Celebrating 50 Years

PERSI

50 Years

Public Employee Retirement System of Idaho
A Component Unit of the State of Idaho

2015 Comprehensive Annual Financial Report
As of and for Fiscal Year Ended June 30, 2015

Public Employee Retirement System of Idaho
A Component Unit of the State of Idaho

PERSI
Public Employee Retirement System of Idaho

Comprehensive Annual Financial Report
As of and for Fiscal Year Ended June 30, 2015

This 2015 Comprehensive Annual Financial Report was prepared by:

Financial:	James E. Monroe, CPA, Chief Financial Officer
	Deanna Ross, CPA, Financial Operations Manager
	Brenda Cronin, CPA, Senior Accountant
	Cecile McMonigle, Portfolio Accountant
	Mike Young, Portfolio Accountant
Investments:	Robert M. Maynard, Chief Investment Officer
	Richelle Sugiyama, Investment Officer
Administration:	Kelly Cross, Public Information Officer

Executive Department
State of Idaho

The Office of the Governor
Proclamation

State Capital
Boise

WHEREAS, the 37th Idaho Legislature created the Public Employee Retirement System of Idaho (PERSI); and

WHEREAS, PERSI officially began operations July 1, 1965; and

WHEREAS, PERSI's mission is to provide a sound retirement system and high-quality service and education to help Idaho public employees build a secure retirement; and

WHEREAS, PERSI's vision is to be America's premier public retirement system, respected by customers, peers and the community, and known for professional service, technological advancement, and fund stability; and

WHEREAS, PERSI's core values are Commitment, Character, and Competence; and

WHEREAS, PERSI remains steadfast in its investment philosophy – Simple, Transparent, Focused, and Patient; and

WHEREAS, PERSI's assets have grown to $15 billion; and

WHEREAS, today PERSI serves more than 140,000 members; and

WHEREAS, in 2015 PERSI celebrates 50 years of service to the public employees of the State of Idaho;

NOW, THEREFORE I, C.L. "BUTCH" OTTER, Governor of the State of Idaho, do hereby proclaim July 1, 2015, to be

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO DAY

in recognition of PERSI's 50 years of outstanding service to the citizens of this state.

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Idaho at the Capitol in Boise on this 1st day of July in the year of our Lord two thousand and fifteen and of the Independence of the United States of America the two hundred thirty-ninth and of the Statehood of Idaho the one hundred twenty fifth.

C.L. "BUTCH" OTTER
GOVERNOR

LAWERENCE DENNEY
SECRETARY OF STATE

Table of Contents

Table of Contents

INTRODUCTORY SECTION

Helping Idaho public employees
build a secure retirement.

PERSI MISSION STATEMENT

To provide a sound retirement system and high quality service and education to help Idaho public employees build a secure retirement.

CORE VALUES

VISION

To be the premier public retirement system, respected by customers, peers, and the community, and known for professional service, technological advancement, and fund stability.

FIDUCIARY DUTY OF LOYALTY

The primary duty of the Retirement Board and PERSI staff, as fiduciaries, is that of loyalty, or acting with an "eye single" to the interests of the beneficiaries. PERSI is required by law to make all its decisions solely in the interest of the beneficiaries and to avoid, at all costs, serving the interests of any other party not a beneficiary of the system.

C.L. "Butch" Otter, Governor, State of Idaho

RETIREMENT BOARD

Jody B. Olson, Chairman
Term expires July 1, 2017





Jeff Cilek
Term expires July 1, 2020

William "Bill" Deal
Retired
December 31, 2014

Celia Gould
Term expires July 1, 2018

Joy Fisher
Term expires July 1, 2019

J. Kirk Sullivan
Term expires July 1, 2016

PERSI ADMINISTRATIVE STAFF

Donald D. Drum, Executive Director
Lisa Steele, Deputy Director
Joanna Guilfoy, Deputy Attorney General
Robert M. Maynard, Chief Investment Officer
James E. Monroe, Chief Financial Officer
Kelly Cross, Public Information Officer
Jess Simonds, Human Resources Manager
Deanna Ross, Financial Operations Manager
Diane Kaiser, Defined Contribution Manager
Larry Sweat, Information Technology Manager
Lisa Conn, Quality Assurance Auditor
Melody Hodges, Training Manager, Member Services Manager

PROFESSIONAL CONSULTANTS

Actuary:	Milliman, Inc., Boise, ID
Auditor:	Eide Bailly, LLP, Boise, ID
Medical:	Managed Medical Review Organization, Novi, MI United Review Services, Inc., Piscataway, NJ
Investment:	AEW Capital Management, L.P. Boston, MA Alban Row, LLC, Mt. Pleasant, SC, Berkadia Commercial Mortgage LLC, Horsham, PA Callan Associates, Inc., San Francisco, CA Chartwell Consulting, LLC, Bedford, NH Hamilton Lane Advisors, LLC, Philadelphia, PA Robert Storer, Juneau, AK
Legal:	Foster Pepper, PLLC, Seattle, WA Ice Miller, LLP, Columbus, OH Whiteford, Taylor & Preston, LLP, Baltimore, MD
Other:	Empower Retirement, Denver, CO Xerox HR Solutions, LLC, Woburn MA
Investment Custodians:	Bank of New York Mellon Asset Servicing, Pittsburgh, PA Wells Fargo Bank of Idaho, Boise, ID

Investment Managers:

Adelante Capital Management LLC, Berkeley, CA
Advent International Corp., Boston, MA
American Securities Opportunities Associates, LLC, New York, NY
Apollo Management, LP, Purchase, NY
Bank of New York Mellon, San Francisco, CA
Baring America Asset Management, Inc., Boston, MA
Blackstone Group, LP, New York, NY
Brandes Investment Partners, LP, San Diego, CA
Bridgepoint Capital LTD, London
Capital Guardian Trust Company, Brea, CA
Cascade Affordable Housing, LLC Seattle, WA
Cerberus Capital Management, L.P., New York, NY
Clearwater Advisors LLC, Boise, ID
CVC Capital Partners Advisory Co. LTD, London
D.B. Fitzpatrick & Co., Inc., Boise, ID
Donald Smith & Co., Inc., New York, NY
Endeavour Capital Partners, L.P., Portland, OR
Enhanced Equity Partners, LLC, New York, NY
Epic Ventures, LLC, Salt Lake City, UT
First Reserve Corporation, Greenwich, CT
Frazier Technology Ventures Management, LP, Seattle, WA
Galen Management, LLC, Stamford, CT
Genesis Asset Managers, LTD, London
Goense Bounds Management, LP, Chicago, IL
Hamilton Lane Advisors, LLC, Baja Cynwyd, PA
Hamilton Lane, G.P., Baja Cynwyd, PA
Highway 12 Capital Partners, LLC, Boise, ID
Ida-West Operating Services, Inc., Boise, ID
JH Whitney Capital Partners, LLC, New Canaan, CT
Kohlberg Kravis Roberts & Co., LP, New York, NY
Kohlberg Management, LLC, Mt Kisko, NY
Leonard Green & Partners, LP, Los Angeles, CA
Lindsay Goldberg, LLC, New York, NY
Littlejohn Associates, LLC, Greenwich, CT
Longview Partners, LP, London
Mondrian Investment Partners, LTD, London
Mountain Pacific Investment Advisers, Inc., Boise, ID
Nautic Partners, LLC, Providence, RI
Olympic Investors, LLC, Seattle, WA
Pareto Partners, LLC, London
Peregrine Capital Management, Inc., Minneapolis, MN
Providence Equity Partners, LLC, Providence, RI
Prudential Investment Management LLC, Newark, NJ
Sanford C. Bernstein & Co. LLC, New York, NY
State Street Global Advisors, Boston, MA
TPG Capital, LP, Fort Worth, TX
The Gores Group, LLC, Los Angeles, CA
The Koll Company, LLC, Newport Beach, CA
Tukman Grossman Capital Management, Inc., Larkspur, CA
Veritas Capital, LP New York, NY
W. Capital Partners, LLC, New York, NY
Western Asset Management Co., Pasadena, CA
Zesiger Capital Group, LLC, New York, NY

Additional information on the above-mentioned investment professionals can be found on pages 77-78 in the Investment Section of this report.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Public Employee Retirement System of Idaho

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2014

Jeffrey R. Emer

Executive Director/CEO

PPC

Public Pension Coordinating Council

Public Pension Standards Award
For Funding and Administration
2015

Presented to

Public Employee Retirement System of Idaho

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

Presented by the Public Pension Coordinating Council, a confederation of

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

Alan H. Winkle

Alan H. Winkle
Program Administrator

Organizational Chart (As of June 30, 2015)

Retirement Board

Donald D. Drum Executive Director	Kelly Cross Public Information Officer	Jess Simonds Management Assistant & HR	Lisa Conn Quality Assurance Auditor	Joanna Guilfoy Deputy Attorney General
Lisa Steele Deputy Director	Pat Gittings Project Manager			
Robert M. Maynard Chief Investment Officer	Richelle Sugiyama Investment Officer	Rose Marie Sawicki Administrative Assistant	Investment Managers See Investment Section for a list (pages 77-78)	
Vacant Training & Development Manager	Mike Mitchell Training Specialist	Carmen Brooks Training Specialist	Catherine Atchison Training Specialist	
James E. Monroe Chief Financial Officer	Deanna Ross Financial Specialist Principal	Cecile McMonigle Portfolio Accountant	Mike Young Portfolio Accountant	Brenda Cronin Financial Specialist Sr.
	Kathy Grover Financial Specialist	Tess Myers Administrative Assistant	JoAnne Dieffenbach Financial Technician	Barbara Sargent Financial Technician
	Barbara Weirick Financial Technician	Ellise Fowler Financial Technician	Bev Ross Financial Technician.	Sharon Simon Financial Support Tech.
	Vacant Financial Technician			
Diane Kaiser DC Plan Manager	Vacant Administrative Assistant		.	
Larry Sweat Information Technology Manager	Joy Fereday IT Systems Analyst Supervisor	Stacy Parr Web Master	Branden Kennah IT Sys Integration Analyst, Sr.	Vacant IT Programmer Analyst Sr
	Vacant IT Info. Sys Tech Sr.	Kris Colt IT Info. System Tech..	Randy Graybeal IT Network Analyst	Timothy Wolfrum Technical Writer
Melody Hodges Member Services Manager	Shasta Wardle Office Services Supervisor	Susan Strouth Retirement Specialist	Lisa Mabe Retirement Specialist	Sherry Slocum Disability Specialist
	Andrea Colglazier Retirement Specialist	Linda Parker Retirement Specialist	Kathi Kaufman Retirement Specialist	Brett Harper Retirement Specialist
	Jennifer Reeder Retirement Specialist	Lynette Hancock Retirement Specialist	Dusty Schild Retirement Specialist	Vacant Retirement Specialist
	Karen Oster Customer Service Rep.	Daryl King Customer Service Rep.	Carl Parmer Customer Service Rep.	April Bias Customer Service Rep.
	Shannon Johnson Customer Service Rep.	Vacant Customer Service Rep.	Vacant Customer Service Rep.	Kay Prince Technical Records Spec.
	Stephen Mytrysak Technical Records Spec.	Cathy Andrews Technical Records Spec.	Debera Anderson Technical Records Spec.	J.D. Stewart Technical Records Spec.
	Janet Cole Office Specialist			

THE SYSTEM

The Public Employee Retirement System of Idaho (the System) is the administrator of seven fiduciary funds. This includes three defined benefit retirement plans, the Public Employee Retirement Fund Base Plan (PERSI Base Plan) the Firefighters' Retirement Fund (FRF) and the Judges' Retirement Plan (JRF); two defined contribution plans, the Public Employee Retirement Fund Choice Plan 401(k) and 414(k) (PERSI Choice Plans); and two Sick Leave Insurance Reserve Trust Funds – one for state employers and one for school district employers.

The Retirement Board consists of five members, each appointed by the Governor to fulfill a 5-year term. The Board meets monthly to conduct System business, usually on the third Tuesday of each month at 8:30 a.m. at PERSI's headquarters office in downtown Boise.

Administrative expenditures consisting of the personnel costs, operating expenditures, and capital outlay necessary to operate the System are limited to those approved and appropriated by the Legislature for that purpose. In Fiscal Year 2015 (FY15), these costs totaled $6,788,254 including $379,329 in depreciation and amortization, which are not cash expenditures and, therefore, not appropriated.

The majority of the System's 64 staff works in the headquarters office located at 607 North 8th Street, Boise, Idaho. There are two staff members in the Coeur d'Alene office, and three in the Pocatello office. The Executive Director and Investment Officers are exempt positions appointed by the Retirement Board to serve at its pleasure. The Deputy Director and Public Information Officer are exempt positions serving under the Executive Director. The Deputy Attorney General is assigned to PERSI by the Office of the Attorney General. All other staff members serve under statutes and personnel rules governing classified state service.

The System staff oversees the investment of the trust corpus and new contributions with professional investment managers and funding agents. The Retirement Board maintains fiduciary responsibility for investment policy, asset allocation, and the selection of individual investment managers as discussed in the Investment Section.

SUMMARY OF PLAN PROVISIONS

DEFINED BENEFIT "BASE PLAN" PROVISIONS

Note: The items in parentheses are the provisions applicable to members designated as either PERSI firefighters or as PERSI police officer members for retirement purposes.

MEMBER CONTRIBUTION RATE

The employee contribution rate is set by statute at 60% (72%) of the employer rate. As of June 30, 2015, it was 6.79% (8.36%).

EMPLOYER CONTRIBUTION RATE

The employer contribution rate set by the Retirement Board was 11.32% (11.66%) as of June 30, 2015.

SERVICE RETIREMENT

ELIGIBILITY

Five years of service and age 65 (age 60 or between 60 and 65, depending on the ratio of police officer/firefighter service to total credited service).

AMOUNT OF ALLOWANCE

For each year of credited service, the monthly service retirement allowance as of June 30, 2015, was 2% (2.3% for police/firefighters) of the monthly average salary of the member's highest 42 consecutive months.

MINIMUM MONTHLY BENEFIT ALLOWANCE

Until February 28, 2015: for each year of service, the monthly minimum benefit allowance was $24.39 ($29.27) to a maximum of the member's accrued benefit. Effective March 1, 2015 the monthly minimum benefit allowance was $25.37 ($30.44).

DISABILITY TO SERVICE RETIREMENT

The regular retirement allowance for disability changes to service retirement allowance when the member reaches service retirement age. The disabled member completes the normal retirement application, offering the ability to select other retirement options.

OPTIONAL FORMS

Retirees may also choose 50% or 100% contingent annuitant options as well as Social Security "bridge" options. These are actuarial equivalents of the normal form based on the mortality and interest assumptions adopted by the Retirement Board. The allowance is payable for the life of the retiree and designated contingent annuitant.

EARLY RETIREMENT

ELIGIBILITY

Five years of service and age 55 (age 50 or between 50 and 55, depending on the ratio of police officer/firefighter service to total credited service).

AMOUNT OF ALLOWANCE

Unreduced accrued service retirement allowance if age plus service, upon separation from employment, total 90 (80, or between 80 and 90, depending on the ratio of police officer/firefighter service to total credited service); otherwise, the accrued service retirement allowance is reduced 3% for each of the first 5 years by which the early retirement date precedes the date the member would be eligible to receive the unreduced benefit, and by 5.75% for each additional year to a maximum of a second 5 years. The unreduced benefit entitlement may be either at the service retirement eligibility date or the date eligible for the rule of 90(80).

FORMS

Regular retirement allowance; contingent annuitant allowances for the life of the retiree and a designated contingent annuitant; Social Security level income option for the life of the retiree only or for the life of the retiree and designated survivor.

DISABILITY RETIREMENT

ELIGIBILITY

Active members must have 5 years of service, be unable to perform work of *any* kind, and be expected to remain disabled for life. They are eligible from first day on the job if the disability is due to occupational causes.

AMOUNT OF ALLOWANCE

Projected service retirement allowance based on the highest 42-consecutive month average salary at the time of disability. The benefit is calculated using the accrued service at the time of disability plus the service which would have accrued through service retirement age had the disability not occurred. If a member has less than 360 months of service as of the date he is eligible for disability retirement, he will be given credit for the months of service he would have earned from the date of disability to the date he would have reached Service Retirement Age (65 for general members/62 for police and firefighters) had he not become disabled (360 months of credited service maximum). In other words, PERSI will give members up to 30 years of credit or to Service Retirement Age, whichever comes first. Monthly allowance is payable after all temporary compensation ceases and is offset by the amount payable as income benefit under worker's compensation law, except when offset by Social Security. Effective July 1, 2009, public safety officers who are injured in the line of duty and determined to be permanently disabled under Idaho Code 59-1302(12), may be eligible to receive a one-time, lump-sum payment of $100,000.

DISABILITY TO SERVICE RETIREMENT

The regular retirement allowance for disability changes to service retirement allowance when the member reaches service retirement age. The disabled member completes the normal retirement application offering them the ability to select other retirement options.

DEATH BENEFITS

AFTER RETIREMENT

Under the normal form of the retirement allowance, a Social Security adjustment option, or a disability retirement, the balance, if any, of the member's accumulated contributions and interest at retirement over all payments received is paid to the beneficiary in a lump sum. In the case of a disability retirement, the beneficiary may waive the lump sum if the retiree is married so that the spouse will receive a lifetime monthly allowance, or the beneficiary may take a lump-sum payment of two times the amount in the member’s account at the time of disability retirement minus any amount paid. Under the contingent annuitant options, the designated annuitant receives a lifetime monthly benefit following the member's death. If the survivor dies before the balance of the member's accumulated contributions and interest has been paid, the balance will be paid to the beneficiary in a lump sum. If the member's designated contingent annuitant predeceases him/her, the member's allowance will be recalculated to a single life payment.

BEFORE RETIREMENT

1 Non-vested Members:

  a Beneficiary receives a lump sum payment of the member's accumulated contributions plus interest.

2 Vested Members:

  a Beneficiary receives a lump sum payment of two times the member's accumulated contributions plus interest.

  b If the member is married, and the spouse is the sole beneficiary, the spouse may select a lump sum payment or a lifetime monthly benefit.

  c If the member is married, but the spouse is not the sole beneficiary, the beneficiary may waive the lump sum, in which case, a lifetime monthly benefit is available to the surviving spouse.

3 A $100,000 death benefit for duty-related deaths for police officers/firefighters became effective July 1, 2003.

SEPARATION BENEFIT

Accumulated member contributions with regular interest is payable upon becoming an inactive member separated from eligible employment. The Regular Interest Rate in effect for FY15 was 15.04% from January 1 through June 30, 2015 (7.77% from July 1 through December 31, 2014) compounded monthly per annum.

POSTRETIREMENT ADJUSTMENTS

An annual postretirement adjustment based on and limited by a cost-of-living factor reflecting the changes in the Consumer Price Index (CPI) is effective in March each year. If the CPI change from August of the previous year to August of the second previous year is 1% or more, a 1% mandatory adjustment is made. The Board may authorize additional discretionary adjustments based on the CPI increase (up to a total maximum annual COLA of 6% or the CPI rate, whichever is lower) if it determines that the System can do so and still maintain an appropriately funded position as required by Idaho Code Section 59-1355(1). When discretionary COLA adjustments in excess of the 1% are authorized by the Board, they are reported to the Legislature. If the Legislature has not acted on the Board adjustment by the 45th day of the legislative session, the discretionary COLA, if any, becomes effective on March 1 of that year.

The Board is also authorized to award postretirement adjustments for prior years in which the actual amount of adjustment was less than the CPI for those years. If the CPI change is downward, in no event will any benefit be reduced below its initial amount.

The net COLA authorized and implemented March 1, 2015 was up to 4%. (a 1.7% COLA and an additional retroactive increase of up to 2.3%).

PERSI
Public Employee Retirement System of Idaho

Governor C.L. "Butch" Otter

Retirement Board
Jody B. Olson, Chairman
Jeff Cilek
William W. Deal
Joy Fisher
J. Kirk Sullivan
Celia R. Gould

Executive Director
Donald D. Drum

PHONES
Answer Center 208-334-3365
Fax 208-334-3805
Toll-free:1-800-451-8228

Employer Service Center
1-866-887-9525

Mailing Address
P.O. Box 83720
Boise, ID 83720-0078

BOISE
607 North 8th Street
Boise, ID 83702-5518

POCATELLO
1246 Yellowstone Avenue
Suite "A5"
Pocatello, ID 83201

COEUR D' ALENE
2005 Ironwood Pkwy.
Coeur d' Alene, ID 83814

Choice Plan Record Keeper
1-866-437-3774

December 2, 2015

Dear Governor Otter, Legislators, and Members of the Retirement System:

We are pleased to present to you the Public Employee Retirement System of Idaho (the System) comprehensive annual financial report, for the fiscal year ended June 30, 2015 (FY15). This financial report is a historical perspective of benefits, services, and fiscal activities of the System. Included is a summary of our actuarial valuations, an independent auditors' report, an investment summary, and a statistical section.

Generally accepted accounting principles require management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The System's MD&A can be found immediately following the independent auditors' report.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to PERSI for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the 24th consecutive year PERSI has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

For the 13th consecutive year, PERSI has been awarded the *Public Pension Coordinating Council Standards Award*. This award signifies that PERSI complies with the standard benchmarks for public defined benefit systems in the United States. The standards require a high level for the following: comprehensive benefit program, funding adequacy, accepted actuarial and audit practices, investment policy and evaluation, and member communications. This award is given to 50 to 60 public retirement systems each year.

This Letter of Transmittal is intended to serve as an overview of the System and to convey information on the topics that follow.

PLAN HISTORY

The Public Employment Retirement System of Idaho (PERSI) was created by the thirty-seventh Legislature, Regular Session of 1963 with funding effective July 1, 1965. It is a tax qualified, defined benefit system to which both the member and the employer contribute. Participation in the System is mandatory for eligible state and school district employees and available to other public employers and their employees on a contractual basis.

When the Teachers Retirement System of Idaho was abolished, members of that system were integrated into PERSI, and all other eligible school district employees became PERSI members effective July 1, 1967.

Legislative amendments since 1965 have made it possible for municipal police officer retirement funds to merge with the System, and two of the five police officer systems have since merged. The other three are being phased out, and police officers hired since 1969 have become PERSI members.

Legislation in 1979 mandated the Firefighters' Retirement Fund be administered by PERSI effective October 1, 1980. Paid firefighters who were members of the original system retained their original benefit entitlement, while paid firefighters hired after October 1, 1980, were entitled to PERSI benefits. An actuarial valuation of the firefighter member benefit entitlement is conducted at least every other year, separate from the annual PERSI valuation.

In January 2001, PERSI implemented a "Gain Sharing" program as a way to distribute $155 million in excess investment earnings back to our active members, retirees, and employer members. Retirees received their gain sharing as a "13th check." Employers received their share as a contribution "holiday." Some 53,000 eligible active members received their portion as deposits into newly created defined contribution (DC) accounts. This new plan, named the "PERSI Choice 401 (k) Plan," supplemented PERSI's traditional Defined Benefit (DB) "Base" Plan. It allowed employees for the first time to actively participate in saving for their retirement.

At the time of inception, the Choice Plan was somewhat unique in the public sector. PERSI obtained permission from the Internal Revenue Service to expand a grandfathered State 401(k) to our members statewide. While some public employees were familiar with 457 or 403(b) plans, a 401(k) was something new to them. Many of our members had never had the opportunity to make such pre-tax voluntary contributions.

PERSI assumed the administration for the Judges' Retirement Fund (JRF) starting July 1, 2014 and therefore, did not report JRF data in its Fiscal Year 2014 reports.

SERVICES PROVIDED

The ability of the System to serve both employee and employer members at the local level through the Boise, Pocatello, and Coeur d' Alene offices remains a key factor for efficient administration. The merging of other retirement systems with PERSI, plus statutory amendments over the years, have produced both multiple and diverse member benefit entitlements and administrative requirements. These can best be analyzed and explained to the members through personal contact with knowledgeable System staff members.

In its 50th year of operation, the System continued a wide range of services to both employee and employer members. Members may visit the PERSI Web site, call, email, or visit one of the three offices for personal information and assistance regarding credited service, account balances, eligibility, benefit options and amounts, and other retirement matters.

Members receive advance notice of service retirement qualification and are provided with estimates of monthly allowances. They also receive information regarding the availability of alternate forms of retirement payments. Retirement applications are processed in a timely fashion, and monthly payments are made promptly. Direct deposit of benefit payments is available to retired members as is withholding for income tax, medical insurance, or other purposes.

System retirees are provided notices whenever their net benefit amount changes. This notice gives retirees a list of their itemized deductions from their gross benefit. Retirees may also access the past 24 monthly notices on the PERSI secure web site, as well as past 1099 tax statements.

Separation and death benefits are paid in an orderly manner and as rapidly as possible. Employee contributions and earned interest are posted to individual member accounts each month, and an annual statement is provided to each member confirming their average monthly salary, credited service, contributions, and earned interest. In addition, a report of benefits accrued to date is provided along with an estimate of benefits projected ahead to various retirement ages.

PERSI's employer units are responsible for reporting and handling retirement transactions and activities. They are provided regular training and assistance through monthly newsletters, employer training sessions throughout the State, and personal contacts with PERSI staff, as needed. Employer records and reporting procedures are reviewed each year for accuracy and compliance with statutory provisions.

Upon request, public employers interested in affiliation with the System are counseled and provided with information regarding employee benefits, cost, and procedures associated with joining. Conversely, employers considering withdrawal are provided information and employee benefit projections to enable them to make an informed decision.

Pre-retirement and financial planning workshops, offered on a regular basis throughout the State, cover financial planning, budgeting, investment basics, and Social Security, Medicare, and System benefits.

EMPLOYEE AND EMPLOYER MEMBERSHIP

During FY 2015, the number of active PERSI members Increased from 66,223 to 67,008. The number of retired members or annuitants receiving monthly allowances increased from 40,776 to 42,657. The number of inactive members who have not been paid a separation benefit increased from 28,273 to 29,827. Of these inactive members, 11,859 have achieved vested eligibility. Total membership in PERSI increased from 135,272 to 139,492 during the fiscal year. There are currently 766 public employers in Idaho who are PERSI members. Participating employers are listed in the Statistical Section of this report.

MANAGEMENT RESPONSIBILITY

The System's management is responsible for the complete and fair presentation of the data and the accompanying disclosures in this report. The financial statements and supplemental schedules included in this report have been prepared in accordance with generally accepted accounting principles for governmental accounting and reporting as pronounced or adopted by the Governmental Accounting Standards Board.

INDEPENDENT AUDIT

The System is audited annually, and for the fiscal year ended June 30, 2015, the audit was conducted by Eide Bailly, LLP, an independent firm of Certified Public Accountants. Refer to the Independent Auditors' Report for their audit opinion.

INTERNAL ACCOUNTING CONTROL

As an agency of the State of Idaho, the System's administrative expenses are subject to the State's budget controls. Management is responsible for maintaining a system of internal accounting control designed to provide reasonable assurance transactions are executed in accordance with management's general or specific authorization and are recorded as needed to maintain accountability for assets to permit preparation of financial statements. Internal controls have inherent limitations and their costs should not outweigh their benefits. Internal control procedures have been established, and a budget report is prepared for the Board. We believe the internal controls in effect during FY 2015 adequately safeguard the assets and provide reasonable assurance regarding the proper recording of financial transactions.

FINANCIAL HIGHLIGHTS

Collection of employer and employee contributions, as well as income and gains from investments, provides the reserves necessary to finance retirement benefits. These income sources totaled $1,048,303,598 for all pension funds during the fiscal year ended June 30, 2015.

ADDITIONS:	
Contributions	$ 616,156,395
Transfers/Rollovers In	14,575,338
INVESTMENT INCOME:	
Net Appreciation (Depreciation) in Fair Value of Investments	125,306,457
Interest, Dividends and Other Investment Income	340,869,400
Less: Investment Expenses	(48,623,586)
Net Investment Income	1,048,284,004
OTHER INCOME	19,594
Total Additions	$ 1,048,303,598

The payment of benefits is the primary expense of a retirement system. The payments, together with the expenses to administer the Plan, constitute the total expenses of the System. Expenses for FY 2015 are as follows:

DEDUCTIONS:	
Benefits and Refunds	$ 830,035,224
Administrative Expenses	6,788,254
Transfers/Rollovers Out	25,413,844
Total Deductions	$ 862,237,322

ACTUARIAL PRESENT VALUE OF FUTURE BENEFITS

Future benefits include all benefits estimated to be payable to plan members (retirees and beneficiaries, terminated employees entitled to benefits but not yet receiving them, and current active members) as a result of their service through the valuation date and their expected future salary. The actuarial present value of future benefits as of the valuation date is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. Simply put, it is the amount that would have to be invested on the valuation date so the amount invested plus investment earnings will provide sufficient assets to pay total future benefits when due.

The actuarial present value was calculated as part of an actuarial valuation at July 1, 2015. Significant actuarial assumptions used include: a gross investment return rate of present and future assets of 7.5% compounded annually, (7.0% plus 0.50% for expenses); projected salary increases of 3.75% per year compounded annually, attributable to general wage increases; additional projected salary increases attributable to seniority/merit, up to 6.25% per year, depending on service and employee classification, and; 1.00% per year attributable to postretirement benefit increases.

At June 30, 2015, the unfunded actuarial liability on a current contribution basis was as follows:

***Unfunded Actuarial Liability on Current Contribution Basis** (in millions):

	Valuation Date:	July 1, 2015
	Benefit Date:	July 1, 2015
A. Actuarial Present Value of All Future Benefits for Contributing Members, Former Contributing Members and Their Survivors		$ 19,109.8
B. Actuarial Present Value of Total Future Normal Costs for Present Members		$ 3,621.6
C. Actuarial Liability [A - B]		$ 15,488.2
D. ORP Contributions		$ 41.3
E. Actuarial Liability Funded by PERSI Contributions [C-D]		$ 15,446.9
F. Actuarial Value of Assets Available for Benefits		$ 13,956.7**
G. Unfunded Actuarial Liability (funding excess) [E-F]		$ 1,490.2
H. Amortization Period on Valuation Date, Based on Contribution Rate Established as of Benefit Date		17.4 years
I. Funded Ratio [F/E]		90.4%

* Based on the CPI increases from August 2014 to August 2015 of 0.20%. Reflects automatic COLA of 0.20% on March 1, 2016 and assumed 1% COLA in 2017 and all future years.

** The total available assets are $14,420.5, but are reduced by $463.8 million for assets used in plan operations and funds earmarked to provide excess benefits to former members of the Firefighters' Retirement Fund and the Idaho Falls Police Retirement Fund.

ECONOMIC CONSIDERATIONS

The System operates within a dynamic economic environment, as do all investment funds. The objective of the Retirement Board is to minimize the effect of these external influences, where possible, by diversifying among a broad range of asset classes and investment management styles, both domestically and internationally. Such diversification, combined with prudent management by experienced investment professionals, increases the probability the earnings objective will be achieved. The investment return for Fiscal Year 2015 was 3.05% gross, 2.7% net of investment expenses, and 2.65% net of all expenses.

Defined benefit pension systems plan for and make decisions based on the long term (20 to 25 year) nature of pension funding and benefits. PERSI is funded on a sound actuarial basis, which protects future benefits for participants. Over the long-term, the Plan's investment assets have exceeded their expected returns. Short-term fluctuations in investment performance make good headline news, but are much less important when viewed in the long range context of pension plans. Sound investment strategies that are, in the words of CIO Bob Maynard, "Simple, Transparent, Focused, and Patient" along with reasonable actuarial assumptions are the key ingredients to a successful, well funded pension plan.

INVESTMENT STRATEGY AND POLICIES

The Retirement Board utilizes and directs agents to provide whatever investment management and custodial functions best achieve the System's investment objectives. The Board establishes asset allocation policy, diversification guidelines, custodial functions including safe-guarding of investments, and investment guidelines and restrictions. Each money manager is generally granted full discretion in making investment decisions within their guidelines. The Board, staff, and consultants monitor and evaluate investment results. The Board, in its administration of this System and management of the investment program, is guided by the fiduciary standards in Section 59-1301 of the Idaho Code and the Idaho Uniform Prudent Investor Act, in Sections 68-501 through 68-514 of the Idaho Code and is empowered in its sole discretion to limit, control, and designate the types, kinds, and amounts of investments.

PERSI's total fund return was 2.65% net of all expenses for Fiscal Year 2015 due to a weaker investment market. The policy benchmark return is 7.0%, net of all expenses. PERSI continues to rank in the top quartile over the long term when compared to our peer universe of other state-wide public pension funds across the country.

The investment mix at fair value as of the end of Fiscal Year 2015 was 59% domestic and global equity, 15% international equity, and 26% percent fixed income. The System's investment outlook is long term, allowing the portfolio to take advantage of the favorable risk-return characteristics of equities by placing more emphasis on this category. The portfolio is broadly diversified with additional diversification achieved through domestic and international investing. See the Management's Discussion and Analysis and Investment Section of this report for more detailed analysis and information.

FUNDING STATUS

The funding objective of PERSI is to accumulate sufficient assets to ensure funds will be available to meet current and future benefit obligations to participants on a timely basis. If the level of funding is high, the ratio of assets to the actuarial accrued liability is also greater, which means better investment income potential. Each year an independent actuary engaged by PERSI calculates the amount of the annual contribution the plans must make to fully meet their obligations to their members. As of July 1, 2015, the PERSI Base Plan had an amortization period of 17.4 years and a funding ratio of 90.4% of the present value of the projected benefits earned by employees. The closed Firefighters' Retirement Fund is fully funded as of the July 1, 2015 valuation. The Judges' Retirement Fund had a funding ratio of 78.1% and amortization period of 28.9 years. Because the amortization period exceeds the statutory limit of 25 years, the Board will be reviewing contribution rates. The actuarial method for calculating accrued liability for all three plans is Entry Age Normal with the objective of maintaining employer contributions approximately level as a percent of member payroll. For a more in-depth discussion of PERSI's funding, see Management's Discussion and Analysis and the Actuarial Section of this report.

MAJOR INITIATIVES

PERSI's #1 priority is "Personalized Customer Service". In 2015, an independent research firm (CEM) rated PERSI's business practices against 11 similar public retirement systems. The results help us improve service levels, set goals and manage costs. Here's some of what they found: PERSI's service score has significantly increased over the last four years. Our total service score was 79 out of a possible 100, exceeding the peer median of 78. Higher service scores generally means faster turnaround times, more availability, more choice and higher quality. Key areas that affect our service score include paying benefits on time, processing new retirees, secure website capability, and prompt call center service. Our administrative cost per member was $56 which is less than half that of the peer average ($122 per member). This data reflects PERSI's commitment to providing excellent customer service while controlling costs. Our attention to customer service has always set us apart from our peers, and PERSI leadership continues to believe personalized customer service is essential to all generations of members. We cannot afford to have any generation ignore, tune out, or turn off the messages about the PERSI benefit.

PERSI's contract with long-time Choice 401(k) Plan record keeper, Xerox HR Solutions came to term during FY 2015 and as a result, PERSI put the contract out to bid through an RFP (request for proposal) process. As a result of the process, a new vendor was selected – Great-West Financial, who has subsequently rebranded itself as Empower Retirement. An exhaustive transition process was completed on-time, effective May 1, 2015. Concurrent with the transition to Empower, PERSI also implemented a fee structure change, affecting 42,000 existing members with an account balance as well as any new members opting to participate. The fee changes included record keeping fees for all participants, as well as investment management fees for two fund options that had previously had no fees passed on to participants. New participants will receive a 12-month record keeping "fee holiday" once they begin contributing. The communication process for both the transition and the fee changes was concentrated and intense. During the 6 weeks prior to transition, PERSI's Director and key staff traveled the state, conducting dozens of face-to-face meetings and several webinars -- addressing the fee changes. Concurrently Empower staff traveled the state separately, conducting face-to-face meetings regarding the transition.

PERSI's Executive Director and key staff again traveled to all corners of our state, meeting with legislators, employers, members, retirees, and constituency groups – discussing issues important to PERSI and its stakeholders. PERSI is committed to ensuring that employers and their governing bodies are prepared and equipped to implement new Governmental Accounting Standards Board (GASB) transparency in pension reporting standards. PERSI will continue to educate lawmakers and employers, and be a trusted resource as the changes continue to unfold in 2016.

Communication between PERSI and its employers has never been more important, amid the Idaho Retirement Information System (IRIS) conversion. We continue to make progress implementing this new $13 million pension administration system which may be the largest project ever undertaken by PERSI. With the staggering volume of member data coming into PERSI, IRIS will greatly reduce inconsistencies in payroll reporting and improve the quality of the data used by PERSI. All of our employers are now using the new system to report payroll information to PERSI. Our Employer Service Center and Education and Communication Training Unit continue to work closely with employers, to assist in a smooth transition. The project is on schedule for full implementation in June, 2016.

Educational outreach efforts continue to focus on making sure members, employers and lawmakers understand and appreciate the value of the PERSI benefit. During Fiscal Year 2015, we added a Training and Development Manager position to the staff, and expanded workshop offerings explaining the value of the PERSI benefit in planning for retirement, and expanded our series of educational videos designed to engage and inform younger and newer members. Technology has a place in the process, so long as it is used to enhance but never replace in-person efforts. We will continue to evaluate but only utilize automation if we believe it provides enhanced value.

ACKNOWLEDGMENTS

This financial report of the Public Employee Retirement System of Idaho was prepared by staff under the leadership of the Retirement Board. It is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and as a method of determining responsible stewardship for the assets contributed by the members and their employers.

This report is being sent to the Governor, State Legislators, and other interested parties.

Respectfully submitted,

Jody B. Olson, Chairman   Donald D. Drum, Executive Director   James E. Monroe, Financial Officer

FINANCIAL SECTION

Helping Idaho public employees
build a secure retirement.

EideBailly
CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Retirement Board
Public Employee Retirement System of Idaho
Boise, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the pension and other trust funds of the Public Employee Retirement System of Idaho (the System), which comprise the statement of plan net position as of June 30, 2015, and the related statement of changes in plan 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 respective financial position of the Public Employee Retirement System of Idaho, as of June 30, 2015, and the respective changes in plan fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Public Employee Retirement System of Idaho's June 30, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 21-28 and 54-61 and be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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 opinions on the financial statements that collectively comprise the System's basic financial statements as a whole. The introductory, investment, actuarial and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements

The additional supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying financial information listed as supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, investment, actuarial and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic 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 October 15, 2015, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 System's internal control over financial reporting and compliance.

October 15, 2015
Boise, Idaho

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015

Management is pleased to provide Management's Discussion and Analysis ("MD&A") of the financial activities of the Public Employee Retirement System of Idaho (the "System" or "PERSI") as of and for the year ended June 30, 2015. The June 30, 2014 amounts are combined and are provided for comparative purposes. This overview and analysis is designed to focus on current known facts and activities and resulting changes.

The System administers seven fiduciary funds. These consist of three defined benefit pension trust funds – the PERSI Base Plan, the Firefighters' Retirement Fund (FRF) and the Judges' Retirement Fund (JRF), two defined contribution pension trust funds – the PERSI Choice Plan 401(k) and 414(k), and two Sick Leave Insurance Reserve trust funds – State and Schools.

Financial Highlights

- The net position for all pension and other funds administered by the System increased $262 million during Fiscal Year 2015 and increased over $2 billion during the Fiscal Year 2014. The increase in the defined benefit plans reflects the total of contributions received and an investment return exceeding benefits paid and administrative expenses. Changes in net position for the years ended June 30, 2015 and 2014 were as follows:

	2015	2014
PERSI Base Plan	$ 126,304,090	$ 1,785,048,627
FRF	641,556	45,217,480
JRF	76,467,630	-
PERSI Choice Plan 414(k)	(3,304,865)	5,597,974
PERSI Choice Plan 401(k)	45,142,722	117,152,538
Sick leave - state	7,519,824	24,779,936
Sick leave - schools	9,159,619	37,074,618
Total increase in plan net position	$ 261,930,576	$ 2,014,871,173

- Assets for the three defined benefit plans, the PERSI Base Plan, FRF and JRF, are pooled for investment purposes. For the Fiscal Years ended June 30, 2015 and 2014, the rate of return net of investment expenses on the investment assets are detailed below (these are plan-level returns). For the defined contribution plans, the PERSI Choice Plan 401(k) and 414(k), individual participant returns will vary depending on their specific investment choices. Returns for Choice Plan options can be found on the PERSI website under Investments/Choice Plan.

	2015	2014
PERSI Defined Benfit Plans	2.7%	16.8%
Sick Leave Insurance Reserve Fund	3.8%	18.5%

- All of the plans experienced investment gains in Fiscal Year 2015 as a result of positive market performance. Net investment income for all of the funds administered by the System for the Fiscal Years ended June 30, 2015 and 2014, was $417 million and $2.2 billion, respectively.

	2015	2014
PERSI Base Plan	$ 371,080,117	$ 2,006,540,166
FRF	9,357,909	50,966,862
JRF	2,049,895	-
PERSI Choice Plan 414(k)	1,677,651	9,470,647
PERSI Choice Plan 401(k)	18,620,191	80,991,676
Sick leave - state	5,722,685	23,097,449
Sick leave - schools	9,043,823	36,880,546
Total increase in plan net position	$ 417,552,271	$ 2,207,947,346

- As of June 30, 2015 and 2014, the funding ratio (actuarial value of assets divided by actuarial accrued liability) and amortization period (estimated time to payoff unfunded liability) for the unfunded actuarial liability for the defined benefit plans are as shown below. The amortization period for the Firefighters' Retirement Fund is N/A as the fund is fully funded.

	2015		2014	
	Funding Ratio	Amortization Period	Funding Ratio	Amortization Period
PERSI Base Plan	90.4%	17.4	93.9%	5.5
FRF	119.6%	N/A	110.9%	N/A
JRF	78.1%	28.9	N/A	N/A

The System's funding objective is to meet long-term benefit obligations through contributions and investment income and provide a reserve against market fluctuations. The funding ratio listed above gives an indication of how well this objective has been met at a specific point in time. The higher the funding ratio, the better the plan is funded. In 2015 the actuarial funding ratio for the PERSI Base Plan decreased from 2014 primarily because investment performance was less than the actuarial expected rate. The amortization period increased for the same reason.

The FRF plan funding ratio increased from 2014 primarily because the actual postretirement benefit increase during the year was significantly lower than the actuarial assumption. In addition, the FRF plan funding ratio increased as the funding policy was altered to implement a 3-year smoothing to calculate the actuarial value of assets. A 2-year smoothing was applied for 2015; subsequent years will have a 3-year smoothing.

PERSI assumed the administration for the JRF fund starting July 1, 2014 and therefore, did not report JRF data in its 2014 reports. Because the amortization period exceeds the statutory limit of 25 years, the Board will be reviewing contribution rates.

Using the Annual Financial Report

This discussion and analysis is intended to serve as an introduction to the System's financial statements. The financial section is comprised of four additional components: (1) fund financial statements, (2) notes to financial statements, (3) required supplementary information, and (4) additional supplementary schedules.

Fund Financial Statements — There are two financial statements presented for the fiduciary funds. The statements of plan net position as of June 30, 2015 and 2014 indicates the net position available to pay future benefits and gives a snapshot at a particular point in time. The statements of changes in plan net position for the years ended June 30, 2015 and 2014 provides a view of the current year's activity. It details the additions and deductions to the individual funds and supports the change to the prior year's ending net position on the statement of fiduciary net position. All pension fund statements are presented on a full accrual basis and reflect all trust activities, as incurred.

Notes to Financial Statements — The notes provide additional information essential for a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 33-52 of this report.

Required Supplementary Information — The required supplementary information consists of Schedule of Net Pension Liability, Schedule of Changes in Net Pension Liabilities, Schedule of Contributions, Schedule of Investment Returns and related notes concerning the methods and assumptions used in calculations of actuarially determined contributions.

Additional Supplementary Schedules — The additional schedules (Schedule of Investment Expenses and Schedule of Administrative Expenses) are presented for additional analysis.

