

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
DEFINED CONTRIBUTION PLAN**

COMBINED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023



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**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
DEFINED CONTRIBUTION PLAN
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YEARS ENDED JUNE 30, 2024 AND 2023**

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INDEPENDENT AUDITORS' REPORT

PSPRS Defined Contribution Committee
Public Safety Personnel Retirement System
Defined Contribution Plan
Phoenix, Arizona

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying combined financial statements of the Public Safety Personnel Retirement System Defined Contribution Plan (the Plan), as of June 30, 2024 and 2023, , and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of June 30, 2024 and 2023, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 audits 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2025, on our consideration of the Plan'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Boston, Massachusetts
August 18, 2025

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
DEFINED CONTRIBUTION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024 AND 2023**

This discussion and analysis of the Public Safety Personnel Defined Contribution Plan's (the Plan) financial performance provides an overview of the Plan's financial activities for the years ended June 30, 2024, 2023, and 2022. Please read it in conjunction with the Plan's combined financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENT

This financial report consists of the Combined Statements of Fiduciary Net Position, the Combined Statements of Changes in Fiduciary Net Position, and the notes to the combined financial statements. These combined financial statements provide information about the financial position and activities of the Plan as a whole.

FINANCIAL HIGHLIGHTS

- Fiduciary net position available for plan benefits were \$946,190,487, \$706,447,655 and \$533,120,187 as of June 30, 2024, 2023, and 2022, respectively. Changes in fiduciary net position are primarily attributable to significant transfers and rollovers in from other plans.
- Net depreciation in fair value was \$(49,108,743) for the year ended June 30, 2022, compared to net appreciation in fair value of \$41,517,848 for the year ended June 30, 2023, for an increase of \$90,626,591. This increase was due to favorable market conditions for mutual funds, particularly in growth and technology sectors, in 2023 versus 2022. Net appreciation in fair value was \$77,868,613 for the year ended June 30, 2024, an increase of \$36,350,765. This increase was due to favorable market conditions as a result of lower inflation rates and increased consumer spending in 2024 versus 2023. The rates of return were 11.9%, 10.0% and -17.3% for the years ended June 30, 2024, 2023 and 2022, respectively.
- Interest Income earned on short-term Investment option was \$7,904,198, \$7,211,829 and \$5,597,577 for the years ended June 30, 2024, 2023 and 2022, respectively. The changes in interest income from year to year were primarily due to fluctuations in the balances of short-term investments as well as their respective interest rates. Refer to Note 1 for respective changes in rates by quarter.
- Income earned on participant loans was \$193,983, \$96,781 and \$57,550 for the years ended June 30, 2024, 2023 and 2022, respectively. The changes in loan income from year to year was primarily due to fluctuations in the amount of outstanding loans and changes in the interest rate charged on such loans. Interest rates on new loans are adjusted quarterly to reflect current market conditions. The average interest rate for new loans issued were 4.37% for both the years ended June 30, 2024 and 2023, and 5.31% for the year ended June 30, 2022. As new loans are issued and old loans mature, both the outstanding loan balance and the weighted average interest vary accordingly.

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
DEFINED CONTRIBUTION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024 AND 2023**

FINANCIAL HIGHLIGHTS (CONTINUED)

- Employee contributions increased by \$6,596,334 from \$24,553,959 from the year ended June 30, 2022 to \$31,150,293 for the year ended June 30, 2023. Subsequently, employee contributions increased by \$11,992,345 to \$43,142,638 for the year ended June 30, 2024. These increases can be attributed to a higher participant count and a higher average contribution per participant. Employer contributions increased by \$4,723,143 from \$21,330,438 from the year ended June 30, 2022 to \$26,053,581 for the year ended June 30, 2023. Subsequently, employer contributions increased by \$6,199,148 to \$32,252,729 for the year ended June 30, 2024. These increases in employer contributions can be attributed to an increase in participants in the plan. There were 20,669, 16,779 and 14,183 active participant accounts on June 30, 2024, 2023 and 2022, respectively.
- Rollovers into the plan increased by \$2,214,728 from \$169,156,564 from the year ended June 30, 2022 to \$171,371,292 for the year ended June 30, 2023. Subsequently, rollovers into the plan increased by \$30,135,610 to \$201,506,902 for the year ended June 30, 2024.
- Distributions to participants increased by \$6,377,169 from \$97,615,011 from the year ended June 30, 2022 to \$103,992,180 for the year ended June 30, 2023. Subsequently, distributions to participants increased by \$19,022,783 to \$123,014,963 for the year ended June 30, 2024. Distributions are participant driven and will fluctuate year to year.
- Plan asset fees and loan charges were \$111,268, \$81,976 and \$231,297 for the years ended June 30, 2024, 2023 and 2022, respectively. The decrease can be attributed to changes in assets under management year over year, along with rates charged.

