

# **PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM**

A PENSION TRUST FUND OF THE STATE OF ARIZONA

THIRTY-THIRD COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2001

This report was prepared by the staff of the PSPRS

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**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
THIRTY-THIRD COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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# INTRODUCTORY SECTION

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
THIRTY-THIRD COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2001

Fund Managers' Report

Letter of Transmittal

Certificate of Achievement for  
Excellence in Financial Reporting

The Retirement Board and  
Administrative Organization

Organizational Chart

Summary of Plan Provisions  
(See Note 1 in Notes to Financial Statements)



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

1020 East Missouri Avenue  
Phoenix, Arizona 85014-2613

Jack M. Cross, C.P.A., C.F.A.  
Administrator

TELEPHONE: (602) 255-5575  
FAX: (602) 255-5572

Michael H. Ong, J.D.  
Assistant Administrator

September 14, 2001

The Honorable Jane Dee Hull  
Governor of the State of Arizona  
State Capitol  
Phoenix, Arizona 85007

Dear Governor Hull:

The Fund Manager of the Public Safety Personnel Retirement System respectfully submits the Thirty-Third Comprehensive Annual Financial Report for the fiscal year ended June 30, 2001, in accordance with the provisions of A.R.S. Section 38-848.

We are pleased to report that the System is in outstanding financial and actuarial condition. For the eighteenth year in a row the System remains more than 97% funded even in the face of improved retirement benefits. In fact, the System increased its funding to 126.9%, the highest funding on record. This is one of the best funded plans in the country. Set forth below are some of the highlights of the fiscal year ended June 30, 2001.

Benefits paid to retired members and their beneficiaries increased from \$145,302,173 to \$164,727,744. The average employer contribution rate as a percentage of gross payroll decreased from a high of 22.13% for the 1972/73 fiscal year to 4.21% for the 2001/02 fiscal year. This is a direct savings to the taxpayers of approximately \$135 million annually. The Fair Market Value of the System's assets were 10% higher than the book value of the assets.

The 5-year and 10-year total rates of return, which includes realized as well as unrealized gains and losses, for the total fund were 10.64% and 11.11%, respectively. The 5-year rate of return for the stock portfolio and bond portfolios were 12.55% and 8.01%, respectively. The 10-year rate of return for the stock portfolio and bond portfolios were 13.33% and 8.28%. The fund continues to perform well against the market indexes (S&P 500/NYSE stock and Shearson Lehman Government/Corporate bond) on a long-term basis. The net effective yield for the current year, which takes into account only realized gains and losses, was 6.02%.

Total administrative and investment expenses increased about 11% from \$927,751 last year to \$1,030,409 this year. Costs have increased only 60% during the past sixteen years. This increase is below the rate of inflation (66% during this period) even though assets managed have increased 514% and the System membership has increased 104%.

We sincerely appreciate the opportunity of serving the State of Arizona, its political subdivisions and its Public Safety members.

Respectfully submitted,

DON DE MENT/sig

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Don De Ment, Chairman

PAT CANTELME/sig

---

Pat Cantelme, Member

BETSEY BAYLESS/sig

---

Betsey Bayless, Member

RON SNODGRASS/sig

---

Ron Snodgrass, Member

WENDY M. HANCOCK/sig

---

Wendy Hancock, Member

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
CORRECTIONS OFFICER RETIREMENT PLAN  
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Michael H. Ong, J.D.  
Assistant Administrator

September 14, 2001

The Fund Manager  
Public Safety Personnel Retirement System  
State of Arizona  
Phoenix, Arizona

Gentlemen:

There is presented herewith the Thirty-Third Comprehensive Annual Financial Report of the operations and financial conditions of the Public Safety Personnel Retirement System, State of Arizona, for the fiscal year ended June 30, 2001. Incorporated in this report are the audited financial statements and other financial data from the June 30, 2001, report of Barrows & Schatza, P.L.C., Certified Public Accountants and auditors for the System. Also included is the Actuarial Certification Statement and the Actuarial Balance Sheet from the June 30, 2001, Actuarial Valuation prepared by the System's actuary, Rodwan & Nichols, Consulting Actuaries.

This report has been organized into five sections: (1) the Introductory Section containing general information regarding the operations of the PSPRS; (2) the Financial Section containing the financial reports and schedules of the funds administered by the PSPRS; (3) the Investment Section containing detailed lists of the investment transactions and portfolios of the system along with investment performance; (4) the Actuarial Section containing actuarial information regarding the funding of the pension trusts; and (5) the Statistical Section containing statistical data pertaining to the benefits paid by the PSPRS and growth of the system.

### **FINANCIAL INFORMATION**

The primary responsibility for the integrity and objectivity of the financial statements and related financial data rests with the management of the System. The financial statements were prepared in conformity with generally accepted accounting principles appropriate for government-sponsored defined benefit pension plans. Management believes that all other financial information included in this annual report is consistent with those financial statements.

It is the System's policy to maintain a control-conscious environment through an effective system of accounting controls. These controls are adequate to provide reasonable assurance that assets are safeguarded against loss or unauthorized use and to produce the records necessary for the preparation of financial information. There are limits inherent in all systems of internal control based on the recognition that the costs of such systems should be related to the benefits to be derived. Management believes the System's controls provide this appropriate balance.

The System uses the accrual basis of accounting for both revenues and expenses. Contributions to the System are based on principles of level-cost financing with current service financed as a level percent of payroll on a current basis and prior service amortized as a level percent of payroll over a rolling twenty (20) year period.

### **REVENUES**

Revenues to the System are derived from three sources: member contributions, employer contributions and investment income. As shown by the Schedule of Revenues by Source included in the Statistical Section later in this report, the System suffered an investment loss this fiscal year that was offset by member contributions, direct employer contributions, and insurance premium taxes. Please refer to the Statistical Section for a ten-year history of revenues and expenses.



## **ADMINISTRATIVE AND INVESTMENT EXPENSES**

The 2000/2001 Administrative and Investment Expenses of the Administrative Office totaled \$1,030,409 compared to \$927,751 for the prior year. This is only 60% higher than the total for fiscal year 1984/1985. This is a compounded annual rate of increase of 2.97% over the last sixteen years. This rate of increase is well below both the rate of inflation and the rate of growth of the System. A dedicated staff and constantly improving internal expertise has allowed management to keep costs nearly flat for the past sixteen years even though inflation, membership and assets managed have increased substantially during this same period (over 60%, over 100%, and over 500%, respectively).

### **INVESTMENTS**

Since the System is well-funded, management takes a moderately conservative approach to investing. The System invests primarily in bonds rated A or better and blue chip common stock. A detailed summary of the investment portfolio and all investment transactions is presented in the Investment Section. At year-end, the investment portfolio was made up of 12.59% U. S. Government Securities, 14.05% Corporate Bonds, 3.19% Other Investments, 2.34% Corporate Notes, 0.04% insured Money Market Funds and 67.79% Common Stocks. All investments are held in trust by the Arizona subsidiary of one of the largest banks in the world.

Even with this relatively conservative investment philosophy, the fixed income portfolio has outperformed the Lehman Government/Corporate Bond Index in seven of the last ten years. The equity portfolio has also outperformed the applicable Index in five of the last ten years. The System's performance resulted in a net effective yield of 6.02% and a 10-year total rate of return of 11.11%. Graphs depicting the fund's extraordinary performance since 1974, the year internal staff took over the portfolio management, can be found in the Investment Section.

### **ECONOMIC OUTLOOK**

The economy seems to be bottoming out. It is likely the economy will restart this fall or early 2002. With interest rates so low, it may be difficult to continue to outperform the System's 9% assumed rate of investment return over the next couple of years.

### **ACTUARIAL AND FUNDING INFORMATION**

Funding a retirement system on a sound actuarial reserve basis involves the accumulation of substantial reserves to guarantee the payment of promised benefits. These reserves are invested and the rate of investment earnings, over time, is a major factor in determining the employer contribution requirement to meet the calculated level cost of the System.

There is no single all-encompassing test to measure a retirement system's funding progress and current status. A traditional measure is the ratio of assets to unfunded accumulated normal costs, often referred to as the "percent funded." The percent funded for the System at June 30, 2001, is 126.9% which is well ahead of schedule. One hundred and twenty of the 187 participating units have fully-funded actuarial accrued liabilities.

The System is funded through a member contribution of 7.65% of gross payroll, an employer contribution set by an actuarial valuation expressed as a percent of gross payroll and a distribution of the net earnings of the System. While each employer has a different contribution rate, the average for the entire System for the 2001/2002 fiscal year is 4.21% of gross payroll. Of the 187 groups that make up the System, twenty will be affected by the 2% floor enacted by recent legislation; and, 68 employers will pay less than the 7.65% which the employees pay. In addition, the firefighter groups and the Department of Public Safety receive a percentage of the Insurance Premium Tax which underwrites a large portion, if not all, of their employer contributions.

### **POST RETIREMENT BENEFIT INCREASES**

State law provides for an annual benefit increase for retirees or their survivors either two years after retirement, regardless of age, or when the retiree or survivor attains age 55 and has been retired for a year. These increases are dependent upon the production of excess earnings on a portion of the System's assets and are limited to four percent of the average benefit being paid.

Below is a schedule of the increases in monthly benefits granted since this program began on July 1, 1986:

July 1, 1986 - \$36.17  
July 1, 1987 - \$38.59  
July 1, 1988 - \$42.84  
July 1, 1989 - \$44.95

July 1, 1990 - \$47.83  
July 1, 1991 - \$52.35  
July 1, 1992 - \$55.13  
July 1, 1993 - \$58.69  
July 1, 1994 - \$63.94  
July 1, 1995 - \$45.00  
July 1, 1996 - \$50.00  
July 1, 1997 - \$55.00  
July 1, 1998 - \$78.36  
July 1, 1999 - \$81.95  
July 1, 2000 - \$87.37  
July 1, 2001 - \$93.24  
July 1, 2002 - \$98.17

Cumulative Total - \$1,029.58

A benefit increase schedule showing how these amounts were calculated can be found in the Statistical Section.

### **CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the PSPRS for its comprehensive annual financial report for the fiscal year ended June 30, 2000. This was the seventh consecutive year that the System has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

### **SUMMARY**

The System's actuary, Rodwan & Nichols, summarized the results of the latest Actuarial Valuation as of June 30, 2001, as follows:

The results of the valuations indicate that Retirement System benefit obligations are being funded as incurred. Current assets are 126.9% of actuarial accrued liability. This is an excellent level of accrued funding and well ahead of schedule. Superior investment returns, over an extended period, have made possible the excellent actuarial condition of the Retirement System, improved benefits, cost-of-living increases to retired members and their beneficiaries, and substantial reductions in contribution requirements.

The System has experienced great change during the past thirty-three years. The System was created on July 1, 1968 to provide a uniform state-wide retirement system for public safety personnel. The System successfully transitioned from a 25-year/age-55 program to a straight 20-year program. The System now provides for disability benefits, survivor benefits for spouses and children, post-retirement increases and health insurance subsidies. Employer contribution rates have dropped from an average of 22.13% to 4.21%. Funding has increased to 126.9%. Over just the past twelve years, investment income and total assets of the System have more than tripled. I am proud to have been a part of the System's management team and I look forward to the System's continued success in the future.

Respectfully submitted,

JACK CROSS/sig

Jack M. Cross, C.P.A., CFA  
Administrator

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Public Safety Personnel  
Retirement System, Arizona

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Anne Spray Kinney*  
President

*Jeffrey L. Esser*  
Executive Director

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
THE RETIREMENT BOARD AND ADMINISTRATIVE ORGANIZATION**

**THE FUND MANAGER**

		<u>Term Expires</u>
Don De Ment Retired City Clerk City of Tucson	Chairman	January 2003
Pat Cantelme Retired Firefighter City of Phoenix	Member	January 2002
Ron Snodgrass Police Officer City of Phoenix	Member	January 2004
Betsey Bayless Secretary of State State of Arizona	Member	January 2003
Wendy Hancock Public Member	Member	January 2002

**PROFESSIONAL ADVISORS**

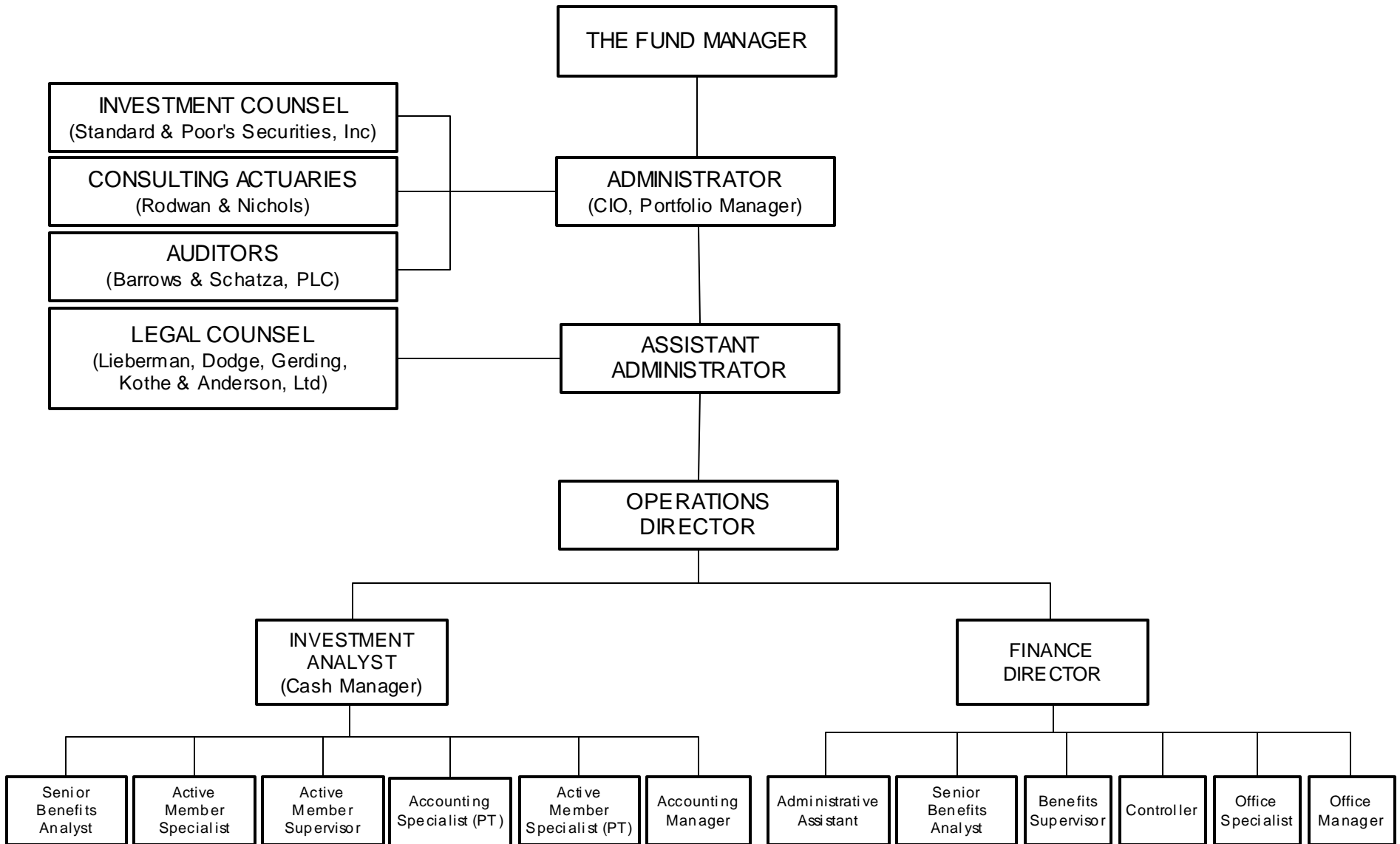
Standard & Poor's Securities, Inc.	Investment Counsel
Rodwan & Nichols	Consulting Actuaries
Barrows & Schatza, P.L.C.	Auditors
Lieberman, Dodge, Gerding, Kothe & Anderson, Ltd.	Legal Counsel

**ADMINISTRATIVE STAFF**

Jack M. Cross, CPA, CFA	Administrator
Michael H. Ong, JD	Assistant Administrator
Donald B. Mineer	Operations Director
Tracey D. Peterson, CPA, CFE	Finance Director
Jared A. Smout	Investment Analyst
Karen L. Lewis, CPA	Controller
Lori A. Boyle	Office Manager
LaDawn M. Snodgrass	Active Member Supervisor
Sheryl D. Saltsman	Benefits Supervisor
Annette L. Jorgensen	Administrative Assistant
Lilian L. Leung	Senior Benefits Analyst
Joann L. Lowey	Benefits Specialist
Kathleen A. Mattoon	Office Specialist
Deborah S. Irwin	Active Member Specialist
Scott D. Willard	Accounting Specialist
D. Steven Williams	Active Member Specialist

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**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
ORGANIZATIONAL CHART**





# FINANCIAL SECTION

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
THIRTY-THIRD COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2001

Independent Auditor's Report
Statements of System Net Assets
Statements of Changes in System Net Assets
Notes to Financial Statements
Schedule of Funding Progress
Schedule of Employer Contributions
Supporting Schedule of Changes in Fund Balance Reserves
Supporting Schedule of Administrative and Investment Expenses
Supporting Schedule of Payments to Consultants
Supplemental Schedule of Cash Receipts and Cash Disbursements
Schedule of Changes in Employer Reserves – Year Ended June 30, 2001, and Unfunded Accrued Normal Costs at June 30, 2000
Schedule of Changes in Refundable Member Reserves Fiscal Year Ended June 30, 2001
Earnings Distribution, Fiscal Year Ended June 30, 2001





**INDEPENDENT AUDITOR'S REPORT**

**FUND MANAGER  
STATE OF ARIZONA PUBLIC SAFETY  
PERSONNEL RETIREMENT SYSTEM  
PHOENIX, ARIZONA**

We have audited the accompanying statements of system net assets of the **STATE OF ARIZONA PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM** as of June 30, 2001 and 2000, and the related statements of changes in system net assets for the years then ended, appearing on pages 14 and 15, respectively. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of **STATE OF ARIZONA PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM** as of June 30, 2001 and 2000, and the results of its operations and the changes in system net assets for the years then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information, contained on pages 23 and 24, schedule of funding progress and schedule of employer contributions, are required disclosures under Governmental Accounting Standards Board (GASB) statement No. 25 and are not a required part of the basic financial statements. Also, the accompanying additional information, contained on pages 25 to 41, are not required disclosures under Governmental Accounting Standards Board (GASB) statement No. 25 and are not a required part of the basic financial statements. The accompanying additional information described above has been subjected to the auditing procedures applied in our audit of the 2001 financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

**BARROWS & SCHATZA, P.L.C./sig**

September 7, 2001

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
STATEMENTS OF SYSTEM NET ASSETS  
AS OF JUNE 30, 2001 AND 2000**

	2001		2000	
	Book Cost	See Note 2	Book Cost	See Note 2
<b>ASSETS</b>				
Receivables				
Members' Contributions		\$ 2,114,325		\$ 1,526,915
Employers' Contributions		4,803,733		3,654,949
Interest and Dividends		22,432,555		26,128,071
<b>Total Receivables</b>		<u>29,350,613</u>		<u>31,309,935</u>
Investments at Fair Value (Note 2)				
U.S. Government Securities	\$ 520,596,733	553,076,444	\$ 475,315,084	495,365,954
Corporate Bonds	642,229,937	617,260,124	577,199,461	528,329,515
Corporate Notes	102,953,663	102,953,663	48,931,375	48,931,375
Corporate Stocks	2,577,008,004	2,977,526,884	2,587,505,302	4,149,828,967
Other Investments	140,087,977	140,087,977	122,094,988	122,094,988
Money Market Account	1,337,742	1,337,742	2,209,341	2,209,341
<b>Total Investments</b>	<u>\$ 3,984,214,056</u>	<u>4,392,242,834</u>	<u>\$ 3,813,255,551</u>	<u>5,346,760,140</u>
Property (Note 2)		468,808		480,712
<b>Total System Assets</b>		<u>4,422,062,255</u>		<u>5,378,550,787</u>
Collateral Held in Trust for Securities on Loan		1,296,756,307		1,272,699,149
Liability - Collateral Subject to Return to Borrower		<u>(1,296,756,307)</u>		<u>(1,272,699,149)</u>
<b>Net Assets Held in Trust for Pension Benefits</b>		<u>\$ 4,422,062,255</u>		<u>\$ 5,378,550,787</u>
<b>Net Asset Reserves</b>				
Refundable Members' Reserve		\$ 449,791,950		\$ 418,847,014
Employers' Reserve		3,309,372,289		4,097,263,035
Future Benefit Increase Reserve		662,898,016		862,440,738
<b>Total Net Asset Reserves</b>		<u>\$ 4,422,062,255</u>		<u>\$ 5,378,550,787</u>

A schedule of funding progress is presented immediately following the notes to the financial statements. The accompanying notes are an integral part of these financial statements.

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
STATEMENTS OF CHANGES IN SYSTEM NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000**

	<b>2001</b>	<b>2000</b>
<b>Additions</b>		
Contributions		
Members' Contributions (Notes 1 and 3)	\$ 58,052,765	\$ 52,451,478
Employers' Contributions (Notes 1 and 3)	52,540,310	46,890,892
Total Contributions	110,593,075	99,342,370
Net (Depreciation) Appreciation		
in Fair Value of Investments (Note 2)	(1,011,022,691)	468,155,806
Interest	96,845,388	95,879,268
Dividends	16,910,483	22,894,141
Securities Lending Activities		
Securities Lending Income	\$ 72,928,173	\$ 67,274,690
Borrower Rebates	(70,432,311)	(64,943,856)
Agents Share of Income	(873,533)	(815,781)
Net Securities Lending Income (Note 2)	1,622,329	1,515,053
	(895,644,491)	588,444,268
Less Investment Expense	(351,037)	(311,642)
Net Investment Income	(895,995,528)	588,132,626
Amounts Transferred from Other State-Sponsored Pension Plans and Service Credits Purchased--Net	372,822	658,432
<b>Total Additions</b>	(785,029,631)	688,133,428
<b>Deductions</b>		
Pension and Insurance Benefits (Note 1)	164,727,744	145,302,173
Refunds to Terminated Members (Note 1)	6,051,785	5,313,595
Administrative Expenses	679,372	616,109
<b>Total Deductions</b>	171,458,901	151,231,877
<b>Net (Decrease) Increase</b>	(956,488,532)	536,901,551
<b>Net Assets Held In Trust for Pension Benefits</b>		
<b>Beginning of Year - July 1</b>	5,378,550,787	4,841,649,236
<b>End of Year - June 30</b>	\$ 4,422,062,255	\$ 5,378,550,787

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

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2001 AND 2000**

**NOTE 1 - PLAN DESCRIPTION**

**Organization**

The Public Safety Personnel Retirement System (PSPRS), a pension trust fund of the State of Arizona, is an agent multiple-employer public employee retirement system established by Title 38, Chapter 5, Article 4 of the Arizona Revised Statutes, to provide benefits for public safety employees of certain state and local governments. The System is jointly administered by the Fund Manager and 187 Local Boards.

The Fund Manager is a five-member board. Effective August 6, 1999, it became the Governor's responsibility to appoint all members of the Fund Manager, who serve a fixed three-year term. The Fund Manager is responsible for the investment of the System's assets, setting employer contribution rates in accordance with an actuarial study, adopting a budget, hiring personnel to administer the System, setting up records, setting up accounts for each member and each Local Board, paying benefits and the general protection and administration of the System.

Each eligible group participating in the System has a five-member Local Board. Three members are appointed by the chief elected official of the organization and two members are elected by the active members of the eligible group. In general, each member serves a fixed four-year term. Each Local Board is responsible for determining eligibility for membership, service credits, eligibility for benefits, timing of benefit payments, and the amount of benefits for its eligible group of employees. All costs associated with the administration of the Local Boards are paid by the various governing bodies.

The addition or deletion of eligible groups does not require the approval of the other participating employers. New eligible groups are approved for participation by the Fund Manager. The PSPRS is not reported as a component unit of any other organization. The Local Boards are reported as component units of their respective sponsoring organization.

The Fund Manager of the PSPRS is also responsible for the investment and general administration of two other statewide retirement plans—the Corrections Officer Retirement Plan and the Elected Officials' Retirement Plan. The investments and expenses of these plans are held and accounted for separately from those of the PSPRS. Since none of the plans have the authority to impose their will on any of the other plans, each plan is reported as its own stand-alone government.

At June 30, 2001 and 2000, the number of participating local government employer groups was:

	<b>2001</b>	<b>2000</b>
Municipalities	118	118
Counties or County Agencies	20	20
State Agencies	9	9
Special Districts	40	34
Total Employers	187	181

Any state or local government in the State of Arizona may elect to have its paid, full-time eligible employees (generally, fire fighters and police officers in hazardous duty positions) covered by the PSPRS. At June 30, 2001 and 2000, statewide PSPRS membership consisted of:

	<b>2001</b>	<b>2000</b>
Retirees and beneficiaries currently receiving benefits	5,782	5,442
Terminated vested employees	59	61
Current employees		
Vested	6,985	6,633
Non-vested	8,488	8,253
Total Members	21,314	20,389

PSPRS provides retirement benefits as well as death and disability benefits. A member of the System does not have vested rights to benefits under the System until he files an application for benefits and is found eligible for those benefits.

An eligible claimant's rights to benefits vest on the date of his application for those benefits or his last day of employment under the System, whichever occurs first. A summary of benefits and plan provisions follows.

## SUMMARY OF BENEFITS

### **Purpose** (A.R.S. §38-841)

To provide a uniform, consistent and equitable statewide program for public safety personnel who are regularly assigned hazardous duty in the employ of the State of Arizona, or a political subdivision of this State. Membership consists of those eligible employees who are employed by an employer who entered the system in 1968 or who has entered into an agreement to join the System on behalf of an eligible group.

### **Eligibility** (A.R.S. §38-842, ¶13)

Full-time paid firefighters of a participating employer who is or was regularly assigned to hazardous duty of the type normally expected of a firefighter and full-time paid certified peace officers of a participating employer who is or was regularly assigned to hazardous duty of the type normally expected of a certified peace officer.

### **Contributions**

Each member shall contribute 7.65% of compensation to the system on a pre-tax basis by payroll deduction. (A.R.S. §38-843.C). Each employer shall contribute a level percent of compensation as determined by actuarial valuation to ensure proper funding for the system but not less than 2% of compensation (A.R.S. §38-843.B).

### **Credited Service** (A.R.S. §38-842, ¶ 8)

The member's total period of service before the member's effective date of participation, plus those compensated periods of the member's service thereafter for which the member made contributions to the fund.

### **Average Monthly Compensation** (A.R.S. §38-842, ¶ 4)

One thirty-sixth of total compensation paid a member during the highest three consecutive years out of the last twenty years of credited service.

### **Compensation** (A.R.S. §38-842, ¶ 7)

For purposes of computing retirement benefits, base salary, overtime pay, shift differential pay and holiday pay paid to an employee on a regular monthly, semimonthly or bi-weekly payroll basis and longevity pay paid to an employee at least every six months for which contributions are made to the System. Compensation does not include payments for unused sick leave, payment in lieu of vacation payment for compensatory time or any other payment for fringe benefits.

### **Normal Retirement Date** (A.R.S. §38-842, ¶ 20)

First day of month immediately following completion of twenty years of service, or following sixty-second birthday and completion of fifteen years of service.

The amount of monthly normal pension is based on credited service and average monthly compensation as follows:

For retirement with twenty years of credited service but less than twenty-five years of credited service, 50% of average monthly compensation for the first twenty years of credited service, plus 2% of average monthly compensation for each year of credited service between twenty and twenty-five. (A.R.S. §38-845.A, ¶ 2)

For retirement with twenty years of service, but less than twenty years of credited service, the pension is reduced by a rate of 4% per year for each year of credited service under twenty years. (A.R.S. §38-845.A, ¶ 1)

For retirement with twenty-five or more years of credited service, 50% of average monthly compensation for the first twenty years of credited service, plus 2-1/2% of average monthly compensation for each year of credited service above twenty years, up to a maximum of 80% of average monthly compensation. (A.R.S. §38-845.A, ¶ 2)

### **Deferred Retirement Option Plan (DROP)** (A.R.S. §§38-844.02 through 38-844.09)

Effective August 9, 2001, a member with 20 or more years of credited service under the System may enter into a DROP program with his employer. Under the DROP program, the member must voluntarily and irrevocably elect to enter into the program with his employer for a period of up to 60 months. During the DROP period, the member remains in the employ of the employer as a full-time paid firefighter or full-time paid certified peace officer but no member or employer contributions are made to the System, therefore no additional years of credited service are accrued on the member's behalf. The member's monthly pension is calculated based upon the years of credited service and average monthly compensation at the beginning of the DROP period. This monthly pension amount is credited to a DROP participation account with interest at the rate of 9% credited monthly to the account. At the end of the DROP period or prior to that time if the member terminates employment, the monies in the DROP participation account will be either paid to the member in a lump-sum amount or paid in a lump-sum distribution to an eligible retirement plan or individual retirement

account. The member will then begin receiving the monthly pension amount directly from the System in the same amount as was being credited to the DROP participation account.

**Deferred Retirement** (A.R.S. §38-846.01)

A member with at least ten years of credited service, who terminates employment, may elect to leave their contributions in the System and receive a deferred retirement allowance, commencing at age sixty-two. Pension is a lifetime monthly annuity, based on twice the amount of the member's contributions. Under this option, there is no survivor benefit payable. The benefit is forfeited if the member elects a refund of their contributions.

**Accidental Disability Retirement (Service Connected)** (A.R.S. §38-842, ¶ 1, A.R.S. §38-845.B and A.R.S. §38-844.B)

Total and permanent disability incurred in performance of duty, preventing performance of a reasonable range of duties within the employee's job classification. No credited service requirement. The pension is 50% of average monthly compensation or normal pension amount, whichever is greater.

**Ordinary Disability Retirement (Not Service Connected)** (A.R.S. §38-842, ¶ 21 and §38-845.C and §38-844.B)

Physical condition: Total and permanent disability preventing performance of a reasonable range of duties within the employee's department, prior to normal retirement date. Mental condition: Total and permanent disability preventing any substantial gainful activity, prior to normal retirement date. Benefit is percentage of normal retirement, based on years of credited service: 25% less than seven years, 50%, seven to fourteen years, 75%, fourteen to twenty years.

**Offset Of Accidental Or Ordinary Disability Pension** (A.R.S. §38-844.F)

Before the member's normal retirement date, an accidental or ordinary disability pension will be reduced if the retiree engages in any employment and the income from this employment is greater than the retiree's pension. The reduction is equal to the difference between the retiree's income from employment and the retiree's pension.

**Temporary Disability (Service Connected)** (A.R.S. §38-844.H and §38-842, ¶ 28)

Total and presumably temporary disability, incurred in performance of duty, prior to normal retirement, preventing performance of a reasonable range of duties within the employee's department. No credited service requirement. Monthly pension is one-twelfth of 50% of annual compensation at time of disability. Payments terminate after twelve months or return to work. Member must terminate employment to receive this benefit.

**Survivor Pension** (A.R.S. §38-846)

The survivors of members who die in service, or after retirement, are eligible for benefits as follows: No credited service requirement.

Spouse's Pension – Three-fourths of pension deceased active member would have been paid for accidental disability retirement, or in the case of retired member, three-fourths of retired member's pension. Requires two years of marriage for a retired member's spouse. Terminates on death. For a member killed in the line of duty, the spouse's pension is 100% of pension deceased member would have been paid for accidental disability retirement, less any amount payable for an eligible child. (A.R.S. §38-846.A and §38-846.B)

Child's Pension - One-eighth of pension deceased active member would have been paid for accidental disability retirement (equal shares of two-eighths if more than two children), or, in the case of a retired member, one-eighth of the retired member's pension (equal shares of two-eighths if more than two children). Eligible child must be unmarried, a dependent of the surviving spouse or guardian and either under the age of 18 or a full-time student under the age of 23 or under a disability which began before the age of 23. (A.R.S. §38-842, ¶ 12 and 38-846.E)

Guardian's Pension - Same amount as spouse's pension. Payable only during periods no spouse is being paid and there is at least one eligible child. (A.R.S. §38-846.C and §38-846.D)

**Death Benefit** (A.R.S. §38-846.F)

If a member has accumulated contributions remaining in the System at the date of death of the last pension recipient the remaining accumulated contributions are payable to the beneficiary named by the member.

