0	0	0	0	0
COOLIDGE POLICE DEPARTMENT	263,666	21,985	8,508	35,910	313,053
CORONA DE TUCSON FIRE DISTRICT	65,201	6,904	0	9,117	81,222
COTTONWOOD FIRE DEPARTMENT	97,130	15,050	6,240	13,484	119,424
COTTONWOOD POLICE DEPARTMENT	211,221	20,812	4,545	29,130	256,619
DAISY MOUNTAIN FIRE DISTRICT	362,679	43,029	0	51,021	456,729
DEPARTMENT OF EMER & MILITARY AFF	457,096	28,698	3,275	62,390	544,909
DEPARTMENT OF PUBLIC SAFETY	25,692,025	1,521,039	1,398,030	3,420,069	29,235,103
DESERT HILLS FIRE DEPARTMENT	37,125	9,569	0	5,566	52,259
DOUGLAS FIRE DEPARTMENT	346,585	17,740	11,760	46,424	398,989
DOUGLAS POLICE DEPARTMENT	477,106	25,947	16,429	63,992	550,616
DREXEL HEIGHTS FIRE DISTRICT	591,691	47,175	12,707	80,865	707,023
EAGAR POLICE DEPARTMENT	91,729	4,307	0	12,468	108,503
EL MIRAGE FIRE DEPARTMENT	81,526	8,818	0	11,412	101,756
EL MIRAGE POLICE DEPARTMENT	199,307	21,035	1,983	27,733	246,091
ELOY FIRE DISTRICT	88,398	11,245	0	12,486	112,129
ELOY POLICE DEPARTMENT	242,945	16,250	3,000	33,143	289,338
FLAGSTAFF FIRE DEPARTMENT	2,153,961	103,167	84,384	287,293	2,460,038
FLAGSTAFF POLICE DEPARTMENT	1,168,084	91,793	50,498	157,864	1,367,242
FLORENCE FIRE DEPARTMENT	70,668	9,860	0	10,039	90,567
FLORENCE POLICE DEPARTMENT	157,471	15,433	4,320	21,650	190,234
FORT MCDOWELL TRIBAL FIRE DEPT.	65,761	5,899	0	9,125	80,785
FORT MCDOWELL TRIBAL POLICE DEPT.	135,167	10,945	0	18,677	164,789
FORT MOJAVE MESA FIRE DISTRICT	214,026	23,570	10,563	29,286	256,318
FORT MOJAVE TRIBAL POLICE DEPT.	65,185	7,644	0	9,164	81,993
FREDONIA MARSHALS	38,299	1,752	0	5,202	45,254
FRY FIRE DISTRICT	263,687	31,197	26,297	35,343	303,929
GAME AND FISH DEPARTMENT	2,361,527	181,909	164,522	314,765	2,693,679
GILA COUNTY SHERIFF'S DEPARTMENT	484,300	27,023	12,772	65,261	563,812
GILA RIVER FIRE DEPARTMENT	291,897	27,471	0	40,588	359,957
GILA RIVER POLICE DEPARTMENT	426,178	49,602	0	59,890	535,671
GILBERT FIRE DEPARTMENT	803,623	112,337	3,003	113,981	1,026,937
GILBERT POLICE DEPARTMENT	1,403,249	165,227	21,120	195,920	1,743,276
GLENDALE FIRE DEPARTMENT	3,331,431	210,733	121,023	448,371	3,869,512
GLENDALE POLICE DEPARTMENT	3,692,637	400,162	275,032	498,691	4,316,458
GLOBE FIRE DEPARTMENT	130,977	20,921	15,580	17,748	154,066
GLOBE POLICE DEPARTMENT	219,281	18,558	13,323	29,468	253,983
GOLDEN SHORES FIRE DISTRICT	19,776	2,695	0	2,805	25,276
GOLDEN VALLEY FIRE DISTRICT	119,007	13,654	3,600	16,472	145,533
GOLDER RANCH FIRE DISTRICT	652,182	72,398	15,740	90,372	799,211



## OPERATING INFORMATION

**SCHEDULE OF CHANGES IN HEALTH INSURANCE RESERVE BALANCES**  
FISCAL YEAR ENDED JUNE 30, 2014

SYSTEM	2013 BALANCES	CONTRIBUTIONS RECEIVED	SUBSIDY BENEFITS	RESERVE EARNINGS	2014 BALANCES
GOODYEAR FIRE DEPARTMENT	365,988	46,653	2,860	51,511	461,292
GOODYEAR POLICE DEPARTMENT	507,627	63,954	11,947	70,866	630,500
GRAHAM COUNTY ATTORNEY INVEST.	1,720	0	0	228	1,948
GRAHAM COUNTY SHERIFF'S DEPT.	165,079	11,492	2,040	22,550	197,080
GREEN VALLEY FIRE DISTRICT	407,434	42,607	20,222	55,594	485,412
GREENLEE COUNTY SHERIFF'S DEPT.	185,770	11,453	1,200	25,351	221,373
GROOM CREEK FIRE DISTRICT	15,915	2,293	0	2,266	20,474
GUADALUPE FIRE DEPARTMENT	23,055	3,301	1,200	3,201	28,357
HARQUAHALA FIRE DISTRICT	33,065	3,798	0	4,643	41,505
HAYDEN POLICE DEPARTMENT	31,640	2,999	0	4,401	39,040
HEBER-OVERGAARD FIRE DISTRICT	59,992	6,216	0	8,380	74,588
HELLSGATE FIRE DISTRICT	36,655	5,282	0	5,219	47,156
HIGHLANDS FIRE DISTRICT	117,360	12,591	1,950	16,292	144,292
HOLBROOK POLICE DEPARTMENT	172,540	10,209	5,840	23,203	200,112
HUACHUCA CITY POLICE DEPARTMENT	0	0	0	0	0
HUALAPAI INDIAN TRIBE POLICE DEPT	33,411	6,770	0	4,887	45,068
JEROME POLICE DEPARTMENT	14,505	1,278	0	2,011	17,795
KEARNY POLICE DEPARTMENT	30,057	3,254	209	4,194	37,295
KINGMAN FIRE DEPARTMENT	507,968	35,652	5,100	69,487	608,008
KINGMAN POLICE DEPARTMENT	434,831	38,223	18,940	59,026	513,140
LA PAZ COUNTY ATTY. INVESTIGATORS	10,642	0	557	1,376	11,462
LA PAZ COUNTY SHERIFF'S DEPT.	334,180	23,553	3,068	45,739	400,405
LAKE HAVASU CITY FIRE DEPARTMENT	1,215,006	81,323	74,920	161,778	1,383,186
LAKE HAVASU CITY POLICE DEPT.	810,272	77,356	31,962	110,618	966,285
LAKE MOHAVE RANCHOS FIRE DISTRICT	42,646	1,519	0	5,764	49,930
LAKESIDE FIRE DISTRICT	87,488	10,531	0	12,318	110,337
LINDEN FIRE DISTRICT	29,439	3,378	0	4,134	36,951
MAMMOTH POLICE DEPARTMENT	25,691	2,329	0	3,566	31,586
MARANA POLICE DEPARTMENT	527,863	53,205	15,999	72,571	637,639
MARICOPA CNTY ATTY INVESTIGATORS	207,319	16,468	11,149	27,885	240,523
MARICOPA COUNTY PARK RANGERS	45,637	0	5,400	5,702	45,939
MARICOPA COUNTY SHERIFF'S OFFICE	9,881,013	693,788	310,452	1,337,652	11,602,001
MAYER FIRE DISTRICT	67,330	6,458	0	9,370	83,158
MESA FIRE DEPARTMENT	6,394,411	493,902	464,011	851,163	7,275,464
MESA POLICE DEPARTMENT	8,824,159	1,094,384	1,024,482	1,176,490	10,070,551
MIAMI POLICE DEPARTMENT	45,340	2,977	0	6,219	54,536
MOHAVE COUNTY SHERIFF'S DEPT.	1,003,031	64,118	22,398	135,973	1,180,724
MOHAVE VALLEY FIRE DISTRICT	262,302	17,936	0	36,025	316,262
MONTEZUMA RIMROCK FIRE DISTRICT	39,240	5,357	2,580	5,395	47,412
MOUNT LEMMON FIRE DISTRICT	18,067	2,479	0	2,564	23,110
NAU CAMPUS POLICE	248,349	19,699	17,880	33,101	283,269
NAVAJO COUNTY ATTY'S INVESTIGATOR	6,917	0	0	919	7,835

