OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

Contact: Andy Nielsen
515/281-5834

FOR RELEASE December 5, 2018

Auditor of State Mary Mosiman today released an audit report on the Peace Officers' Retirement, Accident and Disability System for the year ended June 30, 2018. The System provides retirement, disability and death benefits to the peace officers of the Iowa Department of Public Safety and their dependents. The System covered 1,205 active and retired peace officers in fiscal year 2018.

The System's fiduciary net position restricted for pension benefits totaled $528,781,898 at June 30, 2018. Additions included employer contributions of $21,498,155 and member contributions of $5,123,936 and net investment income of $65,058,430. Deductions for the year ended June 30, 2018 included $30,966,019 for pension and annuity benefits.

The System's net pension liability decreased $38,053,125 during fiscal year 2018, from $167,758,470 at July 1, 2017 to $129,705,345 at June 30, 2018. The net pension liability as a percentage of covered payroll was 290.88% at June 30, 2018.

A copy of the audit report is available for review in the Peace Officers' Retirement, Accident and Disability System's office, in the Office of Auditor of State and on the Auditor of State's web site at https://auditor.iowa.gov/reports/audit-reports/.

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PEACE OFFICERS' RETIREMENT, ACCIDENT AND DISABILITY SYSTEM

INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2018

Table of Contents

Peace Officers'
Retirement, Accident and Disability System

Officials

Name	Title
State	
Honorable Kim Reynolds	Governor
David Roederer	Director, Department of Management
Glen P. Dickinson	Director, Legislative Services Agency
Board of Trustees	
Commissioner Roxann M. Ryan	Chairperson
Honorable Michael L. Fitzgerald	Member
Gail Schwab	Member (through June 30, 2018)
Robert Conrad	Member (through June 30, 2019)
Chris Mayer	Member (through April 30, 2020)
Agency	
Jim Wittenwyler	Director of Administrative Services, Department of Public Safety
Linda Guffey	Secretary, Peace Officers' Retirement, Accident and Disability System

**Peace Officers'
Retirement, Accident and Disability System**

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Mary Mosiman, CPA
Auditor of State

Independent Auditor's Report

To the Board of Trustees of the Peace Officers' Retirement, Accident and Disability System:

Report on the Financial Statements

We have audited the accompanying financial statements of the Peace Officers' Retirement, Accident and Disability System (System), as of and for the year ended June 30, 2018, and the related Notes to Financial Statements, which collectively comprise the System’s basic financial statements listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. 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 U.S. generally accepted auditing standards 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 System’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 System’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 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 fiduciary net position of the Peace Officers' Retirement, Accident and Disability System as of June 30, 2018, and the changes in its fiduciary net position for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 2, the financial statements present the financial position and changes in financial position of only that portion of the financial reporting entity of the State of Iowa that is attributable to the transactions of the Peace Officers' Retirement, Accident and Disability System. They do not purport to, and do not, present fairly the financial position of the State of Iowa as of June 30, 2018, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis on pages 7 through 9, the Schedule of Changes in the System's Net Pension Liability and Related Ratios on pages 26 and 27, the Schedule of System Contributions on pages 28 and 29 and the Schedule of Investment Returns on pages 30 and 31 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 which 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 U.S. generally accepted auditing standards, 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 28, 2018 on our consideration of the Peace Officers' Retirement, Accident and Disability 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 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 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 Peace Officers' Retirement, Accident and Disability System's internal control over financial reporting and compliance.

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

November 28, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Peace Officers' Retirement, Accident and Disability System (PORS or the System) provides an overview of the System's financial activities for the fiscal year ended June 30, 2018.

2018 FINANCIAL HIGHLIGHTS

- Fiduciary net position restricted for pensions increased approximately $60.5 million during fiscal year 2018. At June 30, 2018, total assets were approximately $557 million and total liabilities were approximately $28.2 million, resulting in fiduciary net position restricted for pensions of approximately $528.8 million.

- Covered payroll, upon which employee and employer pension contributions are calculated, totaled approximately $44,590,000 for fiscal year 2018. Member contributions in fiscal year 2018 totaled $5,123,936, an increase of $71,020 (1.4%) compared to fiscal year 2017. Employer contributions in fiscal year 2018 totaled $21,498,155, an increase of $4,224,011 (24.5%) from fiscal year 2017 due primarily to an appropriation increase of $2,500,000 from the State in fiscal year 2018.

- Net investment gain, after investment-related expenses, was approximately $65.1 million in fiscal year 2018 compared to a net investment gain of approximately $72.5 million in fiscal year 2017. Investment performance for fiscal year 2018 was an annualized rate of 13.76% compared to an annualized rate of 18.36% for fiscal year 2017.

- Total additions for fiscal year 2018 were $91,680,521, a decrease of $3,134,488 from fiscal year 2017 additions of $94,815,009, primarily due to the decrease in market conditions in fiscal year 2018.

- Pension benefits paid to members totaled $30,966,019, an increase of $1,604,236 when compared to fiscal year 2017 when members were paid $29,361,783.

- Administrative expenses totaled $233,024 as compared to $237,318 of administrative expenses for fiscal year 2017.

USING THIS FINANCIAL REPORT

This financial report reflects the activities of the Peace Officers' Retirement, Accident and Disability System as reported in the Statement of Fiduciary Net Position (see page 12) and the Statement of Changes in Fiduciary Net Position (see page 13). These statements are presented on an accrual basis and reflect all trust activities as incurred. The Notes to Financial Statements are an integral part of the financial statements and include additional information not readily evident in the statements themselves. The required supplementary information following the Notes to Financial Statements provide historical and additional detailed information considered useful in evaluating the condition of the System.