**Termination Refund** (A.R.S. §38-846.02)

Upon termination of employment, for any reason other than death or retirement, a member shall, within twenty days after filing an application with the Fund Manager, receive a lump-sum payment, equal to his accumulated contributions, as of the date of termination, less any benefits paid or any amounts owed to the System. A member forfeits all membership rights and credited service in the System upon receipt of refund of contributions. If the member has 5 or more years of credited service upon termination they shall receive an additional amount according to the schedule below:

5 to 5.9—25% of member contributions deducted from the member's salary pursuant to ARS 38-843.C  
6 to 6.9—40% of member contributions deducted from the member's salary pursuant to ARS 38-843.C  
7 to 7.9—55% of member contributions deducted from the member's salary pursuant to ARS 38-843.C  
8 to 8.9—70% of member contributions deducted from the member's salary pursuant to ARS 38-843.C  
9 to 9.9—85% of member contributions deducted from the member's salary pursuant to ARS 38-843.C  
10 or more—100% of member contributions deducted from the member's salary pursuant to ARS 38-843.C plus interest at 3% if left on deposit after 30 days.

**Transfer Of Contributions To Another Employer** (A.R.S. §38-853)

A member who terminates employment with an employer and accepts, within two years, a position with the same, or another employer participating in the System, shall have the credited service transferred to the member's record with the new employer, provided the member leaves the accumulated contributions on deposit with the Fund. The termination of employment shall not constitute a break in service; however, the period not employed shall not be considered as service.

**Reemployment And Repayment Of Contributions** (A.R.S. §38-849.C)

Members who terminate and take a refund of their contributions may elect, only upon reemployment with the same employer, to recover their prior service. To recover this prior service, their re-employment must be within two years from date of termination and they sign a written election within ninety days after re-employment to reimburse the Fund within one year the amount of monies refunded plus interest at the rate of 9%.

**Reemployment After Retirement** (A.R.S. §38-849.D)

A retired member who is reemployed by an employer shall not make contributions nor accrue credited service during the period of reemployment. However, if the employer from which the member retired reemploys the retired member in the same position, the retired member's pension is suspended during the period of reemployment.

**Transfer Into Or Out Of System** (A.R.S. §38-855)

A member who changes employment or transfers or is assigned to a non-eligible position because of a change in duties or otherwise may elect one of the following options:

1. Leave service credits and contributions on account with the PSPRS, except that after two years, the member must request a refund of his accumulated contributions or transfer his credited service to another state retirement plan or system.
2. Apply for refund of accumulated member contributions (forfeiting all service credits and membership rights).
3. Transfer all service credits to the Arizona retirement system or plan applicable to the new position pursuant to the requirements for transfer between Arizona state retirement systems.

A member who begins employment with a participating employer in this System and who has credited service from a different Arizona state retirement system may transfer or redeem his prior service to this System pursuant to the requirements for transfer between Arizona state retirement systems.

**Redemption Of Prior Service** (A.R.S. §38-853.01.A)

Active members who had previous service in this state in a covered position with an employer now covered by the system and who received a refund of accumulated contributions from the applicable retirement system upon termination or who had previous service in this system and received a refund of accumulated contributions from this system may elect to redeem any part of the prior service by paying into the system the amounts required in A.R.S. §38-853.01.B.

**Purchase Of Prior Active Military Service** (A.R.S. §38-858)

A member may purchase up to four years of prior active military time that is not on account with any other retirement system. The member must pay the actuarial present value of the increase of credited service resulting from this purchase.

**Transfer Between State Retirement Systems** (A.R.S. §38-921 and §38-922)

Members of any of the four Arizona state retirement systems or plans who have credited service under another Arizona state retirement system or plan may transfer or redeem the credited service to their current Arizona state retirement system or plan by paying or transferring the full actuarial present value of the credited service into their current Arizona retirement system or plan with approval of the Fund Manager or retirement boards involved. A reduced credited service amount may be transferred based on the transfer of the actuarial present value of the credited service under the prior Arizona state system or plan.

**Cola Benefit Increases** (A.R.S. 38-856)

Effective July 1 of each year, each retired member or survivor of a retired member may be entitled to a permanent benefit increase in their base benefit. The maximum amount of the increase is four percent (4%) of the average normal PSPRS benefit being received on the preceding June 30 and is contingent upon sufficient excess investment earnings for the fund. To be eligible for the increase the member or survivor must be age 55 or older on July 1 of the current year and was receiving benefits on or before July 31 of the previous year. A member or survivor is also eligible if they were receiving benefits on or before July 31 of the two previous years regardless of age.

**Health Insurance Premium Subsidy** (A.R.S. §38-857)

For PSPRS retirees or survivors who have elected group health and accident insurance coverage provided and administered by this state or another PSPRS employer, the PSPRS will pay up to the following amounts:

Single		Family		
Not Medicare Eligible	Medicare Eligible	All Not Medicare Eligible	All Medicare Eligible	One with Medicare
\$150.00	\$100.00	\$260.00	\$170.00	\$215.00

Until June 30, 2003, a retiree or survivor who lives in a nonservice area receives up to the following amounts in addition to the subsidy listed above. A nonservice area is defined as an area in this state where the state retiree group insurance program or employer's retiree health insurance program does not provide or administer a health maintenance organization (HMO) for which the member or survivor is eligible. The subsidy consists of up to the following amounts:

Single		Family		
Not Medicare Eligible	Medicare Eligible	All Not Medicare Eligible	All Medicare Eligible	One with Medicare
\$300.00	\$170.00	\$600.00	\$350.00	\$470.00

**State Taxation Of Psprs Benefits** (A.R.S. §38-852 and §43-1022)

Effective tax year commencing January 1, 1989, all PSPRS retirement benefits in excess of \$2500 annually will be subject to Arizona state tax.

**Purchase Of Handgun Or Shotgun** (A.R.S. §38-845)

A PSPRS retiree has the ability to purchase the handgun or shotgun issued by the employer to the member at less than fair market value, subject to approval of the employer.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS****Basis of Accounting**

PSPRS financial statements are prepared using the accrual basis of accounting. Member and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits due are paid in arrears on the last working day of each month. Refunds are due and payable by state law within 20 days of receipt of a written application for a refund. Refunds are recorded when paid. Furniture and equipment purchases, which are not material in amount, are expensed in the year of purchase. Investment income net of administrative and investment expenses is allocated to each employer group based on the average relative fund size for each employer group for that year.

The System implemented Statement No. 25 of the Governmental Accounting Standards Board for Fiscal Year End 1997. As such, the System reports assets on a Fair Value Basis. Certain cost information is provided to comply with state law.

By state statute, this System is required to provide information in the financial statements used to calculate Net Effective Yield. Net Effective Yield includes only realized gains and losses. The Net Realized Gains used in this calculation totaled \$114,453,120 for FYE 2001 and \$263,350,003 for FYE 2000.

The System will implement Statement No. 34 of the Governmental Accounting Standards Board next Fiscal Year End. This Standard requires a Management's Discussion & Analysis (MD&A) letter to precede the Statement of Net Assets and Statement of Changes in Net Assets. The purpose of the MD&A letter is a narrative overview and analysis of the financial activities for the year and to highlight areas of interest for the readers of the Annual Report.

**Investments**

PSPRS investments are reported at Fair Value and at Cost. Fair Values are determined as follows: Short-term investments



are reported at Fair Value, which approximates Cost. Equity securities are valued at the last reported sales price. Fixed-income securities are valued using the last reported sales price or the estimated fair market value as determined by one of the world's largest and most prominent fixed-income broker/dealers. Investments that do not have an established market are reported at estimated fair value. Investment income is recognized as earned.

Statutes enacted by the Arizona Legislature authorize the Fund Manager to make investments in accordance with the "Prudent Man" rule. The Fund Manager is not limited to so-called "Legal Investments for Trustees." In making every investment, the Fund Manager 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, provided:

- 1) That not more than seventy percent of the pension fund shall be invested at any given time in corporate stocks, based on cost value of such stocks irrespective of capital appreciation.
- 2) That not more than five percent of the pension fund shall be invested in securities issued by any one institution, agency or corporation, other than securities issued as direct obligations of and fully guaranteed by the United States Government.
- 3) That not more than five percent of the voting stock of any one corporation shall be owned.
- 4) That corporate stocks eligible for purchase shall be restricted to stocks that, except for bank stocks and insurance stocks, are either:
  - a) Listed or approved on issuance for listing on an exchange registered under the securities exchange act of 1934, as amended (15 United States Code §78a through §7811);
  - b) Designated or approved on notice of issuance for designation on the national market system of a national securities association registered under the Securities Exchange Act of 1934, as amended (15 United States Code §78a through §7811)
  - c) Listed or approved on issuance for listing on an exchange registered under the laws of this [Arizona] state or any other state; or
  - d) Listed or approved on issuance for listing on an exchange registered of a foreign country with which the United States is maintaining diplomatic relations at the time of purchase, except that no more than ten percent of the pension fund shall be invested in foreign equity securities on these exchanges, based on the cost value of the stocks irrespective of capital appreciation.

A.R.S. §38-848.D

The System's investment portfolio is in compliance with state law.

Statement No. 3 of the GASB requires government entities to categorize investments for the purpose of giving an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which securities are held by the System or its agent in the name of the System. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the System's name.

All investments of the System (other than those held by broker/dealers under the security loan program and those investments categorized as "Other Investments") meet the criteria of Category 1. "Other Investments", which primarily consists of loans and real estate investments, are not considered securities for purposes of credit risk classification. Substantially all investments are held in the name of the System by its custodian bank.

### **Money Market Account**

The money market account is on deposit with an Arizona bank. These deposits are insured by federal depository insurance. The money market account is subject to the general depository laws of the State of Arizona which require deposits to be either insured by the Federal Deposit Insurance Corporation or collateralized by certain securities including U.S. Government obligations and first mortgages.

### **Securities Lending Income**

The System is party to a securities lending agreement with a bank. The bank, on behalf of the System, enters into agreements with brokers to loan securities and have the same securities returned at a later date. The loans are fully collateralized primarily by cash. Collateral is marked-to-market on a daily basis. Non-cash collateral can be sold only upon borrower default. The System requires collateral of at least 102% of the fair value of the loaned U.S. Government or corporate security. Securities on loan are carried at fair value. As of June 30, 2001 and 2000 the fair value of securities on loan was \$1,245,816,113 (consisting of Stocks-\$644,401,120, Corporate Bonds-\$136,067,617 and Treasuries and Agencies-\$465,347,376) and \$1,147,924,294 (consisting of Stocks-\$732,086,638, Corporate Bonds-\$39,800,000 and Treasuries and

Agencies-\$376,037,656), respectively. The System receives a negotiated fee for its loan activities and is indemnified for broker default by the securities lending agent. The System participates in a collateral investment pool. All security loans can be terminated on demand by either the pool participants or the borrower. All term loans have a matched collateral investment. Cash collateral received for open loans is invested for longer term, however, at least 20% of total collateral investments must be invested on an overnight basis and at least 30% of total collateral investments must be invested with a maturity of 7 days or less. Additionally, no more than 20% of the total collateral investments will be invested in instruments maturing in over 91 days. In lending securities, investments of cash collateral for open loans as of June 30, 2001 are not matched in maturity and have a weighted average maturity of 9 days, 7 days as of June 30, 2000. The System has no credit risk under this program and has experienced no default or losses on these loans.

### Property

These 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. Depreciation expense for June 30, 2001 and 2000 was \$11,904 and \$11,865, respectively.

Property consists of the following:

	<u>Estimated Useful Life</u>	<u>2001</u>	<u>2000</u>
Land		\$ 158,731	\$ 158,731
Building	40 years	\$ 479,596	\$ 479,596
Fixtures	3 years	\$ 55,459	\$ 55,459
		<u>\$ 693,786</u>	<u>\$ 693,786</u>
Less Accumulated Depreciation		<u>\$ 224,979</u>	<u>\$ 213,074</u>
		\$ 468,808	\$ 480,712

### **NOTE 3 - CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE**

The Retirement System's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities and assets in excess of actuarial accrued liabilities are being amortized as a level percent of payroll over a rolling twenty (20) year period. Beginning with fiscal year 2001-2002, the employer contribution rate shall not be less than two per cent of compensation.

During the year ended June 30, 2001, contributions totaling \$110,593,075 (\$52,540,310 employer and \$58,052,765 member) were made in accordance with contribution requirements determined by an actuarial valuation of the System as of June 30, 1999. The employer contributions consisted of approximately \$109,820,341 for normal cost less (\$57,280,031) for amortization of the assets in excess of the actuarial accrued liability in aggregate. Employer contributions represented 5.21% of covered payroll. [10.89% for normal costs and (5.68)% for amortization of assets in excess of the actuarial accrued liability in aggregate.] Member contributions represented 7.65% of covered payroll and are all attributable to normal costs.

During the year ended June 30, 2000, contributions totaling \$99,342,370 (\$46,890,892 employer and \$52,451,478 member) were made in accordance with contribution requirements determined by an actuarial valuation of the System as of June 30, 1998. The employer contributions consisted of approximately \$86,513,253 for normal cost less (\$39,622,361) for amortization of the assets in excess of the actuarial accrued liability in aggregate. Employer contributions represented 5.29% of covered payroll. [9.76% for normal costs and (4.47)% for amortization of assets in excess of the actuarial accrued liability in aggregate.] Member contributions represented 7.65% of covered payroll and are all attributable to normal costs.

### **NOTE 4 – REQUIRED SCHEDULES**

The Schedule of Funding Progress and the Schedule of Employer Contributions are presented immediately following the notes to the financial statements.

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS**

While not any one or two numeric indices can fully describe the financial condition of a retirement system, the ratio of unfunded actuarial accrued liabilities to active member payroll is significant. The ratio of unfunded actuarial accrued liabilities to member payroll is a relative index of condition where inflation is present in both items. Observation of the ratio over a period of years gives an indication of funding achievement. The smaller the index, the stronger the system's condition. Shown below is a Comparative Schedule (\$ in thousands) since legislation was enacted in 1977, setting up a 40-year amortization schedule. Effective June 30, 1997, Unfunded (Excess) Actuarial Accrued Liabilities are being amortized on a level percent method over a rolling twenty (20) year period.

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)<sup>2</sup></b>	<b>Actuarial Accrued Liability (AAL) at Entry Age (b)</b>	<b>Unfunded (Excess) AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
6-30-77	\$ 198,449	\$ 252,662	\$ 54,213	78.5%	\$ 97,177	55.8%
6-30-78	\$ 234,751	\$ 281,716	\$ 46,965	83.3%	\$ 109,359	42.9%
6-30-79	\$ 276,500	\$ 322,354	\$ 45,854	85.8%	\$ 125,667	36.5%
6-30-80	\$ 323,768	\$ 371,873	\$ 48,105	87.1%	\$ 144,371	33.3%
6-30-81 *	\$ 381,720	\$ 407,302	\$ 25,582	93.7%	\$ 165,055	15.5%
6-30-82	\$ 446,529	\$ 475,147	\$ 28,618	94.0%	\$ 185,650	15.4%
6-30-83 <sup>1</sup>	\$ 519,155	\$ 557,232	\$ 38,077	93.2%	\$ 199,736	19.1%
6-30-84 *	\$ 599,945	\$ 617,369	\$ 17,424	97.2%	\$ 217,163	8.0%
6-30-85 *	\$ 693,159	\$ 706,779	\$ 13,620	98.1%	\$ 244,094	5.6%
6-30-86 *	\$ 816,882	\$ 802,038	\$ (14,844)	101.9%	\$ 268,511	-5.5%
6-30-87 <sup>1</sup>	\$ 919,931	\$ 915,089	\$ (4,842)	100.5%	\$ 299,559	-1.6%
6-30-88 *	\$ 1,037,988	\$ 1,026,251	\$ (11,737)	101.1%	\$ 321,750	-3.6%
6-30-89 <sup>1</sup>	\$ 1,164,003	\$ 1,156,502	\$ (7,501)	100.6%	\$ 345,743	-2.2%
6-30-90 *	\$ 1,297,562	\$ 1,322,781	\$ 25,219	98.1%	\$ 371,950	6.8%
6-30-91 *	\$ 1,432,023	\$ 1,470,778	\$ 38,755	97.4%	\$ 402,687	9.6%
6-30-92 *	\$ 1,595,739	\$ 1,605,890	\$ 10,151	99.4%	\$ 415,471	2.4%
6-30-93 *	\$ 1,769,345	\$ 1,758,746	\$ (10,599)	100.6%	\$ 425,811	-2.5%
6-30-94 *	\$ 1,945,166	\$ 1,932,046	\$ (13,120)	100.7%	\$ 451,022	-2.9%
6-30-95 *	\$ 2,181,351	\$ 2,117,733	\$ (63,618)	103.0%	\$ 496,063	-12.8%
6-30-96 *	\$ 2,487,953	\$ 2,328,276	\$ (159,677)	106.9%	\$ 541,231	-29.5%
6-30-97 *	\$ 2,915,173	\$ 2,533,435	\$ (381,738)	115.1%	\$ 579,341	-65.9%
6-30-98 *	\$ 3,192,627	\$ 2,743,998	\$ (448,629)	116.3%	\$ 625,222	-71.8%
6-30-99	\$ 3,709,251	\$ 3,082,202	\$ (627,049)	120.3%	\$ 682,184	-91.9%
6-30-00	\$ 4,260,168	\$ 3,415,157	\$ (845,011)	124.7%	\$ 751,280	-112.5%
6-30-01	\$ 4,661,941	\$ 3,674,758	\$ (987,183)	126.9%	\$ 826,740	-119.4%

\* One-time cost-of-living adjustments for retired members and survivors, effective July 1 were included in this valuation. Future increases for retirees and their survivors are dependent upon excess earnings created by the System.

1. Significant benefit changes were enacted by the 1983 Legislature, the 1987 Legislature and the 1989 Legislature, respectively.
2. Excludes the amount held in reserve for future benefit increases. Beginning 6-30-95, includes an amount for partial recognition of the difference between market value and book value of System assets amortized over a four-year period.

AAL is calculated using the entry-age normal method. Significant assumptions used in determining AAL include: (a) a rate of return on the investment of present and future assets of 9.0% per year compounded annually; (b) projected salary increases of 6.5% per year compounded annually, attributable to an assumed inflation rate of 5.5% and other across-the-board factors of 1.0%; and (c) additional projected salary increases ranging from 0.0% to 3.0% per year, depending on age, attributable to seniority/merit.

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Fiscal Year Ended June 30</b>	<b>Employer Contributions</b>	
	<b>Annual Required Contributions</b>	<b>Percentage Contributed</b>
1990	\$19,854,866	100.00%
1991	\$27,845,260	100.00%
1992	\$35,813,576	100.00%
1993	\$41,332,044	100.00%
1994	\$41,197,876	100.00%
1995	\$40,455,946	100.00%
1996	\$46,369,942	100.00%
1997	\$52,469,969	100.00%
1998	\$45,320,932	100.00%
1999	\$44,384,344	100.00%
2000	\$46,890,892	100.00%
2001	\$52,540,310	100.00%

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
SUPPORTING SCHEDULE OF CHANGES IN FUND BALANCE RESERVES  
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000**

	<b>Refundable Members' Reserve</b>	<b>Employers' Reserve</b>	<b>Future Benefit Increase Reserve</b>
<b>Balance - June 30, 1999</b>	\$ 395,990,517	\$ 3,699,639,034	\$ 746,019,685
<b>Distribution of Revenues and Expenses</b>			
Members' Contributions	52,451,478		
Employers' Contributions		46,890,892	
Earnings on Investments Net of Investment Expenses		588,132,626	
Pension Benefits		(145,302,173)	
Refunds to Terminated Members	(3,480,194)	(1,833,401)	
Administrative Expenses		(616,109)	
<b>Distribution of Transfers</b>			
Excess Investment Earnings to be used for Future Benefit Increases		(72,225,529)	72,225,529
Earnings on Excess Investment Earnings Account Assets		(91,835,023)	91,835,023
Amount Utilized by Benefit Increases Granted		47,639,499	(47,639,499)
Net Transfers from Other State-Sponsored Pension Plans	298,995	359,437	
Inter-System Transfers -- Member Account Balances Transferred to Employers' Reserve due to Retirement	(26,413,782)	26,413,782	
<b>Balance - June 30, 2000</b>	<b>\$ 418,847,014</b>	<b>\$ 4,097,263,035</b>	<b>\$ 862,440,738</b>
<b>Distribution of Revenues and Expenses</b>			
Members' Contributions	58,052,765		
Employers' Contributions		52,540,310	
Earnings (Loss) on Investments Net of Investment Expenses		(895,995,528)	
Pension and Insurance Benefits		(164,727,744)	
Refunds to Terminated Members	(3,998,876)	(2,052,909)	
Administrative Expenses		(679,372)	
<b>Distribution of Transfers</b>			
Excess Investment Earnings to be used for Future Benefit Increases		-	-
Earnings (Loss) on Excess Investment Earnings Account Assets		145,364,386	(145,364,386)
Amount Utilized by Benefit Increases Granted		54,178,336	(54,178,336)
Net Transfers from Other State-Sponsored Pension Plans	189,016	183,806	
Inter-System Transfers -- Member Account Balances Transferred to Employers' Reserve due to Retirement	(23,297,969)	23,297,969	
<b>Balance - June 30, 2001</b>	<b>\$ 449,791,950</b>	<b>\$ 3,309,372,289</b>	<b>\$ 662,898,016</b>

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
SUPPORTING SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES  
SUPPORTING SCHEDULE OF PAYMENTS TO CONSULTANTS  
FOR THE YEAR ENDED JUNE 30, 2001**

	<b>Administrative</b>	<b>Investment</b>	<b>Total</b>
Accounting and Auditing Services	\$ 5,700	\$ -	\$ 5,700
Actuarial Services	79,980	-	79,980
Contractual Services	11,016	6,430	17,446
Educational Expenses	10,962	29,516	40,478
Furniture and Equipment	24,847	15,854	40,701
Investment Services	2,689	-	2,689
Occupancy Expenses	33,950	4,995	38,945
Office Supplies	6,328	2,095	8,423
Payroll Taxes and Fringe Benefits	57,875	38,321	96,196
Postage Expense	22,620	3,328	25,948
Printing, Publications and Subscriptions	15,501	881	16,382
Professional Services	32,714	4,814	37,528
Salaries and Wages	364,144	241,110	605,254
Telephone Expense	7,784	1,819	9,603
Travel Expense	3,261	1,874	5,135
	<b>\$ 679,372</b>	<b>\$ 351,037</b>	<b>\$ 1,030,409</b>

<b>Consultants</b>	<b>Fees Paid</b>
Standard & Poor's Securities, Inc. - Investment Counsel	\$ (1)
Gabriel, Roeder, Smith & Company - Consulting Actuaries*	79,980
Barrows & Schatza, P.L.C. - Auditors	5,700
Lieberman, Dodge, Gerding, Kothe & Anderson, Ltd. - Legal Counsel	37,528
	<b>\$ 123,208</b>

(1) This Service was provided to the System without charge by Standard & Poor's Securities, Inc.  
The value of these services is approximately \$120,000

\*Effective 7/1/01, Contract awarded to Rodwan & Nichols - Consulting Actuaries

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
SUPPLEMENTAL SCHEDULE OF  
CASH RECEIPTS AND CASH DISBURSEMENTS  
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
<b>RECEIPTS</b>		
Members' Contributions	\$ 57,544,944	\$ 52,966,704
Employers' Contributions	51,391,526	46,909,772
Interest	100,518,999	96,501,584
Dividends	17,016,524	32,587,507
Securities Lending Income	1,539,472	1,479,956
Amounts Transferred from Other		
State-Sponsored Pension Plans	874,673	952,294
Maturities and Sales of		
U.S. Government Securities	86,326,780	105,549,968
Corporate Bonds	60,708,644	81,324,146
Corporate Notes	10,140,641,467	5,419,238,801
Other Investments	26,186,128	44,051,878
Common Stock	892,252,472	1,008,224,998
Net Decrease in Money Market Fund	<u>871,600</u>	<u>-</u>
<b>Total Receipts</b>	<b>11,435,873,228</b>	<b>6,889,787,608</b>
<b>DISBURSEMENTS</b>		
Pension Benefits	164,727,744	145,302,173
Refunds to Terminated Members	6,051,785	5,313,595
Investment and Administrative Expenses	1,099,373	915,886
Amounts Transferred to Other		
State-Sponsored Pension Plans	501,851	293,862
Acquisitions of		
U.S. Government Securities	131,886,596	98,746,377
Corporate Bonds	124,945,567	38,239,951
Corporate Notes	10,194,663,755	5,424,217,237
Other Investments	42,733,931	53,296,585
Common Stock	769,262,627	1,122,188,235
Property	-	-
Net Increase in Money Market Fund	<u>-</u>	<u>1,273,707</u>
<b>Total Disbursements</b>	<b>11,435,873,228</b>	<b>6,889,787,608</b>
<b>DECREASE IN CASH</b>	<b>-</b>	<b>-</b>
<b>BEGINNING CASH BALANCE - July 1</b>	<u>-</u>	<u>-</u>
<b>ENDING CASH BALANCES - June 30</b>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
SCHEDULE OF CHANGES IN EMPLOYER RESERVES - YEAR ENDED JUNE 30, 2001  
AND UNFUNDED ACCRUED NORMAL COSTS AT JUNE 30, 2000**

Sys No.	System	Balance June 30, 2000 (at cost)	Reserve Transfers	Contributions Received	Insurance Prem. Tax Received	Pension Payment	Enhanced Refunds	Distribution of Earnings (at cost)	Balance June 30, 2001 (at cost)	Unfunded Accrued Normal Costs June 30, 2000
001	Bisbee Fire	3,256,592.66	(30,136.91)	80,736.80	7,172.75	(297,934.72)	-	208,672.57	3,225,103.15	72,360.00
002	Casa Grande Fire	5,713,215.92	241,692.43	68,252.22	30,159.29	(450,302.42)	-	370,332.74	5,973,350.18	(740,664.00)
003	Casa Grande Police	8,667,803.99	50,172.00	290,700.20	-	(574,681.44)	(27,279.51)	595,727.63	9,002,442.87	(48,445.00)
004	Chandler Fire	18,402,108.06	110,475.53	505,130.82	362,279.45	(503,821.90)	-	1,379,555.15	20,255,727.11	(3,210,082.00)
005	Chandler Police	23,870,039.99	265,373.40	1,654,558.15	-	(832,367.38)	(125,901.55)	1,866,438.02	26,698,140.63	422,415.00
006	Clifton Fire	411,546.49	-	-	1,521.69	(17,862.60)	-	26,594.83	421,800.41	(237,075.00)
007	Dept. of Public Safety	432,738,818.43	1,682,189.64	3,313,329.20	-	(22,605,936.12)	(20,015.28)	26,583,844.56	441,692,230.43	(127,628,371.00)
008	Douglas Fire	4,832,036.61	(23,737.10)	90,706.94	10,471.91	(349,900.68)	-	319,377.20	4,878,954.88	(458,043.00)
009	Douglas Police	4,890,094.61	47,912.36	113,022.13	-	(229,875.83)	-	336,308.21	5,157,461.48	(1,123,109.00)
010	Flagstaff Fire	24,241,974.33	62,685.26	-	122,641.90	(920,410.41)	-	1,632,885.70	25,139,776.78	(8,446,783.00)
011	Flagstaff Police	17,097,122.32	171,642.45	312,287.24	-	(914,337.84)	(10,107.48)	1,155,587.31	17,812,194.00	(3,082,826.00)
012	Glendale Fire	38,630,763.96	381,918.92	50,025.42	323,206.20	(1,273,936.70)	-	2,675,733.92	40,787,711.72	(12,928,605.00)
013	Glendale Police	46,375,537.70	678,798.40	1,781,569.56	-	(2,623,829.47)	(73,168.90)	3,312,475.70	49,451,382.99	(36,271.00)
014	Globe Fire	2,698,348.85	(50,743.07)	16,603.13	8,987.57	(204,941.88)	-	168,735.25	2,636,989.85	(594,568.00)
015	Kingman Fire	4,083,487.62	5,261.54	172,988.18	34,097.48	(183,902.04)	-	309,273.18	4,421,205.96	87,420.00
016	Maricopa Cnty Sheriff	133,674,942.61	968,765.71	1,285,679.59	-	(7,515,609.96)	(24,843.90)	8,776,689.22	137,165,623.27	(32,640,689.00)
017	Mesa Fire	90,682,547.44	382,111.32	496,447.00	672,340.50	(3,151,388.75)	-	6,253,398.01	95,335,455.52	(26,665,690.00)
018	Mesa Police	131,865,911.81	1,539,651.10	2,989,979.03	-	(6,023,581.69)	(78,541.99)	9,113,014.31	139,406,432.57	(29,507,014.00)
019	Miami Fire	375,781.11	-	-	(468.07)	(42,986.76)	-	21,117.42	353,443.70	(111,542.00)
020	Nogales Fire	3,998,236.52	(4,628.38)	131,395.35	26,282.24	(281,811.34)	(15,597.10)	277,602.97	4,131,480.26	(272,997.00)
021	Phoenix Fire	449,054,877.58	2,266,238.63	2,276,409.90	2,387,154.17	(18,948,874.26)	(89,628.63)	30,187,711.52	467,133,888.91	(120,571,186.00)
022	Phoenix Police	808,263,414.81	5,660,931.74	5,036,185.03	-	(38,475,459.93)	(190,683.76)	53,280,090.58	833,574,478.47	(231,135,008.00)
023	Prescott Fire	13,351,282.85	4,541.47	124,364.30	102,351.43	(709,299.29)	-	891,411.75	13,764,652.51	(1,958,232.00)
024	Prescott Police	9,532,124.75	84,972.05	396,461.14	-	(759,242.74)	-	660,534.20	9,914,849.40	1,026,454.00
025	Scottsdale Police	65,820,142.06	1,160,193.25	1,133,347.07	-	(2,637,575.41)	(128,619.87)	4,567,278.97	69,914,766.07	(19,413,711.00)
026	Sierra Vista Fire	6,371,438.30	10,474.33	41,038.10	48,737.99	(116,024.80)	-	460,771.30	6,816,435.22	(2,224,677.00)
027	Tempe Fire	51,189,146.02	248,216.82	23,410.48	387,758.32	(2,233,619.04)	-	3,366,219.67	52,981,132.27	(15,806,008.00)
028	Tempe Police	55,974,466.69	1,029,227.90	1,754,395.22	-	(2,963,949.06)	(180,901.96)	3,937,797.45	59,551,036.24	(5,077,718.00)
029	Tucson Fire	184,116,144.64	840,605.84	282,036.96	661,074.38	(10,022,690.96)	(44,318.59)	11,868,492.59	187,701,344.86	(51,650,146.00)
030	Tucson Police	252,661,582.46	1,744,863.09	1,669,466.67	-	(12,947,572.53)	(93,156.09)	16,415,739.45	259,450,923.05	(72,906,410.00)
031	Winslow Fire	2,952,502.18	-	-	6,444.11	(39,948.48)	-	186,142.13	3,105,139.94	(2,424,900.00)
032	Yuma Fire	24,459,898.19	48,304.60	165,652.49	86,032.96	(1,721,873.69)	-	1,569,360.75	24,607,375.30	(4,793,037.00)
033	Yuma Police	29,081,499.61	(34,790.10)	86,525.58	-	(1,370,141.21)	(35,410.14)	1,914,771.42	29,642,455.16	(10,441,210.00)
034	Yuma Cnty Sheriff	10,047,680.73	(494.71)	158,172.03	-	(714,661.90)	(37,437.40)	645,348.85	10,098,607.60	(2,134,403.00)
035	Game & Fish	34,892,840.42	408,095.05	745,565.44	-	(2,379,870.27)	(17,919.49)	2,336,680.32	35,985,391.47	(4,443,547.00)
036	Sierra Vista Police	8,880,257.22	375,435.75	198,901.17	-	(468,420.73)	-	617,363.71	9,603,537.12	(1,198,265.00)
037	Benson Police	1,316,778.41	(106.09)	41,643.41	-	(67,951.57)	(26,576.31)	89,923.52	1,353,711.37	(116,256.00)
038	Bisbee Police	1,957,562.24	-	97,121.00	-	(178,570.90)	-	134,286.05	2,010,398.39	393,547.00
039	Pima Cnty Sheriff	109,592,419.00	180,120.97	1,044,121.28	-	(6,165,086.89)	(21,732.41)	6,828,644.70	111,458,486.65	(32,713,701.00)
040	Kingman Police	6,046,605.22	11,569.34	174,626.53	-	(406,156.76)	(6,973.14)	405,390.71	6,225,061.90	(697,435.00)
041	A.S.U. Campus PD	10,179,250.84	(53,803.12)	64,709.81	-	(531,938.99)	(40,732.45)	651,860.15	10,269,346.24	(3,567,015.00)