OPERATING INFORMATION

**SCHEDULE OF CHANGES IN HEALTH INSURANCE RESERVE BALANCES**  
FISCAL YEAR ENDED JUNE 30, 2014

SYSTEM	2013 BALANCES	CONTRIBUTIONS RECEIVED	SUBSIDY BENEFITS	RESERVE EARNINGS	2014 BALANCES
NAVAJO COUNTY SHERIFF'S DEPT.	468,196	25,000	9,150	63,229	547,274
NOGALES FIRE DEPARTMENT	420,610	46,590	39,385	56,335	484,149
NOGALES POLICE DEPARTMENT	737,110	66,169	44,365	99,336	858,250
NORTHERN AZ. CONSOLIDATED FD #1	108,391	18,539	8,320	15,073	133,683
NORTHWEST FIRE DISTRICT	1,172,659	121,078	15,750	162,723	1,440,711
ORACLE FIRE DISTRICT	12,647	3,284	0	1,898	17,829
ORO VALLEY POLICE DEPT.	743,980	71,706	9,522	102,930	909,094
PAGE FIRE DEPARTMENT	39,669	5,382	1,200	5,546	49,397
PAGE POLICE DEPARTMENT	303,797	8,322	0	40,897	353,015
PALOMINAS FIRE DISTRICT	18,571	1,729	0	2,581	22,881
PARADISE VALLEY POLICE DEPARTMENT	358,883	39,654	35,763	47,918	410,692
PARKER POLICE DEPARTMENT	106,570	5,645	0	14,527	126,742
PASCUA YAQUI TRIBE FIRE DEPT.	114,881	13,350	0	16,143	144,374
PASCUA YAQUI TRIBE POLICE DEPT.	130,400	15,870	3,030	18,170	161,410
PATAGONIA MARSHALS	23,125	845	0	3,127	27,097
PAYSON FIRE DEPARTMENT	153,496	25,211	18,410	20,836	181,133
PAYSON POLICE DEPARTMENT	219,455	30,238	23,948	29,561	255,306
PEORIA FIRE DEPARTMENT	1,112,733	104,985	13,092	153,873	1,358,498
PEORIA POLICE DEPARTMENT	1,384,125	128,975	35,781	190,000	1,667,318
PHOENIX FIRE DEPARTMENT	30,357,933	1,796,751	1,559,274	4,047,302	34,642,713
PHOENIX POLICE DEPARTMENT	53,118,119	3,361,398	2,611,742	7,103,863	60,971,639
PICTURE ROCKS FIRE DISTRICT	154,078	8,517	4,800	20,708	178,503
PIMA COUNTY ATTORNEY INVESTIGATOR	85,076	6,747	3,600	11,507	99,730
PIMA COUNTY COMM. COLLEGE POLICE	288,169	20,084	5,117	39,263	342,399
PIMA COUNTY SHERIFF'S DEPARTMENT	6,437,859	505,979	350,614	865,264	7,458,489
PIMA POLICE DEPARTMENT	18,216	866	0	2,477	21,559
PINAL COUNTY SHERIFF'S DEPARTMENT	1,785,533	145,462	59,967	242,796	2,113,824
PINE-STRAWBERRY FIRE DISTRICT	139,650	10,731	260	19,241	169,362
PINETOP FIRE DISTRICT	111,438	13,101	3,465	15,439	136,513
PINETOP-LAKESIDE POLICE DEPT.	75,569	11,250	8,414	10,224	88,629
PINEWOOD FIRE DISTRICT	27,636	8,524	3,870	3,979	36,269
PONDEROSA FIRE DISTRICT	0	0	0	0	0
PRESCOTT FIRE DEPARTMENT	928,898	55,466	38,039	124,515	1,070,841
PRESCOTT POLICE DEPARTMENT	641,765	68,256	62,266	85,624	733,379
PRESCOTT VALLEY POLICE DEPARTMENT	410,823	44,049	6,214	57,070	505,727
QUARTZSITE FIRE DISTRICT	26,729	3,717	0	3,796	34,242
QUARTZSITE POLICE DEPARTMENT	86,853	7,120	0	12,007	105,979
QUEEN CREEK FIRE DEPARTMENT	45,817	9,293	3,120	6,494	58,485
QUEEN VALLEY FIRE DISTRICT	7,114	1,332	0	1,033	9,479
RINCON VALLEY FIRE DISTRICT	106,605	14,475	1,800	14,999	134,279
RIO RICO FIRE DISTRICT	94,813	11,946	0	13,384	120,144
RIO VERDE FIRE DISTRICT	75,092	10,693	1,800	10,563	94,548

## OPERATING INFORMATION

**SCHEDULE OF CHANGES IN HEALTH INSURANCE RESERVE BALANCES**  
FISCAL YEAR ENDED JUNE 30, 2014

<b>SYSTEM</b>	<b>2013 BALANCES</b>	<b>CONTRIBUTIONS RECEIVED</b>	<b>SUBSIDY BENEFITS</b>	<b>RESERVE EARNINGS</b>	<b>2014 BALANCES</b>
SAFFORD POLICE DEPARTMENT	210,603	23,247	11,095	28,775	251,529
SAHUARITA POLICE DEPARTMENT	169,721	21,906	56	23,990	215,561
SALT RIVER PIMA-MARICOPA FIRE	435,529	41,079	0	60,566	537,174
SALT RIVER PIMA-MARICOPA POLICE	460,321	48,458	7,923	63,822	564,677
SAN CARLOS TRIBAL POLICE DEPT.	85,461	10,345	0	12,036	107,842
SAN LUIS FIRE DEPARTMENT	122,174	14,296	0	17,174	153,643
SAN LUIS POLICE DEPARTMENT	191,720	17,638	423	26,604	235,539
SANTA CRUZ COUNTY SHERIFF'S DEPT.	343,100	24,796	7,745	46,696	406,846
SCOTTSDALE FIRE DEPARTMENT	802,699	124,493	11,680	114,089	1,029,601
SCOTTSDALE POLICE DEPARTMENT	4,918,752	380,810	224,272	663,604	5,738,894
SEDONA FIRE DISTRICT	319,024	55,548	20,705	44,680	398,546
SEDONA POLICE DEPARTMENT	204,165	14,689	2,400	27,929	244,383
SHOW LOW FIRE DISTRICT	102,689	11,746	0	14,417	128,852
SHOW LOW POLICE DEPARTMENT	262,685	26,482	6,142	36,235	319,260
SIERRA VISTA FIRE DEPARTMENT	468,230	43,303	43,725	62,153	529,961
SIERRA VISTA POLICE DEPARTMENT	590,665	70,979	72,843	78,317	667,118
SNOWFLAKE POLICE DEPARTMENT	92,066	9,407	1,741	12,735	112,468
SOMERTON FIRE DEPARTMENT	91,942	10,045	600	12,837	114,225
SOMERTON POLICE DEPARTMENT	142,142	12,249	1,800	19,570	172,162
SONOITA ELGIN FIRE DEPARTMENT	21,762	4,126	0	3,164	29,052
SOUTH TUCSON FIRE DEPARTMENT	73,501	2,916	5,980	9,557	79,994
SOUTH TUCSON POLICE DEPARTMENT	71,043	14,529	7,576	9,896	87,891
SPRINGVILLE POLICE DEPARTMENT	76,069	5,312	0	10,455	91,836
ST. JOHNS POLICE DEPARTMENT	45,957	1,812	0	6,223	53,992
SUMMIT FIRE DISTRICT	202,645	19,758	2,225	28,075	248,253
SUN CITY FIRE DISTRICT	678,874	49,126	38,136	90,884	780,748
SUN CITY WEST FIRE DISTRICT	315,154	52,852	28,880	43,444	382,570
SUN LAKES FIRE DISTRICT	248,119	27,744	7,441	34,298	302,720
SUPERIOR POLICE DEPARTMENT	65,053	3,104	0	8,845	77,002
SURPRISE FIRE DEPARTMENT	491,975	55,809	8,062	68,505	608,226
SURPRISE POLICE DEPARTMENT	637,904	73,618	12,285	88,786	788,023
TEMPE FIRE DEPARTMENT	3,126,997	212,588	198,277	416,215	3,557,523
TEMPE POLICE DEPARTMENT	3,347,805	395,793	331,277	448,872	3,861,192
THATCHER POLICE DEPARTMENT	154,603	7,904	1,830	20,935	181,611
THREE POINTS FIRE DISTRICT	69,014	7,585	1,800	9,549	84,348
TOHONO O'ODHAM NATION FIRE DEPT.	126,109	18,672	0	17,987	162,767
TOHONO O'ODHAM NATION POLICE DEPT	348,553	46,628	2,742	49,202	441,640
TOLLESON FIRE DEPARTMENT	189,523	18,450	2,580	26,222	231,616
TOLLESON POLICE DEPARTMENT	183,270	18,093	4,200	25,261	222,424
TOMBSTONE MARSHAL'S DEPARTMENT	41,684	1,468	0	5,633	48,786
TONOPAH VALLEY FIRE DISTRICT	28,890	5,524	0	4,203	38,617
TOWN OF SUPERIOR (FIRE DEPT)	21,931	2,276	800	3,010	26,417