ANALYSIS OF PLAN NET POSITION

Tables 1 and 2 provide condensed summaries of the fiduciary net position and a breakdown of the changes in fiduciary net position, with comparisons to the previous fiscal year.

FIDUCIARY NET POSITION

Table 1

June 30,	2018	2017	Increase (Decrease) Amount	Increase (Decrease) Percent
Cash and investments	$ 550,843,508	480,546,338	70,297,170	14.6%
Receivables	6,173,003	2,011,139	4,161,864	206.9%
Total assets	557,016,511	482,557,477	74,459,034	15.4%
Total liabilities	28,234,613	14,257,057	13,977,556	98.0%
Net position	$ 528,781,898	468,300,420	60,481,478	12.9%

A large percentage of total assets (97.7%) are made up of investments held to provide retirement, survivor and disability benefits to qualified members and their beneficiaries. Other assets, including cash, cash equivalents and receivables, comprise approximately 2.3% of total assets. Total assets increased $74,459,034, or 15.4%, from the prior year.

Total liabilities represent current liabilities and consist primarily of amounts owed for investment-related transactions, amounts owed to members or their beneficiaries and amounts owed to contractors and vendors. Total liabilities increased $13,977,556, or 98.0%, from fiscal year 2017 due, in large part, to a increase in payables for investments purchased.

CHANGES IN FIDUCIARY NET POSITION

Table 2

Fiscal years ended June 30,	2018	2017	Increase (Decrease) Amount	Increase (Decrease) Percent
Additions:				
Member contributions	$ 5,123,936	5,052,916	71,020	1.4%
Employer contributions	21,498,155	17,274,144	4,224,011	24.5%
Net investment income (loss)	65,058,430	72,487,949	(7,429,519)	-10.2%
Total additions	91,680,521	94,815,009	(3,134,488)	-3.3%
Deductions:				
Pension and annuity benefits	30,966,019	29,361,783	1,604,236	5.5%
Administrative expenses	233,024	237,318	(4,294)	-1.8%
Total deductions	31,199,043	29,599,101	1,599,942	5.4%
Change in net position	$ 60,481,478	65,215,908	(4,734,430)	-7.3%

The decrease in fiduciary net position during fiscal year 2018 was due to the decrease in market conditions. There is an excess of benefits paid relative to contributions received, which is characteristic of a mature pension plan such as PORS. The System's annualized rate of return for fiscal year 2017 was 18.36%. In fiscal year 2018, the annualized rate of return was 13.76%.

The following table contains the fiscal year performance for each asset class, targeted asset allocation and the System's actual asset allocation as of June 30, 2018.

Asset Class	Return	Benchmark	Targeted Asset Allocation	Actual Asset Allocation
Active large capital stocks	22.85%	22.51%	12.00%	10.28%
Passive large capital stocks	14.81	14.84	13.00	14.84
Small capital stocks	14.77	13.10	15.00	16.99
Fixed income (bonds)	0.18	-0.28	25.00	20.52
International equity	23.23	6.84	25.00	25.94
Real estate	8.05	8.61	10.00	11.17
Cash	5.28	1.36	0.00	0.25
Total	13.76%	9.06%	100.00%	100.00%

CONTACTING THE SYSTEM'S FINANCIAL MANAGEMENT

This financial report is designed to provide our membership, taxpayers and creditors with a general overview of the System's finances and to demonstrate the System's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Iowa Department of Public Safety Peace Officers' Retirement, Accident and Disability System, Public Safety Building, 215 E. 7th Street, Des Moines, Iowa 50319.

Peace Officers'
Retirement, Accident and Disability System

Basic Financial Statements

Peace Officers'
Retirement, Accident and Disability System

Statement of Fiduciary Net Position

June 30, 2018

Assets:		
Cash and cash equivalents		$ 6,582,033
Receivables:		
Investments sold	$ 4,464,380	
Contributions	908,254	
Accrued interest	744,624	
Dividends	55,745	6,173,003
Investments, at fair value:		
Equity investments	358,274,951	
Fixed income securities	111,188,915	
Real estate	59,035,917	528,499,783
Securities lending collateral pool		15,761,692
Total assets		557,016,511
Liabilities:		
Payables:		
Broker rebates and collateral deposits	15,761,692	
Investments purchased	12,103,327	
Accounts	369,594	28,234,613
Net position restricted for pensions		$ 528,781,898

See notes to financial statements.

Peace Officers'
Retirement, Accident and Disability System

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2018

Additions:		
Contributions:		
Member		$ 5,123,936
Employer		21,498,155
Total contributions		26,622,091
Investment income:		
Interest	$ 4,802,344	
Dividends	4,824,264	
Net increase in fair value of investments	58,130,435	
Less investment expense, other than from securities lending	(2,776,648)	
Net investment gain from investing, other than from securities lending		64,980,395
Securities lending income	81,671	
Less securities lending expense	(3,636)	
Net income from securities lending		78,035
Net investment income		65,058,430
Total additions		91,680,521
Deductions:		
Pension and annuity benefits		30,966,019
Administrative expenses		233,024
Total deductions		31,199,043
Increase in net position		60,481,478
Net position restricted for pensions:		
Beginning of year		468,300,420
End of year		$ 528,781,898

See notes to financial statements.