FINANCIAL ANALYSIS

The components of the Plan's Combined Statements of Fiduciary Net Position (Table 1) and Combined Statements of Changes in Fiduciary Net Position (Table 2) as of June 30, 2024, 2023, 2022, and for the years then ended, were as follows:

**Table 1
Combined Fiduciary Net Position**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
ASSETS			
Investments (at Fair Value)	\$ 941,278,427	\$ 703,699,356	\$ 531,163,238
Receivables			
Loans Receivable from Participants	3,017,678	2,013,565	1,243,476
Contributions Receivable	<u>1,894,382</u>	<u>734,734</u>	<u>713,473</u>
Total Receivables	4,912,060	2,748,299	1,956,949
Total Assets	<u>946,190,487</u>	<u>706,447,655</u>	<u>533,120,187</u>
Fiduciary Net Position Restricted for Plan Benefits	<u>\$ 946,190,487</u>	<u>\$ 706,447,655</u>	<u>\$ 533,120,187</u>

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
DEFINED CONTRIBUTION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024 AND 2023**

FINANCIAL ANALYSIS (CONTINUED)

**Table 2
Combined Changes in Fiduciary Net Position**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Additions			
Employee Contributions	\$ 43,142,638	\$ 31,150,293	\$ 24,553,959
Employer Contributions	32,252,729	26,053,581	21,330,438
Net Appreciation (Depreciation) in Fair Value	77,868,613	41,517,848	(49,108,743)
Interest Income	7,904,198	7,211,829	5,597,577
Loan Income	193,983	96,781	57,550
Transfers and Rollovers In from Other Plans	<u>201,506,902</u>	<u>171,371,292</u>	<u>169,156,564</u>
Total Additions	362,869,063	277,401,624	171,587,345
Deductions			
Distributions to Participants, Rollovers and Transfers	123,014,963	103,992,180	97,615,011
Asset Fees and Loan Charges	<u>111,268</u>	<u>81,976</u>	<u>231,297</u>
Total Deductions	<u>123,126,231</u>	<u>104,074,156</u>	<u>97,846,308</u>
Changes in Fiduciary Net Position			
Restricted for Plan Benefits	<u>\$ 239,742,832</u>	<u>\$ 173,327,468</u>	<u>\$ 73,741,037</u>

FINANCIAL CONTACT

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

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
DEFINED CONTRIBUTION PLAN
COMBINED STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024**

	<u>PSPDCRP</u>	<u>EODCRS</u>	<u>Supplemental 401(a)</u>	<u>457(b)</u>	<u>Combined Total</u>
ASSETS					
Investments					
Balanced	\$ 1,556,930	\$ 1,152,296	\$ 472,235	\$ 285,602	\$ 3,467,063
Fixed Income	8,282,919	674,620	821,836	987,611	10,766,986
Public Equity	51,951,149	10,229,846	14,614,727	14,504,705	91,300,427
Self Directed Brokerage Accounts	216,292,595	29,353	9,259,460	25,605,559	251,186,967
Short-Term Investments	280,242,423	1,932,190	2,945,905	2,424,988	287,545,506
Specialty	306,533	144,987	38,903	57,660	548,083
Target Date Funds	261,938,285	8,854,388	8,366,632	17,304,090	296,463,395
Total Investments, at Fair Value	<u>820,570,834</u>	<u>23,017,680</u>	<u>36,519,698</u>	<u>61,170,215</u>	<u>941,278,427</u>
Receivables					
Loans Receivable from Participants	1,857,967	-	337,063	822,648	3,017,678
Contributions Receivable	<u>1,698,966</u>	<u>45,768</u>	<u>49,905</u>	<u>99,743</u>	<u>1,894,382</u>
Total Receivables	<u>3,556,933</u>	<u>45,768</u>	<u>386,968</u>	<u>922,391</u>	<u>4,912,060</u>
FIDUCIARY NET POSITION RESTRICTED FOR PLAN BENEFITS	<u><u>\$ 824,127,767</u></u>	<u><u>\$ 23,063,448</u></u>	<u><u>\$ 36,906,666</u></u>	<u><u>\$ 62,092,606</u></u>	<u><u>\$ 946,190,487</u></u>

See accompanying Notes to Combined Financial Statements.