**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
SCHEDULE OF CHANGES IN EMPLOYER RESERVES - YEAR ENDED JUNE 30, 2001  
AND UNFUNDED ACCRUED NORMAL COSTS AT JUNE 30, 2000**

Sys No.	System	Balance June 30, 2000 (at cost)	Reserve Transfers	Contributions Received	Insurance Prem. Tax Received	Pension Payment	Enhanced Refunds	Distribution of Earnings (at cost)	Balance June 30, 2001 (at cost)	Unfunded Accrued Normal Costs June 30, 2000
042	Lake Havasu Fire	13,433,772.45	153,057.07	19,603.56	113,118.57	(363,846.48)	-	943,574.78	14,299,279.95	(3,816,874.00)
043	Mohave Cnty Sheriff	10,127,454.63	(58,983.09)	212,472.44	-	(377,415.98)	(35,230.29)	706,066.28	10,574,363.99	(2,089,118.00)
044	Bullhead City Fire	8,078,029.26	-	221,880.97	59,020.79	(180,241.70)	(3,446.33)	552,870.05	8,728,113.04	(1,930,100.00)
045	U of A Campus PD	5,776,712.40	50,654.60	86,896.42	-	(401,713.11)	-	393,115.89	5,905,666.20	(738,250.00)
046	Cochise Cnty Sheriff	9,997,739.40	139,511.37	282,738.11	-	(733,844.15)	-	680,198.72	10,366,343.45	(187,366.00)
047	Safford Police	2,419,695.36	91,638.40	91,505.85	-	(164,961.34)	-	172,170.32	2,610,048.59	178,399.00
049	Drexel Heights Fire	3,064,481.61	(122,975.74)	120,033.25	32,487.47	(17,993.04)	(17,105.52)	242,279.97	3,301,208.00	(1,042,028.00)
050	Winslow Police	2,792,498.82	154.70	43,585.89	-	(141,270.80)	(3,487.09)	181,053.01	2,872,534.53	(887,353.00)
051	Payson Fire	1,666,661.68	49,036.19	45,825.14	38,477.47	(52,791.96)	(3,572.96)	126,156.77	1,869,792.33	(414,147.00)
052	Payson Police	2,581,879.06	76,167.77	165,420.42	-	(118,357.27)	-	199,878.26	2,904,988.24	401,021.00
053	Hualapai Valley Fire	598,355.20	(5,229.46)	62,914.97	13,056.05	-	(7,703.76)	52,936.63	714,329.63	(226,919.00)
054	Fry Fire	4,701,087.05	59,853.22	61,989.90	21,570.51	(240,583.97)	-	321,572.03	4,925,488.74	(1,056,062.00)
055	Fredonia Marshals	46,536.42	-	-	-	-	-	2,648.69	49,185.11	(51,560.00)
056	N.A.U. Police Dept	3,832,545.74	(6,246.50)	9,654.88	-	(238,485.36)	(9,506.92)	245,581.61	3,833,543.45	(823,603.00)
058	South Tucson Fire	1,447,487.64	-	21,623.89	(1,340.19)	(89,853.00)	-	94,458.24	1,472,376.58	(351,444.00)
059	Avondale Fire	1,438,255.67	-	158,702.79	42,819.55	(43,455.42)	-	122,174.22	1,718,496.81	208,618.00
060	Parker Police	866,545.68	-	35,659.44	-	(21,104.52)	-	64,021.01	945,121.61	(197,936.00)
061	Coconino Cnty Sheriff	9,738,399.26	165,052.21	302,021.83	-	(655,739.59)	-	670,056.62	10,219,790.33	47,373.00
062	Central Yavapai Fire	6,057,105.55	(322.22)	200,158.95	86,213.74	(179,892.96)	-	461,550.31	6,624,813.37	(676,029.00)
064	Buckskin Fire	1,386,251.55	14,041.66	32,988.81	10,664.53	(72,873.96)	-	97,283.90	1,468,356.49	(176,600.00)
065	Snowflake Police	746,338.33	(39,635.27)	50,292.42	-	(47,139.36)	-	55,416.61	765,272.73	71,677.00
066	Cottonwood Police	1,525,731.22	534.43	140,594.90	-	(121,904.46)	-	114,740.38	1,659,696.47	588,333.00
067	Lake Havasu Police	8,217,561.91	212,232.45	269,305.41	-	(356,216.26)	-	604,227.41	8,947,110.92	(1,175,263.00)
068	Verde Rural Fire	839,304.84	(72,630.99)	17,305.14	15,800.34	-	-	62,784.99	862,564.32	(337,977.00)
069	South Tucson Police	1,169,254.06	(49,131.27)	197,339.59	-	(215,983.68)	-	84,407.89	1,185,886.59	1,430,718.00
070	Apache Junction PD	5,302,181.99	(53,806.65)	260,986.43	-	(141,480.00)	(4,735.81)	409,921.79	5,773,067.75	(368,986.00)
071	Navajo Cnty Sheriffs	5,685,849.41	70,776.13	131,275.97	-	(378,667.80)	-	384,119.54	5,893,353.25	(873,601.00)
072	Mohave Valley Fire	1,012,705.50	-	21,528.19	9,616.07	-	-	77,815.52	1,121,665.28	(583,831.00)
073	Peoria Fire	8,697,955.63	84,093.20	301,644.89	196,884.06	(74,984.80)	-	713,805.14	9,919,398.12	(2,245,600.00)
074	Peoria Police	10,190,749.11	284,358.76	749,765.90	-	(456,118.75)	-	770,726.06	11,539,481.08	(159,074.00)
076	Paradise Valley PD	6,061,434.14	149,368.74	198,093.97	-	(280,589.09)	-	441,300.14	6,569,607.90	(368,652.00)
077	Wilcox Police	733,543.98	141,504.86	57,009.33	-	(54,186.12)	-	60,673.04	938,545.09	149,293.00
078	Show Low Police	1,549,072.83	56,596.73	77,876.19	-	(53,783.98)	-	119,318.29	1,749,080.06	(403,648.00)
079	Eloy Police	1,250,252.59	(42,757.26)	103,705.57	-	(21,602.88)	-	102,139.26	1,391,737.28	(308,565.00)
080	Nogales Police	4,891,463.90	52,590.66	213,485.98	-	(200,458.59)	(75,775.15)	364,180.03	5,245,486.83	(513,766.00)
081	Gilbert Police	7,251,487.53	12,285.47	729,691.81	-	(247,155.15)	(12,396.81)	615,960.89	8,349,873.74	783,246.00
083	Clifton Police	300,637.17	(36,146.22)	-	-	-	-	19,191.41	283,682.36	(244,346.00)
084	Taylor Police	1,340.59	-	-	-	-	-	80.40	1,420.99	-
085	Coolidge Police	1,598,979.71	94,729.99	117,312.57	-	(71,123.88)	(9,820.06)	125,817.15	1,855,895.48	83,923.00
086	Holbrook Police	2,008,236.05	41,926.46	53,253.23	-	(128,765.16)	(35,653.69)	135,519.20	2,074,516.09	(216,674.00)
087	Santa Cruz Police	2,549,039.16	3,959.69	181,851.18	-	(192,371.08)	-	189,375.75	2,731,854.70	572,383.00

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
SCHEDULE OF CHANGES IN EMPLOYER RESERVES - YEAR ENDED JUNE 30, 2001  
AND UNFUNDED ACCRUED NORMAL COSTS AT JUNE 30, 2000**

Sys No.	System	Balance June 30, 2000 (at cost)	Reserve Transfers	Contributions Received	Insurance Prem. Tax Received	Pension Payment	Enhanced Refunds	Distribution of Earnings (at cost)	Balance June 30, 2001 (at cost)	Unfunded Accrued Normal Costs June 30, 2000
088	Prescott Valley PD	1,592,920.61	35,347.53	143,143.67	-	(85,887.90)	(5,953.13)	125,369.14	1,804,939.92	76,899.00
089	Eagar Police	456,542.03	-	23,962.14	-	(18,324.84)	-	34,216.31	496,395.64	(66,157.00)
090	Tolleson Police	1,606,773.50	76,715.53	67,516.23	-	(74,415.48)	-	118,186.76	1,794,776.54	(228,651.00)
091	Florence Police	1,043,727.25	87,436.85	11,218.20	-	(17,212.41)	(3,531.94)	77,771.05	1,199,409.00	(651,512.00)
092	Springerville Police	265,907.00	74,785.42	17,303.65	-	-	-	25,482.79	383,478.86	(112,434.00)
093	El Mirage Police	598,052.11	12,051.15	120,866.76	-	-	-	55,334.02	786,304.04	(151,586.00)
094	Superior Police	492,751.80	(50,834.93)	11,009.42	-	(18,081.60)	-	32,223.72	467,068.41	(247,118.00)
095	San Luis Police	830,035.35	-	110,459.14	-	(12,407.28)	-	73,112.02	1,001,199.23	68,068.00
096	Page Police	1,907,977.94	(41,663.49)	63,662.30	-	(24,175.68)	(29,805.47)	143,780.98	2,019,776.58	(525,926.00)
097	Page Fire	390,021.95	-	7,930.09	8,986.16	(40,768.14)	-	25,523.48	391,693.54	80,067.00
098	Yavapai Cnty Sheriff	8,013,213.76	99,708.89	522,274.12	-	(573,503.68)	(1,157.28)	592,993.57	8,653,529.38	1,425,453.00
099	Guadalupe Police	252,668.39	-	-	-	-	-	15,152.76	267,821.15	(279,947.00)
100	Pima Police	104,861.84	5,678.21	-	-	-	-	6,989.66	117,529.71	(106,947.00)
101	Apache Cty Sheriff	2,248,935.08	(69,127.34)	135,953.47	-	(213,569.58)	(2,657.47)	156,502.31	2,256,036.47	475,403.00
102	Cottonwood Fire	496,176.05	84,099.71	23,887.75	13,439.21	-	-	44,802.66	662,405.38	(123,276.00)
103	LaPaz Cty Sheriff	3,512,751.91	98,250.53	132,007.72	-	(184,445.79)	-	254,354.02	3,812,918.39	(274,239.00)
104	Pinal Cty Sheriff	15,963,820.92	33,315.67	276,645.02	-	(845,226.15)	(54,750.16)	1,083,715.34	16,457,520.64	(4,763,302.00)
105	Clarkdale Police	515,038.95	(14,125.57)	26,765.20	-	(14,023.73)	-	39,129.13	552,783.98	(5,834.00)
106	Buckeye Police	1,048,295.64	76,486.99	75,465.86	-	(46,648.78)	(32,589.98)	83,289.90	1,204,299.63	(187,078.00)
107	Marana Marshals	2,965,847.04	50,223.81	211,911.28	-	(63,469.32)	(15,699.68)	241,883.04	3,390,696.17	(16,340.00)
108	Tolleson Fire	1,002,476.73	(10,035.21)	85,143.06	17,505.02	-	-	87,763.10	1,182,852.70	(291,709.00)
109	Chino Valley Police	825,627.39	-	44,640.47	-	(16,053.36)	-	65,305.52	919,520.02	(227,723.00)
110	Surprise Police	2,470,958.12	134,137.17	220,240.94	-	(40,576.50)	(8,859.80)	204,471.73	2,980,371.66	(150,539.00)
111	Welton Police	135,558.43	-	7,566.20	-	-	-	11,150.19	154,274.82	(33,849.00)
112	Gila Cty Sheriff	3,754,001.22	178,870.59	112,694.47	-	(199,906.13)	(2,700.61)	271,710.74	4,114,670.28	(591,329.00)
113	Pinetop-Lakeside	1,452,836.53	-	47,817.69	-	(117,731.88)	-	95,995.51	1,478,917.85	13,788.00
114	Bullhead City Police	6,502,892.40	(98,266.20)	392,388.34	-	(190,959.42)	(37,750.75)	512,030.00	7,080,334.37	(240,423.00)
115	Williams Police	662,356.86	66,019.12	16,699.55	-	(20,347.40)	(4,829.06)	50,491.95	770,391.02	(278,337.00)
116	Miami Police	344,626.71	42,509.53	23,348.01	-	(9,836.52)	(23,585.86)	28,518.24	405,580.11	(4,225.00)
117	Thatcher Police	1,157,911.95	-	38,591.36	-	(25,201.28)	-	88,310.90	1,259,612.93	(112,473.00)
118	Youngtown Police	576,693.35	(36,347.73)	15,383.00	-	(36,362.64)	-	37,098.41	556,464.39	(187,271.00)
119	D.E.M.A.	2,817,769.66	75,771.98	58,696.24	-	(76,916.12)	-	218,120.57	3,093,442.33	(577,020.00)
120	Surprise Fire	939,487.79	38,207.84	127,242.21	71,118.42	-	-	90,283.51	1,266,339.77	(208,798.00)
121	Camp Verde Mrshls	870,755.52	(31,530.66)	38,694.39	-	(40,196.88)	-	61,334.90	899,057.27	(180,326.00)
122	Oro Valley Police	2,999,477.71	13,414.58	331,950.02	-	(32,928.96)	-	266,292.36	3,578,205.71	278,921.00
123	Greenlee Cty Sheriff	1,302,186.89	54,607.23	34,072.85	-	(26,649.33)	-	100,716.84	1,464,934.48	(322,675.00)
124	Tucson Air Auth Fire	3,562,280.26	853.23	132,348.75	-	(144,717.36)	-	262,002.54	3,812,767.42	44,943.00
125	Tucson Air Auth Pd	2,843,564.74	(29,292.41)	189,925.36	-	(273,168.42)	(12,678.84)	202,460.72	2,920,811.15	1,017,685.00
126	Wickenburg Police	687,036.55	-	75,214.09	-	(68,005.56)	-	53,521.25	747,766.33	425,917.00
127	El Mirage Fire	195,673.65	-	47,777.60	7,173.77	-	-	19,511.07	270,136.09	(37,351.00)
128	Patagonia Marshals	49,073.59	19,265.22	12,066.78	-	-	-	5,201.20	85,606.79	(36,992.00)

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
SCHEDULE OF CHANGES IN EMPLOYER RESERVES - YEAR ENDED JUNE 30, 2001  
AND UNFUNDED ACCRUED NORMAL COSTS AT JUNE 30, 2000**

Sys No.	System	Balance June 30, 2000 (at cost)	Reserve Transfers	Contributions Received	Insurance Prem. Tax Received	Pension Payment	Enhanced Refunds	Distribution of Earnings (at cost)	Balance June 30, 2001 (at cost)	Unfunded Accrued Normal Costs June 30, 2000
129	Sedona Police	987,691.33	(69,616.86)	77,412.90	-	-	(10,790.69)	81,369.23	1,066,065.91	(177,252.00)
130	Mammoth Police	71,770.56	-	28,037.04	-	(18,144.04)	-	9,117.45	90,781.01	100,586.00
131	Globe Police	1,917,346.57	(40,213.80)	119,356.52	-	(134,136.47)	(15,710.89)	140,078.44	1,986,720.37	362,268.00
132	Tombstone Police	63,453.38	(10,090.06)	17,075.65	-	-	-	6,973.12	77,412.09	(14,001.00)
133	Golder Ranch Fire	1,824,711.10	3,112.37	146,623.43	57,813.19	(35,485.08)	(10,951.01)	155,345.55	2,141,169.55	(23,809.00)
134	Fort Mohave Mesa FD	2,025,909.58	(23,770.86)	128,511.95	17,883.72	(67,446.72)	(78,448.47)	156,304.97	2,158,944.17	147,290.00
135	Laveen Fire	355,596.07	-	31,620.25	9,863.73	-	-	30,589.68	427,669.73	(157,733.00)
136	Goodyear Fire	757,386.44	18,558.55	141,371.13	40,927.97	-	-	74,927.37	1,033,171.46	(28,591.00)
137	Goodyear Police	1,934,220.39	(24,622.33)	241,193.12	-	(37,434.36)	(41,981.85)	167,193.59	2,238,568.56	528,677.00
138	Chino Valley Fire	728,805.58	-	56,640.02	18,447.85	-	-	62,872.88	866,766.33	21,874.00
139	Avondale Police	2,248,337.77	(3,231.61)	327,266.86	-	(92,789.58)	(3,529.30)	195,992.18	2,672,046.32	958,086.00
140	Graham Cty Sheriff	742,997.89	42,611.85	69,471.11	-	(41,763.86)	-	62,219.54	875,536.53	137,791.00
141	Flowing Wells Fire	59,328.73	-	-	-	-	-	3,558.00	62,886.73	-
142	Golden Valley Fire	813,077.73	-	39,133.57	9,329.38	-	(24,419.19)	63,187.39	900,308.88	(320,068.00)
143	Daisy Mountain Fire	579,577.26	(9,499.68)	103,648.24	23,611.58	-	-	56,989.23	754,326.63	(38,064.00)
144	Quartsite Marshals	140,606.80	-	28,436.18	-	-	-	13,840.59	182,883.57	(27,958.00)
145	Picture Rock Fire	666,181.28	(53,911.40)	24,364.62	8,190.94	-	-	49,654.77	694,480.21	(349,086.00)
146	Pima College	1,918,823.44	62,744.26	116,716.24	-	(22,548.81)	-	158,476.65	2,234,211.78	(79,692.00)
147	Northwest Fire	5,753,342.35	(180,671.77)	369,006.31	144,829.31	(104,852.16)	(27,588.53)	457,797.30	6,411,862.81	(319,679.00)
148	Apache Junction Fire	2,865,472.99	1,418.54	355,217.94	60,583.33	(52,469.88)	-	247,357.51	3,477,580.43	785,773.00
149	Gilbert Fire	2,290,121.14	(26,760.42)	189,651.29	233,821.15	(18,795.48)	(10,618.62)	216,233.99	2,873,653.05	(386,503.00)
150	Pine-Strawberry Fire	481,377.77	46,197.62	58,490.32	15,730.20	-	-	46,470.26	648,266.17	165,575.00
151	Attorney Gen Inv	5,103,532.06	217,777.85	125,579.43	-	(145,832.92)	(31,088.45)	388,959.30	5,658,927.27	(624,019.00)
152	Tucson Estate Fire	-	-	-	-	-	-	-	-	-
153	St. Johns Police	71,583.54	-	25,344.86	-	-	-	8,991.56	105,919.96	14,767.00
154	Pima Cty Attn Inv	880,152.17	64,542.75	23,882.49	-	(22,609.80)	-	68,345.06	1,014,312.67	(218,101.00)
155	SunLakes Fire	1,625,789.37	(2,167.52)	139,471.66	45,169.25	(21,245.76)	-	130,653.60	1,917,670.60	(356,894.00)
156	Kearny Police	213,342.52	(18,528.32)	25,016.58	-	(22,259.52)	-	15,444.45	213,015.71	97,771.00
157	Greenlee Cty Attn Inv	21,723.47	929.23	333.04	-	-	-	1,568.77	24,554.51	(9,071.00)
158	Navajo Cty Attn Inv	118,447.80	-	3,254.89	-	-	-	9,332.96	131,035.65	(24,915.00)
159	Doney Park Rural FD	433,789.29	(2,452.26)	52,421.37	11,185.78	-	(10,695.64)	36,186.92	520,435.46	(16,163.00)
160	AZ State Capitol PD	920,247.48	(40,956.69)	60,305.65	-	(18,629.64)	-	73,922.76	994,889.56	(112,971.00)
161	Fountain Hills Mrshl	213,842.42	11,598.56	57,276.72	-	-	-	24,266.74	306,984.44	25,307.00
162	Avra Valley Fire	428,388.31	2,192.98	36,098.72	5,915.66	-	-	33,207.68	505,803.35	(229,207.00)
163	San Luis Fire	256,703.25	(21,226.38)	59,435.30	6,940.63	-	-	23,717.71	325,570.51	92,957.00
164	Az St. Dept. Liquor/Licn	1,306,094.19	3,399.04	45,453.78	-	-	-	109,299.21	1,464,246.22	(85,228.00)
165	Maricopa Cnty Atty Inv	3,519,166.78	227,936.40	57,762.41	-	(168,410.34)	(27,070.34)	256,421.70	3,865,806.61	(634,608.00)
166	Sedona Fire	1,625,511.18	143,093.93	227,694.70	86,876.23	(59,959.26)	-	146,900.84	2,170,117.62	767,851.00
167	Guadalupe Fire	96,756.57	-	37,557.02	-	-	-	11,150.52	145,464.11	30,057.00
168	Mayer Fire	123,904.44	-	18,016.16	3,046.15	(14,246.28)	(3,456.52)	9,763.12	137,027.07	104,345.00
169	Somerton Police	298,007.99	16,755.87	91,157.37	-	-	-	30,544.54	436,465.77	444,894.00

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
SCHEDULE OF CHANGES IN EMPLOYER RESERVES - YEAR ENDED JUNE 30, 2001  
AND UNFUNDED ACCRUED NORMAL COSTS AT JUNE 30, 2000**

Sys No.	System	Balance June 30, 2000 (at cost)	Reserve Transfers	Contributions Received	Insurance Prem. Tax Received	Pension Payment	Enhanced Refunds	Distribution of Earnings (at cost)	Balance June 30, 2001 (at cost)	Unfunded Accrued Normal Costs June 30, 2000
170	Sun City West Fire	2,029,141.66	(84,097.77)	256,927.69	92,559.35	-	(7,448.92)	172,898.22	2,459,980.23	(372,272.00)
171	Somerton Fire	181,020.42	15,811.30	75,525.38	3,839.65	-	-	18,797.61	294,994.36	151,199.00
172	Tubac Fire District	299,837.49	-	46,217.70	8,878.29	-	-	27,415.79	382,349.27	28,340.00
173	La Paz Cnty Atty Inv	58,197.28	-	3,933.37	-	-	-	5,203.48	67,334.13	(4,576.00)
174	Sahuarita Police	58,748.04	-	20,981.74	-	-	-	6,885.31	86,615.09	(1,160.00)
176	Florence Fire	97,505.69	-	24,831.96	3,678.62	-	-	9,709.35	135,725.62	8,343.00
177	Sun City Fire	2,398,754.40	(77,212.40)	566,013.86	97,611.98	(25,980.00)	-	368,955.40	3,328,143.24	3,188,587.00
178	Hayden Police	42,602.09	(1,035.68)	24,641.27	-	-	(4,018.50)	4,940.14	67,129.32	79,618.00
179	Gila River Fire	331,736.79	(22,338.53)	353,211.10	-	(14,458.62)	(561.32)	48,486.78	696,076.20	725,127.00
180	Gila River Police	166,016.83	170,225.36	233,922.89	-	-	-	39,377.61	609,542.69	420,335.00
181	SaltRiver Pima-MricpFD	277,600.27	18,598.91	518,794.10	-	-	-	46,714.60	861,707.88	2,105,159.00
182	SaltRiver Pima-MricpPD	265,046.14	82,468.94	328,773.89	-	(41,222.46)	-	40,861.63	675,928.14	1,667,205.00
183	Lakeside Fire District	32,138.82	-	34,314.53	13,611.42	-	-	5,064.98	85,129.75	61,846.00
184	Cornville-PageSpringsF	11,129.85	(6,568.25)	22,327.78	-	-	-	1,933.91	28,823.29	32,028.00
185	Pinetop Fire District	36,672.55	-	79,998.97	34,771.70	-	-	8,357.79	159,801.01	362,008.00
186	Show Low Fire District	35,288.14	73.06	30,819.63	15,035.11	-	-	5,304.27	86,520.21	(7,650.00)
187	Yav Cnty Attrny Invst	10,994.74	-	21,499.40	-	-	-	1,771.33	34,265.47	254,083.00
188	Three Points Fire	40,630.09	-	19,627.01	-	-	-	4,698.22	64,955.32	7,052.00
189	Timberline-Fernwood	-	-	21,116.63	-	-	-	932.78	22,049.41	-
190	Buckeye Fire	-	-	10,437.06	-	-	-	579.35	11,016.41	-
191	Montezuma-Rimrock	-	92,763.07	11,680.45	-	-	-	4,536.14	108,979.66	-
192	Heber-Overgaard	-	-	15,420.74	-	-	-	537.47	15,958.21	-
193	Diamond Star Fire	-	-	8,932.34	-	-	-	406.39	9,338.73	-
		3,426,199,184.77	23,480,632.59	45,435,300.48	7,105,009.98	(164,727,744.15)	(2,052,908.61)	228,802,051.48	3,564,241,526.54	(845,010,546.00)

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
SCHEDULE OF CHANGES IN REFUNDABLE MEMBER RESERVES  
FISCAL YEAR ENDED JUNE 30, 2001**

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Sys No.	System	Balance			Balance June 30, 2001 (at cost)	
		June 30, 2000 (at cost)	Reserve Transfers	Contributions Received		Withdrawn Members
001	BISBEE POLICE	336,733.22	(33,579.09)	57,742.19	-	360,896.32
002	CASA GRANDE FIRE	519,397.07	(95,250.43)	92,863.73	(10,479.71)	506,530.66
003	CASA GRANDE POLICE	1,299,970.93	23,135.00	209,999.29	(27,279.51)	1,505,825.71
004	CHANDLER FIRE	3,899,850.06	(70,758.53)	632,499.29	(7,329.94)	4,454,260.88
005	CHANDLER POLICE	6,266,362.36	(184,085.40)	1,230,057.36	(189,272.64)	7,123,061.68
006	CLIFTON FIRE	38,967.89	-	2,307.50	-	41,275.39
007	DEPT. OF PUBLIC SAFETY	20,395,860.84	(1,760,495.64)	1,457,686.15	(48,394.89)	20,044,656.46
008	DOUGLAS FIRE	604,749.47	(14,189.90)	79,980.33	-	670,539.90
009	DOUGLAS POLICE	722,220.06	(34,414.36)	115,425.30	(9,377.41)	793,853.59
010	FLAGSTAFF FIRE	3,184,400.46	(64,547.26)	344,197.76	(1,097.50)	3,462,953.46
011	FLAGSTAFF POLICE	2,380,374.57	(238,769.45)	343,691.65	(40,537.96)	2,444,758.81
012	GLENDALE FIRE	5,852,903.52	(171,786.61)	693,931.45	(151.92)	6,374,896.44
013	GLENDALE POLICE	8,757,656.07	(657,073.40)	1,224,859.42	(130,556.87)	9,194,885.22
014	GLOBE FIRE	228,440.23	(28,951.93)	43,580.56	-	243,068.86
015	KINGMAN FIRE	976,065.75	3,477.46	119,369.58	-	1,098,912.79
016	MARICOPA CNTY SHERIFFS	14,897,220.46	(984,908.71)	2,334,442.42	(101,117.77)	16,145,636.40
017	MESA FIRE	13,380,014.58	(306,581.32)	1,774,749.32	-	14,848,182.58
018	MESA POLICE	19,822,791.65	(1,304,172.10)	3,498,824.44	(171,316.15)	21,846,127.84
019	MIAMI FIRE	-	-	-	-	-
020	NOGALES FIRE	637,911.25	(4,845.62)	147,041.05	(31,811.96)	748,294.72
021	PHOENIX FIRE	57,405,039.38	(2,035,411.63)	6,835,083.56	(90,653.37)	62,114,057.94
022	PHOENIX POLICE	91,797,266.24	(5,386,495.05)	12,473,902.93	(493,204.47)	98,391,469.65
023	PRESCOTT FIRE	1,639,847.45	(69,084.47)	240,267.13	-	1,811,030.11
024	PRESCOTT POLICE	1,584,492.25	(118,746.05)	218,353.43	(4,668.72)	1,679,430.91
025	SCOTTSDALE POLICE	10,387,218.29	(1,139,402.25)	1,681,969.17	(180,759.01)	10,749,026.20
026	SIERRA VISTA FIRE	1,226,698.63	5,504.67	134,350.66	-	1,366,553.96
027	TEMPE FIRE	5,496,346.29	(232,667.82)	500,276.20	-	5,763,954.67
028	TEMPE POLICE	9,803,779.68	(984,017.90)	1,443,188.09	(311,407.88)	9,951,541.99
029	TUCSON FIRE	17,574,309.95	(578,146.84)	1,504,216.88	(77,035.92)	18,423,344.07
030	TUCSON POLICE	25,733,076.67	(1,309,464.09)	2,508,913.39	(113,513.53)	26,819,012.44
031	WINSLOW FIRE	156,527.97	-	19,034.14	-	175,562.11
032	YUMA FIRE	2,334,422.02	(79,796.60)	315,497.99	(12,650.56)	2,557,472.85
033	YUMA POLICE	3,468,608.41	(191,639.90)	450,287.31	(59,378.98)	3,667,876.84
034	YUMA COUNTY SHERIFFS	982,420.88	(7,445.29)	186,440.36	(73,704.78)	1,087,711.17
035	GAME & FISH	4,758,286.93	(493,062.18)	514,606.61	(32,605.72)	4,747,225.64
036	SIERRA VISTA POLICE	1,377,631.41	(375,435.75)	344,603.83	(7,078.48)	1,339,721.01
037	BENSON POLICE	205,715.50	106.09	35,123.58	(26,576.31)	214,368.86
038	BISBEE POLICE	300,500.81	-	51,352.41	-	351,853.22
039	PIMA COUNTY SHERIFFS	6,828,069.14	(519,380.97)	878,830.06	(59,669.46)	7,127,848.77
040	KINGMAN POLICE	766,616.27	7,186.66	143,029.27	(17,432.86)	899,399.34
041	A.S.U. CAMPUS POLICE	958,196.18	(23,709.88)	150,726.34	(55,394.70)	1,029,817.94
042	LAKE HAVASU FIRE	2,244,027.38	(116,146.07)	205,510.45	-	2,333,391.76
043	MOHAVE CNTY SHERIFFS	1,736,522.66	(101,463.91)	260,481.48	(68,254.69)	1,827,285.54
044	BULLHEAD CITY FIRE	970,912.29	-	178,707.51	(18,789.25)	1,130,830.55
045	U OF A CAMPUS POLICE	890,980.11	(75,828.60)	147,069.78	(7,917.60)	954,303.69
046	COCHISE CNTY SHERIFFS	1,495,969.65	(185,953.37)	228,358.40	(6,076.96)	1,532,297.72
047	SAFFORD POLICE	456,625.76	(77,446.40)	55,689.79	-	434,869.15
049	DREXEL HEIGHTS FIRE	894,985.57	(11,776.34)	131,336.35	(20,170.47)	994,375.11
050	WINSLOW POLICE	262,678.15	(154.70)	67,737.58	(30,220.98)	300,040.05
051	PAYSON FIRE	375,010.11	(49,036.19)	70,042.35	(14,291.84)	381,724.43
052	PAYSON POLICE	683,926.35	(72,522.07)	93,808.84	(17,932.26)	687,280.86
053	HUALAPAI VALLEY FIRE	228,773.99	(3,611.54)	59,417.27	(23,989.61)	260,590.11
054	FRY FIRE	660,921.95	(59,853.22)	153,988.51	(10,996.81)	744,060.43
055	FREDONIA MARSHALS	-	0.00	0.00	-	0.00
056	N.A.U. POLICE DEPARTMENT	376,531.79	(3,518.50)	60,047.31	(19,312.28)	413,748.32
058	SOUTH TUCSON FIRE	151,071.08	-	33,282.67	(7,643.91)	176,709.84
059	AVONDALE FIRE	428,705.56	-	126,229.25	-	554,934.81
060	PARKER POLICE	190,180.81	-	31,109.83	(23,276.05)	198,014.59