(1) Plan Description

Plan Membership

The Peace Officers' Retirement, Accident and Disability System is the administrator of a single-employer defined benefit public employee retirement system that is a statewide retirement system for peace officers in the Iowa Department of Public Safety. Employee membership data as of June 30, 2018 was as follows:

Inactive employees or beneficiaries currently receiving benefits	614
Inactive members entitled to but not yet receiving benefits	46
Nonvested terminations	8
Active plan members	537
Total	1,205

Plan Benefits

Plan benefits are established by state statute under Chapter 97A of the Code of Iowa and may be amended only by the State legislature.

1. Service Retirement Benefits – A member may retire with a service allowance after completing twenty-two years of creditable service and attaining the minimum service retirement age of fifty-five. The retirement allowance consists of a pension equal to 60.5% of the member's average final compensation plus an additional 2.75% for each year of service over twenty-two years, not to exceed ten additional years, or a maximum of 88%. The member's average final compensation is the average earnable compensation of the member during the member's highest three years of service as a member of the Iowa Department of Public Safety.

2. Ordinary Disability Retirement Benefits – A member may retire on an ordinary disability retirement allowance, provided the medical board, after a medical examination of the member, has certified the member is mentally or physically incapacitated for further performance of duty and such incapacity is likely to be permanent and the member should be retired. The ordinary disability retirement allowance consists of a pension which is equal to 50% of the member's average final compensation, except if the member has not had five or more years of membership service. Then the member will receive a pension equal to 25% of the member's average final compensation. If the member has had twenty-two or more years of membership service, the member shall receive the greater of the benefit that would be payable under a service retirement if the member were fifty-five years of age or 50% of the member's average final compensation.

3. Accidental Disability Benefit – A member who has become totally and permanently incapacitated for duty as the result of an injury, disease or exposure occurring while in the actual performance of duty will be retired by the Board of Trustees, provided the medical board has certified such member is mentally or physically incapacitated for further performance of duty, such incapacity is likely to be permanent and the member should be retired. Upon retirement for accidental disability, a member will receive an accidental disability retirement allowance which consists of a pension equal to 60% of the member's average final compensation. If the member has had twenty-two or more years of membership service, the member will receive the greater of the benefit payable under a service retirement if the member were fifty-five years of age or 60% of the member's average final compensation.

4. Ordinary Death Benefit – Upon the death of a member who has one or more years of service and no pension payable for accidental death benefits, an amount equal to 50% of the final year of compensation will be payable to the member's beneficiary. If the member was in service at the time of death, the beneficiary, if qualified, may elect to receive a pension equal to 40% of the average final compensation, but not less than an amount equal to 25% of the compensation paid to an active member having the rank of senior patrol officer of the Iowa highway safety patrol payable immediately upon the death of the member. If the member was not in service at the time of death, the pension will be reduced to a prorated service allowance payable commencing when the member would have attained the age of fifty-five.

   In addition, immediately upon death, there will be paid for each child of a member a monthly pension equal to 6% of the monthly earnable compensation payable to an active member having the rank of senior patrol officer.

5. Accidental Death Benefit – Upon the death of a member as a result of an accident or exposure occurring in the performance of duty, there will be payable to the member's surviving spouse, children or dependent parent a pension equal to 50% of the average final compensation of the member. If there is no surviving spouse, children or dependent parent, the death will be treated as an ordinary death case and the benefit will be payable to the member's estate.

   In addition, immediately upon death, there will be paid for each child of a member a monthly pension equal to 6% of the monthly earnable compensation payable to an active member having the rank of senior patrol officer.

6. Line of Duty Death Benefit – Upon the receipt of evidence and proof the death of a member in service was the direct and proximate result of a traumatic personal injury incurred in the line of duty, the person authorized to receive an accidental death benefit will receive a lump sum payment equal to $100,000.

7. Adjustments to Pensions – Each July 1 and January 1, if applicable, the following adjustments are made: Monthly earnable compensation payable to an active member of the same rank and position in the salary scale as was held by the retired or deceased member at the time of the member’s retirement or death, for July of the current year less that of the preceding July, times the following percentages:

   (1) 40% for members receiving a service retirement allowance and for beneficiaries receiving an accidental death benefit.

(2) 40% for members with five or more years of membership who are receiving an ordinary disability benefit.

(3) 40% for members receiving an accidental disability benefit.

(4) 24% for members with less than five years of membership who are receiving an ordinary disability benefit and for beneficiaries receiving an ordinary death benefit.

(5) 50% of the amount which would have been added to the benefit of the retired member for surviving spouses, but not less than 25% of the monthly earnable compensation paid to an active member having the rank of senior patrol officer.

Additionally, the following amounts will be added to a member's or beneficiary's monthly pension:

Years Since Retired *	Amount
0 - 4	$ 15
5 - 9	20
10 - 14	25
15 - 19	30
20 or more	35

* Measured in whole years.

The way the flat escalator was applied changed effective July 1, 2010. Prior to 2010, the amount increased for each year after retirement.

Surviving children's pensions are adjusted each July to equal 6% of monthly earnable compensation payable to an active member having the rank of senior patrol officer of the state patrol.

<u>Vested Membership</u> – A member leaving covered employment before attaining retirement age but after completing at least four years of covered service is entitled to receive a service retirement allowance upon attaining the minimum service retirement age provided his or her accumulated contributions have not been withdrawn.