Comparative Financial Statements

Defined Benefit Pension Trust Funds — The PERSI Base Plan, the Firefighters' Retirement Fund, and the Judges' Retirement Fund are qualified plans under Internal Revenue Code and provide retirement, disability and death benefits to the employees of affiliated employers. Benefits are funded by member and employer contributions and by earnings on investments. Assets for these plans are pooled only for investment purposes.

Defined Benefit Pension Trust Funds Net Position

	As of June 30, 2015	As of June 30, 2014	$ Change	% Change
Assets:				
Cash and cash equivalents	$ 3,568,905	$ 3,398,903	$ 170,002	5.0%
Investments sold receivable	111,457,406	138,022,415	(26,565,009)	-19.2%
Other receivables	51,792,373	41,408,722	10,383,651	25.1%
Investments - at fair value	14,428,374,876	14,230,441,280	197,933,596	1.4%
Prepaid retiree benefits	61,531,000	56,581,990	4,949,010	8.7%
Capital assets - net of accumulative depreciation	9,707,788	7,107,840	2,599,948	36.6%
Due from other plans	13,737	-	13,737	100.0%
Total assets	14,666,446,085	14,476,961,150	189,484,935	1.3%
Liabilities:				
Investment purchased payable	232,707,110	245,991,213	(13,284,103)	-5.4%
Benefits and refunds payable	209,765	403,145	(193,380)	-48.0%
Other liabilities	13,000,138	13,450,996	(450,858)	-3.4%
Total liabilities	245,917,013	259,845,354	(13,928,341)	-5.4%
Net Position:				
Net investment in capital assets	9,707,788	7,107,840	2,599,948	36.6%
Amounts held in trust	14,410,821,284	14,210,007,956	200,813,328	1.4%
Net Position	$14,420,529,072	$ 14,217,115,796	$ 203,413,276	1.4%

The fair market value of investments increased due to the combination of contributions received and an investment return of 2.7% (net of investment expenses) exceeding benefits and administrative expenses. Liabilities for benefits and refunds payable vary at Fiscal Year-end depending on member request and timing. Change in asset values and timing of payments can affect the balance of liabilities at the statement of fiduciary net position date.

The percent change in investments sold receivable and investments purchased payable fluctuates as the volume of trading activity by the System's professional investment managers' changes. The cash balance change was due to normal fluctuations in operating cash requirements and the timing of transfers to investment managers.

Defined Benefit Pension Trust Funds Changes in Net Position

	As of June 30, 2015	As of June 30, 2014	$ Change	% Change
Additions:				
Member contributions	$ 212,104,025	$ 203,900,049	$ 8,203,976	4.0%
Employer contributions	336,141,518	325,186,606	10,954,912	3.4%
Investment income	382,487,921	2,057,507,028	(1,675,019,107)	-81.4%
Other additions	18,830	12,690	6,140	48.4%
Total additions	930,752,294	2,586,606,373	(1,655,854,079)	-64.0%
Deductions:				
Benefits and refunds paid	796,519,404	749,552,455	46,966,949	6.3%
Adminsitrative expenses	6,683,914	6,787,811	(103,897)	-1.5%
Total deductions	803,203,318	756,340,266	46,863,052	6.2%
Special Item:				
Transfer in of Judges' Retirement Fund	75,864,300	-	75,864,300	100.0%
Changes in net position	$ 203,413,276	$ 1,830,266,107	$ (1,626,852,831)	-88.9%

Investment income for the Fiscal Year 2015 was $382 million as a result of the gross investment return of 3%. Contributions and other additions totaled $548 million. The transfer of the JRF funds to PERSI totaled $76 million. Total additions including investment income, contributions and transfers totaled $1 billion. The benefits and administrative expenses paid of $803 million were less than additions by $203 million for 2015. Investment income for the Fiscal Year 2014 was $2.1 billion, the gross investment return was 17.2%. Contributions and other additions totaled $529 million resulting in total additions of $2.6 billion. The benefits and administrative expenses paid of $756 million were less than additions by $1.8 billion for 2014.

For Fiscal Year 2015, the increase in benefits and refunds paid was a result of an increase in the number of retirees and the annual Cost of Living Adjustment (COLA) increase for benefits paid to retirees. The COLA adjustment for 2015 was 1.7% up to 4% based on date of retirement compared to 2014 which was 1%.

Defined Contribution Pension Trust Funds

During Fiscal Year 2015, the System administered two defined contribution plans. The PERSI Choice Plans, qualified plans under Internal Revenue Code, consist of a 401(k) plan and a 414(k) plan and provide another retirement benefit option to members of the Defined Benefit Pension Plans.

The PERSI Choice Plans were created during Fiscal Year 2001. The 401(k) Plan consists of employee voluntary contributions, rollover contributions, and some employer matching contributions. The 414(k) Plan represents the gain sharing allocation made to eligible PERSI members during Fiscal Year 2001. The assets of these plans are pooled for investment purposes, but the 414(k) Plan cannot be used to pay the benefits of the 401(k) Plan and vice versa.

Defined Contribution Pension Trust Funds Net Position

	As of June 30, 2015	As of June 30, 2014	$ Change	% Change
Assets:				
Cash	$ 513,130	$ 15,377	$ 497,753	3237.0%
Short-term investments	824,942	936,136	(111,194)	-11.9%
Investments-at fair value	688,598,067	647,117,262	41,480,805	6.4%
Receivables	1,798,384	1,676,095	122,289	7.3%
Total assets	691,734,523	649,744,870	41,989,653	6.5%
Liabilities				
Other liabilities	151,796	-	151,796	100.0%
Net Position	$ 691,582,727	$ 649,744,870	$ 41,837,857	6.4%

Net position increased from Fiscal Year 2014 to Fiscal Year 2015. The change reflects a positive return in the investment market and excess contributions compared to benefits paid out. The change in cash is due to the timing of a transfer of funds at the end of the month. Receivables include contributions that are not yet recorded by the record keeper at year end plus accrued interest and dividends. The change in other liabilities consists of amount due to the base plan and advanced revenue.

Defined Contribution Pension Trust Funds Changes in Net Position

	As of June 30, 2015	As of June 30, 2014	$ Change	% Change
Additions:				
Member contributions	$ 42,874,459	$ 39,062,685	$ 3,811,774	9.8%
Employer contributions	5,166,873	14,230,058	(9,063,185)	-63.7%
Transfers and rollovers in	14,575,338	10,706,301	3,869,037	36.1%
Investment income	20,297,842	90,462,323	(70,164,481)	-77.6%
Total additions	82,914,512	154,461,367	(71,546,855)	-46.3%
Deductions:				
Benefits and refunds paid	15,662,811	11,147,689	4,515,122	40.5%
Transfers and rollovers out	25,413,844	20,563,166	4,850,678	23.6%
Total deductions	41,076,655	31,710,855	9,365,800	29.5%
Change in net position	$ 41,837,857	$ 122,750,512	$ (80,912,655)	-65.9%

The change in net position was impacted for the year by a positive investment return for the fiscal year. Member contributions increased due to an increase in salary deferrals. Transfers in and transfer out represent rollovers from/to other plans. Changes in employer contributions vary up or down according to individual employers' desire to match employee contributions. Employer contributions decreased during fiscal year 2015 compared to 2014 as a result of a one-time event that occurred in 2013 and also affected 2014. The employers of some fire fighter groups who opted out of social security chose to make a one-time contribution to the Choice Plan using their social security refunds. The increase in benefits and refunds paid is a result of an increase in the number of retirees receiving benefits.

Other Trust Funds

During Fiscal Year 2015, the System administered two Sick Leave Insurance Reserve Fund (SLIRF) trusts. The PERSI SLIRF provides payment of eligible postretirement insurance premiums on behalf of retired state and public school district employees, based on accumulated unused sick leave at the time of retirement. The Fund's contributions are financed by state agency and school district employers of the System which make up the two separate trusts which are comingled for investment purposes.

Sick Leave Insurance Reserve Funds Net Position

	As of June 30, 2015	As of June 30, 2014	$ Change	% Change
Assets:				
Cash	$ 73,870	$ 74,515	$ (645)	-0.9%
Investments-at fair value	401,187,919	384,536,247	16,651,672	4.3%
Prepaid insurance premium	1,388,641	1,345,152	43,489	3.2%
Due from other funds	1,701,875	1,718,284	(16,409)	-1.0%
Total assets	404,352,305	387,674,198	16,678,107	4.3%
Liabilities:				
Other liabilities	38,190	39,526	(1,336)	-3.4%
Net Position	$ 404,314,115	$ 387,634,672	$ 16,679,443	4.3%

The net position increased in Fiscal Year 2015 from Fiscal Year 2014 because of positive investment returns and contributions exceeding benefits paid.

Sick Leave Insurance Reserve Funds Changes in Net Position

	As of June 30, 2015	As of June 30, 2014	$ Change	% Change
Additions:				
Employer contributions	$ 19,869,520	$ 19,353,135	$ 516,385	2.7%
Investment income	14,766,508	59,977,995	(45,211,487)	-75.4%
Other additions	764	1,406	(642)	-45.7%
Total additions	34,636,792	79,332,536	(44,695,744)	-56.3%
Deductions:				
Benefits and refunds paid	17,853,009	17,373,642	479,367	2.8%
Administrative expenses	104,340	104,340	-	0.0%
Total deductions	17,957,349	17,477,982	479,367	2.7%
Change in net position	$ 16,679,443	$ 61,854,554	$ (45,175,111)	-73.0%

The changes in net position reflect a net investment return of 3.8% resulting in $15 million in investment income, compared to $60 million for Fiscal Year 2014. The decrease in other additions was due to a decrease in interest earnings on the cash balance held at the Idaho State Treasurer's Office.

Plan Membership

This table reflects PERSI Base Plan and PERSI Choice Plans membership at the beginning and end of the Fiscal Year.

Changes in Plan Membership

	Base Plan		
	2015	2014	Change
Active particiapnts	67,008	66,223	785
Vested - Base Plan	43,043	43,965	(922)
Non-vested - Base Plan	23,965	22,258	1,707
Retirees and beneficaries	42,657	40,776	1,881
Terminated and vested	11,859	11,504	355

	Choice Plan		
	2015	2014	Change
Participants	41,937	42,021	(84)
Actively contributing	12,832	13,573	(741)
Periodic installment payments	144	120	24

While the above table reflects changes in active participants, the following table demonstrates the changes in Base Plan retirees and beneficiaries during the period.

Changes in Retirees and Beneficiaries (Base Plan)

	2015	2014
Beginning - July 1	40,776	38,947
New Retirements	2,889	2,852
Death of Beneficiary	(1,008)	(1,023)
Ending - June 30	42,657	40,776

Investment Activities

Long-term (20-25 year) asset growth is vital to the Defined Benefit Plans' current and continued financial stability. Therefore, trustees have a fiduciary responsibility to act with prudence and discretion when making plan investment decisions. To assist the Board in this area, a comprehensive formal investment policy is updated periodically. As managers are added, specific detailed investment guidelines are developed, adopted, and become part of that manager's agreement.

Portfolio performance is reviewed monthly by the Board and its consultants. Performance is evaluated individually, by money manager style, and collectively by investment type and for the aggregate portfolio. Investment types include both domestic and international equities, domestic and international fixed income, private equity and real estate.

Economic Factors

At July 1, 2015, PERSI's Base Plan had a funded ratio of 90.4% and an amortization period on the unfunded actuarial liability of 17.4 years. The investment return net of all expenses for 2015 was 2.65% compared to the assumed return of 7.0%. The change in funded ratio and amortization period is due in large part to this decline in the investment market. These results and decisions enable PERSI to meet the mandate set by the legislature when it created PERSI to "Provide a secure retirement for public employees in Idaho".

Since inception, the cumulative funding of the plan is 58% investment income, 26% employer contributions and 16% member contributions. PERSI is viewed as a well-run and conservatively managed pension plan compared to plans nationally. This reputation stems from sound decisions made by the legislature and the PERSI Board of Trustees.

The PERSI Board of Trustees has and will continue to make appropriate choices regarding investments, contributions, and actuarial assumptions with the goal of maintaining the long-term sustainability of the plan.

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2015 WITH COMPARATIVE FINANCIAL INFORMATION FOR JUNE 30, 2014

	Pension Trust Funds				
	PERSI Base Plan	Firefighters' Retirement Fund	Judges' Retirement Fund	PERSI Choice Plan 414(k)	PERSI Choice Plan 401(k)
ASSETS					
Cash and cash equivalents	$ 3,006,864	$ 76,228	$ 485,813	$ 44,076	$ 469,054
Investments—at fair value					
Fixed income investments					
Domestic	3,134,534,259	79,464,183	17,116,845	-	-
International	36,768,582	932,127	200,783	-	-
Idaho commercial mortgages	536,960,017	13,612,577	2,932,194	-	-
Short-term investments	337,083,226	8,545,462	1,840,720	-	824,942
Real estate equities	491,426,520	12,458,249	2,683,548	-	-
Equity securities					
Domestic	5,754,026,328	145,871,432	31,421,184	-	-
International	2,769,172,087	70,201,816	15,121,701	-	-
Private equity	937,126,370	23,757,272	5,117,394	-	-
Mutual, collective, unitized funds	-	-	-	60,258,896	628,339,171
Total investments	13,997,097,389	354,843,118	76,434,369	60,258,896	629,164,113
Receivables					
Investments sold	108,125,841	2,741,119	590,446	-	-
Contributions	5,357,382	3,708	-	-	390,723
Interest and dividends	45,043,409	1,141,904	245,970	147,241	1,260,420
Total receivables	158,526,632	3,886,731	836,416	147,241	1,651,143
Assets used in plan operations - net	9,707,788	-	-	-	-
Due from other plans	13,737	-	-	-	-
Prepaid retiree benefits	61,531,000	-	-	-	-
Total assets	14,229,883,410	358,806,077	77,756,598	60,450,213	631,284,310
LIABILITIES					
Accrued liabilities	10,974,919	267,143	56,201	-	-
Benefits and refunds payable	209,765	-	-	-	-
Due to other plans	1,701,875	-	-	1,325	12,412
Advanced revenue	-	-	-	13,551	124,508
Investments purchased	225,751,279	5,723,064	1,232,767	-	-
Total liabilities	238,637,838	5,990,207	1,288,968	14,876	136,920
NET POSITION					
Net position restricted for pensions and amounts held in trust	$ 13,991,245,572	$ 352,815,870	$ 76,467,630	$ 60,435,337	$ 631,147,390

See notes to Financial Statements

Other Trust Funds: Sick Leave Insurance Reserve Fund		Totals	
State	Schools	2015	2014
$ 31,554	$ 42,316	$ 4,155,905	$ 3,488,795
46,637,742	63,187,172	3,340,940,201	2,827,890,122
-	-	37,901,492	73,373,641
-	-	553,504,788	494,449,586
-	-	348,294,350	407,451,910
-	-	506,568,317	424,641,351
89,085,454	146,849,249	6,167,253,647	6,197,364,830
21,099,954	34,328,348	2,909,923,906	3,177,542,677
-	-	966,001,036	1,013,199,546
-	-	688,598,067	647,117,262
156,823,150	244,364,769	15,518,985,804	15,263,030,925
-	-	111,457,406	138,022,415
-	-	5,751,813	4,744,762
-	-	47,838,944	38,340,055
-	-	165,048,163	181,107,232
-	-	9,707,788	7,107,840
515,776	1,186,099	1,715,612	1,718,284
401,110	987,531	62,919,641	57,927,142
157,771,590	246,580,715	15,762,532,913	15,514,380,218
14,801	23,389	11,336,453	11,772,238
-	-	209,765	403,145
-	-	1,715,612	1,718,284
-	-	138,059	-
-	-	232,707,110	245,991,213
14,801	23,389	246,106,999	259,884,880
$ 157,756,789	$ 246,557,326	$ 15,516,425,914	$ 15,254,495,338

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE FINANCIAL INFORMATION
FOR JUNE 30, 2014

	Pension Trust Funds				
	PERSI Base Plan	Firefighters' Retirement Fund	Judges' Retirement Fund	PERSI Choice Plan 414(k)	PERSI Choice Plan 401(k)
ADDITIONS					
Contributions					
Members	$ 211,468,780	$ 6,168	$ 629,077	$ -	$ 42,874,459
Employers	321,240,628	11,305,473	3,595,417	-	5,166,873
Transfers and rollovers in	-	-	-	-	14,575,338
Total contributions	532,709,408	11,311,641	4,224,494	-	62,616,670
Investment income					
Net appreciation in fair value of investments	97,579,801	2,461,078	526,854	776,244	9,030,653
Interest, dividends and other investment income	320,047,709	8,070,612	1,760,913	1,108,219	9,881,947
Less investment expenses	(46,547,393)	(1,173,781)	(237,872)	(206,812)	(292,409)
Total investment income - net	371,080,117	9,357,909	2,049,895	1,677,651	18,620,191
Other- net	16,767	-	2,063	-	-
Total additions	903,806,292	20,669,550	6,276,452	1,677,651	81,236,861
DEDUCTIONS					
Benefits and refunds paid to members and beneficiaries	771,067,740	19,874,275	5,577,389	2,932,845	12,729,966
Administrative expenses	6,434,462	153,719	95,733	-	-
Transfers and rollovers out	-	-	-	2,049,671	23,364,173
Total deductions	777,502,202	20,027,994	5,673,122	4,982,516	36,094,139
SPECIAL ITEM					
Transfer in of Judges' Retirement Fund	-	-	75,864,300	-	-
INCREASE/(DECREASE) IN NET POSITION	126,304,090	641,556	76,467,630	(3,304,865)	45,142,722
NET POSITION					
Beginning of year	13,864,941,482	352,174,314	-	63,740,202	586,004,668
End of year	$ 13,991,245,572	$ 352,815,870	$ 76,467,630	$ 60,435,337	$ 631,147,390

See notes to Financial Statements

Other Trust Funds			
Sick Leave Insurance Reserve Fund		Totals	
State	Schools	2015	2014
$ -	$ -	$ 254,978,484	$ 242,962,734
6,347,903	13,521,617	361,177,911	358,769,799
-	-	14,575,338	10,706,301
6,347,903	13,521,617	630,731,733	612,438,834
5,786,851	9,144,976	125,306,457	1,907,393,052
-	-	340,869,400	349,151,184
(64,166)	(101,153)	(48,623,586)	(48,596,890)
5,722,685	9,043,823	417,552,271	2,207,947,346
600	164	19,594	14,096
12,071,188	22,565,604	1,048,303,598	2,820,400,276
4,510,989	13,342,020	830,035,224	778,073,786
40,375	63,965	6,788,254	6,892,151
-	-	25,413,844	20,563,166
4,551,364	13,405,985	862,237,322	805,529,103
-	-	75,864,300	-
7,519,824	9,159,619	261,930,576	2,014,871,173
150,236,965	237,397,707	15,254,495,338	13,239,624,165
$ 157,756,789	$ 246,557,326	$ 15,516,425,914	$ 15,254,495,338

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE 1. GENERAL DESCRIPTION OF THE FUNDS

General — The Public Employee Retirement System of Idaho (the “System” or “PERSI”) is the administrator of five plans including three defined benefit retirement plans, the Public Employee Retirement Fund Base Plan (“PERSI Base Plan”), the Firefighters’ Retirement Fund (FRF); and the Judges’ Retirement Fund (JRF); and two defined contribution plans, the Public Employee Retirement Fund Choice Plans 401(k) and 414(k) (“PERSI Choice Plan”). PERSI also administers two Sick Leave Insurance Reserve Trust Funds, one for state employers and one for school district employers.

Reporting Entity — The System is a fiduciary fund of the State of Idaho (the “State”) and is included in the State of Idaho Comprehensive Annual Financial Report. The basic financial statements of the System include the financial activities of all of the above funds. A five member retirement board (the “Board”), appointed by the Governor and confirmed by the Idaho Senate, manages the System. State law requires that two members of the Board be active PERSI members with at least ten years of service and three members who are Idaho citizens not members of the system except by reason of having served on the Board. Responsibilities of the Board include selecting the funding agents, establishing funding policy, and setting contribution rates.

Defined Benefit Retirement Plans Administration — The PERSI Base Plan and FRF are both cost-sharing, multiple-employer defined benefit retirement plans that provide benefits based on members’ years of service, age, and highest average salary. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries.

Statutes governing the PERSI Base Plan are Title 59, Chapter 13 of the Idaho Code. Statutes governing FRF are Title 72, Chapter 14 of the Idaho Code.

Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

Effective July 1, 2014, by statute, PERSI assumed administration of the Judges’ Retirement Fund (JRF). The JRF is a single employer defined benefit plan that provides benefits based on members’ years of service, age and annual compensation. Statutes governing the Judges’ Retirement Fund are Title 1, Chapter 20 of the Idaho Code.

JRF members, having left office or retired, are eligible for retirement benefits based on age and years of service (a minimum of four years) as specified in statue.

Plans Membership - State agencies, school districts, cities, counties, highway districts, water and sewer districts, and other political subdivisions contribute to the System. As of June 30, 2015 and 2014, and the number of participating employer units in the PERSI Base Plan was:

	2015	2014
Cities	150	150
School districts	163	163
Highway and water districts	130	130
State subdivisions	97	95
Counties	42	42
Other	184	183
	766	763

As of June 30, 2015 and 2014, the number of benefit recipients and members in the System consisted of the following:

	2015	2014
Members:		
Active	67,008	66,223
Terminated and vested	11,859	11,504
Retirees and beneficiaries	42,657	40,776
	121,524	118,503

FRF has 22 participating employer units all consisting of fire departments also participating in PERSI. As of June 30, 2015, there were 2 active members and 535 retired members or beneficiaries, collecting benefits from FRF. The FRF covers a closed group of firefighters who were hired before October 1, 1980, and who receive benefits in addition to those provided under the Base Plan. The cost of these additional benefits is paid by FRF member and employer contributions and receipts from a fire insurance premium tax.

JRF as of June 30, 2015 had 52 active members and 95 retired members of which 92 are beneficiaries collecting benefits from JRF.

Benefits Provided - The benefit payments for the PERSI Base Plan, FRF and JRF are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The Retirement Board has the authority to provide higher PERSI Base Plan cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

The cost of living increase for the FRF retirees is based on the increase in the statewide average firefighter's wage for employer units who belong to the FRF plan.

Adjustments to JRF benefits are made by either the PERSI COLA as described above or by a statutory adjustment which is based on active judge's salaries. Whether the PERSI COLA or the statutory adjustment applies depend on the date the judge first assumed office, on or before July 1, 2012 and/or by whether the judge (if it was an option available) made an irrevocable election to use the PERSI COLA.

Contributions - The PERSI Base Plan, FRF and JRF benefits are funded by contributions from members and employers and earnings from investments. Additional FRF funding is obtained from receipts from a state fire insurance premium tax. Member and employer contributions are paid as a percentage of member compensation. PERSI Base Plan, FRF and JRF member contribution rates are determined by the Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due. Valuations are based on actuarial assumptions, the benefit formulas, and employee groups of the System. Costs of administering the fund are financed through the contributions and investment earnings of the System.

Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method for the PERSI Base Plan, FRF and JRF. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age.

The PERSI Base Plan and the JRF Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years. The maximum amortization period for JRF permitted under Section 1-2004A, Idaho Code is 25 years. The payroll for employees covered by the PERSI Base Plan and JRF Plan was $2,791,109,393 and $6,149,339 respectively for the year ended June 30, 2015.

Unfunded actuarial accrued liability for FRF is the difference between the actuarial present value of the FRF benefits not provided by the Base Plan and the FRF assets. Currently FRF assets exceed this actuarial present value; therefore there is no unfunded liability to amortize at this time. The maximum amortization period for FRF permitted under Section 59-1394, Idaho Code, is 50 years. The payroll for employees covered by the FRF Plans was $199,500.

Normal cost is 14.38% of covered payroll and the amount available to amortize the unfunded actuarial liability is 4.01% of covered payroll for the PERSI Base Plan. There is no normal cost associated with FRF, and all contributions to FRF are available to pay benefits and reduce the unfunded actuarial liability. For JRF the normal cost is 48.34% of covered payroll and the amount available to amortize the unfunded actuarial liability is 17.17% of covered payroll.

The Base Plan contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2015, the employee rate was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters.

The total FRF employer contribution rate through December 31, 2014 was 37.55%. This includes the employer excess rate of 25.89% plus the PERSI class 2 firefighters rate of 11.66%. As of January 1, 2015 the total employer rate was reduced to 25.31% which includes the lower employer excess rate of 13.65% plus the PERSI class 2 firefighters rate of 11.66%. The FRF member rate for the year for class B is 11.45% which is 3.09% above the class 2 rate of 8.36%.

Idaho Statute 59-1394(1)(a) requires 50% of the gross receipts by the State of the tax on fire insurance premiums, as provided by Idaho Statute 41-402 is perpetually appropriated for the purpose of partially funding the benefit requirements of Chapter 14, Title 72 of the Idaho Code (Fireman's Retirement Fund).

The JRF employee contribution rate is 18.50% of the employer contribution rate as set by the Board. As of June 30, 2015, the employee contribution rate was 10.23% and the employer contribution rate was 55.28%. Active employees who have 20 or more years of service are exempt from employee contributions.

For PERSI Base Plan employee upon termination of employment, accumulated member contributions plus interest, accrued at 15.04% from January 1, 2015 through June 30, 2015 (7.77% from July 1, 2014 through December 31, 2014) compounded monthly per annum, are refundable. Withdrawal of such accumulated contributions results in forfeiture of the member's accrued benefit; however, state law does include provisions for reinstatement of forfeited service upon repayment of the accumulated contributions plus interest.

For JRF employees with less than four years of service are entitled to a refund of accumulated member contributions plus interest, accrued at 6.50% per annum.

Defined Contribution Retirement Plans — The PERSI Choice Plans are defined contribution retirement plans. The statute governing the PERSI Choice Plans is Idaho Code Title 59, Chapter 13.

The PERSI Choice Plans are defined contribution pension plans made up of a qualified 401(k) plan and a 414(k) plan. The assets of the two plans within the PERSI Choice Plans are commingled for investment purposes. Participants direct their investment mix with some trading frequency restrictions. Through April 30, 2015 participants had twelve investment options; two balance funds, seven equity funds and three fixed income funds. Starting in May 2015, participants have fifteen investment options: two balanced funds, four fixed income funds and eight equity funds and one specialty fund. Starting in May 2015, participants investing in the Total Return Balanced Fund and the PERSI Short-Term Investment Portfolio began paying investment management fees of .27% and .11% respectively. Since inception of the plans participants have paid investment management fees for all other options. Also in May all participants started paying record keeping fees. Prior to May 2015, these fees were paid from the PERSI Base Plan.

The 401(k) portion of the PERSI Choice Plans is open to all active PERSI members. Employees can make tax-deferred contributions up to 100% of their gross salary less deductions and subject to the Internal Revenue Service (IRS) annual contribution applicable limit for the age of the employee. The 414(k) portion of the PERSI Choice Plans was established for gain sharing allocations from the PERSI Base Plan. The gain sharing amount (if any) is based on funding levels in the Base Plan and is subject to Board approval. Eligibility for Gain Sharing requires twelve months of active PERSI Base Plan membership as defined in Idaho statutes and PERSI rules.

Participants may allocate their assets in 1% increments among the investment options; however, if no allocation preference is indicated, a default investment election to the PERSI Total Return Fund (TRF) is made. The PERSI Total Return Fund is a unitized fund comprised of investment accounts of the PERSI Base Plan.

As of June 30, 2015, there were 41,937 participants, with balances in the PERSI Choice Plans. Some of these participants are in both the 401(k) Plan and the 414(k) Plan. As of June 30, 2015, the Choice Plan 401(k) had 21,939 participants, and the Choice Plan 414(k) had 26,948.

Optional Retirement Plan – Certain junior colleges and university employees participate in an optional retirement plan (ORP) in accordance with the provisions of Idaho Code 33-107(A) and (B). For university employees who opted out of PERSI in 1993, the employer by statute pays 1.49% of ORP payroll in lieu of a withdrawal liability payment to PERSI with a payoff date of July 1, 2025. The junior colleges were paid in full as of June 30, 2011.

Other Trust Funds —The Sick Leave Insurance Reserve Fund (SLIRF) is classified as a trust fund. For state and school employers, unused sick leave benefits are subject to the guidance of Governmental Accounting Standard Board (GASB) Statement 16, *Accounting for Compensated Absences* prior to the time of retirement.

The SLIRF is made up of two trust funds administered by PERSI - a trust for payment of school district employee benefits and a trust for payment of state employee benefits. The statutes governing the SLIRF are Idaho Code, Sections 67-5333, 33-1216, 59-1365, and 33-1228.

The SLIRF is a fund that exists for the payment of unused sick leave benefits in the form of insurance premiums for state employees and school district employees who separate from service by reason of retirement. The assets of the two trusts are commingled for investment purposes. The System administers these trusts on behalf of the participating employers. Employers' contributions are a percentage of payroll collected each pay cycle and are held in trust for future benefits. The school districts and the State are responsible for any unfunded benefit obligations, respectively, through contribution rate adjustments.

School District Employees — For school district employees, the unused sick leave amount available for benefit is limited to one-half of their eligible sick leave balance and rate of compensation at retirement.

State Employees — State employees are limited to the number of allowable hours of sick leave they may use as part of the unused sick leave program as follows:

Credited Hours of State Service	Maximum Allowable Sick Leave Hours
0–10,400 (0–5 years)	420
10,401–20,800 (5–10 years)	480
20,801–31,200 (10–15 years)	540
31,201+ (15 years or more)	600

Members may use one-half of sick leave hours accrued up to the allowable maximum multiplied by their rate of compensation at retirement.

The rate for state agency contributions was 0.65% of covered salary at June 30, 2015.

Contribution percentages are based on the number of days of paid sick leave earned during the contract year for certified teachers. The sick leave contribution rates for schools are as follows:

Days Earned	Beginning - June 30, 2006
9–10 days	1.16 %
11–14 days	1.26 %
More than 14 days	Individual rate to be set by the Retirement Board based on current cost and actuarial data and reviewed biennially.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — The System's basic financial statements are prepared utilizing the accrual basis of accounting. Employee and employer contributions are recognized as additions to net position when due and receivable, pursuant to formal commitments and statutory or contractual requirements, investment income is recognized when earned, and benefit payments and refunds and other expenses are recorded when the benefits are due and payable in accordance with the plans' terms. The pension funds are accounted for on a flow of economic resources measurement focus. The significant GASB standards affecting the System are:

- GASB Statement No. 34 *Financial Statements – and Management's Discussion and Analysis for State and Local Governments,*
- GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus,*
- GASB Statement No. 38, *Certain Financial Statement Note Disclosures,*
- GASB Statement No. 40, *Deposit and Investment risk Disclosures,*
- GASB Statement No. 44*, Economic Condition Reporting: The Statistical Section,*
- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*
- GASB Statement No.53, *Accounting and Financial Reporting for Derivative Instruments,*
- GASB Statement No.67 *Financial Reporting for Pension Plans, and*
- GASB Statement No. 69 *Government Combinations and Disposal of Government Operations.*

Investments — The System's investments are presented at fair value. Purchases and sales are recorded at the trade date. At month end, there may be certain pending trades that were initiated by managers but not confirmed and, therefore, are not included in the fair value of investments. Investments of the PERSI Base Plan, FRF, JRF and the PERSI TRF (an option of the PERSI Choice Plan) are pooled for investment purposes as is disclosed in Note 3.

The Board utilizes and directs individual fund managers to provide whatever investment management and custodial functions the Board has determined best achieves the System's investment objectives. Each fund manager is generally granted full discretion in making investment decisions, within asset allocation policy, portfolio investment policy, specific investment guidelines and other special restrictions set by contract with the Board. The Board monitors overall investment performance and periodically evaluates the performance of each fund manager. The Board in its administration of the System and management of the investment program is guided by the Idaho Uniform Prudent Investor Act, Sections 68-501 through 68-514 of the Idaho Code and of fiduciary responsibilities in the Idaho Code, Section 59-1301, and is empowered in its sole discretion to limit, control, and designate the types and amounts of investments. The Board has adopted an investment policy including policy related to deposit and investment risks identified in GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

The fair value of investments is based on published market prices and quotations from major investment brokers, when available. Mortgages have been valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar instruments of matching duration. The fair value of real estate investments is based on industry practice. For recent acquisitions, cost closely approximates fair value. The fair value of longer term real estate holdings is estimated based on the System's consultant assessments and/or independent appraisals. Short-term investments are reported at market value, when published market prices and quotations are available, or at cost plus accrued interest, which approximate market value. The fair values of private equity limited partnership investments by their nature have no readily ascertainable market prices. Similar to real estate, cost closely approximates fair value for recent acquisitions. Thereafter, the fair values of limited partnership funds are based on the valuations as presented by the general partner, approved by the funds' advisory committee, and reviewed by consultants. Generally, the companies within a fund are valued by the general partner, taking into account many factors such as the purchase price, estimated liquidation value, significant events like initial public offerings, bankruptcies, and additional rounds of financing, and other relevant factors. Because of the lack of published market prices for these investments, the estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed. Although these differences could be material to the individual company values, private equity represents 6.9% of total investments. PERSI's real estate and commercial mortgage investments are 4.1% and 3.9%, respectively of total investments.

Investment expenses presented within the statement of changes in plan fiduciary net position do not include fees and costs for private equity investments nor does it include fees and commissions related to public equity transactions. These fees and costs are presented, for information purposes, within the Investment Section of PERSI's Comprehensive Annual Financial Report in the Schedule of Costs for Private Equity Partnerships and the Schedule of Broker Fees and Commissions. These costs are captured within the net asset value for investments as reported in the statement of plan net position and the statement of changes in plan fiduciary net position.

The System purchases forward currency contracts for certain international investments and United States of America agency-guaranteed collateralized mortgage obligations for the purpose of enhancing liquidity, reducing transaction or other costs, or partially hedging an existing exposure. The System may incur minor recording costs for forward contracts until the settlement date. Potential future obligations for the forward contracts are not recognized until the contract expiration date.

The following is the Board's adopted asset allocation policy (adopted June 2012) as of June 30, 2015 and 2014:

Asset Class	2015	2014
Fixed Income	30%	30%
US/Global Equity	55%	55%
International Equity	15%	15%
Cash	0%	0%
Total	100%	100%

Use of Estimates — The preparation of the 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 and liabilities, disclosure of contingent liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates. The System utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

Assets Used in Plan Operations — These assets represent buildings, equipment, and computer software development costs used by the System and are recorded at cost. Depreciation and amortization are calculated on the straight-line method over the estimated useful lives of the assets. The estimated useful life for buildings is 30-50 years. The estimated useful life of computer software development costs is 10-15 years. Computer and technology equipment has a 3-5 year useful life.

Totals — The basic financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the System's basic financial statements for the year ended June 30, 2014, from which the summarized information was derived.

Advanced Revenues — Advanced revenue represents the difference between fees collected from the Choice Plan participants and fees paid for recordkeeping and administrative expenses.

Special Item — Special Item consist of the transfer of the Judges Retirement Fund to PERSI. Through legislative action the administration of the JRF plan was transferred to PERSI effective July 1, 2014.

NOTE 3. DEPOSITS AND INVESTMENTS

A. Deposits

Cash and cash equivalents are deposited with various financial institutions and are carried at cost plus accrued interest. Cash balances represent operating cash accounts held by various banks and on deposit with the State Treasurer. In accordance with Idaho Code Sections 67-1210 and 67-1210A, the State Treasurer invests cash not needed to meet immediate obligations in the pooled Idle Short-Term Fund. Deposits are held by its agent in the State Treasurer's name. Pooled balances are available on demand. Cash deposits in other bank accounts are covered by federal depository insurance up to $250,000. The System does not have a policy for custodial credit risk related to cash on deposit at local financial institutions.

Cash and cash equivalents		
Held by the State Treasurer	$	2,841,302
FDIC insured/collateralized		1,087,791
Uninsured and uncollateralized		226,812
Total	$	4,155,905

B. Investments

Investments of the pension trust funds are reported at fair value. See Note 2 for more details. The Board of Trustees maintains a formal Statement of Investment Policy, which addresses governing provisions and additional guidelines for the investment process. This includes policies pertaining to asset allocation. Refer to Note 2 for additional asset allocation information. In fulfilling its responsibilities, the Board of Trustees has contracted with investment managers, a master global custodian, other custodians, and a cash manager. Manager contracts include specific guidelines regarding the PERSI investments under management.

The following investments, risks disclosures and rate of return do not include assets from the SLIRF or other non TRF Choice Plan options:

- Derivatives
- Mortgage-Backed Securities
- TIPS
- Custodial Credit Risk
- Concentration of Credit Risk
- Foreign Currency Risk

Investments at fair value as of June 30, 2015 are as follows:

Investment Table

Domestic fixed income	$ 3,231,115,287
Co-mingled domestic fixed income (Sick Leave Insurance Reserve Fund)	109,824,914
International fixed income	37,901,492
Idaho commercial mortgages	553,504,788
Short-term investments	348,294,350
Real estate	506,568,317
Domestic equities	5,931,318,944
Co-mingled domestic equity (Sick Leave Insurance Reserve Fund)	235,934,703
International equities	2,854,495,604
Co-mingled international equity (Sick Leave Insurance Reserve Fund)	55,428,302
Private equity	966,001,036
Mutual, collective, and unitized funds	688,598,067
Total Investments	$ 15,518,985,804

Concentrations - In line with policy, the System does not have any investments from a single issuer (excluding explicitly guaranteed governments) that represent more than 5% of the System's net assets.

Derivatives — Derivatives are financial obligations whose value is derived from underlying debt or equity securities, commodities, or currencies. Any derivative instruments held by PERSI are for investment purposes only and all information is disclosed within the GASB 40 footnotes. The derivatives held by PERSI are reported in the US dollar denomination. They are designed, among other things, to help investors protect themselves against the risk of price changes. In accordance with its investment policy, the System, through its external investment managers, holds investments in futures, options, and forward foreign currency contracts. Only a few selected managers are permitted to use derivatives. In every case, the types of derivatives used and limits on their use are defined in manager contracts and are monitored on an ongoing basis.

Futures contracts are contracts for delayed delivery or receipt of securities in which the seller agrees to make delivery and the buyer agrees to take delivery at a specified future date, of a specified instrument, at a specified price. Market risk arises due to market price and interest rate fluctuations that may result in a decrease in the fair value of futures contracts. Futures contracts are traded on organized exchanges and require initial margin in the form of cash or marketable securities. Each day the net change in the futures contract value is settled in cash with the exchanges. Holders of futures contracts look to the exchange for performance under the contract. Accordingly, the credit risk due to the nonperformance of counterparties to futures contracts is minimal. At June 30, 2015, the System had futures contracts with a fair value of $(168,963) which is included in fixed income investments. Cash equivalents and short-term investments in amounts necessary to settle the futures contracts were held in the portfolio so that no leverage was employed, in accordance with the System's Statement of Investment Policy.

At June 30, 2015, the System had the following net futures contracts exposure:

		Exposure covered by contract
Cash and Cash Equivalents		
90 Day Eurodollar	$	(341,468,738)
Euro Foreign Currency		(418,350)
Total Cash and Cash Equivalents		(341,887,088)
Fixed Income		
US Treasury bond		61,845,938
US Ultra Bond		4,775,938
EURO BTP (Buoni del Tesora Poliennali)		2,756,520
EURO-Bund		(5,080,752)
US 10yr Treasury Note		(42,772,266)
US 5yr Treasury Note		4,054,766
US 2yr Treasury Note		(656,813)
Total Fixed Income		24,923,331
Net Futures Exposure	$	(316,963,757)

Option contracts are contractual agreements giving the purchaser the right, but not the obligation, to purchase or sell a financial instrument at a specified price within a specified time. The option's price is usually a small percentage of the underlying asset's value. Options strategies used by the System are designed to provide exposures to positive market moves and limit exposures to interest rate and currency fluctuations. At June 30, 2015, the Base Plan, TRF, JRF, and FRF had option contracts payable with a fair value of $30,328, which is included in Domestic Fixed Income and $350,170 which is included in Investments Purchased. At June 30, 2015, the System had the following options contract exposure:

		Exposure covered by contract
Fixed Income		
Fixed Income-Purchased Call Options	$	28,500
Fixed Income-Purchased Put Options		1,828
		30,328
Investments Purchased		
Cash/Cash Equivalents-Written Call Options		(4,419)
Cash/Cash Equivalents-Written Put Options		(7,275)
Fixed Income-Written Call Options		(317,195)
Fixed Income-Written Put Options		(21,281)
		(350,170)
Net Option Exposure	$	(319,842)

Forward Foreign Currency Exchange Contracts are carried at fair value by the System. The System has entered into foreign exchange contracts to purchase or sell currency at various dates in the future at a specific price. Some of the System's international and real estate investment managers use forward contracts to hedge the exposure of investments to fluctuations in foreign currency. Forward foreign exchange contracts are negotiated between two counterparties. The System could sell the forward contract at a loss, or if it were to continue to hold the contract, the System may make a termination payment to the counterparty to cancel its obligation under the contract and then buy the currency on the open market. The System could also incur a loss if its counterparties failed to perform pursuant to the terms of their contractual obligations. Controls are established by the System and the investment managers to monitor the creditworthiness of the counterparties. The System's investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. As of June 30, 2015, the System had entered into forward currency contracts to sell foreign currencies with a fair value of $59,430,470 and had entered into forward currency contracts to buy foreign currencies with a fair value of $59,157,383. Forward currency contracts are receivables or payables reported as investments sold or investments purchased. Net unrealized gain of $200,649 at June 30, 2015 were recorded, which represent the gain which would occur from executing these forward foreign currency contracts.

Mortgage-Backed Securities — These investments are valued based on the cash flows from interest and principal payments on the underlying mortgages. As a result, they are sensitive to prepayments, which are likely to occur in declining interest rate environments, thereby reducing the value of the securities. Details regarding interest rate risk for these investments are included in the Interest Rate Risk section F on page 45 and 46.

TIPS — Treasury Inflation Protected Securities (TIPS) are fixed income securities issued by the U.S. Treasury that pay a fixed coupon rate plus an adjustment for subsequent inflation. At June 30, 2015, the System had invested in TIPS with a fair value of $1,457,178,543.

C. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the System. The System's investment policies requires each portfolio manager to maintain a reasonable credit risk level relative to its benchmark and provided expected credit risk exposures in their portfolio guidelines. If the actual credit risk exposure falls outside of these expectations, managers will be required to report these occurrences to Staff and these disclosures are to be made available to the Board.

As of June 30, 2015, the System's fixed income assets that are not government guaranteed represented 43.7% of the fixed income portfolio. The System's fixed income assets are shown with current credit ratings in the table on the next page.

Credit Quality S&P Rating Level	Base Plan Domestic	Base Plan International	JRF Domestic	JRF International	Total Return Fund Domestic	Total Return Fund International	Total
Short Term							
A-1	$ 57,309,148	$ -	$ 305,213	$ -	$ 2,255,560	$ -	$ 59,869,921
Long Term							
AAA	68,407,923	7,064,011	364,321	37,621	2,692,383	278,024	78,844,283
AA*	378,299,874	2,060,854	2,014,718	10,976	14,889,041	81,111	397,356,574
A	363,633,733	17,969,162	1,936,610	95,699	14,311,814	707,226	398,654,244
BBB	285,481,967	4,221,817	1,520,396	22,484	11,235,934	166,161	302,648,759
BB	10,165,644	-	54,139	-	400,097	-	10,619,880
B	7,206,740	-	38,381	-	283,641	-	7,528,762
CCC	4,722,249	-	25,149	-	185,857	-	4,933,255
CC	2,986,041	-	15,903	-	117,524	-	3,119,468
C	10,458	-	56	-	412	-	10,926
D	1,987,527	-	10,585	-	78,225	-	2,076,337
Not rated	210,072,162	6,381,537	1,118,785	33,986	8,267,972	251,163	226,125,605
Total Credit Risk fixed income securities	1,390,283,466	37,697,381	7,404,256	200,766	54,718,460	1,483,685	1,491,788,014
U.S. Government	2,154,554,607	-	11,474,548	-	84,798,469	-	2,250,827,624
Pooled Investments (unrated)	13,505,734	-	71,928	-	531,556	-	14,109,218
Pooled Investments- SLIRF (unrated)	-	-	-	-	-	-	109,824,914
Idaho Mortgages	550,572,594	-	2,932,194	-	21,669,311	-	575,174,099
Total	$ 4,108,916,401	$ 37,697,381	$ 21,882,926	$ 200,766	$ 161,717,796	$ 1,483,685	$ 4,441,723,869

*Includes US Government Agencies implicitly guaranteed by US Government:
FFCB $52,059,588; FHLMC $65,235,237; FNMA $93,677,119

Each portfolio is managed in accordance with operational guidelines that are specific as to expected portfolio characteristics that usually, but not always, include credit quality and exposure levels. The System's investment policy requires managers to provide PERSI with expected credit risk exposures in their portfolio guidelines. If the actual credit risk exposure falls outside of these expectations, managers will be required to report these occurrences to Staff and these disclosures are to be made available to the Board.

D. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution or bank failure, the System would not be able to recover the value of their deposits and investments that are in the possession of an outside party. The System mitigates custodial credit risk by requiring in policy, to the extent possible, that investments be clearly marked as to PERSI ownership and be registered in the System's name. All securities are required to be delivered to a third-party institution mutually agreed upon by the bank and the System.

The System's cash and deposits are swept daily by the System's custodian and cash manager into short-term investment funds. Clearwater Advisors, LLC is the System's cash manager and invests the bulk of the System's cash, approximately 93.6%, in short-term instruments held at the custodian bank. Of the remaining cash and deposits at June 30, 2015, approximately 2.2% or, $7,907,586, was held by various counterparties not in the System's name. The remainder, approximately 4.2%, is invested in custodial bank-maintained collective investment funds.

E. 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 issuer. The System's operational guidelines for investments in any corporate entity are stated in each individual manager's specific portfolio guideline.

Per the Systems Investment policy, managers will provide expected concentration of credit risk exposures in their portfolio guidelines. If the concentration of credit risk exceeds expectations, managers are required to report these occurrences to Staff and these disclosures are to be made available to the Board. For the portfolio as a whole, Staff will report to the Board at a regular Board Meeting if the exposure to a non-US government guaranteed credit exceeds 5% of the System's invested assets.

F. Interest Rate Risk

Market or interest rate risk is the greatest risk faced by an investor in the debt securities market. The price of a debt security typically moves in the opposite direction of the change in interest rates. 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 the effective duration methodology. The methodology takes into account optionality on bonds and scales the risk of price changes on bonds depending upon the degree of change in rates and the slope of the yield curve. All of the System's fixed income portfolios are managed in accordance with operational guidelines which include an expected range of interest rate risk in the portfolio. Per the System's investment policy, managers will provide PERSI with the expected portfolio duration in their portfolio guidelines. If the duration of the portfolio differs from expectations, managers are to be required to report these occurrences to Staff and these disclosures are to be made available to the Board. The reporting of effective duration found in the tables that follow quantifies the interest rate risk of the System's fixed income assets. Some of the large durations are due to the use of options and forward foreign currency contracts. For line items below reported as "N/A," the duration calculation is not available. A negative duration can occur when floating rate securities trade at a discount.

Effective duration of domestic fixed income assets by security type:

Investment	Effective Duration in Years	Fair Value Allocations: DB Plan	Fair Value Allocations: Judges' Plan	Fair Value Allocations: Total Return Fund	Total
Asset-backed Securities	(0.05)	$ 5,374,869	$ 28,624	$ 211,539	$ 5,615,032
Asset-backed Securities	N/A	694,138	3,697	27,320	725,155
Mortgages	2.51	17,092,474	91,030	672,722	17,856,226
Mortgages	N/A	5,860,468	31,211	230,655	6,122,334
Commercial Paper	0.27	57,309,148	305,212	2,255,560	59,869,920
Corporate Bonds	7.25	821,181,829	4,373,381	32,319,888	857,875,098
Corporate Bonds	N/A	553,480	2,948	21,784	578,212
Fixed Income Derivatives	4.55	(198,370)	(1,056)	(7,807)	(207,233)
Fixed Income Derivatives	N/A	(301,880)	(1,608)	(11,881)	(315,369)
Government Agencies	7.44	90,521,869	482,094	3,562,739	94,566,702
Government Agencies	N/A	333,223	1,775	13,115	348,113
Government Bonds	6.41	760,702,924	4,051,289	29,939,573	794,693,786
Government MBS*	1.78	227,527,204	1,211,746	8,954,964	237,693,914
Government MBS*	N/A	23,324,353	124,219	917,995	24,366,567
Pooled Investments	0.08	13,505,735	71,928	531,556	14,109,219
Pooled Investments	N/A	N/A	N/A	N/A	109,824,914
Private Placements	4.98	38,995,592	207,679	1,534,780	40,738,051
Private Placements	N/A	101,015,050	537,978	3,975,727	105,528,755
TIPS	8.50	1,394,851,702	7,428,585	54,898,256	1,457,178,543
Idaho Mortgages	N/A	550,572,593	2,932,194	21,669,311	575,174,098
Total		$ 4,108,916,401	$21,882,926	$161,717,796	$4,402,342,037

* (MBS - Mortgage-backed Securities)

Effective duration of international fixed income assets by security type:

Asset Backed Securities	1.49	$ 244,720	$ 1,304	$ 9,632	$ 255,656
Corporate Bonds	2.96	5,330,568	28,389	209,799	5,568,756
Government Bonds	6.69	32,125,421	171,091	1,264,385	33,560,897
Government Bonds	N/A	(3,328)	(18)	(131)	(3,477)
Total		$ 37,697,381	$ 200,766	$ 1,483,685	$ 39,381,832

G. Foreign Currency Risk

Foreign currency risk is the risk that changes in currency exchange rates will adversely impact the fair value of an investment. The System's currency risk exposures, or exchange rate risk, primarily reside within the international equity investment holdings. The System expects the managers of these holdings to maintain adequately diversified portfolios to limit foreign currency risk. Per the System's investment policy, the individual manager guidelines will outline the expected current exposures (either specifically or through ranges of security exposures to particular currency areas) of the underlying portfolio and if the actual currency exposure differs from the expected, managers are to be required to report these occurrences to Staff and these disclosures are to be made available to the Board. Currency gains and losses will result from exchange rate fluctuations. The System's exposure to foreign currency risk expressed in U.S. dollars as of June 30, 2015, is highlighted in the table that follows. Negative fair values related to variable-rate debt instruments that are highly sensitive to changes in interest rates.

CURRENCY	Short-term Investments	Equity	Fixed Income	Total USD Equivalent Fair Value
AUSTRALIAN DOLLAR	$ (4,037,671)	$ 52,528,387	$ 4,084,453	$ 52,575,169
BRAZIL REAL	128,060	104,313,181	1,467,318	105,908,559
CANADIAN DOLLAR	(754,180)	33,326,851	1,810,095	34,382,766
CHILEAN PESO	2,720	7,793,017	-	7,795,737
CHINESE YUAN RENMINBI	-	34,025	-	34,025
COLOMBIAN PESO	35,670	3,390,372	-	3,426,042
CZECH KORUNA	1,442	5,459,971	-	5,461,413
DANISH KRONE	(15,520)	24,540,293	-	24,524,773
EGYPTIAN POUND	142,671	2,165,087	-	2,307,758
EURO CURRENCY UNIT	(13,663,866)	580,967,397	9,176,884	576,480,415
HONG KONG DOLLAR	2,169,520	422,464,755	-	424,634,275
HUNGARIAN FORINT	299	3,130,947	-	3,131,246
INDONESIAN RUPIAH	26,013	15,760,400	-	15,786,413
ISRAELI SHEKEL	53,062	11,974,197	-	12,027,259
JAPANESE YEN	1,496,308	389,058,133	-	390,554,441
KENYAN SHILLING	(1,213,748)	1,749,733	-	535,985
MALAYSIAN RINGGIT	136,045	29,707,934	-	29,843,979
MEXICAN NEW PESO	(7,267,993)	40,500,119	12,296,071	45,528,197
MOROCCAN DIRHAM	-	349,064	-	349,064
NEW TAIWAN DOLLAR	280,556	136,758,324	-	137,038,880
NEW TURKISH LIRA	66,873	29,334,872	-	29,401,745
NEW ZEALAND DOLLAR	6,364	656,988	-	663,352
NORWEGIAN KRONE	48,234	4,766,397	-	4,814,631
PHILIPPINES PESO	20,168	11,180,230	-	11,200,398
POLISH ZLOTY	(5,161,799)	10,584,792	5,249,249	10,672,242
POUND STERLING	(5,163,883)	501,982,290	5,670,351	502,488,758
RUSSIAN RUBLE (NEW)	6,379	18,050,051	-	18,056,430
S AFRICAN COMM RAND	187,773	94,911,023	-	95,098,796
SINGAPORE DOLLAR	5,095	35,337,754	-	35,342,849
SOUTH KOREAN WON	(117,231)	216,841,517	-	216,724,286
SRI LANKA RUPEE	-	388,450	-	388,450
SWEDISH KRONA	12,097	45,291,001	-	45,303,098
SWISS FRANC	1,800,378	155,596,932	-	157,397,310
THAILAND BAHT	(23,867)	30,845,311	-	30,821,444
Total value of investments subject to foreign currency risk	$ (30,794,031)	$ 3,021,739,795	$ 39,754,421	$ 3,030,700,185

H. Rate of Return

For the years ended June 30, 2015 and 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.75 percent and 16.89 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 4. NET PENSION LIABILITY

The components of the net pension liability of the participating employers as of June 30, 2015 is as follows:

	PERSI Base Plan 2015	FRF 2015	JRF 2015
Total pension liability	$ 15,273,500,000	$ 298,805,178	$ 96,851,839
Plan fiduciary net position	13,956,662,675	352,815,870	76,467,630
Employers' net pension liability (asset)	$ 1,316,837,325	$ (54,010,692)	$ 20,384,209
Plan fiduciary net position as a percentage of total pension liability	91.38%	118.08%	78.95%

	PERSI Base Plan 2014	FRF 2014	JRF 2014
Total pension liability	$ 14,569,300,000	$ 314,400,000	$ -
Plan fiduciary net position	13,833,143,496	352,174,314	-
Employers' net pension liability (asset)	$ 736,156,504	$ (37,774,314)	$ -
Plan fiduciary net position as a percentage of total pension liability	94.95%	112.01%	-

The net pension liability is calculated using a discount rate of 7.1%, which is the expected rate of return on investments reduced by investment expenses. The unfunded liability as reported in Management's Discussion and Analysis is calculated using 7.0%, which is the expected rate of return on investments reduced by investment and administrative costs. The net pension liability was determined by an actuarial valuation as of July 1, 2015, applied to all prior periods included in the measurement. Actuarial valuation involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. An experience study was performed in 2012 for the period July 1, 2007 through June 30, 2011 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013.

The Schedule of Employers' Net Pension Liability presents information about whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. These schedules are presented in the Required Supplementary Information section. The Total Pension Liability as of June 30, 2015 is based on the results of an actuarial valuation date of July 1, 2015.

Actuarial Assumptions – The following are the actuarial assumptions and the entry age normal cost method, applied to all periods included in the measurement:

Actuarial Assumptions	PERSI Base Plan	FRF	JRF
Inflation	3.25 percent	3.25 percent	3.25 percent
Salary increases	4.25-10.00 percent	3.75 percent	3.75 percent
Salary inflation	3.75 percent	3.75 percent	3.75 percent
Investment rate of return *	7.10 percent	7.10 percent	7.10 percent
Cost of Living (COLA) adjustments	1.00 percent	3.75 percent	**

*net of pension plan investment expense

**3.75 percent or 1.00 percent depending on whether the member was hired on or before July 1, 2012 and by whether the judge (if it was an option available) made an irrevocable election to use the PERSI COLA

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, we rely primarily on an approach which builds upon the latest capital market assumptions. Specifically, the Retirement Board uses Callan Associates capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of PERSI's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Callan Associates investment consulting as of January 1, 2014.

Capital Market Assumptions

Asset Class	Index	Target Allocation	Long-term expected real rate of return *
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Russell 3000	55.00%	6.90%
Developed Foreign Equities	MSCI ACWI ex USA	15.00%	7.55%

* Arithmetic return

Actuarial Assumptions

Assumed Inflation - Mean	3.25%
Assumed Inflation - Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	0.40%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses	**7.10%**

Discount rate – The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the net pension liability (asset) to changes in the discount rate – The following presents the net pension liability (asset) of PERSI, FRF and JRF employers calculated using the discount rate of 7.10% as well as what the employers' liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employers' net pension liability (asset) - PERSI	$ 3,207,337,325	$ 1,316,837,325	$ (254,862,675)
Employers' net pension (asset) - FRF	(20,891,772)	(54,010,692)	(81,927,166)
Employers' net pension liability - JRF	30,368,284	20,384,209	11,861,183

NOTE 5. ASSETS USED IN PLAN OPERATIONS

Assets used in plan operations at June 30, 2015, consist of the following:

	2015	2014
Buildings and improvements	$ 5,515,888	$ 5,515,888
Less accumulated depreciation	(4,124,276)	(3,963,581)
Total buildings and improvements	1,391,612	1,552,307
Computer software development - Galena	6,331,360	6,331,360
Less accumulated amortization	(6,331,360)	(6,331,360)
Total computer software development - Galena	-	-
Equipment	524,044	481,849
Less accumulated depreciation	(469,480)	(443,544)
Total equipment	54,564	38,305
Computer software development - IRIS	1,077,517	1,077,517
Less accumulated amortization	(307,398)	(165,522)
Total computer software development - IRIS	770,119	911,995
Equipment - IRIS	254,114	254,114
Less accumulated depreciation	(108,354)	(57,532)
Total equipment	145,760	196,582
Computer software development-in progress - IRIS	7,345,733	4,408,651
Total assets used in plan operations	$ 9,707,788	$ 7,107,840

Depreciation expense is a component of administrative expense. For the year ended June 30, 2015, depreciation expense on the buildings and improvements was $160,695. The equipment had a total depreciation expense of $76,758 for 2015. In January 2012 development began on the Idaho Retirement Information System (IRIS) system. Costs of the IRIS system are being capitalized and are amortized as each phase is implemented. Beginning May 2013, the Employer Reporting component of IRIS began being amortized over 10 years. Amortization for 2015 was $141,876. Equipment purchased for IRIS began being depreciated in May 2013 over 5 years. The balance on contracts pertaining to the completion of the IRIS project at June 30, 2015 was $4.3 million.

NOTE 6. OTHER POST EMPLOYMENT BENEFITS

The State funds, or partially funds, postemployment benefits relating to health, disability, and life insurance. Employees of PERSI participate in the State of Idaho's postemployment benefit programs. The State administers the retiree healthcare plan which allows eligible retirees to purchase healthcare insurance coverage for themselves and eligible dependents. The State provides long-term disability income benefits for active employees who become disabled, generally up to a maximum age of 70. The State provides basic life and dependent life coverage for disabled employees, generally up to a maximum age of 70. For up to 30 months following the date of disability, an employee is entitled to continue healthcare coverage. Benefits costs are paid by PERSI through a rate charged by the State. The primary government (State of Idaho) is reporting the liability for the retiree healthcare and long term disability benefits. Specific details of these other postemployment benefits are available in the Comprehensive Annual Financial Report of the State of Idaho which may be accessed at www.sco.idaho.gov.

NOTE 7. COMMITMENTS

The System had unfunded private equity commitments as of June 30, 2015 of $652,809,629 and €70,223,219.

* * * * * *

This page left intentionally blank

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND AND JUDGES' RETIREMENT FUND

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FISCAL YEAR ENDING JUNE 30

PERSI Base Plan

	2015	2014
Total pension liability changes for the year		
Service cost	$ 384,419,252	$ 376,800,000
Interest	1,045,505,462	992,942,358
Effect of plan changes	150,400,000	(1,300,000)
Effect of ecomonic/demographic gains or losses	(105,531,304)	(111,248,209)
Effect of assumptions changes or inputs	-	74,600,000
Benefit payments, including refunds of member contributions	(770,593,410)	(729,094,149)
Net change in total pension liabilities	704,200,000	602,700,000
Total pension liability - beginning	14,569,300,000	13,966,600,000
Total pension liability - ending	15,273,500,000	14,569,300,000
Plan net position		
Contributions - employer	321,240,628	310,986,283
Contributions - employee	211,468,780	203,890,954
Net investment income	367,820,877	2,000,619,926
Other	16,767	-
Benefit payments, including refunds of member contributions	(770,593,410)	(729,094,149)
Administrative expense	(6,434,462)	(6,787,811)
Net change in plan net position	123,519,180	1,779,615,203
Plan net position - beginning	13,833,143,496	12,053,528,293
Plan net position - ending	13,956,662,675	13,833,143,496
Plan net pension liability - ending	$ 1,316,837,325	$ 736,156,504

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND AND JUDGES' RETIREMENT FUND

SCHEDULES OF CHANGES IN NET PENSION LIABILITY
FISCAL YEAR ENDING JUNE 30

Firefighters' Retirement Fund	2015	2014
Total pension liability changes for the year		
Service cost	$ -	$ -
Interest	21,479,861	21,888,712
Effect of plan changes	(2,100,000)	-
Effect of ecomonic/demographic gains or losses	(15,100,408)	(5,629,912)
Effect of assumptions changes or inputs	-	-
Benefit payments, including refunds of member contributions	(19,874,275)	(19,958,800)
Net change in total pension liabilities	(15,594,822)	(3,700,000)
Total pension liability - beginning	314,400,000	318,100,000
Total pension liability - ending	298,805,178	314,400,000
Plan net position		
Contributions - employer	11,305,473	14,200,323
Contributions - employee	6,168	9,095
Net investment income	9,357,909	50,966,862
Benefit payments, including refunds of member contributions	(19,874,275)	(19,958,800)
Administrative expense	(153,719)	-
Net change in plan net position	641,556	45,217,480
Plan net position - beginning	352,174,314	306,956,837
Plan net position - ending	352,815,870	352,174,314
Plan net pension liability - ending	$ (54,010,692)	$ (37,774,314)

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND AND JUDGES' RETIREMENT FUND

SCHEDULES OF CHANGES IN NET PENSION LIABILITY
FISCAL YEAR ENDING JUNE 30

Judges' Retirement Fund

	2015	2014
Total pension liability changes for the year		
Transfer in from JRF	$ 92,302,982	$ -
Service cost	3,251,679	-
Interest	6,589,779	-
Effect of ecomonic/demographic gains or losses	284,788	-
Benefit payments, including refunds of member contributions	(5,577,389)	-
Net change in total pension liabilities	96,851,839	-
Total pension liability - beginning	-	-
Total pension liability - ending	96,851,839	-
Plan net position		
Contributions - employer	3,595,417	-
Contributions - employee	629,077	-
Net investment income	2,049,895	-
Transfer in	75,864,300	-
Other	2,063	-
Benefit payments, including refunds of member contributions	(5,577,389)	-
Administrative expense	(95,733)	-
Net change in plan net position	76,467,630	-
Plan net position - beginning	-	-
Plan net position - ending	76,467,630	-
Plan net pension liability - ending	$ 20,384,209	$ -

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND AND JUDGES' RETIREMENT FUND

SCHEDULE OF NET PENSION LIABILITY
FISCAL YEAR ENDING JUNE 30

PERSI Base Plan	2015	2014
Total Pension Liability	$ 15,273,500,000	$ 14,569,300,000
Plan net position	13,956,662,675	13,833,143,496
Net pension liability (asset)	$ 1,316,837,325	$ 736,156,504
Plan net position as a percentage of total pension liability	91.38%	94.95%
Covered employee payroll	$ 2,791,109,393	$ 2,702,945,352
Net pension liability as a percentage of covered employee payroll	47.18%	27.24%

Firefighters' Retirement Fund	2015	2014
Total Pension Liability	$ 298,805,178	$ 314,400,000
Plan net position	352,815,870	352,174,314
Net pension liability (asset)	$ (54,010,692)	$ (37,774,314)
Plan net position as a percentage of total pension liability	118.08%	112.01%
Covered employee payroll	$ 63,780,545	$ 63,017,405
Net pension liability (asset) as a percentage of covered employee payroll	-84.68%	-59.94%

Judges' Retirement Fund	2015	2014
Total Pension Liability	$ 96,851,839	$ -
Plan net position	76,467,630	-
Net pension liability (asset)	$ 20,384,209	$ -
Plan net position as a percentage of total pension liability	78.95%	0.00%
Covered employee payroll	$ 6,149,339	$ -
Net pension liability as a percentage of covered employee payroll	331.49%	0.00%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND AND JUDGES' RETIREMENT FUND

SCHEDULE OF CONTRIBUTIONS
FISCAL YEARS 2006-2015

PERSI BASE PLAN

Fiscal Year	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2006	$ 238,044,423	$ 250,816,313	$ (12,771,890)	$ 2,343,466,009	10.70%
2007	235,473,617	259,489,787	(24,016,170)	2,420,984,935	10.72%
2008	251,362,544	273,335,059	(21,972,515)	2,578,933,669	10.60%
2009	232,091,865	284,608,663	(52,516,798)	2,683,535,923	10.61%
2010	260,316,830	284,932,419	(24,615,589)	2,684,360,943	10.61%
2011	326,554,992	279,174,844	47,380,148	2,627,850,654	10.62%
2012	327,832,536	277,143,887	50,688,649	2,619,568,411	10.58%
2013	295,502,818	285,440,860	10,061,958	2,697,575,738	10.58%
2014	325,041,599	310,986,283	14,055,316	2,702,945,352	11.51%
2015	327,101,958	321,240,628	5,861,330	2,791,109,393	11.51%

Firefighters' Retirement Fund

Fiscal Year	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2006	$ 6,455,083	$ 12,022,203	$ (5,567,120)	$ 45,012,038	26.71%
2007	5,033,291	12,119,173	(7,085,882)	47,638,976	25.44%
2008	1,826,307	12,870,406	(11,044,099)	52,097,173	24.70%
2009	1,826,307	13,215,989	(11,389,682)	55,747,655	23.71%
2010	7,959,283	13,542,331	(5,583,048)	58,360,452	23.20%
2011	7,959,238	13,313,715	(5,354,477)	59,337,447	22.44%
2012	1,666,127	13,486,309	(11,820,182)	59,883,692	22.52%
2013	1,666,127	14,227,314	(12,561,187)	62,969,139	22.59%
2014	1,119,619	14,200,323	(13,080,704)	63,017,405	22.53%
2015	-	11,305,473	(11,305,473)	63,780,545	17.73%

Judges' Retirement Fund

Fiscal Year	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2015	$ 3,492,825	$ 3,595,417	$ (102,592)	$ 6,149,339	58.47%

PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND AND JUDGES' RETIREMENT FUND

SCHEDULE OF INVESTMENT RETURNS
YEAR ENDED JUNE 30, 2015

	2015	2014	2013
Annual money weighted rate of return, net of investment expenses	2.75%	16.89%	8.76%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND AND JUDGES' RETIREMENT FUND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015

Methods and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the employers' contributions are calculated as of June 30, 2013 for PERSI, as of June 30, 2014 for FRF and as of June 30, 2015 for JRF. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule.

	PERSI Base Plan	FRF	JRF
Valuation date	July 1, 2013	July 1, 2014	July 1, 2015
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level percentage of projected payroll open	Level dollar amount - open	Level percentage of projected payroll open
Remaining amortization period	25 years	N/A	25 years
Asset valuation method	Market Value	Market Value	Market Value
Actuarial assumptions:			
Investment Rate of Return - Gross	7.50%	7.50%	7.50%
Projected salary increases	4.25%-10.00%	3.75%	3.75%
Includes salary inflation	3.75%	3.75%	3.75%
Postretirement benefit increase	1.00%	3.75%	1.00% or 3.75%
Implied price inflation rate	3.25%	3.25%	3.25%
Discount Rate - Actuarial Accrued Liability	7.00%	7.00%	7.00%

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

ADDITIONAL SUPPLEMENTARY SCHEDULES
June 30, 2015

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

SCHEDULE OF INVESTMENT EXPENSES
YEAR ENDED JUNE 30, 2015

INVESTMENT AND RELATED SERVICES:	
Adelante Capital	$ 3,836,071
AEW Capital Management LP	4,316,006
Baring Asset Management, Inc.	1,816,063
BCA Publication, Inc.	7,500
Bernstein, Sanford C.	5,003,777
Bloomberg, LP	63,253
Brandes Investment Partners, LP	1,894,264
Capital Guardian Trust Company	1,776,332
Clearwater Advisors, LLC	750,587
D.B. Fitzpatrick & Co., Inc.	2,328,596
Donald Smith & Company	3,711,525
Genesis Asset Managers, Ltd.	2,216,624
Hamilton Lane	50,867
Longview Partners	2,880,834
Mellon Capital Management	1,602,566
Mellon Trust	3,300,616
Mondrian Investment Partners	1,384,757
Mountain Pacific Investment Advisors, Inc.	1,506,997
Peregrine Capital Management	1,922,511
Prudential Investments	387,047
State Street Global Advisors	635,053
Tukman Grossman Capital Management, Inc.	2,429,429
Wells Fargo Bank	73,770
Western Asset	1,047,327
Yardarni Research	7,500
Zesiger Capital Group-Public	917,818
	45,867,690
CONSULTING AND OTHER SERVICES:	
Alban Row LLC	80,236
Berkadia Commercial Mortgage LLC	23,658
Callan Associates	353,395
Chartwell Consulting LLC	75,000
Choice Plan Fees (paid by members)	244,603
Eide Bailly	78,500
Foster, Pepper PLLC	345,012
Hamilton Lane Advisors, Inc.	245,000
Ice Miller LLP	4,630
Milliman, Inc.	426,477
Robert Storer	79,708
Whiteford, Taylor & Preston LLP	855
Xerox HR Solutions LLC	798,822
	2,755,896
TOTAL	$ 48,623,586

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

SCHEDULE OF ADMINISTRATIVE EXPENSES
YEAR ENDED JUNE 30, 2015

PORTFOLIO-RELATED EXPENSES:	
Personnel expenses	$ 668,228
Operating expenses	176,111
	844,339
OTHER ADMINISTRATIVE EXPENSES:	
Personnel expenses	3,206,100
Operating expenses	2,158,414
Building depreciation expense	160,695
Equipment depreciation expense	76,757
Software amortization expense	141,876
	5,743,842
SICK LEAVE FUND EXPENSES — Administrative expenses	104,340
JUDGES' FUND EXPENSES -- Operating expenses	95,733
Total	$ 6,788,254

CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Retirement Board
Public Employee Retirement System of Idaho
Boise, Idaho

We have audited, 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, the financial statements of the pension and other trust funds of the Public Employee Retirement System of Idaho (the System), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Public Employee Retirement System of Idaho's basic financial statements, and have issued our report thereon dated October 15, 2015

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the PERSI's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Boise, Idaho
October 15, 2015

INVESTMENT SECTION

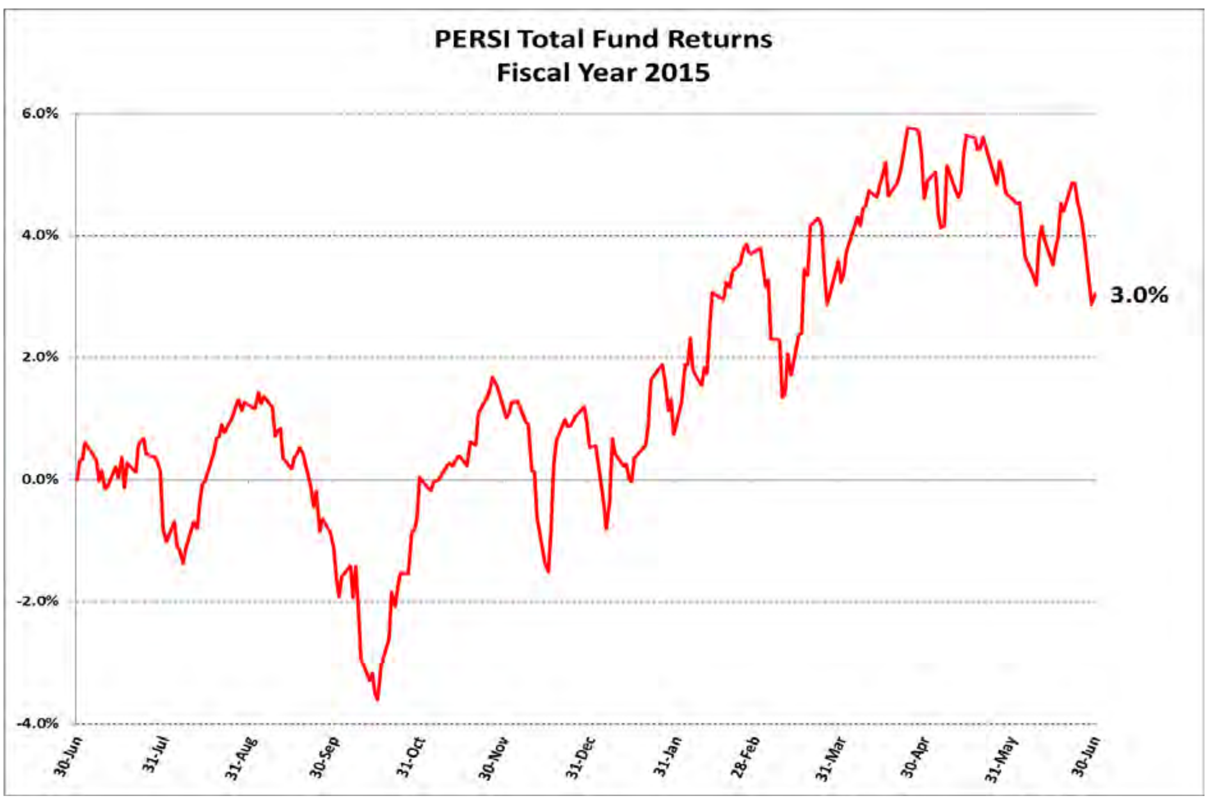
Helping Idaho public employees
build a secure retirement.

REPORT ON INVESTMENT ACTIVITY
OVERVIEW OF FISCAL YEAR 2015*

It was a tepid and below average year. With returns to the Defined Benefit Plans and Total Return fund of 3.0% and assets of $14.915 billion, the double digit market advances of the post 2008-2009 crash markedly slowed over the year. The end of quantitative easing by the Federal Reserve, an oil market crash, overseas economic woes (attended by yet another Greek crisis and actual default as the fiscal year drew to a close), a cold winter both climatically and economically, and a rapidly advancing dollar all combined to moderate the pace of capital market advancement. Nonetheless, the retirement funds broke through the $15 billion level before dropping back at the very end of the year and the funded status of the plan was 90.4% as the year closed.

It was another year where diversification hurt rather than helped overall fund returns. As has been the case for the past five years, the best performing public capital market was the S&P 500, with returns of 7.4%. The worst was again emerging market equities, with returns of -4.8%. Private real estate had a stellar year with returns of 16.9%, while private equity slightly lagged the public markets with a 7.2% return. In between were mid to small cap equities (R2500: 5.9%), REITS (5.2%), Aggregate bonds (1.9%), TIPS (-1.7%) and developed market equities (EAFE: -4.2%).

All in all, the markets mostly wandered sideways during the year, with moderate drops and recoveries characterizing much of the year, with a final drop at the end as Greece defaulted on its debt. The major capital market event was the end of the Federal Reserve's quantitative easing in the Fall, and the beginning of European quantitative easing in the early Spring. As a result, the PERSI fund, with a couple of mild setbacks, enjoyed moderate gains over the year – hitting bottom in mid-October and peaking in late April:



** The investment section of the CAFR was compiled using information from the System's custodial bank, Bank of New York Mellon, our consultant, Callan Associates, and internally generated data. Unless otherwise noted, investment returns are based on investment fair market values and made on a time weighted return methodology, gross of investment fees and consistent with Global Investment Performance Standards.*

The fiscal year began with the US equity markets almost (but not quite) hitting a "correction" level (defined as a 10% drop), as a stronger economy led to increasing bond yields and a rising dollar. With the expectation of the end of quantitative easing in the US there was a general belief that interest rates would rise in a slow but accelerating US economy. Overseas the markets were becoming concerned with a decelerating China, a moribund Europe, and even weaker emerging markets. Turmoil in the Middle East with ISIL, a spreading Ebola pandemic, continued Ukrainian tensions, and major democracy demonstrations in Hong Kong added to market uncertainty.

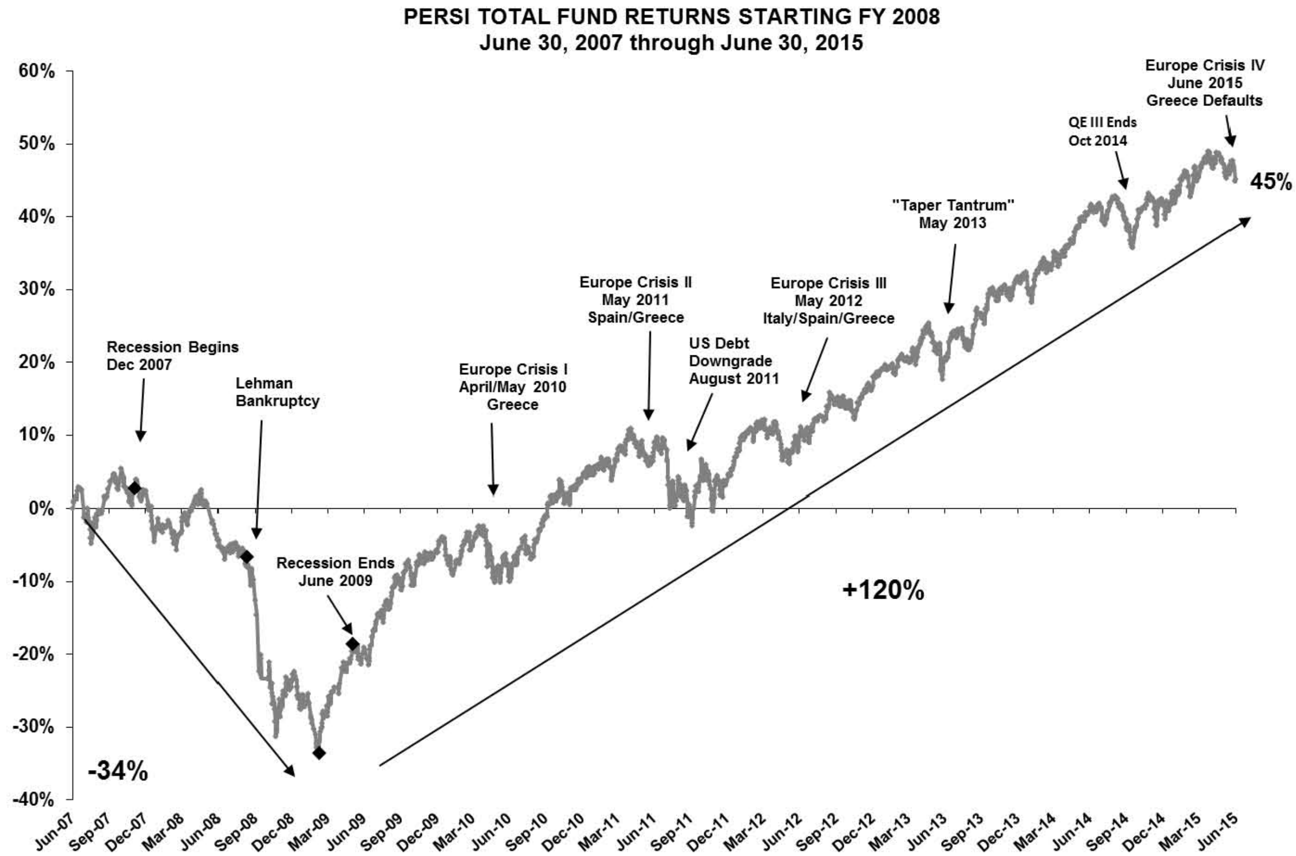
The late Fall and early Winter was characterized by a relatively strong and steadily recovering U.S. economy coupled with a depressing picture in almost all of the rest of the world economies (Japan, China, emerging markets and, particularly, Europe). As the non-market tensions of Ebola, the Ukraine, and ISIL moved away from center stage, the US markets, at least, resumed their slow but relatively steady rise. The fund ended the calendar year essentially even for the fiscal year to date at +0.5% and $14.7 billion.

The new calendar year, however, saw another harsh winter, a major U.S. port strike, collapsing oil prices, continued Asian uncertainties and the return of European financial issues with yet another "Grexit" possibility. This offset continued global central bank loose monetary policies and, after an economic pause in the first quarter, a slowly rebounding US economy and a bottoming developed market economy. The markets dropped in early March and then rebounded as the harsh weather impacts faded, China appeared to be bottoming, and Japan and Europe showed incipient signs of recovery. By the end of April the PERSI fund reached all time return and asset level highs – well above $15 billion. For the rest of the fiscal year, the fund moved essentially sideways and then down as the prospect of generally increasing interest rates, full valuations, and potential European financial problems (Greece) were absorbed into expectations.

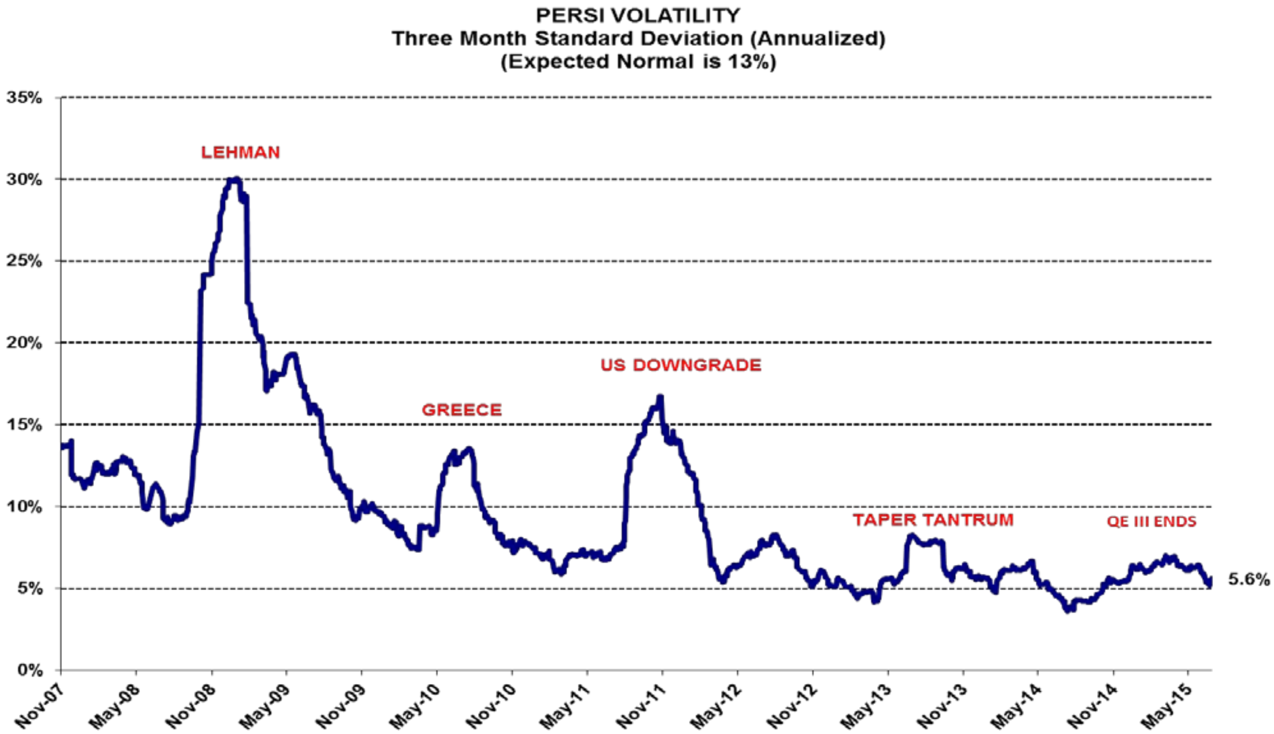
The surprise of the year, however, was the remarkable drop in European interest rates, with shorter term and even 10 year yields actually turning negative for part of the year. This put a cap on interest rates worldwide, and US government yields once again dropped below 2% before rising towards the end of the fiscal year (ending at around 2.3%). Most of Europe, including Spain, spent much of the year with even lower interest rates than the U.S., which resulted in a strong rebound in the dollar as the new calendar year began.

Nonetheless, volatility in all of the capital markets remained muted, and even the corrections and recovery of the past year was mild. All in all, the "boredom" of the recent capital and economic markets was the outstanding feature of the last year and a half, with the excitement located in political and military events in the Ukraine and in Northwest Iraq - areas with little direct economic or capital market impact – and the small economy of Greece.

