



ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2025

28th—Public Safety Cancer Insurance Policy Program (PSCIPP)

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Annual Financial Report

for the

Public Safety Cancer Insurance Policy Program

For the Fiscal Year Ended
June 30, 2025

Prepared by the Staff of PSPRS

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

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

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

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

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

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

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INTRODUCTORY SECTION





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

Bret Parke

*Interim Administrator,
General Counsel*

Erin Higbee

*Interim Deputy
Administrator*

Clark Partridge

*Interim Assistant
Administrator*

Mark Steed

*Chief Investment
Officer*

Board of Trustees

Chairman

Scott McCarty

Vice Chairman

Harry Papp

Trustees

Christopher Hemmen

Brian Moore

Brandon Nee

Dean Scheinert

Randie Stein

Nathan Weber

Daren Wunderle

April 9, 2026

PSPRS and CORP Employers

PSPRS and CORP Local Board Members

Dear Local Board Members and Employers:

The Administrator of the Public Safety Personnel Retirement System (PSPRS) respectfully submits the Twenty-eight Annual Financial Report of the Public Safety Cancer Insurance Policy Program (PSCIPP) for the fiscal year ended June 30, 2025.

We are committed to providing the best possible cancer insurance program based upon the contributions received from the employers, employees and retired members. In this regard, the cancer insurance program, which began July 1, 2000 operates as a self-insured program. The contributions received are invested separately from the PSPRS Trust, but with the same prudence and care.

The PSCIPP has undergone various changes and enhancements over its life per Board of Trustee (Board) direction or legislative action. PSPRS continues to research the long term effects of contribution rates and and/or increasing benefits to ensure sufficient assets are available to fund the approved benefits for our members.

Contributions received from the participating employer groups were \$1.569 million in fiscal year 2025. Benefits paid were \$2.500 million, a increase of 20.35% from the \$2.077 million paid in the previous fiscal year. Fiduciary net position increased 8.35% from the fiscal year 2024 balance of \$30.563 million to \$33.114 million in fiscal year 2025.

We sincerely appreciate the opportunity of serving the State of Arizona and its political subdivisions.

Respectfully submitted,

Bret Parke, Esq., Interim Administrator/General Counsel

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3010 East Camelback Road, Suite 200

Phoenix, Arizona 85016-4416

Toll Free: (877) 925-5575

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BOARD OF TRUSTEES
(AS OF ISSUANCE DATE)



Scott McCarty
Chairman



Harry A. Papp
Vice Chairman



Daren Wunderle
Trustee



Dean M. Scheinert
Trustee



Nate Weber
Trustee



Randi Stein
Trustee



Brian V. Moore
Trustee



Christopher Hemmen
Trustee



Brandon Nee
Trustee

EXECUTIVE STAFF AND ORGANIZATIONAL CHART
(AS OF ISSUANCE DATE)