<u>Contributions</u> – Contributions to the System are made pursuant to Chapter 97A of the Code of Iowa. Member contribution rates enacted by the 2010 Legislature changed the scheduled contribution rates for both the employee and the employer. Employee contributions increased 0.5% each year, for four years, beginning at 9.35% in fiscal year 2011 and increasing to 11.40% on July 1, 2014. The 11.40% contribution rate beginning July 1, 2014 includes .05% for the cost of the cancer and infectious disease presumption. The employer rate is scheduled to increase 2% each year from 35% for plan year 2017 until reaching 37% in the year beginning July 1, 2017. The State also began contributing an additional $5 million each year, beginning July 1, 2013, until the funded status of the System attains 85%. On May 27, 2016, the Governor signed House File 2459 limiting the additional appropriation for fiscal year 2017 to $2.5 million. The supplemental contribution returned to $5.0 million for fiscal year 2018 and is expected to remain at that level.

(2) Summary of Significant Accounting Policies

A. Reporting Entity

The Iowa Peace Officers' Retirement System is an integral part of the primary government of the State of Iowa and, accordingly, has been included as a Pension Trust Fund in the Iowa Comprehensive Annual Financial Report.

For financial reporting purposes, the Peace Officers' Retirement, Accident and Disability System (System) has included all funds. The System has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the System are such that exclusion would cause the System's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the System to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the System. The System has no component units which meet the Governmental Accounting Standards Board criteria.

B. Fund Accounting

The System is treated for accounting purposes as a Pension Trust Fund. The operations of the fund are accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, net position, additions and deductions.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The System's financial statements are prepared using the accrual basis of accounting in conformity with U.S. generally accepted accounting principles as applied to governmental units. Contributions are recognized in the period in which the contributions are due. Pension benefits and annuities are recognized when due and payable in accordance with the terms of the plan.

D. Cash and Cash Equivalents

Cash and cash equivalents represent cash and money market investments held by the Treasurer of State and cash allocated to the System's investment managers for investment. The System's deposits throughout the year and at year end were entirely covered by federal depository insurance or by the State Sinking Fund.

E. Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Investments without an established market are reported at estimated fair value.

The System uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The System's investments at June 30, 2018 by level were as follows:

	Total	Level 1	Level 2	Level 3
Investments by fair value level				
Equity	$ 358,274,951	221,042,301	137,232,650	-
Convertible or Exchange Securities	1,876,219	-	1,876,219	-
Preferred Securities	-	-	-	-
Fixed Income Securities	114,497,334	-	113,844,650	652,684
Real Estate	59,035,917	-	-	59,035,917
Cash & Cash Equivalents	6,638,202	-	118,212	6,519,990
Total investment by fair value level	$ 540,322,623	221,042,301	253,071,731	66,208,591
Investments measured at the net asset value (NAV)				
Short Term Pooled Funds & Mutual Funds	1,469			
Invested securities lending collateral:				
Overnight repurchase agreements	10,588,092			
Total investments measured at fair value	$ 550,912,184			

Investments measured at NAV

Investment Type	Fair Value	Credit Risk Not Rated	Investment (Years)	Redemption Frequency	Redemption Notice Period
Overnight repurchase agreements	$ 10,588,092	$ 10,588,092	Less than 1	N/A	N/A

The Peace Officers' Retirement Accident and Disability System's Board of Trustees (PORS Board) is responsible for investing the System's funds. The System is authorized by statute to invest in any form of indebtedness issued, assumed or guaranteed by the federal government. In addition, the fund may be invested in a manner consistent with the "Uniform Prudent Investor Act." The act requires a trustee to invest and manage trust property as a prudent investor would, by considering the purposes, terms, distribution requirements and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill and caution.

The System's policy in regard to the allocation of invested assets is established and may be amended by the PORS Board by a majority vote of its members. The following was the PORS Board's adopted asset allocation policy as of June 30, 2018:

Asset Class	Target Allocation
U.S. Stocks (Large Cap Equities)	25.00%
U.S. Stocks (Small Cap Equities)	15.00
International Equity - Developed	18.75
Internaitonal Equity - Emerging	6.25
Fixed Income	25.00
Real Estate	10.00
Total	100.00%

Investments in governmental bonds and treasury notes constitute approximately 3.24% of total assets.

The System spent $2,780,284 for investment management expenses, which was 0.5% of the market value of the total assets at June 30, 2018.

The System's investments in common stock and fixed income securities, including certain securities on loan with brokers, stated at cost, are $231,975,357 and $113,058,919, respectively.

Credit Risk – Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligation to the System. As of June 30, 2018, the System's fixed income assets not government guaranteed represented 87.18% of the fixed income holdings. The following table summarizes the System's portfolio exposure levels and credit qualities for fixed income and fixed income securities on loan with brokers.