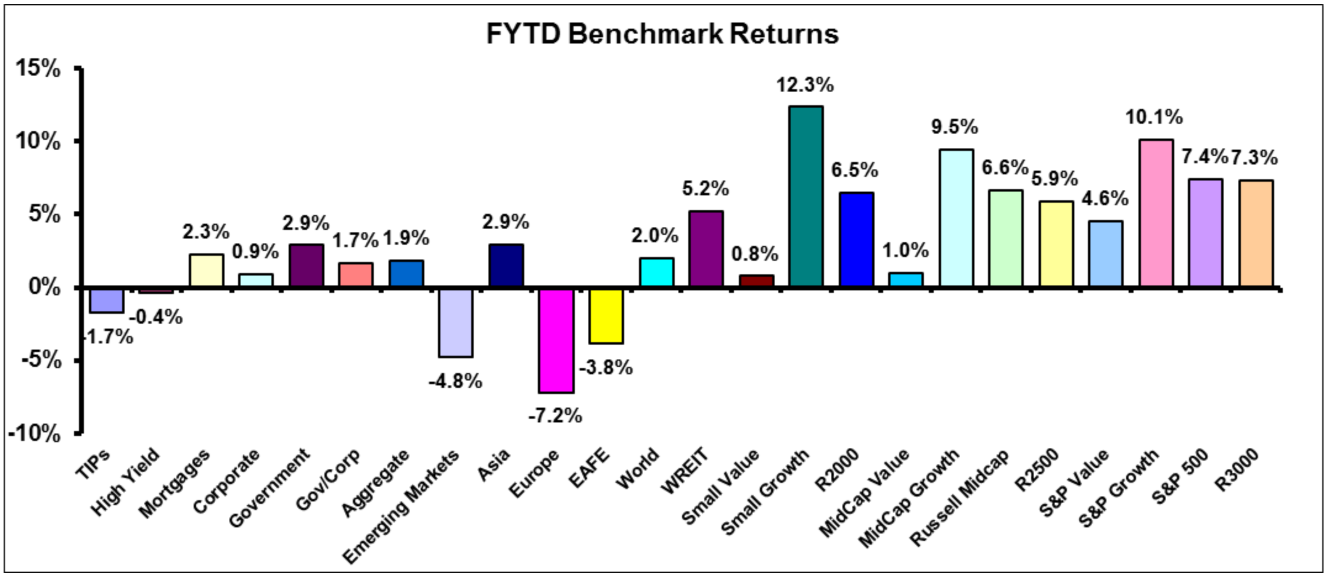
Although mild, the fiscal year continued the historic rise of +120% for the fund since the crisis lows of March 2009:



This was combined with much lower than normal capital market volatility, with PERSI "risk" continuing to be well below half of what is normally expected (even with the latest Greece events):



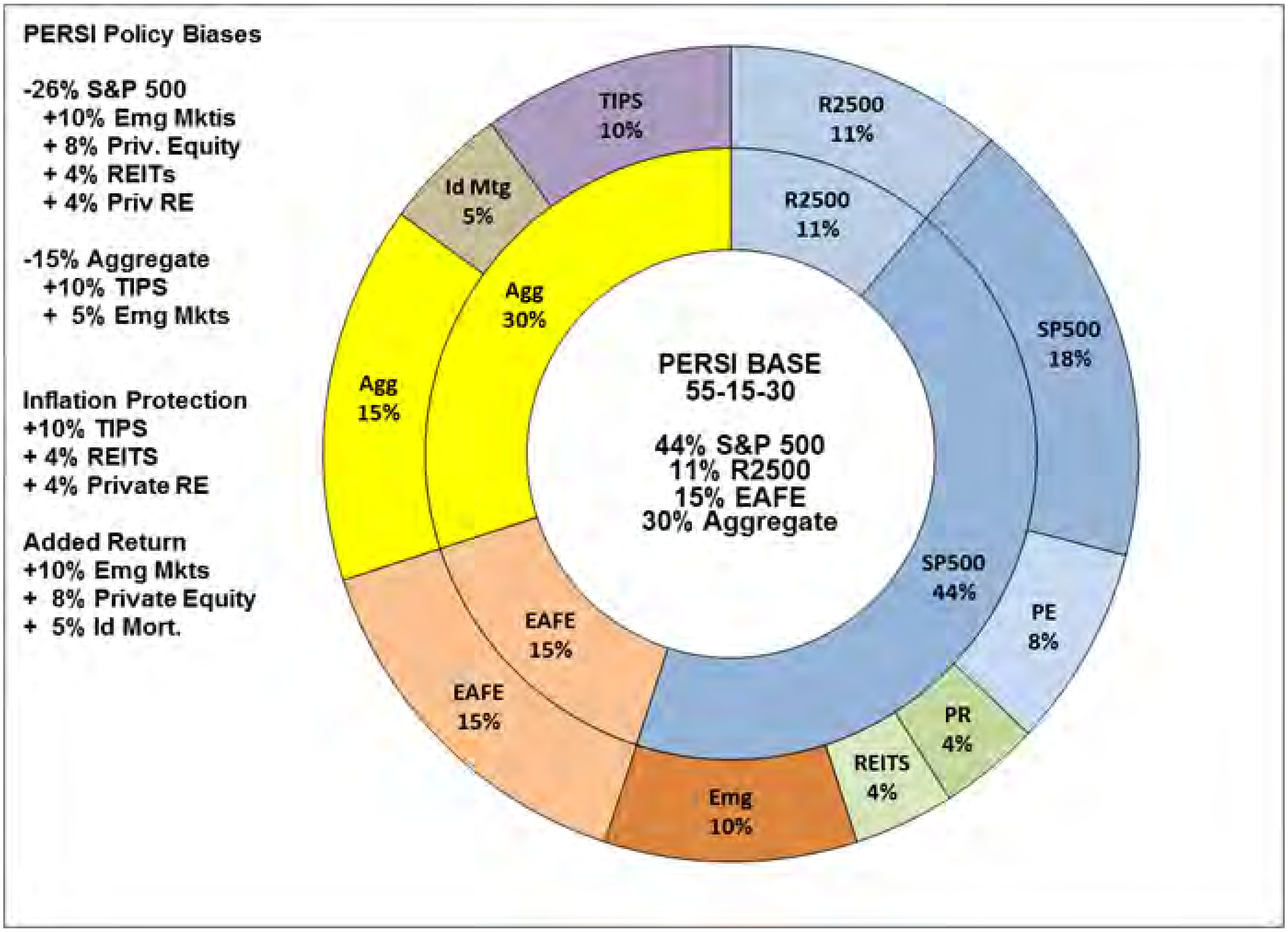
The equity markets continued to see the US equity markets having the best returns, with the S&P 500 returning 7.4% and the Russell 2500 mid/small cap returning 5.9%. "Growth" stocks handily outpaced "value" stocks for the year. MSCI EAFE developed markets had a poor year, with -3.8% returns, with Europe significantly underperforming Asia. Emerging markets, as has been the case for the past 5 years, noticeably underperformed the developed markets with losses of -4.8%. REITs (5.2%) and private equity (7.2%) also underperformed the public markets. The brightest spot was PERSI private real estate, which returned 16.9% reflecting the completion of a multi-year major portfolio restructuring. Investment grade bonds (1.9%) basically treaded water for the year and TIPS [Treasury Inflation Protected Securities] had one of their worst years on record with losses of -1.7%.



These markets, in fact, explain another feature of this fiscal year – that PERSI actual returns again trailed the reference 55% Russell 3000, 15% MSCI EAFE, 30% Barclay's Aggregate benchmark ["55-15-30"] by -1.0%.

As with fiscal year 2014, this "underperformance" exactly reflects PERSI's intended structure – one that has been in place for the past two decades. PERSI's strategic biases have consistently reduced the 55-15-30 benchmark's bias to the S&P 500 by -26% (from a 44% weighting to an 18% weight). That money has been shifted to Emerging Markets (10% weight), Private Equity (8% weight), Private Real Estate (4% weight), and REITS (4% weight). The other major shift, with smaller return consequences, has been to take 15% of the monies from the Barclay's Aggregate 30% reference weight and shifted to a 10% general weighting of TIPS, and 5% weight in the Idaho Commercial Mortgage program. These biases account for all of the disparity between actual returns and the 55-15-30 return.

[PERSI's weighting to small cap equities and EAFE is the same as the 55-15-30 reference benchmark, with an 11% weighting to mid/small cap US stocks, and a 15% weighting to MSCI EAFE stocks. All of these weightings "look through" the activities of the active managers, and account for their biases (such as a tendency to overweight small cap stocks) in individual portfolio construction. Staff monitors active manager portfolios to assure that overall portfolio characteristics remain consistent with our long-term strategic biases].

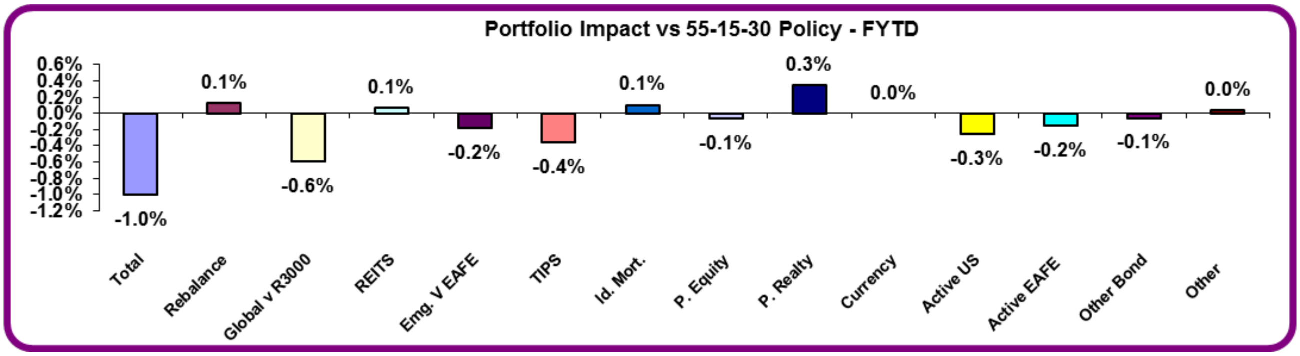


These shifts have been a basic feature of PERSI's strategic structure for at least the past two decades, and have been responsible for practically all of PERSI's relative performance both to peers and to the base reference 55-15-30 benchmark – both when PERSI is a top performing fund and also when it lags its peers.

The central idea is that when the S&P 500 is one of the best performing capital markets in the world, PERSI will normally have no problem meeting its funding goals (as occurred in the mid-1990s and recently). The problem PERSI faces is when the S&P 500 is a mediocre or terrible market both absolutely and relatively that PERSI needs protection – as occurred in the first decade of the 2000s.

Besides additional diversification, PERSI has shifted money to other areas for purposes of increased inflation protection (S&P 500 to REITS and Private Real Estate, Barclay's Aggregate to TIPS) and long-term added return (S&P 500 to emerging markets and private equity, Barclay's Aggregate to private debt in the Idaho Commercial Mortgage Program). All of these strategic biases go back decades, (private real estate began in 1981, the small cap and emerging market bias has been in place since the late 1980s, the Idaho Commercial Mortgage program began in the late 1980s, and the REIT and TIPS biases were added in 1997-1998).

The overall impacts of each of the PERSI strategic biases were largely negative, which was partially overcome by decisions to not strictly rebalance the portfolio during the fiscal year:

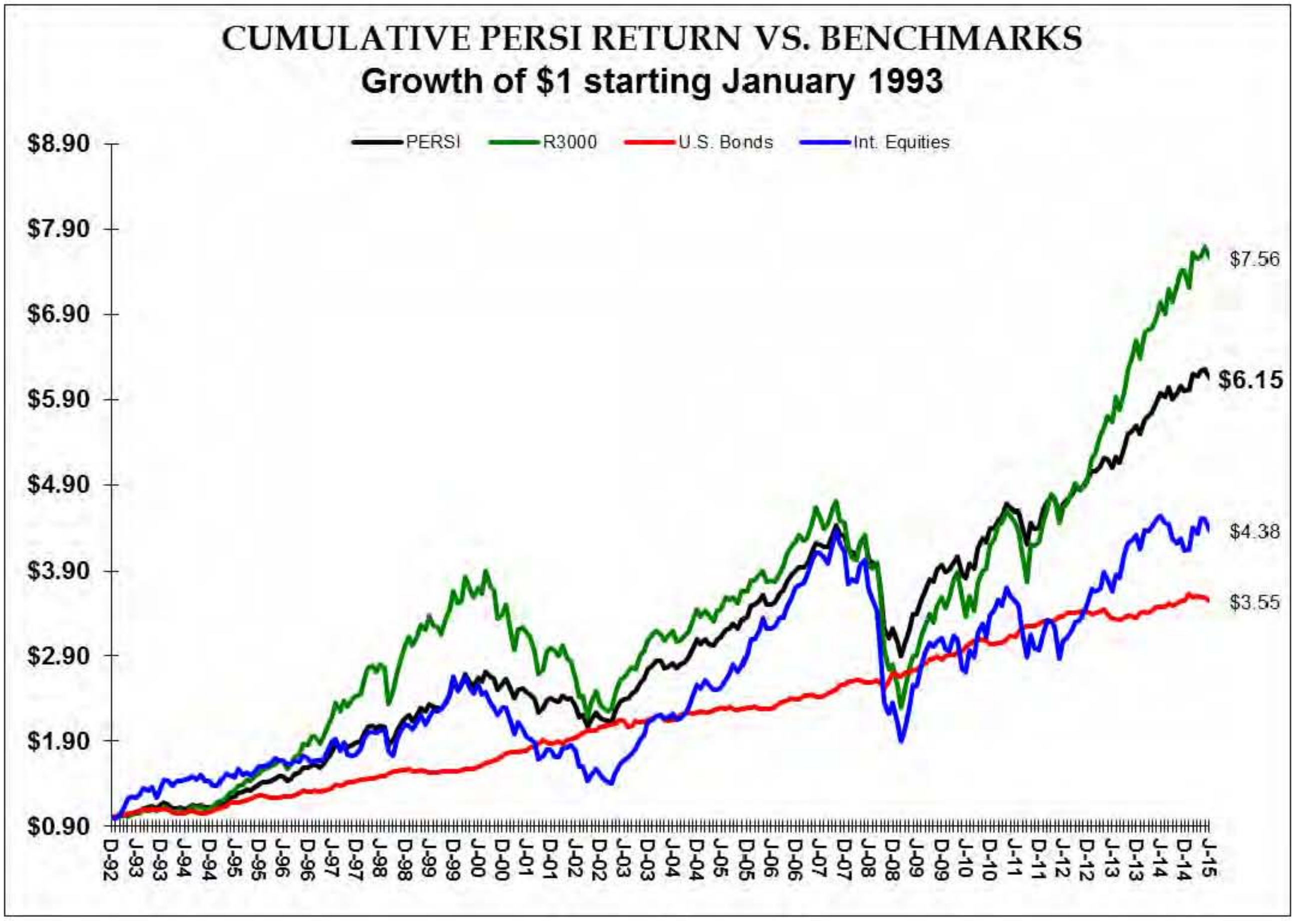


PERSI's institutional peer returns for the fiscal year have been around the median institutional and public fund. Long term returns (ten years plus) also continue to be significantly above average: Medium term returns (3-7 years), however, reflect the significant underperformance of emerging markets, private real estate, REITs and TIPS over the past few years:

RANKINGS IN MELLON MASTER TRUST and CALLAN PUBLIC FUND UNIVERSES June 30, 2015 Percentile Rankings over Period (1 is highest, 100 is lowest)

	CY	*1Y*	*2Y*	*3Y*	*5Y*	*10Y*	*20Y*
Return (%)	**2.5**	**3.0**	**9.9**	**9.6**	**10.1**	**7.0**	**8.3**
Mellon Median Master	2.2	2.9	9.4	10.0	10.4	6.8	
Callan Median Public		3.2		10.3	10.4	6.6	7.8
PERSI Rank (Percentile)							
Mellon All Funds	**37**	**48**	**39**	**60**	**56**	**34**	
Callan Public Funds		**56**		**65**	**58**	**24**	**24**

PERSI's annualized return over the last 20 years have been 8.3% while the 55-15-30 reference benchmark return was 7.9% and the median public fund return has been 7.8%. Since 1993, every dollar invested in PERSI has returned over six fold, to $6.15:



PERSI's basic and relatively simple approach has served the fund well both over the past year and over the longer term. It encountered few issues in the turbulent period of the last seven years, and has survived relatively unscathed through all of the crises of the past 20 years.

The overall PERSI US equity component returned 7.7%, outperforming the general US equity market (R3000) which returned 7.3%. Private real estate was the outstanding performer after completing a multi-year restructuring, with 16.9% returns. Peregrine large cap growth was the star of the public markets, with total returns of 16.3% for the year, outperforming their S&P growth index by 6.3%. Mountain Pacific, with 10.4% returns, also outperformed their midcap index by 4.5%. Tukman slightly underperformed their large cap mandate with returns of 6.3%, underperforming by -1.1%. After a multi-year run of outstanding returns, Donald Smith crashed with a loss of -10.4% for the year, trailing the general market by -16.9%. The Adelante REIT account outperformed not only their general benchmark by 4.0% but also the general market with 9.2% returns. Private equity underperformed marginally with 7.2% returns.

Global Equity outperformed the MSCI World market index with returns of 4.1%. This was above the MSCI World index (at 2.0%). Longview (12.2%) had another great year, while Barings (7.7%), Bernstein (4.3%), and Capital Group (4.5%), outperformed. Brandes lagged with -1.6% returns for the year.

Developed market international equity (MSCI EAFE) lost -3.8% for the year, although outperforming emerging market equity (MSCI Emerging Markets) at -4.8% for the fifth year in a row. Mondrian, our developed markets manager lagged the EAFE index with a -5.1% return, Bernstein Emerging (-2.4%) outperformed their index, while Genesis (-11.9%) had a very poor absolute and relative performance year.

PERSI fixed income made only 0.7% and lost to investment grade bonds as represented by the Barclay's Aggregate index at 1.9%. The reason was TIPS, which lost -1.8% for the year. This return melded the SSGA TIPs return of -1.7% and the Western active TIPs account return of -2.0%. Western with its nominal bond portfolio had an index like return of 1.8%, and Barings underperformed at 0.9%. Clearwater, whose mandate changed last year to the Aggregate Bond Index from mortgage backed only, also matched with 1.8% returns. Idaho Mortgages, which are priced off of the Treasury yield curve, had a very good year and were up 4.8%, while the DBF mortgage backed securities portfolio tracked the general mortgage market with 2.2% returns.

In summary, a positive but very mild year overall for PERSI.

ROBERT M. MAYNARD
Chief Investment Officer

INVESTMENT SUMMARY FOR THE YEAR ENDED 6/30/15

Types of Investment	Fair Value		Percent of Total Fair Value	
Short-term Investments		$ 347,469,408		2.4%
Fixed Income				
Domestic	3,231,115,287		22.4%	
International	37,901,492		0.3%	
Commercial Mortgages	553,504,788		3.8%	
Total Fixed Income		3,822,521,567		26.5%
Equity				
Domestic Equity	5,931,318,944		41.1%	
International Equity	2,854,495,604		19.8%	
Total Equity		8,785,814,548		60.9%
Private Equity		966,001,036		6.7%
Real Estate		506,568,317		3.5%
Total Defined Benefit Plans' Investments		$14,428,374,876		100.0%
Other Funds:				
Sick Leave Insurance Reserve Fund		401,187,919		
Choice Plan 414(k)		60,258,896		
Choice Plan 401(k)		629,164,113		
Total Investments in All Funds		$15,518,985,804		

Schedule of Investments by Account (including interest and dividends receivable) as of June 30, 2015

Base Plan, Firefighters' Retirement Fund, and Judges' Plan	
Adelante Capital Management	$ 424,995,336
Advent International, LP	55,318,041
Apollo Management, LP	39,256,896
American Securities Opportunities Associates II, LLC	23,172,250
Baring Asset Management-Global Equity	410,670,210
Baring Asset Management-Global Fixed Income	182,833,294
Bernstein-Emerging Markets	314,033,307
Bernstein-Global Equity	493,368,904
Blackstone Capital Partners, LP	83,977,759
BNY Mellon Capital Management-International Stock Index	494,238,138
BNY Mellon Capital Management-Mid Cap Completion	240,160,932
BNY Mellon Capital Management-R2000 Small Cap	165,646,783
BNY Mellon Capital Management-S&P 500 Large Cap	1,704,150,045
BNY Mellon Capital Management-REIT Index	210,901,131
BNY Mellon Capital Management-Emerging Market Index	580,321,318
Brandes Investment Partners	454,506,648
Bridgepoint Cap LTD	14,482,319
Capital Guardian	431,386,142
Cascade	94,168,509
Cerberus Investment Partners	15,572,706
Chisholm Management, LP	1,851,016
Clearwater Advisors, LLC-TBAs	137,731,020
CVC European Equity	26,326,115
D.B. Fitzpatrick & Co.-Fixed Income	111,928,421
D.B. Fitzpatrick & Co.-Idaho Mortgages	555,424,947
Donald Smith & Co.	438,296,090
Endeavour Capital	20,566,580
Enhanced Equity, LP	47,535,206
Epic Venture Fund	15,826,113
First Reserve Fund XI	32,458,338
Frazier Technology Ventures II, LP	22,325,269
Galen Associates, LP	35,190,903
Genesis Asset Managers	295,646,767
Goense Bounds & Partners, LP	1,052,135
Gores Capital Partners, LLP	27,682,905
Green Equity Investors IV, LP	36,026,962
Hamilton Lane Co - Investment Fund, LP	59,850,293
Hamilton Lane Secondary Fund, LP	19,361,518
Highway 12 Ventures, LP	52,459,695
Ida-West	3,151,617
JH Whitney & Co, LLC	26,281,913
KKR 2006 Fund, LP	47,307,387
Kohlberg & Co.	29,412,323
Koll Partners, LLP	253,960,624
Lindsay Goldberg & Bessemer	29,041,558
Littlejohn, LP	179,889
Longview Partners	515,562,885
Transition Management	1,705,666
Mondrian Investment Partners	400,805,853
Mountain Pacific Investment Advisors	492,448,423

(Continued)

Schedule of Investments by Account (including interest and dividends receivable) as of June 30, 2015

Newbridge Asia, LP	4,266,418
Olympic IDA Fund II, LLC	199,602,220
Peregrine Capital Management	476,766,832
PERSI Cash in Short-Term Investment Pool	14,429,615
Private Debt	6,255,117
Providence Equity Partners, LLP	54,563,992
Prudential Investments	47,346,735
State Street Global Advisors-Fixed Income	1,152,736,422
State Street Global Advisors-TIPS	1,033,721,572
T3 Partners, LP	108,017,902
Tukman Grossman Capital Management	457,001,891
Veritas Capital Partners, LP	31,400,537
W. Capital Partners, LP	2,081,167
Western Asset Management	185,790,600
Western Asset-TIPS	384,429,005
Zesiger Capital Group	1,246,865
Zesiger Capital Group-Private Equity	23,340,467
Total Base Plan, Firefighters' Retirement Fund, and Judges' Retirement Fund	$ 14,353,556,456
Choice Plan	
Mellon Capital Management U.S. Bond Market Index Fund - Choice Plan	9,681,989
Mellon Capital Management U.S. Small/Mid Cap Equity Index Fund - Choice Plan	10,867,690
Mellon Capital Management U.S. Broad Market Equity Equity Index Fund - Choice Pl	5,316,140
Mellon Capital Management International Equity Index Fund - Choice Plan	5,112,903
Mellon Capital Management U.S. Large Cap Equity Index Fund - Choice Plan	15,694,148
Mellon Capital Management Emerging Market Equity Index Fund - Choice Plan	94,264
Mellon Capital Management U.S. Treasury Inflation-Protected Securities (TIPS) Inde:	106,952
Mellon Capital Management U.S. REIT Index Fund - Choice Plan	190,560
Brandes International Equity Fund - Choice Plan	7,314,394
Calvert SI Balance Fund - Choice Plan	2,069,706
Dodge and Cox Income Fund - Choice Plan	11,577,018
PERSI Choice Plan Contribution Holding Account	824,942
PERSI Choice Plan Loan Fund	8,706,885
Rowe Price Small Cap Fund - Choice Plan	20,196,900
Total Return Fund	561,931,323
Vanguard Growth & Income Fund - Choice Plan	19,729,187
PERSI Short Term Investment Portfolio	11,415,668
Total Choice Plan	690,830,669
Sick Leave Insurance Reserve Fund	
State Street Global Advisors-Domestic Equity	235,934,703
State Street Global Advisors-International Equity	55,428,302
State Street Global Advisors-Fixed Income	109,824,914
Total Sick Leave Insurance Reserve Fund	401,187,919
Total Fair Value, Including Investment Receivables and Payables	15,445,575,044
Add: Investments Purchased Payable	232,707,110
Less: Investments Sold Receivable	(111,457,406)
Less: Interest and Dividends Receivable	(47,838,944)
Total Fair Value, Net of Investment Receivables and Payables	$ 15,518,985,804

(Concluded)

Investment Results for the Year Ended June 30, 2015

MANAGERS	TOTAL FAIR VAL (MILLIONS)	% OF TOTAL FUND	Investment Performance for Periods Ending FISCAL	1 YR.	3 YRS. *	5 YRS. *	10YRS. *
U.S. EQUITY							
MELLON CAPITAL MANAGEMENT MID CAP	249.6	1.6%	5.7	5.7	20.2	18.7	9.9
MELLON CAPITAL MANAGEMENT R2000 SMALL CAP	172.1	1.2%	6.5	6.5	17.9	17.2	8.3
MELLON CAPITAL MANAGEMENT S&P 500 LC	1,770.9	11.9%	7.4	7.4	17.3	17.3	7.9
MOUNTAIN PACIFIC	511.7	3.4%	10.4	10.4	19.4	18.3	10.6
TUKMAN GROSSMAN CAPITAL MGMT	474.9	3.2%	6.3	6.3	16.1	15.8	8.2
DONALD SMITH & CO.	455.5	3.1%	(10.4)	(10.4)	15.2	13.1	9.4
PEREGRINE	495.4	3.3%	16.3	16.3	17.7	17.8	8.2
TOTAL U.S. PUBLICLY TRADED EQUITY	4,130.1	27.7%	6.2	6.2	17.4	16.9	8.7
BENCHMARK - Russell 3000			7.3	7.3	17.7	17.5	8.2
PRIVATE EQUITY							
IDA-WEST	3.3	0.0%	0.0	0.0	6.0	16.4	19.7
GALEN III	36.6	0.2%	7.1	7.1	4.4	2.1	4.2
PROVIDENCE EQ PARTNERS	56.7	0.4%	[illegible]	6.8	5.4	10.7	11.2
CHISOLM PARTNERS	1.9	0.0%	29.8	9.8	26.3	38.3	26.0
LITTLEJOHN II L.P.	0.2	0.0%	24.9	24.9	36.4	17.3	24.9
GOENSE BOUNDS	1.1	0.0%	(30.9)	(30.9)	(15.9)	(17.5)	(9.6)
HWY 12 FD VENTURE LP	54.5	0.4%	(3.3)	(3.3)	6.2	11.1	1.7
T3 PARTNERS II L.P.	112.2	0.8%	22.2	22.2	22.1	18.5	16.2
APOLLO MGMT LP	40.8	0.3%	2.8	2.8	21.6	18.2	23.4
GREEN EQUITY IV L.P.	37.4	0.3%	10.6	10.6	19.3	21.2	11.7
GORES CAPITAL AD LLC	28.8	0.2%	(17.7)	(17.7)	(5.5)	(0.2)	10.6
W CAPITAL PARTNERS	2.2	0.0%	(18.4)	(18.4)	(17.0)	(11.9)	(7.2)
FRAZIER TECH VENTURES II	23.2	0.2%	2.5	2.5	32.7	18.7	8.8
KOHLBERG & CO.	30.5	0.2%	24.0	24.0	12.1	15.0	7.4
HAMILTON SECONDARY	20.1	0.1%	13.8	13.8	10.5	13.4	12.7
CVC EUROPEAN EQUITY	27.4	0.2%	5.8	5.8	15.4	21.2	
HAMILTON LANE CO-INVESTMENT FUND	62.2	0.4%	16.6	16.6	21.7	14.4	
BRIDGEPOINT EUROPE III	15.0	0.1%	(9.7)	(9.7)	4.9	9.0	
NEWBRIDGE ASIA LP	4.4	0.0%	10.0	10.0	6.0	13.8	
JH WHITNEY EQUITY PARTNERS IV	27.3	0.2%	(12.4)	(12.4)	3.6	3.1	
BLACKSTONE CAPITAL PARTNERS	87.3	0.6%	15.7	15.7	22.3	15.4	
ENHANCED EQUITY FUND LP	49.4	0.3%	22.4	22.4	8.9	9.1	
LINDSEY, GOLDBERG, BESSEMER	30.2	0.2%	3.3	3.3	7.7	13.5	
KKR 2006 FUND	49.2	0.3%	17.3	17.3	17.4	15.7	
FIRST RESERVE FUND XI	33.7	0.2%	(32.5)	(32.5)	(12.7)	(4.4)	
CERBERUS INST PARTNERS	16.2	0.1%	10.2	10.2	11.3	11.7	
EPIC VENTURE FUND	16.4	0.1%	34.8	34.8	22.3	19.5	
ADVENT INTERNATIONAL	57.5	0.4%	8.1	8.1	21.0	16.7	
AMERICAN SECURITIES OPPORTUNITIES FUND II	24.1	0.2%	7.3	7.3	11.4	11.2	
VERITAS CAPITAL PARTNERS	32.6	0.2%	15.0	15.0	22.5		
ENDEAVOUR CAPITAL PARTNERS	21.4	0.1%	17.5	17.5	7.1		
ZESIGER CAPITAL GROUP	24.3	0.2%	6.6	6.6	0.1	0.8	2.0
TOTAL PRIVATE EQUITY	1,028.1	6.9%	7.2	7.2	12.1	12.9	10.7
REAL ESTATE							
KOLL PARTNERS	263.9	1.7%	19.1	19.1	(6.4)	(4.2)	(4.8)
OLYMPIC IDA FUND II	207.4	1.4%	11.0	11.0	20.3	24.4	
CASCADE	97.9	0.7%	26.0	26.0	2.8	1.2	
ADELANTE - PUBLIC R/E	441.6	3.0%	9.2	9.2	11.2	16.9	7.1
MELLON CAPITAL MANAGEMENT REIT INDEX	219.1	1.5%	5.4	5.4			
PRUDENTIAL	49.2	0.3%	14.2	14.2	12.6	15.8	6.8
TOTAL R/E MANAGERS	1,279.1	8.6%	12.1	12.1	6.1	9.0	4.5
BENCHMARK - NCREIF			12.7	12.7	11.5	12.8	8.4
TOTAL U.S. EQUITY	6,437.3	43.2%	7.5	7.5	13.8	14.4	7.9
BENCHMARK - Russell 3000			7.3	7.3	17.7	17.5	8.2

(Continued)

Investment Results for the Year Ended June 30, 2015

MANAGERS	TOTAL FAIR VAL (MILLIONS)	% OF TOTAL FUND	FISCAL	1 YR.	3 YRS. *	5 YRS. *	10YRS. *
			Investment Performance for Periods Ending				
GLOBAL EQUITY							
BARING ASSET MANAGEMENT	426.7	2.9%	7.5	7.5	13.0	12.5	8.4
BRANDES INVST PARTNERS	472.3	3.2%	(1.8)	(1.8)	15.2	12.8	5.1
CAPITAL GUARDIAN	448.3	3.0%	4.4	4.4	16.0	13.3	6.7
ZESIGER CAPITAL GROUP	1.3	0.0%	(30.0)	(30.0)	(6.3)	(3.3)	2.1
BERNSTEIN GLOBAL	512.7	3.4%	4.1	4.1	19.3	12.7	4.7
LONGVIEW PARTNERS	535.7	3.6%	12.2	12.2	22.4		
TOTAL GLOBAL EQUITY	2,397.0	16.1%	4.1	4.1	15.1	12.2	6.8
TOTAL U.S./GLOBAL EQUITY	8,834.3	59.3%	6.3	6.3	14.2	13.7	7.4
BENCHMARK - Russell 3000			7.3	7.3	17.7	17.5	8.2
INTERNATIONAL EQUITY							
GENESIS INVESTMENTS	307.2	2.1%	(11.9)	(11.9)	2.8	4.7	9.6
MELLON CAPITAL MANAGEMENT INTL STK INDX	513.6	3.4%	(3.9)	(3.9)	12.3	9.9	5.4
MONDRIAN	416.5	2.8%	(5.2)	(5.2)	12.2	10.4	6.2
BERNSTEIN EMERGING	326.3	2.2%	(2.4)	(2.4)	4.4	3.0	6.7
MELLON CAPITAL MANAGEMENT EMERGING STK INDX	603.0	4.0%	(5.1)	(5.1)			
TOTAL INTERNATIONAL EQUITY	2,166.6	14.5%	(5.5)	(5.5)	7.6	6.8	6.9
EAFE INDEX NET			(4.2)	(4.2)	12.0	9.5	5.1
TOTAL EQUITY	11,001.0	73.8%	4.0	4.0	12.8	12.2	7.4
BENCHMARK - Russell 3000			7.3	7.3	17.7	17.5	8.2
FIXED INCOME							
DBF & CO FIXED	116.3	0.8%	2.2	2.2	1.8	2.8	4.4
DBF & CO-IDAHO MTGS	577.2	3.9%	4.9	4.9	2.4	4.5	6.3
STATE ST ADV-FX	1,197.8	7.9%	1.8	1.8	1.9	3.6	4.6
SSGA-TIPS	1,074.2	7.2%	(1.7)	(1.7)	(0.9)	5.1	5.1
CLEARWATER-TBA	143.1	1.0%	1.8	1.8	1.7	2.7	4.3
REAL ESTATE PVT DEBT	6.5	0.0%	(38.2)	(38.2)	(34.3)	(21.2)	
BARING ASSET MANAGEMENT	190.0	1.3%	0.9	0.9	1.8	3.6	4.6
WESTERN ASSET	193.1	1.3%	1.8	1.8	3.8	5.8	5.9
WESTERN TIPS	399.5	2.7%	(2.0)	(2.0)	(1.0)	3.0	
TOTAL FIXED INCOME	**3,897.7**	**26.1%**	0.6	0.6	0.7	4.0	4.9
BENCHMARK - BC Aggregate Bonds			1.9	1.9	1.8	3.4	4.4
OTHER							
UNALLOCATED CASH	15.0	0.1%	1.9	1.9	2.1	2.3	5.7
TRANSITION MANAGEMENT[1]	1.8	0.0%	31.0	31.0			
TOTAL OTHER	16.8	0.1%					
COMBINED TOTAL[2]	14,915.5	100.0%	3.0	3.0	9.6	10.1	7.0
BENCHMARK - 55% Russell 3000 30% BC Aggregate Bonds 15% MSCI EAFE Index			4.0	4.0	12.0	12.2	6.9

Add: Other PERSI DC Choice Plan Investments	128.9
Sick Leave Fixed Income Investments	109.8
Sick Leave Equity Securities	291.4
Investments Purchased	232.7
Less: Interest and Dividends Receivable	(47.8)
Investments Sold	(111.5)
Total Pension Fund Investments Net of Receivables	15,519.0

*Rates of Return are annualized

[1]Large inflows/outflows in this account results in widely variable returns

[2]Total Return Fund/FRF/Judges' Plan included in investment results

**accounts opened less than one year

Performance is gross of fees

Prepared using a time weighted rate of return per
Mellon Analytic Solutions, a division of BNY Mellon Asset Servicing

(Concluded)

Schedule of Investment Income for the Last Six Years

Year	Interest	Dividends	Gains & Losses*	Total
2010	$ 108,025,496	$ 140,722,177	$ 915,045,071	$ 1,163,792,744
2011	116,133,693	161,647,820	1,862,195,995	2,139,977,508
2012	117,140,608	165,467,250	(86,288,779)	196,319,079
2013	110,329,885	180,373,163	817,663,490	1,108,366,538
2014	105,237,909	220,530,606	1,907,625,265	2,233,393,780
2015	114,333,491	198,258,329	153,584,037	466,175,857

*Includes realized and unrealized gains and losses and other investment income.

Largest Stock Holdings (by Fair Value) June 30, 2015

	Shares	Stock	Fair Value
1	877,649	APPLE INC	$ 110,079,126
2	1,707,894	WELLS FARGO & CO	96,051,959
3	1,459,292	AMERICAN INTERNATIONAL GROUP INC	90,213,431
4	443,119	SIMON PROPERTY GROUP INC	76,668,449
5	566,843	WALT DISNEY CO.	64,699,460
6	1,787,687	PFIZER INC	59,941,145
7	50,877	SAMSUNG ELECTRONICS CO LTD	57,834,976
8	1,289,426	MICROSOFT CORP	56,928,158
9	130,928	AMAZON.COM INC	56,834,536
10	551,529	JOHNSON & JOHNSON	53,752,016

A complete list of portfolio holdings is available upon request.

Largest Bond Holdings (by Fair Value) June 30, 2015

	Par	Bonds	Description	Fair Value
1	50,515,919	US TREASURY INFLATION INDEX SECURITY	0.125% 04/15/2018 DD 04/15/13	$ 51,309,170
2	49,834,778	US TREASURY INFLATION INDEX SECURITY	0.125% 04/15/2019 DD 04/15/14	50,481,085
3	45,670,852	US TREASURY INFLATION INDEX SECURITY	0.125% 04/15/2017 DD 04/15/12	46,291,701
4	42,598,279	US TREASURY INFLATION INDEX SECURITY	0.125% 01/15/2022 DD 01/15/12	42,215,576
5	41,038,191	US TREASURY INFLATION INDEX SECURITY	0.625% 01/15/2024 DD 01/15/14	41,737,112
6	39,158,218	US TREASURY INFLATION INDEX SECURITY	1.125% 01/15/2021 DD 01/15/11	41,418,978
7	41,639,230	US TREASURY INFLATION INDEX SECURITY	0.125% 07/15/2022 DD 07/15/12	41,323,688
8	41,146,257	US TREASURY INFLATION INDEX SECURITY	0.375% 07/15/2023 DD 07/15/13	41,294,136
9	34,693,460	US TREASURY INFLATION INDEX SECURITY	2.375% 01/15/2025 DD 07/15/04	40,813,594
10	41,484,215	US TREASURY INFLATION INDEX SECURITY	0.125% 01/15/2023 DD 01/15/13	40,751,769

A complete list of portfolio holdings is available upon request.

Schedule of Fees and Commissions for the Year Ended June 30, 2015

Broker Name	Base Commission	Total Shares	Commission per Share
UBS SECURITIES LLC, STAMFORD	$ 571,300	9,323,143	$ 0.06128
MORGAN STANLEY & CO INC, NY	273,870	25,605,201	0.01070
STATE STREET GLOBAL MARKETS LLC, BOSTON	214,350	9,505,656	0.02255
MERRILL LYNCH INTL LONDON EQUITIES	163,329	39,831,986	0.00410
DEUTSCHE BK SECS INC, NY	139,486	37,757,655	0.00369
MERRILL LYNCH PIERCE FENNER SMITH INC NY	129,637	4,759,571	0.02724
JEFFERIES & CO INC, NEW YORK	128,351	3,340,850	0.03842
GOLDMAN SACHS & CO, NY	122,720	21,473,682	0.00571
GOLDMAN SACHS INTL, LONDON (GSILGB2X)	116,308	15,375,535	0.00756
BERNSTEIN SANFORD C & CO, NEW YORK	108,938	4,695,649	0.02320
DEUTSCHE BK INTL EQ, LONDN	103,278	12,140,436	0.00851
J P MORGAN SECURITIES INC, BROOKLYN	101,299	3,736,977	0.02711
CREDIT LYONNAIS SECS (ASIA), HONG KONG	100,232	76,487,901	0.00131
CITIGROUP GBL MKTS INC, NEW YORK	94,984	3,325,309	0.02856
INSTINET CORP, NY	94,853	4,946,621	0.01918
UBS WARBURG, LONDON	94,227	24,655,774	0.00382
J P MORGAN SECS, NEW YORK	91,337	6,500,000	0.01405
WEEDEN & CO, NEW YORK	81,697	4,066,965	0.02009
J P MORGAN SECS LTD, LONDON	77,725	6,838,781	0.01137
CITIGROUP GLOBAL MARKETS LTD, LONDON	67,729	7,965,716	0.00850
RBC DOMINION SECS INC, TORONTO	59,826	1,356,677	0.04410
CREDIT SUISSE, NEW YORK	59,517	6,314,991	0.00942
ISI GROUP INC, NY	58,266	1,351,179	0.04312
CJS SECURITIES INC, JERSEY CITY	53,560	1,370,742	0.03907
J.P. MORGAN CLEARING CORP, NEW YORK	51,406	4,263,122	0.01206
BNY CONVERGEX, NEW YORK	50,677	1,274,983	0.03975
CSI US INSTITUTIONAL DESK,NEW YORK	48,631	1,108,873	0.04386
MORGAN STANLEY & CO, LONDON	48,513	6,372,270	0.00761
DEUTSCHE SEC ASIA LTD, HONG KONG	48,028	40,156,715	0.00120
CREDIT SUISSE (EUROPE), LONDON	44,594	13,126,970	0.00340
INSTINET PACIFIC LTD, HONG KONG	43,227	21,850,781	0.00198
RBC CAPITAL MARKETS LLC, NEW YORK	40,300	1,173,405	0.03434
BARCLAYS CAPITAL LE, JERSEY CITY	38,125	1,590,383	0.02397
MERRILL LYNCH PIERCE FENNER, WILMINGTON	37,997	5,247,646	0.00724
GUGGENHEIM CAPITAL MKT LLC, JERSEY CITY	37,840	945,995	0.04000
HSBC BANK PLC (MIDLAND BK)(JAC), LONDON	37,134	2,707,707	0.01371
GREEN STREET ADVISORS, JERSEY CITY	35,933	898,336	0.04000
UBS EQUITIES, LONDON	35,460	21,256,813	0.00167
Other Brokers under $35,000	1,425,810	413,959,458	0.00344
TOTAL BROKER COMMISSIONS	**$ 5,130,494**	**868,660,454**	$ 0.00591

A complete list of broker commissions is available from PERSI upon request. PERSI does not require that investment managers use specific brokers.

Schedule of Fees and Commissions for the Year Ended June 30, 2015

PRIVATE EQUITY COSTS BY ACCOUNT

Advent International GPE, L.P.	$ 577,504
American Securities Opportunities Fund II, L.P.	289,839
Apollo Investment Fund, L.P.	87,638
Blackstone Capital Partners, L.P.	483,312
CVC European Equity Partners, L.P.	106,585
Endeavour Capital Fund VI, L.P.	288,056
Enhanced Equity Funds, L.P.	421,871
EPIC Venture Fund IV, LLC	50,000
First Reserve, L.P.	231,773
Hamilton Lane Co-Investment Fund, L.P.	725,812
Hamilton Lane Secondary Funds, L.P.	200,000
Highway 12 Venture Funds, L.P.	565,553
J.H. Whitney, L.P.	150,563
KKR 2006 Fund, L.P.	168,546
Kohlberg Investors, L.P.	617,221
Lindsay Goldberg, L.P.	290,874
Providence Equity Partners III, L.P.	574,851
T3 Partners II, L.P.	(601,568)
Veritas Capital Partners, LLC	72,838
TOTAL	$ 5,301,268

Schedule of Fees and Commissions for the Year Ended June 30, 2015

Investment Fees	Average Assets Under Management	Fees	Basis Points
Investment Manager Fees			
Equity Managers	$ 9,206,570,799	$ 31,134,370	34
Fixed Income Managers	3,936,990,390	6,412,307	16
Real Estate Managers	623,141,150	4,703,053	75
Total Average Assets	$ 13,766,702,338		
Total Investment Manager Fees		42,249,730	31
Other Investment Service Fees			
Custodian/Record Keeping Fees		4,173,208	
Investment Consultant Fees		935,251	
Legal Fees		350,497	
Actuary/Audit Service Fees		504,977	
Total Investment Service Fees		5,963,933	4
Less: Fees allocated to Total Return and PERSI Short Term Investment Portfolio Funds		(254,618)	
Total Defined Benefit Plans' Fees		$ 47,959,046	35
Total Defined Contribution Plans' Fees		499,221	
Total Other Trust Funds' Fees		165,319	
Total Fees		$ 48,623,586	

Note: Broker Fees are Included on a Separate Schedule

STATEMENT OF INVESTMENT POLICY AND GUIDELINES

I. Introduction
The Retirement Board ("Board") of the Public Employee Retirement System of Idaho ("System") hereby establishes its Statement of Investment Policy for the investment of the trust funds ("Trust") in accord with Idaho Code Chapter 13, Title 59.

II. Statutory Requirements
The investment of the Trust will be in accord with all applicable laws of the state of Idaho.

A. Sole Interest of Beneficiaries
Investments will be solely in the interest of the participants and beneficiaries and for the exclusive purpose of providing benefits to the participants and their beneficiaries and defraying reasonable expenses of administration.

B. Prudent Investments
Investments will be made with the judgment and care under the circumstances then prevailing, which people of 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 outcome as well as the probable safety of their capital. Investments will be diversified so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.

C. Fiduciary Duties
The Board and its agents, including staff, consultants, and investment managers, will discharge their duties with respect to the fund solely in the interest of the members and retired employees, and with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

III. Investment Goals
A. General Objective
1. Purpose
The purpose of the investment of Trust assets is to provide funds to meet the obligations of the Public Employee Retirement System of Idaho (PERSI) while incurring the appropriate amount of risk consistent with attaining that goal. The Board will invest the assets of the Trust so as to meet the projected obligations of the System, and will reduce risk through diversification of the assets of the Trust.

2. Considerations
In determining the returns needed by the System, the acceptable risk levels, and the allowable investments, the Board will consider:

- the effect of particular investments on the total portfolio,
- the purpose of the plan,
- the diversification of the portfolio,
- the liquidity needs and the current return relative to the anticipated cash flow requirements, and
- the projected return of the portfolio as it relates to the funding objectives of the plan.

B. Specific PERSI return and risk objectives

1. Investment Returns

(a) Actuarial Assumptions

In projecting obligations and the returns needed to meet those obligations, the Board will consider studies performed by actuaries hired by the Board. The actuary uses an investment return assumption of 7.50% before fees and expenses in balancing projected obligations, projected contributions, and projected returns on assets. [The return assumption after fees of administering the system and its investments is 7.00%]. Assuming all of the actuarial assumptions are accurate, this 7.50% return will suffice to: (1) assure the payment of statutorily required benefits, which includes a 1% Cost of Living Adjustment (COLA); and (2) maintain the reduction of the level of the unfunded liability (if any) on the scheduled amortization (one year at a time). The assumed 7.50% return will not be sufficient to fund either discretionary COLAs (2-6%), retroactive COLAs, accelerate the amortization of the unfunded liability, build a stabilization reserve, or allow for gain-sharing distributions.

(b) Inflation and Salary Assumptions

This 7.50% rate before fees and 7.00% rate net of fees assume an inflation rate of 3.25% and an annual general state salary growth rate of 3.75%. To the extent that either inflation or salary growth are higher or lower than these rates, then the investment returns needed will also be higher or lower than the assumed 7.50% [7.00% net], although not on a 1:1 ratio. Consequently, the investment returns actually needed by the system do not have a nominal rate which can be determined with precision in advance -- the 7.50% gross rate currently used by the actuary is only a general midpoint accurate over long (15-20) year periods and is only as accurate as are the inflation, salary, and other actuarial assumptions as set out in the annual actuarial study reviewed annually by the Board.