OPERATING INFORMATION

**SCHEDULE OF CHANGES IN HEALTH INSURANCE RESERVE BALANCES**  
 FISCAL YEAR ENDED JUNE 30, 2014

SYSTEM	2013 BALANCES	RESERVE TRANSFERS	CONTRIBUTIONS RECEIVED	WITHDRAWN MEMBERS	2014 BALANCES
TRI-CITY FIRE DISTRICT	67,089	8,868	0	9,498	85,456
TUBAC FIRE DISTRICT	139,272	14,517	0	19,459	173,248
TUCSON AIRPORT AUTHORITY FIRE DPT	261,026	15,230	9,390	35,052	301,918
TUCSON AIRPORT AUTHORITY POLICE	216,153	19,055	9,715	29,325	254,819
TUCSON FIRE	9,701,697	789,913	912,799	1,280,226	10,859,037
TUCSON POLICE	14,019,526	1,320,529	1,413,202	1,855,640	15,782,492
U OF A CAMPUS POLICE DEPARTMENT	390,022	55,788	25,180	53,827	474,458
VERDE VALLEY FIRE DISTRICT	201,759	17,091	3,120	27,721	243,451
WELLTON POLICE	39,092	1,501	0	5,291	45,884
WHETSTONE FIRE DISTRICT	11,465	1,834	0	1,644	14,943
WICKENBURG FIRE DEPARTMENT	25,586	4,789	0	3,716	34,091
WICKENBURG POLICE DEPARTMENT	120,214	12,249	5,069	16,441	143,835
WILLCOX POLICE DEPARTMENT	93,447	7,713	1,800	12,802	112,162
WILLIAMS POLICE DEPARTMENT	79,721	3,071	1,800	10,671	91,663
WILLIAMSON VALLEY FIRE DISTRICT	16,073	4,363	0	2,424	22,860
WINSLOW FIRE DEPARTMENT	225,010	5,068	3,000	30,019	257,096
WINSLOW POLICE DEPARTMENT	245,047	17,535	4,200	33,428	291,810
WITTMANN FIRE DISTRICT	19,522	3,462	0	2,822	25,806
YAVAPAI CNTY ATTRNY INVESTIGATORS	16,143	0	1,200	2,064	17,007
YAVAPAI COUNTY SHERIFF'S DEPT.	850,288	95,261	52,138	115,782	1,009,193
YAVAPAI PRESCOTT TRIBAL POLICE	21,225	1,782	0	2,937	25,944
YOUNGTOWN POLICE DEPARTMENT	46,116	1,747	996	6,174	53,041
YUMA COUNTY SHERIFF'S DEPARTMENT	753,563	55,491	12,466	102,930	899,518
YUMA FIRE DEPARTMENT	1,376,216	114,522	77,399	185,226	1,598,565
YUMA POLICE DEPARTMENT	2,196,958	139,813	51,243	297,637	2,583,165
<b>TOTALS</b>	<b>251,188,046</b>	<b>19,534,206</b>	<b>13,578,195</b>	<b>33,753,252</b>	<b>290,897,309</b>

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER EARNINGS DISTRIBUTION  
FISCAL YEAR ENDED JUNE 30, 2014

SYSTEM	2013 EMPLOYER RESERVE	2014 EMPLOYER RESERVE	2013 MEMBER RESERVE	2014 MEMBER RESERVE	COMBINED RESERVES	MEAN BALANCE	FACTOR	INVESTMENT EARNINGS
AK CHIN INDIAN COMM. FIRE DEPT.	3,241,227	3,274,588	760,431	969,810	8,246,056	2,061,514	0.07673%	550,611
AK CHIN INDIAN COMM. POLICE DEPT.	1,626,952	1,680,952	473,358	442,445	4,223,706	1,055,927	0.03930%	282,028
APACHE COUNTY SHERIFFS' DEPT.	2,480,270	2,025,416	950,432	1,020,749	6,476,867	1,619,217	0.06027%	432,477
APACHE JUNCTION FIRE DISTRICT	14,596,989	14,637,489	4,967,474	5,629,677	39,831,630	9,957,908	0.37063%	2,659,662
APACHE JUNCTION POLICE DEPARTMENT	8,236,842	7,116,537	2,429,415	2,576,075	20,358,870	5,089,717	0.18944%	1,359,415
ARIZONA STATE CAPITOL POLICE	2,186,673	2,071,617	0	0	4,258,290	1,064,572	0.03962%	284,337
ARIZONA STATE PARK RANGERS	6,757,305	6,172,313	1,728,191	1,881,306	16,539,115	4,134,779	0.15390%	1,104,360
ASU PD PSPRS LOCAL BOARD	10,758,051	9,642,698	2,521,347	2,861,633	25,783,729	6,445,932	0.23992%	1,721,647
ATTORNEY GENERAL INVESTIGATORS	3,294,761	2,486,957	615,295	573,988	6,971,001	1,742,750	0.06486%	465,472
AVONDALE FIRE DEPARTMENT	9,659,089	9,783,179	3,397,590	3,939,397	26,779,255	6,694,814	0.24918%	1,788,121
AVONDALE POLICE DEPARTMENT	11,498,198	11,467,684	4,156,617	4,652,717	31,775,216	7,943,804	0.29567%	2,121,714
AVRA VALLEY FIRE DISTRICT	2,058,341	2,160,187	543,140	565,264	5,326,932	1,331,733	0.04957%	355,693
AZ DPT. LIQ. & CONTROL INVEST	2,727,490	2,526,892	664,122	757,031	6,675,534	1,668,884	0.06212%	445,743
BENSON FIRE DEPARTMENT	278,106	280,616	79,707	86,800	725,230	181,308	0.00675%	48,426
BENSON POLICE DEPARTMENT	1,321,952	1,180,924	538,631	561,358	3,602,866	900,716	0.03352%	240,573
BISBEE FIRE DEPARTMENT	721,094	183,888	524,896	552,022	1,981,900	495,475	0.01844%	132,337
BISBEE POLICE DEPARTMENT	1,152,280	989,530	625,683	492,664	3,260,156	815,039	0.03034%	217,689
BLACK CANYON FIRE DISTRICT	447,743	456,938	206,231	220,716	1,331,627	332,907	0.01239%	88,916
BUCKEYE FIRE DEPARTMENT	7,692,635	8,446,147	3,404,840	4,121,213	23,664,834	5,916,208	0.22020%	1,580,163
BUCKEYE POLICE DEPARTMENT	8,478,080	8,660,102	2,897,535	3,696,084	23,731,801	5,932,950	0.22082%	1,584,634
BUCKEYE VALLEY FIRE DISTRICT	4,425,695	4,702,231	2,034,496	2,364,371	13,526,794	3,381,698	0.12587%	903,219
BUCKSKIN FIRE DISTRICT	1,188,701	1,046,339	418,384	465,883	3,119,306	779,827	0.02903%	208,284
BULLHEAD CITY FIRE DEPARTMENT	18,921,878	18,097,593	4,773,059	5,180,376	46,972,907	11,743,227	0.43708%	3,136,504
BULLHEAD CITY POLICE DEPARTMENT	15,008,912	13,215,918	4,369,091	4,483,232	37,077,153	9,269,288	0.34500%	2,475,738
CAMP VERDE FIRE DISTRICT	2,990,391	3,085,483	974,270	1,072,939	8,123,083	2,030,771	0.07559%	542,399
CAMP VERDE MARSHALL'S	2,364,940	2,136,986	362,373	486,956	5,351,256	1,337,814	0.04979%	357,317
CASA GRANDE FIRE DEPARTMENT	8,268,163	8,261,557	3,106,354	3,404,141	23,040,216	5,760,054	0.21439%	1,538,455
CASA GRANDE POLICE DEPARTMENT	11,391,232	10,304,925	3,804,604	3,942,472	29,443,233	7,360,808	0.27397%	1,966,002
CAVE CREEK MARSHALS	115,038	121,967	49,557	58,900	345,462	86,366	0.00321%	23,067
CENTRAL AZ. COLLEGE POLICE DEPT.	403,718	398,655	120,265	148,442	1,071,079	267,770	0.00997%	71,519