	Credit Risk - S&P Quality Ratings (Amounts rounded to the nearest thousand)										
Investment Type:	**TSY**	**AGY**	**AAA**	**AA**	**A**	**BBB**	**BB**	**B**	**Below B**	**Not Rated**	**Total**
1) Short Term Investments:											
A) Short Term Pooled Funds and Mutual Funds	$ -	-	-	-	-	-	-	-	-	6,520	6,520
B) Short Term U.S. Treasuries	118	-	-	-	-	-	-	-	-	-	118
2) Fixed Income Investments:											
A) U.S. Government:											
1) U.S. Government Treasury Notes	11,690	-	-	-	-	-	-	-	-	-	11,690
2) U.S. Government Treasury Bonds	2,780	-	-	-	-	-	-	-	-	-	2,780
3) Other Government Fixed Income	-	-	-	812	926	96	158	341	-	1,131	3,464
B) Mortgage Backed:											
1) Governmental National Mortgage Association	-	637	-	-	-	-	-	-	-	-	637
2) Federal National Mortgage Association	-	-	-	1,249	-	-	-	-	-	6,275	7,524
3) Collateralized Mortgage Backed Securities	-	-	-	-	-	-	48	-	-	411	459
C) Corporate Fixed Income:											
1) Government CMO's	-	-	-	193	333	127	52	-	-	-	705
D) State and Local Obligations	-	-	-	-	21	-	-	-	-	39	60
E) Corporate:											
1) Corporate Bonds	-	-	738	3,811	6,563	21,060	5,069	1,249	499	1,099	40,088
2) Corporate Asset Backed			8,945	487	1,181	1,430	534	-	-	2,836	15,413
3) Private Placement	-	-	2,750	1,176	4,107	8,023	2,600	749	286	8,679	28,370
Total	$ 14,588	637	12,433	7,728	13,131	30,736	8,461	2,339	785	26,990	117,828

There are no System-wide policy limitations for credit risk exposures within the portfolio. Each portfolio is managed in accordance with an investment contract specific as to permissible credit quality ranges and the average credit quality of the overall portfolios. Policies related to credit risk pertaining to the System's securities lending program are included within the securities lending disclosures found later in this Note to Financial Statements.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of an investment in a single issue.

The System's investment policy states an investment manager shall prudently invest fund monies so as to avoid an over-concentration in any one particular securities issue or industry and the investment managers shall follow the diversification standards set forth in the applicable investment manager guidelines.

The System's investment policy also states no investment manager shall be permitted to invest more than 4.9% of its System account in any one corporate issuer without written direction and approval of the Treasurer of State of Iowa.

Rate of Return – For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of investment expense, was 14.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Interest Rate Risk – Interest rate risk is the risk 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. It is widely used in the management of fixed income portfolios in that it quantifies to a much greater degree the risk of interest rate changes. 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.

Interest Rate Sensitivity-Duration

Investment Type:		**Fair Value**	**Duration (in years)**
1) Short Term Investments:			
A) Short Term Pooled Funds and Mutual Funds	$	6,519,990	0.08
B) Short Term U.S. Treasuries		117,770	0.45
2) U.S. Fixed Income:			
A) U.S. Government:			
1) U.S. Government Treasury Notes		11,690,438	2.63
2) U.S. Government Treasury Bonds		2,779,687	18.40
3) Other Government Fixed Income		3,463,966	4.36
B) Mortgage Backed:			
1) Governmental National Mortgage Asociation		637,239	3.35
2) Federal National Mortgage Association		7,523,895	4.29
3) Collateralized Mortgage Backed Securities		458,560	5.81
C) Corporate Fixed Income:			
1) Government CMO's		704,910	2.02
D) State and Local Obligations		59,827	1.80
E) Corporate Fixed Income:			
1) Corporate Bonds		40,087,095	5.46
2) Corporate Asset Backed		15,413,759	1.61
3) Private Placement		28,369,981	3.59
Total	$	117,827,117	
Portfolio duration			4.09

Foreign Currency Risk – Foreign currency risk is the risk changes in exchange rates will adversely impact the fair value of an investment. From time to time, the System's external managers may or may not hedge the portfolio's foreign currency exposures with forward foreign exchange contracts, currency options, currency futures or options on currency futures depending on their views on a specific foreign currency relative to the U.S. dollar.

Foreign Currency Risk (Rounded to the nearest thousand)

Currency by Investment		**Fair Value Fixed**
Argentina Peso	$	208
Columbian Peso		804
Mexican New Peso		1,272
Total	$	2,284

Securities Lending Program

The PORS Board has authorized participation in the securities lending program administered by the Treasurer of State. The Treasurer of State selects a bank to serve as the custodian bank and lending agent for the System's securities lending program. During the year, Deutsche Bank AG served as the custodian bank for the System. In its capacity as lending agent, the custodian bank is responsible for operating the program and is permitted to lend any of the securities it holds in custody for the System to broker-dealers and other entities in exchange for collateral. The custodian bank is permitted to accept collateral in the form of cash in U.S. dollars, U.S. government securities or irrevocable letters of credit. A borrower is required to initially deliver collateral in an amount equal to 102% of the fair value of any U.S. securities lent and 105% of the fair value of any non-U.S. securities lent. Borrowers are required to provide additional collateral any time the value of the collateral drops below 100% of the value of the security lent plus accrued interest income.

At year-end, the System had no credit risk exposure to borrowers because the amounts they owed to the System did not exceed the amount the System owed the borrowers. The contract with the custodian bank requires them to indemnify the System if a borrower fails to return the securities or fails to return all of the income attributable to securities on loan. The securities lending contract does not allow the System to pledge or sell collateral securities received unless the borrower defaults. As of June 30, 2018, the System had securities on loan, including accrued interest income, with a total value of $15,395,022 against collateral with a total value of $15,761,692.