Bret Parke
Interim Administrator
General Counsel



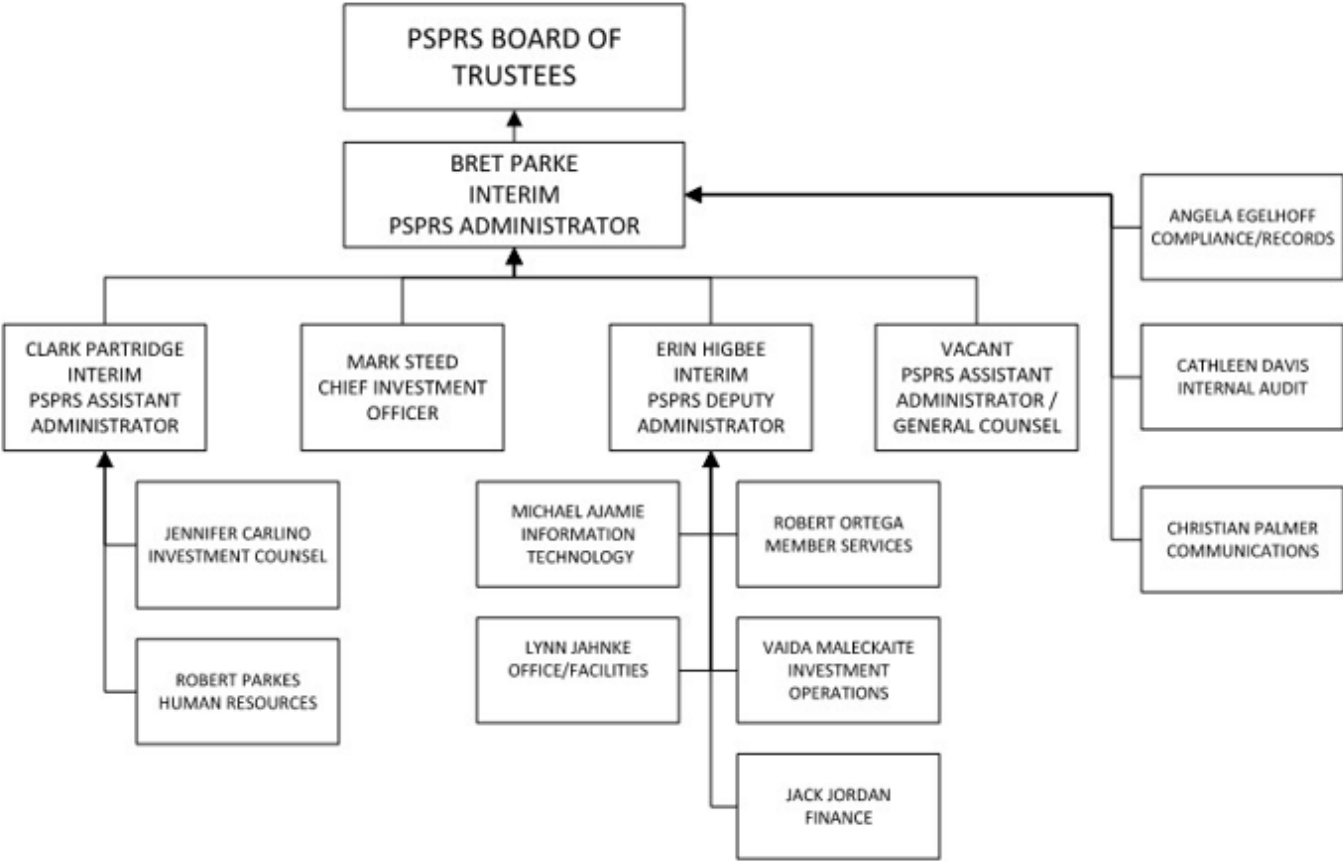
Erin Higbee
Interim Deputy
Administrator



Clark Partridge
Interim Assistant
Administrator



Mark Steed
Chief Investment
Officer





FINANCIAL SECTION



CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Public Safety Cancer Insurance Policy Program
Phoenix, Arizona

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Public Safety Cancer Insurance Policy Program (PSCIPP), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the PSCIPP'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 fiduciary net position of Public Safety Cancer Insurance Policy Program, as of June 30, 2025, and the respective changes in fiduciary net 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 audit 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 PSCIPP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 PSCIPP'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.

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Board of Trustees
Public Safety Cancer Insurance Policy Program

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 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 PSCIPP'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 PSCIPP'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 audit of the basic financial statements.