**SCHEDULE OF CHANGES IN EMPLOYER EARNINGS DISTRIBUTION**  
FISCAL YEAR ENDED JUNE 30, 2014

SYSTEM	2013 EMPLOYER RESERVE	2014 EMPLOYER RESERVE	2013 MEMBER RESERVE	2014 MEMBER RESERVE	COMBINED RESERVES	MEAN BALANCE	FACTOR	INVESTMENT EARNINGS
CENTRAL YAVAPAI FIRE DISTRICT	16,648,310	15,735,154	4,873,228	5,304,843	42,561,535	10,640,384	0.39603%	2,841,945
CHANDLER FIRE DEPARTMENT	47,028,189	45,308,562	14,572,744	16,162,820	123,072,315	30,768,079	1.14518%	8,217,860
CHANDLER POLICE DEPARTMENT	70,050,606	67,463,902	23,096,354	24,036,106	184,646,969	46,161,742	1.71813%	12,329,361
CHINO VALLEY FIRE DISTRICT	5,319,309	5,249,146	1,598,386	1,725,061	13,891,902	3,472,975	0.12926%	927,599
CHINO VALLEY POLICE DEPARTMENT	2,979,152	2,790,889	828,646	859,680	7,458,366	1,864,592	0.06940%	498,015
CHRISTOPHER-KOHL'S FIRE DISTRICT	241,208	233,862	81,118	101,185	657,373	164,343	0.00612%	43,895
CITY OF MARICOPA - FIRE	5,550,176	6,091,917	2,702,507	3,044,158	17,388,757	4,347,189	0.16180%	1,161,093
CITY OF MARICOPA (POLICE DEPT.)	4,118,765	4,313,832	1,704,231	1,940,184	12,077,013	3,019,253	0.11238%	806,414
CLARKDALE FIRE DISTRICT	470,710	520,173	309,910	322,144	1,622,937	405,734	0.01510%	108,368
CLARKDALE POLICE DEPARTMENT	1,415,238	1,268,395	231,056	279,707	3,194,397	798,599	0.02972%	213,298
CLIFTON FIRE DEPARTMENT	132,084	91,823	0	0	223,907	55,977	0.00208%	14,951
CLIFTON POLICE DEPARTMENT	466,287	419,736	92,132	64,910	1,043,065	260,766	0.00971%	69,648
COCHISE COUNTY SHERIFF'S DEPT	9,867,500	8,178,152	3,012,681	3,284,651	24,342,984	6,085,746	0.22651%	1,625,445
COCONINO COUNTY SHERIFF'S DEPT	7,850,126	6,479,522	2,053,611	2,212,186	18,595,446	4,648,861	0.17303%	1,241,666
COOLIDGE FIRE DEPARTMENT	180,106	209,437	58,821	76,600	524,964	131,241	0.00488%	35,053
COOLIDGE POLICE DEPARTMENT	3,883,035	3,255,579	1,137,051	1,043,936	9,319,599	2,329,900	0.08672%	622,294
CORONA DE TUCSON FIRE DISTRICT	1,181,935	1,236,954	466,392	567,037	3,452,318	863,079	0.03212%	230,520
COTTONWOOD FIRE DEPARTMENT	2,720,748	2,772,151	922,604	1,156,067	7,571,569	1,892,892	0.07045%	505,573
COTTONWOOD POLICE DEPARTMENT	2,924,624	2,678,380	1,099,783	1,250,873	7,953,660	1,988,415	0.07401%	531,087
DAISY MOUNTAIN FIRE DISTRICT	11,087,716	11,479,633	4,828,246	5,523,475	32,919,069	8,229,767	0.30631%	2,198,092
DEPARTMENT OF EMER & MILITARY AFF	5,710,193	5,151,744	1,569,198	1,773,936	14,205,071	3,551,268	0.13218%	948,510
DEPARTMENT OF PUBLIC SAFETY	338,596,907	281,137,013	30,485,991	32,195,030	682,414,941	170,603,735	6.34985%	45,566,629
DESERT HILLS FIRE DEPARTMENT	899,526	995,227	427,070	494,994	2,816,816	704,204	0.02621%	188,086
DOUGLAS FIRE DEPARTMENT	2,903,171	2,260,050	851,614	1,013,470	7,028,305	1,757,076	0.06540%	469,298
DOUGLAS POLICE DEPARTMENT	5,032,894	4,090,143	1,450,912	1,519,306	12,093,255	3,023,314	0.11253%	807,498
DREXEL HEIGHTS FIRE DISTRICT	11,907,393	11,204,697	3,757,127	3,925,190	30,794,407	7,698,602	0.28654%	2,056,223
EAGAR POLICE DEPARTMENT	1,368,302	1,280,834	382,528	385,400	3,417,064	854,266	0.03180%	228,166
EL MIRAGE FIRE DEPARTMENT	2,456,456	2,500,679	947,537	1,055,428	6,960,100	1,740,025	0.06476%	464,744
EL MIRAGE POLICE DEPARTMENT	4,285,339	4,230,173	1,947,727	2,104,368	12,567,607	3,141,902	0.11694%	839,172
ELOY FIRE DISTRICT	2,187,530	2,351,161	861,917	1,034,330	6,434,938	1,608,734	0.05988%	429,678



OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER EARNINGS DISTRIBUTION  
FISCAL YEAR ENDED JUNE 30, 2014

SYSTEM	2013 EMPLOYER RESERVE	2014 EMPLOYER RESERVE	2013 MEMBER RESERVE	2014 MEMBER RESERVE	COMBINED RESERVES	MEAN BALANCE	FACTOR	INVESTMENT EARNINGS
ELOY POLICE DEPARTMENT	4,165,458	3,900,402	1,306,919	1,404,320	10,777,100	2,694,275	0.10028%	719,615
FLAGSTAFF FIRE DEPARTMENT	21,985,132	18,438,305	5,166,693	5,443,941	51,034,071	12,758,518	0.47487%	3,407,678
FLAGSTAFF POLICE DEPARTMENT	16,563,486	14,499,777	4,889,626	5,349,939	41,302,829	10,325,707	0.38432%	2,757,898
FLORENCE FIRE DEPARTMENT	1,472,204	1,757,116	693,059	923,893	4,846,273	1,211,568	0.04509%	323,598
FLORENCE POLICE DEPARTMENT	3,084,937	2,981,760	748,701	956,511	7,771,909	1,942,977	0.07232%	518,951
FORT MCDOWELL TRIBAL FIRE DEPT.	1,218,024	1,257,512	516,698	605,188	3,597,422	899,356	0.03347%	240,209
FORT MCDOWELL TRIBAL POLICE DEPT.	2,532,500	2,615,047	984,586	1,118,877	7,251,010	1,812,752	0.06747%	484,169
FORT MOJAVE MESA FIRE DISTRICT	6,119,851	5,934,378	1,404,720	1,556,112	15,015,061	3,753,765	0.13971%	1,002,595
FORT MOJAVE TRIBAL POLICE DEPT.	1,468,208	1,586,926	631,534	745,734	4,432,402	1,108,100	0.04124%	295,963
FREDONIA MARSHALS	482,183	426,808	68,234	80,915	1,058,141	264,535	0.00985%	70,655
FRY FIRE DISTRICT	6,133,997	5,404,645	1,691,786	1,731,845	14,962,274	3,740,568	0.13922%	999,070
GAME AND FISH DEPARTMENT	23,065,885	17,742,495	6,585,766	6,972,121	54,366,267	13,591,567	0.50588%	3,630,178
GILA COUNTY SHERIFF'S DEPARTMENT	4,814,702	4,095,354	1,372,097	1,490,352	11,772,506	2,943,126	0.10954%	786,081
GILA RIVER FIRE DEPARTMENT	5,987,226	5,922,513	2,515,965	2,808,384	17,234,088	4,308,522	0.16036%	1,150,765
GILA RIVER POLICE DEPARTMENT	8,769,359	9,047,548	3,836,813	4,644,224	26,297,944	6,574,486	0.24470%	1,755,982
GILBERT FIRE DEPARTMENT	24,560,145	25,937,793	11,590,329	12,859,758	74,948,026	18,737,006	0.69739%	5,004,476
GILBERT POLICE DEPARTMENT	33,019,401	33,145,091	12,950,994	14,575,730	93,691,215	23,422,804	0.87179%	6,256,007
GLENDALE FIRE DEPARTMENT	61,683,410	57,019,737	17,608,353	19,036,220	155,347,720	38,836,930	1.44551%	10,372,973
GLENDALE POLICE DEPARTMENT	72,269,965	68,532,846	24,385,616	27,343,133	192,531,560	48,132,890	1.79150%	12,855,835
GLOBE FIRE DEPARTMENT	2,529,513	2,304,262	720,879	811,480	6,366,134	1,591,534	0.05924%	425,083
GLOBE POLICE DEPARTMENT	2,747,670	2,372,876	785,099	768,135	6,673,781	1,668,445	0.06210%	445,626
GOLDEN SHORES FIRE DISTRICT	643,421	669,141	250,188	290,037	1,852,787	463,197	0.01724%	123,715
GOLDEN VALLEY FIRE DISTRICT	2,349,806	2,348,761	701,190	872,689	6,272,447	1,568,112	0.05836%	418,828
GOLDER RANCH FIRE DISTRICT	15,489,326	15,331,294	5,585,719	6,105,996	42,512,335	10,628,084	0.39558%	2,838,660
GOODYEAR FIRE DEPARTMENT	11,957,282	12,444,639	5,256,741	5,901,635	35,560,297	8,890,074	0.33089%	2,374,454
GOODYEAR POLICE DEPARTMENT	12,708,575	12,482,243	4,539,705	4,889,631	34,620,155	8,655,039	0.32214%	2,311,678
GRAHAM COUNTY ATTORNEY INVEST.	2,471	752	0	0	3,223	806	0.00003%	215
GRAHAM COUNTY SHERIFF'S DEPT.	2,342,801	2,186,726	810,939	824,153	6,164,619	1,541,155	0.05736%	411,628
GREEN VALLEY FIRE DISTRICT	10,183,842	10,006,678	2,640,490	2,673,059	25,504,069	6,376,017	0.23731%	1,702,973
GREENLEE CNTY ATTY INVESTIGATORS	43,740	43,740	0	0	87,480	21,870	0.00081%	5,841