The majority of securities loans are open loans, i.e., one day maturity, where the rebate rate due the borrower is renegotiated daily. All securities loans can be terminated on demand by either the System or the borrower. Cash collateral received from borrowers is invested in a cash collateral investment pool which is managed by the custodian bank in accordance with investment guidelines established by the System. The System bears investment risk if the custodian bank invests in securities which decrease in value or default. The investment guidelines do not require a matching of investment maturities with loan maturities, but do establish minimum levels of liquidity and other investment restrictions designed to minimize the interest rate risk associated with not matching the maturity of the investments with the loans.

(3) Net Pension Liability

The components of the net pension liability of the System at June 30, 2018 were as follows:

Total pension liability	$ 658,487,243
Plan fiduciary net position	528,781,898
Net pension liability	$ 129,705,345
Plan fiduciary net position as a percentage of the total pension liability	80.30%

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2018 using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement:

Inflation	2.75%.
Salary increases	4.00% to 8.50%, including inflation.
Investment rate of return	7.50% compounded annually, net of investment expense, and including inflation.

Pre-retirement mortality rates were based on the RP-2014 Total Dataset Mortality Table with a one-year age set-back for males and Generational Projection using MP-2016. Post-retirement mortality rates were based on the RP-2014 Total Dataset Mortality Table with a one-year age set-back for males and Generational Projection using MP-2016. Disability mortality rates were based on the RP-2014 Total Dataset Mortality Table with a 4-year age set forward for males and Generational Projection using MP-2016.

The actuarial assumptions used in the valuation are based on the results of the most recent actuarial experience study, which covered the five year period ended June 30, 2016. The experience study report is dated June 19, 2017.

The long-term expected rate of return on System investments is reviewed as part of the experience study. Several factors are considered in evaluating the long term rate of return assumption, including the long term historical data, estimates inherent in current market data and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Stocks (Large Cap Equities)	25.00%	8.83%
U.S. Stocks (Small Cap Equities)	15.00	9.64
International Equity - Developed	18.75	9.89
International Equity - Emerging	6.25	12.50
Fixed Income	25.00	3.95
Real Estate	10.00	7.50
Total	100.00%	

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed plan contributions from members and the State will be made at the current contribution rates as set in State statute:

a. Employee contribution rate: 11.40%.

b. State contribution rate: 37.00% until the System is fully funded, at which point the State will contribute the actuarial rate, but not less than 17.00% of payroll.

c. Supplemental State contributions: $5.0 million until the System is at least 85% funded. Based on the July 1, 2018 actuarial valuation, supplemental payments are expected for the next 4 years. (through fiscal year 2022).

Based on those assumptions, the System fiduciary net position is projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on System assets was applied to all periods of projected benefit payments to determine the net pension liability. The municipal bond rate was not used in determining the discount rate, but if it were required, the rate would have been 3.89%. The projected future benefit payments for all current plan members were projected through 2117.

Sensitivity Analysis - The sensitivity of the net pension liability to changes in the discount rate presents the net pension liability of the System, calculated using the discount rate of 7.50%, as well as the System's net pension liability calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current discount rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	$ 221,534,072	129,705,345	54,616,377

(4) Contributions Required and Contributions Made

The contributions to the System were made pursuant to Chapter 97A of the Code of Iowa and were not based upon actuarial determinations. Therefore, actual contributions differ from the annual required contribution.

Member contribution rates are established by statute (11.40% of covered payroll for the year ended June 30, 2017). HF 2518 enacted by the 2010 Legislature changed the contribution rates for both the employee and the employer. Employee contributions increased 0.5% each year for four years, beginning at 9.35% in fiscal year 2011 and increasing to 11.40% on July 1, 2014. This is deducted from the member's gross pay and remitted by the employer. The 11.40% contribution rate which began July 1, 2014 includes 0.05% for the cost of the cancer and infectious disease presumption.

The employer rate is scheduled to increase by 2% from 35% for plan year beginning July 1, 2015 until reaching 37% in the year beginning July 1, 2017. The State also began contributing an additional $5 million each year, beginning July 1, 2013, until the funded status of the System attains 85%. On May 27, 2016, the Governor signed House File 2459 limiting the additional appropriation for fiscal year 2017 to $2.5 million. The supplemental contribution returned to $5.0 million for fiscal year 2018 and is expected to remain at that level for several years. Contribution provisions are established by State statute and may be amended only by the State Legislature. The State of Iowa has historically followed a contribution policy of appropriating funds based upon a percentage of the current salaries for which funds are appropriated.

The member contribution required and contributed was $5,123,936, representing 11.40% of current year covered payroll. The State contribution required by statute and the amount actually contributed was $21,498,155. $5,000,000 of the State contribution was an annual appropriation, which was in addition to the required employer 37% contribution rate. Costs of administering the plan are financed through employer contributions and investment income.

An actuarial valuation of the System's assets and liabilities is required at least once every two years per Chapter 97A of the Code of Iowa.

(5) Risk Management

State employee benefits for health, dental, long-term disability and life insurance coverage are fully insured through commercial insurers. There were no significant reductions in insurance coverage from the prior year and settlements have not exceeded coverage for the past three fiscal years. The State of Iowa self-insures on behalf of its agencies for losses related to workers' compensation, its motor vehicle fleet, property damage and torts.

A contingent fund exists under Section 29C.20 of the Code of Iowa to provide compensation for loss or damage to state property (casualty losses).