Board of Trustees
Public Safety Cancer Insurance Policy Program

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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the PSCIPP's basic financial statements. The schedules of administrative expenses, investment expenses, and payments to consultants (supporting schedules information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the schedules of administrative expenses, investment expenses, and payments to consultants (supporting schedules information) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2026, on our consideration of the PSCIPP'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 PSCIPP'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 PSCIPP's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Boston, Massachusetts
April 9, 2026

MANAGEMENT'S DISCUSSION & ANALYSIS

The Public Safety Cancer Insurance Policy Program's (PSCIPP) management's discussion and analysis (MD&A) is designed to assist the reader in focusing on significant financial issues, provide an overview of the PSCIPP's financial activity, identify changes in the PSCIPP's financial position and identify any issues or concerns. Since the Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes and currently known facts, it is intended to be read in conjunction with the Financial Statements and Notes to the Financial Statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for FY2025 are as follows:

- The PSCIPP had a total rate of return (net of fees) of 12.55% this fiscal year.
- Cancer insurance benefits paid totaled \$2.500 million for the current fiscal year, compared to \$2.077 million for the previous fiscal year. This represents a 20.35% increase from the prior fiscal year.
- The Public Safety Personnel Retirement System administers the PSCIPP and an allocation of expenses incurred by the System is charged to the PSCIPP. The allocated expenses for the current fiscal year totaled \$325,163. The PSCIPP is authorized to use up to 10% of total receipts to pay the costs of administering the PSCIPP.

OVERVIEW OF THE FINANCIAL STATEMENTS

Using this Annual Financial Report

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

Statement of Fiduciary Net Position

This statement reports assets, liabilities, and the resulting fiduciary net position available at the end of the fiscal year. It is a snapshot of the financial position of the program at that specific point in time.

Statement of Changes in Fiduciary Net Position

This statement summarizes the PSCIPP's financial transactions that have occurred during the fiscal year. It details the change that has occurred from the prior year's fiduciary net position on the *Statement of Fiduciary Net Position*. Both of these statements include all assets and liabilities of the PSCIPP using the accrual basis of accounting. Over time, increases or decreases in the fiduciary net position are one indicator of the financial health of the PSCIPP.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes include a description of the plan, a summary of significant accounting policies, and information about the contribution requirements, cash and investments, capital assets, and subsequent events, if applicable. The notes can be found immediately following the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

FINANCIAL ANALYSIS OF THE PSCIPP

The schedules that follow on pages 14 and 15 present comparative summary financial statements for fiscal year 2025 in comparison with results for fiscal year 2024. Following each schedule is a brief summary of the significant changes noted in the schedules.

REQUEST FOR INFORMATION

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

SUMMARY COMPARATIVE STATEMENTS OF FIDUCIARY NET POSITION

	2025	2024	\$ CHANGE	% CHANGE
Cash and Cash Equivalents	\$ 2,191,396	\$ 11,327,852	\$ (9,136,456)	(80.65) %
Other Assets	4,064	3,785	279	7.37 %
Total Receivables	7,125	27,805	(20,680)	(74.38) %
Total Investments	31,743,955	19,870,075	11,873,880	59.76 %
Net Capital Assets	34,704	26,684	8,020	30.06 %
Total Assets	33,981,244	31,256,201	2,725,043	8.72 %
Accrued Accounts Payable	850,731	676,907	173,824	25.68 %
Other Liabilities	16,683	16,248	435	2.68 %
Total Liabilities	867,414	693,155	174,259	25.14 %
Fiduciary Net Position	\$ 33,113,830	\$ 30,563,046	\$ 2,550,784	8.35 %

Note: Certain amounts in the 2024 column has been reclassified for comparative purposes to conform with the presentation for fiscal year 2025. The reclassifications have no effect on the previously reported Fiduciary Net Position Restricted or Changes in Fiduciary Net Position.

Summary Comparative Statements of Fiduciary Net Position Analysis

The total fiduciary net position held in trust for benefits at June 30, 2025 was \$33.114 million, a 8.35% increase from the \$30.563 million at June 30, 2024. This is evidenced by the Public Safety Cancer Insurance Policy Program's increased total investments. Total investments at June 30, 2025 were \$31.744 million, a 59.76% increase from \$19.870 million at June 30, 2024. This increase also results from the fiscal year total fund performance for PSCIPP being 12.55% net of fees.