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
DEFINED CONTRIBUTION PLAN
COMBINED STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023**

	<u>PSPDCRP</u>	<u>EODCRS</u>	<u>Supplemental 401(a)</u>	<u>457(b)</u>	<u>Combined Total</u>
ASSETS					
Investments					
Balanced	\$ 1,440,734	\$ 832,661	\$ 484,292	\$ 201,424	\$ 2,959,111
Fixed Income	3,687,836	571,709	780,986	349,815	5,390,346
Public Equity	30,460,174	7,398,335	11,984,951	5,881,228	55,724,688
Self Directed Brokerage Accounts	136,310,983	44,241	7,106,340	6,417,942	149,879,506
Short-Term Investments	283,126,654	1,779,863	3,073,729	1,359,297	289,339,543
Specialty	250,336	22,959	30,805	79,153	383,253
Target Date Funds	180,645,667	7,098,903	6,471,065	5,807,274	200,022,909
Total Investments, at Fair Value	<u>635,922,384</u>	<u>17,748,671</u>	<u>29,932,168</u>	<u>20,096,133</u>	<u>703,699,356</u>
Receivables					
Loans Receivable from Participants	1,361,388	-	247,679	404,498	2,013,565
Contributions Receivable	<u>584,153</u>	<u>48,513</u>	<u>36,865</u>	<u>65,203</u>	<u>734,734</u>
Total Receivables	<u>1,945,541</u>	<u>48,513</u>	<u>284,544</u>	<u>469,701</u>	<u>2,748,299</u>
FIDUCIARY NET POSITION RESTRICTED FOR PLAN BENEFITS	<u><u>\$ 637,867,925</u></u>	<u><u>\$ 17,797,184</u></u>	<u><u>\$ 30,216,712</u></u>	<u><u>\$ 20,565,834</u></u>	<u><u>\$ 706,447,655</u></u>

See accompanying Notes to Combined Financial Statements.

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
DEFINED CONTRIBUTION PLAN
COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2024**

ADDITIONS	PSPDCRP	EODCRS	Supplemental 401(a)	457(b)	Combined Total
Employee Contributions	\$ 33,388,262	\$ 1,709,295	\$ 1,447,637	\$ 6,597,444	\$ 43,142,638
Employer Contributions	28,937,075	1,322,760	1,992,894	-	32,252,729
Net Appreciation in Fair Value	63,303,607	3,058,487	4,472,822	7,033,697	77,868,613
Interest Income	7,722,804	51,950	79,855	49,589	7,904,198
Loan Interest Income	132,400	-	21,677	39,906	193,983
Transfers and Rollovers In from Other Plans	172,308,622	56,520	-	29,141,760	201,506,902
Total Additions	<u>305,792,770</u>	<u>6,199,012</u>	<u>8,014,885</u>	<u>42,862,396</u>	<u>362,869,063</u>
DEDUCTIONS					
Distributions to Participants, Rollovers and Transfers	119,484,470	919,700	1,305,223	1,305,570	123,014,963
Asset Fees and Loan Charges	48,458	13,048	19,708	30,054	111,268
Total Deductions	<u>119,532,928</u>	<u>932,748</u>	<u>1,324,931</u>	<u>1,335,624</u>	<u>123,126,231</u>
CHANGES IN FIDUCIARY NET POSITION	186,259,842	5,266,264	6,689,954	41,526,772	239,742,832
FIDUCIARY NET POSITION RESTRICTED FOR PLAN BENEFITS:					
Beginning of Year	<u>637,867,925</u>	<u>17,797,184</u>	<u>30,216,712</u>	<u>20,565,834</u>	<u>706,447,655</u>
End of Year	<u>\$ 824,127,767</u>	<u>\$ 23,063,448</u>	<u>\$ 36,906,666</u>	<u>\$ 62,092,606</u>	<u>\$ 946,190,487</u>

See accompanying Notes to Combined Financial Statements.