**STATE OF ARIZONA  
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Sys No.	System	Balance			Balance June 30, 2001 (at cost)	
		June 30, 2000 (at cost)	Reserve Transfers	Contributions Received		Withdrawn Members
061	COCONINO CNTY SHERIFFS	1,487,205.74	(130,825.21)	237,648.67	(10,433.30)	1,583,595.90
062	CENTRAL YAVAPAI FIRE	1,429,812.30	5,952.22	212,583.11	(12,848.00)	1,635,499.63
064	BUCKSKIN FIRE	221,207.46	10,084.34	29,803.35	(7,535.56)	253,559.59
065	SNOWFLAKE POLICE	190,132.50	(17,070.73)	29,436.59	-	202,498.36
066	COTTONWOOD POLICE	339,857.00	(34.43)	70,205.49	-	410,028.06
067	LAKE HAVASU POLICE	1,775,519.52	(207,532.45)	241,203.73	(10,517.93)	1,798,672.87
068	VERDE RURAL FIRE DIST.	223,393.27	(39,960.01)	35,190.71	-	218,623.97
069	SOUTH TUCSON POLICE	253,549.62	(27,176.73)	72,024.72	-	298,397.61
070	APACHE JUNCTION POLICE	1,444,749.28	(79,378.35)	189,245.73	(13,127.65)	1,541,489.01
071	NAVAJO COUNTY SHERIFFS	813,957.07	(97,749.13)	126,801.08	(24,126.83)	818,882.19
072	MOHAVE VALLEY FIRE	245,996.40	-	41,002.99	(6,349.64)	280,649.75
073	PEORIA FIRE	2,672,076.53	(52,832.20)	379,217.94	-	2,998,462.27
074	PEORIA POLICE	2,252,499.58	(109,467.76)	291,783.76	(938.07)	2,433,877.51
076	PARADISE VALLEY POLICE	1,219,484.65	(65,868.74)	150,339.56	-	1,303,955.47
077	WILCOX POLICE	163,516.27	48,855.14	33,965.94	(9,095.93)	237,241.42
078	SHOWLOW POLICE	376,793.87	(22,933.73)	71,092.04	(10,155.87)	414,796.31
079	ELOY POLICE	396,470.92	(15,754.74)	84,041.08	(4,321.23)	460,436.03
080	NOGALES POLICE	1,193,240.00	(101,211.66)	157,946.64	(75,775.15)	1,174,199.83
081	GILBERT POLICE	2,512,717.38	(7,593.47)	488,804.70	(32,456.09)	2,961,472.52
083	CLIFTON POLICE	45,039.70	(19,552.78)	7,132.10	-	32,619.02
085	COOLIDGE POLICE	385,563.00	22,855.01	82,866.42	(17,854.66)	473,429.77
086	HOLBROOK POLICE	302,785.40	(41,926.46)	50,047.66	(36,380.19)	274,526.41
087	SANTA CRUZ COUNTY DEPUTIES	557,263.90	3,302.31	102,066.57	-	662,632.78
088	PRESCOTT VALLEY POLICE	393,942.76	16,828.47	104,690.08	(16,499.41)	498,961.90
089	EAGER POLICE	100,156.87	-	20,458.47	-	120,615.34
090	TOLLESON POLICE	282,188.00	23,157.47	63,451.70	(702.36)	368,094.81
091	FLORENCE POLICE	228,451.17	(50,776.85)	43,309.80	(21,685.69)	199,298.43
092	SPRINGERVILLE POLICE	88,948.34	22,879.58	17,764.66	-	129,592.58
093	EL MIRAGE POLICE	195,142.11	7,871.85	100,950.62	-	303,964.58
094	SUPERIOR POLICE	75,658.67	(17,009.07)	16,042.32	-	74,691.92
095	SAN LUIS POLICE	294,208.92	-	79,194.36	-	373,403.28
096	PAGE POLICE	491,485.35	(22,180.51)	74,630.81	(29,432.92)	514,502.73
097	PAGE FIRE	36,601.91	-	15,906.70	-	52,508.61
098	YAVAPAI COUNTY SHERIFFS	1,755,298.28	(143,766.89)	329,925.38	(13,588.55)	1,927,868.22
100	PIMA POLICE	3,842.90	4,666.79	4,688.25	-	13,197.94
101	APACHE COUNTY SHERIFFS	415,887.45	(19,629.66)	86,960.57	(24,201.15)	459,017.21
102	COTTONWOOD FIRE	154,886.29	23,300.66	29,499.39	(5,047.17)	202,639.17
103	LA PAZ COUNTY SHERIFFS	737,489.70	(142,026.53)	97,476.79	(18,713.65)	674,226.31
104	PINAL COUNTY SHERIFFS	2,390,485.44	(225,288.67)	366,141.35	(92,085.61)	2,439,252.51
105	CLARKDALE POLICE	131,982.40	(9,511.43)	21,130.30	-	143,601.27
106	BUCKEYE POLICE	322,762.50	(76,217.99)	64,288.21	(30,373.16)	280,459.56
107	MARANNA MARSHALS	884,044.52	29,041.19	175,825.89	(53,509.92)	1,035,401.68
108	TOLLESON FIRE	364,748.11	(5,438.79)	79,172.98	-	438,482.30
109	CHINO VALLEY POLICE	224,014.66	-	44,104.61	-	268,119.27
110	SURPRISE POLICE	710,823.91	(29,923.17)	167,479.91	(18,985.80)	829,394.85
111	WELTON POLICE	44,425.30	-	8,988.08	(5,808.75)	47,604.63
112	GILA COUNTY SHERIFFS	773,010.85	(164,851.29)	110,183.32	(20,894.52)	697,448.36
113	PINETOP-LAKESIDE POLICE	169,370.42	-	31,781.71	-	201,152.13
114	BULLHEAD CITY POLICE	1,891,266.90	(32,509.80)	272,973.03	(45,079.15)	2,086,650.98
115	WILLIAMS POLICE	181,447.23	(66,019.12)	22,064.10	(19,363.00)	118,129.21
116	MIAMI POLICE	144,365.92	(45,235.53)	15,778.42	(30,085.39)	84,823.42
117	THATCHER POLICE	287,182.64	-	31,174.75	-	318,357.39
118	YOUNGTOWN POLICE	77,814.60	(25,855.27)	18,315.11	(2,293.88)	67,980.56
119	D.E.M.A.	782,724.50	(86,417.98)	99,479.98	(3,686.15)	792,100.35
120	SURPRISE FIRE	339,046.04	17,949.16	125,694.52	(7,189.09)	475,500.63
121	CAMP VERDE MARSHALS	166,371.53	(12,880.34)	38,593.42	(20,519.02)	171,565.59
122	ORO VALLEY POLICE	1,137,204.78	14,360.42	244,940.56	(9,497.44)	1,387,008.32
123	GREENLEE COUNTY SHERIFFS	377,303.49	(98,314.23)	32,870.01	-	311,859.27

**STATE OF ARIZONA  
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<b>Sys No.</b>	<b>System</b>	<b>Balance June 30, 2000 (at cost)</b>	<b>Reserve Transfers</b>	<b>Contributions Received</b>	<b>Withdrawn Members</b>	<b>Balance June 30, 2001 (at cost)</b>
124	TUCSON AIR.AUTH.FIRE	770,768.03	474.77	76,240.47	-	847,483.27
125	TUCSON AIR.AUTH.POLICE	576,140.69	(11,737.59)	108,946.80	(52,239.89)	621,110.01
126	WICKENBURG POLICE	183,734.77	-	33,068.23	(368.75)	216,434.25
127	EL MIRAGE FIRE	77,699.13	-	37,696.39	(419.15)	114,976.37
128	PATAGONIA MARSHALS	9,729.94	10,661.78	9,352.70	-	29,744.42
129	SEDONA POLICE	343,127.64	10,126.15	62,337.96	(20,390.18)	395,201.57
130	MAMMOTH POLICE	67,674.63	-	13,590.15	-	81,264.78
131	GLOBE POLICE	442,432.98	(24,582.20)	67,635.49	(18,483.40)	467,002.87
132	TOMBSTONE POLICE	47,207.03	(7,653.94)	12,588.64	-	52,141.73
133	GOLDER RANCH FIRE DISTRICT	595,842.49	2,040.63	129,780.57	(23,546.90)	704,116.79
134	FORT MOHAVE MESA FIRE	580,722.13	(13,140.14)	91,438.13	(76,718.55)	582,301.57
135	LAVEEN FIRE DISTRICT	108,794.75	-	36,792.62	-	145,587.37
136	GOODYEAR FIRE DEPT.	299,576.71	10,629.45	117,243.98	-	427,450.14
137	GOODYEAR POLICE DEPT.	731,068.51	(19,733.67)	145,859.91	(41,356.41)	815,838.34
138	CHINO VALLEY FIRE	242,315.56	-	52,041.40	-	294,356.96
139	AVONDALE POLICE DEPT.	837,452.40	(81,528.39)	199,488.73	(14,647.90)	940,764.84
140	GRAHAM COUNTY SHERIFFS	255,367.35	(37,793.85)	43,102.37	(3,215.53)	257,460.34
141	FLOWING WELLS FIRE DISTRICT	-	-	-	-	-
142	GOLDEN VALLEY FIRE DISTRICT	214,375.35	-	41,967.81	(24,419.19)	231,923.97
143	DAISY MOUNTAIN FIRE DISTRICT	251,589.98	(6,538.32)	90,643.03	-	335,694.69
144	QUARTZSITE MARSHALS	64,644.26	-	22,850.35	(3,091.07)	84,403.54
145	PICTUREROCKS FIRE	166,357.19	(32,540.60)	28,352.96	-	162,169.55
146	PIMA COMMUNITY COLLEGE	624,387.73	(54,178.26)	89,556.79	(10,991.74)	648,774.52
147	NORTHWEST FIRE	1,570,494.39	(45,723.09)	319,917.31	(27,588.53)	1,817,100.08
148	APACHE JUNCTION FIRE	908,884.98	13,526.46	223,465.74	(3,064.79)	1,142,812.39
149	GILBERT FIRE	900,284.10	(16,245.58)	260,202.07	(19,306.59)	1,124,934.00
150	PINE-STRAWBERRY FIRE	192,660.45	18,345.38	36,402.19	-	247,408.02
151	ATTORNEY GENERAL	1,366,860.08	(217,777.85)	128,806.95	(55,611.52)	1,222,277.66
152	TUCSON ESTATES FIRE	26,101.14	(37,912.92)	11,811.78	-	0.00
153	ST. JOHNS POLICE	55,790.19	-	18,069.45	(3,808.05)	70,051.59
154	PIMA CO. ATTORNEY INVSTGTR	248,158.12	(64,542.75)	20,210.20	-	203,825.57
155	SUN LAKES FIRE DIST.	386,002.55	(2,066.48)	117,146.16	(247.92)	500,834.31
156	KEARNY POLICE	51,458.49	(12,046.68)	13,515.45	-	52,927.26
157	GREENLEE CO. ATTRNY INVSTGTR	7,764.06	858.77	359.84	(8,982.67)	-
158	NAVAJO CO.ATTORNEY INVSTGTR	33,697.88	-	3,120.25	-	36,818.13
159	DONEY PARK RURAL FIRE	123,468.50	(2,288.74)	44,344.35	(15,279.48)	150,244.63
160	AZ STATE CAPITOL POLICE	290,044.20	(30,342.99)	74,653.30	(13,623.47)	320,731.04
161	FOUNTAIN HILLS MARSHALS	125,393.16	5,857.44	46,437.26	-	177,687.86
162	AVRA VALLEY FIRE DISTRICT	87,684.84	1,729.02	35,237.98	(14,574.33)	110,077.51
163	SAN LUIS FIRE	100,804.12	(8,415.62)	39,256.53	(11,723.27)	119,921.76
164	AZ DEPT OF LIQUOR LICENSE	450,544.56	2,894.96	66,359.18	-	519,798.70
165	MARICOPA CNTY ATTY INVSTGTR	808,565.47	(227,936.40)	57,686.94	(27,070.34)	611,245.67
166	SEDONA FIRE DISTRICT	475,292.22	14,845.27	163,499.12	(1,243.13)	652,393.48
167	GUADALUPE FIRE	53,808.03	-	27,130.43	-	80,938.46
168	MAYER FIRE DISTRICT	33,161.45	-	18,388.81	(13,826.08)	37,724.18
169	SOMERTON POLICE	128,719.64	9,376.13	45,578.63	(10,907.69)	172,766.71
170	SUN CITY WEST FIRE DSTRCT	565,236.00	(46,263.23)	257,144.50	(18,622.29)	757,494.98
171	SOMERTON FIRE	58,282.93	5,073.70	33,846.91	-	97,203.54
172	TUBAC FIRE DISTRICT	109,344.57	-	34,698.63	(9,199.83)	134,843.37
173	LA PAZ CNTY ATTY INVSTGTR	24,690.78	-	3,274.16	-	27,964.94
174	SAHUARITA POLICE	36,074.15	-	15,782.71	-	51,856.86
176	FLORENCE FIRE	34,716.51	349.28	23,133.91	-	58,199.70
177	SUN CITY FIRE	3,281,003.77	(62,911.88)	275,603.76	-	3,493,695.65
178	HAYDEN POLICE	26,806.40	(1,333.32)	15,476.92	(10,672.55)	30,277.45
179	GILA RIVER FIRE	190,053.72	(6,953.47)	213,984.15	(2,245.29)	394,839.11
180	GILA RIVER POLICE	136,502.07	61,474.64	206,396.38	(13,010.77)	391,362.32
181	SALT RIVER PIMA-MARICOPA FIRE	98,216.66	12,026.09	203,731.99	(4,336.26)	309,638.48
182	SALT RIVER PIMA-MARICOPA POLICE	114,690.54	28,954.06	164,841.37	(8,182.68)	300,303.29

**STATE OF ARIZONA  
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SCHEDULE OF CHANGES IN REFUNDABLE MEMBER RESERVES  
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Sys No.	System	Balance June 30, 2000 (at cost)	Reserve Transfers	Contributions Received	Withdrawn Members	Balance June 30, 2001 (at cost)
183	LAKESIDE FIRE DISTRICT	7,732.52	-	23,870.35	-	31,602.87
184	CORNVILLE-PAGE SPRINGS FIRE	6,682.99	(2,405.75)	14,624.06	(1,370.22)	17,531.08
185	PINETOP FIRE DISTRICT	15,615.19	-	36,733.99	-	52,349.18
186	SHOW LOW FIRE DISTRICT	11,045.92	(73.06)	20,360.57	-	31,333.43
187	YAVAPAI CNTY ATTRNY INVSTGTR	3,272.20	-	6,861.60	-	10,133.80
188	THREE POINTS FIRE DISTRICT	18,194.95	-	14,720.36	-	32,915.31
189	TIMBERLINE-FERNWOOD FIRE DISTRICT	-	-	8,453.18	-	8,453.18
190	BUCKEYE FIRE DEPARTMENT	-	-	7,928.91	-	7,928.91
191	MONTEZUMA/RIMROCK FIRE DISTRICT	-	32,304.93	7,052.54	-	39,357.47
192	HEBER-OVERGAARD FIRE DISTRICT	-	-	1,617.54	-	1,617.54
193	DIAMOND STAR FIRE DISTRICT	-	-	3,950.71	-	3,950.71
<b>TOTALS</b>		<b>418,847,013.56</b>	<b>(23,108,952.40)</b>	<b>58,052,764.84</b>	<b>(3,998,875.98)</b>	<b>449,791,950.02</b>



**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
EARNINGS DISTRIBUTION - FISCAL YEAR ENDED JUNE 30, 2001**

Sys No.	System	Employer Reserve June 30, 2000	Employer Reserve June 30, 2001	Member Reserve June 30, 2000	Member Reserve June 30, 2001	Combined Reserves	Mean Balance	Factor	Investment Earnings
001	Bisbee Fire	2,897,793.81	3,019,744.28	336,733.22	360,896.32	6,615,167.63	3,307,583.82	0.0912%	208,672.57
002	Casa Grande Fire	5,097,196.60	5,616,862.41	519,397.07	506,530.66	11,739,986.74	5,869,993.37	0.1619%	370,332.74
003	Casa Grande Police	7,672,760.05	8,406,715.24	1,299,970.93	1,505,825.71	18,885,271.93	9,442,635.97	0.2604%	595,727.63
004	Chandler Fire	16,342,943.78	19,036,478.32	3,899,850.06	4,454,260.88	43,733,533.04	21,866,766.52	0.6029%	1,379,555.15
005	Chandler Police	20,947,170.36	24,831,702.61	6,266,362.36	7,123,061.68	59,168,297.01	29,584,148.51	0.8157%	1,866,438.02
006	Clifton Fire	366,935.00	395,909.39	38,967.89	41,275.39	843,087.67	421,543.84	0.0116%	26,594.83
007	Dept. of Public Safety	387,190,473.63	415,108,385.87	20,395,860.84	20,044,656.46	842,739,376.80	421,369,688.40	11.6187%	26,583,844.56
008	Douglas Fire	4,284,845.07	4,564,501.22	604,749.47	670,539.90	10,124,635.66	5,062,317.83	0.1396%	319,377.20
009	Douglas Police	4,324,142.03	4,821,153.27	722,220.06	793,853.59	10,661,368.95	5,330,684.48	0.1470%	336,308.21
010	Flagstaff Fire	21,553,328.58	23,563,729.29	3,184,400.46	3,462,953.46	51,764,411.79	25,882,205.90	0.7137%	1,632,885.70
011	Flagstaff Police	15,151,747.14	16,656,606.69	2,380,374.57	2,444,758.81	36,633,487.21	18,316,743.61	0.5051%	1,155,587.31
012	Glendale Fire	34,338,952.10	38,257,184.19	5,852,903.52	6,374,896.44	84,823,936.25	42,411,968.13	1.1695%	2,675,733.92
013	Glendale Police	40,917,956.59	46,138,907.29	8,757,656.07	9,194,885.22	105,009,405.17	52,504,702.59	1.4477%	3,312,475.70
014	Globe Fire	2,405,165.34	2,472,433.05	228,440.23	243,068.86	5,349,107.48	2,674,553.74	0.0737%	168,735.25
015	Kingman Fire	3,601,481.88	4,127,866.01	976,065.75	1,098,912.79	9,804,326.43	4,902,163.22	0.1352%	309,273.18
016	Maricopa Cnty Sheriff	118,799,658.41	128,388,934.05	14,897,220.46	16,145,636.40	278,231,449.32	139,115,724.66	3.8359%	8,776,689.22
017	Mesa Fire	80,629,506.96	89,382,423.71	13,380,014.58	14,848,182.58	198,240,127.83	99,120,063.92	2.7331%	6,253,398.01
018	Mesa Police	116,931,015.80	130,293,418.26	19,822,791.65	21,846,127.84	288,893,353.55	144,446,676.78	3.9829%	9,113,014.31
019	Miami Fire	337,121.00	332,326.28	-	-	669,447.28	334,723.64	0.0092%	21,117.42
020	Nogales Fire	3,547,982.69	3,866,154.43	637,911.25	748,294.72	8,800,343.09	4,400,171.55	0.1213%	277,602.97
021	Phoenix Fire	399,446,817.03	438,020,315.95	57,405,039.38	62,114,057.94	956,986,230.30	478,493,115.15	13.1938%	30,187,711.52
022	Phoenix Police	718,558,889.38	780,294,387.89	91,797,266.24	98,391,469.65	1,689,042,013.16	844,521,006.58	23.2865%	53,280,090.58
023	Prescott Fire	11,887,647.31	12,920,283.94	1,639,847.45	1,811,030.11	28,258,808.81	14,129,404.41	0.3896%	891,411.75
024	Prescott Police	8,421,478.46	9,254,315.20	1,584,492.25	1,679,430.91	20,939,716.82	10,469,858.41	0.2887%	660,534.20
025	Scottsdale Police	58,304,424.43	65,347,487.10	10,387,218.29	10,749,026.20	144,788,156.02	72,394,078.01	1.9962%	4,567,278.97
026	Sierra Vista Fire	5,636,045.72	6,377,697.96	1,226,698.63	1,366,553.96	14,606,996.27	7,303,498.14	0.2014%	460,771.30
027	Tempe Fire	45,662,924.54	49,789,927.24	5,496,346.29	5,763,954.67	106,713,152.74	53,356,576.37	1.4712%	3,366,219.67
028	Tempe Police	49,464,285.31	55,613,238.79	9,803,779.68	9,951,541.99	124,832,845.77	62,416,422.89	1.7210%	3,937,797.45
029	Tucson Fire	164,103,863.21	176,143,762.98	17,574,309.95	18,423,344.07	376,245,280.21	188,122,640.11	5.1872%	11,868,492.59
030	Tucson Police	224,811,122.04	243,035,183.60	25,733,076.67	26,819,012.44	520,398,394.75	260,199,197.38	7.1746%	16,415,739.45
031	Winslow Fire	2,646,839.18	2,921,996.71	156,527.97	175,562.11	5,900,925.97	2,950,462.99	0.0814%	186,142.13
032	Yuma Fire	21,781,537.51	23,077,163.17	2,334,422.02	2,557,472.85	49,750,595.55	24,875,297.78	0.6859%	1,569,360.75
033	Yuma Police	25,836,354.17	27,727,683.74	3,468,608.41	3,667,876.84	60,700,523.16	30,350,261.58	0.8369%	1,914,771.42
034	Yuma County Sheriff	8,934,932.40	9,453,258.75	982,420.88	1,087,711.17	20,458,323.20	10,229,161.60	0.2821%	645,348.85
035	Game & Fish	30,921,311.64	33,648,711.15	4,758,286.93	4,747,225.64	74,075,535.36	37,037,767.68	1.0213%	2,336,680.32
036	Sierra Vista Police	7,867,635.52	8,986,173.41	1,377,631.41	1,339,721.01	19,571,161.35	9,785,580.68	0.2698%	617,363.71
037	Benson Police	1,166,810.06	1,263,787.85	205,715.50	214,368.86	2,850,682.27	1,425,341.14	0.0393%	89,923.52
038	Bisbee Police	1,728,560.65	1,876,112.34	300,500.81	351,853.22	4,257,027.02	2,128,513.51	0.0587%	134,286.05

**STATE OF ARIZONA  
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EARNINGS DISTRIBUTION - FISCAL YEAR ENDED JUNE 30, 2001**

Sys No.	System	Employer Reserve June 30, 2000	Employer Reserve June 30, 2001	Member Reserve June 30, 2000	Member Reserve June 30, 2001	Combined Reserves	Mean Balance	Factor	Investment Earnings
039	Pima County Sheriff	97,890,369.83	104,629,841.95	6,828,069.14	7,127,848.77	216,476,129.69	108,238,064.85	2.9845%	6,828,644.70
040	Kingman Police	5,365,679.16	5,819,671.19	766,616.27	899,399.34	12,851,365.96	6,425,682.98	0.1772%	405,390.71
041	A.S.U. Campus Police	9,059,239.05	9,617,486.09	958,196.18	1,029,817.94	20,664,739.26	10,332,369.63	0.2849%	651,860.15
042	Lake Havasu Fire	11,926,563.11	13,408,456.35	2,244,027.38	2,333,391.76	29,912,438.60	14,956,219.30	0.4124%	943,574.78
043	Mohave Cnty Sheriff	8,951,031.94	9,868,297.71	1,736,522.66	1,827,285.54	22,383,137.85	11,191,568.93	0.3086%	706,066.28
044	Bullhead City Fire	7,221,683.91	8,203,209.02	970,912.29	1,130,830.55	17,526,635.77	8,763,317.89	0.2416%	552,870.05
045	U of A Campus Police	5,104,405.36	5,512,550.31	890,980.11	954,303.69	12,462,239.47	6,231,119.74	0.1718%	393,115.89
046	Cochise Cnty Sheriff	8,848,693.39	9,686,144.73	1,495,969.65	1,532,297.72	21,563,105.49	10,781,552.75	0.2973%	680,198.72
047	Safford Police	2,128,630.15	2,437,878.27	456,625.76	434,869.15	5,458,003.33	2,729,001.67	0.0752%	172,170.32
049	Drexel Heights Fire	2,640,400.48	3,064,969.43	894,985.57	994,375.11	7,594,730.59	3,797,365.30	0.1047%	242,279.97
050	Winslow Police	2,485,395.27	2,691,481.52	262,678.15	300,040.05	5,739,594.99	2,869,797.50	0.0791%	181,053.01
051	Payson Fire	1,481,674.99	1,760,909.60	375,010.11	381,724.43	3,999,319.13	1,999,659.57	0.0551%	126,156.77
052	Payson Police	2,260,060.58	2,705,109.98	683,926.35	687,280.86	6,336,377.77	3,168,188.89	0.0874%	199,878.26
053	Hualapai Valley Fire	521,268.24	667,521.41	228,773.99	260,590.11	1,678,153.75	839,076.88	0.0231%	52,936.63
054	Fry Fire	4,175,376.12	4,613,856.02	660,921.95	744,060.43	10,194,214.52	5,097,107.26	0.1405%	321,572.03
055	Fredonia Marshalls	37,430.23	46,536.42	-	-	83,966.65	41,983.33	0.0012%	2,648.69
056	N.A.U. Police	3,406,986.07	3,587,961.84	376,531.79	413,748.32	7,785,228.02	3,892,614.01	0.1073%	245,581.61
058	South Tucson Fire	1,288,739.03	1,377,918.34	151,071.08	176,709.84	2,994,438.29	1,497,219.15	0.0413%	94,458.24
059	Avondale Fire	1,275,250.71	1,614,176.37	428,705.56	554,934.81	3,873,067.45	1,936,533.73	0.0534%	122,174.22
060	Parker Police	760,245.77	881,100.60	190,180.81	198,014.59	2,029,541.77	1,014,770.89	0.0280%	64,021.01
061	Coconino Cnty Sheriff	8,621,053.54	9,549,733.71	1,487,205.74	1,583,595.90	21,241,588.89	10,620,794.45	0.2929%	670,056.62
062	Central Yavapai Fire	5,363,230.65	6,203,149.26	1,429,812.30	1,635,499.63	14,631,691.84	7,315,845.92	0.2017%	461,550.31
064	Buckskin Fire	1,233,412.09	1,375,835.65	221,207.46	253,559.59	3,084,014.79	1,542,007.40	0.0425%	97,283.90
065	Snowflake Police	654,285.17	709,856.12	190,132.50	202,498.36	1,756,772.15	878,386.08	0.0242%	55,416.61
066	Cottonwood Police	1,342,564.99	1,544,956.09	339,857.00	410,028.06	3,637,406.14	1,818,703.07	0.0501%	114,740.38
067	Lake Havasu Police	7,237,649.08	8,342,883.51	1,775,519.52	1,798,672.87	19,154,724.98	9,577,362.49	0.2641%	604,227.41
068	Verde Rural Fire	741,165.25	807,176.00	223,393.27	218,623.97	1,990,358.49	995,179.25	0.0274%	62,784.99
069	South Tucson Police	1,022,404.36	1,101,478.70	253,549.62	298,397.61	2,675,830.29	1,337,915.15	0.0369%	84,407.89
070	Apache Junction Police	4,645,622.16	5,363,145.96	1,444,749.28	1,541,489.01	12,995,006.41	6,497,503.21	0.1792%	409,921.79
071	Navajo County Sheriff	5,034,971.78	5,509,233.71	813,957.07	818,882.19	12,177,044.75	6,088,522.38	0.1679%	384,119.54
072	Mohave Valley Fire	891,879.10	1,048,319.11	245,996.40	280,649.75	2,466,844.36	1,233,422.18	0.0340%	77,815.52
073	Peoria Fire	7,665,540.86	9,292,389.14	2,672,076.53	2,998,462.27	22,628,468.80	11,314,234.40	0.3120%	713,805.14
074	Peoria Police	8,977,797.49	10,768,755.02	2,252,499.58	2,433,877.51	24,432,929.60	12,216,464.80	0.3369%	770,726.06
076	Paradise Valley Police	5,337,989.60	6,128,307.76	1,219,484.65	1,303,955.47	13,989,737.48	6,994,868.74	0.1929%	441,300.14
077	Willcox Police	644,777.64	877,872.05	163,516.27	237,241.42	1,923,407.38	961,703.69	0.0265%	60,673.04
078	Show Low Police	1,361,179.40	1,629,761.77	376,793.87	414,796.31	3,782,531.35	1,891,265.68	0.0521%	119,318.29
079	Eloy Police	1,091,430.48	1,289,598.02	396,470.92	460,436.03	3,237,935.45	1,618,967.73	0.0446%	102,139.26
080	Nogales Police	4,296,191.77	4,881,306.80	1,193,240.00	1,174,199.83	11,544,938.40	5,772,469.20	0.1592%	364,180.03

**STATE OF ARIZONA  
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EARNINGS DISTRIBUTION - FISCAL YEAR ENDED JUNE 30, 2001**

Sys No.	System	Employer Reserve June 30, 2000	Employer Reserve June 30, 2001	Member Reserve June 30, 2000	Member Reserve June 30, 2001	Combined Reserves	Mean Balance	Factor	Investment Earnings
081	Gilbert Police	6,318,587.30	7,733,912.85	2,512,717.38	2,961,472.52	19,526,690.05	9,763,345.03	0.2692%	615,960.89
083	Clifton Police	266,240.82	264,490.95	45,039.70	32,619.02	608,390.49	304,195.25	0.0084%	19,191.41
084	Taylor Police	1,208.07	1,340.59	-	-	2,548.66	1,274.33	0.0000%	80.40
085	Coolidge Police	1,399,481.80	1,730,078.33	385,563.00	473,429.77	3,988,552.90	1,994,276.45	0.0550%	125,817.15
086	Holbrook Police	1,779,810.64	1,938,996.89	302,785.40	274,526.41	4,296,119.34	2,148,059.67	0.0592%	135,519.20
087	Santa Cruz Cnty Deputy	2,241,060.13	2,542,478.95	557,263.90	662,632.78	6,003,435.76	3,001,717.88	0.0828%	189,375.75
088	Prescott Valley Police	1,401,875.02	1,679,570.78	393,942.76	498,961.90	3,974,350.46	1,987,175.23	0.0548%	125,369.14
089	Eagar Police	401,745.96	462,179.33	100,156.87	120,615.34	1,084,697.50	542,348.75	0.0150%	34,216.31
090	Tolleson Police	1,419,787.76	1,676,589.78	282,188.00	368,094.81	3,746,660.35	1,873,330.18	0.0517%	118,186.76
091	Florence Police	916,046.77	1,121,637.95	228,451.17	199,298.43	2,465,434.32	1,232,717.16	0.0340%	77,771.05
092	Springerville Police	231,297.56	357,996.07	88,948.34	129,592.58	807,834.55	403,917.28	0.0111%	25,482.79
093	El Mirage Police	524,077.28	730,970.02	195,142.11	303,964.58	1,754,153.99	877,077.00	0.0242%	55,334.02
094	Superior Police	436,334.79	434,844.69	75,658.67	74,691.92	1,021,530.07	510,765.04	0.0141%	32,223.72
095	San Luis Police	722,038.15	928,087.21	294,208.92	373,403.28	2,317,737.56	1,158,868.78	0.0320%	73,112.02
096	Page Police	1,676,043.86	1,875,995.60	491,485.35	514,502.73	4,558,027.54	2,279,013.77	0.0628%	143,780.98
097	Page Fire	349,649.91	370,364.22	36,601.91	52,508.61	809,124.65	404,562.33	0.0112%	25,523.48
098	Yavapai Cnty Sheriff	7,054,896.72	8,060,535.81	1,755,298.28	1,927,868.22	18,798,599.03	9,399,299.52	0.2592%	592,993.57
099	Guadalupe Police	227,692.01	252,668.39	-	-	480,360.40	240,180.20	0.0066%	15,152.76
100	Pima Police	93,999.63	110,540.05	3,842.90	13,197.94	221,580.52	110,790.26	0.0031%	6,989.66
101	Apache Cnty Sheriff	1,986,869.96	2,099,534.16	415,887.45	459,017.21	4,961,308.78	2,480,654.39	0.0684%	156,502.31
102	Cottonwood Fire	439,077.12	623,694.79	154,886.29	202,639.17	1,420,297.37	710,148.69	0.0196%	44,802.66
103	La Paz Cnty Sheriff	3,093,043.52	3,558,564.37	737,489.70	674,226.31	8,063,323.90	4,031,661.95	0.1112%	254,354.02
104	Pinal Cnty Sheriff	14,151,517.43	15,373,805.30	2,390,485.44	2,439,252.51	34,355,060.68	17,177,530.34	0.4736%	1,083,715.34
105	Clarksdale Police	451,201.27	513,654.85	131,982.40	143,601.27	1,240,439.79	620,219.90	0.0171%	39,129.13
106	Buckeye Police	916,156.88	1,121,009.73	322,762.50	280,459.56	2,640,388.67	1,320,194.34	0.0364%	83,289.90
107	Marana Marshalls	2,599,719.67	3,148,813.13	884,044.52	1,035,401.68	7,667,979.00	3,833,989.50	0.1057%	241,883.04
108	Tolleson Fire	876,947.10	1,102,016.84	364,748.11	438,482.30	2,782,194.35	1,391,097.18	0.0384%	87,763.10
109	Chino Valley Police	723,914.10	854,214.50	224,014.66	268,119.27	2,070,262.53	1,035,131.27	0.0285%	65,305.52
110	Surprise Police	2,165,877.35	2,775,899.93	710,823.91	829,394.85	6,481,996.04	3,240,998.02	0.0894%	204,471.73
111	Welton Police	118,319.64	143,124.63	44,425.30	47,604.63	353,474.20	176,737.10	0.0049%	11,150.19
112	Gila Cnty Sheriff	3,300,133.85	3,842,959.54	773,010.85	697,448.36	8,613,552.60	4,306,776.30	0.1188%	271,710.74
113	Pinetop-Lakeside Police	1,289,726.48	1,382,922.34	169,370.42	201,152.13	3,043,171.37	1,521,585.69	0.0420%	95,995.51
114	Bullhead City Police	5,685,735.58	6,568,304.37	1,891,266.90	2,086,650.98	16,231,957.83	8,115,978.92	0.2238%	512,030.00
115	Williams Police	581,179.09	719,899.07	181,447.23	118,129.21	1,600,654.60	800,327.30	0.0221%	50,491.95
116	Miami Police	297,810.80	377,061.87	144,365.92	84,823.42	904,062.01	452,031.01	0.0125%	28,518.24
117	Thatcher Police	1,022,718.19	1,171,302.03	287,182.64	318,357.39	2,799,560.25	1,399,780.13	0.0386%	88,310.90
118	Youngtown Police	510,902.52	519,365.98	77,814.60	67,980.56	1,176,063.66	588,031.83	0.0162%	37,098.41
119	D.E.M.A.	2,464,533.99	2,875,321.76	782,724.50	792,100.35	6,914,680.60	3,457,340.30	0.0953%	218,120.57