SUMMARY COMPARATIVE STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

	2025	2024	\$ CHANGE	% CHANGE
ADDITIONS				
Total Contributions	\$ 1,568,699	\$ 1,545,057	\$ 23,642	1.53 %
Net Investment Income	3,807,140	3,263,054	544,086	16.67 %
Total Additions	5,375,839	4,808,111	567,728	11.81 %
DEDUCTIONS				
Insurance Benefits Paid	2,499,892	2,077,248	422,644	20.35 %
Administrative Expenses	325,163	263,102	62,061	23.59 %
Total Deductions	2,825,055	2,340,350	484,705	20.71 %
Net Increase In Fiduciary Net Position	2,550,784	2,467,761	83,023	3.36 %
Balance Beginning of Year - July 1	30,563,046	28,095,285	2,467,761	8.78 %
Balance End of Year - June 30	\$ 33,113,830	\$ 30,563,046	\$ 2,550,784	8.35 %

Note: Certain amounts in the 2024 column has been reclassified for comparative purposes to conform with the presentation for fiscal year 2025. The reclassifications have no effect on the previously reported Fiduciary Net Position Restricted or Changes in Fiduciary Net Position.

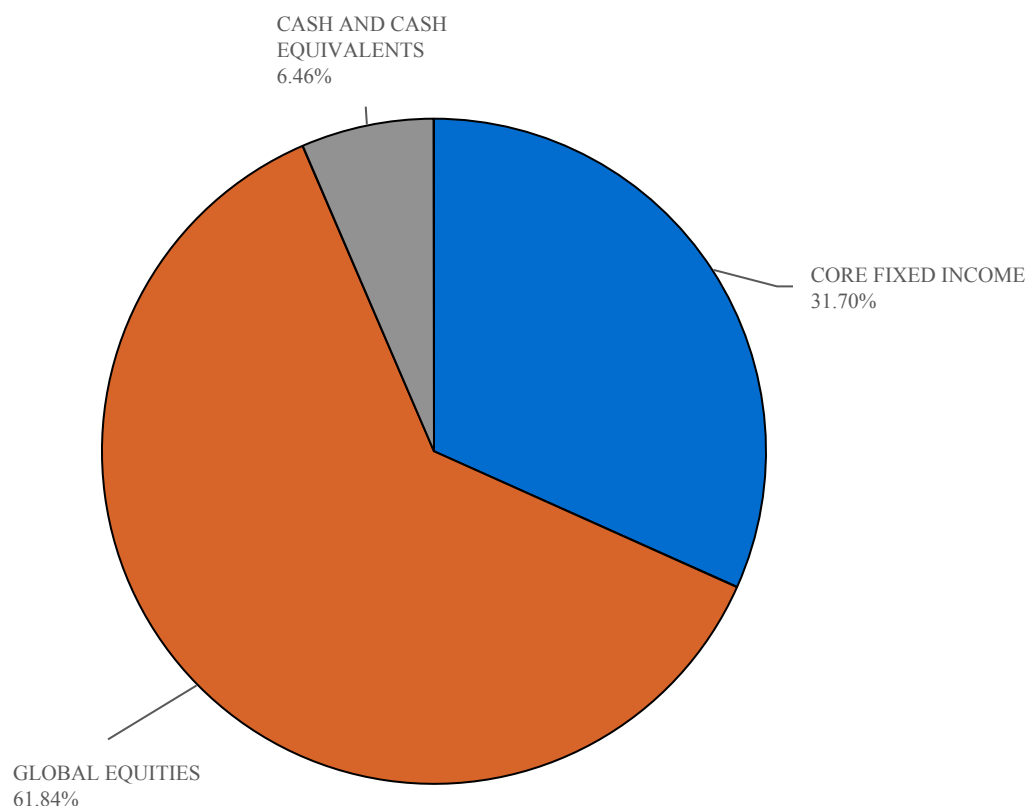
Summary Comparative Statements of Changes in Fiduciary Net Position Analysis

Administrative expenses were \$325,163 for fiscal year 2025 compared to \$263,102 for fiscal year 2024 while total contributions were \$1.569 million for fiscal year 2025 compared to \$1.545 million for fiscal year 2024. For fiscal year 2025, the PSCIPP recognized net investment income of \$3.807 million which compares to \$3.263 million in the previous fiscal year. The investment earnings were a result from steady gains in the financial markets during fiscal year 2025.