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
DEFINED CONTRIBUTION PLAN
COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2023**

ADDITIONS	PSPDCRP	EODCRS	Supplemental 401(a)	457(b)	Combined Total
Employee Contributions	\$ 26,499,518	\$ 1,537,532	\$ 1,326,430	\$ 1,786,813	\$ 31,150,293
Employer Contributions	23,271,041	1,176,751	1,605,789	-	26,053,581
Net Appreciation in Fair Value	35,084,071	1,864,755	3,405,486	1,163,536	41,517,848
Interest Income	7,053,703	44,050	81,270	32,806	7,211,829
Loan Interest Income	68,561	-	15,169	13,051	96,781
Transfers and Rollovers In from Other Plans	160,827,412	81,010	496,711	9,966,159	171,371,292
Total Additions	<u>252,804,306</u>	<u>4,704,098</u>	<u>6,930,855</u>	<u>12,962,365</u>	<u>277,401,624</u>
DEDUCTIONS					
Distributions to Participants, Rollovers and Transfers	101,520,046	570,696	1,530,574	370,864	103,992,180
Asset Fees and Loan Charges	42,074	11,341	19,283	9,278	81,976
Total Deductions	<u>101,562,120</u>	<u>582,037</u>	<u>1,549,857</u>	<u>380,142</u>	<u>104,074,156</u>
CHANGES IN FIDUCIARY NET POSITION	151,242,186	4,122,061	5,380,998	12,582,223	173,327,468
FIDUCIARY NET POSITION RESTRICTED FOR PLAN BENEFITS:					
Beginning of Year	<u>486,625,739</u>	<u>13,675,123</u>	<u>24,835,714</u>	<u>7,983,611</u>	<u>533,120,187</u>
End of Year	<u>\$ 637,867,925</u>	<u>\$ 17,797,184</u>	<u>\$ 30,216,712</u>	<u>\$ 20,565,834</u>	<u>\$ 706,447,655</u>

See accompanying Notes to Combined Financial Statements.

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
DEFINED CONTRIBUTION PLAN
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Public Safety Personnel Retirement System (PSPRS) manages several defined contribution plans established by Title 38, Chapter 5, Articles 3.1, 4.1, 5.1, and 8 of the Arizona Revised Statutes.

The defined contribution plans managed by PSPRS allow members to contribute on a pre-tax basis, while members also benefit from diverse investment options, including default target-date retirement funds, and low administrative fees that may be waived entirely.

The Board of Trustees has established a PSPRS Defined contribution Plans' Administrative Committee which is a standing Committee of the Board of Trustees and is intended to assist the Board of Trustees in duties and responsibilities related to the administration of the defined contribution plans in connection with the Elected Officials Defined Contribution Retirement System (EODCRS), an Internal Revenue Code (IRC) § 401(a) governmental profit-sharing plan, the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP), an IRC § 401(a) governmental profit-sharing plan, the Public Safety Personnel Retirement System Deferred Compensation Plan 457(b), an IRC § 457 plan that allows for voluntary participation to provide additional benefits at retirement, and the Public Safety Retirement Personnel System Supplemental Defined Contribution Plan (Supplemental 401(a)), an IRC § 401(a) governmental profit-sharing plan (individually, Plan or collectively Plans).

The PSPRS Defined Contribution Committee shall consist of seven voting members who serve at the pleasure of the Board. Composition of the DC Committee shall include the following:

- One appointed Board trustee, who is a member of the System, to serve as the Chairperson appointed annually.
- One appointed member representing corrections officers.
- Two appointed members representing law enforcement.
- Two appointed members representing firefighters.
- One appointed member representing elected officials.

Eligibility

All Tier 3 public safety members hired on or after July 1, 2017 are eligible to participate in the Plan upon date of hire as an alternative to a defined benefit plan. The Plan is included as a benefit for Tier 2 public safety members hired between January 1, 2012 and June 30, 2017 who do not contribute to Social Security through their employers. Tier 3 corrections and detention officers hired on or after July 1, 2018 are eligible to participate upon date of hire. Tier 3 probation and surveillance officers hired on or after July 1, 2018 are eligible to participate as an alternative to a defined benefit plan.