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Sys No.	System	Employer Reserve June 30, 2000	Employer Reserve June 30, 2001	Member Reserve June 30, 2000	Member Reserve June 30, 2001	Combined Reserves	Mean Balance	Factor	Investment Earnings
120	Surprise Fire	841,799.68	1,205,747.95	339,046.04	475,500.63	2,862,094.30	1,431,047.15	0.0395%	90,283.51
121	Camp Verde Marshalls	768,729.61	837,722.37	166,371.53	171,565.59	1,944,389.10	972,194.55	0.0268%	61,334.90
122	Oro Valley Police	2,605,657.02	3,311,913.35	1,137,204.78	1,387,008.32	8,441,783.47	4,220,891.74	0.1164%	266,292.36
123	Greenlee Cnty Sheriff	1,139,462.84	1,364,217.64	377,303.49	311,859.27	3,192,843.24	1,596,421.62	0.0440%	100,716.84
124	Tucson Airprt Auth. Fire	3,136,774.89	3,550,764.88	770,768.03	847,483.27	8,305,791.07	4,152,895.54	0.1145%	262,002.54
125	Tucson Airprt Auth. PD	2,502,643.60	2,718,350.43	576,140.69	621,110.01	6,418,244.73	3,209,122.37	0.0885%	202,460.72
126	Wickenburg Police	602,273.00	694,245.08	183,734.77	216,434.25	1,696,687.10	848,343.55	0.0234%	53,521.25
127	El Mirage fire	172,212.59	253,636.08	77,699.13	114,976.37	618,524.17	309,262.09	0.0085%	19,511.07
128	Patagonia Marshall	45,004.32	80,405.59	9,729.94	29,744.42	164,884.27	82,442.14	0.0023%	5,201.20
129	Sedona Police	856,475.06	984,696.68	343,127.64	395,201.57	2,579,500.95	1,289,750.48	0.0356%	81,369.23
130	Mammoth Police	58,430.95	81,663.56	67,674.63	81,264.78	289,033.92	144,516.96	0.0040%	9,117.45
131	Globe Police	1,684,574.85	1,846,641.93	442,432.98	467,002.87	4,440,652.63	2,220,326.32	0.0612%	140,078.44
132	Tombstone Police	51,268.50	70,438.97	47,207.03	52,141.73	221,056.23	110,528.12	0.0030%	6,973.12
133	Golder Ranch Fire Dist.	1,613,263.23	2,011,415.59	595,842.49	704,116.79	4,924,638.10	2,462,319.05	0.0679%	155,345.55
134	Fort Mohave Mesa Fire	1,781,019.24	2,011,009.89	580,722.13	582,301.57	4,955,052.83	2,477,526.42	0.0683%	156,304.97
135	Laveen Fire Dist.	313,884.38	401,462.50	108,794.75	145,587.37	969,729.00	484,864.50	0.0134%	30,589.68
136	Goodyear Fire	672,628.82	975,630.69	299,576.71	427,450.14	2,375,286.36	1,187,643.18	0.0327%	74,927.37
137	Goodyear Police	1,681,953.21	2,071,374.97	731,068.51	815,838.34	5,300,235.03	2,650,117.52	0.0731%	167,193.59
138	Chino Valley Fire Dist.	644,316.51	812,155.92	242,315.56	294,356.96	1,993,144.95	996,572.48	0.0275%	62,872.88
139	Avondale Police	1,958,913.09	2,476,054.14	837,452.40	940,764.84	6,213,184.47	3,106,592.24	0.0857%	195,992.18
140	Graham Cnty Sheriff	646,288.44	813,316.99	255,367.35	257,460.34	1,972,433.12	986,216.56	0.0272%	62,219.54
141	Flowing Wells Fire	53,464.06	59,328.73	-	-	112,792.79	56,396.40	0.0016%	3,558.00
142	Golden Valley Fire	715,389.73	841,426.25	214,375.35	231,923.97	2,003,115.30	1,001,557.65	0.0276%	63,187.39
143	Daisy Mountain Fire	511,620.85	707,720.64	251,589.98	335,694.69	1,806,626.16	903,313.08	0.0249%	56,989.23
144	Quartzsite Marshall	120,672.25	169,042.98	64,644.26	84,403.54	438,763.03	219,381.52	0.0060%	13,840.59
145	Picturerock Fire	597,034.63	648,553.74	166,357.19	162,169.55	1,574,115.11	787,057.56	0.0217%	49,654.77
146	Pima Cmnty Coll. PD	1,675,000.37	2,075,735.13	624,387.73	648,774.52	5,023,897.75	2,511,948.88	0.0693%	158,476.65
147	Northwest Fire	5,104,306.87	6,020,815.45	1,570,494.39	1,817,100.08	14,512,716.79	7,256,358.40	0.2001%	457,797.30
148	Apache Junction Fire	2,532,934.30	3,256,894.58	908,884.98	1,142,812.39	7,841,526.25	3,920,763.13	0.1081%	247,357.51
149	Gilbert Fire	2,069,971.39	2,759,684.31	900,284.10	1,124,934.00	6,854,873.80	3,427,436.90	0.0945%	216,233.99
150	Pine-Strawberry Fire	424,231.79	608,861.90	192,660.45	247,408.02	1,473,162.16	736,581.08	0.0203%	46,470.26
151	Attnry Genrl Investgr	4,471,364.95	5,269,967.97	1,366,860.08	1,222,277.66	12,330,470.66	6,165,235.33	0.1700%	388,959.30
152	Tucson Estates Fire	50,871.05	8,859.54	26,101.14	-	85,831.73	42,915.87	0.0012%	-
153	St. Johns Police	62,272.96	96,928.40	55,790.19	70,051.59	285,043.14	142,521.57	0.0039%	8,991.56
154	Pima Cnty Attnry Invst	768,668.17	945,967.61	248,158.12	203,825.57	2,166,619.47	1,083,309.74	0.0299%	68,345.06
155	Sun Lakes Fire Dist.	1,447,491.89	1,807,545.20	386,002.55	500,834.31	4,141,873.95	2,070,936.98	0.0571%	130,653.60
156	Kearny Police	187,650.21	197,571.26	51,458.49	52,927.26	489,607.22	244,803.61	0.0068%	15,444.45
157	Greenlee Cnty Atny Invst	18,982.10	22,985.74	7,764.06	-	49,731.90	24,865.95	0.0007%	1,568.77

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
EARNINGS DISTRIBUTION - FISCAL YEAR ENDED JUNE 30, 2001**

Sys No.	System	Employer Reserve June 30, 2000	Employer Reserve June 30, 2001	Member Reserve June 30, 2000	Member Reserve June 30, 2001	Combined Reserves	Mean Balance	Factor	Investment Earnings
158	Navajo Cnty Attrny Invest	103,647.31	121,702.69	33,697.88	36,818.13	295,866.01	147,933.01	0.0041%	9,332.96
159	Doney Park Rural Fire	384,113.56	489,341.57	123,468.50	150,244.63	1,147,168.26	573,584.13	0.0158%	36,186.92
160	AZ State Capitol Police	811,697.20	920,966.80	290,044.20	320,731.04	2,343,439.24	1,171,719.62	0.0323%	73,922.76
161	Fountain Hills Marshall	183,485.75	282,717.70	125,393.16	177,687.86	769,284.47	384,642.24	0.0106%	24,266.74
162	Avra Valley Fire	379,662.12	475,298.27	87,684.84	110,077.51	1,052,722.74	526,361.37	0.0145%	33,207.68
163	San Luis Fire	226,390.69	304,763.09	100,804.12	119,921.76	751,879.66	375,939.83	0.0104%	23,717.71
164	AZ Dept. of Liquor/Licns	1,139,624.10	1,354,947.01	450,544.56	519,798.70	3,464,914.37	1,732,457.19	0.0478%	109,299.21
165	Maricopa Cnty Atrny Invst	3,099,675.85	3,609,384.91	808,565.47	611,245.67	8,128,871.90	4,064,435.95	0.1121%	256,421.70
166	Sedona Fire District	1,465,648.31	2,063,596.73	475,292.22	652,393.48	4,656,930.74	2,328,465.37	0.0642%	146,900.84
167	Guadalupe Fire	84,424.74	134,313.59	53,808.03	80,938.46	353,484.82	176,742.41	0.0049%	11,150.52
168	Mayer Fire District	109,959.08	128,657.63	33,161.45	37,724.18	309,502.34	154,751.17	0.0043%	9,763.12
169	Somerton Police	260,890.61	405,921.23	128,719.64	172,766.71	968,298.19	484,149.10	0.0133%	30,544.54
170	SunCity West Fire Dstrct	1,827,883.38	2,330,464.20	565,236.00	757,494.98	5,481,078.56	2,740,539.28	0.0756%	172,898.22
171	Somerton Fire	162,517.77	277,902.42	58,282.93	97,203.54	595,906.66	297,953.33	0.0082%	18,797.61
172	Tubac Fire District	265,877.82	359,047.25	109,344.57	134,843.37	869,113.01	434,556.51	0.0120%	27,415.79
173	LaPaz Cnty Attrny Invst	50,170.08	62,130.65	24,690.78	27,964.94	164,956.45	82,478.23	0.0023%	5,203.48
174	Sahuarita Police	50,611.73	79,729.78	36,074.15	51,856.86	218,272.52	109,136.26	0.0030%	6,885.31
176	Florence Fire Dept	86,872.75	127,659.55	35,065.79	58,199.70	307,797.79	153,898.90	0.0042%	9,709.35
177	Sun City Fire Dept	1,917,032.65	3,004,940.49	3,280,654.49	3,493,695.65	11,696,323.28	5,848,161.64	0.1613%	368,955.40
178	Hayden Police	37,335.42	62,189.18	26,806.40	30,277.45	156,608.45	78,304.23	0.0022%	4,940.14
179	Gila River Fire Dept	304,606.25	647,589.42	190,053.72	394,839.11	1,537,088.50	768,544.25	0.0212%	48,486.78
180	Gila River Police Dept	150,287.33	570,165.08	136,502.07	391,362.32	1,248,316.80	624,158.40	0.0172%	39,377.61
181	SaltRiverPima-MaricpFire	258,059.64	814,993.28	98,216.66	309,638.48	1,480,908.06	740,454.03	0.0204%	46,714.60
182	SaltRiverPima-MaricpPD	245,301.70	635,066.51	114,690.54	300,303.29	1,295,362.04	647,681.02	0.0179%	40,861.63
183	Lakeside Fire District	34,921.20	86,309.18	7,732.52	31,602.87	160,565.77	80,282.89	0.0022%	5,064.98
184	Cornville-PageSpringsFD	10,203.67	26,889.38	6,682.99	17,531.08	61,307.12	30,653.56	0.0008%	1,933.91
185	Pinetop Fire District	33,953.84	163,033.79	15,615.19	52,349.18	264,952.00	132,476.00	0.0037%	8,357.79
186	Show Low Fire District	37,810.65	87,961.69	11,045.92	31,333.43	168,151.69	84,075.85	0.0023%	5,304.27
187	Yavapai Cnty Attrny Inv.	10,252.93	32,494.14	3,272.20	10,133.80	56,153.07	28,076.54	0.0008%	1,771.33
188	Three Points Fire District	37,571.48	60,257.10	18,194.95	32,915.31	148,938.84	74,469.42	0.0021%	4,698.22
189	Timberline-Fernwood	-	21,116.63	-	8,453.18	29,569.81	14,784.91	0.0004%	932.78
190	Buckeye Fire	-	10,437.06	-	7,928.91	18,365.97	9,182.99	0.0003%	579.35
191	Montezuma/Rimrock	-	104,443.52	-	39,357.47	143,800.99	71,900.50	0.0020%	4,536.14
192	Heber-Overgaard Fire	-	15,420.74	-	1,617.54	17,038.28	8,519.14	0.0002%	537.47
193	Diamond Star Fire	-	8,932.34	-	3,950.71	12,883.05	6,441.53	0.0002%	406.39
<b>TOTALS</b>		<b>3,044,886,205.22</b>	<b>3,338,648,046.04</b>	<b>418,847,013.56</b>	<b>449,791,950.02</b>	<b>7,253,074,525.43</b>	<b>3,626,648,091.77</b>	<b>100.00%</b>	<b>228,802,051.48</b>



# INVESTMENT SECTION

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
THIRTY-THIRD COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2001

Fund Objectives

Investment Performance Data

Supporting Schedule of Commissions Paid to Brokers

Summary of Changes in Investment Portfolio

Detailed List of Investments Acquired

Detailed List of Sales and Redemption of Investments

Detailed List of Investments Owned





## FUND OBJECTIVES

1. The intent of the Public Safety Personnel Retirement System, the Elected Official's Retirement Plan and the Corrections Officer Retirement Plan (herein after referred to as the Plan) is to provide the Plan participants benefits as defined in Title 38, chapter 5, articles 3, 4 and 6 of the Arizona Revised Statutes.
2. The Fund Manager and the Administrator will discharge their duties with respect to the Plan solely in the interest of the Plan participants, beneficiaries and employer sponsors. In making every investment, the Fund Manager 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, provided these investments are made in conformity with all applicable laws.
3. The intention of the Plan is to maintain the benefit level as stated in Title 38, chapter 5, articles 3, 4 and 6 of the Arizona Revised Statutes and as amended from time to time by the Arizona State Legislature. In order to maintain this benefit level the Plan will annually adjust the employer contribution rate based on the recommendations made by the annual actuarial valuations. The Plan's funding goal is for the Plan assets to be equal to Plan liabilities within any twenty-year period.
4. It is the intent of the Plan to level off or reduce the employer contribution rate to the Plan as well as to provide the opportunity for increased benefits for retirees as the legislature may from time to time enact, through the systematic growth of the investments of the fund.
5. The primary objective of the investment program of the Plan is a reasonable, long-range total rate of return. Inherent in this goal is the preservation and enhancement of capital through effective management of the portfolio in order to take advantage of attractive opportunities various market sectors have to offer.

Adopted this 17<sup>th</sup> day of June, 1998, by the Fund Manager.

John A. Cochran/sig

\_\_\_\_\_  
John A. Cochran, Ph.D., Chairman

F. Michael Geddes/sig

\_\_\_\_\_  
F. Michael Geddes, Member

Donald L. De Ment/sig

\_\_\_\_\_  
Donald L. De Ment, Member

Carmen Torrie/sig

\_\_\_\_\_  
Carmen Torrie, Member

Tony West/sig

\_\_\_\_\_  
Tony West, Member

Added 11-57-92  
Revised 11-55-97  
Revised 06-45-98

*S&P Investment Advisory Services LLC*  
55 Water Street, 44th Floor  
New York, NY 10041  
Tel 212 438 3737  
Fax 212 438 3929

**Standard & Poor's**  
A Division of The McGraw-Hill Companies 

August 31, 2001

The Fund Manager  
State of Arizona  
Public Safety Personnel Retirement System  
1020 East Missouri Avenue  
Phoenix, Arizona 85014

Dear Sirs:

The attached charts and tables depict the investment performance for the Public Safety Retirement System of the State of Arizona. The performance results shown are based entirely on data provided by the plan's staff and does not constitute an audit on Standard & Poor's part. We note that Standard & Poor's has assumed that all data that has been supplied by the staff is accurate and complete and that Standard & Poor's has not taken steps to verify same. We also note that the performance was calculated under the assumption that cash inflows and outflows take place uniformly throughout each month.

The performance data include realized and unrealized capital gains and losses, as well as interest and dividend income earned by the fund. We believe these computations were performed in accordance with accepted AIMR procedures.

Based on the foregoing, during the past fiscal year, the stock portfolio underperformed the NYSE and S&P 500 indices, while the bond portfolio equaled the Lehman Government/Credit Index. The overall fund underperformed two custom benchmarks, each using bond and stock indices weighted in the same proportion as the investments in the overall fund. The overall fund has attained a rate of return over the past decade that compares favorably with these custom benchmarks.

Sincerely,

**Kenneth Shea/sig**

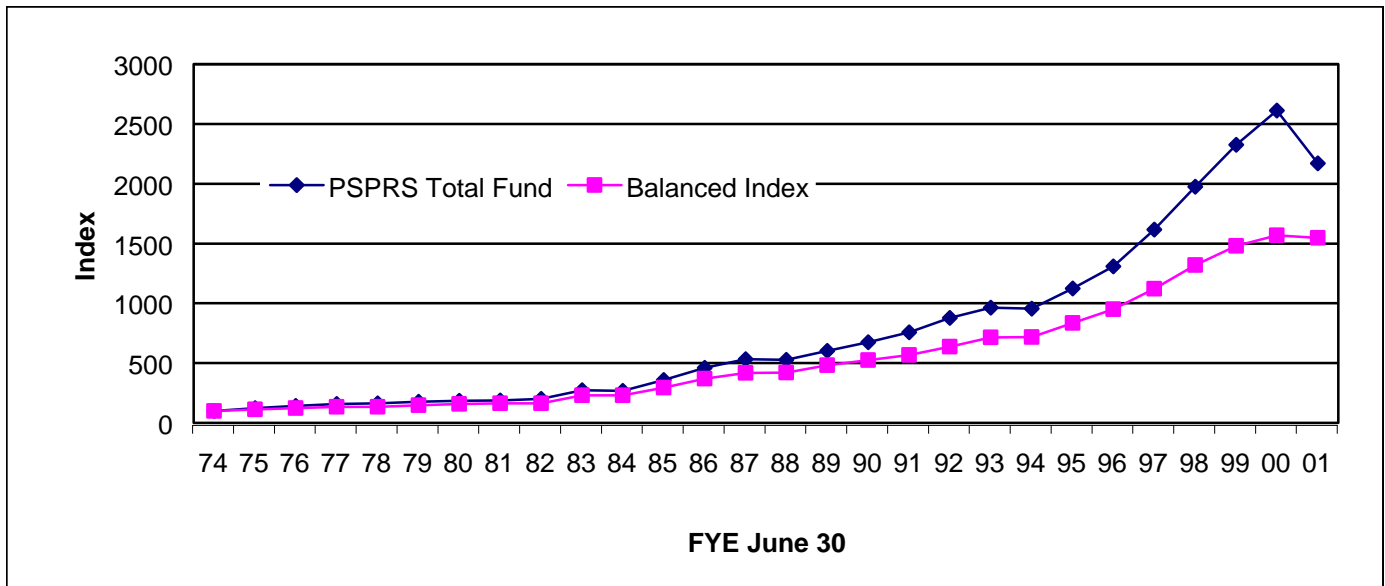
Kenneth Shea  
Vice President  
Director of Equity Research

KS/rt

Enclosures

tgletters/Arizona 8/01

**Investment Performance Data  
Cumulative Return - Total Fund  
Public Safety Personnel Retirement System**



FYE	Fair Value	Contribution	Total Return	Balanced Index*
06-30-01	\$ 4,392,242,834	\$ (58,899,769)	-16.86%	-1.40%
06-30-00	\$ 5,346,760,140	\$ (40,728,025)	12.31%	6.02%
06-30-99	\$ 4,799,032,031	\$ (42,171,100)	17.70%	12.23%
06-30-98	\$ 4,117,504,057	\$ (27,295,036)	22.23%	17.66%
06-30-97	\$ 3,393,713,299	\$ (15,244,314)	23.42%	17.87%
06-30-96	\$ 2,764,579,315	\$ (13,627,135)	16.43%	13.98%
06-30-95	\$ 2,387,258,324	\$ (11,730,534)	17.66%	16.30%
06-30-94	\$ 2,040,534,626	\$ (3,736,636)	-0.71%	0.25%
06-30-93	\$ 2,058,778,434	\$ (5,497,735)	9.76%	12.26%
06-30-92	\$ 1,880,846,956	\$ 9,729,880	15.88%	12.12%
06-30-91	\$ 1,614,307,083	\$ 10,925,999	12.20%	8.32%
06-30-90	\$ 1,428,631,192	\$ 7,099,861	11.82%	9.21%
06-30-89	\$ 1,270,848,790	\$ 19,119,731	14.70%	13.98%
06-30-88	\$ 1,089,934,034	\$ 15,123,458	-1.10%	1.19%
06-30-87	\$ 1,086,519,311	\$ 21,366,628	15.50%	12.61%
06-30-86	\$ 921,122,839	\$ 17,116,567	28.34%	25.50%
06-30-85	\$ 704,031,440	\$ 18,162,936	34.17%	28.01%
06-30-84	\$ 515,661,673	\$ 21,383,722	-2.45%	-0.53%
06-30-83	\$ 507,216,188	\$ 20,393,414	36.84%	41.25%
06-30-82	\$ 354,453,695	\$ 23,006,994	7.19%	1.19%

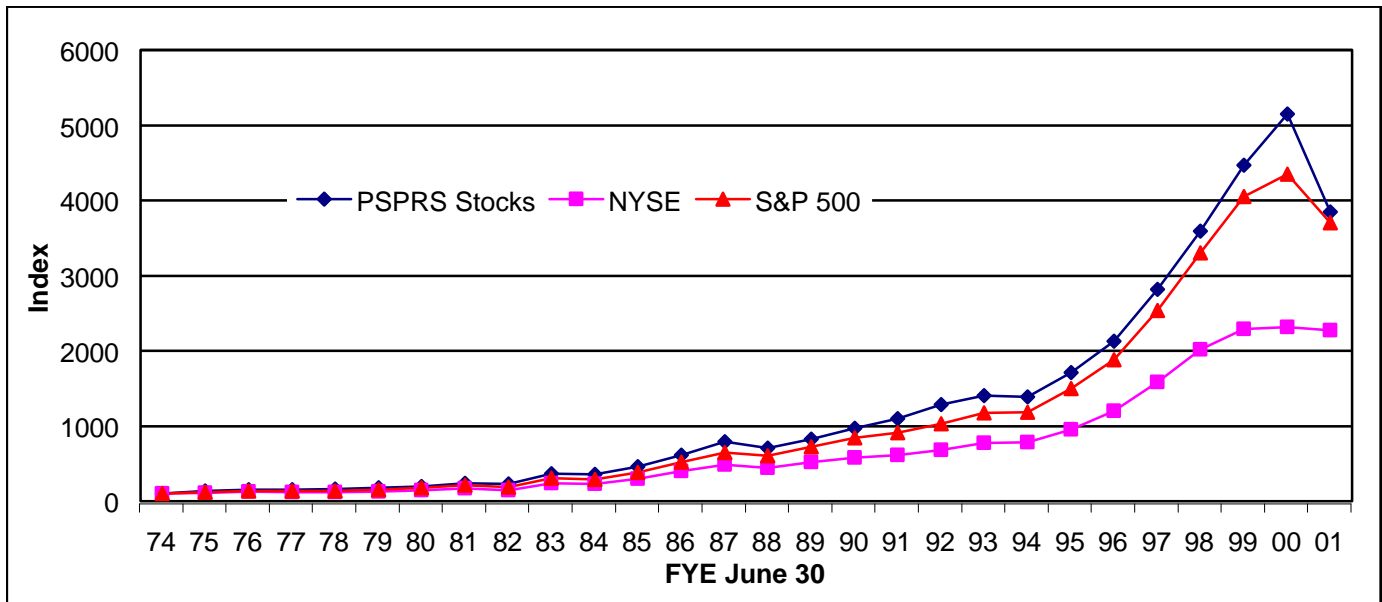
\*Balanced Index is 45% NYSE + 45% Lehman Government/Corporate Bond + 10% 91 day T-bill. Beginning FY 98/99, S&P 500 replaces NYSE.

Prior to 1990 the weightings in each asset class were calculated using the fiscal year-end market values.

Since 1990, the asset class weightings have been calculated using the average weightings of the quarter's beginning & ending market values.

Annualized Returns		
	Total Fund	Balanced Index
3-year	3.20%	5.47%
5-year	10.64%	10.23%
10-year	11.11%	10.53%

**Investment Performance Data  
Cumulative Return - Stocks  
Public Safety Personnel Retirement System**

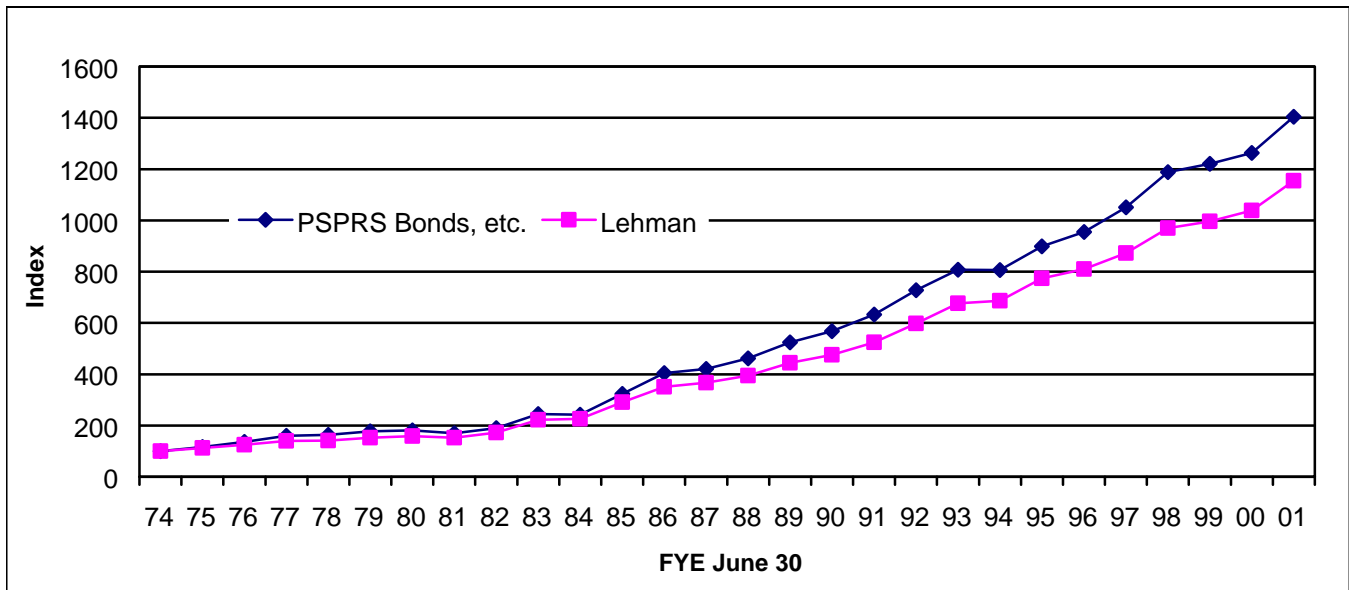


FYE	Fair Value	Contribution	Total Return	NYSE Index*	S&P 500
06-30-01	\$ 2,977,526,884	\$ (139,900,329)	-25.35%	-1.77%	-14.83%
06-30-00	\$ 4,149,828,967	\$ 91,069,097	15.31%	0.84%	7.25%
06-30-99	\$ 3,510,963,034	\$ (24,956,479)	24.43%	13.86%	22.76%
06-30-98	\$ 2,847,416,226	\$ 62,789,349	27.27%	27.28%	30.16%
06-30-97	\$ 2,189,785,301	\$ 12,414,490	32.48%	31.51%	34.69%
06-30-96	\$ 1,646,181,750	\$ 72,955,246	24.62%	25.91%	26.00%
06-30-95	\$ 1,249,064,319	\$ (73,778,340)	23.49%	22.40%	26.06%
06-30-94	\$ 1,079,624,319	\$ 17,567,044	-1.17%	1.24%	1.23%
06-30-93	\$ 1,076,135,294	\$ 20,148,748	8.72%	13.32%	13.52%
06-30-92	\$ 924,885,669	\$ 27,758,211	17.01%	11.59%	13.45%
06-30-91	\$ 765,961,738	\$ 100,051,684	12.98%	5.50%	7.39%
06-30-90	\$ 586,485,375	\$ 38,836,422	17.97%	11.25%	16.44%
06-30-89	\$ 463,610,700	\$ (27,032,573)	16.78%	16.81%	20.54%
06-30-88	\$ 423,707,612	\$ (94,474,445)	-10.56%	-8.57%	-6.97%
06-30-87	\$ 583,885,788	\$ 65,257,942	29.10%	21.46%	25.08%
06-30-86	\$ 395,006,488	\$ (57,644,263)	32.17%	34.36%	35.83%
06-30-85	\$ 347,907,038	\$ (4,655,381)	31.07%	31.21%	31.19%
06-30-84	\$ 269,543,480	\$ 81,697,323	-2.40%	-5.04%	-4.65%
06-30-83	\$ 195,489,212	\$ 45,082,539	57.04%	61.94%	61.01%
06-30-82	\$ 92,342,163	\$ 10,698,054	-3.77%	-12.93%	-11.42%

\*Our investment universe is the New York Stock Exchange (NYSE) prior to July 21, 1997.