(c) Relation to Funding Policy

As set out in the Board's funding policy, to the extent investment markets allow, it is the desire of the Board to provide discretionary COLAs, accelerate the amortization of any unfunded liability, and provide for gain-sharing. It is also the goal of the Board to maintain a reasonable amortization of any unfunded liability, and not to exceed the 25 year amortization period set by statute. Therefore, it is the goal of the Board to set an expected rate of return above the actuarially assumed return so that (1) discretionary COLAs will have a reasonable chance of being consistently funded and (2) the scheduled amortization of any unfunded liability is not unreasonably jeopardized. Returns above that amount will be used to build a stabilization reserve and to distribute to the System participants through gain-sharing.

(d) Periodic Specific Return Goals

Because of the inflation sensitivity of both the returns needed by the System and the size of annual COLAs, an exact target return (either real or nominal) cannot be set in advance. Nonetheless, under most reasonable actuarial assumptions, PERSI has a relatively stable real return goal of between 4.75% - 5.25% if consistent funding of discretionary COLAs and providing for gain sharing is included as an objective. Consequently, specific return goals for upcoming periods will be set out in the strategic asset allocations periodically adopted by the Board.

2. Investment Risk and Strategic Asset Allocations

(a) Diversification Among Asset Classes

In controlling the risk level that is appropriate for the Trust, the Board will diversify the assets of the Trust among various asset classes as the Board may from time to time adopt as appropriate asset classes. The specific asset classes to be used will be set in conjunction with the strategic asset allocation adopted from time to time by the Board.

(b) Review of Asset Classes and Asset Allocation

In setting strategic allocations, the Board will focus on assuring that the expected long-term returns will meet expected long-term obligations with the appropriate level of risk sufficient to meet those objectives. The Board will at least once every four years determine the appropriate asset classes for the investment of Trust assets and conduct asset allocation studies to help determine the long term strategic allocations among desired asset classes so as to meet long-term return objectives with the appropriate level of risk.

(c) Content of Strategic Asset Allocations
The strategic asset allocation will set out the asset classes to be used, the long-term strategic “normal” percentage of assets to be invested in each asset class, the short to intermediate term ranges that will be considered allowable temporary deviations from the strategic normal allocation, the investment risk and return expectations for each asset class, the numerical investment return and risk expected to be realized, and the relation of the expected investment return to the real and actuarially assumed investment return.

(d) Strategic Policies
In addition to asset allocation, the Board may from time to time adopt strategic policies. “Strategic policies” are actions by the Board to invest in asset types that have not been singled out as “asset classes” in the asset allocation process, to overweight particular sectors within an asset class, or to employ particular strategies in the investment of Trust assets. The purposes of these actions are either to increase the return above the expected return or to reduce risk.

IV. Investment Structure
A. Overall Structure

In making individual investment policy decisions, the Board will have as an overall goal a flexible, simplified structure with clear roles and accountability.

1. Board Ultimately Responsible
The Board is ultimately responsible for all investment activities. In exercising this responsibility, the Board will hire investment personnel and agents and delegate various investment functions to those personnel and agents. Where the Board does not delegate investment powers or duties, the Board will either satisfy itself that it is familiar with such matters, or will retain persons who are familiar with such matters to consult or assist the Board in the exercise of those responsibilities. Where the Board delegates a responsibility, it will be delegated to a person who is familiar with such matters, and the Board will monitor and review the actions of those to whom responsibilities are delegated.

2. General Roles and Responsibilities of Board and Agents
The Board will favor a structure that accommodates a citizen Board and a small staff. The Board and staff will concentrate their activities on:

- making strategic decisions, primarily concerning asset allocation and strategic policies;
- adjusting the mix between passive and active managers depending on, among other considerations, near-term concerns regarding the U.S. and other capital markets;
- delegating and monitoring all other activities, including hiring and monitoring investment managers; and
- maintaining a reporting system that provides a clear picture of the status of the fund on a reasonably concurrent basis to both the Board and PERSI’s constituencies.

The Board will rely on outside agents, and primarily investment managers, to be responsible for non-strategic decisions. This responsibility includes those investment decisions with shorter-term consequences such as the best near-term securities, regions, asset types, or asset classes.

B. Direct (Non-Delegated) Responsibilities of the Board

1. Specific Responsibilities

The Board will be directly responsible for

- Setting investment policy,
- Determining the investment structure of the Trust,
- Determining the asset classes to be utilized,
- Setting the strategic asset allocation,
- Determining strategic policies;
- Hiring agents to implement the strategic asset allocation;
- Hiring agents to implement strategic policies; and
- Monitoring the compliance of those agents with the investment policies and strategic allocations determined by the Board.

2. Delegation and Monitoring of Specific Investment Activities

The Board will normally delegate investment decisions concerning specific securities or assets, or the tactical allocations of assets among asset types, to outside agents. The Board will retain direct responsibility for the monitoring of the activities of those agents through periodic reports from its staff or consultants. The Board may choose to exercise direct investment responsibility if unusual market conditions or other circumstances so indicate.

C. Employees, Consultants, and Advisors to the Board

1. Investment Staff

(a) Duties of Chief Investment Officer and Other Staff

The Board will hire a Chief Investment Officer and such other staff as it considers appropriate who will be generally responsible for the oversight of the investment of Trust assets, and, as part of that overall responsibility, will: (1) supervise, monitor, and evaluate the performance of the investment managers hired by the Board to assure compliance with investment policy and individual guidelines; (2) assist the Board in developing and adjusting investment policy, including reviewing and modifying the asset allocation as conditions warrant; (3) research current market conditions, evaluate new products, and seek out new approaches to improve portfolio return, reduce risk, and reduce costs and fees; (4) work with the consultants, custodians, investment managers, and other agents in the performance of their assigned duties; and (5) assist the Board with education and other efforts to promote good decision making. Except in special circumstances, PERSI staff will not be responsible for the investment, purchase, or sale of specific assets.

(b) Allocation of New Net Contributions

The Chief Investment Officer shall allocate new net contributions to or withdraw net distributions from the system among investment managers in accordance with the strategic and tactical ranges established by the Board in the strategic asset allocation. The Chief Investment Officer shall report to the Board regularly on the allocation of new net contributions or the withdrawal of net distributions.

(c) Tactical Asset Allocation

With prior notice to the Board, the Chief Investment Officer may shift assets among managers (including between passive and active managers) as long as the asset allocation is maintained within the strategic ranges. If conditions do not permit giving prior Board notice, the Chief Investment Officer is authorized to move assets among investment managers within the strategic ranges established by the Board. If such action is taken, the Chief Investment Officer shall notify the Chairman of the Board as soon as is practical either that action is contemplated or has been taken, as circumstances warrant.

(d) Minimum Qualifications of Chief Investment Officer

The Chief Investment Officer shall at least: (a) have a graduate degree in finance, law, or business administration or (b) be a Chartered Financial Analyst; or (c) have three or more years experience in the investment of trust assets.

2. Actuaries

The Board will hire an actuary to provide studies that will: (1) determine the long term obligations faced by the System through annual actuarial valuations, (2) set out return objectives or assumptions that will be sufficient to meet those obligations; and (3) provide reviews at least once every four years of the actuarial valuation process, including updating the projections and assumptions in light of the experience of the System. The Board will set its long-term return objectives after considering information provided by those studies.

3. Investment Consultants

The Board will hire a qualified independent consultant, whose relationship does not impose a conflict of interest with the Board or staff, to provide investment performance measurement at least quarterly with the report available to the Board within three months of the quarter end. The report will at least compare actual investment returns of the system -- in total, by each asset class, and for each managed portfolio -- with both the investment objectives of the system and a composite of returns of other institutional investors. The Board may hire other independent investment consultants as needed to assist the Board in the management of its investment activities, including, but not limited to: (1) performing asset allocation studies, and reviewing and recommending modifications of the asset allocation as conditions warrant; (2) assisting in monitoring the investment managers to assure they are in compliance with the investment policy and their individual guidelines; (3) performing manager evaluations and searches as may be necessary; and (4) assisting in the development and adjustment of investment policy. Except for consultants retained solely for purposes of performance measurement, consultants will be fiduciaries of the Trust.

D. Managers or Agents with Delegated Responsibilities

1. Custodian

(a) Responsibilities

The Board will hire custodians and other agents who will be fiduciaries of the Trust and who will assume full responsibility for the safekeeping and accounting of all assets held on behalf of the Trust. Among other duties as may be agreed to, the custodian will be responsible for: (a) the receipt, delivery, and safekeeping of securities; (b) the transfer, exchange, or redelivery of securities; (c) the claiming, receipt, and deposit of all dividend, interest, and other corporate actions due the Trust; (d) the daily sweep of all uninvested funds into a cash management account or accounts; and, (e) the provision of reports to PERSI upon agreed time intervals that will include all purchases and sales of securities, all dividend declarations on securities held by the Trust, a list of securities held by the Trust, and a cash statement of all transactions for the account of the Trust. Unless the Board provides otherwise, the custodian will also be responsible for monitoring class action litigation, filing and collecting claims on PERSI's behalf, and reporting to PERSI on such activities.

(b) Authorization of Collective Investment Trusts

Assets of the Trust may be invested in any collective investment trust, which at the time of the investment provides for the pooling of the assets of plans described in Section 401(a) of the Internal Revenue Code of 1986, as amended, and which is exempt from Federal income tax. Assets of the Trust may be commingled with assets of other trusts if invested in any collective investment trust authorized by this policy. The provisions of the trust agreement, as amended by the trustee thereof from time to time, of each collective investment trust in which Trust assets are invested are by this reference incorporated as a part of the trust estate comprising the Trust. The provisions of the collective investment trust will govern any investment of Trust assets in that trust.

2. Investment Managers

The Board will hire investment managers who will be fiduciaries of the Trust and who will be responsible for the investment of Trust assets in specific securities or assets within or among the asset classes.

(a) Minimum Qualifications

Investment managers shall be registered with the Securities and Exchange Commission (unless they are banks, insurance companies, or other category exempted from such registration requirements), have been in the business of investment management at least two years (or the main personnel of the investment management firm have worked together in the business of investment management for at least two years), and, usually, have other United States pension fund assets under management.

(b) Guidelines

Investment Managers shall manage assets in accordance with additional guidelines established by contract and as may be added to or modified from time to time. The additional guidelines will contain minimum diversification requirements that must be followed by that manager. These guidelines will also set out the investment return expected to be achieved by that manager, and shall be linked to a benchmark that represents the passive index fund that would be used to replicate the manager's assignment.

(c) Responsibilities and Discretion

Subject to the restrictions set out in this policy or as may be set out in individual contracts or guidelines, an investment manager shall have full discretionary power to direct the investment, exchange, and liquidation of the assets entrusted to that manager. The manager shall place orders to buy and sell securities and, by notice to the custodian, cause the custodian to deliver and receive securities on behalf of the Trust.

(d) Corporate Governance

The Board, unless otherwise stated, will delegate the voting of proxies to the investment manager or custodian. The Board will adopt and from time to time modify a proxy voting policy. The staff will forward PERSI's Proxy Voting Policy to investment managers; however the investment managers will normally have discretion to vote proxies according to their respective proxy voting policies, provided they vote those proxies in the best interest of our Fund. The Board may from time to time take any other action it deems appropriate in exercising PERSI's proxy voting powers, including but not limited to directing staff to vote individual proxies in a particular manner.

(e) Transactions and Brokerage

All securities transactions shall be executed by reputable broker/dealers or banks, and shall be on a best price and best execution basis.

3. Use of Passive and Active Managers

(a) Purpose and Use of Active Management

The Board recognizes that passive (index fund) investing has lower costs than active investing, with regard to both management fees and transaction costs. Further, the Board also recognizes that there is uncertainty concerning whether active investing can generally outperform passive investing, particularly in the large, liquid, and efficient portions of the capital markets. Also, the Board has great confidence that a passive investment of assets in an efficient asset allocation will likely meet long-term (20 year) obligations.

Contribution rates, COLAs, and the ability to provide for gain-sharing, however, are based on 1-5 year returns. The Board does have concern that over 1-5 year periods the ability to consistently fund COLAs and to keep contribution rates stable are in considerable jeopardy from two sources: (1) expected "normal" market fluctuations are such that annual returns will likely not meet hurdle rates approximately 40% of the time, with actual negative returns to be expected once every six years; and (2) that most of the Trust assets under the strategic asset allocation will be invested in U.S. capital markets, and are thus vulnerable to poor U.S. returns.

One purpose of active management of Trust assets is to address these two concerns. Active managers will be hired for the purpose of providing greater stability of returns, and better returns, than would be achievable under purely passive management over rolling 3-5 year periods. Active managers will be responsible for timing of markets and the tactical allocation of assets among and within the capital markets (including between the U.S. and international markets).

In addition to providing extra returns, active managers will also be employed to smooth returns, provide higher long-term returns, provide protection in adverse markets, and to add exposure and additional diversification to the portfolio than that achievable solely through investment in passive indices representing the strategic asset allocation and strategic policies.

(b) Structure

In using outside managers, the Board will favor a structure using a reasonable number of managers with broad mandates and benchmarks. This preference will be implemented so as to achieve the following goals: to relieve the Board from making timing decisions in allocating assets among numerous specialized managers, to simplify the structure of the fund, and to reduce the number of active managers and thus expenses to the Trust.

Passive managers will be favored for the core, liquid, efficient markets (such as S&P 500 stocks and U.S. Government/Corporate bonds), and active managers will be favored for relatively inefficient markets (such as international emerging markets). Global managers will be used to provide flexibility in reacting to near-term concerns that may arise concerning any particular region or market, particularly the U.S. capital markets, and to provide an appropriate balance between efficient long-term asset allocations (which favor US assets) and near-term allocations (which have a greater preference for international assets) to meet the real (inflation adjusted) return needs of the System. Consequently, actual allocations to international equities in the overall portfolio from time to time may be above that in the strategic asset allocation due to the activities of the global equity managers. Assets under the management of global equity managers will be considered US equity assets for purposes of asset allocation.

(c) Balance between Passive and Active Management

The balance between active and passive management will be set from time to time with the following considerations in mind: concentration of active investment efforts where there is the most potential for excess returns, implementation of views concerning the state of the U.S. and international capital markets, and reduction of fees and other costs.

(d) Monitoring Standards

Active managers will be monitored under two standards: First, over rolling 3-5 year periods, managers will be expected to exceed, after fees, the benchmark index that represents the passive alternative to the mandate given the manager, and to rank in the top half of the universe of managers that best fits that manager's mandate. Second, over shorter periods of time, managers will be expected to maintain key personnel, a consistent style, and investment capability. Passive managers will be monitored on their ability to track their benchmark index over both short (1 quarter to one year) and long periods (3 to 5 year). The Board may consider other information it considers relevant, including composite manager indices, in determining whether to retain or terminate managers.

V. Asset Class Policies

A. U.S. Equities

1. Objective

The overall objective of the U.S. equity asset class is to obtain, over time, a return after fees that equals or exceeds the returns of the Russell 3000 Index, both absolutely and on a risk-adjusted basis. For assets under the management of global equity managers, the objective for near-term periods (approximately 5 years or sooner) will be to achieve a return after fees, that is equal to or exceeds the returns of the MSCI World Index, both absolutely and on a risk-adjusted basis.

2. Allowable Investments

Managers may invest in stocks that do not pay dividends. Managers may invest in equity securities outside of the Russell 3000 Index, and global equity managers may invest in equity securities outside of the MSCI World Index. Managers may use derivative securities for purposes of enhancing liquidity, reducing transaction or other costs, or partially hedging an existing exposure in the portfolio.

3. Manager Styles

Managers for this asset class may include index funds, style managers (such as value and growth), “core” managers, and global managers. Global managers are managers who may invest in securities located anywhere in the world, both within and outside of the United States.

4. Benchmarks

The Russell 3000 index will be the benchmark for the passive index funds, core managers, and global managers. For near term periods (approximately 5 years or less), the MSCI World or MSCI ACWI indexes are the benchmarks for global equity managers. Other style or capitalization indices maintained by a qualified organization may be used as the benchmark for style managers. Active U.S. and global equity managers are expected to exceed, over rolling 3-5 year intervals, the applicable benchmark by 75 basis points annually after fees, and to rank in the top 50th percentile of active managers with similar mandates.

B. International Equities

1. Objective

The overall objective of the International Equity Asset Class is to obtain, over time, a return after fees that equals or exceeds the returns of the Morgan Stanley Capital International Europe, Australia, and Far East (MSCI EAFE) Index (unhedged), or the FT Actuaries World ex U.S. Index, both absolutely and on a risk-adjusted basis.

2. Allowable Investments

Managers may invest in stocks that do not pay dividends. Managers may invest in American Depository Receipts or American Depository Shares. Managers may invest in equity securities of companies or in countries that are not included in the indices. Managers may use derivative securities for purposes of enhancing liquidity, reducing transaction or other costs, or partially hedging an existing exposure in the portfolio. Managers may, at their discretion, hedge the currency exposure of all or part of their portfolios. Managers may not overhedge their portfolio, although proxy hedging for purposes of liquidity and cost savings is allowed.

3. Manager Styles

Managers for this asset class may include index funds, general international managers, and regional or specialized managers (such as emerging markets). The Board may from time to time hire a currency overlay manager to hedge the currency exposure in those portfolios where managers do not actively or normally consider hedging their exposure.

4. Benchmarks

The MSCI EAFE Index (unhedged), the MSCI ACW ex US, or the MSCI ACWI ex US index (unhedged) will be the benchmark for the passive index funds and general international managers. Regional or specialized indices (unhedged) maintained by a qualified organization may be used as the benchmark for other active managers. Active international equity managers are expected to exceed, over rolling 3-5 year intervals, the applicable benchmark by 75 basis points annually after fees, and to rank in the top 50th percentile of active managers with similar mandates.

C. Fixed Income

1. Objectives

The overall objective of the Fixed Income Asset Class is to obtain, over time, a return after fees that equals or exceeds the returns of the Barclays Capital Aggregate Bond Index (Aggregate Bond Index) both absolutely and on a risk-adjusted basis.

The Fixed Income Asset Class shall consist of investments in mortgages and in both dollar and non-dollar fixed income securities. Mortgages shall consist of investments in mortgage backed securities, and direct ownership of commercial mortgages through the Idaho Commercial Mortgage Program.

The objective of the non-mortgage fixed income securities other than real return portfolios is to obtain, over time, a return after fees that equals or exceeds the returns of the Barclays Capital Government/Credit Bond Index (Government/Credit Bond Index) on a risk-adjusted basis. The overall objective of the mortgage securities is to obtain, over time, a return after fees that equals or exceeds the returns of the Barclays Capital Mortgage Index (Mortgage Index) on a risk-adjusted basis. The overall objective of the real return fixed income is to obtain, over time, a return after fees that equals or exceeds the returns of the Barclays Capital TIPS Index on a risk-adjusted basis.

2. Allowable Investments

Managers may invest in debt securities that do not pay interest. Active managers may invest in securities in companies or countries that are not included in the indices. Managers may use derivative securities for purposes of enhancing liquidity, reducing transaction or other costs, or partially hedging an existing exposure in the portfolio. Fixed income managers may, at their discretion and to the extent allowed by their contracts and guidelines, use currency forward or futures markets as may be considered appropriate to implement fixed income strategies.

3. Manager Styles

Managers in this asset class may include index funds, domestic bond managers, specialized managers, and global managers.

4. Benchmarks

The Barclays Capital Government/Corporate Index or Barclays Capital Aggregate Index will be the benchmark for all non-mortgage fixed income managers. The Barclays Capital Mortgage Index will be the benchmark for all mortgage managers. The Barclays Capital Aggregate Index will be the benchmark for the asset class. Active fixed income managers are expected to exceed, over rolling 3-5 year intervals, the applicable benchmark by 25 basis points annually after fees, and to rank in the top 50th percentile of active managers with similar mandates.

D. Real Estate

1. Objectives

Private equity real estate investments will be considered part of the U.S. Equity asset class. The overall objective of private equity real estate investments is to attain a 6% real rate of return overall, over a long-term holding period, as long as this objective is consistent with maintaining the safety of principal. The 6% real rate of return includes both income and appreciation, is net of investment management fees, and is net of inflation as measured annually by the Consumer Price Index. Over a short term basis, the objective is to earn a nominal minimum income yield of 6% on each individual investment, or inflation plus 3%, whichever is greater.

2. Allowable Investments

Allowable private equity real estate investments include open-end and closed-end commingled real estate funds, direct real estate investments, publicly traded real estate investment trusts and other public real estate companies, private real estate companies and real estate operating venture entities. Allowable investments must be originated and managed by real estate advisors with substantial experience originating and managing similar investments with other institutional investors. The real estate asset sector is not intended to include solely debt investments; in particular, straight mortgage interests are considered part of the fixed income asset class. The real estate asset sector may include equity-oriented debt investments, including mezzanine loans, that conform with the return targets of the sector.

3. Need for Income Component of Return

Upon closing, each real estate investment must have as a goal the expectation of an annual income return and overall holding period return measured primarily by realized return rather than expected capital appreciation. Thus, a significant portion of real estate investments made should be in existing income producing properties with measurable return expectations rather than purely development properties. However, existing properties with potential for physical enhancement, including development or redevelopment, are acceptable investments.

4. Protection of the Trust

Investment vehicles should be chosen that will protect the Trust, including provision for investments that do not contain debt or liability with recourse beyond the Trust commitment to the related business entity, provision for inspection and evaluation of environmental hazards prior to the purchase of any specific property, and the provision of insurance coverage to protect against environmental and natural hazards.

5. Reporting

A comprehensive reporting system for individual investments, entities and funds will be maintained so that primary operational and economic characteristics are continually defined, and underperforming investments can be identified and remediated. Active asset and portfolio management is required for the management of all non-publicly traded real estate investments. Investment managers shall be required to present periodic operational reports within approved formats, including statements of fair market value, audited financial statements and annual business plans.

E. Alternative Investments

1. Definition and Board Approval

The Board may from time to time authorize the investment of Trust assets in entities or structures that do not fit the asset descriptions listed above. Examples of such investments are venture capital partnerships, private equity, leveraged buy-out funds, private debt, and direct ownership of individual assets such as oil and gas partnerships. These investments shall only be entered into upon the recommendation of a qualified consultant after due diligence and with approval by the Board or a subcommittee appointed by the Board to review the recommendation. Subsequent investments with a previously approved alternative investment manager do not require additional specific approvals by the Board or subcommittee.

2. Objectives and Benchmarks

If the alternative investment is an equity investment, the objective for the investment will be to exceed, over time and after fees, the return achieved by the Russell 2000 Index times 1.35. If the alternative investment is a debt investment, then the objective will be to exceed, over time and after fees, the returns achieved by the Barclays Capital Government/Credit Index plus 3%. It is recognized that these investments will likely experience greater volatility than the comparable publicly traded securities and indices.

3. Asset Allocation

For purposes of asset allocation, alternative equity investments will be treated as part of the U.S. equity asset class, and alternative debt investments will be treated as part of the fixed income asset class.

STRATEGIC ASSET ALLOCATION

(Expected Returns are before fees and expenses)

Asset Class	Expected Return	Expected Risk	Stretegic Normal	Strategic Ranges
Equities			70%	66%-77%
U.S./Global Equity	9.2%	19.0%	55%	50%-65%
International	9.3%	20.2%	15%	10%-20%
Fixed Income	3.1%	3.8%	30%	23%-33%
Cash	2.0%	0.9%	0%	0%-5%

Total Fund	Expected Return	Expected Inflation	Expected Real Return	Expected Risk
Actuary	7.50%	3.25%	4.25%	n/a
Portfolio	7.34%	2.25%	5.09%	13.06%

VI. Deposit and Investment Risk Policy - GASB 40

A. Purpose

The Governmental Accounting Standards Board has identified that state and local governments have deposits and investments which are exposed to risks that may result in losses. GASB Statement number 40 (GASB 40) is intended to inform users of the financial statements about the risks that could affect the ability of a government entity to meet its obligations. GASB 40 has identified general deposit and investment risks as credit risk, including concentration of credit risk and custodial credit risk, interest rate risk, and foreign currency risk and requires disclosures of these risks and of policies related to these risks. This portion of the Investment Policy addresses the monitoring and reporting of those risks.

In general, the risks identified in GASB 40, while present, are diminished when the entire portfolio is viewed as whole. For example, interest rate risk experienced by fixed income instruments often react in the exact opposite direction as that experienced by equities. Thus, interest rate exposure as set out in GASB 40 will not reflect the cross-influences of impacts across the broad range of investments that make up the PERSI portfolio. And, in fact, the general underlying measures used in GASB 40 across most of the risks identified (credit, concentration, and interest rate risk in particular) were tools that were developed primarily for portfolios dominated by fixed income investments, and are often only poorly transferred, if at all, to portfolios, like PERSI's, that are dominated by equity interests.

Consequently, it is the policy of PERSI that the risks addressed in GASB 40 are to be monitored and addressed primarily through the guidelines agreed to by those managers, and by regular disclosures in reports by managers of levels of risks that may exceed expected limits for those portfolios.

B. Specific Areas of Risk

1. Credit Risk

Summary: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to PERSI.

Policy: Managers will provide PERSI with expected credit risk exposures in their portfolio guidelines. If the actual credit risk exposure falls outside of these expectations, managers will be required to report these occurrences to Staff and these disclosures are to be made available to the Board.

2. Custodial Credit Risk

Summary: Custodial credit risk is the risk that in the event of a financial institution or bank failure, the System would not be able to recover the value of their deposits and investments that are in the possession of an outside party.

Policy: PERSI minimizes exposure to custodial credit risk by requiring that investments, to the extent possible, be clearly marked as to PERSI ownership and further to the extent possible, be held in the System's name.

3. Concentration of Credit Risk

Summary: 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.

Policy: Managers will provide PERSI with expected concentration of credit risk exposures in their portfolio guidelines. If the concentration of credit risk exceeds expectations, managers are to be required to report these occurrences to Staff and these disclosures are to be made available to the Board. For the portfolio as a whole, staff will report to the Board at a regular Board meeting if the exposure to a non-US government guaranteed credit instrument exceeds 5% of the total PERSI portfolio.

4. Interest Rate Risk

Summary: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate risk to PERSI's fixed income portfolio is monitored using the effective duration methodology. Effective duration measures the volatility of the price of a bond given a change in interest rates, taking into account the optionality on the underlying bond.

Policy: Managers will provide PERSI with the expected portfolio duration in their portfolio guidelines. If the duration of the portfolio differs from expectations, managers are to be required to report these occurrences to Staff and these disclosures are to be made available to the Board.

5. Foreign Currency Risk

Summary: Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. PERSI's currency risk exposures, or exchange rate risk, primarily reside within the international equity investment holdings.

Policy: The PERSI Board recognizes that international investments (equity or fixed income) will have a component of currency risk associated with it. Currency risk and hedging exposures are dependent on the underlying international exposure, which fluctuates over time. The individual manager guidelines will outline the expected currency exposures (either specifically or through ranges of security exposures to particular currency areas) of the underlying portfolio and if the actual currency exposure differs from the expected, managers are to be required to report these occurrences to Staff and these disclosures are to be made available to the Board.

ACTUARIAL SECTION

Helping Idaho public employees
build a secure retirement.

PERSI
50 Years

Milliman

950 W. Bannock Street
Suite 510
Boise, ID 83702
Tel +1 208 342 3485
Fax +1 208 342 5667
www.milliman.com

October 29, 2015

Retirement Board
Public Employee Retirement System of Idaho
State of Idaho
P.O. Box 83720
Boise, ID 83720

Members of the Board:

Milliman has performed annual actuarial valuations for the Public Employee Retirement System of Idaho (PERSI) since the System's inception. It is anticipated that future actuarial valuations will be performed every year with the next valuation to be as of July 1, 2016. Various benefit increases have occurred since the System was established in 1965. The most recent significant benefit changes were effective July 1, 2000.

Contribution Rates

The financing objective of the System is to establish contribution rates that will tend to remain level as percentages of payroll. From 1993 to 2015, the total contribution rate has been between 15.82% and 18.75%; year by year detail including employer and member rates is shown in the table on the following page.

At July 1, 2002, the combined overall contribution rate was 15.78%. Our July 1, 2002 valuation found that the contribution rates were not sufficient to amortize the unfunded actuarial accrued liability within 25 years of the valuation date, as required by Section 59-1322, Idaho Code. Therefore, in November 2002, the Board approved three 1% contribution rate increases to take effect on July 1, 2004, July 1, 2005, and July 1, 2006. Effective July 1, 2003, the contribution rate for Fire and Police employers was also increased by 0.1% to offset the cost of the $100,000 duty related death benefit. The July 1, 2004 contribution rate increase took effect as scheduled. Due to investment gains, the other two increases were deferred and ultimately in October 2007 the Board cancelled the scheduled contribution rate increases.

The July 1, 2009 valuation found that the contribution rates were insufficient to amortize the unfunded actuarial accrued liability within 25 years of the valuation date. Therefore, in December 2009, the Board approved three contribution rate increases to take effect: 1.5% on July 1, 2011, 1.5% on July 1, 2012, and 2.28% on July 1, 2013. In December 2010, these scheduled rate increases were each delayed one year. In December 2011, these scheduled rate increases were again each delayed one year. On July 1, 2013, the first contribution rate increase went into effect as scheduled. In October 2013, the remaining two scheduled rate increases were each delayed one year; in September 2014 these increases were cancelled altogether.

The historical changes in contribution rates since 1993 are shown in the table below. Note that weighted total values may change even if rates by group do not change.

Year of Change	Total Rate	Weighted Total Member Rate	Weighted Total Employer Rate	Fire & Police Member Rate	Fire & Police Employer Rate	General/Teachers Member Rate	General/Teachers Employer Rate
1993	17.16%	6.51%	10.65%	7.82%	10.87%	6.38%	10.63%
1994	18.75	7.12	11.63	8.53	11.85	6.97	11.61
1998	17.78	6.75	11.03	8.10	11.25	6.60	11.01
2000	15.78	5.98	9.80	7.21	10.01	5.86	9.77
2003	15.82	6.01	9.81	7.21	10.11	5.86	9.77
2004	16.84	6.41	10.43	7.65	10.73	6.23	10.39
2008	16.88	6.44	10.44	7.65	10.73	6.23	10.39
2009	16.89	6.45	10.44	7.69	10.73	6.23	10.39
2013	18.39	7.03	11.36	8.36	11.66	6.79	11.32

Our July 1, 2015 actuarial valuation found that the System's current rates are sufficient to pay the System's normal cost rate of 14.38%. As of July 1, 2015, there is an unfunded actuarial liability of $1,490.2 million. The current rates in effect at July 1, 2015 are sufficient to amortize the Unfunded Actuarial Accrued Liability (UAAL) in 17.4 years.

Funding Status

Based on the July 1, 2015 actuarial valuation, the unfunded actuarial accrued liability was increased by $587.5 million due to an asset loss recognized as of July 1, 2015. Specifically, the System's assets earned a gross return before expenses of 3.05%, which is 4.45% below the actuarial assumption of 7.50%. The UAAL decreased by $68.5 million due to the March 1, 2016 automatic COLA of 0.20%, which was less than the actuarial assumption of 1.00%. All other actuarial experience gains and losses decreased the actuarial accrued liability by $37.6 million. Thus, the total experience loss for the year was $481.4 million.

Also, the UAAL decreased by $43.5 million because actual contributions plus assumed investment returns were greater than the normal cost and the interest on the UAAL. All of these items resulted in a total actuarial loss of $437.9 million and a change in funding status from a 92.9% funding ratio on July 1, 2014 to 90.4% on June 30, 2015. The funding ratio is the ratio of the actuarial value of the assets over the value of the actuarial accrued liability.

Comparison to GASB Statement No. 67 Liabilities

The long-term expected rate of return on investments is 7.50%, including 0.40% for expected investment expenses and 0.10% for expected administrative expenses. For purposes of determining the System's funding status and UAAL, we use a discount rate that is net of all expenses (7.00%). The figures shown in this report have been calculated using this discount rate.

This is in contrast to the discount rate used to determine the Total Pension Liability (TPL) and Net Pension Liability (NPL) for purposes of GASB reporting. According to GASB Statement 67, the discount rate used to calculate TPL and NPL must be net of investment expenses but not administrative expenses. Therefore, TPL and NPL have been determined using a discount rate of 7.10%. Results and further details on these items can be found in our GASB 67 Report.

Assumptions

Our July 1, 2015 actuarial valuation report presented summaries of the actuarial assumptions and methods used in the valuation. The last major experience study, completed in May 2014, covered the period July 1, 2009 through June 30, 2013. The next major experience study, to be completed in 2016, will cover the period July 1, 2011 through June 30, 2015.

Certification Statement

In preparing this letter, we relied, without audit, on information (some oral and some in writing) supplied by PERSI's staff. This information includes, but is not limited to, statutory provisions, member census data, and financial information. We found this information to be reasonably consistent and comparable with data used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

All costs, liabilities, rates of interest, and other factors for the System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the System and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting the System. Further, in our opinion, each actuarial assumption used is reasonably related to the experience of the System and to reasonable expectations which, in combination, represent our best estimate of anticipated experience under the System. We believe that all of these assumptions and methods meet the parameters set by Actuarial Standards of Practice (ASOPs).

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements. The Retirement Board has the final decision regarding the appropriateness of the assumptions and actuarial cost methods.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for the System. Actuarial computations under GASB Statements No. 67 and 68 are for purposes of fulfilling financial accounting requirements. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in the enclosed exhibits have been made on a basis consistent with our understanding of the System's funding requirements and goals. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Milliman's work is prepared solely for the internal business use of the System. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exception(s):

(a) The System may provide a copy of Milliman's work, in its entirety, to the System's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the System.

(b) The System may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this letter is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American Academy of Actuaries and Fellows of the Society of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

The enclosed Exhibits 1 through 9 provide further related information. Milliman is completely responsible for these exhibits. Specifically, they are:

Exhibit 1	Summary of Actuarial Assumptions and Methods
Exhibit 2	Schedule of Active Member Valuation Data
Exhibit 3	Schedule of Retiree and Beneficiary Valuation Data
Exhibit 4	Schedule of Funding Progress
Exhibit 5	Solvency Test
Exhibit 6	Analysis of Actuarial Gains or Losses
Exhibit 7	Schedule of Contributions from the Employer and All Other Contributing Entities
Exhibit 8	Schedule of Contributions from the Employer Expressed as a Percentage of Payroll
Exhibit 9	Provisions of Governing Law

We would like to express our appreciation to Don Drum, Executive Director of the System, and to members of his staff, who gave substantial assistance in supplying the data on which this report is based.

Respectfully submitted,

Mark C. Olleman, F.S.A., M.A.A.A.
Principal and Consulting Actuary

Jeffrey D. Bradley, F.S.A., M.A.A.A.
Principal and Consulting Actuary

MCO/JDB/trs

EXHIBIT 1: SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS EFFECTIVE JULY 1, 2015

1. Investment Return (Adopted July 1, 2012)

The annual rate of investment return on the assets of the System is assumed to be 7.50% (including 0.50% for expenses) compounded annually.

2. Actuarial Value of Assets (Adopted July 1, 1994)

All assets are valued at market as of the valuation date.

3. Actuarial Assumptions

The actuarial assumptions and methods were adopted by the Board based upon recommendations from the retained actuary. The actuarial assumptions are based on periodic studies of the System's actual experience.

4. Mortality (Adopted July 1, 2014)

Contributing Members, Service Retirement Members, and Beneficiaries

- **Teachers**

  Males RP-2000 Combined Table for Healthy Individuals for males, set back three years.

  Females RP-2000 Combined Table for Healthy Individuals for females, set back three years.

- **Fire & Police**

  Males RP-2000 Combined Table for Healthy Individuals for males, with no offset.

  Females RP-2000 Combined Table for Healthy Individuals for females, set forward one year.

  10% of Fire and Police active member deaths are assumed to be duty related. This assumption was adopted July 1, 2008.

- **General Employees and All Beneficiaries**

  Males RP-2000 Combined Table for Healthy Individuals for males, set back one year.

  Females RP-2000 Combined Table for Healthy Individuals for females, set back one year.

  All mortality tables are adjusted with generational mortality adjustments using projection scale AA as shown in Table A-11B of the July 1, 2015 valuation report. The projection scale is applied from the year 2000 to the year in which the mortality assumption is being applied.

Disabled Members

For disabled members, the mortality rates used in the valuation are the rates from the RP-2000 table for disabled individuals for respective sexes, with a one-year setback for males and a one-year set forward for females.

All mortality tables are adjusted with generational mortality adjustments using projection scale AA as shown in Table A-11B of the July 1, 2015 valuation report. The projection scale is applied from the year 2000 to the year in which the mortality assumption is being applied.

5. Service Retirement (Adopted July 1, 2012)

Annual rates of retirement assumed to occur among persons eligible for a service retirement are illustrated in the following table:

	Fire & Police		General Employees			
			Male		Female	
Age	First Year Eligible	Thereafter	First Year Eligible	Thereafter	First Year Eligible	Thereafter
55	21%	18%	22%	10%	26%	18%
60	17	22	26	17	26	18
65	40	40	33	55	37	49
70	*	*	18	18	18	18

	Teachers			
	Male		Female	
Age	First Year Eligible	Thereafter	First Year Eligible	Thereafter
55	19%	5%	10%	10%
60	30	18	26	18
65	36	46	49	49
70	*	*	*	*

** For all ages older than the age indicated, retirement is assumed to occur immediately.*

6. Early Retirement (Adopted July 1, 2012)

Annual rates of retirement assumed to occur among persons eligible for a reduced early retirement benefit are illustrated in the following table:

		General Employees		Teachers	
Age	Fire & Police	Male	Female	Male	Female
50	5%	*	*	*	*
55	5	3%	3%	7%	6%
60		5	6	11	12

* *For all ages younger than the age indicated, withdrawal is assumed to occur (see Section 7).*

7. Other Terminations of Employment (Adopted July 1, 2012)

Assumed annual rates of termination are illustrated below. Rates are based only on years of service.

Years of Service	Fire and Police	General Employees Male	General Employees Female	Teachers Male	Teachers Female
5	7.7%	10.9%	11.8%	6.3%	6.8%
10	4.6	5.6	6.7	3.3	3.6
15	2.7	3.8	4.3	2.1	2.0
20	1.8	2.6	3.1	1.4	1.4
25	1.5	1.8	2.5	1.2	1.2
30	1.5	1.5	2.5	1.2	1.2

8. Disability Retirement (Adopted July 1, 2012)

Annual rates assumed for disability retirement are illustrated in the following table:

Age	Fire & Police	General Employees Male	General Employees Female	Teachers Male	Teachers Female
25	.01%	.01%	.01%	.01%	.05%
35	.03	.03	.01	.02	.04
45	.10	.11	.10	.07	.07
55	.43	.38	.28	.27	.27

25% of Fire and Police active member disabilities are assumed to be duty related. This assumption was adopted July 1, 2009.

9. Future Salaries (Adopted July 1, 2012)

In general, the total annual rates at which salaries are assumed to increase include 3.75% per annum for increase in the general wage level of the membership plus increases due to promotions and longevity. The general wage level increases are due to inflation and increases in productivity. The total ultimate rates assumed are illustrated below.

Years of Service	Fire and Police	General Employees Male	General Employees Female	Teachers Male	Teachers Female
5	7.43%	6.24%	6.74%	7.12%	7.85%
10	5.77	5.31	5.67	6.03	6.24
15	5.00	4.68	4.77	4.99	4.68
20	4.53	4.42	4.42	4.27	4.27

10. Vesting (Adopted July 1, 2012)

The following table illustrates the assumed probability that vested terminating members will elect to receive deferred benefits instead of withdrawing accumulated contributions.

Age	Fire and Police	General Employees Male	General Employees Female	Teachers Male	Teachers Female
25	48%	51%	63%	75%	94%
35	53	69	70	76	84
45	70	76	74	82	85
55	--	--	--	--	--

11. Growth in Membership (Adopted July 1, 2012)

In general, the combined effects of stable active membership and salary levels are assumed to produce a 3.75% average annual expansion in the payroll of covered members.

12. Interest on Employee Contributions (Adopted July 1, 2012)

The credited interest rate on employee contributions is assumed to be 8.00%.

13. Postretirement Benefit Increases (Cost of Living Adjustments)

A nondiscretionary postretirement increase of 1% per year is assumed for the valuation. See Exhibit 3 for total discretionary and nondiscretionary increases granted by the Board for the past ten years.

14. Actuarial Cost Method

The individual entry age actuarial cost method is used. The normal cost rates used in this valuation were calculated based on all current active members as of July 1, 2015, for each sex and type of employee in the valuation. The normal costs and projected fiscal year 2015 salaries for all active members were calculated. The ratio of the two is the aggregate normal cost rate. The current normal cost rate was adopted in October, 2015 in conjunction with the July 1, 2015 actuarial valuation.

The unfunded actuarial accrued liability (UAAL) created by this method, including gains and losses, is amortized as a level percentage of the System's projected payroll.

Commencing July 1, 2007, 1.49% of the payroll of higher education faculty covered by the Optional Retirement Program (ORP) is payable to PERSI until July 1, 2025. Commencing July 1, 1997, 3.83% of the payroll of community college and post-secondary vocational educational institutions covered by the ORP was payable to PERSI until July 1, 2011. The difference between the future ORP contributions and the actuarial accrued liability computed under the actuarial cost method is the portion of the actuarial accrued liability used to determine the UAAL, or funding reserve, for PERSI.

15. Experience Studies

The last experience study was completed in 2014 for the period July 1, 2009 through June 30, 2013 and reviewed all economic assumptions and mortality. Other demographic assumptions and all economic assumptions will be studied in 2016 for the period from July 1, 2011 through June 30, 2015. Assumptions were adopted as noted.

16. Recent Changes

There have been no changes to the valuation assumptions since the prior valuation.

The results do reflect the March 1, 2016 automatic COLA of 0.20%. This is based on actual CPI-U between August 2014 and August 2015, and is less than the 1.00% used as the valuation assumption.

EXHIBIT 2: SCHEDULE OF ACTIVE MEMBER VALUATION DATA

		Annual Salaries *		
Valuation Date July 1	Number	Annual Valuation Payroll	Average Annual Pay	% Increase in Average Annual Pay
2006	64,762	$2,294,317,000	$35,427	3.8%
2007	65,800	2,397,470,000	36,436	2.8
2008	66,765	2,540,568,000	38,052	4.4
2009	67,813	2,644,665,000	38,999	2.5
2010	67,020	2,622,461,000	39,130	0.3
2011	65,798	2,572,044,000	39,090	-0.1
2012	65,270	2,567,659,000	39,339	0.6
2013	65,535	2,634,566,000	40,201	2.2
2014	66,223	2,676,344,000	40,414	0.5
2015	67,008	2,756,913,000	41,143	1.8

* *Actuarial valuation payroll is computed as the sum of the annualized salaries for all active members, and differs from the actual payroll shown in the financial section of the annual report.*

EXHIBIT 3: SCHEDULE OF RETIREE AND BENEFICIARY VALUATION DATA [1]

Valuation Date July 1	Number			COLA Percentage Increases Granted Previous March 1
	Total	Added	Removed	
2006	28,438	2,073	881	3.6%
2007	29,619	2,101	920	3.8
2008	30,912	2,160	867	2.0
2009	32,197	2,235	950	1.0
2010	33,625	2,335	907	-1.48% + 2.48% Partial Restoration
2011	35,334	2,652	943	1.0
2012	37,150	2,769	953	1.0
2013	38,947	2,815	1,018	1.0
2014	40,776	2,852	1,023	1.0
2015	42,657	2,889	1,008	1.70% + 2.30% Partial Restoration

Valuation Date July 1	Annual Benefits				
	Total Rolls End of Year	Added to Rolls [2]	Removed from Rolls	Average	% Increase in Average
2006	$381,677,000	$46,085,000	$7,485,000	$13,421	6.6%
2007	422,196,000	49,182,000	8,663,000	14,254	6.2
2008	459,077,000	45,072,000	8,191,000	14,851	4.2
2009	491,946,000	42,698,000	9,829,000	15,279	2.9
2010	526,020,000	43,382,000	9,308,000	15,644	2.4
2011	567,933,000	51,647,000	9,734,000	16,073	2.7
2012	611,045,000	53,184,000	10,072,000	16,448	2.3
2013	651,466,000	51,630,000	11,209,000	16,727	1.7
2014	694,946,000	54,963,000	11,483,000	17,043	1.9
2015	754,201,000	70,985,000	11,730,000	17,681	3.7

(1) Information regarding the number of retirees and beneficiaries added to, and removed from, the rolls was not used in the actuarial valuations.
(2) Includes postretirement increases.