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
DEFINED CONTRIBUTION PLAN
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

PSPDCRP

The below schedule includes the contribution rates for each member Plan and tier:

<u>Member Plan and Tier</u>	<u>Member Rate</u>	<u>Employer Matching Rate</u>
PSPRS Tier 3 hybrid *	3%	3%
PSPRS Tier 3 DC-only *	9%	9%
PSPRS Tier 2 hybrid	3%	3%
CORP Tier 3 DC-only *	7%	5%

* Indicates member contribution rate can be adjusted during benefit election period

EODCRS

Participants will contribute 8% of their salary to the Plan. Each employer shall annually make a contribution equal to 6% of each participant's gross compensation. In accordance with IRC § 401(a), the annual compensation limit is \$345,000 and \$330,000 in 2024 and 2023, respectively.

Supplemental 401(a)

Participants must defer a minimum of 1% up to 100% of their salary to be contributed to the Plan, and once chosen, the election is irrevocable. The Plan allows eligible employee members to contribute tax-deferred money into an account that can be drawn upon in retirement. In accordance with IRC § 401(a), the annual compensation limit is \$345,000 and \$330,000 in 2024 and 2023, respectively. Employer portion of contributions are determined annually by the employer.

457(b)

The Plan has a salary reduction arrangement pursuant to IRC § 457(b). This provision allows participants to make voluntary pre-tax and post-tax contributions. Pre-tax contributions are taxable to the participant at the time of distribution from the Trust; the taxability at distribution of post-tax contributions depends on whether certain qualifying rules have been met. In accordance with IRC § 457(b), the Plan limits an individual's annual contribution to an amount not to exceed \$23,000 and \$22,500 for calendar year 2024 and 2023, respectively, or 100% of the employee's includable compensation less other retirement member contributions. Additionally, in each of the three Retirement Catch-up years, a participant's Retirement Catch-up contributions are limited to the lesser of (a) the maximum amount for that year (\$6,500 in 2024 and 2023) or (b) the amount by which contributions to the Plan in previous years were less than the maximum that the participant was eligible to contribute. An additional \$6,500 for calendar year 2024 and 2023, can apply to a participant reaching the age of 50 and each year thereafter. This Catch-up provision is referred to as the Age 50 and Over Catch-up contribution.

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
DEFINED CONTRIBUTION PLAN
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee Contributions and Contributions Receivable

Employee contributions are recognized when such amounts are withheld from employees' pay. Contributions are credited by the applicable investment carriers when processed in Nationwide's system. Contributions receivable represent amounts withheld but not remitted to the investment carriers at year-end.

Participant Accounts

Each participant's account is credited with the participant's contribution and if applicable, an allocation of the employers contribution. Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant earnings, account balances, or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Participants direct the investment of their contributions into various investment options offered by the Plan.

Distributions

Distributions are recorded when due and payable under the provisions of the plan.

Vesting

PSPDCRP

Participants are vested immediately in both their employee contributions plus actual earnings thereon. Vesting for employer contributions is as follows:

<u>Member Plan and Tier</u>	<u>Annual Rate</u>	<u>Full Vesting</u>
PSPRS Tier 3 hybrid	10%	10 Years
PSPRS Tier 3 DC-only	10%	10 Years
PSPRS Tier 2 hybrid	10%	10 Years
CORP Tier 3 DC-only	25% each for years 1 and 2, 50% for year 3	3 Years

EODCRS

Member and employer contributions and earnings on those contributions are immediately vested.

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units, using the accrual method of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
DEFINED CONTRIBUTION PLAN
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that may affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Nationwide Fixed Account is valued at contract value, which approximates fair value, as reported by the investment carriers. The investment valuation includes contributions received, plus investment income earned to date less applicable charges and amounts withdrawn. All investments in publicly traded mutual funds are presented at fair value based on published quotations. Purchases and sales of investments are recorded on a trade-date basis.

Assets held in the Vanguard Treasury Money Market Fund are designed for both short-term investment and longer-term cash investing needs. The fund primarily invests in U.S. Treasury bills, cash, government securities, and repurchase agreements that are collateralized solely by government securities or cash. This investment seeks to provide current income and preserve shareholders' principle investment by maintaining a share balance of \$1 and valuing their investments at cost.