Required Supplementary Information

Peace Officers'
Retirement, Accident and Disability System

Schedule of Changes in the System's Net Pension Liability
And Related Ratios

Required Supplementary Information

For the Last Five Years
(in Thousands)

		2018	2017	2016
Total pension liability				
Service cost	$	12,109	13,071	12,207
Interest		46,564	42,298	41,661
Benefit changes		-	-	-
Differences between expected and actual experience		(5,279)	(1,886)	(5,613)
Changes in assumptions		-	33,549	23,791
Benefit payments, including refunds of member contributions		(30,966)	(29,362)	(28,284)
Net change in total pension liability		22,428	57,670	43,762
Total pension liability beginning of year		636,059	578,389	534,627
Total pension liability end of year (a)	$	658,487	636,059	578,389
Plan fiduciary net position				
Employer contributions	$	21,498	17,274	20,519
Member contributions		5,124	5,053	5,080
Net investment gain (loss), including other sources of $2,500,000 for 2015		65,058	72,488	(4,581)
Benefit payments, including refunds of member contributions		(30,966)	(29,362)	(28,284)
Administrative expenses		(233)	(237)	(248)
Net change in plan fiduciary net position		60,481	65,216	(7,514)
Plan fiduciary net position beginning of year		468,301	403,085	410,599
Plan fiduciary net position end of year (b)	$	528,782	468,301	403,085
Net pension liability end of year (a) - (b)	$	129,705	167,758	175,304
Plan fiduciary net position as a percentage of the total pension liability		80.30%	73.63%	69.69%
Covered employee payroll	$	44,590	42,212	47,028
Net pension liability as a percentage of covered employer payroll		290.88%	397.42%	372.77%

See accompanying independent auditor's report.

2015	2014
11,847	11,551
40,222	38,880
-	(164)
(6,609)	(7,444)
-	-
(26,693)	(25,432)
18,767	17,391
515,860	498,469
534,627	515,860
18,601	17,715
4,991	4,755
21,722	65,436
(26,693)	(25,432)
(217)	(199)
18,404	62,275
392,195	329,920
410,599	392,195
124,028	123,665
76.80%	76.03%
43,873	43,845
282.70%	282.05%

Peace Officers'
Retirement, Accident and Disability System

Schedule of System Contributions
Required Supplementary Information

For the Last Ten Years
(in Thousands)

		2018	2017	2016	2015
Actuarially determined contribution	$	20,306	17,746	17,081	16,957
Actual employer contributions		21,498	17,274	20,519	18,601
Contribution deficiency (excess)	$	(1,192)	472	(3,438)	(1,644)
Covered employee payroll	$	44,590	42,212	47,028	43,873
Contributions as a percentage of covered employee payroll		48.21%	40.92%	43.63%	42.40%

See accompanying independent auditor's report.

2014	2013	2012	2011	2010	2009
18,187	18,665	16,623	14,967	14,237	13,356
17,715	11,778	10,741	9,554	8,499	7,898
472	6,887	5,882	5,413	5,738	5,458
43,845	43,621	42,965	41,539	40,469	41,570
40.40%	27.00%	25.00%	23.00%	21.00%	19.00%

Peace Officers'
Retirement, Accident and Disability System

Schedule of Investment Returns

Required Supplementary Information

For the Last Ten Fiscal Years

	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	14.24 %	18.82 %	(0.63)%	5.27%

See accompanying independent auditor's report.

2014	2013	2012	2011	2010	2009
20.21%	16.01%	(2.07)%	24.37%	14.85%	(16.47)%

Valuation date: July 1, 2018

The System is funded with fixed contribution rates for both the employees and the State. The actuarially determined contributions are calculated as of the beginning of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions (from the July 1, 2017 actuarial valuation) were used to determine the actuarially determined employer contribution reported for the fiscal year ended June 30, 2018:

Actuarial cost method:	Entry age normal
Amortization method:	Level percentage of payroll, closed
Amortization period:	21 years
Asset valuation method:	5 year smoothed market
Price inflation:	2.75%
Wage growth/Payroll growth:	3.00%
Salary increases, including wage inflation:	4.00% to 8.50%
Long-term rate of return, net of investment expense, and including inflation:	7.50%
Post-retirement adjustment:	Pensions are adjusted by percentage, which varies by type of retirement, of the change in the compensation of active members of the same rank. In addition, a dollar adjustment is made which varies by a schedule based on the number of years since the member reitred.
Mortality:	Pre-retirement mortality rates were based on the RP-2014 Total Dataset Mortality Table with a one-year set-back for males and Generaltional Projection using MP-2016. Post-retirement mortality rates were based on the RP-2014 Total Dataset Mortality Table with a one-year set-back for males and Generaltional Projection using MP-2016. Disability mortality rates were based on the RP-2014 Total Dataset Mortality Table with a 4-year age set forward for males and Generaltional Projection using MP-2016.

Changes of Benefit and Funding Terms

The following changes to the plan provisions were made by the Iowa Legislature and are reflected in the valuation performed as of July 1 listed below:

2017: As scheduled in law, the state's contribution rate increase from 35% to 37% of payroll.

2016: As scheduled in law, the State's contribution rate increase from 33% to 35% of payroll.

The 2016 Legislature passed House File 2459 which reduced the State's supplemental contribution from $5.0 million to $2.5 million for fiscal year 2017.

Administrative expenses are now included as a component of the actuarial contribution rate. In the past, administrative expenses were netted against investment income, thus impacting the expected investment return.