Deductions from the PSCIPP's fiduciary net position held in trust for insurance benefits consist primarily of insurance benefit payments and administrative expenses. For fiscal year 2025, these deductions totaled \$2.825 million, an increase of 20.71% from the \$2.340 million paid during fiscal year 2024.

INVESTMENT ACTIVITIES

ASSET ALLOCATION
JUNE 30, 2025



ASSET CLASS	FAIR VALUE PER FINANCIAL STATEMENTS	ACTUAL ASSET ALLOCATION (% OF FAIR VALUE)
CORE FIXED INCOME	\$ 10,757,942	31.70 %
GLOBAL EQUITIES	20,986,013	61.84 %
CASH AND CASH EQUIVALENTS ¹	2,191,396	6.46 %
Total	\$ 33,935,351	100.00 %

¹ Includes \$518,718 of Operating Cash

The assets of the PSCIPP are managed by the Board of Trustees and staff of the PSPRS. At June 30, 2025, the PSCIPP held \$33.935 million in its portfolio. The fiscal year 2025 total fund performance for PSCIPP was 12.55%, net of fees, versus a benchmark rate of return of 12.05%.

STATEMENT OF FIDUCIARY NET POSITION	
AS OF JUNE 30, 2025	
ASSETS	
Cash and Cash Equivalents	\$ 2,191,396
Other Assets	4,064
RECEIVABLES	
Employer Contributions	1,171
Interest and Dividends	<u>5,954</u>
Total Receivables	7,125
INVESTMENTS MEASURED AT FAIR VALUE	
Core Fixed Income	10,757,942
Global Equities	<u>20,986,013</u>
Total Investments	31,743,955
CAPITAL ASSETS, AT COST, NET OF ACCUMULATED DEPRECIATION	
Work In Progress	34,704
TOTAL ASSETS	<u>33,981,244</u>
LIABILITIES	
Accrued Accounts Payable (including incurred but not reported claims)	850,731
Other Liabilities	<u>16,683</u>
Total Liabilities	<u>867,414</u>
FIDUCIARY NET POSITION HELD IN TRUST FOR INSURANCE BENEFITS	\$ 33,113,830

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	
FOR THE YEAR ENDED JUNE 30, 2025	
ADDITIONS	
Contributions	\$ 1,568,699
Investment Income	
<i>From Investing Income:</i>	
Net Appreciation in Fair Value of Investments	3,019,335
Dividends	799,553
Less Investment Expense	(11,748)
Net Investment Income	3,807,140
Total Additions	5,375,839
DEDUCTIONS	
Insurance Benefits Paid	2,499,892
Administrative Expenses	325,163
Total Deductions	2,825,055
NET INCREASE IN FIDUCIARY NET POSITION	2,550,784
FIDUCIARY NET POSITION HELD IN TRUST FOR INSURANCE BENEFITS	
Beginning of Year, July 1	30,563,046
End of Year, June 30	\$ 33,113,830

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

NOTE 1: PLAN DESCRIPTION**ORGANIZATION**

The State of Arizona Public Safety Cancer Insurance Policy Program (PSCIPP) is a multiple-employer cancer insurance program established by Title 38, Chapter 4, Article 3 of the Arizona Revised Statutes (A.R.S.), to provide cancer insurance benefits for active and retired firefighters, peace officers and correction officers of certain state and local governments. The Board of Trustees of the State of Arizona Public Safety Personnel Retirement System (PSPRS) administers the Program.