Annualized Returns			
	Total Stocks	NYSE	S&P 500
3-year	2.31%	4.09%	3.89%
5-year	12.55%	13.55%	14.47%
10-year	13.33%	14.05%	15.07%

**Investment Performance Data**  
**Cumulative Return - Bonds, Notes, Other Investments and Money Market**  
**Public Safety Personnel Retirement System**



FYE	Fair Value	Contribution	Total Return	Lehman*
06-30-01	\$ 1,414,715,950	\$ 81,000,560	11.14%	11.14%
06-30-00	\$ 1,196,931,173	\$ (131,797,122)	3.50%	4.29%
06-30-99	\$ 1,288,068,997	\$ (17,214,621)	2.73%	2.69%
06-30-98	\$ 1,270,087,831	\$ (90,084,385)	12.97%	11.08%
06-30-97	\$ 1,203,927,998	\$ (27,658,804)	10.14%	7.75%
06-30-96	\$ 1,118,397,565	\$ (86,582,381)	6.18%	4.65%
06-30-95	\$ 1,138,194,005	\$ 62,047,807	11.50%	12.75%
06-30-94	\$ 960,910,163	\$ (21,303,679)	-0.16%	-1.45%
06-30-93	\$ 982,643,140	\$ (15,007,410)	10.99%	13.15%
06-30-92	\$ 955,961,286	\$ (18,028,331)	14.90%	14.17%
06-30-91	\$ 848,345,345	\$ (89,127,685)	11.47%	10.21%
06-30-90	\$ 842,145,817	\$ (31,736,561)	8.33%	7.11%
06-30-89	\$ 807,238,090	\$ 46,152,304	13.55%	12.34%
06-30-88	\$ 666,226,422	\$ 109,597,902	9.69%	7.48%
06-30-87	\$ 502,633,523	\$ (43,891,314)	3.99%	4.68%
06-30-86	\$ 526,116,351	\$ 74,760,830	25.23%	20.65%
06-30-85	\$ 356,124,402	\$ 22,818,317	33.86%	28.71%
06-30-84	\$ 246,118,193	\$ (60,313,601)	-1.17%	1.79%
06-30-83	\$ 311,489,212	\$ (24,689,125)	28.83%	29.14%
06-30-82	\$ 362,218,170	\$ 12,308,308	11.52%	13.34%

\*The Lehman Government/Corporate bond index includes more than 5,000 public traded bond issues of \$25 million or more rated Baa or better for a total market value of more than \$2 trillion.

Annualized Returns		
	Total Bonds	Lehman
3-year	5.72%	5.98%
5-year	8.01%	7.34%
10-year	8.28%	7.91%

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
SUPPORTING SCHEDULE OF COMMISSIONS PAID TO BROKERS  
FISCAL YEAR ENDED JUNE 30, 2001**

<b>Broker</b>	<b>Number of Shares Traded</b>	<b>Average Commission</b>	<b>Commissions</b>
Covato Lipsitz	1,450,000	0.050	\$ 72,500.00
Dain Rauscher	750,000	0.037	\$ 27,500.00
ISI Group	1,500,000	0.050	\$ 75,000.00
J.W.Garrett	1,414,000	0.050	\$ 70,700.00
Merrill Lynch	4,015,027	0.033	\$ 134,001.35
Paine Webber	3,985,000	0.045	\$ 179,750.00
Prudential Securities	3,220,000	0.027	\$ 86,500.00
Simon Securities	1,033,000	0.050	\$ 51,650.00
Smith Barney--Phoenix	3,425,000	0.028	\$ 95,000.00
Smith Barney--Scottsdale	4,280,000	0.026	\$ 110,000.00
Standard & Poor's Securities	9,656,134	0.050	\$ 482,806.70
U. S. Securities and Futures	1,125,000	0.050	\$ 56,250.00
Wells Fargo / Van Kasper	1,450,000	0.050	\$ 72,500.00
<b>Total Commissions</b>	<b>37,303,161</b>	<b>0.041</b>	<b>\$ 1,514,158.05</b>

The System typically pays \$ .05 per share traded plus SEC charges on sale transactions. Over the Counter stocks are typically traded net of commissions. The firms with an average commission of less than \$.05 have traded Over the Counter stocks net of commissions for the System.

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
SUMMARY OF CHANGES IN INVESTMENT PORTFOLIO  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

Description	Percent at Fair Value	Balance June 30, 2000		Acquisitions	Maturities and Sales	(Premium) Discount	Balance June 30, 2001		Percent at Fair Value
		Fair Value	Book Value				Book Value	Fair Value	
U.S. Treasury Obligations	3.21%	171,427,025.00	155,107,028.00	-	31,278,167.00	(669,928.95)	123,158,932.05	142,370,150.00	3.24%
Federal Agency Obligations	6.06%	323,938,929.08	320,208,055.56	131,886,595.71	54,656,850.65	-	397,437,800.62	410,706,294.01	9.35%
<b>Total U.S. Government Securities</b>	<b>9.26%</b>	<b>495,365,954.08</b>	<b>475,315,083.56</b>	<b>131,886,595.71</b>	<b>85,935,017.65</b>	<b>(669,928.95)</b>	<b>520,596,732.67</b>	<b>553,076,444.01</b>	<b>12.59%</b>
Corporate Bonds	9.88%	528,329,514.69	577,199,460.90	124,945,566.80	60,016,489.78	101,398.90	642,229,936.82	617,260,124.09	14.05%
<b>Total Bond Portfolio</b>	<b>19.15%</b>	<b>1,023,695,468.77</b>	<b>1,052,514,544.46</b>	<b>256,832,162.51</b>	<b>145,951,507.43</b>	<b>(568,530.05)</b>	<b>1,162,826,669.49</b>	<b>1,170,336,568.10</b>	<b>26.64%</b>
Corporate Notes	0.92%	48,931,374.98	48,931,374.98	10,194,663,755.03	10,140,641,467.22	-	102,953,662.79	102,953,662.79	2.34%
Common Stock	77.61%	4,149,828,967.06	2,587,505,302.04	769,262,626.95	779,759,924.25	-	2,577,008,004.74	2,977,526,883.93	67.79%
Other Investments	2.28%	122,094,987.71	122,094,987.71	42,733,931.14	24,740,941.44	-	140,087,977.41	140,087,977.41	3.19%
Money Market Account	0.04%	2,209,341.33	2,209,341.33	-	871,599.81	-	1,337,741.52	1,337,741.52	0.04%
<b>Total Portfolio</b>	<b>100.00%</b>	<b>5,346,760,139.85</b>	<b>3,813,255,550.52</b>	<b>11,263,492,475.63</b>	<b>11,091,965,440.15</b>	<b>(568,530.05)</b>	<b>3,984,214,055.95</b>	<b>4,392,242,833.75</b>	<b>100.00%</b>

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
INVESTMENTS ACQUIRED  
JULY 1, 2000 THROUGH JUNE 30, 2001**

**BONDS ACQUIRED**

<b>Security</b>	<b>Coupon</b>	<b>Maturity</b>	<b>Purchase Price</b>	<b>Par Value</b>	<b>Principal</b>	<b>(Premium) Discount</b>	<b>Accrued Interest</b>	<b>Total Amount</b>	<b>Book Yield</b>
<b>FEDERAL AGENCY OBLIGATIONS</b>									
GNMA Pool #433892	7.000	7/15/2028	98.18750	4,913,730.39	4,824,669.03	89,061.36	21,019.85	4,845,688.88	7.13%
GNMA Pool #434101	7.000	12/15/2028	98.03125	1,379,132.17	1,351,980.51	27,151.66	5,899.62	1,357,880.13	7.14%
GNMA Pool #450368	7.000	8/15/2028	98.18750	4,720,031.51	4,634,480.94	85,550.57	20,191.24	4,654,672.18	7.13%
GNMA Pool #458918	7.000	8/15/2028	98.18750	2,720,919.26	2,671,602.60	49,316.66	11,639.49	2,683,242.09	7.13%
GNMA Pool #466888	7.000	7/15/2028	98.18750	5,566,194.28	5,465,307.01	100,887.27	23,810.94	5,489,117.95	7.13%
GNMA Pool #469797	7.000	12/15/2028	98.03125	17,004,307.41	16,669,535.11	334,772.30	72,740.64	16,742,275.75	7.14%
GNMA Pool #485451	6.500	5/15/2031	99.62500	5,006,354.00	4,987,580.17	18,773.83	18,078.50	5,005,658.67	6.52%
GNMA Pool #486761	7.000	12/15/2028	98.03125	1,614,867.05	1,583,074.35	31,792.70	6,908.05	1,589,982.40	7.14%
GNMA Pool #510100	7.000	7/15/2029	98.18750	2,079,124.50	2,041,440.37	37,684.13	8,894.03	2,050,334.40	7.13%
GNMA Pool #520045	6.500	6/15/2031	99.55470	1,256,766.00	1,251,169.62	5,596.38	4,311.41	1,255,481.03	6.53%
GNMA Pool #530203	6.500	4/15/2031	99.75000	11,998,812.00	11,968,814.97	29,997.03	47,661.95	12,016,476.92	6.52%
GNMA Pool #530611	6.500	5/15/2031	99.91406	20,000,000.00	19,982,812.50	17,187.50	72,222.22	20,055,034.72	6.51%
GNMA Pool #530631	6.500	6/15/2031	99.55470	8,523,999.00	8,486,041.63	37,957.37	29,242.05	8,515,283.68	6.53%
GNMA Pool #541464	6.500	6/15/2031	99.55470	5,811,326.00	5,785,448.17	25,877.83	19,936.08	5,805,384.25	6.53%
GNMA Pool #549889	6.500	5/15/2031	99.62500	4,997,364.00	4,978,623.88	18,740.12	18,046.04	4,996,669.92	6.52%
GNMA Pool #549890	6.500	4/15/2031	99.62500	4,995,768.00	4,977,033.87	18,734.13	18,040.27	4,995,074.14	6.52%
GNMA Pool #549915	6.500	5/15/2031	99.62500	3,000,514.00	2,989,262.07	11,251.93	10,835.19	3,000,097.26	6.52%
GNMA Pool #557424	6.500	5/15/2031	99.55470	7,698,391.80	7,664,110.86	34,280.94	26,409.76	7,690,520.62	6.53%
GNMA Pool #557467	6.500	5/15/2031	99.55470	7,709,517.67	7,675,187.19	34,330.48	26,447.93	7,701,635.12	6.53%
GNMA Pool #560189	6.500	4/15/2031	99.75000	7,000,297.00	6,982,796.26	17,500.74	27,806.74	7,010,603.00	6.52%
GNMA Pool #781129	7.000	11/15/2028	98.31250	4,999,999.59	4,915,624.60	84,374.99	21,388.89	4,937,013.49	7.12%
<b>TOTAL FEDERAL AGENCY OBLIGATIONS</b>				<b>132,997,415.63</b>	<b>131,886,595.71</b>	<b>1,110,819.92</b>	<b>511,530.89</b>	<b>132,398,126.60</b>	<b>6.73%</b>
<b>CORPORATE BONDS</b>									
ANTHEM INSURANCE COMPANY	9.125	4/1/2010	91.43900	16,000,000.00	14,630,240.00	1,369,760.00	417,722.22	15,047,962.22	9.98%
AT&T CORPORATES	8.350	1/15/2025	101.50000	3,500,000.00	3,552,500.00	(52,500.00)	60,885.42	3,613,385.42	8.23%
AXA SA	8.600	12/15/2030	108.62500	13,500,000.00	14,664,375.00	(1,164,375.00)	338,625.00	15,003,000.00	7.92%
DELTA FUNDING HOME EQUITY LOAN TRUST	7.600	1/15/2030	98.56250	5,000,000.00	4,928,125.00	71,875.00	8,444.44	4,936,569.44	7.71%
DEUTSCHE TELEKOM FINANCIAL	8.250	6/15/2030	104.32000	12,605,000.00	13,149,536.00	(544,536.00)	75,104.79	13,224,640.79	7.91%
DEUTSCHE TELEKOM FINANCIAL	8.250	6/15/2030	102.20000	10,000,000.00	10,220,000.00	(220,000.00)	135,208.33	10,355,208.33	8.07%
GOODRICH CORPORATION	7.100	11/15/2027	90.64700	14,000,000.00	12,690,580.00	1,309,420.00	102,161.11	12,792,741.11	7.83%
GTE CORPORATION	7.900	2/1/2027	97.50100	4,580,000.00	4,465,545.80	114,454.20	48,242.67	4,513,788.47	8.10%
GTE CORPORATION	7.900	2/1/2027	97.82000	5,200,000.00	5,086,640.00	113,360.00	49,067.78	5,135,707.78	8.08%
NATIONSBANK CORP	7.250	10/15/2025	91.21700	10,000,000.00	9,121,700.00	878,300.00	118,819.44	9,240,519.44	7.95%



**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
INVESTMENTS ACQUIRED  
JULY 1, 2000 THROUGH JUNE 30, 2001**

**BONDS ACQUIRED**

<b>Security</b>	<b>Coupon</b>	<b>Maturity</b>	<b>Purchase Price</b>	<b>Par Value</b>	<b>Principal</b>	<b>(Premium) Discount</b>	<b>Accrued Interest</b>	<b>Total Amount</b>	<b>Book Yield</b>
PORTLAND GENERAL ELECTRIC (ENRON)	7.750	4/15/2023	99.98000	5,000,000.00	4,999,000.00	1,000.00	54,895.83	5,053,895.83	7.75%
ROCKWELL INTERNATIONAL	6.700	1/15/2028	92.00000	5,000,000.00	4,600,000.00	400,000.00	135,861.11	4,735,861.11	7.28%
ROCKWELL INTERNATIONAL	6.700	1/15/2028	90.74500	11,000,000.00	9,981,950.00	1,018,050.00	302,988.89	10,284,938.89	7.38%
US WEST COMMUNICATIONS	7.500	6/15/2023	95.22500	13,500,000.00	12,855,375.00	644,625.00	300,937.50	13,156,312.50	7.88%
<b>TOTAL CORPORATE BONDS</b>				<b>128,885,000.00</b>	<b>124,945,566.80</b>	<b>3,939,433.20</b>	<b>2,148,964.53</b>	<b>127,094,531.33</b>	<b>8.10%</b>
<b>TOTAL BONDS ACQUIRED</b>				<b>261,882,415.63</b>	<b>256,832,162.51</b>	<b>5,050,253.12</b>	<b>2,660,495.42</b>	<b>259,492,657.93</b>	<b>7.39%</b>

**STATE OF ARIZONA  
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SHORT TERM INVESTMENTS MATURED**

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Description	Cost	Amount of Interest	Maturity Value
AEGON FUNDING CORP	6,999,224.17	775.83	7,000,000.00
AEP CREDIT INC	49,439,491.11	60,508.89	49,500,000.00
AI CREDIT CORP	9,994,208.33	5,791.67	10,000,000.00
AIG FUNDING INC.	22,475,228.06	24,771.94	22,500,000.00
ALLSTATE CORPORATION	12,995,634.17	4,365.83	13,000,000.00
ALLTEL CORP	25,973,436.67	26,563.33	26,000,000.00
AMERICAN HOME PRODUCTS	64,943,738.87	56,261.13	65,000,000.00
AMSTEL FUNDING	65,045,892.50	78,107.50	65,124,000.00
AMSTERDAM FUNDING CORP	143,342,445.13	157,554.87	143,500,000.00
ANC RENTAL FUNDING CORP	24,471,845.83	28,154.17	24,500,000.00
ARIESONE METAFOLIO	12,992,893.33	7,106.67	13,000,000.00
ARTESIA NORTH AMERICA	12,984,197.78	15,802.22	13,000,000.00
ASSET ONE SECURITIZATION	30,969,278.06	30,721.94	31,000,000.00
ASSET PORTFOLIO FUNDING	12,967,088.33	32,911.67	13,000,000.00
AT&T CORP	3,996,377.78	3,622.22	4,000,000.00
ATLANTIS ONE FUNDING	14,492,539.16	7,460.84	14,500,000.00
AUTOBAHN FUNDING CORP	747,051,148.22	240,851.78	747,292,000.00
BANQUE ET CAISSE D'EPARGNE DE L'ETAT	25,966,835.55	33,164.45	26,000,000.00
BARTON CAPITAL CORP	84,929,128.33	70,871.67	85,000,000.00
BAVARIA FINANCE FUNDING	12,975,570.83	24,429.17	13,000,000.00
BEETHOVEN FUNDING CORPORATION	40,960,179.45	39,820.55	41,000,000.00
BELFORD FUNDING COMPANY LLC	25,987,714.99	12,285.01	26,000,000.00
BELLSOUTH TELEPHONE	12,983,695.83	16,304.17	13,000,000.00
BOEING CAPITAL CORPORATION	12,997,111.10	2,888.90	13,000,000.00
BRADFORD & BINGLEY BUILDING SOCIETY	12,998,328.05	1,671.95	13,000,000.00
CAISSE CENTRALE DESJARDINS DU QUEBEC	5,499,234.59	765.41	5,500,000.00
CARDINAL HEALTH	25,986,295.83	13,704.17	26,000,000.00
CARGILL ASIA PACIFIC LTD	25,993,904.45	6,095.55	26,000,000.00
CARGILL GLOBAL FUNDING PLC	25,986,064.72	13,935.28	26,000,000.00
CATERPILLAR FINANCIAL SERVICES	9,996,416.67	3,583.33	10,000,000.00
CBA(DELAWARE) FINANCE INC	23,496,200.97	3,799.03	23,500,000.00
CDC COMMERCIAL PAPER PROGRAM	65,988,029.44	11,970.56	66,000,000.00
CENTENNIAL ENERGY HOLD	31,468,015.57	31,984.43	31,500,000.00
CENTERIOR FUEL	12,974,133.61	25,866.39	13,000,000.00
CENTRICA PLC	12,976,340.00	23,660.00	13,000,000.00
CHECK POINT CHARLIE INC.	25,996,988.33	3,011.67	26,000,000.00
CINTAS EXECUTIVE SERVICES	6,992,416.67	7,583.33	7,000,000.00
COMPUTER SCIENCE CORPORATION	12,986,025.00	13,975.00	13,000,000.00
CONCORD MINUTEMAN CAP.	74,986,144.17	13,855.83	75,000,000.00
CONSOLIDATED EDISON COMPANY	124,971,398.61	28,601.39	125,000,000.00
CONSOLIDATED NATURAL GAS	21,992,313.33	7,686.67	22,000,000.00
CONSTELLATION ENERGY	74,927,383.07	72,616.93	75,000,000.00
COOP. ASSN. OF TRACTOR DEALERS	643,806,256.49	193,743.51	644,000,000.00
COUNTRYWIDE HOME LOANS	217,837,975.28	162,024.72	218,000,000.00
CROWN POINT CAPITAL	57,988,414.43	11,585.57	58,000,000.00
CVS CORPORATION	30,485,166.54	14,833.46	30,500,000.00
CXC INC.	5,495,208.89	4,791.11	5,500,000.00
DAIRY INVESTMENTS(BERMUDA) LTD	1,997,480.00	2,520.00	2,000,000.00
DEALERS CAPITAL ACCEPTANCE	77,985,328.04	14,671.96	78,000,000.00
DEALERS CAPITAL ACCESS TRUST INC.	757,856,048.15	143,951.85	758,000,000.00
DELAWARE FUNDING CORP	35,968,571.67	31,428.33	36,000,000.00
DIAGEO CAPITAL PLC	38,985,949.16	14,050.84	39,000,000.00

**STATE OF ARIZONA  
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JULY 1, 2000 THROUGH JUNE 30, 2001  
SHORT TERM INVESTMENTS MATURED**

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Description	Cost	Amount of Interest	Maturity Value
DOW CHEMICAL COMPANY	71,985,162.22	14,837.78	72,000,000.00
DUKE CAPITAL CORP	207,900,057.50	99,942.50	208,000,000.00
DUKE ENERGY CORP	64,989,686.66	10,313.34	65,000,000.00
EAGLE FUNDING CAPITAL	17,489,399.30	10,600.70	17,500,000.00
EATON CORPORATION	44,984,797.21	15,202.79	45,000,000.00
EDISON ASSET SECURITIZATION	5,993,490.00	6,510.00	6,000,000.00
EKSPORT FINANS	12,982,190.00	17,810.00	13,000,000.00
EMINENT FUNDING	29,471,070.14	28,929.86	29,500,000.00
ENTERPRISE FUNDING CORPORATION	12,995,298.33	4,701.67	13,000,000.00
ERASMUS CAPITAL CORP	25,976,275.00	23,725.00	26,000,000.00
ESTEE LAUDER COMPANIES	15,994,781.38	5,218.62	16,000,000.00
EW SCRIPPS COMPANY	7,999,062.22	937.78	8,000,000.00
EXPORT DEVELOPMENT CORP	12,998,031.95	1,968.05	13,000,000.00
EXXON PROJECT INVESTMENT	21,976,700.00	23,300.00	22,000,000.00
EXXONMOBIL AUSTRALIA PROPERTY	164,804,503.87	195,496.13	165,000,000.00
FAIRWAY FINANCE CORP	64,957,056.67	42,943.33	65,000,000.00
FALCON ASSET SECURITIZATION	60,937,503.33	62,496.67	61,000,000.00
FORD MOTOR CREDIT CO.	25,927,301.11	72,698.89	26,000,000.00
FORRESTAL FUNDING MASTER TRUST	12,988,336.10	11,663.90	13,000,000.00
FOUR WINDS FUNDING CORP	205,467,524.87	32,475.13	205,500,000.00
FPL FUELS, INC.	39,477,357.06	47,642.94	39,525,000.00
FRANCE TELECOM	38,981,305.26	18,694.74	39,000,000.00
GENERAL MOTORS ACCEPTANCE CORP	12,986,025.00	13,975.00	13,000,000.00
GILLETTE COMPANY	10,998,041.39	1,958.61	11,000,000.00
GIRO FUNDING (US)	25,979,106.11	20,893.89	26,000,000.00
GIRO MULTI-FUNDING U.S. CORP	59,873,174.15	126,825.85	60,000,000.00
GRAND FUNDING CORP	12,983,544.17	16,455.83	13,000,000.00
GREYHAWK FUNDING LLC	38,987,184.17	12,815.83	39,000,000.00
HALOGEN CAPITAL COMPANY	25,996,984.72	3,015.28	26,000,000.00
HANNOVER FUNDING	50,452,996.24	47,003.76	50,500,000.00
HERTZ CORPORATION	32,466,304.72	33,695.28	32,500,000.00
HOLLAND LIMITED SECURITIZATION	180,852,866.40	147,133.60	181,000,000.00
HOMESIDE LENDING	38,967,395.28	32,604.72	39,000,000.00
HONEYWELL INTERNATIONAL	12,998,530.28	1,469.72	13,000,000.00
IBM CREDIT CORPORATION	12,998,692.78	1,307.22	13,000,000.00
INDIANA GAS COMPANY	65,449,597.78	50,402.22	65,500,000.00
INTERNATIONAL NEDERLANDEN	12,983,594.72	16,405.28	13,000,000.00
JOHNSON & JOHNSON	9,992,844.45	7,155.55	10,000,000.00
KANSAS CITY POWER & LIGHT	12,997,562.50	2,437.50	13,000,000.00
KEYSPAN CORPORATION	64,978,243.04	21,756.96	65,000,000.00
KITTY HAWK FUNDING CORP	51,460,020.84	39,979.16	51,500,000.00
LEXINGTON PARKER CAPITAL CORP.	86,937,100.56	62,899.44	87,000,000.00
LIBERTY MUTUAL CAPITAL	55,943,214.44	56,785.56	56,000,000.00
LIBERTY STREET FUNDING	103,972,128.32	27,871.68	104,000,000.00
LONG LANE MASTER TRUST	10,994,060.00	5,940.00	11,000,000.00
LONG LANE MASTER TRUST IV	25,957,854.72	42,145.28	26,000,000.00
MARKET STREET FUNDING	182,908,856.65	91,143.35	183,000,000.00
MARSH USA INC	12,992,001.39	7,998.61	13,000,000.00
MERRILL LYNCH & CO, INC.	38,981,767.50	18,232.50	39,000,000.00
METROPOLITAN EDISON COMPANY	24,980,006.94	19,993.06	25,000,000.00
MICHIGAN CONSOLIDATED GAS	999,818.05	181.95	1,000,000.00
MIDAMERICAN ENERGY CO	999,678.89	321.11	1,000,000.00

**STATE OF ARIZONA  
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SHORT TERM INVESTMENTS MATURED**

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Description	Cost	Amount of Interest	Maturity Value
MOAT FUNDING	61,969,391.10	30,608.90	62,000,000.00
MONSANTO CORPORATION	24,488,190.41	11,809.59	24,500,000.00
MONTAUK FUNDING CORP	150,423,753.32	76,246.68	150,500,000.00
NATIONAL GRID USA	27,994,938.87	5,061.13	28,000,000.00
NATIONAL RURAL UTILITIES CFC	10,495,333.33	4,666.67	10,500,000.00
NEPTUNE FUNDING	103,880,858.60	119,141.40	104,000,000.00
NESS LLC	155,913,987.21	86,012.79	156,000,000.00
NESTLE CAPITAL CORP	77,945,114.72	54,885.28	78,000,000.00
NESTLE HOLDINGS UK PLC	12,992,980.00	7,020.00	13,000,000.00
NEW ENGLAND POWER COMPANY	19,038,464.99	11,535.01	19,050,000.00
NIKE INC.	12,997,663.60	2,336.40	13,000,000.00
OGE ENERGY CORP	12,992,084.45	7,915.55	13,000,000.00
OGLE THORPE POWER	26,070,262.58	9,737.42	26,080,000.00
OLD LINE FUNDING	12,988,281.95	11,718.05	13,000,000.00
ORANGE & ROCKLAND UTILITY	107,983,217.91	16,782.09	108,000,000.00
OYSTER CREEK FUEL CORP	1,998,194.44	1,805.56	2,000,000.00
PARADIGM FUNDING	23,484,578.05	15,421.95	23,500,000.00
PARKER HANNIFIN CORP	997,472.22	2,527.78	1,000,000.00
PENNSYLVANIA ELECTRIC COMPANY	36,971,382.51	28,617.49	37,000,000.00
PREFERRED RECEIVABLES FUNDING CORP	12,974,671.67	25,328.33	13,000,000.00
QUESTAR CORP	10,489,383.33	10,616.67	10,500,000.00
QUINCY CAPITAL CORPORATION	16,991,151.66	8,848.34	17,000,000.00
RECEIVABLES CAPITAL CORP	12,995,081.67	4,918.33	13,000,000.00
REPSOL INTERNATIONAL BV	26,957,927.77	42,072.23	27,000,000.00
REVOLVING COMMITMENT VEHICLE	16,997,153.61	2,846.39	17,000,000.00
ROCKWELL INTERNATIONAL	14,992,289.45	7,710.55	15,000,000.00
SCHERING CORPORATION	6,996,803.33	3,196.67	7,000,000.00
SIGMA FINANCE	39,990,262.49	9,737.51	40,000,000.00
SPECIAL PURPOSE ACCTS. REC.	37,974,143.61	25,856.39	38,000,000.00
STARBIRD FUNDING CORPORATION	190,938,701.64	61,298.36	191,000,000.00
STEAMBOAT FUNDING	28,977,198.88	22,801.12	29,000,000.00
SUNBELT FUNDING CORP	246,932,136.36	167,863.64	247,100,000.00
SUNFLOWERS FUNDING CO	11,478,725.00	21,275.00	11,500,000.00
SWEETWATER CAPITAL	39,989,423.88	10,576.12	40,000,000.00
SYDNEY CAPITAL CORP	2,997,291.67	2,708.33	3,000,000.00
THREE CROWNS FUNDING	753,811,289.13	183,060.87	753,994,350.00
THREE RIVERS FUNDING	58,944,891.11	55,108.89	59,000,000.00
THUNDER BAY FUNDING	107,436,450.70	63,549.30	107,500,000.00
TOTAL FINA ELF SA	25,996,526.10	3,473.90	26,000,000.00
TRANSAMERICA ASSET FUNDING	115,441,376.94	58,623.06	115,500,000.00
TRIBUNE COMPANY	22,929,088.33	70,911.67	23,000,000.00
TRIDENT CAPITAL FINANCE	48,951,524.45	48,475.55	49,000,000.00
TRIGON HEALTHCARE	13,495,094.72	4,905.28	13,500,000.00
TRIPLE A-1 FUNDING	210,385,085.14	114,914.86	210,500,000.00
TULIP FUNDING	14,993,933.34	6,066.66	15,000,000.00
UBS AMERICAS, INC	64,962,094.15	37,905.85	65,000,000.00
UBS FINANCIAL(DELAWARE)	142,960,339.17	39,660.83	143,000,000.00
UNITED HEALTHCARE	25,990,556.10	9,443.90	26,000,000.00
UNITED PARCEL SERVICE	25,975,773.05	24,226.95	26,000,000.00
US CENTRAL CREDIT UNION	11,989,333.34	10,666.66	12,000,000.00
USA GROUP SECOND	23,979,172.78	20,827.22	24,000,000.00
USAA CAPITAL CORP	18,484,197.49	15,802.51	18,500,000.00

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
INVESTMENTS ACQUIRED  
JULY 1, 2000 THROUGH JUNE 30, 2001  
SHORT TERM INVESTMENTS MATURED**

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<b>Description</b>	<b>Cost</b>	<b>Amount of Interest</b>	<b>Maturity Value</b>
VECTREN UTILITY HOLDING CORP	42,975,108.03	24,891.97	43,000,000.00
VERMONT AMERICAN CORP	12,985,960.00	14,040.00	13,000,000.00
VISTAONE METAFOLIO L.L.C.	113,884,453.48	115,546.52	114,000,000.00
W.W. GRAINGER INC.	12,998,003.05	1,996.95	13,000,000.00
WALT DISNEY CO.	5,998,925.01	1,074.99	6,000,000.00
WASHINGTON GAS LIGHT COMPANY	53,988,544.44	11,455.56	54,000,000.00
WESTPAC TRUST NZ	25,996,016.95	3,983.05	26,000,000.00
WGL HOLDINGS	25,987,018.06	12,981.94	26,000,000.00
WISCONSIN ELECTRIC FUEL TRUST	3,995,528.89	4,471.11	4,000,000.00
WISCONSIN PUBLIC SERVICE	12,988,646.67	11,353.33	13,000,000.00
WOOD STREET FUNDING	2,999,461.67	538.33	3,000,000.00
WORLD OMNI VEH. LEASING	90,960,747.23	39,252.77	91,000,000.00
YORKSHIRE BUILDING SOCIETY	57,954,809.73	45,190.27	58,000,000.00
<b>TOTALS</b>	<b>10,140,641,467.22</b>	<b>5,523,882.78</b>	<b>10,146,165,350.00</b>

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
INVESTMENTS ACQUIRED  
JULY 1, 2000 THROUGH JUNE 30, 2001**