2015: As scheduled in law, the State's contribution rate increased from 31% to 33% of payroll.

2014: The 2014 Legislature passed House File 2450 which provided cancer and infectious disease, as defined in the bill, will be presumed to have been contracted while the member was on active duty as a result of that duty. The presumption means such members will be eligible for an accidental disability benefit rather than an ordinary disability benefit. As scheduled in the law, the member contribution rate increased from 10.85% to 11.35% of payroll. The House File also increased the member contribution rate 0.05% to cover the cost of the benefit change so the total member contribution rate is 11.40%. The State's contribution rate increased from 29.0% to 31.0% of payroll.

2013: As scheduled in law, the member contribution rate increased from 10.35% to 10.85% of payroll and the State's contribution rate increased from 27.00% to 29.00% of payroll.

2012: As scheduled in law, the member contribution rate increased from 9.85% to 10.35% of payroll and the State's contribution rate increased from 25.00% to 27.00% of payroll. The first payment of the supplemental state appropriation of $5 million per year until the System is 85% funded was delayed one year to fiscal year 2014.

2011: As scheduled in law, the member contribution rate increased from 9.35% to 9.85% of payroll and the State's contribution rate increased from 23.00% to 25.00% of payroll.

2010: As scheduled in law, the State's contribution rate increased from 21.00% to 23.00% of payroll. Legislation passed in the 2012 Session included several provisions which impacted the System:

- The member contribution rate will increase 0.5% each year for four years beginning July 1, 2011. The ultimate member contribution rate is 11.35% in fiscal year 2017.
- The State's payroll related contributions were scheduled to reach a maximum of 27% in fiscal year 2013. The new law continues the 2% annual increase in the State's contribution rate with an ultimate rate of 37% in fiscal year 2018.

- Supplemental State contributions of $5 million annually will be made to the System from the General Fund beginning July 1, 2012 and ending June 30 of the fiscal year in which the System's funded ratio reaches 85%.
- Clarifying language changed how the flat dollar escalator is paid. Rather than the payment amount increasing each year after retirement as was done in the past, the flat dollar escalator only increases every five years after retirement. For members and beneficiaries having already received $35 or more, there will be no further adjustments associated with the flat escalator.

2009: The State's contribution rate increased from 19.00% to 21.00% of payroll as scheduled by law.

Changes in Assumptions

July 1, 2017 valuation:

- The mortality assumption was changed to the RP-2014 Mortality Table, with a one-year age setback for males. Generational mortality improvements are modeled using the MP-2016 scale.
- Retirement rates were modified for employees with less than 30 years of service.
- Accidental and Ordinary Disability rates were adjusted to better reflect actual experience.
- Termination rates were adjusted to better reflect actual experience.
- The salary increase assumption was adjusted to better reflect actual experience.
- The amortization of the UAAL was changed to a "layered" approach with new pieces of UAAL amortized over a closed 20-year period, beginning with the July 1, 2018 valuation. The legacy UAAL (at July 1, 2017) continues to be amortized on its current schedule.
- The asset smoothing method was modified to recognize investment gains and losses over a five-year period rather than four.

July 1, 2016 valuation:

- The price inflation assumption decreased from 3.00% to 2.75%
- The wage inflation assumption decreased from 3.75% to 3.50%
- The payroll growth assumption decreased from 3.75% to 3.00%
- The long-term investment return assumption decreased from 8.00% to 7.50%.

July 1, 2014 valuation:

- The disability assumption was modified to assume a higher portion of total disabilities will be payable as accidental disabilities as a result of a law passed which provides for a presumption of cancer and infectious diseases are contracted while on active duty.

July 1, 2012 valuation:

- The merit scale component of the salary increase assumption was increased for years of service less than 20 and decreased for years of service more than 20.
- Retirement rates were changed to be age and service based instead of only age based. There are two sets of retirement rates, one if the member has less than 30 years of service and another if the member has 30 or more years of service.
- The wage increase assumption for annual readjustment of pensions was lowered from 4.00% to 3.75%.
- Consumer price inflation was lowered from 3.50% to 3.00%.
- The economic productivity component of the general wage increase assumption was increased from 0.50% to 0.75%.

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

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Mary Mosiman, CPA
Auditor of State

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 Board of Trustees of the Peace Officers' Retirement, Accident and Disability System:

We have audited in accordance with U.S. generally accepted auditing standards 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 Peace Officers' Retirement, Accident and Disability System as of and for the year ended June 30, 2018, and the related Notes to Financial Statements, which collectively comprise the basic financial statements, and have issued our report thereon dated November 28, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Peace Officers' Retirement, Accident and Disability System's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Peace Officers' Retirement, Accident and Disability System's internal control. Accordingly, we do not express an opinion on the effectiveness of the Peace Officers' Retirement, Accident and Disability 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 a material misstatement of the System'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 which 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 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 Peace Officers' Retirement, Accident and Disability System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters which 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 System'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 System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Peace Officers' Retirement, Accident and Disability System during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

November 28, 2018

Peace Officers'
Retirement, Accident and Disability System

Staff

This audit was performed by:

Suzanne R. Dahlstrom, CPA, Manager
Alex W. Case, Senior Auditor
Taryn M. Plunkett, Assistant Auditor
Bianca M. Cleary, Assistant Auditor
Kasey L. Bunce, Assistant Auditor

Andrew E. Nielsen, CPA
Deputy Auditor of State