Interest Income

Interest income is recorded as earned for the Nationwide Fixed Fund. The following table summarizes the interest rates credited during each quarter for the PSPDCRP, EODCRS, and 457 plans:

	Quarter Ended			
	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024
Nationwide Fixed Fund	2.80%	2.80%	2.80%	2.75%

	Quarter Ended			
	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023
Nationwide Fixed Fund	2.75%	2.75%	2.75%	2.75%

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest Income (Continued)

The following table summarizes the interest rates credited during each quarter for the Supplemental 401a plan.

	Quarter Ended			
	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024
Nationwide Fixed Fund	3.50%	3.50%	3.50%	3.50%

	Quarter Ended			
	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023
Nationwide Fixed Fund	3.50%	3.50%	3.50%	3.50%

Loans Receivable

Participants in the plan are eligible to borrow a maximum of 50% of their deferred account balance, up to \$50,000, in accordance with provisions of the IRC. Loans granted by the Plan bear interest at a rate determined by the Plan administrator but not to exceed the maximum rate permitted by all applicable laws. Repayment of the principal and payment of interest is amortized over the life of the loan.

Transfers and Rollovers In from Other Plans

Transfers and rollovers in from other plans represent contributions from other employer qualified plans.

NOTE 2 INVESTMENTS

The PSPRS Defined Contribution Committee has authorized the Plan to invest in the following investment types:

- Assortment of five-year incremental target date asset allocation funds from American Funds
- Mutual Funds
- Short-Term Investments
- Schwab Self-Directed Brokerage Option

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
DEFINED CONTRIBUTION PLAN
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NOTE 2 INVESTMENTS (CONTINUED)

At June 30, 2024 and 2023, investments were as follows. Investments marked with an asterisk (*) represent investments exceeding 5% or more of the total investments as of June 30, 2024 and/or 2023. Investments marked with two asterisks (**) represent international mutual funds.

	Fair Value and Carrying Value	
	2024	2023
Short-Term Investments		
Nationwide Fixed Fund	\$ 287,449,070 *	\$ 289,319,965 *
Vanguard Treas MMkt Fd IS	96,435	19,579
Total Short-Term Investments	287,545,505	289,339,544
Target Date Fund Investments		
AmFds 2060 TrgtDtRtrmt R6	82,884,725 *	55,966,248 *
AmFds 2055 TrgtDtRtrmt R6	67,684,870 *	47,620,434 *
AmFds 2050 TrgtDtRtrmt R6	49,336,638 *	34,487,501
AmFds 2045 TrgtDtRtrmt R6	24,970,275	16,641,667
AmFds 2040 TrgtDtRtrmt R6	18,480,572	12,864,513
AmFds 2035 TrgtDtRtrmt R6	16,326,599	11,564,188
AmFds 2030 TrgtDtRtrmt R6	12,164,967	8,698,667
AmFds 2025 TrgtDtRtrmt R6	5,727,816	4,401,087
AmFds 2065 TrgtDtRtrmt R6	16,805,898	5,992,006
AmFds 2020 TrgtDtRtrmt R6	1,178,915	1,078,840
AmFds 2015 TrgtDtRtrmt R6	665,853	509,820
AmFds 2010 TrgtDtRtrmt R6	236,268	197,936
Total Target Date Fund Investments	296,463,396	200,022,907
Self-Directed Brokerage Investments		
Schwab Personal Choice Retirement Account	251,186,967 *	149,879,506 *

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NOTE 2 INVESTMENTS (CONTINUED)

