CALLAN ASSOCIATES

EXHIBIT
12

John R. Krimmel, CPA, CFA
Senior Vice-President

SAN FRANCISCO
NEW YORK
CHICAGO
ATLANTA
DENVER

August 29, 2008

ASPRS' investment program objective is to provide plan participants with retirement benefits. This is accomplished by the implementation of a carefully planned and executed long-term investment program. The Board of Trustees (Board) has exclusive control of all retirement system investments and is responsible for establishing investment objectives, strategies, and policies.

The Board is charged with the responsibility of investing the Systems' assets to provide for the benefits of the members of the systems. To achieve that goal the Board follows a policy of preserving capital while seeking means of enhancing revenues and protecting against undue losses in any particular investment area. The Board diversifies the investment of the assets among classes of securities to reduce risk while maximizing the long-range return.

Asset Allocation

Based on its analysis of capital and money market return patterns, both historical and projected, the Board considers the following asset allocation targets to be consistent with the return requirements and risk tolerance of the Fund:

Domestic Equity	47%
Non-Domestic Equity	20%
Domestic Fixed Income	28%
Global Real Estate Securities	5%

Total Fund Goals

The System's primary funding goal is to achieve and maintain a funded status that provides for the security of retirement income to participants in the Plan.

The Fund's benchmark assumes a passive implementation of the asset allocation policy. The benchmark is the return that would have been achieved if the fund had been invested 47%in the Russell 3000 Stock Index, 20% in the Morgan Stanley Capital International Europe, Australia, Far East Index, 28% in the Lehman Brothers Aggregate Bond Index and 5% in the EPRA/NAREIT Global Real Estate Securities Index. Over rolling five-year periods, the investment program is expected to generate returns in excess of this target index after all fees and expenses.

Total Fund Returns

For the fiscal year 2008 ASPRS produced a return of -10.74%. This fell short of the fund benchmark, as described above, by 3.37%.

Over the past five years, the Fund had an annualized return of 8.23%. This return exceeds the actuarially assumed interest rate assumption of 7.75%.

Notes To The Financial Statement
(Continued)

Increases After Retirement – Retirees will receive a 3% cost of living adjustment increase in their benefit each July 1st. Eligibility for the COLA requires being retired from July 1st for a full 12 months.

Funded Status and Funding Progress - Pension Plans – The funded status of the plan as of June 30, 2009, the most recent actuarial date, is as follows (dollar amounts in millions):

Plan	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded (Excess) Accrued Liability (UAAL) (2 - 1)	(4) Funded Ratio (1/2)	(5) Annual Covered Payroll (Millions)	(6) UAAL (Excess) As Percentage of Covered Payroll (3/5)
State Police	$206.32	$325.94	$119.62	63.3%	$26.80	446%

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Actuarial Assumptions – The information presented in the required supplementary information was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2009
Actuarial Cost Method	Entry age
Amortization Method	Level percent-of-payroll
Remaining Amortization Period	30 year open
Asset Valuation Method	4 year smoothed market
Actuarial Assumptions:	
Investment Rate of Return	8.00%
Projected Salary Increases	4.00%
Wage Inflation Rate	4.00%
Post-Retirement Cost-of-Living Increases:	3.00%
Mortality Table	RP-2000 Combined mortality table for males; RP-2000 Combined mortality table for females set back 2 years.