**SCHEDULE OF CHANGES IN EMPLOYER EARNINGS DISTRIBUTION**  
FISCAL YEAR ENDED JUNE 30, 2014

SYSTEM	2013 EMPLOYER RESERVE	2014 EMPLOYER RESERVE	2013 MEMBER RESERVE	2014 MEMBER RESERVE	COMBINED RESERVES	MEAN BALANCE	FACTOR	INVESTMENT EARNINGS
GREENLEE COUNTY SHERIFF'S DEPT.	2,383,976	2,213,535	553,406	636,306	5,787,223	1,446,806	0.05385%	386,428
GROOM CREEK FIRE DISTRICT	397,729	423,529	177,341	194,871	1,193,469	298,367	0.01111%	79,691
GUADALUPE FIRE DEPARTMENT	433,957	418,447	249,925	277,041	1,379,370	344,842	0.01283%	92,104
HARQUAHALA FIRE DISTRICT	687,341	722,505	302,768	354,439	2,067,053	516,763	0.01923%	138,023
HAYDEN POLICE DEPARTMENT	957,676	966,779	114,223	136,368	2,175,045	543,761	0.02024%	145,233
HEBER-OVERGAARD FIRE DISTRICT	1,133,070	1,161,785	362,610	426,588	3,084,053	771,013	0.02870%	205,930
HELLSGATE FIRE DISTRICT	987,252	1,086,769	332,154	417,659	2,823,833	705,958	0.02628%	188,555
HIGHLANDS FIRE DISTRICT	2,791,041	2,922,560	1,008,491	1,110,005	7,832,097	1,958,024	0.07288%	522,970
HOLBROOK POLICE DEPARTMENT	1,365,205	1,178,880	484,036	427,138	3,455,259	863,815	0.03215%	230,717
HUACHUCA CITY POLICE DEPARTMENT	147,392	212,340	44,191	70,266	474,189	118,547	0.00441%	31,663
HUALAPAI INDIAN TRIBE POLICE DEPT	708,778	999,354	324,764	539,703	2,572,598	643,150	0.02394%	171,779
JEROME POLICE DEPARTMENT	224,815	220,571	78,542	85,929	609,856	152,464	0.00567%	40,722
KEARNY POLICE DEPARTMENT	1,225,847	1,274,424	286,188	186,635	2,973,093	743,273	0.02766%	198,521
KINGMAN FIRE DEPARTMENT	10,099,127	9,554,498	2,791,061	3,075,868	25,520,553	6,380,138	0.23747%	1,704,074
KINGMAN POLICE DEPARTMENT	8,496,089	7,755,092	2,383,288	2,475,818	21,110,286	5,277,572	0.19643%	1,409,589
LA PAZ COUNTY ATTY. INVESTIGATORS	228,571	186,719	0	0	415,291	103,823	0.00386%	27,730
LA PAZ COUNTY SHERIFF'S DEPT.	4,369,449	3,831,574	981,742	1,050,241	10,233,006	2,558,252	0.09522%	683,285
LAKE HAVASU CITY FIRE DEPARTMENT	15,338,571	13,406,296	3,626,642	4,109,716	36,481,225	9,120,306	0.33946%	2,435,947
LAKE HAVASU CITY POLICE DEPT.	14,961,813	13,565,903	4,536,622	4,431,495	37,495,833	9,373,958	0.34890%	2,503,695
LAKE MOHAVE RANGHOS FIRE DISTRICT	817,486	717,681	157,635	142,453	1,835,254	458,813	0.01708%	122,545
LAKESIDE FIRE DISTRICT	2,178,612	2,295,454	894,039	1,069,843	6,437,948	1,609,487	0.05990%	429,879
LINDEN FIRE DISTRICT	495,701	513,007	206,263	241,256	1,456,227	364,057	0.01355%	97,236
MAMMOTH POLICE DEPARTMENT	221,376	204,873	79,391	91,394	597,033	149,258	0.00556%	39,865
MARANA POLICE DEPARTMENT	9,650,365	9,184,857	3,260,604	3,347,351	25,443,176	6,360,794	0.23675%	1,698,907
MARICOPA CNTY ATTY INVESTIGATORS	3,093,247	3,030,609	686,693	741,704	7,552,252	1,888,063	0.07027%	504,284
MARICOPA COUNTY PARK RANGERS	(147,810)	1,552,613	24,132	24,132	1,453,068	363,267	0.01352%	97,025
MARICOPA COUNTY SHERIFF'S OFFICE	136,396,767	120,637,006	39,579,316	42,727,114	339,340,204	84,835,051	3.15755%	22,658,632
MAYER FIRE DISTRICT	1,756,638	1,843,634	660,731	826,226	5,087,229	1,271,807	0.04734%	339,688
MESA FIRE DEPARTMENT	121,481,789	109,592,768	30,973,241	32,690,891	294,738,689	73,684,672	2.74254%	19,680,472
MESA POLICE DEPARTMENT	201,057,137	185,844,607	52,672,136	56,009,045	495,582,926	123,895,731	4.61138%	33,091,367