Public Employee Retirement
System of Idaho

EXHIBIT 4: SCHEDULE OF FUNDING PROGRESS
(ALL DOLLAR AMOUNTS IN MILLIONS)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL) (1)	Present Value of Future ORP Contributions	Unfunded Actuarial Accrued Liabilities (UAAL) (2)	Funded Ratio (3)	Covered Payroll (4)	UAAL as a Percentage of Covered Payroll
July 1, 2006	$9,177.1	$9,699.0	$60.2	$461.7	95.2%	$2,343.5	19.7%
July 1, 2007	10,945.8	10,431.9	59.5	(573.4)	105.5	2,421.0	(23.7)
July 1, 2008	10,402.0	11,211.8	60.9	748.9	93.3	2,578.9	29.0
July 1, 2009	8,646.0	11,732.2	59.6	3,026.6	74.1	2,683.5	112.8
July 1, 2010	9,579.8	12,187.9	52.3	2,555.8	78.9	2,684.4	95.2
July 1, 2011	11,360.1	12,641.2	48.5	1,232.6	90.2	2,627.9	46.9
July 1, 2012	11,306.2	13,396.7	47.0	2,043.5	84.7	2,619.6	78.0
July 1, 2013	12,053.5	14,172.9	45.3	2,074.1	85.3	2,697.6	76.9
July 1, 2014	13,833.1	14,928.1	42.7	1,052.3	92.9	2,702.9	38.9
July 1, 2015	13,956.7	15,488.2	41.3	1,490.2	90.4	2,791.1	53.4

(1) Actuarial present value of benefits less actuarial present value of future normal costs based on entry age actuarial cost method.

(2) Actuarial accrued liabilities less actuarial value of assets and present value of future ORP contributions. Amounts reported in this table do not include the value of any discretionary COLA or Gain Sharing allocations granted after the valuation date. If negative, amount is referred to as a funding reserve.

(3) Funded Ratio is the ratio of the actuarial value of assets over the actuarial accrued liabilities less the present value of future ORP contributions.

(4) Covered Payroll includes compensation paid to all active employees on which contributions are calculated. Covered Payroll differs from the Active Member Valuation Payroll shown in Exhibit 2 which is an annualized compensation of only those members who were active on the actuarial valuation date.

Public Employee Retirement
System of Idaho

EXHIBIT 5: SOLVENCY TEST
(ALL DOLLAR AMOUNTS IN MILLIONS)

		Actuarial Accrued Liabilities For					
Actuarial Valuation Date	Actuarial Value of Assets	Active Member Contributions (A)	Retirees and Beneficiaries (B)	Active Members (Employer Financed Portion) (C)	Portion of Actuarial Accrued Liabilities Covered by Assets (A)	(B)	(C)
July 1, 2006	$9,177.1	$2,142.5	$4,088.9	$3,467.6	100.0%	100.0%	84.9%
July 1, 2007	10,945.8	2,335.6	4,582.9	3,513.4	100.0	100.0	100.0
July 1, 2008	10,402.0	2,642.0	5,022.9	3,546.9	100.0	100.0	77.2
July 1, 2009	8,646.0	2,867.7	5,396.2	3,468.3	100.0	100.0	11.0
July 1, 2010	9,579.8	2,813.7	5,820.0	3,554.2	100.0	100.0	26.6
July 1, 2011	11,360.1	2,838.9	6,284.8	3,517.5	100.0	100.0	63.6
July 1, 2012	11,306.2	3,114.9	6,925.0	3,356.8	100.0	100.0	37.7
July 1, 2013	12,053.5	3,304.1	7,425.2	3,443.6	100.0	100.0	38.5
July 1, 2014	13,833.1	3,268.7	8,125.8	3,533.6	100.0	100.0	69.0
July 1, 2015	13,956.7	3,468.5	8,565.6	3,454.1	100.0	100.0	55.7

EXHIBIT 6: ANALYSIS OF ACTUARIAL GAINS OR LOSSES
(ALL DOLLAR AMOUNTS IN MILLIONS)

	Gain(Loss) for Period		
	2012-2013	2013-2014	2014-2015
Investment Income			
Investment income was greater (less) than expected.	$ 179.8	$ 1,146.6	$ (587.5)
Pay Increases			
Pay increases were less (greater) than expected.	49.4	155.9	91.7
Membership Growth			
(Additional) liability for new members.	(15.2)	(16.9)	(17.9)
Return to Employment			
Less (more) reserves were required for terminated members returning to work.	(9.9)	(10.7)	(12.4)
Death After Retirement			
Retirees died younger (lived longer) than expected.	(6.9)	10.2	22.5
Cost of Living Adjustment (COLA)			
Different Automatic COLA than expected.[1]	NA	NA	68.5
Other			
Miscellaneous gains (and losses) resulting from other causes. [2]	(14.0)	(15.9)	(46.3)
Total Gain (Loss) During the Period From Actuarial Experience	$ 183.2	$ 1,269.2	$ (481.4)
Contribution Income			
Actual contributions were greater (less) than the normal cost and interest on the Unfunded Actuarial Accrued Liability.	(70.3)	(23.6)	43.5
Non-Recurring Items			
Changes in actuarial assumptions caused a gain (loss) [3]	None	(76.2)	None
Changes in actuarial methods caused a gain (loss) [4]	(143.5)	None	None
Changes in plan provisions caused a gain (loss) [5]	None	(159.2)	None
Changes to Contribution Rate Increase Schedule	0.0	11.6	None
Composite Gain (Loss) During the Period	$ (30.6)	$ 1,021.8	$ (437.9)

Note: Effects related to losses are shown in parentheses. Numerical results are expressed as a decrease (increase) in the actuarial accrued liability.

(1) For 2015, this reflects the increase in CPI of 0.20%.

(2) Reflects losses on active and inactive member experience.

(3) For 2013-2014, this reflects changes made to the mortality assumptions adopted according to the 2014 Experience Study.

(4) For 2012-2013, this reflects the change from Aggregate Entry Age Cost Method to Individual Entry Age Cost Method.

(5) For 2013-2014, this reflects the 0.70% discretionary and 2.30% retroactive COLA, effective March 1, 2015.

Public Employee Retirement
System of Idaho

EXHIBIT 7: SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND ALL OTHER CONTRIBUTING ENTITIES (ALL DOLLAR AMOUNTS IN MILLIONS)

Fiscal Year Ending	Covered Employee Payroll (1)	Actual PERSI Employer Contributions Dollar Amount (2)	Actual ORP Contributions Dollar Amount	Total Actual Employer Contributions	Actuarially Determined Contribution (ADC) (3)	Percentage of ADC Dollars Contributed
6/30/06	$2,343.5	$244.4	$6.4	$250.8	$238.1	105%
6/30/07	2,421.0	252.8	6.7	259.5	235.4	110
6/30/08	2,578.9	269.2	4.1	273.3	251.4	109
6/30/09	2,683.5	280.2	4.4	284.6	232.0	123
6/30/10	2,684.4	280.2	4.7	284.9	260.3	109
6/30/11	2,627.9	274.3	4.8	279.1	326.5	85
6/30/12	2,619.6	273.5	3.7	277.2	327.9	84
6/30/13	2,697.6	281.6	3.8	285.4	295.5	97
6/30/14	2,702.9	307.1	3.9	311.0	325.0	96
6/30/15	2,791.1	317.0	4.2	321.2	327.1 (4)	98

(1) Computed as the dollar amount of the actual PERSI employer contribution made as a percentage of payroll divided by the Actual PERSI contribution rate expressed as a percentage of payroll.

(2) The actual PERSI employer contributions are expressed as a percentage of payroll. Employer contributions are made as a percentage of actual payroll in accordance with statute and the Board's Funding Policy. Thus, the actual employer contributions set by both statute and the Board's Funding Policy may differ from the computed Actuarially Determined Contribution (ADC), employer contribution rate for GASB disclosure purposes. Dollar amounts shown exclude additional receipts due to merger of retirement systems.

(3) For PERSI employers, the ADC, formerly known as the Annual Required Contribution (ARC), is equal to the normal cost rate plus a 25-year amortization of any Unfunded Actuarial Accrued Liability or minus a 25-year amortization of any Funding Reserve amount. The ADC determined as of the valuation date is applicable for employer fiscal years commencing July 1 of the calendar year following the valuation date. For Optional Retirement Plan (ORP) employers, the ADC is equal to 1.49% of salaries of university members in the ORP until 2025 and 3.83% of salaries of junior college members in the ORP until 2011.

(4) The ADC for the PERSI fiscal year ending June 30, 2015 is based on 11.57% of covered payroll as computed in the 2013 valuation. For valuations prior to 2012, the ADC rate determined as of the valuation date was applicable for employer fiscal years commencing October 1 of the calendar year following the valuation date.

Public Employee Retirement System of Idaho

EXHIBIT 8: SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER EXPRESSED AS A PERCENTAGE OF PAYROLL

Fiscal Year Ending	Actual PERSI Employer Contribution % (1)	Actuarially Determined Contribution (ADC) % (2)	Percentage of ADC Contributed
6/30/06	10.43%	9.885%	105%
6/30/07	10.44	9.448	110
6/30/08	10.44	9.588	109
6/30/09	10.44	8.483	123
6/30/10	10.44	9.523	109
6/30/11	10.44	12.243	85
6/30/12	10.44	12.375	84
6/30/13	10.44	10.813	97
6/30/14	11.36	11.880	96
6/30/15	11.36	11.570 (3)	98

(1) The actual PERSI employer contributions are expressed as a percentage of payroll. Employer contributions are made as a percentage of actual payroll in accordance with statute and the Board's Funding Policy. Thus, the actual employer contributions set by both statute and the Board's Funding Policy may differ from the computed Actuarially Determined Contribution (ADC), employer contribution rate for GASB disclosure purposes. Dollar amounts shown exclude additional receipts due to merger of retirement systems.

(2) For PERSI employers, the ADC, formerly known as the Annual Required Contribution (ARC), is equal to the normal cost rate plus a 25-year amortization of any Unfunded Actuarial Accrued Liability or minus a 25-year amortization of any Funding Reserve amount. The ADC determined as of the valuation date is applicable for employer fiscal years commencing July 1 of the calendar year following the valuation date. For Optional Retirement Plan (ORP) employers, the ADC is equal to 1.49% of salaries of university members in the ORP until 2025 and 3.83% of salaries of junior college members in the ORP until 2011.

(3) The ADC for the PERSI fiscal year ending June 30, 2015 is based on 11.57% of covered payroll as computed in the 2013 valuation. For valuations prior to 2012, the ADC rate determined as of the valuation date was applicable for employer fiscal years commencing October 1 of the calendar year following the valuation date.

EXHIBIT 9: PROVISIONS OF GOVERNING LAW

All actuarial calculations are based on our understanding of the statutes governing the Public Employee Retirement System of Idaho, as contained in Sections 59-1301 through 59-1399, inclusive, of the Idaho Code, with amendments effective through July 1, 2015. The benefit and contribution provisions of this law are summarized briefly below, along with corresponding references to the Idaho Code. This summary does not attempt to cover all the detailed provisions of the law. Only those benefits in effect through July 1, 2015 are considered in this valuation. The items in parentheses are the provisions applicable to firefighters and police officers.

Effective Date

The effective date of the Retirement System was July 1, 1965.

Member Contribution Rate

The member contribution rate effective July 1, 2014 is 6.79% (8.36%) of salary. As described earlier, there are currently no scheduled rate increases.

The member contribution rate is fixed at 60% (72%) of the employer contribution rate. For firefighters and police officers, the 72% adjustment is applied after reducing the employer rate by 0.10% for the 2003 addition of a $100,000 death benefit for fire and police members who die in the line of duty. After the 72% is applied, the resulting rate is increased by 0.04% for the lump sum duty disability benefit. Member contributions have been “picked up” on a pre-tax basis by the employer since June 30, 1983 (Sections 59-1331 and 59-1332).

Employer Contribution Rate

The employer contribution rate is set by the Retirement Board (Section 59-1322). As described in our 7/1/2014 Actuarial Valuation, there are no longer any future scheduled rate increases. The current rates are reflected in this report.

Service Retirement Allowance

Eligibility
Age 65 (60) with five years of service including six months of membership service (Section 59-1341).

Amount of Allowance
For each year of credited service, the annual service retirement allowance is 2.0% (2.3%) of the highest 42-month average salary (Section 59-1342).

Minimum Benefit
$60 ($72) annual allowance for each year of service. The dollar amounts increase after 1974 according to the rate of cost of living increases in retirement allowances (Section 59-1342).

Maximum Benefit
In no case may a member's regular retirement benefit exceed the highest three-year average salary of the member (Section 59-1342).

Normal Form
Straight life retirement allowance plus any death benefit (Section 59-1351).

Optional Form
Actuarial equivalent of the normal form under the options available, according to the mortality and interest basis adopted by the Board (Section 59-1351).

Early Retirement Allowance

Eligibility
Age 55 (50) with five years of service, including six months of membership service (contributing members only) (Section 59-1345).

Amount of Allowance
Full accrued service retirement allowance if age plus service equals 90 (80); otherwise, the accrued service retirement allowance, reduced by 3% for each of the first five years by which the early retirement date precedes the date the member would be eligible to receive the full accrued benefit, and by 5.75% for each additional year (Section 59-1346).

Vested Retirement Allowance

Eligibility
Former contributing members with five years of membership service are entitled to receive benefits after attaining age 55 (50) (Section 59-1345).

Amount of Allowance
Same as early retirement allowance (Section 59-1345).

Disability Retirement Allowance

Eligibility
Five years of membership service. For a police officer or a firefighter hired after July 1, 1993, who is disabled from an occupational cause, there is no service requirement (Section 59-1352).

Amount of Allowance
Projected service retirement allowance based on accrued service plus service projected to age 65 (60) (latter limited to excess of 30 years over accrued service) less any amount payable under workers' compensation law (Section 59-1353).

Normal Form
Temporary annuity to age 65 (60) plus any death benefit. Service retirement allowance becomes payable at age 65 (60) (Section 59-1354).

Safety Member Lump Sum Duty Disability Benefit
Fire and Police members who are disabled in the line of duty are eligible for a $100,000 lump sum benefit, in addition to the annuity benefits discussed above (Section 59-1352A).

Death Benefits

After Retirement
Under the normal form of the retirement allowance, the excess, if any, of the member's accumulated contributions with interest at retirement over all payments received. Otherwise, payable according to the option elected (Section 59-1361).

Before Retirement

A. An automatic joint and survivor option applied to the actuarial equivalent of the member's accrued service retirement allowance is paid to the surviving spouse of a member with at least five years of service who dies while:

   i. contributing;
   ii. not contributing, but eligible for benefits; or
   iii. retired for disability,

or

B. If a member with at least five years of service has no spouse, a lump sum payment is made equal to twice the accumulated contributions with interest (Section 59-1361).

or

C. If a member with at least five years of service has no spouse, a lump sum payment is made equal to twice the accumulated contributions with interest (Section 59-1361).

Fire and police members are entitled to an additional $100,000 payment if death occurs in the line of duty. (Section 59-1361 A).

Withdrawal Benefits

Accumulated contributions with interest (Section 59-1358). The interest rate is determined by the Board (Section 59-1301(26)).

Postretirement Increases

Postretirement benefit increases are based on changes in the Consumer Price Index. The measurement period for changes in the CPI-U is August to August. The COLA changes are implemented effective on the March 1 following the measurement period.

If the CPI-U increases by at least 1%, the COLA is at least 1%. If the CPI-U increases by more than 1%, an additional postretirement increase of up to 5% each year (but not more than the increase in the CPI-U) may be authorized by the Board, subject to the approval of the Legislature, if it finds that the System's assets are no less in value than its actuarial liabilities, including those created by the additional increase.

If the CPI-U increases by less than 1% or decreases, the COLA is automatic, based on the change in the CPI. If a negative COLA is applicable, the negative COLA cannot decrease benefits by more than 6%. Additionally, a negative COLA cannot decrease a member’s benefit below the amount of the benefit at the initial benefit date.

If a COLA is implemented that is less than the increase in the CPI-U, members' benefits will not retain their full inflation adjusted purchasing power. In such cases, the Board may implement a Restoration of Purchasing Power (ROPP) COLA at a later date to bring those members closer to 100% of inflation adjusted purchasing power. As with a discretionary COLA, a ROPP is subject to approval of the Legislature and requires that the System's assets are no less in value than its actuarial liabilities, including those created by the additional increase. (Section 59-1355).

Gain Sharing

Beginning in 2000, under Section 59-1309, Idaho Code, the Board may allocate all or a portion of "extraordinary gains" to active and retired members and employers as Gain Sharing.

Extraordinary gains are defined as the excess, if any, at the close of the fiscal year of the Assets over Actuarial Accrued Liabilities plus an amount necessary to absorb a one standard deviation market event without increasing contribution rates, as determined by the Board. Under the Board's current investment policy, assets in excess of a 113% funded ratio are considered extraordinary gains. The Board has the authority to rescind the Gain Sharing up to the date of distribution.

Milliman

950 W. Bannock Street
Suite 510
Boise, ID 83702
Tel +1 208 342 3485
Fax +1 208 342 5667
www.milliman.com

October 29, 2015

Retirement Board
Public Employee Retirement System of Idaho
State of Idaho
P.O. Box 83720
Boise, ID 83720

Members of the Board:

Milliman has performed annual actuarial valuations of the Idaho Firefighters' Retirement Fund (FRF) from 1981 through 1988 and biennial valuations from July 1, 1990 to July 1, 2000. Starting with the July 1, 2001 valuation, actuarial valuations occurred annually through the July 1, 2007 valuation. From July 1, 2007 through July 1, 2013 the valuations were again biennial. Beginning with the July 1, 2014 valuation they have been performed annually once again. The most recent actuarial valuation was for July 1, 2015; the next is scheduled for July 1, 2016.

Contribution Rates

FRF covers a closed group of firefighters who were hired before October 1, 1980 and who receive benefits in excess of those provided under the Public Employee Retirement System of Idaho (PERSI). The cost of these excess benefits is paid by member contributions, employer contributions, and receipts from a fire insurance premium tax. Employer contributions comprise two elements: 8.65% of the salaries of covered members and an additional rate applied to the salaries of all firefighters of the employer. The additional rate is designed to meet the costs of the Fund not covered by other resources. Idaho Code Section 59-1394 requires the cost of the excess benefits to be retired by the schedule of contributions over a given period of time not to exceed 50 years.

On September 16, 2014 the PERSI Board moved to reduce the Additional Employer Contribution Rate from the current 17.24% to 5.00%. In accordance with this decision, the additional employer contribution rate for excess benefits (shown in Exhibit 8) was reduced to a rate of 5.00% of payroll, effective January 1, 2015.

FRF benefits were offset by PERSI benefits effective October 1, 1980. Effective July 1, 1990, all members hired after June 30, 1978 are to receive the same FRF benefits as members hired earlier.

Effective October 1, 1994, the PERSI benefits and contributions were increased. The FRF additional contribution rate to fund the excess benefits was decreased to 15.40% and the total employer contributions for FRF members remained fixed at 35.90% for Class A & B firefighters and 27.25% for Class D firefighters.

The Retirement Board lowered the PERSI contribution rates starting October 31, 1997 and made the reduction permanent as of April 25, 2000. The FRF excess contribution rate was increased to 17.24% since the total employer contributions for FRF members remained fixed at the 35.90%/ 27.25% rates. The Retirement Board raised the PERSI contribution rates, with the first increase effective July 1, 2004, and additional increases effective July 1, 2005 and July 1, 2006 an additional 0.1% contribution was added to provide for a $100,000 death benefit for duty related deaths. The FRF excess contribution rate was maintained at 17.24%. The July 1, 2004 rate increase took effect as scheduled, but the other two rate increases were delayed by the Board to July 1, 2006 and July 1, 2007.

After the July 1, 2006 PERSI and FRF valuation reports were completed, the PERSI Board delayed the effective date of the scheduled contribution rate increases to July 1, 2008 and July 1, 2009. In October 2007, the Board cancelled the remaining scheduled contribution rate increases.

After the July 1, 2009 PERSI and FRF valuation reports were completed, the PERSI Board approved three new contribution rate increases scheduled for July 1, 2011, July 1, 2012, and July 1, 2013. These were adopted in December 2009 due to a significant drop in funded status because of investment losses in the year ending June 30, 2009,

Due to the 12.01% investment return in the year ending June 30, 2010, in December 2010, the PERSI Board delayed the scheduled contribution rate increases for July 1, 2011, July 1, 2012, and July 1, 2013, to July 1, 2012, July 1, 2013, and July 1, 2014, respectively.

Due to the 20.25% investment return in the year ending June 30, 2011, in December 2011, the Board delayed the scheduled contribution rate increases for July 1, 2012, July 1, 2013, and July 1, 2014, to July 1, 2013, July 1, 2014, and July 1, 2015, respectively.

On July 1, 2013, the first of three scheduled contribution rate increases went into effect. This raised the member contribution for Class D Firefighters from 7.69% to 8.36%. It also increased the PERSI Rate employer contribution from 10.73% to 11.66% for all firefighter groups.

In December 2013, the Board delayed the scheduled contribution rate increases for July 1, 2014 and July 1, 2015, to July 1, 2015 and July 1, 2016, respectively

In September 2014 the scheduled contribution rate increases scheduled for July 1, 2015 and July 1, 2016 were cancelled.

On January 1, 2015, the additional employer contribution rate was decreased from 17.24% to 5.00%.

Funding Status

Based on the July 1, 2015 actuarial valuation, there is no longer an Unfunded Actuarial Accrued Liability (UAAL) to amortize. This is consistent with the results from the July 1, 2014 valuation. The Fund's original funding goal is to amortize the liabilities by June 30, 2018 (40 years from July 1, 1978). The current amortization period of zero is less than the statutory maximum of 50 years.

The UAAL was increased by $7.6 million due to an asset loss partially recognized as of July 1, 2015. Specifically, the Fund's assets earned an annual average net return after expenses of 2.70% for the 2015 plan year which was less than the actuarial assumption of 7.00%. The UAAL was further increased by $0.6 million due to the March 1, 2016 PERSI automatic COLA of 0.20% which was less than the actuarial assumption of 1.00%. The UAAL was reduced by $15.3 million due to the February 1, 2015 FRF COLA being negative 0.34%, which was less than the actuarial assumption of 3.75%.

All experience gains and losses (including the asset loss) over the one-year period since the prior valuation resulted in the UAAL being decreased by $7.6 million. The UAAL was also decreased by

$14.3 million because actual contributions plus assumed investment returns were more than the normal cost and the interest on the UAAL.

The funding status increased from a 111.6% funding ratio on July 1, 2014, to 119.4% on June 30, 2015. The funding ratio is the ratio of the actuarial value of the assets over the value of the actuarial accrued liability.

Comparison to GASB Statement No. 67 Liabilities

The long-term expected rate of return on investments is 7.50%, including 0.40% for expected investment expenses and 0.10% for expected administrative expenses. For purposes of determining the Fund's funding status and UAAL, we use a discount rate that is net of all expenses (7.00%). The figures shown in this report have been calculated using this discount rate.

This is in contrast to the discount rate used to determine the Total Pension Liability (TPL) and Net Pension Liability (NPL) for purposes of GASB reporting. According to GASB Statement 67, the discount rate used to calculate TPL and NPL must be net of investment expenses but not administrative expenses. Therefore, TPL and NPL have been determined using a discount rate of 7.10%. Results and further details on these items can be found in our GASB 67 Report.

Assumptions

Our July 1, 2015 actuarial valuation report presented summaries of the actuarial assumptions and methods used in the valuation. The FRF assumptions generally reflect the assumptions used for the PERSI Fire and Police members, but are modified to reflect the characteristics expected of the closed group of FRF members.

The wage growth and inflation assumption were changed on July 1, 2010. The mortality assumptions for the plan were changed on July 1, 2014, in conjunction with changes to the assumptions for the PERSI base plan, as described in Appendix A of the July 1, 2014 valuation. The wage growth and inflation assumption were again changed on July 1, 2012, as was the investment return assumption. As of July 1, 2013, the assumption for future Cost of Living Adjustments to the PERSI offset benefit was changed.

The next major PERSI experience study, to be completed in 2016, will cover the period July 1, 2011 through June 30, 2015.

Certification Statement

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the PERSI staff. This information includes, but is not limited to; benefit descriptions, employee data, and financial information. In our examination of such data, we have found them to be reasonably consistent and comparable with data used for other purposes. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing or if our assumptions regarding incomplete data are incorrect. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

All costs, liabilities rates of interest, and other factors have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the Fund and reasonable expectations) and which in combination, offer our best estimate of anticipated experience affecting the Fund. The Retirement Board has the final decision regarding the appropriateness of the assumptions. We believe that all of these assumptions and methods meet the parameters set by Actuarial Standards of Practice (ASOPs).

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for the Fund. Actuarial computations under GASB Statements No. 67 and 68 are for purposes of fulfilling financial accounting requirements. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in the enclosed exhibits have been made on a basis consistent with our understanding of the Fund's funding requirements and goals. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Milliman's work is prepared solely for the internal business use of the Fund. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exception(s):

(a) The Fund may provide a copy of Milliman's work, in its entirety, to the Fund's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the Fund.

(b) The Fund may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.
The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this letter is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American Academy of Actuaries and Fellows of the Society of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

The enclosed Exhibits 1 through 9 provide further related information. Milliman is completely responsible for these exhibits. Specifically, they are:

Exhibit 1	Summary of Actuarial Assumptions and Methods
Exhibit 2	Schedule of Active Member Valuation Data
Exhibit 3	Schedule of Retiree and Beneficiary Valuation Data
Exhibit 4	Schedule of Funding Progress
Exhibit 5	Solvency Test
Exhibit 6	Analysis of Actuarial Gains or Losses
Exhibit 7	Schedule of Contributions from the Employer and All Other Contributing Entities
Exhibit 8	Contribution Rates as a Percent of Pay
Exhibit 9	Provisions of Governing Law

Respectfully submitted,

Mark C. Olleman, F.S.A., M.A.A.A.
Principal and Consulting Actuary

Jeffrey D. Bradley, F.S.A., M.A.A.A.
Principal and Consulting Actuary

MCO/JDB/mji

EXHIBIT 1: SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS EFFECTIVE JULY 1, 2015

1. Investment Return (Adopted July 1, 2012)

The annual rate of investment return on the assets of the Fund is assumed to be 7.50% (including 0.50% for expenses), compounded annually.

2. Actuarial Value of Assets (Adopted September 2014)

For the July 1, 2014 valuation all assets are valued at market as of the valuation date. Use of 3-year smoothing to calculate the actuarial value of plan assets will be implemented prospectively: the July 1, 2015 valuation will use a 2-year smoothing and all subsequent valuations will use a 3-year smoothing.

3. Actuarial Assumptions

The actuarial assumptions and methods were adopted by the PERSI Board based upon recommendations from the retained actuary. The actuarial assumptions are based on periodic studies of the PERSI total fund's actual experience.

4. Service Retirement (Adopted July 1, 1992)

Annual rates of retirement assumed to occur among persons eligible for a service retirement are illustrated in the following table:

Years Since Becoming Eligible to Retire(1)	Age	Probability of Service Retirement(1)
0 - 4	N/A	10.0%
5+	35 - 49	40.0
	50 - 59	40.0
	60	60.0
	61	30.0
	62	65.0
	63	40.0
	64	40.0
	65 - 69	60.0
	70	*Immediate retirement is assumed at age 70*

(1) Eligibility occurs after 20 years of service, or attained age 60 with five years of service.

5. Mortality (Adopted July 1, 2014)

The mortality rates used for all members of the Fund, active and retired, are from the RP-2000 Combined Mortality Table for males with generational mortality adjustments with ages unadjusted. The mortality rates assumed for spouses are from the RP-2000 Combined Mortality Table for females with generational mortality adjustments; with ages set back one year. For disabled members, the mortality rates used in the valuation are from the RP-2000 Mortality Table for disabled males with generational mortality adjustments, set back one year. These tables are illustrated in Table A-4A of the July 1, 2015 valuation report.

The Generational mortality adjustments provide a margin for future mortality improvements. The adjustments are applied from the base year of the tables (2000) to the year in which the mortality assumption is applied. The adjustments are done using the standard RP-2000 projection scale (Scale AA). These tables are illustrated in Tables A-4A and A-4B of the July 1, 2015 valuation report.

6. Disability Retirement (Adopted July 1, 1996)

Annual rates assumed for disability retirement are illustrated in the following table:

Age	Duty-Related	Non-Duty Related
25	.030%	.015%
35	.030	.015
45	.100	.100
55	.400	.400

7. Other Terminations of Employment (Adopted July 1, 2002)

Assumed annual rates of termination for persons who are not eligible for service retirement are illustrated below:

Years of Service	Annual Rate
5	8.0%
10	4.0
15	2.5
20	2.0

8. Future Salaries (Adopted July 1, 2012)

In general, the total annual rates at which salaries are assumed to increase include 3.75% per year for increases in the general wage level of membership. The general wage level increases are due to inflation and increases in productivity. Due to the closed group and the aging of the membership, the general wage assumption is assumed to adequately cover any additional increases due to promotions and longevity.

9. Replacement of Terminated Members

The Firefighters' Retirement Fund is a closed group. No new members are permitted. The total number of firefighters in PERSI (including those hired October 1, 1980 and later) is assumed to remain unchanged from year to year.

10. Postretirement Benefit Increases (Cost of Living Adjustments) (Adopted July 1, 2013)

FRF benefits are based on paid salary and are assumed to increase at the same rate as the average paid firefighter's salary, or 3.75% per year. For members whose FRF benefits are offset by their PERSI benefits, the PERSI benefits are assumed to have post-retirement benefit increases of 1.00% per year. The assumptions regarding PERSI future post-retirement benefit increases is part of the funding policy for the FRF.

11. Probability of Marriage

It is assumed that there is an 85% probability that the member has an eligible spouse. The spouse’s age is assumed to be three years younger than the member's.

12. Fire Insurance Premiums (Adopted July 1, 2004)

The fire insurance premiums received for the plan year ending June 30, 2015, amounted to $3,568,189 or approximately 5.59% of all firefighters' covered compensation during the same period. Future fire insurance premiums are expected to provide contributions as a decreasing percentage of compensation, due to the assumption that the firefighters’ covered compensation (including Class D members) will increase at the rate of 3.75% per year, but future fire insurance premiums are assumed to increase at a rate of only 3.25% per year. The rate for the increase for covered compensation was adopted July 1, 2012. The rate for the increase of fire insurance premiums was adopted July 1, 2010.

13. Actuarial Cost Method (Adopted July 1, 1998)

Costs are determined based on the entry age normal cost method. The actuarial present value of future benefits not provided by PERSI less the present value of future normal costs equals the actuarial accrued liability. The UAAL is equal to the actuarial accrued liability less the actuarial value of the assets. The UAAL is amortized as a level dollar amount over a fixed amortization period. The current amortization period is zero since the UAAL at July 1, 2015 is negative.

The Actuarially Determined Contribution (ADC) is then the total of the normal cost allocated to the current plan year plus the amortization payment on the UAAL. Prior to July 1, 2006, the UAAL was amortized over a closed 40-year period from July 1, 1996. This assumption was adopted July 1, 1998, but applied retroactively to the July 1, 1996 valuation.

14. Experience Studies

The last experience study was for the period July 1, 2009, through June 30, 2013, and reviewed all economic and mortality assumptions. All demographic assumptions, other than mortality, and all economic assumptions will be studied in 2016 for the period from July 1, 2011, through June 30, 2015. Some mortality assumptions were updated July 1, 2014, to reflect the findings in the most recent experience study. The FRF assumptions generally reflect the assumptions used for the PERSI Fire and Police members, but are modified to reflect the characteristics expected of the closed group of FRF members.

15. Recent Changes

The mortality assumptions were modified as of July 1, 2014, in conjunction with changes to the mortality assumptions for the PERSI base plan, as described in Appendix A of the July 1, 2014 valuation report.

The results reflect the PERSI Restoration of Purchasing Power and March 1, 2015 Discretionary COLA approved at the September 2014 Board Meeting.

The results also reflect the March 1, 2016 automatic COLA of 0.20% for the PERSI portion of the benefits. This is based on actual CPI-U between August 2014 and August 2015, and is less than the 1.00% used as the valuation assumption.

The July 1, 2015 valuation uses a 2-year asset smoothing. Prior years' actuarial values of assets were equal to market value of assets.

Idaho Firefighters' Retirement Fund

EXHIBIT 2: SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Valuation Date July 1	Number	Annual Salaries Total [1]	Annual Salaries Average	Annual Salaries Annual Increase in Average
2003	57	$ 3,750,432	$ 65,797	7.0%
2004	42	2,840,572	67,633	2.8
2005	20	1,526,466	76,323	12.8
2006	13	1,034,693	79,592	4.3
2007	10	791,125	79,113	(0.6)
2009	5	437,818	87,564	5.2
2011	4	368,842	92,211	2.6
2013	3	307,849	102,616	5.5
2014	2	198,646	99,323	(3.2)
2015	2	203,998	101,999	2.7

(1) Annualized average salaries for covered members for the 12-month period commencing July 1 to June 30 of the previous calendar year.

Idaho Firefighters' Retirement Fund

EXHIBIT 3: SCHEDULE OF RETIREE AND BENEFICIARY VALUATION DATA (1)

Valuation Date July 1	Number			COLA Increases Granted Previous January 1
	Total	Added	Removed	
2003	576	27	9	4.41%
2004	582	21	15	2.56
2005	599	25	8	4.33
2006	597	10	12	4.36
2007	590	5	12	2.42
2009	573	6	23	5.10
2011	566	14	21	3.30
2013	551	3	18	2.18
2014	545	3	9	2.48
2015	535	1	11	(0.34)

Valuation Date July 1	Annual Benefits				
	Total (2)	Added (3)	Removed	Average	Annual Increases in Average
2003	$19,329,902	$1,725,487	$229,822	$33,559	5.0%
2004	20,095,076	1,148,461	383,287	34,528	2.9
2005	21,699,127	1,833,685	229,634	36,226	4.9
2006	22,636,930	1,320,848	383,045	37,918	4.7
2007	22,992,269	754,703	399,364	38,970	2.8
2009	24,598,935	2,442,928	836,262	42,930	5.0
2011	25,998,263	2,147,165	747,837	45,933	3.4
2013	26,499,035	1,255,415	754,643	48,093	2.3
2014	26,856,909	784,008	426,134	49,279	2.5
2015	26,319,030	(33,958)	503,921	49,194	(0.2)

(1) Information regarding the number of retirees and beneficiaries added to, and removed from, the rolls was not used in the actuarial valuations.

(2) Combined annual benefits from FRF and PERSI. The FRF benefits comprised $19,378,039 of the 2015 total.

(3) Includes postretirement increases (or decreases, if applicable) for all retirees and beneficiaries.

Idaho Firefighters' Retirement Fund

EXHIBIT 4: SCHEDULE OF FUNDING PROGRESS (All Dollar Amounts in Millions)

Actuarial Valuation Date July 1	Actuarial Value of Assets (1)	Actuarial Accrued Liabilities (AAL) (2)	Unfunded Actuarial Accrued Liabilities (UAAL) (3)	Funded Ratio	Covered Payroll (4)	UAAL as a Percentage of Covered Payroll
2003	$182.7	$310.7	$128.0	58.8%	$37.0	345.9%
2004	210.4	302.6	92.2	69.5	39.8	231.7
2005	227.2	309.1	81.9	73.5	42.2	194.1
2006	248.8	312.3	63.5	79.7	45.0	141.1
2007	291.5	314.8	23.3	92.6	47.6	48.9
2009	225.3	325.3	100.0	69.3	55.7	179.5
2011	290.4	311.5	21.1	93.2	59.3	35.6
2013	307.0	321.5	14.5	95.5	63.0	23.0
2014	352.2	315.6	(36.6)	111.6	63.0	(58.1)
2015	360.4	301.9	(58.5)	119.4	63.8	(91.7)

(1) For the July 1, 2014 valuation and all preceding valuations, assets are valued at market as of the valuation date. Use of 3-year smoothing to calculate the actuarial value of plan assets is being implemented prospectively: the July 1, 2015 valuation uses a 2-year smoothing and all subsequent valuations will use a 3-year smoothing.

(2) Actuarial present value of future excess benefits less actuarial present value of excess statutory contributions over amounts required by PERSI, for years prior to 1996. For years after 1996, the excess of the actuarial present value of future excess benefits less the present value of future normal cost contributions under the entry age cost method.

(3) Actuarial accrued liabilities less actuarial value of assets.

(4) Covered Payroll includes compensation paid to all active firefighters for whom contributions were made to FRF. Covered Payroll differs from the Active Member Valuation Payroll shown in Exhibit 2, which is an annualized compensation of only those members hired prior to October 1, 1980, who were active on the actuarial valuation date. For years prior to 1996, Covered Payroll is estimated. See footnote to Exhibit 7.

EXHIBIT 5: SOLVENCY TEST
(All Dollar Amounts in Millions)

		Actuarial Liabilities (1) for			Portion of Actuarial Liabilities Covered by Assets		
		(A)	(B)	(C)			
Actuarial Valuation Date July 1	Actuarial Value of Assets (2)	Active Member Contributions	Retirees and Beneficiaries	Active Members (Employer Financed Portion)	(A)	(B)	(C)
2003	$182.7	$0.2	$289.4	$21.5	100.0%	63.1%	0.0%
2004	210.4	0.1	287.7	15.2	100.0	73.1	0.0
2005	227.2	0.1	301.6	7.4	100.0	75.3	0.0
2006	248.8	0.0	308.1	4.2	100.0	80.8	0.0
2007	291.5	0.0	312.0	2.8	100.0	93.4	0.0
2009	225.3	0.0	324.0	1.3	100.0	69.5	0.0
2011	290.4	0.0	310.7	0.8	100.0	93.5	0.0
2013	307.0	0.0	320.4	1.1	100.0	95.8	0.0
2014	352.2	0.0	314.9	0.7	100.0	100.0	100.0
2015	360.4	0.0	301.3	0.6	100.0	100.0	100.0

(1) Computed based on funding policy methods and assumptions.

(2) For the July 1, 2014 valuation and all preceding valuations, assets are valued at market as of the valuation date. Use of 3-year smoothing to calculate the actuarial value of plan assets is being implemented prospectively: the July 1, 2015 valuation uses a 2-year smoothing and all subsequent valuations will use a 3-year smoothing.

Idaho Firefighters' Retirement Fund

EXHIBIT 6: ANALYSIS OF ACTUARIAL GAINS OR LOSSES (All Dollar Amounts in Millions)

	Gain (Loss) for Period		
	2011-2013	2013-2014	2014-2015
Investment Income			
Investment income was greater (less) than expected, net of asset smoothing, if applicable.	$ (12.9)	$ 29.7	$ (7.6)
Pay Increases			
Pay increases and COLAs were less (greater) than expected.	8.1	4.8	15.3
Other			
Miscellaneous gains (and losses) resulting from other causes including retirees dying younger (living longer) than expected.	0.2	0.8	0.5
Total Gain (Loss) During the Period From Actuarial Experience	$ (4.6)	$ 35.3	$ 8.2
Contribution Income			
Actual contributions plus assumed investment returns were greater (less) than the normal cost and interest on the UAAL.	26.6	13.7	14.3
Non-Recurring Items			
Effect of automatic 0.20% PERSI COLA	NA	NA	(0.6)
Changes in actuarial assumptions and benefits caused a gain (loss).	(15.4)	NA	NA
PERSI Restoration of Purchasing Power and Discretionary COLA	NA	2.1	NA
Composite Gain (Loss) During the Period	$ 6.6	$ 51.1	$ 21.9

Note: Effects related to losses are shown in parentheses. Numerical results are expressed as a decrease (increase) in the actuarial accrued liability.

Idaho Firefighters' Retirement Fund

EXHIBIT 7: SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND ALL OTHER CONTRIBUTING ENTITIES (Actual Dollar Amounts)

Fiscal Year Ending	Covered Employee Payroll (1)	Statutory Employer Contributions (2)	Additional Employer Contributions (2)	Insurance Premium Payment from the State	Total Employer Contributions	Actuarially Determined Contribution (ADC) (3)	Percentage of ADC Contributed
2006	$ 45,012,038	$ 106,814	$ 7,760,075	$ 4,155,314	$12,022,203	$6,455,083	186.2%
2007	47,638,976	78,450	8,212,960	3,827,763	12,119,173	5,033,291	240.8
2008	52,097,173	54,297	8,981,553	3,834,553	12,870,403	1,826,307	704.7
2009	55,747,655	41,362	9,610,896	3,563,731	13,215,989	1,826,307	723.6
2010	58,146,207	36,937	10,024,405	3,480,989	13,542,331	7,959,238	170.1
2011	59,337,447	31,616	10,229,773	3,052,326	13,313,715	7,959,238	167.3
2012	59,883,692	25,532	10,323,948	3,136,829	13,486,309	1,666,127	809.4
2013	62,969,139	25,617	10,855,876	3,345,821	14,227,314	1,666,127	853.9
2014	63,017,405	25,032	10,864,197	3,311,094	14,200,323	1,119,619	1,268.3
2015	63,780,545	17,259	7,720,025	3,568,189	11,305,473	0	NA

(1) Computed as the dollar amount of the actual employer contribution made as a percentage of payroll divided by the contribution rate, expressed as a percentage of payroll.

(2) Employer contributions are made as a percentage of actual payroll rather than as a dollar amount. The Statutory Employer FRF contributions in excess of PERSI required contributions are payable only on Class A & B active member payroll. The Additional Employer FRF contributions are payable on Class A & B and Class D active member payrolls.

(3) Starting July 1, 1996, the ADC, formerly known as the Annual Required Contribution (ARC), is computed as a dollar amount based on the entry age cost method and future payroll contributions from Class A & B members only. The ADC is computed for GASB reporting purposes only. The actual employer contributions as a percentage of payroll varied from those determined by the actuarial valuation based on the funding policy as shown in Table D-2 of the actuarial valuation report. Thus, as long as the actual contributions are made as a percentage of payroll under the current funding policy methods and assumptions, as required by the most recent actuarial valuation, the actual dollar amount of the employer contributions will differ from the dollar amount of the ADC.

EXHIBIT 8: CONTRIBUTION RATES AS A PERCENT OF PAY

	State Contributions	Employer Contributions				Total Employer Contributions For Members	
Year [1]	Fire Insurance Premium Tax [2]	PERSI Rate	Statutory FRF Rate	Additional Rate	Social Security	Hired Before 10/1/80 [3]	Hired After 9/30/80 [4]
Effective Date:	July 1	October 1	January 1	October 1	January 1	October 1	October 1
2003	7.60%	10.11%	8.65%	17.24%	7.65%	36.00%	35.00%
2004	6.60	10.73	8.65	17.24	7.65	36.62	35.62
2005	6.70	10.73	8.65	17.24	7.65	36.62	35.62
2006	6.60	10.73	8.65	17.24	7.65	36.62	35.62
2007	6.90	10.73	8.65	17.24	7.65	36.62	35.62
2009	5.20	10.73	8.65	17.24	7.65	36.62	35.62
2011	5.10	10.73	8.65	17.24	7.65	36.62	35.62
2013	5.30	11.66	8.65	17.24	7.65	37.55	36.55
2014	5.20	11.66	8.65	17.24 [5]	7.65	37.55	36.55
2015	5.60	11.66	8.65	5.00	7.65	25.31	24.31

(1) Rates become effective on dates shown in given year. Biennial valuations were performed 1988-2000.