Responsibility for the Program is vested in a Board of Trustees, which is comprised of nine-members. Two members are appointed by the President of the Senate; two are appointed by the Speaker of the House of Representatives; and five are appointed by the Governor. The Board of Trustees delegates investment decisions to the Administrator, who delegates to the Chief Investment Officer (CIO). The CIO makes investments in accordance with the "Prudent Man" rule. Additionally, the Board responsible for setting contribution rates and the general protection and administration of PSCIPP.

The PSCIPP provides cancer insurance covering active fire fighters and peace officers of participating employers. Beginning July 1, 2014, members of Correction Officers Retirement Plan (CORP) became eligible to join the plan when the employer chooses to participate. Benefits begin upon the date of membership in the PSPRS or CORP (excluding pre-existing conditions). Retired members remain eligible for coverage for five months for every year of credited service accumulated toward retirement under the PSPRS. A retired member whose eligibility is expiring may continue to remain eligible for coverage if benefits were received before retirement or diagnosed with cancer subsequent to retirement coupled with an election and annual predetermined premium payment. CORP members must make an irrevocable election to participate in the program and pay a predetermined annual amount to continue eligibility under this plan.

The PSCIPP was created by statute effective July 1, 1997 and the program became self-insured effective July 1, 2000. The insurance policy is designed by the program administrators and underwritten by the assets of the Public Safety Cancer Insurance Policy Program account established by A.R.S. § 38-643. All claims are submitted to PSPRS administration for adjudication. A complete Schedule of Revised Benefits is available on the PSPRS website: www.psprs.com/forms-and-resources/

The PSCIPP relies on funding from various employers who are members of the PSPRS, CORP employees who elect to be covered and retirees who elect to receive continued coverage by

notifying PSPRS prior to exhausting their earned coverage period and paying the determined annual fee.

BENEFITS

The insurance policy provides benefits to all active and limited retired fire fighters, peace officers and correction officers. The program is a supplemental insurance plan for hospitalization, surgery, radiology and chemotherapy, a daily care benefit for hospice and skilled nursing facility, and other cancer related illness benefits. Effective January 1, 2024, the program moved from a fixed reimbursement schedule to an advanced reimbursement indemnity schedule based repayment program. The program is self-insured, benefits are ultimately limited to the available assets in the PSCIPP account, and those benefits may be reduced or eliminated at any time upon Board of Trustee approval.

CONTRIBUTIONS

The current fiscal year annual contribution rate remains at \$50 which was initially set beginning July 1, 2012. Previous annual contribution rates ranged from \$75 to a high of \$180 before the current rate was set.

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

These financial statements are prepared using the accrual basis of accounting and are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governmental units. Employer contributions are recognized when due, pursuant to statutory requirements. Benefits are paid when claims have been properly submitted and approved. Expenses are recorded when liabilities are incurred. Furniture, fixtures and equipment purchases costing \$1,000,000 or more, when acquired, are capitalized at cost. Improvements, which increase the useful life of the property, are also capitalized.

ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of fiduciary net position held in trust for insurance benefits. Actual results could differ from those estimates.

INCURRED BUT NOT REPORTED

In the accompanying financial statements, insurance benefit expenses include paid claims, received but unpaid claims, and an estimate made by management for incurred but not reported (IBNR) claims. These IBNR claims include charges by health care providers for eligible member services rendered for which claims have not yet been submitted. The estimates for IBNR claims are developed using historical data for payment patterns

and other relevant factors that are continually reviewed by management.

METHOD USED TO VALUE INVESTMENTS

PSCIPP investments are reported at fair value. Fair values are determined as follows: Cash equivalents are short-term investments that are reported at cost which approximates fair value. Global equity securities are valued at the last reported sales price. Similarly, core fixed-income securities (currently being solely represented by ETFs) are valued using the last reported sales price.

Statutes enacted by the Arizona Legislature authorize the Board of Trustees to make investments in accordance with the “Prudent Man” rule. Pursuant to A.R.S. §38-848.I, the Board of Trustees is not limited to so-called “Legal Investments for Trustees”.