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER EARNINGS DISTRIBUTION  
FISCAL YEAR ENDED JUNE 30, 2014

SYSTEM	2013 EMPLOYER RESERVE	2014 EMPLOYER RESERVE	2013 MEMBER RESERVE	2014 MEMBER RESERVE	COMBINED RESERVES	MEAN BALANCE	FACTOR	INVESTMENT EARNINGS
MIAMI FIRE DEPARTMENT - GONE	16,347	16,347	0	0	32,694	8,174	0.00030%	2,183
MIAMI POLICE DEPARTMENT	551,059	600,262	143,146	246,380	1,540,847	385,212	0.01434%	102,886
MOHAVE COUNTY SHERIFF'S DEPT.	14,013,704	12,614,915	3,921,386	4,268,011	34,818,017	8,704,504	0.32398%	2,324,890
MOHAVE VALLEY FIRE DISTRICT	4,274,968	4,028,055	1,318,441	1,300,151	10,921,615	2,730,404	0.10163%	729,265
MONTEZUMA RIMROCK FIRE DISTRICT	813,853	819,683	291,757	302,741	2,228,033	557,008	0.02073%	148,772
MOUNT LEWIS FIRE DISTRICT	417,692	416,334	144,623	147,195	1,125,844	281,461	0.01048%	75,176
NAU CAMPUS POLICE	2,531,522	2,166,486	781,036	821,908	6,300,952	1,575,238	0.05863%	420,731
NAVAJO COUNTY ATTY'S INVESTIGATOR	71,081	29,423	0	0	100,505	25,126	0.00094%	6,711
NAVAJO COUNTY SHERIFF'S DEPT.	4,042,334	3,213,538	1,332,850	1,441,634	10,030,356	2,507,589	0.09333%	669,753
NOGALES FIRE DEPARTMENT	5,954,962	5,483,601	2,170,762	2,408,266	16,017,591	4,004,398	0.14904%	1,069,536
NOGALES POLICE DEPARTMENT	8,733,736	8,029,051	2,591,285	2,752,786	22,106,858	5,526,715	0.20570%	1,476,133
NORTHERN AZ. CONSOLIDATED FD #1	2,723,974	2,690,312	1,021,638	1,071,953	7,507,877	1,876,969	0.06986%	501,321
NORTHWEST FIRE DISTRICT	28,972,462	28,810,839	9,966,799	11,205,639	78,955,739	19,738,935	0.73468%	5,272,081
ORACLE FIRE DISTRICT	268,796	302,248	121,567	152,599	845,211	211,303	0.00786%	56,437
ORO VALLEY POLICE DEPT.	15,169,873	14,634,323	5,552,262	5,854,950	41,211,407	10,302,852	0.38347%	2,751,793
PAGE FIRE DEPARTMENT	1,062,110	933,318	462,575	423,544	2,881,546	720,387	0.02681%	192,408
PAGE POLICE DEPARTMENT	2,914,686	2,352,676	848,118	765,511	6,880,991	1,720,248	0.06403%	459,462
PALOMINAS FIRE DISTRICT	272,607	300,170	55,705	79,529	708,011	177,003	0.00659%	47,276
PARADISE VALLEY POLICE DEPARTMENT	5,450,620	4,106,846	2,022,858	2,055,406	13,635,730	3,408,932	0.12688%	910,493
PARKER POLICE DEPARTMENT	1,507,289	1,362,764	451,856	451,940	3,773,850	943,462	0.03512%	251,990
PASCUA YAQUI TRIBE FIRE DEPT.	2,273,247	2,357,263	864,857	978,515	6,473,883	1,618,471	0.06024%	432,278
PASCUA YAQUI TRIBE POLICE DEPT.	2,780,919	2,979,491	1,074,797	1,307,233	8,142,440	2,035,610	0.07577%	543,692
PATAGONIA MARSHALS	506,806	437,036	49,583	59,876	1,053,301	263,325	0.00980%	70,332
PAYSON FIRE DEPARTMENT	3,836,709	3,487,093	1,170,918	1,245,030	9,739,750	2,434,937	0.09063%	650,349
PAYSON POLICE DEPARTMENT	3,664,730	3,256,834	1,075,224	1,299,141	9,295,928	2,323,982	0.08650%	620,713
PEORIA FIRE DEPARTMENT	30,214,878	29,990,987	9,557,281	10,654,056	80,417,202	20,104,301	0.74828%	5,369,667
PEORIA POLICE DEPARTMENT	35,195,576	33,545,021	9,999,042	10,434,755	89,174,395	22,293,599	0.82977%	5,954,407
PHOENIX FIRE DEPARTMENT	507,633,898	455,067,398	131,791,153	142,166,698	1,236,659,148	309,164,787	11.50708%	82,574,962
PHOENIX POLICE DEPARTMENT	893,772,708	801,289,823	240,155,384	256,609,626	2,191,827,541	547,956,885	20.39489%	146,354,052
PICTURE ROCKS FIRE DISTRICT	2,814,315	2,598,164	584,118	546,439	6,543,036	1,635,759	0.06088%	436,896

**SCHEDULE OF CHANGES IN EMPLOYER EARNINGS DISTRIBUTION**  
FISCAL YEAR ENDED JUNE 30, 2014

SYSTEM	2013 EMPLOYER RESERVE	2014 EMPLOYER RESERVE	2013 MEMBER RESERVE	2014 MEMBER RESERVE	COMBINED RESERVES	MEAN BALANCE	FACTOR	INVESTMENT EARNINGS
PIMA COUNTY ATTORNEY INVESTIGATOR	1,383,413	1,232,906	200,402	217,269	3,033,990	758,498	0.02823%	202,587
PIMA COUNTY COMM. COLLEGE POLICE	3,662,873	3,277,509	892,468	1,069,488	8,902,339	2,225,585	0.08284%	594,432
PIMA COUNTY SHERIFF'S DEPARTMENT	116,565,279	105,055,977	16,498,146	17,708,212	255,827,615	63,956,904	2.38047%	17,082,278
PIMA POLICE DEPARTMENT	288,772	285,553	69,746	56,963	701,033	175,258	0.00652%	46,810
PINAL COUNTY SHERIFF'S DEPARTMENT	30,105,691	27,903,506	9,047,567	10,048,987	77,105,751	19,276,438	0.71747%	5,148,552
PINE-STRAWBERRY FIRE DISTRICT	2,489,146	2,557,218	936,282	1,063,942	7,046,588	1,761,647	0.06557%	470,519
PINETOP FIRE DISTRICT	2,881,360	2,965,693	1,109,574	1,159,401	8,116,028	2,029,007	0.07552%	541,928
PINETOP-LAKESIDE POLICE DEPT.	1,230,655	1,187,863	420,479	496,042	3,335,039	833,760	0.03103%	222,689
PONDEROSA FIRE DISTRICT	-	19,186	-	17,192	36,378	9,094	0.00000%	2,429
PINEWOOD FIRE DISTRICT	1,294,600	1,336,926	523,100	645,632	3,800,257	950,064	0.03536%	253,753
PRESCOTT FIRE DEPARTMENT	13,411,680	10,706,193	3,698,564	3,683,276	31,499,712	7,874,928	0.29310%	2,103,318
PRESCOTT POLICE DEPARTMENT	8,603,063	7,045,993	2,973,540	3,296,691	21,919,287	5,479,822	0.20396%	1,463,608
PRESCOTT VALLEY POLICE DEPARTMENT	8,715,888	8,658,431	2,887,105	3,064,236	23,325,661	5,831,415	0.21704%	1,557,515
QUARTZSITE FIRE DISTRICT	574,100	620,523	219,879	268,576	1,683,078	420,769	0.01566%	112,383
QUARTZSITE POLICE DEPARTMENT	2,081,386	2,193,928	518,694	300,639	5,094,647	1,273,662	0.04741%	340,183
QUEEN CREEK FIRE DEPARTMENT	1,106,517	1,318,367	819,123	1,114,443	4,358,450	1,089,612	0.04056%	291,025
QUEEN VALLEY FIRE DISTRICT	120,201	133,522	57,916	70,801	382,439	95,610	0.00356%	25,536
RINCON VALLEY FIRE DISTRICT	2,356,202	2,443,075	963,702	1,165,347	6,928,325	1,732,081	0.06447%	462,622
RIO RICO FIRE DISTRICT	1,910,455	2,058,620	853,637	963,013	5,785,726	1,446,431	0.05384%	386,328
RIO VERDE FIRE DISTRICT	2,489,536	2,696,844	897,095	1,008,888	7,092,363	1,773,091	0.06599%	473,576
SAFFORD POLICE DEPARTMENT	3,184,067	2,333,291	1,109,811	1,139,042	7,766,211	1,941,553	0.07226%	518,570
SAHUARITA POLICE DEPARTMENT	4,447,410	4,570,876	1,543,089	1,827,625	12,389,000	3,097,250	0.11528%	827,246
SALT RIVER PIMA-MARICOPA FIRE	13,064,878	13,109,054	4,139,731	4,524,323	34,837,987	8,709,497	0.32417%	2,326,223
SALT RIVER PIMA-MARICOPA POLICE	11,667,217	11,666,207	4,837,726	5,033,652	33,204,802	8,301,201	0.30897%	2,217,171
SAN CARLOS TRIBAL POLICE DEPT.	1,653,524	1,778,970	556,862	686,417	4,675,773	1,168,943	0.04351%	312,214
SAN LUIS FIRE DEPARTMENT	2,202,424	2,253,787	812,956	962,497	6,231,665	1,557,916	0.05799%	416,105
SAN LUIS POLICE DEPARTMENT	3,280,429	3,130,834	1,064,065	1,220,015	8,695,344	2,173,836	0.08091%	580,611
SANTA CRUZ COUNTY SHERIFF'S DEPT.	4,008,940	3,647,277	1,627,019	1,599,355	10,882,591	2,720,648	0.10126%	726,659
SCOTTSDALE FIRE DEPARTMENT	28,540,085	29,734,171	16,519,139	18,703,633	93,497,027	23,374,257	0.86999%	6,243,041
SCOTTSDALE POLICE DEPARTMENT	100,757,538	92,795,358	28,808,472	30,882,764	253,244,133	63,311,033	2.35643%	16,909,772