(2) Rate expressed as a percentage of the value of future fire insurance premium taxes over the value of future covered compensation.

(3) PERSI rate plus Statutory FRF rate plus additional rate.

(4) PERSI rate plus additional rate plus Social Security.

(5) Effective January 1, 2015, the Additional Employer Contribution Rate decreased from 17.24% to 5.00%.

EXHIBIT 9: PROVISIONS OF GOVERNING LAW

This exhibit outlines our understanding of the laws governing the Idaho Firefighters' Retirement Fund (FRF), compared with the provisions that apply to firefighters of the Public Employee Retirement System of Idaho (PERSI), as contained in Sections 59-1301 through 59-1399 for PERSI and Sections 72-1401 through 72-1472 for FRF, inclusive of the Idaho Code through July 1, 2015. Each currently active firefighter hired before October 1, 1980, is entitled to receive the larger of (a) a benefit based on the FRF provisions, considering all of his service as a firefighter, and (b) a PERSI benefit, based on membership service beginning October 1, 1980, plus prior service rendered before July 1, 1965. Firemen hired October 1, 1980 and later (Class D members) are not entitled to FRF benefits.

In 1990, the law was changed to provide benefits to all members of FRF equally. Prior to the change, members hired after July 1, 1978, and before October 1, 1980, (Class C members) received a lower level of benefits. Class A members are members hired prior to July 1, 1976, who chose Option 1, where contributions are calculated on the basis of statewide average paid firefighter's salary. Benefits are based on the statewide average salary in effect at the date of retirement. Class B members are all Option 2 members hired prior to July 1, 1978, where contributions are calculated on the basis of the individual's annual average salary, but benefits are based on actual pay.

Retirement Provisions Affecting Firefighters In Idaho

July 1, 2014

	Public Employee Retirement System	Firefighters' Retirement Fund
Member Contribution Rate	8.36% of salary.	11.45% of salary.(1)
Service Retirement Allowance		
Eligibility	Age 60 with five years of service, including six months of membership service.	20 years of service.(2)
Amount of Annual Allowance	2.30% of the highest 3.5-year average salary for each year of credited service.	40% of final five-year average salary (1) plus 5.00% of average salary for each year of service in excess of 20 years.
Maximum Benefit	100% highest three-year average salary.	65% of final five-year average salary. (1)
Minimum Benefit	For retirement during or prior to 1974, $72 annual allowance for each year of service, increasing in subsequent years at the rate of cost-of-living increases in retirement allowances.	None.

(1) *For firefighters employed prior to July 1, 1976, who chose Option 1, contributions are calculated on the basis of the statewide average paid firefighter's salary. Benefits are based on the statewide average salary in effect at the date of retirement.*

For firefighters employed prior to July 1, 1976, who chose Option 2, contributions are based on the individual members' salaries for the prior year. Benefits are based on actual pay.

(2) *Completed years of service. No partial years of service are recognized.*

	Public Employee Retirement System	Firefighters' Retirement Fund
Non-Duty Disability Retirement Allowance		
Eligibility	Five years of membership service.	Five years of service.[(2)]
Amount of Annual Allowance	Projected service retirement allowance based on accrued service plus service projected to age 60 (projected service is limited to excess of 30 years over accrued service), less any amount payable under workers' compensation law.	2.00% of final five-year average salary [(1)] times years of service [2)], or same as service retirement benefit if eligible.
Normal Form	Temporary annuity to age 60 plus any death benefit.	Payable for firefighter's lifetime, with 100% of benefit continued to eligible surviving spouse or children.
Duty Disability Retirement Allowance		
Eligibility	If hired after July 1, 1993, no service requirement, otherwise same as non-duty disability retirement.	No age or service requirements.
Amount of Annual Allowance	Same as non-duty disability retirement.	65% of final five-year average salary.
Normal Form	Same as non-duty disability retirement.	Same as non-duty disability retirement.
Special Disability Benefit		
Eligibility	Firefighters hired after October 1, 1980 and prior to July 1, 1993, with less than 10 years of service.	None.
Benefit	Same as FRF disability benefit.	None.

(1) For firefighters employed prior to July 1, 1976, who chose Option 1, contributions are calculated on the basis of the statewide average paid firefighter's salary. Benefits are based on the statewide average salary in effect at the date of retirement.

For firefighters employed prior to July 1, 1976, who chose Option 2, contributions are based on the individual members' salaries for the prior year. Benefits are based on actual pay.

(2) Completed years of service. No partial years of service are recognized.

	Public Employee Retirement System	Firefighters' Retirement Fund
Death Benefits Before Retirement		
Eligibility	Five years of service for surviving spouse's benefit.	Non-duty death: Five years of service. (2) Duty death: No service requirement. Benefits are payable to surviving spouse or, if no eligible surviving spouse, to unmarried children under 18.
Amount of Benefit	1. Accumulated contribution with interest, or 2. The surviving spouse of a member with five years of service who dies while: i. contributing; ii. noncontributing, but eligible for benefits; or iii. retired for disability receives an automatic joint and survivor option applied to the actuarial equivalent of the member's accrued service retirement allowance.	100% of the benefit the firefighter would have received as a duty or non-duty disability allowance, depending on cause of his death.
Normal Form	Payable for member's lifetime, with death benefit determined by option selected at retirement.	Payable for firefighter's lifetime, with 100% of benefit continued to eligible surviving spouse or children.
Optional Form	Actuarial equivalent of the normal form under the options available according to the mortality and interest basis adopted by the Board.	None.
Death Benefits After Retirement		
Eligibility	Designated beneficiary or estate.	Surviving spouse or, if no eligible surviving spouse, unmarried children under 18.
Amount of Benefit	Under the normal form of the retirement allowance, the excess, if any, of the member's accumulated contributions with interest at retirement over all payments received. Otherwise payable according to the option elected.	100% of firefighter's retirement allowance.

(2) Completed years of service. No partial years of service are recognized.

	Public Employee Retirement System	Firefighters' Retirement Fund
Early Retirement Allowance		
Eligibility	Age 50 with five years of service including six months of membership service (contributing members only).	None.
Amount of Allowance	Full accrued service retirement allowance if age plus service equals 80; otherwise, the accrued service retirement allowance reduced by 3.00% for each of the first five years by which the early retirement date precedes the date the member would be eligible to receive his full accrued benefit, and by 5.75% for each additional year.	None.
Vested Retirement Allowance		
Eligibility	Former contribution members with five years of membership service are entitled to receive benefits after attaining age 50.	Firefighters who terminate after five years of service (2) are entitled to receive benefits beginning at age 60.
Amount of Allowance	Same as early retirement allowance.	2.00% of final five-year average salary times years of service (2).
Withdrawal Benefit	Accumulated contributions with interest.	Accumulated contributions with interest.

(2) Completed years of service. No partial years of service are recognized.

	Public Employee Retirement System	Firefighters' Retirement Fund
Post-Retirement Increases		
Amount of Adjustment	Increases are based on a cost-of-living factor reflecting the changes in the Consumer Price Index, subject to a maximum total increase or decrease of 6.00% in any year. If the Consumer Price Index increases by at least 1% from August to August, a 1.00% annual postretirement increase is effective the following March. An additional postretirement increase of up to 5.00% each year may be authorized by the Board if it finds that the value of the System's assets are no less than its actuarial liabilities, including those created by the additional increase. If the CPI-U increases by less than 1% or decreases, the COLA is automatically equal to the change in the CPI-U. A decrease cannot be more than 6%. Member benefits cannot decrease below the amount at the initial benefit date.	Benefits increase or decrease by the same percentage by which the average paid firefighter's salary increases or decreases. The change for the year is effective each February.

Milliman

950 W. Bannock Street
Suite 510
Boise, ID 83702
Tel +1 208 342 3485
Fax +1 208 342 5667
www.milliman.com

October 30, 2015

Retirement Board
Public Employee Retirement System of Idaho
State of Idaho
P.O. Box 83720
Boise, ID 83720

Members of the Board:

Milliman has performed annual actuarial valuations of the Judges' Retirement Fund of the State of Idaho (JRF) beginning with the June 30, 2010 actuarial valuation. Until June 30, 2014, the JRF was an independent Fund. Beginning with the July 1, 2014 actuarial valuation, the Fund has been administered by the Public Employee Retirement System of Idaho (PERSI). It is anticipated that future actuarial valuations will be performed every year with the next valuation to be as of July 1, 2016.

Contribution Rates

The financing objective of the Fund is to establish contribution rates that will tend to remain level as percentages of payroll. The current total contribution rate is 65.51%: 55.28% employer contribution rate and 10.23% employee contribution rate.

The July 1, 2015 valuation found that the contribution rates were insufficient to amortize the unfunded actuarial accrued liability within 25 years of the valuation date. Therefore, in October 2015, the Board approved a contribution rate increase to take effect on July 1, 2017 that will increase the total contribution rate to 74.10%. This increased contribution rate will, based on the current valuation assumptions and valuation results, allow the fund to amortize the Unfunded Actuarial Accrued Liability (UAAL) over the required 25-year period ending July 1, 2040.

Funding Status

Based on the July 1, 2015 actuarial valuation, the UAAL was increased by $2.955 million due to an asset loss recognized as of July 1, 2015. Specifically, the Fund's assets earned a net return after accounting for all expenses of 2.60%, which is 4.40% below the actuarial assumption of 7.00%. The UAAL decreased by $0.170 million due to the March 1, 2016, automatic PERSI COLA of 0.20%, which was less than the actuarial assumption of 1.00%. All other experience gains and losses increased the actuarial liability by $0.339 million. Thus, the total experience loss for the year was $3.124 million.

Also, the UAAL increased by $0.619 million because actual contributions plus assumed investment returns were less than the normal cost and the interest on the UAAL.

The current contribution rates are inadequate to amortize the Normal Cost and UAAL balance over the required 25-year period.

The funding status decreased from an 81.15% funding ratio on July 1, 2014, to 78.20% on June 30, 2015. The funding ratio is the ratio of the actuarial value of the assets over the value of the actuarial accrued liability.

Comparison to GASB Statement No. 67 Liabilities

The long-term expected rate of return on investments is 7.50%, including 0.40% for expected investment expenses and 0.10% for expected administrative expenses. For purposes of determining the Fund's funding status and UAAL, we use a discount rate that is net of all expenses (7.00%). The figures shown in this report have been calculated using this discount rate.

This is in contrast to the discount rate used to determine the Total Pension Liability (TPL) and Net Pension Liability (NPL) for purposes of GASB reporting. According to GASB Statement 67, the discount rate used to calculate TPL and NPL must be net of investment expenses but not administrative expenses. Therefore, TPL and NPL have been determined using a discount rate of 7.10%. Results and further details on these items can be found in our GASB 67 and 68 Report.

Assumptions

Our July 1, 2015 actuarial valuation report presented summaries of the actuarial assumptions and methods used in the valuation. The last major experience study of the JRF assumptions covered the period of June 30, 2003 to June 30, 2008. Economic and mortality assumptions generally reflect the assumptions used for the PERSI valuation.

The next major PERSI experience study, to be completed in 2016, will cover the period July 1, 2011 through June 30, 2015.

Certification Statement

In preparing this letter, we relied, without audit, on information (some oral and some in writing) supplied by PERSI's staff. This information includes, but is not limited to, statutory provisions, member census data, and financial information. We found this information to be reasonably consistent and comparable with data used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

All costs, liabilities, rates of interest, and other factors for the System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the System and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting the System. Further, in our opinion, each actuarial assumption used is reasonably related to the experience of the System and to reasonable expectations which, in combination, represent our best estimate of anticipated experience under the System. We believe that all of these assumptions and methods meet the parameters set by Actuarial Standards of Practice (ASOPs).

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements. The Retirement Board has the final decision regarding the appropriateness of the assumptions and actuarial cost methods.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for the System. Actuarial computations under GASB Statements No. 67 and 68 are for purposes of fulfilling financial accounting requirements. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in the enclosed exhibits have been made on a basis consistent with our understanding of the System's funding requirements and goals. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Milliman's work is prepared solely for the internal business use of the System. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exception(s):

(a) The System may provide a copy of Milliman's work, in its entirety, to the System's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the System.

(b) The System may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this letter is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American Academy of Actuaries and Fellows of the Society of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

The enclosed Exhibits 1 through 9 provide further related information. Milliman is completely responsible for these exhibits. Specifically, they are:

Exhibit 1	Summary of Actuarial Assumptions and Methods
Exhibit 2	Schedule of Active Member Valuation Data
Exhibit 3	Schedule of Retiree and Beneficiary Valuation Data
Exhibit 4	Schedule of Funding Progress
Exhibit 5	Solvency Test
Exhibit 6	Analysis of Actuarial Gains or Losses
Exhibit 7	Schedule of Contributions from the Employer
Exhibit 8	Schedule of Contributions from the Employer Expressed as a Percentage of Covered Payroll
Exhibit 9	Provisions of Governing Law

Respectfully submitted,

Bret D. Linton, F.S.A., M.A.A.A.
Principal and Consulting Actuary

Jeffrey D. Bradley, F.S.A., M.A.A.A.
Principal and Consulting Actuary

BDL/JDB/trs

EXHIBIT 1: SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS EFFECTIVE JULY 1, 2015

1. Investment Return (Adopted July 1, 2014)

The annual rate of investment return on the assets of the Fund is assumed to be 7.50% (including 0.50% for expenses), compounded annually.

2. Actuarial Value of Assets

All assets are valued at market as of the valuation date.

3. Actuarial Assumptions

The actuarial assumptions and methods were adopted by the PERSI Board based upon recommendations from the retained actuary. The actuarial assumptions are based on periodic studies of the PERSI total fund's actual experience.

4. Service Retirement

Annual rates of retirement assumed to occur among persons eligible for a service retirement are illustrated in the following table:

Age	Rate of Retirement(1)
55	4%
60	12
65	50
70	75
71	100

(1) Eligibility occurs after 20 years of service, attained age 55 with 15 years of service, attained age 60 with 10 years of service, or attained age 65 with four years of service.

5. Mortality (Adopted July 1, 2014)

Contributing Members, Service and Disability Retirement Members, and Beneficiaries

Males RP-2000 Combined Table for Healthy Individuals for males, set back one year.

Females RP-2000 Combined Table for Healthy Individuals for females, set back one year.

All mortality tables are adjusted with generational mortality adjustments using projection scale AA as shown in Table A-4B of the July 1, 2015 valuation report. The projection scale is applied from the year 2000 to the year in which the mortality assumption is being applied.

6. Disability Retirement (Adopted July 1, 1996)

Annual rates assumed for disability retirement are illustrated in the following table:

Age	Annual Rate
25	.032%
35	.119
45	.277
55	.870

7. Other Terminations of Employment (Adopted July 1, 2002)

There are no other employment termination assumptions that are valued.

8. Future Salaries (Adopted July 1, 2014)

The rate of annual salary increase assumed for the purpose of the valuation is 3.75%.

9. Growth in Membership (Adopted July 1, 2014)

In general, the combined effects of stable active membership and salary levels are assumed to produce a 3.75% average annual expansion in the payroll of covered members.

10. Interest on Employee Contributions

The credited interest rate on employee contributions is assumed to be 6.50%.

11. Postretirement Benefit Increases (Cost of Living Adjustments) (Adopted July 1, 2014)

There are two sets of postretirement benefit increases. Any member who assumed office prior to July 1, 2012, is assumed to have a postretirement increase of 3.75%.

For any member who assumed office on or after July 1, 2012, a postretirement increase of 1.0% per year is assumed for the purpose of the valuation.

For members who first assumed office prior to July 1, 2012 and made an irrevocable election prior to August 1, 2012, to have their postretirement benefit increases based on Idaho Code Section 59-1355, a postretirement increase of 1.00% per year is assumed for the purpose of the valuation.

12. Probability of Marriage

The marriage assumption for all members is 100%. Males are assumed to be 2 years older than their spouses.

13. Actuarial Cost Method

The actuarial valuation is prepared using the entry age actuarial cost method. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit. The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the sum of (a) the actuarial value of the assets and (b) the actuarial present value of future normal costs is called the unfunded actuarial accrued liability (UAAL). The UAAL, if positive, is amortized as a level percentage of the projected salaries of present and future members of the Fund during various amortization periods. In effect, this means that UAAL amortization payments are assumed to grow at the same rate as the General Wage increase assumption (currently 3.75%).

The normal cost rates used in this valuation were calculated based on all current active members as of July 1, 2015 for each sex and type of employee in that valuation. The actuarial present values of projected benefits and of projected salaries for all active members were calculated. The ratio of the two is the aggregate normal cost rate.

14. Experience Studies

The last experience study was for the period July 1, 2003, through June 30, 2008, and reviewed all economic and mortality assumptions. There is currently no scheduled future experience study of the JRF demographic assumptions. Mortality assumptions were updated July 1, 2014, to reflect the findings in the most recent PERSI experience study. The mortality assumptions for PERSI General members are used for the JRF plan. The JRF economic assumptions generally reflect the assumptions used for the PERSI valuation.

15. Recent Changes

There have been no changes to the valuation assumptions since the prior valuation.

The results do reflect the March 1, 2016 automatic PERSI COLA of 0.20%. This is based on actual CPI-U between August 2014 and August 2015, and is less than the 1.00% used as the valuation assumptions.

Judges' Retirement Fund of the State of Idaho

EXHIBIT 2: SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Valuation Date July 1	Number	Annual Salaries Total [1]	Average	Annual Increase in Average
2015	52	$ 6,543,000	$ 125,827	NA

(1) Annualized average salaries for covered members for the 12-month period commencing July 1 to June 30 of the current valuation period.

Judges' Retirement Fund of the State of Idaho

EXHIBIT 3: SCHEDULE OF RETIREE AND BENEFICIARY VALUATION DATA[1]

Valuation Date July 1	Number			COLA Increases Granted Previous Year	
	Total	Added	Removed	JRF	PERSI
2015	92	8	2	0.0%	1.70%

Valuation Date July 1	Annual Benefits				
	Total	Added[2]	Removed	Average	Annual Increases in Average
2015	$5,873,186	$545,609	$121,376	$63,839	NA

(1) Information regarding the number of retirees and beneficiaries added to, and removed from, the rolls was not used in the actuarial valuations.

(2) Includes postretirement increases for all retirees and beneficiaries.

Judges' Retirement Fund of the State of Idaho

EXHIBIT 4: SCHEDULE OF FUNDING PROGRESS (All Dollar Amounts in Thousands)

Actuarial Valuation Date July 1	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL) (1)	Unfunded Actuarial Accrued Liabilities (UAAL) (2)	Funded Ratio	Covered Payroll (3)	UAAL as a Percentage of Covered Payroll
2015	$76,468	$97,780	$21,312	78.2%	$6,149	346.6%

(1) Actuarial present value of benefits less actuarial present value of future normal costs based on entry age actuarial cost method.

(2) Actuarial accrued liabilities less actuarial value of assets.

(3) Covered Payroll includes compensation paid to all active judges for whom contributions were made to JRF. Covered Payroll differs from the Active Member Valuation Payroll shown in Exhibit 2, which is an annualized compensation of only those members who were active on the actuarial valuation date.

Judges' Retirement Fund of the State of Idaho

EXHIBIT 5: SOLVENCY TEST
(All Dollar Amounts in Thousands)

Actuarial Valuation Date July 1	Actuarial Value of Assets	Actuarial Liabilities for (A) Active Member Contributions	(B) Retirees and Beneficiaries	(C) Active Members (Employer Financed Portion)	Portion of Actuarial Liabilities Covered by Assets (A)	(B)	(C)
2015	$76,468	$3,130	$70,487	$24,163	100.0%	100.0%	11.8%

EXHIBIT 6: ANALYSIS OF ACTUARIAL GAINS OR LOSSES (All Dollar Amounts in Thousands)

	Gain (Loss) for Period 2014-2015
Investment Income	
Investment income was greater (less) than expected, net of asset smoothing, if applicable.	$(2,955)
Pay Increases	
Pay increases and COLAs were less (greater) than expected.	–
Other	
Miscellaneous gains (and losses) resulting from other causes, includes gains or losses due to retiree mortality experience.	(339)
Total Gain (Loss) During the Period From Actuarial Experience	$(3,294)
Contribution Income	
Actual contributions plus assumed investment returns were greater (less) than the normal cost and interest on the UAAL.	(619)
Non-Recurring Items	
Effect of automatic 0.20% PERSI COLA	170
Changes in actuarial assumptions and benefits caused a gain (loss).	NA
PERSI Restoration of Purchasing Power and Discretionary COLA	NA
Composite Gain (Loss) During the Period	$(3,743)

Note: Effects related to losses are shown in parentheses. Numerical results are expressed as a decrease (increase) in the UAAL.

Judges' Retirement Fund of the State of Idaho

EXHIBIT 7: SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER (Actual Dollar Amounts)

Fiscal Year Ending	Covered Employee Payroll(1)	Total Actual Employer Contributions(2)	Actuarially Determined Contribution (ADC)(3)	Percentage of ADC Dollars Contributed
6/30/15	$6,149,339	$3,595,417	$3,492,825	103%

(1) Computed as the dollar amount of the actual employee contribution made as a percentage of payroll divided by the contribution rate, expressed as a percentage of payroll.

(2) The actual JRF employer contributions are expressed as a percentage of payroll. Employer contributions are made as a percentage of actual payroll in accordance with statute and the Board's Funding Policy. Thus, the actual employer contributions set by both statute and the Board's Funding Policy may differ from the computed Actuarially Determined Contribution (ADC) employer contribution rate for GASB disclosure purposes.

(3) The ADC is computed as a dollar amount based on the entry age cost method and future payroll contributions from members. The ADC is computed for GASB reporting purposes only. As long as the actual contributions are made as a percentage of payroll under the current funding policy methods and assumptions, as required by the most recent actuarial valuation, the actual dollar amount of the employer contributions will differ from the dollar amount of the ADC.

Judges' Retirement Fund of the State of Idaho

EXHIBIT 8: SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER EXPRESSED AS A PERCENTAGE OF COVERED PAYROLL

Fiscal Year Ending	Actual JRF Employer Contribution %(1)	Annual Determined Contribution (ADC) %(2)	Percentage of ARC Contributed
6/30/15	58.47%	56.80%	103%

(1) The actual JRF employer contributions are expressed as a percentage of covered payroll. Employer contributions are made a percentage of actual payroll in accordance with the Idaho Codes. Thus, the actual employer contributions set by the Idaho Codes may differ from the computed ADC employer contribution rate for GASB disclosure purposes.

(2) The ADC is equal to the employer normal cost rate plus a 25-year amortization of any UAAL or minus a 25-year amortization of any Funding Reserve amount.

EXHIBIT 9: PROVISIONS OF GOVERNING LAW

All actuarial calculations are based on our understanding of the statutes governing the Judges' Retirement Fund of the State of Idaho, as contained in Sections 1-2001 through 1-2009, inclusive, of the Idaho Code, with amendments effective through July 1, 2015. The benefit and contribution provisions of this law are summarized briefly below, along with corresponding references to the Idaho Code. This summary does not attempt to cover all the detailed provisions of the law. Members seeking specific plan provisions should consult their member handbook. Only those benefits in effect through July 1, 2015 are considered in this valuation.

Effective Year

The effective date of the Retirement Fund was 1947.

Member Contribution Rate

The member contribution rate effective July 1, 2015 is 10.23% of salary. Members contribute to the plan during the first 20 years of service (Section 1-2004B). Rates as of the valuation date July 1, 2015 are reflected in this report.

Employer Contribution Rate

The employer contribution rate effective July 1, 2015, 55.28% of salary is contributed by the State, during the first 20 years of service (Section 1-2004A). Rates as of the valuation date July 1, 2015 are reflected in this report.

Service Retirement Allowance

Eligibility
Age 65 with four years of service, 60 with 10 years of service, 55 with 15 years of service, or any age with 20 years of service (Section 1-2001).

Amount of Allowance
The annual service retirement allowance is 5.0% multiplied by the number of years served as either justice or judge or both, for the first 10 years of credited service plus 2.5% multiplied by the remaining number of years of credited service as either justice or judge or both, but in any event the total shall not be greater than 75%.

For members who assumed office before July 1, 2012, the retirement allowance is multiplied by the current annual compensation of the highest office in which he or she served.

For members who assumed office on or after July 1, 2012, the initial retirement allowance is multiplied by the annual compensation at the time of retirement of the highest office in which he or she served (Section 1-2001).

Normal Form
For members who first assumed office before July 1, 2012, monthly payments for life under a fully subsidized 50% Joint and Survivor annuity.

For members who first assumed office on or after July 1, 2012, monthly payments for life under a fully subsidized 30% Joint and Survivor annuity (Section 1-2001, 1-2001b, and 1-2009).

Vested Retirement Allowance

Eligibility
Vested former contributing members are entitled to receive benefits upon reaching the eligibility age requirements in Section 1-2001.

Amount of Allowance
Accrued service retirement allowance (Section 1-2001).

Disability Retirement Allowance

Eligibility
Four years of membership service. (Section 1-2001).

Amount of Allowance
The annual service retirement allowance is 5.0% multiplied by the number of years served as either justice or judge or both, for the first 10 years of credited service plus 2.5% multiplied by the remaining number of years of credited service as either justice or judge or both, but in any event the total shall not be greater than 75%.

For members who assumed office before July 1, 2012, the annual retirement allowance is multiplied by the current annual compensation of the highest office in which he or she served.

For members who assumed office on or after July 1, 2012, the annual service retirement allowance is multiplied by the annual compensation at the time of retirement of the highest office in which he or she served (Section 1-2001).

Normal Form
For members who first assumed office before July 1, 2012, monthly payments for life under a fully subsidized 50% Joint and Survivor annuity.

For members who first assumed office on or after July 1, 2012, monthly payments for life under a fully subsidized 30% Joint and Survivor annuity (Section 1-2001, 1-2001b, and 1-2009).

Death Benefits

After Retirement or Termination
For members who first assumed office before July 1, 2012, 50% of the judge's retirement benefit is continued to the surviving spouse.

For members who first assumed office on or after July 1, 2012, 30% of the judge's retirement benefit is continued to the surviving spouse.

Upon termination or retirement, a member may elect to have

100% of his or her accrued retirement benefit continued to his or her surviving spouse upon his or her death. Such election results in a reduction of his or her monthly benefit to the actuarial equivalent of their assumed normal retirement benefit, which is a 50% surviving spouse benefit if first assumed office before July 1, 2012, or a 30% surviving spouse benefit if first assumed office on or after July 1, 2012 (Sections 1-2001b and 1-2009).

Before Retirement or Termination

An amount equal to the benefit the judge would have received had he or she elected a 100% Joint and Survivor benefit before his or her death (Section 1-2009).

Withdrawal Benefits

Accumulated contributions with credited interest at 6.5% per annum, compounded annually (Section 1-2001).

Postretirement Increases

For members who first assumed office before July 1, 2012, postretirement benefit increases are in proportion to increases in the salary of the highest office in which the member served (Section 1-2001).

For members who first assumed office on or after July 1, 2012, postretirement benefit increases are based on changes in the Consumer Price Index. The measurement period for changes in the CPI-U is August to August. The COLA changes are implemented effective on the July 1 following the measurement period.

If the CPI-U increases by at least 1%, the COLA is at least 1%. If the CPI-U increases by more than 1%, an additional postretirement increase of up to 5% each year (but not more than the increase in the CPI-U) may be authorized by the Board, subject to the approval of the Legislature, if it finds that the Public Employee Retirement System of Idaho's (System) assets are no less in value than its actuarial liabilities, including those created by the additional increase.

If the CPI-U increases by less than 1% or decreases, the COLA is automatic, based on the change in the CPI. If a negative COLA is applicable, the negative COLA cannot decrease benefits by more than 6%. Additionally, a negative COLA cannot decrease a member's benefit below the amount of the benefit at the initial benefit date.

If a COLA is implemented that is less than the increase in the CPI-U, members' benefits will not retain their full inflation-adjusted purchasing power. In such cases the Board may implement a Restoration of Purchasing Power (ROPP) COLA at a later date to bring those members closer to 100% of inflation adjusted purchasing power. As with a discretionary COLA, a ROPP is subject to approval of the Legislature and requires that the System's assets are no less in value than its actuarial liabilities, including those created by the additional increase. (Section 59-1355).

Pop-Up Benefit

Section 1-2001b, paragraph (2), provides a judge with a pop-up benefit if the named contingent annuitant predeceases the judge. This benefit equals what they would have received had they not elected the 100% Joint and Survivor form of payment.

Retirement Under Paragraph (b)

Section 1-2001(2), paragraph (b), provides any person now serving as justice of the supreme court, a judge of the court of appeals, or a district judge of a district court an additional 2.5% multiplied by 5 years senior judge service but in any event the total shall not be greater than 75% of the current annual compensation of the highest office held while in active service. The five years of senior judge service is required for this benefit. This benefit is not available with the age 55 and 15 years of service retirement for those judges who first took office after July 1, 2012.

STATISTICAL SECTION

Helping Idaho public employees
build a secure retirement.

The objectives of the Statistical Section are to provide additional historical perspective, context, and relevant details to assist readers in using the information in the financial statements, notes to the financial statements, and the required supplementary information in order to understand and assess the System's economic condition. In support of these objectives, the System has implemented GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section.*

The System is the administrator of seven fiduciary funds including three defined benefit retirement plans - the Public Employee Retirement Fund Base Plan (PERSI Base Plan) the Firefighters' Retirement Fund (FRF) and the Judges' Retirement Plan (JRF); two defined contribution plans - the Public Employee Retirement Fund Choice Plans 401(k) and 414(k) (PERSI Choice Plan); and two Sick Leave Insurance Reserve Trust Funds – one for state employers and one for school district employers. The data in Tables 1 through 4 of this section was provided by the System's actuary and Choice Plan record keeper. The data in the remaining tables was provided by the System's own records.

During FY 2015, the number of active PERSI members increased from 66,223 to 67,008. The number of retired members or annuitants receiving monthly allowances increased from 40,776 to 42,657. The number of inactive members who have not been paid a separation benefit increased from 28,273 to 29,827 Of these inactive members, 11,859 have achieved vested eligibility. Total membership in PERSI increased from 135,272 to 139,492 during the fiscal year. Table 1 of this section illustrates the diversity of our employee membership, and Table 2 shows how the membership distribution of active, retired, and inactive members has changed over the years.

As of June 30, 2015 there were 766 public employers in Idaho who were PERSI members. Tables 8 and 9 of this section illustrate the diversity of our employer participation.

Table 1

Distribution of Membership by Group

	Active Members			Inactive Members			Retirees	
	Vested	Non-vested	Total	Vested	Non-vested	Total		Total
Cities	4,698	2,421	7,119	1,632	1,139	2,771	3,801	13,691
Female	1,386	813	2,199	550	465	1,015	1,333	4,547
Male	3,312	1,608	4,920	1,082	674	1,756	2,468	9,144
Counties	4.957	2,854	7,811	1,023	1,591	2,614	3,503	13,928
Female	2,399	1,417	3,816	548	910	1,458	1,862	7,136
Male	2,558	1,437	3,995	475	681	1,156	1,641	6,792
Schools	19,595	10,213	29,808	4,425	8,313	12,738	18,753	61,299
Female	14,683	7,719	22,402	3,515	6,461	9,976	13,389	45,767
Male	4,912	2,494	7,406	910	1,852	2,762	5,364	15,532
State	10,606	6,662	17,268	3,743	5,774	9,517	13,000	39,785
Female	5,469	3,454	8,923	2,150	3,210	5,360	6,602	20,885
Male	5,137	3,208	8,345	1,593	2,564	4,157	6,398	18,900
All Others	3,187	1,815	5,002	1,036	1,151	2,187	3,600	10,789
Female	932	659	1,591	556	723	1,279	1,556	4,426
Male	2,255	1,156	3,411	480	428	908	2,044	6,363
Grand Total	43,043	23,965	67,008	11,859	17,968	29,827	42,657	139,492
Female	24,869	14,062	38,931	7,319	11,769	19,088	24,742	82,761
Male	18,174	9,903	28,077	4,540	6,199	10,739	17,915	56,731

Table 2

Changes in Membership – PERSI Base Plan

	Active Members			Retired Members		Inactive Members
Fiscal Year Ended	Number	Average Age	Average Years of Service	Number	Average Age	Number
2006	64,762	46.2	10.4	28,438	72.0	21,848
2007	65,800	46.2	10.3	29,619	71.8	22,690
2008	66,765	46.2	10.3	30,912	71.8	23,712
2009	67,813	46.5	10.4	32,197	71.8	23,086
2010	67,020	46.7	10.6	33,625	71.3	24,119
2011	65,798	46.9	10.8	35,334	71.5	25,489
2012	65,270	46.9	10.8	37,150	71.6	26,682
2013	65,535	46.8	10.7	38,947	71.6	27,110
2014	66,223	46.6	10.5	40,776	71.7	28,273
2015	67,008	46.5	10.4	42,657	71.6	29,827

Table 3a

Retired Members by Type of Benefit – PERSI Base Plan

		Type of Retirement			Option Selected	
Amount of Monthly Benefit	Total Number of Retirees	Normal	Disability	Beneficiary	Joint & Survivor[1]	Straight Life[2]
$0 - 250	5,516	4,839	8	669	1,447	4,069
251 - 500	6,062	5,456	54	552	1,417	4,645
501 - 750	4,760	4,192	155	413	1,158	3,602
751 - 1,000	3,750	3,269	173	308	976	2,774
1,001 - 1,250	3,274	2,844	158	272	913	2.361
1,251 - 1,500	2,718	2,340	197	181	789	1,929
1,501 - 1,750	2,401	2,087	173	141	744	1,657
1,751 - 2,000	2,072	1,836	141	95	682	1,390
Over 2,000	12,104	11,349	475	280	4,428	7,676
Totals	42,657	38,212	1,534	2,911	12,554	30,103

[1]Joint & Survivor (also known as Contingent Annuitant)

[2]Single Life Options include Straight Life, Cash Refund, Social Security and all other FOPs.

Table 3b

Retired Members by Type of Benefit – Firefighters' Retirement Fund

Amount of Monthly Benefit	Total Number of Retirees	Type of Retirement: Normal	Type of Retirement: Disability	Type of Retirement: Beneficiary	Option Selected: Joint & Survivor[1]	Option Selected: Straight Life[2]
$0 - 250	4	2		2	2	2
251 - 500	11	2		9	2	9
501 - 750	8	5		3	5	3
751 - 1,000	12	10		2	10	2
1,001 - 1,250	16	11	1	4	12	4
1,251 - 1,500	14	11	1	2	12	2
1,501 - 1,750	13	10	1	2	11	2
1,751 - 2,000	23	16	2	5	18	5
Over 2,000	434	294	27	113	321	113
Totals	535	361	32	142	393	142

[1] *Joint & Survivor (also known as Contingent Annuitant)*
[2] *Single Life Options include Straight Life, Cash Refund, Social Security and all other FOPs.*

Monthly benefit refers to the benefit payable by the FRF plan (total benefit less PERSI benefit).
All FRF retirees and disableds are valued with two benefits and two options.
1) The benefit payable by the FRF plan is valued using a Straight Life option.
2) The total benefit is valued using a Spouse Reversionary option (spouse benefit payable upon the death of the retiree or disabled).
All FRF beneficiaries are valued using a Straight Life option.

Table 3c

Retired Members by Type of Benefit – Judges' Retirement Fund

Amount of Monthly Benefit	Total Number of Retirees	Type of Retirement: Normal	Type of Retirement: Disability	Type of Retirement: Beneficiary	Option Selected: Joint & Survivor[1]	Option Selected: Straight Life[2]
$0 – 2,000	7	1		6	1	6
2,001 – 2,500	2	1		1	1	1
2,501 -3,000	7	2		5	2	5
3,001 - 3,500	4	3		1	2	2
3,501 - 4,000	13	3		10	3	10
4,001 - 4,500	6	5		1	5	1
4,501 - 5,000	2	2			2	
5,001 - 5,500	3	3			3	
Over 5,500	48	46		2	37	11
Totals	92	66		26	56	362

[1] *Joint & Survivor (also known as Contingent Annuitant)*
[2] *Single Life*

Table 3d

Retired Members by Type of Benefit – PERSI Choice Plan

Amount of Monthly Benefit	Total Number of Retirees	Both 414(k) and 401(k)	414(k) Only	401(k) Only
$0 - 250	70	59	3	8
251 - 500	71	49	5	17
501 - 750	34	30		4
751 - 1,000	24	18	1	5
1,001 - 1,250	12	12		
1,251 - 1,500	18	17		1
1,501 - 1,750	15	8		7
1,751 - 2,000	3	2		1
Over 2,000	18	17		1
Totals	265	212	9	44

Table 4a

Average Benefit Payments – PERSI Base Plan

Retirement Effective Dates	Years Credited Service						
	0-4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Period 7/1/05 to 6/30/06							
Average monthly benefit	$456	$292	$634	$1,011	$1,449	$2,228	$3,167
Average final average salary	$1,382	$1,870	$2,448	$2,964	$3,308	$3,845	$4,459
Number of retired members	80	291	289	291	274	332	445
Period 7/1/06 to 6/30/07							
Average monthly benefit	$343	$328	$621	$964	$1,529	$2,242	$3,136
Average final average salary	$1,893	$2,270	$2,515	$2,963	$3,532	$4,019	$4,611
Number of retired members	58	329	303	307	282	318	460
Period 7/1/07 to 6/30/08							
Average monthly benefit	$432	$331	$619	$1,029	$1,555	$2,228	$3,029
Average final average salary	$1,665	$2,176	$2,672	$3,172	$3,673	$5,549	$4,570
Number of retired members	49	291	268	290	295	309	489
Period 7/1/08 to 6/30/09							
Average monthly benefit	$589	$339	$646	$1,079	$1,508	$2,281	$3,121
Average final average salary	$2,157	$2,339	$2,630	$3,319	$3,625	$4,174	$4,760
Number of retired members	67	319	274	318	290	345	482
Period 7/1/09 to 6/30/10							
Average monthly benefit	$388	$330	$648	$990	$1,481	$2,290	$3,197
Average final average salary	$1,475	$2,355	$2,743	$3,067	$3,628	$4,231	$4,809
Number of retired members	43	306	295	340	333	343	506
Period 7/1/10 to 6/30/11							
Average monthly benefit	$474	$366	$654	$1,044	$1,539	$2,358	$3,271
Average final average salary	$1,956	$2,552	$2,786	$3,239	$3,713	$4,385	$4,854
Number of retired members	53	403	329	365	356	382	581
Period 7/1/11 to 6/30/12							
Average monthly benefit	$419	$369	$662	$1,096	$1,591	$2,363	$3,279
Average final average salary	$1,568	$2,445	$2,818	$3,286	$3,778	$4,283	$4,789
Number of retired members	61	440	348	376	406	405	530
Period 7/1/12 to 6/30/13							
Average monthly benefit	$535	$365	$688	$1,102	$1,577	$2,413	$3,351
Average final average salary	$2,482	$2,408	$2,888	$3,303	$3,725	$4,421	$4,933
Number of retired members	58	475	404	381	406	391	496
Period 7/1/13 to 6/30/14							
Average monthly benefit	$276	$383	$681	$1,166	$1,681	$2,351	$3,317
Average final average salary	$2,470	$2,476	$2,788	$3,425	$3,905	$4,360	$4,920
Number of retired members	45	455	423	419	390	414	516
Period 7/1/14 to 6/30/15							
Average monthly benefit	$706	$346	$726	$1,080	$1,647	$2,464	$3,364
Average final average salary	$3,009	$2,314	$3,020	$3,267	$3,839	$4,486	$4,977
Number of retired members	46	482	411	403	385	409	525

Table 4b

Average Benefit Payments – Firefighters' Retirement Fund

Retirement Effective Dates	Years Credited Service						
	0-4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Period 7/1/05 to 6/30/06							
Average monthly benefit						$1,133	$830
Average Final Average Salary						*	$4,639
Number of retired members						2	7
Period 7/1/06 to 6/30/07							
Average monthly benefit							$606
Average Final Average Salary							*
Number of retired members							3
Period 7/1/07 to 6/30/08		No	Valuation	Completed			
Period 7/1/08 to 6/30/09							
Average monthly benefit							$315
Average Final Average Salary							$5,440
Number of retired members							2
Period 7/1/09 to 6/30/10		No	Valuation	Completed			
Period 7/1/10 to 6/30/11	**		**	**	**	**	**
Average monthly benefit							
Average Final Average Salary							
Period 7/1/11 to 6/30/12		No	Valuation	Completed			
Period 7/1/12 to 6/30/13	**		**	**	**	**	**
Average monthly benefit							
Average Final Average Salary							
Period 7/1/13 to 6/30/14							
Average monthly benefit							$6,256
Average Final Average Salary							*
Number of retired members							1
Period 7/1/14 to 6/30/15	**		**	**	**	**	**
Average monthly benefit							
Average Final Average Salary							

*Average final average salary is not the basis for calculating benefits on the classes of firefighters in the group.

** No retirements for the fiscal year

Table 4c

Average Benefit Payments – Judges' Retirement Plan

Retirement Effective Dates	**Years of Service**						
	0 - 4*	**5 - 9**	**10 - 14**	**15 - 19**	**20 - 24**	**25 - 29**	**30+**
Period 7/1/14 to 6/30/15							
Average monthly benefit	$1,870	$3,555	$5,128		$8,041		
Number of retired members	1	1	1		3		

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

Table 4d

Average Benefit Payments – PERSI Choice Plan

Retirement Effective Dates	Years of Service						
	0 - 4*	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Period 7/1/06 to 6/30/07							
Average monthly benefit			$150	$425	$409	$616	$648
Number of retired members			2	2	2	4	4
Period 7/1/07 to 6/30/08							
Average monthly benefit		$1,788	$278	$600	$675	$300	$756
Number of retired members		2	2	2	2	1	8
Period 7/1/08 to 6/30/09							
Average monthly benefit		$525		$452	$542	$817	$360
Number of retired members		3	0	8	7	3	10
Period 7/1/09 to 6/30/10							
Average monthly benefit	$445	$1,063	$285	$566	$729	$642	$529
Number of retired members	1	7	7	19	11	8	28
Period 7/1/10 to 6/30/11							
Average monthly benefit	$445	$913	$378	$511	$794	$621	$674
Number of retired members	1	11	11	25	17	14	38
Period 7/1/11 to 6/30/12							
Average monthly benefit	$850	$525	$425	$514	$534	$489	$588
Number of retired members	1	12	14	30	12	13	37
Period 7/1/12 to 6/30/13							
Average monthly benefit	$820	$456	$515	$554	$480	$683	$644
Number of retired members	2	14	14	27	22	17	44
Period 7/1/13 to 6/30/14							
Average monthly benefit	$120	$890	$534	$1,124	$560	$656	$560
Number of retired members	1	10	15	23	13	17	41
Period 7/1/14 to 6/30/15							
Average monthly benefit	$588	$1,665	$844	$1,341	$747	$927	$738
Number of retired members	2	14	25	26	13	22	43

**Average final average salary data not applicable for this defined contribution plan. The average monthly benefit is determined by the retiree and can vary significantly based on the number of months the retiree chooses to receive payments.*

Table 5

Schedule of Benefit Expenses by Type

Fiscal Year	Age & Service Benefits: Retirants	Age & Service Benefits: Survivors (2)	Disabilities Retirants (1): Pre-NRA	Disabilities Retirants (1): Post-NRA	Disabilities: Survivors	Refunds: Death	Refunds: Separation	Total
PERSI BASE PLAN and FRF								
2010	482,822,862	26,105,686	17,680,158	7,776,994	1,033,331	8,040,775	28,707,077	572,166,883
2011	522,613,510	27,267,164	18,053,494	8,716,510	1,207,594	8,554,827	30,198,785	616,611,884
2012	561,784,458	28,396,660	18,557,300	9,483,506	1,263,805	10,018,545	30,812,354	660,316,628
2013	602,758,058	29,847,798	19,229,642	10,737,466	1,385,697	11,562,936	32,266,986	707,788,583
2014	677,054,949	31,181,280	19,263,836	11,699,605	1,499,603	12,414,898	33,959,615	787,073,786
2015	685,057,604	32,850,337	18,982,851	12,714,575	1,769,618	11,212,116	28,354,914	790,942,015
JUDGES' RETIREMENT PLAN								
2015	4,683,420	893,969						
PERSI CHOICE PLAN								
2010	7,703,591							
2011	10,110,544							
2012	9,464,776							
2013	10,251,319							
2014	11,147,689							
2015	15,662,811							
SICK LEAVE INSURANCE RESERVE TRUST FUND								
2010	14,304,262							
2011	15,267,853							
2012	16,310,005							
2013	16,687,698							
2014	17,373,642							
2015	17,853,009							

(1) The split between duty and non-duty disabilities is not available.