In making every investment, the board shall exercise the judgment and care under the circumstances then prevailing which men of ordinary prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income from their funds as well as the probable safety of their capital.

NOTE 3: CASH AND INVESTMENTS

Custodial credit risk for deposits is the risk that in the event of a bank failure, the PSCIPP’s deposits may not be returned. The deposits are held in two financial institutions with a balance of up to \$250,000 (permanently guaranteed as of July 21, 2010) insured by the Federal Deposit Insurance Corporation (FDIC).

All monies shall be secured by the depository in which they are deposited and held to the same extent and in the same manner as required by the general depository law of the state. Cash balances represent both operating and cash accounts held by the bank and investment cash on deposit with the investment custodian. All deposits are carried at cost plus accrued interest.

The following table is a schedule of the aggregate book and bank balances of all cash accounts as of June 30, 2025:

	BOOK BALANCE		BANK BALANCE	
Deposits with banks	\$	518,718	\$	518,718
Cash and Cash Equivalents		1,672,678		1,672,678
Total Deposits	\$	2,191,396		2,191,396

The PSCIPP’s investments are reported at fair value. The PSCIPP does not value any non-publicly traded assets, which there were not any in the portfolio as of June 30, 2025. All exchange-traded funds (ETF) represent publicly traded securities and as such are recorded at their net asset value (NAV). Short-term investments are reported at cost plus accrued interest. The

PSCIPP categorizes its fair value measurements for investments within the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset’s fair value.

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

- Level 1 – Unadjusted quoted prices for identical instruments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.
- Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

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

Level 1 debt and equity securities are valued based on prices quoted in active markets for those securities. Level 2 securities are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices. Level 3 securities, whose stated market prices are unobservable by the market place, are priced by the investment manager or General Partner using discounted cash flow techniques.

The PSCIPP had the following investments measured at fair value at June 30, 2025 (comprised of all Level 1 investments):

INVESTMENTS MEASURED AT FAIR VALUE				
	Fair Value	Level 1	Level 2	Level 3
Core Fixed Income				
US Core Fixed Income	\$10,757,942	\$10,757,942	\$ —	\$ —
Total Core Fixed Income	10,757,942	10,757,942	—	—
Equity				
Non US Global Equity	20,986,013	20,986,013	—	—
Total Global Equity	20,986,013	20,986,013	—	—
Total Fair Value	\$31,743,955	\$31,743,955	\$ —	\$ —

CUSTODIAL CREDIT RISK

Custodial Credit Risk is the risk that PSCIPP will not be able (a) to recover deposits if the depository financial institution fails or (b) to recover the value of the investment or collateral securities that are in the possession of an outside party if the counterpart to

the investment or deposit transaction fails. As of June 30, 2025, PSCIPP has no fund or deposits that were not covered by depository insurance or collateralized with securities held by our banks' trust department or agent. Nor does PSCIPP have any investments that are not registered in the name of PSCIPP or the PSPRS Trust, and are either held by the counterpart or the counterpart's trust department or agent. PSCIPP cash is not collateralized by Wells Fargo, but is covered by the State Treasurer's Statewide Pooled Collateral Program.

CREDIT RISK

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the PSCIPP. As of June 30, 2025, the PSCIPP's fixed income assets were invested in U.S. core fixed income securities. These fixed income assets have the below credit quality rating as of June 30, 2025:

CREDIT QUALITY RATING		
S&P RATING		FAIR VALUE
Not Rated	\$	10,757,942
Total	\$	10,757,942

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of investment in a single issue. Fixed income investments included in the portfolio as of June 30, 2025 consisted solely of the (ETF-based) exposure to U.S. core fixed income securities representing bonds that are rated BBB or better, with approximately half of them being issued by U.S. Government (and as such considered to be virtually risk-free).

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. This risk is managed within the portfolio by investing the PSCIPP fixed income portfolio assets in U.S. core fixed income securities, which consist primarily of investment-grade bonds issued by the U.S. Treasury, U.S. government agencies, and corporations and are managed to mitigate the impact of interest rate fluctuations.