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER EARNINGS DISTRIBUTION  
FISCAL YEAR ENDED JUNE 30, 2014

SYSTEM	2013 EMPLOYER RESERVE	2014 EMPLOYER RESERVE	2013 MEMBER RESERVE	2014 MEMBER RESERVE	COMBINED RESERVES	MEAN BALANCE	FACTOR	INVESTMENT EARNINGS
SEDONA FIRE DISTRICT	11,037,131	10,926,962	3,626,513	4,223,827	29,814,433	7,453,608	0.27742%	1,990,788
SEDONA POLICE DEPARTMENT	4,064,306	3,609,816	1,027,950	922,328	9,624,400	2,406,100	0.08955%	642,646
SHOW LOW FIRE DISTRICT	3,159,588	3,217,697	1,219,698	1,420,270	9,017,253	2,254,313	0.08391%	602,106
SHOW LOW POLICE DEPARTMENT	4,301,150	3,973,253	1,181,190	1,348,164	10,803,756	2,700,939	0.10053%	721,395
SIERRA VISTA FIRE DEPARTMENT	9,950,682	9,214,682	2,281,080	2,576,381	24,022,824	6,005,706	0.22353%	1,604,067
SIERRA VISTA POLICE DEPARTMENT	10,329,262	9,255,926	2,741,712	3,148,508	25,475,408	6,368,852	0.23705%	1,701,060
SNOWFLAKE POLICE DEPARTMENT	1,376,983	1,238,822	407,491	481,815	3,505,111	876,278	0.03261%	234,045
SOMERTON FIRE DEPARTMENT	1,574,395	1,643,802	584,920	607,680	4,410,797	1,102,699	0.04104%	294,520
SOMERTON POLICE DEPARTMENT	2,163,834	2,083,627	684,929	776,795	5,709,186	1,427,297	0.05312%	381,217
SONOITA ELGIN FIRE DEPARTMENT	369,970	414,734	179,947	220,462	1,185,113	296,278	0.01103%	79,133
SOUTH TUCSON FIRE DEPARTMENT	1,205,224	1,037,641	286,637	193,051	2,722,553	680,638	0.02533%	181,792
SOUTH TUCSON POLICE DEPARTMENT	(138,512)	(361,892)	443,713	511,674	454,983	113,746	0.00423%	30,380
SPRINGVILLE POLICE DEPARTMENT	1,253,746	1,148,958	221,791	257,491	2,881,985	720,496	0.02682%	192,438
ST. JOHNS POLICE DEPARTMENT	763,537	687,545	170,793	163,634	1,785,509	446,377	0.01661%	119,223
SUMMIT FIRE DISTRICT	4,946,117	4,979,059	1,814,020	1,895,283	13,634,479	3,408,620	0.12687%	910,410
SUN CITY FIRE DISTRICT	12,380,484	11,596,319	5,261,429	5,174,519	34,412,751	8,603,188	0.32021%	2,297,829
SUN CITY WEST FIRE DISTRICT	10,186,063	10,055,055	3,445,234	3,945,594	27,631,945	6,907,986	0.25711%	1,845,057
SUN LAKES FIRE DISTRICT	8,398,816	8,477,583	2,442,401	2,701,271	22,020,071	5,505,018	0.20490%	1,470,338
SUN SITES PEARCE FIRE DISTRICT	243,071	286,700	136,201	157,769	823,740	205,935	0.00766%	55,003
SUPERIOR POLICE DEPARTMENT	706,182	625,263	180,976	182,712	1,695,133	423,783	0.01577%	113,188
SURPRISE FIRE DEPARTMENT	16,025,108	15,488,870	6,250,596	6,769,463	44,534,037	11,133,509	0.41439%	2,973,654
SURPRISE POLICE DEPARTMENT	15,278,059	15,231,750	5,896,101	6,658,699	43,064,609	10,766,152	0.40071%	2,875,536
TEMPE FIRE DEPARTMENT	56,762,275	49,364,887	12,475,725	12,991,719	131,594,606	32,898,652	1.22448%	8,786,916
TEMPE POLICE DEPARTMENT	72,730,516	66,024,308	22,822,362	24,969,771	186,546,957	46,636,739	1.73581%	12,456,228
THATCHER POLICE DEPARTMENT	1,814,633	1,549,052	526,341	534,715	4,424,740	1,106,185	0.04117%	295,451
THREE POINTS FIRE DISTRICT	1,375,959	1,352,493	469,573	557,811	3,755,836	938,959	0.03495%	250,787
TOHONO O'ODHAM NATION FIRE DEPT.	3,879,589	4,074,162	1,204,936	1,459,894	10,618,581	2,654,645	0.09881%	709,030
TOHONO O'ODHAM NATION POLICE DEPT	11,950,267	11,940,201	2,121,423	2,508,193	28,520,085	7,130,021	0.26538%	1,904,361
TOLLESON FIRE DEPARTMENT	4,629,014	4,501,258	2,153,607	2,291,291	13,575,170	3,393,793	0.12632%	906,450
TOLLESON POLICE DEPARTMENT	3,070,734	2,923,457	1,211,323	1,372,966	8,578,480	2,144,620	0.07982%	572,808

**SCHEDULE OF CHANGES IN EMPLOYER EARNINGS DISTRIBUTION**  
FISCAL YEAR ENDED JUNE 30, 2014

SYSTEM	2013 EMPLOYER RESERVE	2014 EMPLOYER RESERVE	2013 MEMBER RESERVE	2014 MEMBER RESERVE	COMBINED RESERVES	MEAN BALANCE	FACTOR	INVESTMENT EARNINGS
TOMBSTONE MARSHAL'S DEPARTMENT	576,023	543,786	194,047	150,640	1,464,495	366,124	0.01363%	97,788
TONOPAH VALLEY FIRE DISTRICT	421,083	426,594	177,660	199,790	1,225,127	306,282	0.01140%	81,805
TOWN OF SUPERIOR (FIRE DEPT)	316,797	346,263	105,241	90,386	858,687	214,672	0.00799%	57,337
TRI-CITY FIRE DISTRICT	1,313,530	1,413,269	579,479	645,095	3,951,373	987,843	0.03677%	263,844
TUBAC FIRE DISTRICT	2,745,719	2,781,630	1,055,108	1,195,589	7,778,046	1,944,511	0.07237%	519,360
TUCSON AIRPORT AUTHORITY FIRE DPT	3,641,746	3,065,087	866,176	977,186	8,550,195	2,137,549	0.07956%	570,919
TUCSON AIRPORT AUTHORITY POLICE	2,817,375	2,434,797	1,160,943	1,254,101	7,667,216	1,916,804	0.07134%	511,960
TUCSON FIRE	144,022,223	122,157,094	30,819,172	33,334,958	330,333,447	82,583,362	3.07374%	22,057,227
TUCSON POLICE	242,051,932	210,894,216	46,109,281	49,779,009	548,834,439	137,208,610	5.10689%	36,647,109
U OF A CAMPUS POLICE DEPARTMENT	7,983,107	7,621,468	2,927,056	3,429,660	21,961,290	5,490,323	0.20455%	1,466,413
VERDE VALLEY FIRE DISTRICT	4,232,923	4,104,000	1,252,504	1,384,887	10,974,313	2,743,578	0.10212%	732,784
WELLTON POLICE	526,462	432,811	159,040	68,245	1,186,557	296,639	0.01104%	79,230
WHETSTONE FIRE DISTRICT	190,561	194,091	102,762	100,042	587,456	146,864	0.00547%	39,226
WICKENBURG FIRE DEPARTMENT	560,865	627,015	236,881	289,613	1,714,374	428,594	0.01595%	114,473
WICKENBURG POLICE DEPARTMENT	1,749,792	1,685,821	532,738	545,120	4,513,471	1,128,368	0.04200%	301,376
WILLCOX POLICE DEPARTMENT	1,470,113	1,271,037	328,344	378,236	3,447,729	861,932	0.03208%	230,214
WILLIAMS POLICE DEPARTMENT	1,137,333	1,004,323	193,599	236,292	2,571,548	642,887	0.02393%	171,709
WILLIAMSON VALLEY FIRE DISTRICT	206,298	276,005	109,857	185,786	777,946	194,487	0.00724%	51,945
WINSLOW FIRE DEPARTMENT	5,259,728	4,901,253	195,712	230,222	10,586,915	2,646,729	0.09851%	706,916
WINSLOW POLICE DEPARTMENT	3,881,947	3,552,492	1,113,839	1,068,966	9,617,244	2,404,311	0.08949%	642,169
WITTMANN FIRE DISTRICT	401,085	450,378	211,248	268,119	1,330,831	332,708	0.01238%	88,863
YAVAPAI CNTY ATTRNY INVESTIGATORS	19,700	(71,790)	0	0	(52,090)	(13,022)	-0.00048%	(3,478)
YAVAPAI COUNTY SHERIFF'S DEPT.	14,240,506	12,738,218	5,238,573	5,658,480	37,875,776	9,468,944	0.35243%	2,529,065
YAVAPAI PRESCOTT TRIBAL POLICE	426,321	400,239	197,901	146,520	1,170,981	292,745	0.01090%	78,189
YOUNGTOWN POLICE DEPARTMENT	675,011	522,233	124,653	80,391	1,402,288	350,572	0.01305%	93,634
YUMA COUNTY SHERIFF'S DEPARTMENT	10,751,635	9,759,364	3,259,343	3,755,120	27,525,461	6,881,365	0.25612%	1,837,947
YUMA FIRE DEPARTMENT	20,787,420	18,419,806	6,238,368	6,790,344	52,235,937	13,058,984	0.48605%	3,487,930
YUMA POLICE DEPARTMENT	31,663,802	28,280,672	7,566,064	8,255,795	75,766,334	18,941,583	0.70500%	5,059,116
<b>TOTALS</b>	<b>4,374,483,815</b>	<b>3,968,183</b>	<b>1,154,573,252</b>	<b>1,248,939,461</b>	<b>10,746,979,691</b>	<b>2,686,744,923</b>	<b>100.00000%</b>	<b>717,601,484</b>