**COMMON STOCK ACQUIRED**

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Company	No. Shares	Dividend Rate	Annual Income	Book Yield	Average Cost	Book Cost
AES CORPORATION	200,000	-	-	-	50.15	10,029,380.00
ALLSTATE CORPORATION	150,000	0.76	114,000.00	2.07	36.80	5,520,000.00
ALLTEL CORPORATION	200,000	1.32	264,000.00	2.54	51.91	10,382,342.40
AMGEN	200,000	-	-	-	59.97	11,994,440.00
APACHE CORPORATION	350,000	0.14	49,000.00	0.24	58.07	20,323,703.53
BJ SERVICES COMPANY	750,000	-	-	-	76.29	57,218,825.77
BJ'S WHOLESALE CLUB, INC.	800,000	-	-	-	42.43	33,943,487.20
BROADWING INC.	800,000	0.40	320,000.00	1.55	25.81	20,648,784.08
CHARTER COMMUNICATIONS, INC	200,000	-	-	-	22.22	4,444,620.00
CITIGROUP, INC.	370,000	0.56	207,200.00	0.80	69.96	25,884,070.75
CONSTELLATION ENERGY GROUP INC	200,000	0.48	96,000.00	1.10	43.80	8,760,900.00
COVAD COMMUNICATIONS GROUP	500,000	-	-	-	4.40	2,199,150.00
CYTYC CORPORATION	200,000	-	-	-	61.00	12,199,937.50
DEVON ENERGY CORPORATION	150,000	0.20	30,000.00	0.35	57.48	8,622,528.45
EL PASO CORPORATION	200,000	0.85	170,000.00	1.34	63.53	12,705,237.50
EXXON MOBIL CORP	400,000	0.08	32,000.00	0.09	88.96	35,584,929.80
FLEETBOSTON FINANCIAL CORPORATION	400,000	1.32	528,000.00	3.49	37.85	15,141,486.40
GENENTECH, INC.	200,000	-	-	-	45.05	9,009,180.00
GUIDANT CORPORATION	200,000	-	-	-	65.29	13,057,504.00
HELLER FINANCIAL, INC.	150,000	0.40	60,000.00	1.52	26.28	3,942,579.75
JDS UNIPHASE CORPORATION	1,100,000	-	-	-	70.62	77,686,495.95
KIMBERLY-CLARK CORPORATION	400,000	1.12	448,000.00	1.66	67.57	27,029,379.15
KINDER MORGAN, INC.	400,000	0.20	80,000.00	0.37	54.08	21,633,690.00
LENNAR CORPORATION	150,000	0.01	1,500.00	0.02	43.67	6,549,870.00
MEDTRONIC, INC.	400,000	-	-	-	51.46	20,585,309.80
MOODY'S CORPORATION	200,000	0.04	8,000.00	0.12	32.95	6,590,334.18
NABORS INDUSTRIES, INC.	600,000	0.24	144,000.00	0.44	54.60	32,760,295.30
NATIONAL-OILWELL, INC.	350,000	-	-	-	39.00	13,650,245.42
NOBLE DRILLING CORPORATION	700,000	-	-	-	44.87	31,409,407.55
OXFORD HEALTH PLANS, INC.	200,000	-	-	-	27.64	5,528,460.00
PHARMACEUTICAL PRODUCT DEVELOPMENT, INC	200,000	-	-	-	47.96	9,592,486.30
QUAKER OATS COMPANY	150,000	-	-	-	71.80	10,770,680.60
QUALCOMM INCORPORATED	200,000	-	-	-	75.50	15,100,000.00
QUANTA SERVICES, INC.	200,000	-	-	-	33.92	6,783,327.74
SANTA FE INTERNATIONAL CORPORATION	650,000	0.13	84,500.00	0.38	34.62	22,503,266.27
SCHOLASTIC CORPORATION	200,000	-	-	-	41.58	8,316,203.80
SEI INVESTMENTS COMPANY	350,000	0.10	35,000.00	0.18	56.33	19,714,685.45
SEITEL, INC	900,000	-	-	-	18.71	16,839,895.75
SOLECTRON	350,000	-	-	-	41.94	14,678,440.00
SYMANTEC CORPORATION	200,000	-	-	-	56.58	11,315,600.00
TENET HEALTHCARE CORPORATION	300,000	-	-	-	38.61	11,583,750.00
TXU CORP	500,000	2.40	1,200,000.00	5.84	41.08	20,540,589.76
UNITED RENTALS, INC	150,000	-	-	-	21.75	3,262,215.00
VALERO ENERGY CORPORATION	200,000	0.32	64,000.00	0.64	50.03	10,005,880.00
VISHAY INTERTECHNOLOGY INC	650,000	-	-	-	22.65	14,724,851.80
WILLIAMS COMPANIES, INC.	200,000	0.60	120,000.00	1.41	42.47	8,494,180.00
<b>TOTAL COMMON STOCK BOUGHT</b>			<b>4,055,200.00</b>		<b>0.53%</b>	<b>769,262,626.95</b>

STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
INVESTMENTS ACQUIRED  
JULY 1, 2000 THROUGH JUNE 30, 2001  
OTHER INVESTMENTS ACQUIRED

Name	Coupon	Maturity	Purchase Price	Book Cost
<b>BRIDGE FINANCIAL</b>				
BRIDGE FINANCIAL-DYNAMITE MTN. RANCH	12.750	4/30/2002	100.00	539,360.21
BRIDGE FINANCIAL-LAKE PLEASANT	14.000	9/15/2001	100.00	2,112,000.00
BRIDGE FINANCIAL-LAKE PLEASANT HEIGHTS	12.000	11/11/2001	100.00	1,408,000.00
BRIDGE FINANCIAL-VILLAGE AT HASSAYAMPA	12.000	11/11/2001	100.00	1,616,000.00
<b>TOTAL BRIDGE FINANCIAL ACQUIRED</b>				<b>5,675,360.21</b>
<b>MISCELLANEOUS</b>				
CENTURY PLAZA HOTEL				15,372,000.00
CRYSTAL GARDENS PROPERTIES, LLC	10.000	4/20/2000	100.00	1,671,770.93
PIVOTAL NXTV, LLC				1,944,000.00
PIVOTAL 650, LLC				7,848,000.00
PIVOTAL PROMONTORY				7,560,000.00
PIVOTAL SIMON HOTEL XXIV, LLC	10.000	8/14/2006	100.00	1,500,000.00
SPA AT RED CANYON				1,162,800.00
<b>TOTAL MISCELLANEOUS ACQUIRED</b>				<b>37,058,570.93</b>
<b>TOTAL OTHER INVESTMENTS ACQUIRED</b>				<b>42,733,931.14</b>

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
SALES AND REDEMPTIONS OF INVESTMENTS  
JULY 1, 2000 THROUGH JUNE 30, 2001**

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**BONDS SOLD**

<b>Security</b>	<b>Coupon</b>	<b>Maturity</b>	<b>Par Value</b>	<b>Sale Price</b>	<b>Accrued Interest</b>	<b>Principal</b>	<b>Amortized Cost</b>	<b>Gain or (Loss)</b>	<b>Amount Due</b>
<b><i>U.S. TREASURY OBLIGATIONS</i></b>									
U.S. TREASURY BOND	13.125	5/15/2001	3,000,000.00	100.00000	196,875.00	3,000,000.00	2,997,228.00	2,772.00	3,196,875.00
U.S. TREASURY BOND	11.750	2/15/2001	13,000,000.00	100.00000	763,750.00	13,000,000.00	13,087,089.00	(87,089.00)	13,763,750.00
U.S. TREASURY NOTE	7.750	2/15/2001	15,000,000.00	100.00000	581,250.00	15,000,000.00	15,193,850.00	(193,850.00)	15,581,250.00
<b>TOTAL U.S. TREASURY OBLIGATIONS</b>			<b>31,000,000.00</b>		<b>1,541,875.00</b>	<b>31,000,000.00</b>	<b>31,278,167.00</b>	<b>(278,167.00)</b>	<b>32,541,875.00</b>
<b><i>FEDERAL AGENCY OBLIGATIONS</i></b>									
Detailed information for the redemptions of Federal Agency Obligations are too lengthy to include in this report; therefore, only totals are given.									
<b>TOTAL FEDERAL AGENCY OBLIGATIONS</b>							<b>54,656,850.65</b>		
<b><i>CORPORATE BONDS</i></b>									
CAROLINA POWER AND LIGHT	7.500	3/1/2003	5,500,000.00	92.95800	14,895.83	5,112,690.00	5,479,163.00	(366,473.00)	5,494,058.83
FUND AMERICA ENTERPRISES	7.750	2/1/2003	10,000,000.00	104.15200	163,610.00	10,415,200.00	10,039,172.00	376,028.00	10,202,782.00
LEHMAN BROTHERS HOLDINGS	8.800	3/1/2015	5,000,000.00	104.10500	48,888.89	5,205,250.00	5,543,093.76	(337,843.76)	5,591,982.65
LEHMAN BROTHERS HOLDINGS	8.500	5/1/2007	5,000,000.00	107.34000	80,277.78	5,367,000.00	5,200,265.00	166,735.00	5,280,542.78
NATIONS BANK CORP	7.250	10/15/2005	10,000,000.00	98.00500	239,652.78	9,800,500.00	9,121,700.00	678,800.00	9,361,352.78
PACIFIC GAS & ELECTRIC CO.	7.250	3/1/2026	5,000,000.00	89.70000	108,750.00	4,485,000.00	4,835,473.00	(350,473.00)	4,944,223.00
PACIFIC MUTUAL LIFE INSURANCE	7.900	12/30/2023	10,000,000.00	102.60300	204,083.33	10,260,300.00	9,898,330.00	361,970.00	10,102,413.33
PAINE WEBER GROUP	7.605	7/17/2017	10,000,000.00	100.18000	215,475.00	10,018,000.00	9,753,190.00	264,810.00	9,968,665.00
SECURITY NATIONAL MORTGAGE	7.870	8/25/2030	146,103.02	100.00000	-	146,103.02	146,103.02	-	146,103.02
<b>TOTAL CORPORATE BONDS</b>			<b>60,646,103.02</b>		<b>1,075,633.61</b>	<b>60,016,489.78</b>	<b>60,016,489.78</b>	<b>793,553.24</b>	<b>61,092,123.39</b>
<b>TOTAL BONDS SOLD</b>			<b>91,646,103.02</b>		<b>2,617,508.61</b>	<b>91,016,489.78</b>	<b>145,951,507.43</b>	<b>515,386.24</b>	<b>93,633,998.39</b>



**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
SALES AND REDEMPTIONS OF INVESTMENTS  
JULY 1, 2000 THROUGH JUNE 30, 2001**

**COMMON STOCK SOLD**

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<b>Company</b>	<b>Shares Sold</b>	<b>Sale Price</b>	<b>Amount</b>	<b>Commission + SEC Fee</b>	<b>Net Amount</b>	<b>Book Cost</b>	<b>Gain (Loss) on Sale</b>	<b>% Gain on Sale</b>
ABBOTT LABORATORIES	150,000	49.11	7,367,228.40	7,745.58	7,359,482.82	2,109,434.95	5,250,047.87	248.88%
AMERICA ONLINE	550,000	53.48	29,413,409.80	28,480.46	29,384,929.34	21,424,710.95	7,960,218.39	37.15%
AMERICAN EXPRESS	255,000	44.05	11,231,766.30	13,124.40	11,218,641.90	8,956,144.39	2,262,497.51	25.26%
AMGEN	200,000	70.51	14,102,560.00	470.09	14,102,089.91	7,709,393.78	6,392,696.13	82.92%
AOL TIME WARNER	750,000	43.48	32,609,260.00	38,586.98	32,570,673.02	34,611,048.97	(2,040,375.95)	-5.90%
APPLIED MATERIALS	250,000	69.42	17,354,139.20	578.48	17,353,560.72	4,462,794.93	12,890,765.79	288.85%
AT&T CORP	550,000	31.00	17,050,500.00	28,068.36	17,022,431.64	22,080,965.18	(5,058,533.54)	-22.91%
BANK OF AMERICA CORPORATION	500,000	49.60	24,800,738.50	25,826.71	24,774,911.79	31,146,820.00	(6,371,908.21)	-20.46%
BESTFOODS	200,000	69.50	13,900,000.00	10,463.34	13,889,536.66	4,817,600.75	9,071,935.91	188.31%
BP AMOCO PLC	806,000	51.31	41,359,768.80	41,678.68	41,318,090.12	43,853,404.40	(2,535,314.28)	-5.78%
BRISTOL-MYERS SQUIBB CO.	850,000	54.70	46,494,255.00	44,049.83	46,450,205.17	46,794,320.66	(344,115.49)	-0.74%
CITIGROUP	1	37.47	37.47	-	37.47	-	37.47	0.00%
COMPUTER ASSOCIATES INTL. INC	369,027	24.05	8,874,285.64	18,747.17	8,855,538.47	13,471,976.72	(4,616,438.25)	-34.27%
COSTCO WHOLESALE CORP	1,790,000	36.21	64,822,352.48	2,160.81	64,820,191.67	60,986,704.12	3,833,487.55	6.29%
ECHOSTAR COMMUNICATIONS 'A'	700,000	27.43	19,200,225.00	15,640.05	19,184,584.95	33,280,344.26	(14,095,759.31)	-42.35%
EMC CORP	430,000	87.61	37,674,237.80	22,755.82	37,651,481.98	4,979,016.57	32,672,465.41	656.20%
GENENTECH, INC.	200,000	62.57	12,513,700.00	10,417.13	12,503,282.87	13,551,627.46	(1,048,344.59)	-7.74%
HOME DEPOT	200,000	44.87	8,973,740.00	10,299.13	8,963,440.87	2,045,427.21	6,918,013.66	338.22%
IBP, INC.	1,250,000	25.65	32,064,463.35	63,568.85	32,000,894.50	20,484,778.46	11,516,116.04	56.22%
IMS HEALTH, INC.	350,000	17.51	6,127,500.42	17,704.27	6,109,796.15	11,136,833.04	(5,027,036.89)	-45.14%
INTEL CORPORATION	140,000	64.70	9,057,958.00	301.94	9,057,656.06	3,149,771.08	5,907,884.98	187.57%
JABIL CIRCUIT	200,000	28.61	5,722,160.00	10,190.74	5,711,969.26	4,081,278.77	1,630,690.49	39.96%
MCDATA CORP CLASS A	79,134	26.52	2,098,847.34	4,026.67	2,094,820.67	545,196.51	1,549,624.16	284.23%
MCDATA CORP CLASS A	1	28.07	23.51	-	23.51	5.77	17.74	307.45%
MEDTRONIC, INC.	1,000,000	44.22	44,218,071.84	51,473.97	44,166,597.87	49,796,286.40	(5,629,688.53)	-11.31%
MICROSOFT CORPORATION	455,000	57.09	25,975,885.88	10,865.90	25,965,019.98	36,530,919.24	(10,565,899.26)	-28.92%
NOKIA CORPORATION	400,000	43.35	17,341,960.00	20,578.07	17,321,381.93	7,257,884.24	10,063,497.69	138.66%
NORTEL NETWORKS CORP	1,350,000	14.67	19,804,488.00	68,160.18	19,736,327.82	21,294,796.46	(1,558,468.64)	-7.32%
PFIZER INC.	600,000	43.25	25,949,760.00	30,865.00	25,918,895.00	14,888,103.70	11,030,791.30	74.09%
PPG INDUSTRIES	300,000	38.43	11,529,877.68	15,384.34	11,514,493.34	7,784,425.41	3,730,067.93	47.92%
QUAKER OATS COMPANY	150,000	97.00	14,550,630.00	7,985.03	14,542,644.97	10,770,680.60	3,771,964.37	35.02%
QUALCOMM INCORPORATED	200,000	62.26	12,451,480.00	415.05	12,451,064.95	15,100,000.00	(2,648,935.05)	-17.54%
RAINBOW MEDIA GROUP	350,000	22.95	8,032,288.64	17,767.76	8,014,520.88	5,563,580.43	2,450,940.45	44.05%
ROPER INDUSTRIES, INC.	350,000	28.12	9,841,001.70	17,828.05	9,823,173.65	12,405,730.89	(2,582,557.24)	-20.82%
SANMINA CORP.	335,000	46.15	15,459,196.32	515.33	15,458,680.99	10,465,513.04	4,993,167.95	47.71%
SBC COMMUNICATIONS INC.	525,000	42.23	22,172,790.00	26,989.10	22,145,800.90	28,321,030.00	(6,175,229.10)	-21.80%
SCHERING-PLOUGH CORP	450,000	37.71	16,969,680.00	23,065.66	16,946,614.34	5,645,099.28	11,301,515.06	200.20%

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
SALES AND REDEMPTIONS OF INVESTMENTS  
JULY 1, 2000 THROUGH JUNE 30, 2001**

**COMMON STOCK SOLD**

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<b>Company</b>	<b>Shares Sold</b>	<b>Sale Price</b>	<b>Amount</b>	<b>Commission + SEC Fee</b>	<b>Net Amount</b>	<b>Book Cost</b>	<b>Gain (Loss) on Sale</b>	<b>% Gain on Sale</b>
SUN MICROSYSTEMS, INC	600,000	15.93	9,556,400.00	20,318.56	9,536,081.44	24,795,588.00	(15,259,506.56)	-61.54%
TARGET CORP	300,000	38.60	11,580,990.00	15,386.04	11,565,603.96	8,356,519.83	3,209,084.13	38.40%
TEXACO INC.	750,000	68.44	51,328,790.80	39,210.97	51,289,579.83	47,556,876.00	3,732,703.83	7.85%
UNIVISION COMMUNICATIONS	333,000	92.81	30,904,939.40	17,680.21	30,887,259.19	9,966,495.20	20,920,763.99	209.91%
VERIZON COMMUNICATIONS	366,000	43.78	16,023,686.90	18,834.14	16,004,852.76	8,782,455.81	7,222,396.95	82.24%
VODAFONE GROUP PLC	350,000	35.22	12,328,640.00	17,910.97	12,310,729.03	7,530,179.84	4,780,549.19	63.49%
WALGREEN COMPANY	150,000	31.58	4,737,578.60	7,657.92	4,729,920.68	1,049,345.24	3,680,575.44	350.75%
WILLIAMS COMMUN. GROUP	1	3.06	1.66	-	1.66	1.66	-	0.00%
XIRCOM, INC.	850,000	25.00	21,250,000.00	-	21,250,000.00	28,241,027.80	(6,991,027.80)	-24.75%
ZEBRA TECHNOLOGIES A	700,000	40.40	28,283,398.30	8,442.83	28,274,955.47	21,977,786.25	6,297,169.22	28.65%
<b>TOTAL STOCK SOLD</b>	<b>21,633,163</b>		<b>893,104,692.73</b>	<b>852,220.57</b>	<b>892,252,472.16</b>	<b>779,759,924.25</b>	<b>112,492,547.91</b>	<b>14.43%</b>

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
SALES AND REDEMPTIONS OF INVESTMENTS  
JULY 1, 2000 THROUGH JUNE 30, 2001**

**OTHER INVESTMENTS SOLD**

Name	Coupon	Maturity	Sale Price	Book Cost
<b>SBA LOANS</b>				
ALL UNLIMITED	9.750	5/1/2009	100.00	35,357.99
ASAYO HOLDING, LTD.	9.500	7/1/2010	100.00	36,552.27
DECO TURTLE L.P.	9.630	3/15/2015	100.00	511,673.07
EQUITY PARTNERSHIP	9.250	5/1/2016	100.00	113,898.01
NIARKOS	10.000	5/1/2014	100.00	19,342.63
<b>TOTAL SBA SOLD</b>				<b>716,823.97</b>
<b>BRIDGE FINANCIAL</b>				
BRIDGE FINANCIAL-DESERT MIRAGE GC	11.500	12/10/2000	100.00	1,248,000.00
BRIDGE FINANCIAL-HAWTHORN SUITES	12.500	7/11/2001	100.00	2,560,000.00
BRIDGE FINANCIAL-LAKE PLEASANT	14.000	9/15/2001	100.00	10,112,000.00
BRIDGE FINANCIAL-LAKE PLEASANT HEIGHTS	12.000	11/11/2001	100.00	1,408,000.00
BRIDGE FINANCIAL-SUN VALLEY II (SPURLOCK)	13.125	9/17/1999	100.00	1,827,200.00
BRIDGE FINANCIAL-VILLAGE AT HASSAYAMPA	12.000	11/11/2001	100.00	1,809,007.84
<b>TOTAL BRIDGE FINANCIAL SOLD</b>				<b>18,964,207.84</b>
<b>MISCELLANEOUS</b>				
CRYSTAL GARDENS PROPERTIES, LLC	10.000	4/20/2000	100.00	3,581,027.11
DESERT TROON PROP-SUMMMIT PRJC	10.000	6/24/2007	100.00	1,478,882.52
<b>TOTAL MISCELLANEOUS SOLD</b>				<b>5,059,909.63</b>
<b>TOTAL OTHER INVESTMENTS SOLD</b>				<b>24,740,941.44</b>

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
INVESTMENTS OWNED  
JUNE 30, 2001**

**BOND PORTFOLIO**

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Par Value	Security	Cpn	Maturity	Book Cost	Book Price	Current Price	Current Value	Gain or (Loss)	Annual Income	Book Yield	YTM
<b>U.S. TREASURY OBLIGATIONS</b>											
6,500,000	U.S. TREASURY BOND	9.375	02/15/06	6,523,843.76	100.36683	117.92200	7,664,930.00	1,141,086.24	609,375.00	9.34	4.89
10,000,000	U.S. TREASURY BOND	9.125	05/15/09	9,997,300.68	99.97301	111.59400	11,159,400.00	1,162,099.32	912,500.00	9.13	7.19
10,000,000	U.S. TREASURY BOND	10.375	11/15/09	9,944,938.05	99.44938	116.65600	11,665,600.00	1,720,661.95	1,037,500.00	10.43	7.67
2,000,000	U.S. TREASURY BOND	11.750	02/15/10	1,985,278.52	99.26393	122.26600	2,445,320.00	460,041.48	235,000.00	11.84	8.08
5,000,000	U.S. TREASURY BOND	12.750	11/15/10	4,946,566.97	98.93134	129.87500	6,493,750.00	1,547,183.03	637,500.00	12.89	8.17
10,000,000	U.S. TREASURY BOND	7.500	11/15/16	9,633,948.65	96.33949	116.50000	11,650,000.00	2,016,051.35	750,000.00	7.78	5.87
10,000,000	U.S. TREASURY BOND	9.125	05/15/18	10,000,000.00	100.00000	134.56200	13,456,200.00	3,456,200.00	912,500.00	9.13	5.88
10,000,000	U.S. TREASURY BOND	8.125	08/15/19	10,008,259.57	100.08260	124.51500	12,451,500.00	2,443,240.43	812,500.00	8.12	5.90
10,000,000	U.S. TREASURY BOND	8.000	11/15/21	10,000,000.00	100.00000	124.56200	12,456,200.00	2,456,200.00	800,000.00	8.00	5.92
15,000,000	U.S. TREASURY BOND	10.000	05/15/10	15,029,492.92	100.19662	117.21900	17,582,850.00	2,553,357.08	1,500,000.00	9.98	7.35
15,000,000	U.S. TREASURY NOTE	7.875	08/15/01	14,997,563.44	99.98376	100.48400	15,072,600.00	75,036.56	1,181,250.00	7.88	3.93
20,000,000	U.S. TREASURY NOTE	7.500	11/15/01	20,091,739.49	100.45870	101.35900	20,271,800.00	180,060.51	1,500,000.00	7.47	3.79
<b>123,500,000</b>	<b>TOTAL U.S. TREASURY OBLIGATIONS</b>			<b>123,158,932.05</b>	<b>99.72383</b>		<b>142,370,150.00</b>	<b>19,211,217.95</b>	<b>10,888,125.00</b>	<b>8.84</b>	
<b>FEDERAL AGENCY OBLIGATIONS</b>											
316,191	GNMA Pool #153415	9.000	04/15/16	301,764.98	95.43750	108.12400	341,878.58	40,113.60	28,457.21	9.43	7.68
202,112	GNMA Pool #154058	9.000	06/15/16	195,792.65	96.87350	108.12400	218,531.22	22,738.57	18,190.05	9.29	7.69
138,084	GNMA Pool #155684	9.000	05/15/16	127,695.40	92.47657	108.12400	149,302.01	21,606.61	12,427.57	9.73	7.69
17,384	GNMA Pool #155939	9.000	08/15/16	16,076.42	92.47655	108.12400	18,796.62	2,720.20	1,564.59	9.73	7.70
249,916	GNMA Pool #156462	9.000	07/15/16	242,111.49	96.87729	108.12400	270,218.79	28,107.30	22,492.41	9.29	7.70
454,763	GNMA Pool #159801	9.000	09/15/19	442,257.23	97.25000	107.74900	490,002.83	47,745.60	40,928.69	9.25	7.91
212,221	GNMA Pool #160350	9.000	05/15/16	207,446.01	97.75000	107.65600	228,468.62	21,022.61	19,099.89	9.21	7.76
263,031	GNMA Pool #161638	9.000	09/15/16	244,040.07	92.78010	108.12400	284,399.22	40,359.15	23,672.75	9.70	7.71
379,082	GNMA Pool #161682	9.000	07/15/16	377,068.31	99.46875	108.12400	409,878.84	32,810.53	34,117.40	9.05	7.70
146,968	GNMA Pool #161684	9.000	07/15/16	143,569.51	97.68751	108.12400	158,907.83	15,338.32	13,227.13	9.21	7.70
25,601	GNMA Pool #162599	9.000	06/15/16	24,129.08	94.24998	108.12400	27,680.99	3,551.91	2,304.10	9.55	7.69
281,985	GNMA Pool #164468	9.000	12/15/16	260,769.88	92.47656	108.12400	304,893.30	44,123.42	25,378.64	9.73	7.73
604,268	GNMA Pool #164501	9.000	08/15/16	590,891.81	97.78640	108.12400	653,358.64	62,466.83	54,384.11	9.20	7.70
1,735,298	GNMA Pool #164681	9.000	10/15/16	1,694,626.93	97.65625	108.12400	1,876,273.49	181,646.56	156,176.81	9.22	7.72
367,537	GNMA Pool #164924	9.000	09/15/16	339,885.37	92.47656	108.12400	397,395.48	57,510.11	33,078.31	9.73	7.71
362,455	GNMA Pool #165172	9.000	06/15/16	335,186.30	92.47656	108.12400	391,901.28	56,714.98	32,620.99	9.73	7.69
292,147	GNMA Pool #168283	9.000	08/15/16	276,995.41	94.81386	108.12400	315,880.54	38,885.13	26,293.19	9.49	7.70
197,814	GNMA Pool #172800	9.000	08/15/16	190,210.87	96.15627	108.12400	213,884.76	23,673.89	17,803.29	9.36	7.70
1,065,870	GNMA Pool #173847	9.000	09/15/16	1,051,547.73	98.65625	108.12400	1,152,461.62	100,913.89	95,928.33	9.12	7.71

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
INVESTMENTS OWNED  
JUNE 30, 2001**

**BOND PORTFOLIO**

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Par Value	Security	Cpn	Maturity	Book Cost	Book Price	Current Price	Current Value	Gain or (Loss)	Annual Income	Book Yield	YTM
280,986	GNMA Pool #174829	9.000	09/15/16	277,210.17	98.65626	108.12400	303,813.19	26,603.02	25,288.73	9.12	7.71
72,793	GNMA Pool #175236	9.000	10/15/16	72,065.29	99.00000	108.12400	78,706.94	6,641.65	6,551.39	9.09	7.72
16,038	GNMA Pool #175243	9.000	11/15/16	15,135.79	94.37496	108.12400	17,340.85	2,205.06	1,443.41	9.54	7.72
711,389	GNMA Pool #178234	9.000	11/15/16	657,814.14	92.46892	108.12400	769,182.73	111,368.59	64,025.05	9.73	7.72
322,866	GNMA Pool #182491	9.000	12/15/16	315,601.82	97.75000	108.12400	349,095.96	33,494.14	29,057.97	9.21	7.73
105,791	GNMA Pool #182914	9.000	10/15/16	104,733.45	99.00002	108.12400	114,385.83	9,652.38	9,521.22	9.09	7.72
244,132	GNMA Pool #183553	9.000	08/15/17	238,639.47	97.75000	108.12400	263,965.77	25,326.30	21,971.92	9.21	7.76
167,251	GNMA Pool #183715	9.000	11/15/16	162,390.72	97.09378	108.12400	180,838.91	18,448.19	15,052.63	9.27	7.72
1,085,204	GNMA Pool #183733	9.000	01/15/17	1,003,474.24	92.46876	108.12400	1,173,365.48	169,891.24	97,668.32	9.73	7.73
90,486	GNMA Pool #184707	9.000	12/15/16	87,630.50	96.84376	108.12400	97,837.59	10,207.09	8,143.78	9.29	7.73
172,449	GNMA Pool #185639	9.000	11/15/16	167,922.58	97.37500	108.12400	186,459.16	18,536.58	15,520.44	9.24	7.72
511,750	GNMA Pool #187705	9.000	01/15/17	495,598.05	96.84375	108.12400	553,324.75	57,726.70	46,057.52	9.29	7.73
204,199	GNMA Pool #188192	9.000	05/15/17	197,817.55	96.87502	108.12400	220,787.82	22,970.27	18,377.88	9.29	7.75
577,450	GNMA Pool #190921	9.000	12/15/16	561,480.04	97.23438	108.12400	624,362.17	62,882.13	51,970.51	9.26	7.73
39,378	GNMA Pool #191487	9.000	01/15/17	38,418.43	97.56251	108.12400	42,577.36	4,158.93	3,544.04	9.22	7.73
358,581	GNMA Pool #191648	9.000	05/15/17	339,979.27	94.81248	108.12400	387,711.80	47,732.53	32,272.26	9.49	7.75
417,566	GNMA Pool #191943	9.000	07/15/18	395,774.19	94.78124	108.12400	451,489.00	55,714.81	37,580.93	9.50	7.81
401,723	GNMA Pool #194468	9.000	12/15/16	389,168.76	96.87497	108.12400	434,358.65	45,189.89	36,155.04	9.29	7.73
45,659	GNMA Pool #198466	9.000	02/15/17	44,546.07	97.56250	108.12400	49,368.35	4,822.28	4,109.31	9.22	7.74
32,135	GNMA Pool #204136	9.000	05/15/17	31,542.22	98.15623	108.12400	34,745.33	3,203.11	2,892.12	9.17	7.75
100,146	GNMA Pool #206683	9.000	04/15/20	95,639.08	95.50001	107.12400	107,279.99	11,640.91	9,013.11	9.42	8.02
136,605	GNMA Pool #208638	9.000	05/15/17	129,518.90	94.81260	108.12400	147,702.96	18,184.06	12,294.46	9.49	7.75
399,147	GNMA Pool #210798	9.000	07/15/18	367,838.96	92.15624	108.12400	431,573.79	63,734.83	35,923.24	9.77	7.81
169,145	GNMA Pool #216520	9.000	05/15/17	160,370.43	94.81251	108.12400	182,886.12	22,515.69	15,223.03	9.49	7.75
192,714	GNMA Pool #221494	9.000	07/15/17	178,862.59	92.81250	108.12400	208,369.98	29,507.39	17,344.25	9.70	7.76
840,057	GNMA Pool #221509	9.000	12/15/16	814,855.03	97.00000	108.12400	908,302.93	93,447.90	75,605.10	9.28	7.73
166,825	GNMA Pool #223273	9.000	04/15/18	157,702.14	94.53125	108.12400	180,378.31	22,676.17	15,014.29	9.52	7.80
267,987	GNMA Pool #223282	9.000	05/15/18	256,243.43	95.61783	108.12400	289,758.34	33,514.91	24,118.84	9.41	7.80
110,588	GNMA Pool #223307	9.000	04/15/18	105,784.65	95.65629	108.12400	119,572.47	13,787.82	9,952.95	9.41	7.80
95,451	GNMA Pool #225586	9.000	05/15/18	89,962.98	94.25000	108.12400	103,205.91	13,242.93	8,590.63	9.55	7.80
200,681	GNMA Pool #226614	10.000	11/15/17	199,426.57	99.37501	111.00000	222,755.69	23,329.12	20,068.08	10.06	8.32
48,752	GNMA Pool #228184	9.000	05/15/18	45,948.97	94.25008	108.12400	52,712.81	6,763.84	4,387.70	9.55	7.80
223,600	GNMA Pool #228233	9.000	05/15/18	202,427.92	90.53126	108.12400	241,765.30	39,337.38	20,124.00	9.94	7.80
456,309	GNMA Pool #229731	9.000	07/15/17	423,512.21	92.81250	108.12400	493,380.05	69,867.84	41,067.85	9.70	7.76
329,609	GNMA Pool #232531	9.000	10/15/17	322,192.79	97.74999	108.12400	356,386.46	34,193.67	29,664.81	9.21	7.77
341,593	GNMA Pool #234450	9.000	04/15/18	328,463.44	96.15626	108.12400	369,344.45	40,881.01	30,743.41	9.36	7.80
28,440	GNMA Pool #235308	10.000	10/15/17	28,262.41	99.37500	111.00000	31,568.58	3,306.17	2,844.02	10.06	8.32

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
INVESTMENTS OWNED  
JUNE 30, 2001**