The following table quantifies, to the fullest extent possible, the interest rate risk for the PSCIPP's fixed income holdings as of June 30, 2025:

FIXED INCOME INTEREST RATE RISK - EFFECTIVE DURATION		
FIXED INCOME SECURITY	FAIR VALUE	MODIFIED DURATION
Core Fixed Income	\$ 10,757,942	N/A
TOTAL	\$ 10,757,942	N/A
Modified duration is a measure that indicates the change in the value of a bond in response to a 1% change in interest rates. It is only applicable to securities with fixed interest rates.		

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. PSCIPP's foreign currency risk resides with the international ETF funds comprising about 61.84% of the portfolio. This consists solely of foreign global equities. This allows external managers to decide what action to take regarding their respective fund's exposures.

DERIVATIVES

There were no investments in derivatives during the Fiscal Year ending June 30, 2025.

SECURITY LENDING PROGRAM

The PSCIPP has been party to a securities lending agreement with a bank. The bank, on behalf of the PSCIPP, enters into agreements with brokers to loan securities and have the same securities returned at a later date. During fiscal year 2024, the PSCIPP terminated participation in the securities lending program and therefore does not have any securities on loan as of June 30, 2025.

NOTE 4: CAPITAL ASSETS

Capital assets are stated at cost, and depreciable assets are depreciated using the straight-line method over the estimated life of the asset. Repairs and maintenance are charged to expense as incurred. Since the capital assets are not yet in service for the PSCIPP, depreciation expense for the year ended June 30, 2025 as \$0.

The following table is a schedule of the capital asset account balances as of June 30, 2025, and changes to those account balances during the year ended June 30, 2025.

SCHEDULE OF CAPITAL ASSETS				
	Beginning Balance 7/1/2024		Additions	Ending Balance 6/30/2025
Work In Progress	\$	26,684	\$ 8,020	\$ 34,704
Accumulated Depreciation		-	-	—
Net Capital Assets	\$	26,684	\$ 8,020	\$ 34,704

FINANCIAL SECTION

SUPPORTING SCHEDULES INFORMATION

SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED JUNE 30, 2025

ADMINISTRATIVE EXPENSES	AMOUNT
Personnel Services	
Salaries & Wages	\$ 164,931
Payroll Taxes & Fringe Benefits	71,905
Staffing Services	10,708
Total Personnel Services	247,544
Professional Services	
Accounting & Auditing Services	35,000
Actuarial Services	8,300
Legal Services	5,974
Professional Services	4,754
Total Professional Services	54,028
General	
Building Expense	3,663
Communications	1,766
Computer Related Expenses	13,965
Education, Meetings & Travel	2,979
Postage Expense	426
Supplies & Services	792
Total General Expense	23,591
TOTAL ADMINISTRATIVE EXPENSE	\$ 325,163

SCHEDULE OF INVESTMENT EXPENSES FOR THE YEAR ENDED JUNE 30, 2025

SOURCE OF EXPENSE	AMOUNT
Internal Investment Expense	\$ 11,748
TOTAL INVESTMENT EXPENSE	\$ 11,748

SCHEDULE OF PAYMENTS TO CONSULTANTS FOR THE YEAR ENDED JUNE 30, 2025

PROFESSIONAL SERVICES	AMOUNT
Accounting & Auditing Services	
CliftonLarsonAllen LLP	\$ 35,000
Actuarial Services	
Foster & Foster, Inc.	8,300
Legal Services	
Charles W. Whetstine	113
Gallagher & Kennedy	5,861
Total Legal Services	5,974
Professional Services	
Gartner Inc.	1,226
Highground, Inc.	1,415
Knaster Technology Group	182
LSS Consulting, LLC	117
Manual Writing, NA	83
Public Policy Partners, LLC	1,731
Total Professional Services	4,754
TOTAL PAYMENTS TO CONSULTANTS	\$ 54,028