## OPERATING INFORMATION

AK CHIN INDIAN COMM. FIRE DEPT.  
 AK CHIN INDIAN COMM. POLICE DEPT.  
 APACHE COUNTY SHERIFF'S DEPT.  
 APACHE JUNCTION FIRE DISTRICT  
 APACHE JUNCTION POLICE DEPARTMENT  
 ARIZONA STATE CAPITOL POLICE  
 ARIZONA STATE PARK RANGERS  
 ASU PD PSPRS LOCAL BOARD  
 ATTORNEY GENERAL INVESTIGATORS  
 AVONDALE FIRE DEPARTMENT  
 AVONDALE POLICE DEPARTMENT  
 AVRA VALLEY FIRE DISTRICT  
 AZ DPT. LIQ. LIC. & CONTROL INVST  
 BENSON FIRE DEPARTMENT  
 BENSON POLICE DEPARTMENT  
 BISBEE FIRE DEPARTMENT  
 BISBEE POLICE DEPARTMENT  
 BLACK CANYON FIRE DISTRICT  
 BUCKEYE FIRE DEPARTMENT  
 BUCKEYE POLICE DEPARTMENT  
 BUCKEYE VALLEY FIRE DISTRICT  
 BUCKSKIN FIRE DISTRICT  
 BULLHEAD CITY FIRE DEPARTMENT  
 BULLHEAD CITY POLICE DEPARTMENT  
 CAMP VERDE FIRE DISTRICT  
 CAMP VERDE MARSHALL'S  
 CASA GRANDE FIRE DEPARTMENT  
 CASA GRANDE POLICE DEPARTMENT  
 CAVE CREEK MARSHALS  
 CENTRAL AZ. COLLEGE POLICE DEPT.  
 CENTRAL YAVAPAI FIRE DISTRICT  
 CHANDLER FIRE DEPARTMENT  
 CHANDLER POLICE DEPARTMENT  
 CHINO VALLEY FIRE DISTRICT  
 CHINO VALLEY POLICE DEPARTMENT  
 CHRISTOPHER-KOHL'S FIRE DISTRICT  
 CITY OF MARICOPA - FIRE  
 CITY OF MARICOPA (POLICE DEPT.)  
 CLARKDALE FIRE DISTRICT  
 CLARKDALE POLICE DEPARTMENT

## PARTICIPATING EMPLOYERS

CLIFTON FIRE DEPARTMENT  
 CLIFTON POLICE DEPARTMENT  
 COCHISE COUNTY SHERIFF'S DEPT  
 COCONINO COUNTY SHERIFF'S DEPT  
 COOLIDGE FIRE DEPARTMENT  
 COOLIDGE POLICE DEPARTMENT  
 CORONA DE TUCSON FIRE DISTRICT  
 COTTONWOOD FIRE DEPARTMENT  
 COTTONWOOD POLICE DEPARTMENT  
 DAISY MOUNTAIN FIRE DISTRICT  
 DEPARTMENT OF EMER & MILITARY AFF  
 DEPARTMENT OF PUBLIC SAFETY  
 DESERT HILLS FIRE DEPARTMENT  
 DOUGLAS FIRE DEPARTMENT  
 DOUGLAS POLICE DEPARTMENT  
 DREXEL HEIGHTS FIRE DISTRICT  
 EAGAR POLICE DEPARTMENT  
 EL MIRAGE FIRE DEPARTMENT  
 EL MIRAGE POLICE DEPARTMENT  
 ELOY FIRE DISTRICT  
 ELOY POLICE DEPARTMENT  
 FLAGSTAFF FIRE DEPARTMENT  
 FLAGSTAFF POLICE DEPARTMENT  
 FLORENCE FIRE DEPARTMENT  
 FLORENCE POLICE DEPARTMENT  
 FORT MCDOWELL TRIBAL FIRE DEPT.  
 FORT MCDOWELL TRIBAL POLICE DEPT.  
 FORT MOJAVE MESA FIRE DISTRICT  
 FORT MOJAVE TRIBAL POLICE DEPT.  
 FREDONIA MARSHALS  
 FRY FIRE DISTRICT  
 GAME AND FISH DEPARTMENT  
 GILA COUNTY SHERIFF'S DEPARTMENT  
 GILA RIVER FIRE DEPARTMENT  
 GILA RIVER POLICE DEPARTMENT  
 GILBERT FIRE DEPARTMENT  
 GILBERT POLICE DEPARTMENT  
 GLENDALE FIRE DEPARTMENT  
 GLENDALE POLICE DEPARTMENT  
 GLOBE FIRE DEPARTMENT

GLOBE POLICE DEPARTMENT  
 GOLDEN SHORES FIRE DISTRICT  
 GOLDEN VALLEY FIRE DISTRICT  
 GOLDER RANCH FIRE DISTRICT  
 GOODYEAR FIRE DEPARTMENT  
 GOODYEAR POLICE DEPARTMENT  
 GRAHAM COUNTY ATTORNEY INVEST.  
 GRAHAM COUNTY SHERIFF'S DEPT.  
 GREEN VALLEY FIRE DISTRICT  
 GREENLEE CNTY ATTY INVESTIGATORS  
 GREENLEE COUNTY SHERIFF'S DEPT.  
 GROOM CREEK FIRE DISTRICT  
 GUADALUPE FIRE DEPARTMENT  
 HARQUAHALA FIRE DISTRICT  
 HAYDEN POLICE DEPARTMENT  
 HEBER-OVERGAARD FIRE DISTRICT  
 HELLSGATE FIRE DISTRICT  
 HIGHLANDS FIRE DISTRICT  
 HOLBROOK POLICE DEPARTMENT  
 HUACHUCA CITY POLICE DEPARTMENT  
 HUALAPAI INDIAN TRIBE POLICE DEPT  
 JEROME POLICE DEPARTMENT  
 KEARNY POLICE DEPARTMENT  
 KINGMAN FIRE DEPARTMENT  
 KINGMAN POLICE DEPARTMENT  
 LA PAZ COUNTY ATTY. INVESTIGATORS  
 LA PAZ COUNTY SHERIFF'S DEPT.  
 LAKE HAVASU CITY FIRE DEPARTMENT  
 LAKE HAVASU CITY POLICE DEPT.  
 LAKE MOHAVE RANCHOS FIRE DISTRICT  
 LAKESIDE FIRE DISTRICT  
 LINDEN FIRE DISTRICT  
 MAMMOTH POLICE DEPARTMENT  
 MARANA POLICE DEPARTMENT  
 MARICOPA CNTY ATTY INVESTIGATORS  
 MARICOPA COUNTY PARK RANGERS  
 MARICOPA COUNTY SHERIFF'S OFFICE  
 MAYER FIRE DISTRICT  
 MESA FIRE DEPARTMENT  
 MESA POLICE DEPARTMENT

**PARTICIPATING EMPLOYERS**

MIAMI FIRE DEPARTMENT - GONE  
 MIAMI POLICE DEPARTMENT  
 MOHAVE COUNTY SHERIFF'S DEPT.  
 MOHAVE VALLEY FIRE DISTRICT  
 MONTEZUMA RIMROCK FIRE DISTRICT  
 MOUNT LEMMON FIRE DISTRICT  
 NAU CAMPUS POLICE  
 NAVAJO COUNTY ATTY'S INVESTIGATOR  
 NAVAJO COUNTY SHERIFF'S DEPT.  
 NOGALES FIRE DEPARTMENT  
 NOGALES POLICE DEPARTMENT  
 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  
 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 FIRE DISTRICT  
 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  
 SPRINGVILLE POLICE DEPARTMENT  
 ST. JOHNS POLICE DEPARTMENT  
 SUMMIT FIRE DISTRICT  
 SUN CITY FIRE DISTRICT  
 SUN CITY WEST FIRE DISTRICT  
 SUN LAKES FIRE DISTRICT  
 SUN SITES PEARCE FIRE DISTRICT  
 SUPERIOR POLICE DEPARTMENT  
 SURPRISE FIRE DEPARTMENT

SURPRISE POLICE DEPARTMENT  
 TEMPE FIRE DEPARTMENT  
 TEMPE POLICE DEPARTMENT  
 THATCHER POLICE DEPARTMENT  
 THREE POINTS FIRE DISTRICT  
 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 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