	Fair Value and Carrying Value	
	2024	2023
Public Equity Investments		
Vngrd 500 Index Fd AS	\$ 30,063,084	\$ 16,859,029
Vngrd Gr Indx Adml	16,471,262	8,471,326
LeggM ClrBrdg LgCap Gr I	11,032,673	7,162,314
Vngrd Extnd Mkt Indx Adml	6,099,965	4,218,207
Ptnm LgCap Val Y	4,618,171	3,054,881
Vngrd Val Indx Adml	3,188,017	2,291,598
Vngrd Ttl IntlStkIndx Adml	3,833,471 **	2,772,006 **
MFS MdCap Gr R6	3,305,652	2,296,211
Artisan SmCap Inst	-	2,199,414
Vic Syc Estblshd Val R6	2,082,255	1,546,564
Vic Syc Sm Co Oppr R6	2,156,886	1,512,225
AmFds EuroPacfc Gr R6	2,836,332 **	1,589,203 **
DFA Gbl RealEst Sec Inst	634,884 **	575,008 **
DE Emrg Mkt Inst	1,289,683 **	629,693 **
Transam Intl Eq I	924,733 **	505,058 **
Vngrd Fed Mny Mkt Inv	91,792	36,509
Wasatch Cor Gr Inst	2,668,894	-
Allspr Gr Inst	-	1,033
AmFds Cap Wld Gr Inc R4	-	631
NeuBer Genesis Tr	-	1,619
Vngrd Eq Inc Adml	2,672	1,984
Nuvm RealEst Sec I	-	177
Total Public Equity Investments	91,300,426	55,724,690
Fixed Income Investments		
Baird Cor Pls Bd Inst	4,934,736	2,972,416
BlkRk Infl Prtct Bd Inst	1,459,710	1,001,905
FIA Indexed Account	1,899,930	1,764
Prudntl Hi Yld Z	1,939,310	928,460
Hartford Wld Bd R6	480,543	386,079
PIMCO Ttl Rtn Inst	-	52,713
Vngrd Ttl Bd Mkt Indx Inst	-	834
FnklnTmp Gbl Bd R6	52,756	46,174
Total Fixed Income Investments	10,766,985	5,390,345
Balanced Investments		
AmFds Am Bal R6	3,459,139	2,947,655
Allspr 100TrsryMnyMkt Inst	7,927	7,417
NW Inv Dest Cnsrv Svc	-	1,958
NW Inv Dest Mod Svc	-	2,081
Total Balanced Investments	3,467,066	2,959,111

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NOTE 2 INVESTMENTS (CONTINUED)

	Fair Value and Carrying Value	
	2024	2023
Specialty Investments		
PIMCOComdyRealRtnStratInst	\$ 473,242	\$ 383,253
Calamos Mkt Nutrl Inc I	74,840	-
Total Specialty Investments	548,082	383,253
Total Investments	\$ 941,278,427	\$ 703,699,356

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure by the counterparty, the Plan will not be able to recover the value of its investments that are in the possession of an outside party. The Plan's policies do not specifically address custodial credit risk, but all of the Plan's investments are insured or registered or held by the Plan or its agent in the Plan's name.

Credit risk is the risk that the Plan will lose money because of the default of the security of the issuer or investment counterparty. The average credit quality rating is calculated using the lowest of all available ratings including but not limited to S&P, Moody's, and Fitch. The Plan's investments in the Nationwide Fixed Account had an average credit quality rating of A- as of June 30, 2024 and 2023.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The concentrations of investments are determined by the participants' elections to invest in the available investment options as selected by the Arizona Public Safety Personnel Retirement System Defined Compensation plan Committee. The investments that exceed 5% of total investments are identified on page 13.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment denominated in a foreign currency. The Plan's foreign currency risk exposure resides within the international mutual fund holdings. The Plan does not hold any direct investments or instruments denominated in a foreign currency.

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
DEFINED CONTRIBUTION PLAN
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 2 INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. Effective duration takes into account that expected cash flows will fluctuate as interest rates change and provides a measure of risk that changes proportionately with market rates.