(2) Benefit amounts are not available. All survivors are included with the Age & Service Benefits survivors.

NRA = Normal Retirement Age. PERSI members with disability benefits convert to age & service retirants at NRA (60 for Fire & Police, 65 for other members).

Schedule is intended to show information for 6 years. Additional years will be displayed as they become available

Table 6

History of Cost-of-Living Adjustments

Year [1]	CPI Rate	PERSI COLA Rate	Maximum COLA	Difference	
1980	12.2	6.0	6.0	0.0	
1981	12.6	6.0	6.0	0.0	
1982	10.2	6.0	6.0	0.0	
1983	5.1	5.1	5.1	0.0	
1984	2.9	2.9	2.9	0.0	
1985	4.2	4.2	4.2	0.0	
1986	3.2	1.0	3.2	2.2	(2)
1987	1.5	1.5	1.5	0.0	
1988	4.5	1.0	4.5	3.5	(2)
1989	4.2	1.0	4.2	3.2	(2)
1990	4.7	4.7	4.7	0.0	
1991	5.6	5.6	5.6	0.0	
1992	3.8	3.8	3.8	0.0	
1993	3.1	3.1	3.1	0.0	
1994	2.8	2.8	2.8	0.0	
1995	2.9	2.9	2.9	0.0	
1996	2.6	2.6	2.6	0.0	
1997	2.9	2.9	2.9	0.0	
1998	2.2	2.2	2.2	0.0	
1999	1.6	1.6	1.6	0.0	(2)
2000	2.3	2.3	2.3	0.0	
2001	3.4	3.4	3.4	0.0	
2002	2.7	2.7	2.7	0.0	
2003	1.8	1.0	1.8	0.8	(3)
2004	2.2	2.2	2.2	0.0	
2005	2.7	2.7	2.7	0.0	(3)
2006	3.6	3.6	3.6	0.0	
2007	3.8	3.8	3.8	0.0	
2008	2.0	2.0	2.0	0.0	
2009	5.4	1.0	5.4	4.4	(4), (5)
2010	-1.48	1.0	-1.48	0.0	(4)
2011	1.15	1.0	1.15	0.15	(5)
2012	3.77	1.0	3.77	2.77	(5)
2013	1.69	1.0	1.69	.69	
2014	1.59	1.0	1.59	.59	
2015	1.7	1.7	1.7	0.0	(5)
2016	.2	.2	.2	0.0	

(1) For years 1980 through 1986, based on the prior year annual change in CPI-U, August to August, adjustments were effective January 1. Beginning in 1987, adjustments were effective March 1.

(2) Retro-active COLAs were awarded effective March 1, 1999 to re-establish purchasing power for the years 1986, 1988, 1989.

(3) A retro-active COLA was awarded effective March 1, 2005 to re-establish purchasing power for 2003.

(4) A retro-active COLA of 2.48% was awarded effective March 1, 2010 to re-store partial purchasing power for 2009 for a net COLA of 1%.

(5) A retro-active COLA of up to 2.3% was awarded effective March 1, 2015 to re-establish purchasing power for the years 2009, 2011, 2012

This page left intentionally blank

Table 7a

Changes in Net Position - Base Plan
(last 10 fiscal years)

	2006	2007	2008
Additions:			
Employee Contributions	154,313,873	159,601,160	170,710,597
Employer Contributions	250,816,313	259,489,787	273,410,279
Investment Income [1]	215,827,564	249,200,581	275,703,902
Gains and Losses	753,557,611	1,544,783,501	(779,405,404)
Transfers/Rollovers In			
Other Income	127,213	238,637	215,297
Total additions to plan net position	**1,374,642,574**	**2,213,313,666**	**(59,365,329)**
Deductions			
Benefit Payments	368,878,921	408,095,615	448,660,441
Refunds	29,580,469	27,570,866	31,151,910
Administrative Expenses	7,307,876	6,680,619	5,905,580
Transfers/Rollovers Out			
Total deductions to plan net position	**405,767,266**	**442,347,100**	**485,717,931**
Change in net position	**968,875,308**	**1,770,966,566**	**(545,083,260)**

[1] Investment income is reported net of investment expense.

2009	2010	2011	2012	2013	2014	2015
180,063,010	178,124,381	178,415,845	179,168,074	184,652,290	203,890,954	211,468,780
284,608,663	284,932,418	279,174,844	277,143,887	285,440,860	310,986,283	321,240,628
221,899,829	200,479,456	231,745,111	240,033,473	247,522,779	279,876,227	273,500,316
(1,920,771,032)	833,597,303	1,697,095,152	(102,816,241)	726,899,521	1,719,909,543	97,579,801
84,268	12,261	37,716	24,089	16,311	12,690	16,767
(1,234,115,262)	**1,497,145,819**	**2,386,468,668**	**593,553,282**	**1,444,531,761**	**2,514,675,697**	**903,806,292**
483,128,952	517,046,719	558,619,602	599,848,356	654,141,410	694,765,148	742,712,826
34,845,676	36,747,852	38,753,611	40,830,899	33,845,755	34,828,507	28,354,914
6,232,678	6,471,359	5,973,540	6,231,431	6,308,487	6,787,811	6,434,462
524,207,306	**560,265,930**	**603,346,753**	**646,910,686**	**694,295,652**	**736,381,466**	**777,502,202**
(1,758,322,568)	**936,879,889**	**1,783,121,915**	**(53,357,404)**	**750,236,109**	**1,778,294,231**	**126,304,090**

Table 7b

Changes in Net Position - FRF Plan
(last 10 fiscal years)

	2006	2007	2008
Additions:			
Employee Contributions	38,205	34,588	23,190
Employer Contributions	12,106,263	12,130,774	12,866,827
Investment Income [1]	5,838,887	6,625,115	7,249,703
Gains and Losses	20,386,356	41,068,797	(20,494,659)
Transfers/Rollovers In			
Other Income			
Total additions to plan net position	**38,369,711**	**59,859,274**	**(354,939)**
Deductions			
Benefit Payments	16,826,643	17,083,762	17,163,333
Refunds			
Administrative Expenses			
Transfers/Rollovers Out			
Total deductions to plan net position	**16,826,643**	**17,083,762**	**17,163,333**
Change in net position	**21,543,068**	**42,775,512**	**(17,518,272)**

[1] Investment income is reported net of investment expense.

2009	2010	2011	2012	2013	2014	2015
18,753	16,185	13,746	11,100	11,136	9,095	6,168
13,434,204	13,542,331	13,313,715	13,486,309	14,227,313	14,200,323	11,305,473
5,772,048	5,165,228	5,912,515	6,096,564	6,289,701	8,078,269	6,896,831
(49,963,011)	21,423,526	43,298,001	(2,611,410)	18,470,947	49,642,989	2,461,078
(30,738,006)	**40,147,270**	**62,537,977**	**16,982,563**	**38,999,097**	**71,930,676**	**20,669,550**
17,945,071	18,372,312	19,238,671	19,637,373	19,801,418	19,958,800	19,874,275
						153,719
17,945,071	**18,372,312**	**19,238,671**	**19,637,373**	**19,801,418**	**19,958,800**	**20,027,994**
(48,683,077)	**21,774,958**	**43,299,306**	**(2,654,810)**	**19,197,679**	**51,971,876**	**641,556**

Table 7c

Changes in Net Position - Choice Plan 401(k) (last 10 fiscal years)

	2005	2006	2007	2008
Additions:				
Employee Contributions	21,464,820	25,873,335	29,668,354	34,868,605
Employer Contributions	203,026	282,128	190,850	217,878
Investment Income [1]	4,433,590	5,544,611	6,331,682	6,606,090
Gains and Losses	5,195,696	10,216,259	26,809,103	(20,059,176)
Transfers/Rollovers In	8,275,628	6,246,072	8,512,489	8,946,219
Other Income				
Total additions to plan net position	**39,572,760**	**48,162,405**	**71,512,478**	**30,579,616**
Deductions				
Benefit Payments	3,126,755	3,478,900	3,568,243	3,882,154
Refunds				
Administrative Expenses				
Transfers/Rollovers Out	1,269,780	2,040,953	5,015,298	5,982,049
Total deductions to plan net position	**4,396,535**	**5,519,853**	**8,583,541**	**9,864,203**
Change in net position	**35,176,225**	**42,642,552**	**62,928,937**	**20,715,413**

[1] Investment income is reported net of investment expense.

2009	2010	2011	2012	2013	2014	2015
35,680,207	33,413,555	33,068,567	32,417,476	36,341,951	39,062,685	42,874,459
153,211	127,154	180,556	383,189	9,119,848	14,230,058	5,166,873
6,144,038	6,144,609	7,441,583	8,267,997	9,431,394	11,462,165	9,589,538
(45,522,778)	20,858,277	51,079,923	(1,861,880)	31,292,784	69,529,511	9,030,653
6,057,764	4,867,768	7,469,551	9,576,929	9,132,179	10,706,301	14,575,338
2,512,442	**65,411,363**	**99,240,180**	**48,783,711**	**95,318,156**	**144,990,720**	**81,236,861**
4,951,776	6,013,245	7,771,465	7,123,041	8,018,315	8,936,739	12,729,966
7,069,099	7,676,334	12,032,837	13,323,865	15,382,348	18,901,443	23,364,173
12,020,875	**13,689,579**	**19,804,302**	**20,446,906**	**23,400,663**	**27,838,182**	**36,094,139**
(9,508,433)	**51,721,784**	**79,435,878**	**28,336,805**	**71,917,493**	**117,152,538**	**45,142,722**

Table 7d

Changes in Net Position - Choice Plan 414(k) (last 10 fiscal years)

	2006	2007	2008
Additions:			
Employee Contributions			
Employer Contributions			
Investment Income [1]	517,524	1,781,823	1,789,833
Gains and Losses	6,197,819	9,903,322	(4,902,983)
Transfers/Rollovers In			
Other Income			
Total additions to plan net position	**6,715,343**	**11,685,145**	**(3,113,150)**
Deductions			
Benefit Payments	484,674	1,695,744	1,749,823
Refunds			
Administrative Expenses			
Transfers/Rollovers Out	1,999,769	1,242,579	1,291,002
Total deductions to plan net position	**2,484,443**	**2,938,323**	**3,040,825**
Change in net position	**4,230,900**	**8,746,822**	**(6,153,975)**

[1] Investment income is reported net of investment expense.

2009	2010	2011	2012	2013	2014	2015
				6,462		
1,365,004	1,168,118	1,244,977	1,190,148	1,192,371	1,293,253	901,407
(11,880,802)	4,877,123	9,321,922	(564,614)	3,732,343	8,177,394	776,244
(10,515,798)	**6,045,241**	**10,566,899**	**625,534**	**4,931,176**	**9,470,647**	**1,677,651**
1,814,867	1,690,346	2,339,079	2,341,735	2,233,004	2,210,950	2,932,845
1,056,981	1,208,031	1,627,984	1,619,181	1,619,036	1,661,723	2,049,671
2,871,848	**2,898,377**	**3,967,063**	**3,960,916**	**3,852,040**	**3,872,673**	**4,982,516**
(13,387,646)	**3,146,864**	**6,599,836**	**(3,335,382)**	**1,079,136**	**5,597,974**	**(3,304,865)**

Table 7e

Changes in Net Position – Sick Leave Insurance Reserve Fund – State (last 10 fiscal years)

	2006	2007	2008
Additions:			
Employer Contributions	5,322,463	5,343,549	5,681,376
Net appreciation (depreciation) [1]	3,512,674	10,636,103	(10,878,863)
Other Income	6,023	8,521	10,520
Total additions to plan net position	**8,841,160**	**15,988,173**	**(5,186,967)**
Deductions			
Benefit Payments	2,724,234	2,990,660	3,628,582
Administrative Expenses	20,257	29,842	29,823
Total deductions to plan net position	**2,744,491**	**3,020,502**	**3,658,405**
Change in net position	**6,096,669**	**12,967,671**	**(8,845,372)**

Table 7f

Changes in Net Position – Sick Leave Insurance Reserve Fund – School (last 10 fiscal years)

	2006	2007	2008
Additions:			
Employer Contributions	11,575,041	12,504,038	13,150,921
Net appreciation (depreciation) [1]	5,792,037	17,548,185	(17,999,083)
Other Income	9,930	14,034	17,345
Total additions to plan net position	**17,377,008**	**30,066,257**	**(4,830,817)**
Deductions			
Benefit Payments	7,729,406	8,656,757	9,238,739
Administrative Expenses	33,403	49,148	49,167
Total deductions to plan net position	**7,762,809**	**8,705,905**	**9,287,906**
Change in net position	**9,614,199**	**21,360,352**	**(14,118,723)**

[1] Reported net of investment expense.

2009	2010	2011	2012	2013	2014	2015
5,889,260	5,790,947	5,675,940	5,793,204	6,049,837	6,088,489	6,347,903
(9,976,100)	9,814,139	19,114,477	2,298,334	15,142,268	23,097,449	5,722,685
2,554	2,042	2,656	3,690	1,290	1,079	600
(4,084,286)	**15,607,128**	**24,793,073**	**8,095,228**	**21,193,395**	**29,187,017**	**12,071,188**
4,328,025	3,656,816	3,765,826	3,463,901	4,049,618	4,366,900	4,510,989
35,486	39,080	39,148	39,346	39,876	40,181	40,375
4,363,511	**3,695,896**	**3,804,974**	**3,503,247**	**4,089,494**	**4,407,081**	**4,551,364**
(8,447,797)	**11,911,232**	**20,988,099**	**4,591,981**	**17,103,901**	**24,779,936**	**7,519,824**

2009	2010	2011	2012	2013	2014	2015
13,669,429	13,855,046	13,307,372	12,866,373	13,380,821	13,264,646	13,521,617
(16,505,489)	16,376,593	31,830,496	3,796,750	24,479,545	36,880,546	9,043,823
6,054	2,877	2,064	740	724	327	164
(2,830,006)	**30,234,516**	**45,139,932**	**16,663,863**	**37,861,090**	**50,145,519**	**22,565,604**
10,011,758	10,647,446	11,502,027	12,846,104	12,638,080	13,006,742	13,342,020
58,714	65,259	65,192	64,994	64,464	64,159	63,965
10,070,472	**10,712,705**	**11,567,219**	**12,911,098**	**12,702,544**	**13,070,901**	**13,405,985**
(12,900,478)	**19,521,811**	**33,572,713**	**3,752,765**	**25,158,546**	**z37,074,618**	**9,159,619**

Table 7g
Changes in Net Position – JRF

	2015
Additions:	
Employee Contributions	629,077
Employer Contributions	3,595,417
Investment Income[1]	1,523,041
Net appreciation (depreciation)	526,854
Other Income	2,063
Total additions to plan net position	**6,276,452**
Deductions	
Benefit Payments	5,577,389
Administrative Expenses	95,733
Total deductions to plan net position	**5,673,122**
Special Item – Transfer in of Judges' Retirement Fund	**75,864,300**
Change in net position	**76,467,630**

[1] Reported net of investment expense.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Table 8

Principal Participating Employers

2015

Participating Employers	Covered Employees	Rank	Percentage of Total System
State of Idaho	17,268	1	26%
West Ada School District (Formerly Meridian School District)	3,302	2	5%
Boise Ind. School District	3,022	3	5%
Ada County	1,615	4	2%
Nampa School District	1,311	5	2%
City of Boise	1,310	6	2%
Pocatello School District	1,180	7	2%
Bonneville School District	1,046	8	2%
Coeur d'Alene School District	990	9	1%
Twin Falls School District	910	10	1%
All other	35,054		52%
Total (666 employers)	**67,008**		**100%**

2006

Participating Employers	Covered Employees	Rank	Percentage of Total System
State of Idaho	18,147	1	28%
Meridian School District	3,092	2	5%
Boise Ind School District	3,032	3	5%
Ada County	1,366	4	2%
Pocatello School District	1,332	5	2%
Nampa School District	1,312	6	2%
City of Boise	1,219	7	2%
Idaho Falls School District	1,039	8	2%
Coeur d'Alene School District	1,036	9	1%
Bonneville School District	804	10	1%
All other	32,383		50%
Total (594 employers)	**64,762**		**100%**

Table 9

Public Entities Participating in PERSI

State Agencies
Accountancy Board
Administration Dept.
Aging Commission
Agriculture Dept.
Arts Commission
Attorney General
Barley Commission
Bean Commission
Beef Council
Blind Commission
Boise State University
Brand Inspector
Building Safety Division
Commerce Dept.
Controller's Office
Corrections Dept.
Correctional Industries
Dairy Council
Dentistry Board
Eastern Idaho Technical College
Education Board
Endowment Fund Investment Board
Environmental Quality Dept.
Finance Dept.
Financial Management Division
Fish and Game Dept.
Forest Products Com.
Governor's Office
Health and Welfare Dept.
Health Dist.#1
Health Dist.#2
Health Dist.#3
Health Dist.#4
Health Dist.#5
Health Dist.#6
Health Dist.#7
Hispanic Affairs Commission
Historical Society
Human Resources Division
Idaho Div. Prof.-Tech. Education
Idaho Grape Growers and Wine Producers Commission
Idaho Oilseed Commission
Idaho Public Television
ID Rangeland Resources Com.
Idaho State Bar
Idaho State Police
Idaho State University
Independent Living Council
Industrial Commission
Insurance Dept.
Insurance Fund
Judicial Branch
Juvenile Corrections
Labor Dept.
Lands Dept.
Lava Hot Springs Foundation
Legislative Services
Legislature - House of Reps.
Legislature - Senate
Lewis-Clark State College
Library
Lieutenant Governor
Liquor Dispensary
Lottery
Medicine Board
Military Division
Nursing Board
Occupational Licenses Bureau
Office of Drug Policy
Office of Energy Resources
Office of Performance Evaluations
Outfitters and Guides
Parks & Recreation
Pardons and Paroles Com
Pharmacy Board
Potato Commission
Prof. Engineers & Land Surveyors
Public Employee Retire. Sys.
Public Defense Commission
Public Utilities Commission
Racing Commission
Real Estate Commission
Secretary of State
Soil Conservation Commission
Species Conservation Office
State Appellate Public Defender
Superintendent of Public Instr.
Tax Appeals Board
Tax Commission
Transportation Dept.
Treasurer
University of Idaho
Veterans Services Division
Veterinary Medicine Board
Vocational Rehabilitation
Water Resources Dept.
Wheat Commission

Counties
Ada County
Adams County
Bannock County
Bear Lake County
Benewah County
Bingham County
Blaine County
Boise County
Bonner County
Bonneville County
Boundary County
Butte County
Camas County
Canyon County
Caribou County
Cassia County
Clark County
Clearwater County
Custer County
Elmore County
Franklin County
Fremont County
Gem County
Idaho County
Jefferson County
Jerome County
Kootenai County
Latah County
Lemhi County
Lewis County
Lincoln County
Madison County
Minidoka County
Nez Perce County
Oneida County
Owyhee County
Payette County
Power County
Shoshone County
Teton County
Valley County
Washington County

Cities
City of Aberdeen
City of Albion
City of American Falls
City of Ammon
City of Arco
City of Ashton
City of Athol

City of Bancroft
City of Blackfoot
City of Bliss
City of Bellevue
City of Bloomington
City of Boise
City of Bonners Ferry
City of Bovill
City of Buhl
City of Burley
City of Caldwell
City of Cambridge
City of Cascade
City of Castleford
City of Challis
City of Chubbuck
City of Clark Fork
City of Coeur d' Alene
City of Cottonwood
City of Council
City of Craigmont
City of Culdesac
City of Dalton Gardens
City of Deary
City of Declo
City of Donnelly
City of Dover
City of Downey
City of Driggs
City of Dubois
City of Eagle
City of Emmett
City of Fairfield
City of Filer
City of Firth
City of Franklin
City of Fruitland
City of Garden City
City of Genesee
City of Georgetown
City of Glenns Ferry
City of Gooding
City of Grace
City of Grangeville
City of Greenleaf
City of Hagerman
City of Hailey
City of Hayden
City of Hayden Lake
City of Heyburn
City of Homedale
City of Hope
City of Horseshoe Bend
City of Idaho Falls
City of Inkom
City of Iona
City of Island Park
City of Jerome
City of Juliaetta
City of Kamiah
City of Kellogg
City of Kendrick
City of Ketchum
City of Kimberly
City of Kooskia
City of Kootenai
City of Kuna
City of Lapwai
City of Lava Hot Springs
City of Lewiston
City of Mackay
City of Malad
City of Malta
City of Marsing
City of McCall
City of McCammon
City of Melba
City of Menan
City of Meridian
City of Middleton
City of Montpelier
City of Moscow
City of Mountain Home
City of Moyie Springs
City of Mullan
City of Nampa
City of New Meadows
City of New Plymouth
City of Newdale
City of Nezperce
City of Notus
City of Oakley
City of Old Town
City of Orofino
City of Osburn
City of Paris
City of Parker
City of Parma
City of Paul
City of Payette
City of Pinehurst
City of Plummer
City of Pocatello
City of Ponderay
City of Post Falls
City of Potlatch
City of Preston
City of Priest River
City of Rathdrum
City of Rexburg
City of Richfield
City of Rigby
City of Riggins
City of Ririe
City of Roberts
City of Rupert
City of Salmon
City of Sandpoint
City of Shelley
City of Shoshone
City of Smelterville
City of Soda Springs
City of Spirit Lake
City of St. Anthony
City of St. Charles
City of St. Maries
City of Sugar City
City of Sun Valley
City of Tensed
City of Teton
City of Tetonia
City of Troy
City of Twin Falls
City of Ucon
City of Victor
City of Wallace
City of Weippe
City of Weiser
City of Wendell
City of Weston
City of Wilder
City of Winchester
City of Worley

Water and Sewer Districts

A&B Irrigation District
Ada County Drainage Dist.#2
Aberdeen-Springfield Canal Co.
American Falls Reservoir Dist.#1
American Falls Reservoir Dist.#2
Avondale Irrigation Dist.
Big Lost River Irrigation
Big Wood Canal Co.
Black Canyon Irrigation Dist.
Boise-Kuna Irrigation Dist.
Boise Project Board of Control
Burley Irrigation Dist.
Cabinet Mountain Water Dist.
Caldwell Irrigation Lateral Dist.
Canyon Hill Irrigation Dist.
Cataldo Water Dist.
Central Shoshone Cnty Water Dist.

Dalton Gardens Irrigation Dist.
East Green Acres Irrigation Dist.
East Shoshone Cnty Water Dist.
Falls Irrigation District
Fish Haven Area Rec. Sewer Dist.
Fremont-Madison Irrigation Dist.
Grand View Mutual Canal Co.
Granite Reeder Water & Sewer
Hayden Lake Recreational Water & Sewer Dist.
Hayden Lake Irrigation Dist.
Idaho Irrigation Dist.
Kalispel Bay Water/Sewer Dist.
King Hill Irrigation Dist.
Kingston Water Dist.
Kootenai-Ponderay Sewer Dist.
Lake Irrigation Dist.
Lewiston Orchards Irrigation Dist.
Little Wood River Irrigation Dist.
Milner Low Lift Irrigation Dist.
Minidoka Irrigation Dist.
Mountain Home Irrigation Dist.
Nampa-Meridian Irrigation Dist.
New Sweden Irrigation Dist.
New York Irrigation Dist.
North Kootenai Water Dist.
North Snake Ground Water Dist.
Orofino Cr-Whiskey Cr Water/Sewer Dist.
Outlet Bay Water & Sewer Dist.
Owyhee Project Sewer Board
Payette Lakes Water/Sewer Dist.
People's Canal & Irrigation Co.
Pinehurst Water Dist.
Pioneer Irrigation Dist.
Progressive Irrigation Dist.
Riverside Independent Water/Sewer
Riverside Irrigation Dist.
Riverside Irrigation Dist. Ltd.
Roseberry Irrigation Dist.
Ross Point Water Dist.
Settlers Irrigation Dist.
Snake River Valley Irrigation Dist.
Southside Water & Sewer Dist.
Star Sewer & Water Dist.
Sun Valley Water & Sewer Dist.
Twin Falls Canal Co.
Water Dist.#1
Water Dist.#11
Water Dist.#31
Water Dist.#32C
Water Dist.#34
Water Dist.# 37 and #37M
Water Dist.#37N
Water Dist. #63
Weiser Irrigation Dist.
West Bonner Water & Sewer Dist.
Wilder Irrigation Dist.

Highway Districts

Ada County Highway Dist.
Atlanta Highway Dist.
Bliss Highway Dist.
Buhl Highway Dist.
Burley Highway Dist.
Canyon Highway Dist.#4
Central Highway Dist.
Clarkia Better Roads Hwy. Dist.
Clearwater Hwy. Dist.
Cottonwood Hwy. Dist.
Deer Creek Hwy. Dist.
Dietrich Hwy. Dist.#5
Downey-Swan Lake Hwy. Dist.
East Side Hwy. Dist.
Evergreen Hwy. Dist.
Fenn Hwy. Dist.
Ferdinand Hwy. Dist.
Filer Highway Dist.
Fruitland Hwy. Dist. #1
Gem Hwy. Dist.
Glenns Ferry Hwy. Dist.
Golden Gate Hwy. Dist.
Gooding Hwy. Dist.
Grangeville Hwy. Dist.
Greencreek Hwy. Dist.
Hagerman Hwy. Dist.
Hillsdale Hwy. Dist.
Homedale Hwy. Dist.
Independent Hwy. Dist.
Jerome Hwy. Dist.
Kamiah Hwy. Dist.
Keuterville Hwy. Dist.
Kidder-Harris Hwy. Dist.
Lakes Hwy. Dist.
Lost River Hwy. Dist.
Minidoka County Hwy. Dist.
Mountain Home Hwy. Dist.
Nampa Hwy. Dist.
North Hwy. Dist.
North Latah County Hwy. Dist.
Notus-Parma Hwy. Dist.
Oakley Hwy. Dist.
Plummer-Gateway Hwy. Dist.
Post Falls Hwy. Dist.
Prairie Highway Dist.
Raft River Hwy. Dist.
Richfield Highway Dist.#3
Shoshone Highway Dist.#2
So. Latah County Hwy. Dist.#2
Twin Falls Hwy. Dist.
Union Independent Hwy. Dist.
Weiser Valley Hwy. Dist.
Wendell Hwy. Dist.#6
West Point Hwy. Dist.
White Bird Hwy.Dist.
Winona Hwy. Dist.
Worley Hwy. Dist.

Junior Colleges and Public School Districts

North Idaho College
College of Southern Idaho
Aberdeen School Dist.
Academy at Roosevelt Center Charter School
American Falls School Dist.
American Heritage Charter School
Another Choice Virtual Charter School
ANSER of Idaho Inc.
Arbon School Dist.
Avery School Dist.
Basin School Dist.
Bear Lake School Dist.
Bingham Academy
Blackfoot Charter Com. Learning Ctr.
Blackfoot School Dist.
Blaine County School Dist.
Bliss School Dist.
Boise Independent School Dist.
Bonneville School Dist.
Boundary County School Dist.
Bruneau-Grandview School Dist.
Buhl School Dist.
Butte County School Dist.
Caldwell School Dist.
Camas County School Dist.
Cambridge School Dist.
Canyon-Owyhee School Dist.
Cascade School Dist.
Cassia County School Dist.
Castleford School Dist.
Challis Joint School Dist.
Chief Tahgee Elem. School
Clark County School Dist.
Clearwater-Orofino School Dist.

Coeur d' Alene Charter Academy
Coeur d' Alene School Dist.
College of Western Idaho
Compass Public Charter School
Cottonwood School Dist.
Council Valley School Dist.
Culdesac Joint School Dist.
Dietrich School Dist.
Emmett School Dist.
Falcon Ridge Charter School
Filer School Dist.
Firth School Dist.
Fruitland School Dist.
Garden Valley School Dist.
Genesee School Dist.
Glenns Ferry Joint School Dist.
Gooding Joint School Dist.
Grace School Dist.
Hagerman Joint School Dist.
Hansen School Dist.
Heritage Academy
Heritage Community Charter School
Highland Joint School Dist.
Homedale School Dist.
Horseshoe Bend School Dist.
I Succeed Virtual Charter School
Idaho Arts Charter School
Idaho College and Career Readiness Academy
Idaho Distance Education Academy
Idaho Falls School Dist.
Idaho High School Activities Assn.
Idaho Science & Technology Charter School
Idaho Virtual Academy
Idaho Virtual Ed. Partners Inc.
Inspire Virtual Charter School
Jerome School Dist.
Kamiah Joint School Dist.
Kellogg School Dist.
Kendrick School Dist.
Kimberly School Dist.
Kootenai School Dist.
Kootenai Bridge Academy
Kootenai Tech. Ed. Campus
Kuna Joint School Dist.
Lake Pend Oreille School Dist.
Lakeland School Dist.
Lapwai School Dist.
Legacy Public Charter School
Lewiston Indept. School Dist.
Liberty Charter School Inc.
Mackay School Dist.
Madison School Dist.
Marsh Valley School Dist.
Marsing School Dist.
McCall Donnelly School Dist.
Meadows Valley School Dist.
Melba School Dist.
Meridian Charter HS Inc.
Meridian Medical Arts Charter School
Middleton School Dist.
Midvale School Dist.
Minidoka County School Dist.
Monticello Montessori Charter School
Moscow Charter School
Moscow School Dist.
Mountain Home School Dist.
Mountain View School Dist.
Mullan School Dist.
Murtaugh School Dist.
Nampa School Dist.
New Plymouth School Dist.
Nez Perce Joint School Dist.
North Gem School Dist.
North Star Charter School
North Valley Academy Charter School
Notus School Dist.
Oneida School Dist.
Palouse Prairie Educ. Org.
Parma School Dist.
Payette School Dist.
Pleasant Valley School Dist.
Plummer-Worley Jnt. School Dist.
Pocatello Community Charter School
Pocatello School Dist.
Post Falls School Dist.
Potlatch School Dist.
Prairie School Dist.
Preston School Dist.
Richard McKenna Charter HS
Richfield School Dist.
Rigby School Dist.
Ririe School Dist.
Rockland School Dist.
Rolling Hills Charter School
Sage International School of Boise
Salmon School Dist.
Salmon River Joint School Dist.
Sandpoint Charter School
Shelley Joint School Dist.
Shoshone School Dist.
Snake River School Dist.
Soda Springs School Dist.
South Lemhi School Dist.
St. Anthony School Dist.
St. Maries School Dist.
STEM Charter Academy
Sugar-Salem School Dist.
Swan Valley School Dist.
Syringa Mountain School
Taylor's Crossing Public Charter School
Teton School Dist.
The Village Charter School
Three Creek School Dist.
Thomas Jefferson Charter School
Troy School Dist.
Twin Falls School Dist.
Upper Carmen Charter School
Valley School Dist.
Vallivue School Dist.
Victory Charter School
Vision Charter School
Wallace School Dist.
Weiser School Dist.
Wendell School Dist.
West Ada School Dist. (Formerly Meridian School Dist.)
West Bonner County School Dist.
West Jefferson School Dist.
West Side School Dist.
Whitepine Charter School
Whitepine Jnt. School Dist.
Wilder School Dist.
Xavier Charter School

Other

Bannock Planning Organization
Cascade Medical Center
Weiser Memorial Hospital
Community Planning Assn.of SW Idaho
American Falls Housing Auth.
Assn. of Idaho Cities
Bear Lake Regional Com.
Bench Sewer Dist.
Bingham County Sr. Citizens Ctr.
Blaine County Recreational Dist.
Boise City/Ada Cty. Housing Auth.

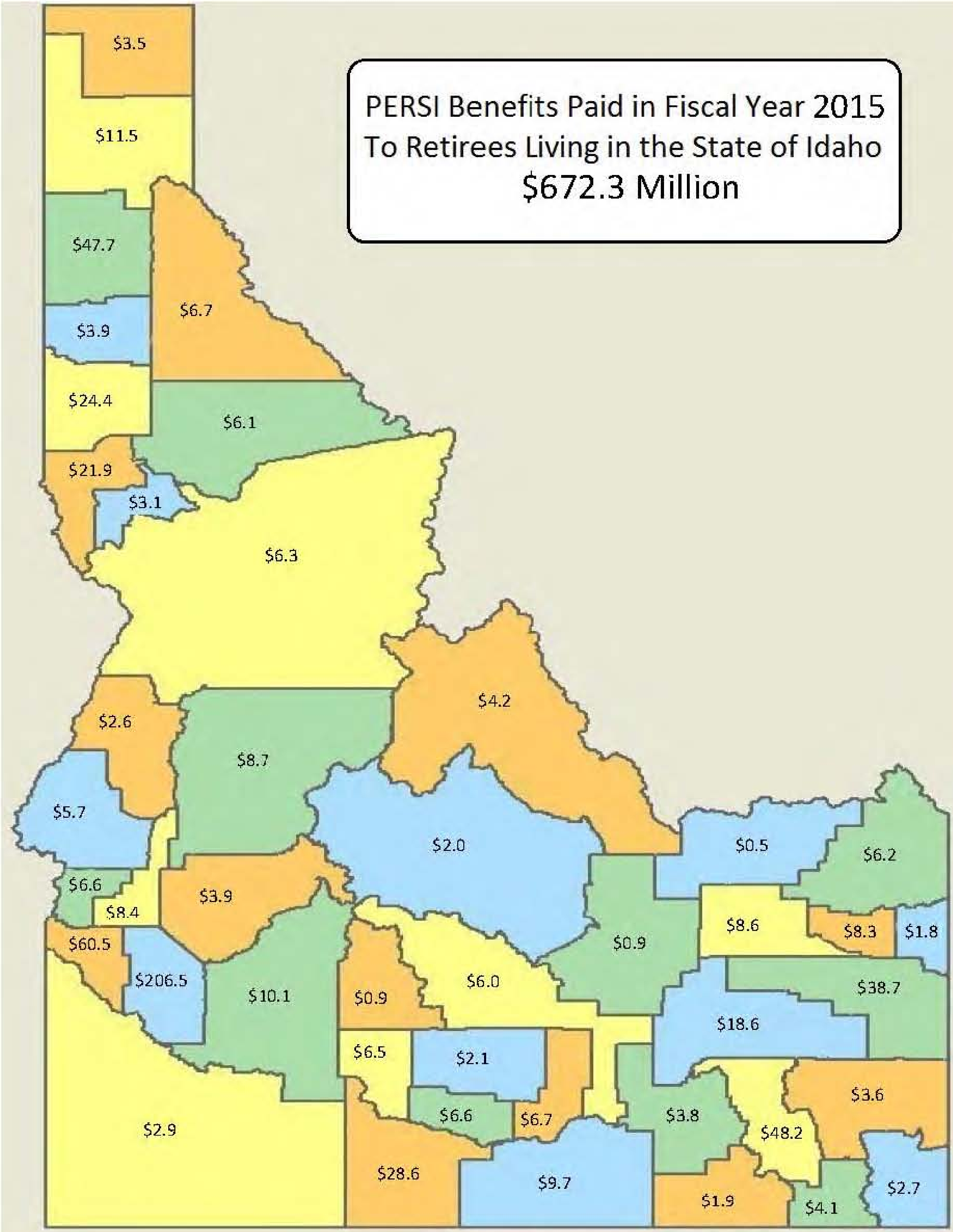
Buhl Housing Authority
Caldwell Housing Auth.
CCOA Aging, Weatherization and Human Services
Canyon County Mosquito Abatement Dist.
Capital City Development Corp.
Caribou Soil Conservation Dist.
Central Orchards Sewer Dist.
Clearwater-Potlatch Timber Protection Assn.
Coolin Sewer Dist.
Dry Creek Cemetery Dist.
Eagle Sewer Dist.
Eastern Idaho Fair Board
Eastern Idaho Regional Waste Water Auth.
Edwards Mosquito Abatement Dist.
Foster Grandparents of SE ID
Gem County Mosquito Abatement Dist.
Gem County Recreation
Genesee Cemetery Dist.
Gooding Cemetery Maint. Dist.
Grangeville Cemetery Maint. Dist.
Greater Middleton Parks & Rec Dist.
Hagerman Cemetery Dist.
Hauser Lake Fire Protection Dist.
Hayden Area Reg. Sewer Bd.
Hillcrest Cemetery Maint. Dist.
Housing Authority of Pocatello
Idaho Bureau of Educational Services for the Deaf and Blind
Idaho School Board Assn.
Idaho School District Council
Idaho Crop Improvement Assn.
Idaho Digital Learning Academy
Idaho Public Employees Assn.
Idaho Assn. of Counties
Idaho Heritage Trust, Inc.
Idaho Education Assn.
Idaho Assn. of School Admin.
Idaho County Risk Mgmt. Program
Iona Bonneville Sewer Dist.
Jerome Recreation Dist.
Kingston-Cataldo Sewer Dist.
Kootenai Metropolitan Planning Org.
Kuna Cemetary Maint. Dist.

Lewiston-Nez Perce County Airport Authority
Lincoln County Cemetery Dist.
Lincoln County Housing Auth.
Local Highway Technical Assistance Council
M-A-R Cemetery Dist.
Marsing-Homedale Cemetery Dist.
Meridian Cemetery Maint. Dist.
Minidoka Soil & Water Conservation Dist.
Moscow Cemetery Dist.
Nampa Housing Authority
Nez Perce County Fair Board
North Fremont Cemetery Dist.
North Idaho Fair
Orofino Cemetery Dist.
Payette Cnty. Recreation Dist.
Paul Cemetery Dist.
Port of Lewiston
Post Falls Urban Renewal Dist.
Rexburg Cemetery Dist.
Shelley Cemetery Dist.
Southern Idaho Solid Waste Dist.
South Fork Coeur d'Alene Sewer Dist.
Targhee Regional Public Transit Authority
Twin Falls County Pest Abatement Dist.
Twin Falls Housing Auth.
Valley Recreation Dist. of Hazelton
Valley Regional Transit
Valley Soil and Water Conservation Dist.
West Boise Sewer Dist.
West End Cemetery Dist.
Wilder Cemetery Dist.
Wilder Housing Auth.
Aberdeen Library Dist.
Ada County Free Library
American Falls Free Library
Bear Lake County Library
Boundary County Free Library
Burley Library
Consolidated Free Library Dist.
Council Valley Free Library Dist.
East Bonner County Library Dist.
Franklin County Library Dist.
Fremont County Dist. Library
Jefferson Free Library Dist.
Latah County Library Dist.

Madison County Library Dist.
Meadows Valley Public Library Dist.
Meridian Library Dist.
North Bingham Cnty.Library Dist.
Oneida County Library
Portneuf Library Dist.
Prairie-River Library Dist.
Priest Lake Public Library
Salmon Library Dist.

South Bannock Free Library Dist.
Stanley Community Library Dist.
Valley of Tetons Dist. Library Bd.
West Bonner Library Dist.
Bear Lake County Fire Dist.
Blackfoot Fire Dept.
Boise Fire Dept.
Buhl Fire Dept.
Burley Fire Dept.
Caldwell Fire Dept.
Canyon County Ambulance Dist.
Cascade Rural Fire & EMS
Central Fire Dist.
Coeur d' Alene Fire Dept.
Cottonwood Rural Fire Dist.
Donnelly Rural Fire Protection Dist.
Eagle Fire Protection Dist.
Franklin County Fire Dist.
Garden Valley Fire Protection Dist.
Gem Cnty. Fire Protection Dist.
Greater Swan Valley Fire Protection Dist.
Hagerman Fire Protection Dist.
Homedale Rural Fire Protection Dist.
Idaho Falls Fire Dept.
Jerome Fire Dept.
Ketchum Fire Dept.
Kootenai County Fire and Rescue
Kootenai County Emergency Medical Svc.
Kootenai County Rescue Protection
Kuna Fire Dist.
Kuna Rural Fire Dist.
Lemhi Co. Fire Protection Dist.
Lewiston Fire Dept.
Lincoln County Emergency Svs.
McCall Fire Protection Dist.
Mica Kidd Island Fire Protect.Dist.

Minidoka County Fire Protect. Dist.
Moscow Fire Dept.
Nampa Fire Dept.
No. Ada Cnty. Fire/Rescue Vol.
No. Lakes Fire Protection Dist.
Northside Fire Dist.
Paradise Valley Fire Dist.
Payette Fire Dept.
Plummer-Gateway Fire Protect.Dist.
Pocatello Fire Dept.
Rexburg-Madison Fire Dept.
Rock Creek Fire Protect. Dist.
Sagle Fire Dist.
Saint Maries Fire Protect. Dist.
Sandpoint Fire Dept.
Schweitzer Fire Dist.
Shoshone City & Rural Fire Prot. Dist.
Shoshone Cnty. Fire Dist. #1
Shoshone County Fire Dist. #2
Shoshone Co. Fire Protect. Dist. #2
South Central Region E911
South Fremont Fire Protect. Dist.
So. Idaho Timber Protection Assn.
Spirit Lake Fire Protect. Dist.
Star Joint Fire Protect. Dist.
Teton County Fire Protect. Dist.
Timberlake Fire Protect. Dist.
Twin Falls Fire Dept.
Weiser Ambulance Dist.
Weiser Area Rural Fire Dist.
Wendell Rural Fire Dist.
West End Fire Prot. Dist.
Westside Fire Dist.
Whitney Fire Protect. Dist.
Wilder Rural Fire Protect. Dist.
Wood River Fire Protect. Dist.
Worley Fire Protect. Dist


PERSI Benefits Paid in Fiscal Year 2015
To Retirees Living in the State of Idaho
$672.3 Million
$3.5
$11.5
$47.7
$6.7
$3.9
$24.4
$6.1
$21.9
$3.1
$6.3
$4.2
$2.6
$8.7
$5.7
$2.0
$0.5
$6.2
$6.6
$3.9
$8.4
$8.6
$8.3
$1.8
$60.5
$0.9
$206.5
$10.1
$0.9
$6.0
$38.7
$18.6
$6.5
$2.1
$3.6
$6.6
$6.7
$3.8
$48.2
$2.9
$28.6
$9.7
$1.9
$4.1
$2.7

Several publications and reports are distributed to members and employers to keep them informed about the status of their membership accounts and PERSI in general, including:

- Comprehensive Annual Financial Report
- Member Handbook
- Annual Membership Account Statement
- Remittance Advice
- Newsletters
- Brochures
- Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. (Form 1099R)
- Pre-Retirement Education Materials
- Reports to Legislature
- Memorandums to Employers

To receive any of these materials, contact PERSI (numbers below). Additional PERSI information can be found on PERSI's website at www.persi.idaho.gov.

PERSI Office Locations:

Boise

Office Location:	Mailing Address:
607 North 8th Street	P.O. Box 83720
Boise, ID 83702	Boise, ID 83720-0078

Coeur d'Alene
Office Location & Mailing Address:
2005 Ironwood Parkway
Suite 226
Coeur d'Alene, ID 83814

Pocatello

Office Location:	Mailing Address:
1246 Yellowstone Avenue	P.O. Box 1058
Suite A5	Pocatello, ID 83204
Pocatello, ID 83201	

Telephone:

PERSI Answer Center (208) 334-3365 Toll-free 1-800-451-8228

Employer Service Center (208) 287-9525 Toll-free 1-866-887-9525

Choice Plan Toll-free 1-866-437-3774

PERSI

Public Employee Retirement System of Idaho

The costs associated with this publication are available from the
Public Employee Retirement System of Idaho in accordance with Section 60-202, Idaho Code.