	2024		2023	
	Fair Value	Weighted Average Maturity	Fair Value	Weighted Average Maturity
Short-Term Investments				
Nationwide Fixed Account	\$ 287,449,070	10.60	\$ 289,319,965	11.20
Specialty Investments				
PIMCOComdyRealRtnStratInst	473,242	0.98	383,253	0.98
Fixed Income Investments				
Baird Cor Pls Bd Inst	4,934,736	7.97	2,972,416	8.21
BlkRk Infl Prtct Bd Inst	1,459,710	8.44	1,001,905	8.01
FIA Indexed Account	1,899,930	-	1,764	-
Prudntl Hi Yld Z	1,939,310	5.00	928,460	5.56
Hartford Wld Bd R6	480,543	6.15	386,079	5.02
PIMCO Ttl Rtn Inst	-	0.98	52,713	0.98
FnklnTmp Glbl Bd R6	52,756	7.42	46,174	5.73
	Fair Value	Effective Duration	Fair Value	Effective Duration
Target Date Fund Investments				
AmFds 2060 TrgtDtRtrmt R6	\$ 82,884,725	6.16	\$ 55,966,248	6.53
AmFds 2055 TrgtDtRtrmt R6	67,684,870	6.16	47,620,434	6.53
AmFds 2050 TrgtDtRtrmt R6	49,336,638	6.11	34,487,501	6.49
AmFds 2045 TrgtDtRtrmt R6	24,970,275	6.06	16,641,667	6.43
AmFds 2040 TrgtDtRtrmt R6	18,480,572	5.77	12,864,513	6.04
AmFds 2035 TrgtDtRtrmt R6	16,326,599	5.63	11,564,188	5.86
AmFds 2030 TrgtDtRtrmt R6	12,164,967	5.63	8,698,667	5.83
AmFds 2025 TrgtDtRtrmt R6	5,727,816	5.45	4,401,087	5.68
AmFds 2065 TrgtDtRtrmt R6	16,805,898	6.16	5,992,006	6.53
AmFds 2020 TrgtDtRtrmt R6	1,178,915	5.42	1,078,840	5.61
AmFds 2015 TrgtDtRtrmt R6	665,853	5.06	509,820	5.30
AmFds 2010 TrgtDtRtrmt R6	236,268	4.92	197,936	5.11
Balanced Investments				
AmFds Am Bal R6	3,459,139	6.30	2,947,655	6.67

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
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NOTE 2 INVESTMENTS (CONTINUED)

Fair Value Measurements

The framework for measuring fair value provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

The following table discloses the fair value hierarchy of the Plan's assets by level as of June 30:

	Fair Value Measurements at June 30, 2024			Fair Value Measurements at June 30, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Investments at Fair Value:						
Target Date Funds	\$ 296,463,395	\$ -	\$ -	\$ 200,022,909	\$ -	\$ -
SDO	251,186,967	-	-	149,879,506	-	-
Public Equity	91,300,427	-	-	55,724,688	-	-
Fixed Income	10,766,986	-	-	5,390,346	-	-
Balanced	3,467,063	-	-	2,959,111	-	-
Specialty	548,083	-	-	383,253	-	-
Total Investments at Fair Value	653,732,921	-	-	414,359,813	-	-
Investments at Contract Value						
Nationwide Fixed Fund	287,449,071	-	-	289,319,965	-	-
Investments at Amortized Cost:						
Vanguard Treas MMkt Fd IS	96,435	-	-	19,579	-	-
Total Investments	\$ 941,278,427	\$ -	\$ -	\$ 703,699,357	\$ -	\$ -

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NOTE 3 PLAN ADMINISTRATOR

Nationwide Retirement Solutions, Inc. (NRS) is the Plan administrator. NRS and Nationwide are subsidiaries of Nationwide Financial Services, Inc.

NOTE 4 ADMINISTRATIVE AND FUND FEES

NRS charges an annual administrative of 0.09% assessed explicitly to all participants on a monthly basis. Mutual fund companies may charge an additional expense to cover costs related to operating the fund(s), ranging anywhere from 0.09% to 1.34%.

NOTE 5 TAX STATUS

The Plan is reviewed by legal counsel to ensure conformity with the IRC. Accordingly, any amount of compensation deferred under the Plan, and any income attributable to the amounts so deferred, is included in the gross income of the participant only for the taxable year in which such compensation or other income is paid or otherwise made available to the participant or beneficiary.

NOTE 6 RISK AND UNCERTAINTIES

The Plan, as directed by participants, may invest in various types of investment securities, which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities may occur in the near term and that such change could materially affect the amounts reported in the Statements of Fiduciary Net Position.

NOTE 7 PLAN TERMINATION

The State may terminate the Plan at any time, although no intent to terminate the Plan has been expressed. In the event of termination, all participants will remain fully vested.

NOTE 8 SUBSEQUENT EVENTS

Effective January 1, 2025, the Superstition Fire and Medical 457 Plan merged into the PSPRS 457 Deferred Compensation Plan with a total amount transferred in of approximately \$20.4 million in assets.



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