**BOND PORTFOLIO**

Par Value	Security	Cpn	Maturity	Book Cost	Book Price	Current Price	Current Value	Gain or (Loss)	Annual Income	Book Yield	YTM
213,851	GNMA Pool #236041	10.000	11/15/17	211,445.40	98.87500	111.00000	237,374.85	25,929.45	21,385.12	10.11	8.32
31,053	GNMA Pool #236835	10.000	11/15/17	30,928.63	99.59911	111.00000	34,468.96	3,540.33	3,105.31	10.04	8.32
98,218	GNMA Pool #236936	9.000	04/15/18	92,509.41	94.18748	108.12400	106,197.63	13,688.22	8,839.65	9.56	7.80
303,680	GNMA Pool #236937	9.000	04/15/18	289,729.88	95.40626	108.12400	328,351.14	38,621.26	27,331.21	9.43	7.80
86,886	GNMA Pool #236939	9.000	04/15/18	81,889.78	94.25002	108.12400	93,944.28	12,054.50	7,819.71	9.55	7.80
368,497	GNMA Pool #237138	10.000	10/15/17	366,193.80	99.37499	111.00000	409,031.60	42,837.80	36,849.69	10.06	8.32
55,576	GNMA Pool #237195	9.000	06/15/18	51,390.39	92.46881	108.12400	60,090.91	8,700.52	5,001.83	9.73	7.81
29,071	GNMA Pool #238133	9.000	04/15/18	27,835.46	95.75012	108.12400	31,432.66	3,597.20	2,616.38	9.40	7.80
299,377	GNMA Pool #247506	9.000	01/15/20	291,611.47	97.40625	107.74900	322,575.25	30,963.78	26,943.89	9.24	7.93
502,542	GNMA Pool #249621	9.000	05/15/18	466,264.47	92.78124	108.12400	543,368.22	77,103.75	45,228.76	9.70	7.80
322,169	GNMA Pool #252052	9.000	06/15/18	304,550.14	94.53125	108.12400	348,341.75	43,791.61	28,995.19	9.52	7.81
386,883	GNMA Pool #252055	9.000	06/15/18	356,536.45	92.15625	108.12400	418,312.89	61,776.44	34,819.43	9.77	7.81
276,178	GNMA Pool #256372	9.000	10/15/19	270,308.97	97.87500	107.74900	297,578.76	27,269.79	24,856.00	9.20	7.92
167,573	GNMA Pool #257869	9.000	09/15/19	162,126.79	96.74999	107.74900	180,558.15	18,431.36	15,081.56	9.30	7.91
93,055	GNMA Pool #260334	9.000	09/15/18	85,610.91	92.00001	108.12400	100,615.15	15,004.24	8,374.98	9.78	7.82
251,630	GNMA Pool #266545	9.000	01/15/19	233,465.34	92.78125	108.12400	272,072.28	38,606.94	22,646.69	9.70	7.83
319,968	GNMA Pool #271090	9.000	10/15/19	313,168.56	97.87500	107.74900	344,762.20	31,593.64	28,797.11	9.20	7.92
264,867	GNMA Pool #271897	9.000	09/15/19	256,920.59	97.00000	107.74900	285,391.11	28,470.52	23,837.99	9.28	7.91
311,099	GNMA Pool #273548	9.000	09/15/19	301,085.55	96.78125	107.74900	335,206.13	34,120.58	27,998.92	9.30	7.91
789,864	GNMA Pool #274140	9.000	09/15/19	764,686.93	96.81250	107.74900	851,070.40	86,383.47	71,087.75	9.30	7.91
254,471	GNMA Pool #277907	9.000	11/15/19	252,562.32	99.25002	107.74900	274,189.74	21,627.42	22,902.37	9.07	7.92
238,656	GNMA Pool #282815	9.000	11/15/19	236,605.31	99.14063	107.74900	257,149.72	20,544.41	21,479.06	9.08	7.92
193,947	GNMA Pool #284420	9.000	02/15/20	186,189.32	95.99999	107.12400	207,764.03	21,574.71	17,455.25	9.38	8.01
463,398	GNMA Pool #285101	9.000	04/15/20	439,069.18	94.75001	107.12400	496,409.95	57,340.77	41,705.78	9.50	8.02
210,246	GNMA Pool #285593	9.000	02/15/20	203,413.18	96.74999	107.74900	226,538.19	23,125.01	18,922.16	9.30	7.93
108,619	GNMA Pool #285654	9.000	05/15/20	102,916.34	94.75001	107.12400	116,356.82	13,440.48	9,775.69	9.50	8.02
446,495	GNMA Pool #286371	9.000	02/15/20	426,681.44	95.56248	107.74900	481,093.60	54,412.16	40,184.52	9.42	7.93
306,242	GNMA Pool #286427	9.000	04/15/20	292,461.57	95.50000	107.12400	328,059.20	35,597.63	27,561.82	9.42	8.02
178,436	GNMA Pool #287851	9.000	04/15/20	171,299.56	96.00053	107.12400	191,147.84	19,848.28	16,059.25	9.37	8.02
236,123	GNMA Pool #290000	9.000	04/15/20	236,123.12	100.00000	107.12400	252,944.53	16,821.41	21,251.08	9.00	8.02
102,622	GNMA Pool #290057	9.000	06/15/20	102,621.68	100.00000	107.12400	109,932.45	7,310.77	9,235.95	9.00	8.02
210,755	GNMA Pool #291136	9.000	05/15/20	197,977.99	93.93749	107.12400	225,769.22	27,791.23	18,967.95	9.58	8.02
206,715	GNMA Pool #295076	9.000	12/15/20	206,650.32	99.96875	107.12400	221,441.29	14,790.97	18,604.34	9.00	8.04
160,663	GNMA Pool #297590	9.000	03/15/21	160,612.56	99.96875	107.12400	172,108.38	11,495.82	14,459.65	9.00	8.05
77,353	GNMA Pool #298952	9.000	04/15/21	77,352.85	100.00000	107.24900	82,960.16	5,607.31	6,961.76	9.00	8.03
783,653	GNMA Pool #319521	8.000	02/15/22	778,510.60	99.34375	104.84300	821,605.65	43,095.05	62,692.27	8.05	7.39
8,552,023	GNMA Pool #337419	7.000	06/15/23	8,026,876.01	93.85938	101.50000	8,680,303.78	653,427.77	598,641.64	7.46	6.82

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Par Value	Security	Cpn	Maturity	Book Cost	Book Price	Current Price	Current Value	Gain or (Loss)	Annual Income	Book Yield	YTM
3,210,963	GNMA Pool #345731	8.000	05/15/24	3,189,891.54	99.34375	104.21900	3,346,434.03	156,542.49	256,877.08	8.05	7.50
878,556	GNMA Pool #348865	8.000	06/15/23	872,790.75	99.34375	104.34400	916,720.76	43,930.01	70,284.50	8.05	7.47
998,589	GNMA Pool #352219	8.000	04/15/23	992,036.16	99.34375	104.34400	1,041,968.13	49,931.97	79,887.15	8.05	7.47
4,797,156	GNMA Pool #352964	7.000	05/15/24	4,488,339.30	93.56250	101.37500	4,863,117.13	374,777.83	335,800.94	7.48	6.84
7,242,402	GNMA Pool #366756	7.000	03/15/24	6,776,172.85	93.56250	101.37500	7,341,985.49	565,812.64	506,968.17	7.48	6.84
4,037,884	GNMA Pool #371734	7.000	04/15/24	3,777,944.83	93.56250	101.37500	4,093,404.50	315,459.67	282,651.85	7.48	6.84
9,704,728	GNMA Pool #377589	7.500	08/15/25	9,677,433.12	99.71875	102.68700	9,965,493.67	288,060.55	727,854.57	7.52	7.20
2,623,468	GNMA Pool #386030	7.000	05/15/24	2,454,581.92	93.56250	101.37500	2,659,540.30	204,958.38	183,642.73	7.48	6.84
2,520,047	GNMA Pool #398831	8.000	08/15/26	2,516,109.12	99.84375	103.71800	2,613,742.03	97,632.91	201,603.74	8.01	7.58
1,489,268	GNMA Pool #402544	7.500	04/15/26	1,484,846.78	99.70313	102.65600	1,528,822.88	43,976.10	111,695.09	7.52	7.20
2,882,392	GNMA Pool #403979	8.500	10/15/24	2,833,301.52	98.29687	105.25000	3,033,718.05	200,416.53	245,003.36	8.65	7.87
4,696,848	GNMA Pool #405618	7.500	04/15/26	4,690,976.57	99.87500	102.65600	4,821,595.92	130,619.35	352,263.57	7.51	7.20
2,367,249	GNMA Pool #417666	7.500	08/15/25	2,360,220.80	99.70312	102.68700	2,430,856.64	70,635.84	177,543.65	7.52	7.20
2,357,238	GNMA Pool #421711	7.500	04/15/26	2,354,291.33	99.87500	102.65600	2,419,846.12	65,554.79	176,792.84	7.51	7.20
2,245,604	GNMA Pool #429356	7.500	03/15/26	2,238,937.66	99.70313	102.65600	2,305,247.43	66,309.77	168,420.31	7.52	7.20
1,242,373	GNMA Pool #430384	8.000	08/15/26	1,240,431.56	99.84375	103.71800	1,288,564.18	48,132.62	99,389.82	8.01	7.58
2,971,147	GNMA Pool #432701	8.000	06/15/26	2,971,147.05	100.00000	103.71800	3,081,614.30	110,467.25	237,691.76	8.00	7.58
4,251,445	GNMA Pool #433892	7.000	07/15/28	4,174,387.99	98.18750	100.90600	4,289,963.55	115,575.56	297,601.18	7.13	6.91
1,282,720	GNMA Pool #434101	7.000	12/15/28	1,257,466.77	98.03125	100.90600	1,294,341.78	36,875.01	89,790.42	7.14	6.91
817,451	GNMA Pool #438772	8.000	08/15/26	816,173.40	99.84375	103.71800	847,843.49	31,670.09	65,396.05	8.01	7.58
1,014,053	GNMA Pool #438778	8.000	08/15/26	1,012,468.47	99.84375	103.71800	1,051,755.41	39,286.94	81,124.23	8.01	7.58
3,422,795	GNMA Pool #439645	8.000	09/15/26	3,420,655.28	99.93750	103.71800	3,550,054.04	129,398.76	273,823.56	8.01	7.58
1,534,425	GNMA Pool #441619	7.500	11/15/29	1,528,431.55	99.60938	102.53100	1,573,261.70	44,830.15	115,081.90	7.53	7.24
4,090,000	GNMA Pool #450368	7.000	08/15/28	4,015,869.17	98.18750	100.90600	4,127,055.83	111,186.66	286,300.03	7.13	6.91
2,350,219	GNMA Pool #458918	7.000	08/15/28	2,307,621.43	98.18750	100.90600	2,371,512.15	63,890.72	164,515.34	7.13	6.91
11,577,341	GNMA Pool #464692	7.000	07/15/28	11,309,615.44	97.68750	100.90600	11,682,232.17	372,616.73	810,413.90	7.17	6.91
4,956,081	GNMA Pool #466888	7.000	07/15/28	4,866,252.18	98.18750	100.90600	5,000,983.24	134,731.06	346,925.68	7.13	6.91
14,564,351	GNMA Pool #469797	7.000	12/15/28	14,277,614.99	98.03125	100.90600	14,696,303.67	418,688.68	1,019,504.55	7.14	6.91
8,676,601	GNMA Pool #470493	7.000	06/15/29	8,614,237.71	99.28125	100.87500	8,752,521.03	138,283.32	607,362.05	7.05	6.91
3,497,183	GNMA Pool #472997	7.000	06/15/29	3,478,604.05	99.46875	100.87500	3,527,783.19	49,179.14	244,802.80	7.04	6.91
5,822,759	GNMA Pool #478875	7.500	11/15/29	5,800,014.19	99.60937	102.69100	5,979,449.80	179,435.61	436,706.95	7.53	7.22
5,680,883	GNMA Pool #478881	7.500	11/15/29	5,658,692.23	99.60937	102.53100	5,824,666.33	165,974.10	426,066.24	7.53	7.24
6,820,329	GNMA Pool #482784	7.000	10/15/28	6,771,307.77	99.28125	100.90600	6,882,121.01	110,813.24	477,423.02	7.05	6.91
4,999,852	GNMA Pool #485451	6.500	05/15/31	4,981,103.00	99.62500	98.90600	4,945,154.06	(35,948.94)	324,990.41	6.52	6.61
6,856,761	GNMA Pool #486539	7.000	09/15/28	6,807,478.36	99.28125	100.90600	6,918,883.54	111,405.18	479,973.29	7.05	6.91
1,265,342	GNMA Pool #486761	7.000	12/15/28	1,240,430.38	98.03125	101.00700	1,278,083.81	37,653.43	88,573.93	7.14	6.90
2,076,034	GNMA Pool #487221	7.000	05/15/29	1,987,802.64	95.75000	100.87500	2,094,199.39	106,396.75	145,322.39	7.31	6.91

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11,988,489	GNMA Pool #487222	7.000	05/15/29	11,499,583.23	95.92187	100.87500	12,093,388.12	593,804.89	839,194.22	7.30	6.91
8,809,118	GNMA Pool #493996	7.000	07/15/29	8,434,730.10	95.75000	100.87500	8,886,197.38	451,467.28	616,638.23	7.31	6.91
7,347,247	GNMA Pool #499876	7.000	06/15/29	7,308,214.71	99.46875	100.87500	7,411,535.38	103,320.67	514,307.29	7.04	6.91
5,509,338	GNMA Pool #500931	7.000	06/15/29	5,480,069.24	99.46875	100.87500	5,557,544.25	77,475.01	385,653.63	7.04	6.91
14,366,472	GNMA Pool #503019	6.000	03/15/29	13,304,699.97	92.60937	96.78100	13,904,015.33	599,315.36	861,988.32	6.48	6.32
972,865	GNMA Pool #504418	7.000	06/15/29	967,696.90	99.46875	100.87500	981,377.81	13,680.91	68,100.57	7.04	6.91
13,046,667	GNMA Pool #505728	7.000	06/15/29	12,977,356.29	99.46875	100.87500	13,160,825.06	183,468.77	913,266.67	7.04	6.91
2,523,822	GNMA Pool #506075	7.000	11/15/29	2,420,897.58	95.92187	100.87500	2,545,905.65	125,008.07	176,667.55	7.30	6.91
6,192,983	GNMA Pool #509328	7.000	06/15/29	6,003,323.04	96.93750	100.87500	6,247,171.75	243,848.71	433,508.82	7.22	6.91
1,855,002	GNMA Pool #510100	7.000	07/15/29	1,821,379.68	98.18750	100.87500	1,871,232.84	49,853.16	129,850.11	7.13	6.91
2,394,699	GNMA Pool #510302	7.000	08/15/29	2,297,040.41	95.92187	100.95600	2,417,592.56	120,552.15	167,628.95	7.30	6.90
5,643,510	GNMA Pool #510958	7.000	05/15/29	5,602,947.73	99.28125	100.87500	5,692,891.16	89,943.43	395,045.73	7.05	6.91
1,752,965	GNMA Pool #510983	7.000	06/15/29	1,681,476.47	95.92187	100.87500	1,768,303.01	86,826.54	122,707.52	7.30	6.91
5,088,677	GNMA Pool #512888	7.000	07/15/29	4,932,836.13	96.93750	100.87500	5,133,202.78	200,366.65	356,207.38	7.22	6.91
6,237,074	GNMA Pool #512915	7.000	07/15/29	6,046,063.50	96.93750	100.87500	6,291,648.29	245,584.79	436,595.17	7.22	6.91
2,327,894	GNMA Pool #513367	7.000	08/15/29	2,228,958.44	95.75000	100.95600	2,350,148.61	121,190.17	162,952.58	7.31	6.90
1,256,766	GNMA Pool #520045	6.500	06/15/31	1,251,169.62	99.55470	98.90600	1,243,016.98	(8,152.64)	81,689.79	6.53	6.61
11,975,926	GNMA Pool #530203	6.500	04/15/31	11,945,986.50	99.75000	98.90600	11,844,909.68	(101,076.82)	778,435.21	6.52	6.61
19,977,948	GNMA Pool #530611	6.500	05/15/31	19,960,779.85	99.91406	98.90600	19,759,389.64	(201,390.21)	1,298,566.65	6.51	6.61
8,523,999	GNMA Pool #530631	6.500	06/15/31	8,486,041.63	99.55470	98.90600	8,430,746.45	(55,295.18)	554,059.94	6.53	6.61
5,811,326	GNMA Pool #541464	6.500	06/15/31	5,785,448.17	99.55470	98.90600	5,747,750.09	(37,698.08)	377,736.19	6.53	6.61
4,992,579	GNMA Pool #549889	6.500	05/15/31	4,973,856.54	99.62500	98.90600	4,937,959.91	(35,896.63)	324,517.62	6.52	6.61
4,990,079	GNMA Pool #549890	6.500	04/15/31	4,971,366.02	99.62500	98.90600	4,935,487.36	(35,878.66)	324,355.12	6.52	6.61
2,996,522	GNMA Pool #549915	6.500	05/15/31	2,985,284.59	99.62500	98.90600	2,963,739.60	(21,544.99)	194,773.90	6.52	6.61
7,698,392	GNMA Pool #557424	6.500	05/15/31	7,664,110.86	99.55470	98.90600	7,614,171.39	(49,939.47)	500,395.47	6.53	6.61
7,709,518	GNMA Pool #557467	6.500	05/15/31	7,675,187.19	99.55470	98.90600	7,625,175.55	(50,011.64)	501,118.65	6.53	6.61
6,985,552	GNMA Pool #560189	6.500	04/15/31	6,968,088.25	99.75000	98.99500	6,915,347.33	(52,740.92)	454,060.89	6.52	6.60
15,841,001	GNMA Pool #780076	8.000	02/15/25	15,567,495.55	98.27343	104.21900	16,509,333.04	941,837.49	1,267,280.10	8.14	7.51
18,981,554	GNMA Pool #780220	7.500	08/15/25	18,975,621.96	99.96875	102.84300	19,521,199.28	545,577.32	1,423,616.53	7.50	7.18
4,426,912	GNMA Pool #781129	7.000	11/15/28	4,352,207.64	98.31250	101.04000	4,472,951.67	120,744.03	309,883.83	7.12	6.89
<b>405,228,091</b>	<b>TOTAL FEDERAL AGENCY OBLIGATIONS</b>			<b>397,437,800.62</b>	<b>98.07755</b>		<b>410,706,294.01</b>	<b>13,268,493.39</b>	<b>28,962,679.12</b>	<b>7.29</b>	
<b>CORPORATE BONDS</b>											
10,500,000	AGL CAPITAL TRUST	8.170	06/01/37	10,691,200.46	101.82096	92.84400	9,748,620.00	(942,580.46)	857,850.00	8.02	8.83
16,000,000	AMERICAN UNITED LIFE INS CO	7.750	03/30/26	15,283,389.36	95.52118	88.47300	14,155,680.00	(1,127,709.36)	1,240,000.00	8.11	8.91
16,000,000	ANTHEM INSURANCE COMPANY	9.125	04/01/10	14,772,376.68	92.32735	100.15600	16,024,960.00	1,252,583.32	1,460,000.00	9.88	9.10



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34,000,000	ANTHEM INSURANCE COMPANY INC	9.000	04/01/27	35,627,671.80	104.78727	92.42400	31,424,160.00	(4,203,511.80)	3,060,000.00	8.59	9.81
3,500,000	AT&T CORPORATES	8.350	01/15/25	3,551,765.72	101.47902	101.36000	3,547,600.00	(4,165.72)	292,250.00	8.23	8.22
116,515	AUTO BOND RECEIVABLE TRUST	6.400	04/15/01	116,514.95	100.00000	99.87500	116,369.31	(145.64)	7,456.96	6.40	0.00
163,008	AUTO BOND RECEIVABLE TRUST	7.100	06/15/21	163,007.57	100.00000	99.99800	163,004.31	(3.26)	11,573.54	7.10	7.10
13,500,000	AXA SA	8.600	12/15/30	14,651,319.60	108.52829	109.85310	14,830,168.50	178,848.90	1,161,000.00	7.92	7.75
10,000,000	BANKERS TRUST	7.750	12/01/26	9,749,482.92	97.49483	97.13400	9,713,400.00	(36,082.92)	775,000.00	7.95	8.02
12,000,000	BANKERS TRUST CORP 144A	8.090	12/01/26	12,000,000.00	100.00000	99.72400	11,966,880.00	(33,120.00)	970,800.00	8.09	8.12
10,500,000	COUNTRYWIDE CAPITAL I	8.000	12/15/26	10,500,000.00	100.00000	98.94300	10,389,015.00	(110,985.00)	840,000.00	8.00	8.10
5,000,000	DELTA FUNDING HOME EQUITY LOAN TRU	7.600	01/15/30	4,928,125.00	98.56250	99.94000	4,997,000.00	68,875.00	380,000.00	7.71	7.61
22,605,000	DEUTSCHE TELEKOM FINANCIAL	8.250	06/15/30	23,357,107.75	103.32717	101.45500	22,933,902.75	(423,205.00)	1,864,912.50	7.98	8.12
5,000,000	DISCOVER CREDIT	9.100	04/13/12	5,000,000.00	100.00000	113.63300	5,681,650.00	681,650.00	455,000.00	9.10	7.28
19,000,000	FARMERS INSURANCE EXCHANGE	8.625	05/01/24	17,647,575.92	92.88198	102.15300	19,409,070.00	1,761,494.08	1,638,750.00	9.29	8.41
8,000,000	FIRST EMPIRE CAPITAL TRUST I	8.234	02/01/27	8,624,181.88	107.80227	95.55400	7,644,320.00	(979,861.88)	658,720.00	7.64	8.67
10,000,000	FIRST EMPIRE CAPITAL TRUST I	8.277	06/01/27	10,516,701.56	105.16702	96.71900	9,671,900.00	(844,801.56)	827,700.00	7.87	8.60
14,000,000	FIRST HAWAIIAN CAPITAL TRUST	8.343	07/01/27	14,770,058.52	105.50042	98.20900	13,749,260.00	(1,020,798.52)	1,168,020.00	7.91	8.52
4,000,000	FIRST UNION CAPITAL II	7.950	11/15/29	3,611,714.57	90.29286	101.48100	4,059,240.00	447,525.43	318,000.00	8.80	7.82
5,568,750	FIRSTPLUS HOME IMPROVEMENT	8.300	02/20/22	5,559,077.14	99.82630	105.00500	5,847,465.94	288,388.80	462,206.25	8.31	7.81
5,000,000	FORD MOTOR COMPANY	9.500	09/15/11	4,997,909.36	99.95819	116.20500	5,810,250.00	812,340.64	475,000.00	9.50	7.20
17,000,000	GENERAL AMERICAN LIFE INSURANCE CC	7.625	01/15/24	15,112,702.05	88.89825	99.84300	16,973,310.00	1,860,607.95	1,296,250.00	8.58	7.64
10,000,000	GOLDMAN SACHS GROUP INC.	8.000	03/01/13	9,969,894.60	99.69895	107.57900	10,757,900.00	788,005.40	800,000.00	8.02	7.03
14,000,000	GOODRICH CORPORATION	7.100	11/15/27	12,694,710.66	90.67650	89.47900	12,527,060.00	(167,650.66)	994,000.00	7.83	8.07
9,780,000	GTE CORPORATION	7.900	02/01/27	9,559,404.42	97.74442	100.89200	9,867,237.60	307,833.18	772,620.00	8.08	7.82
3,500,000	HUNTINGTON BANKS SUB NTS	6.600	06/15/18	3,191,054.99	91.17300	90.66000	3,173,100.00	(17,954.99)	231,000.00	7.24	7.59
15,000,000	JOHN HANCOCK MUTUAL LIFE INS CO	7.375	02/15/24	14,110,043.58	94.06696	100.16000	15,024,000.00	913,956.42	1,106,250.00	7.84	7.36
11,000,000	JPM CAPITAL TRUST II	7.950	02/01/27	11,465,160.05	104.22873	102.00000	11,220,000.00	(245,160.05)	874,500.00	7.63	7.77
7,000,000	KEY CORP CAPITAL III	7.750	07/15/29	6,677,656.44	95.39509	95.95000	6,716,500.00	38,843.56	542,500.00	8.12	8.12
18,000,000	LUMBERMANS MUTUAL CASUALTY CO	9.150	07/01/26	20,307,361.16	112.81867	90.89800	16,361,640.00	(3,945,721.16)	1,647,000.00	8.11	10.16
12,000,000	LUMBERMANS MUTUAL CASUALTY CO	8.300	12/01/37	12,938,218.40	107.81849	82.17900	9,861,480.00	(3,076,738.40)	996,000.00	7.70	10.16
10,000,000	MERRILL LYNCH & COMPANY	8.000	06/01/07	10,000,000.00	100.00000	108.53900	10,853,900.00	853,900.00	800,000.00	8.00	6.27
25,315,000	NATIONWIDE MUTUAL INS CO	7.500	02/15/24	24,406,152.18	96.40984	90.85200	22,999,183.80	(1,406,968.38)	1,898,625.00	7.78	8.41
15,000,000	NEW ENGLAND MUTUAL LIFE INSURANCE	7.875	02/15/24	14,837,277.34	98.91518	102.50600	15,375,900.00	538,622.66	1,181,250.00	7.96	7.64
14,000,000	OHIO NATIONAL LIFE INSURANCE	8.500	05/15/26	14,244,519.08	101.74656	96.88200	13,563,480.00	(681,039.08)	1,190,000.00	8.35	8.81
10,000,000	OKLAHOMA GAS & ELECTRIC	6.500	04/15/28	8,351,772.67	83.51773	85.85800	8,585,800.00	234,027.33	650,000.00	7.78	7.76
17,000,000	PMI CAPITAL	8.309	02/01/27	17,509,367.48	102.99628	94.89400	16,131,980.00	(1,377,387.48)	1,412,530.00	8.07	8.82
5,000,000	PORTLAND GENERAL ELECTRIC (ENRON)	7.750	04/15/23	4,999,003.83	99.98008	99.87300	4,993,650.00	(5,353.83)	387,500.00	7.75	7.76
23,200,000	PRINCIPAL MUTUAL LIFE INSURANCE CO	7.875	03/01/24	22,733,697.24	97.99007	95.57200	22,172,704.00	(560,993.24)	1,827,000.00	8.04	8.31
10,000,000	PRUDENTIAL FUNDING	6.750	09/15/23	8,520,244.10	85.20244	89.36800	8,936,800.00	416,555.90	675,000.00	7.92	7.77

**STATE OF ARIZONA  
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**BOND PORTFOLIO**

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Par Value	Security	Cpn	Maturity	Book Cost	Book Price	Current Price	Current Value	Gain or (Loss)	Annual Income	Book Yield	YTM
9,000,000	PRUDENTIAL INSURANCE CO OF AMERICA/	8.300	07/01/25	8,828,944.80	98.09939	106.40000	9,576,000.00	747,055.20	747,000.00	8.46	7.71
16,000,000	ROCKWELL INTERNATIONAL	6.700	01/15/28	14,586,395.30	91.16497	90.65200	14,504,320.00	(82,075.30)	1,072,000.00	7.35	7.52
12,825,000	SAFECO CAPITAL TRUST	8.072	07/15/37	12,905,722.12	100.62941	83.19100	10,669,245.75	(2,236,476.37)	1,035,234.00	8.02	9.77
5,000,000	SEARS ROEBUCK & CO.	9.375	11/01/11	5,000,000.00	100.00000	114.46100	5,723,050.00	723,050.00	468,750.00	9.38	7.37
12,000,000	SECURITY MUTUAL LIFE NEW YORK	9.375	12/15/16	13,268,046.11	110.56705	102.40000	12,288,000.00	(980,046.11)	1,125,000.00	8.48	9.08
7,487,575	SECURITY NATIONAL MORTGAGE 99-1	8.353	09/25/30	7,487,575.00	100.00000	103.30400	7,734,964.48	247,389.48	625,437.14	8.35	8.06
21,458,142	SECURITY NATIONAL MORTGAGE LOAN	7.870	08/25/30	21,458,141.98	100.00000	103.13400	22,130,640.15	672,498.17	1,688,755.77	7.87	7.60
15,000,000	SOUTHERN COMPANY CAPITAL TRUST	8.190	02/01/37	16,139,427.88	107.59619	94.43100	14,164,650.00	(1,974,777.88)	1,228,500.00	7.61	8.70
7,875,000	TRANSAMERICA CAPITAL II	7.650	12/01/26	7,998,922.05	101.57361	96.68600	7,614,022.50	(384,899.55)	602,437.50	7.53	7.96
9,500,000	TYCO INTERNATIONAL GROUP	6.875	01/15/29	8,501,629.38	89.49084	93.03000	8,837,850.00	336,220.62	653,125.00	7.68	7.48
11,500,000	UNION CENTRAL LIFE	8.200	11/01/26	12,201,890.00	106.10339	87.08600	10,014,890.00	(2,187,000.00)	943,000.00	7.73	9.56
13,500,000	US WEST COMMUNICATIONS	7.500	06/15/23	12,862,672.65	95.27906	93.22600	12,585,510.00	(277,162.65)	1,012,500.00	7.87	8.17
17,000,000	USF&G CAPITAL II, SERIES B	8.470	01/10/27	18,515,534.52	108.91491	101.63200	17,277,440.00	(1,238,094.52)	1,439,900.00	7.78	8.32
14,000,000	XEROX CAPITAL TRUST I CAP SEC.	8.000	07/01/27	14,727,614.00	105.19724	44.00000	6,160,000.00	(8,567,614.00)	1,120,000.00	7.60	18.42
<b>643,393,990</b>	<b>TOTAL CORPORATE BONDS</b>			<b>642,229,936.82</b>	<b>99.81908</b>		<b>617,260,124.09</b>	<b>(24,969,812.73)</b>	<b>51,967,903.66</b>	<b>8.09</b>	
<b>1,172,122,080</b>	<b>BOND PORTFOLIO TOTALS</b>			<b>1,162,826,669.49</b>	<b>99.20696</b>		<b>1,170,336,568.10</b>	<b>7,509,898.61</b>	<b>91,818,707.78</b>	<b>7.90</b>	

**STATE OF ARIZONA  
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**CORPORATE NOTES**

<b>Date Acquired</b>	<b>Description</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Cost</b>	<b>Amount of Interest</b>	<b>Maturity Value</b>
6/27/2001	TRANSAMERICA ASSET FUNDING	3.790	7/2/2001	12,993,156.95	6,843.05	13,000,000.00
6/29/2001	NEPTUNE FUNDING	4.350	7/2/2001	12,995,287.50	4,712.50	13,000,000.00
6/29/2001	BELFORD FUNDING COMPANY LLC	4.330	7/2/2001	12,995,309.17	4,690.83	13,000,000.00
6/29/2001	DEALERS CAPITAL ACCEPTANCE	4.300	7/2/2001	12,995,341.67	4,658.33	13,000,000.00
6/29/2001	NESTLE CAPITAL CORP	3.980	7/2/2001	12,995,688.33	4,311.67	13,000,000.00
6/29/2001	LONG LANE MASTER TRUST	4.270	7/2/2001	12,995,374.17	4,625.83	13,000,000.00
6/29/2001	AIR LIQUIDE US	4.050	7/5/2001	12,991,225.00	8,775.00	13,000,000.00
6/29/2001	EXXON PROJECT	3.860	7/5/2001	11,992,280.00	7,720.00	12,000,000.00
<b>TOTALS</b>				<b>102,953,662.79</b>	<b>46,337.21</b>	<b>103,000,000.00</b>

**STATE OF ARIZONA  
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**COMMON STOCK PORTFOLIO**

Shares	Description	Div Rate	Book Cost per Share	Book Cost	Market Price	Market Value	Annual Income	Gain or (Loss) Amount
1,000,000	ABBOTT LABORATORIES	0.84	14.063	14,062,899.69	48.0000	48,000,000.00	840,000.00	33,937,100.31
700,000	ADOBE SYSTEMS	0.05	39.839	27,887,502.00	47.0000	32,900,000.00	35,000.00	5,012,498.00
200,000	AES CORPORATION	-	50.147	10,029,380.00	43.0500	8,610,000.00	-	(1,419,380.00)
850,000	ALLSTATE CORPORATION	0.76	21.806	18,535,466.80	43.9900	37,391,500.00	646,000.00	18,856,033.20
650,000	ALLTEL CORPORATION	1.32	64.794	42,116,067.20	61.2600	39,819,000.00	858,000.00	(2,297,067.20)
1,200,000	AMERICAN EXPRESS	0.32	35.122	42,146,561.87	38.8000	46,560,000.00	384,000.00	4,413,438.13
500,000	AMERICAN GENERAL CORPORATION	0.96	38.718	19,359,086.90	46.4500	23,225,000.00	480,000.00	3,865,913.10
1,256,250	AMERICAN INT'L GROUP	0.15	16.576	20,824,153.01	85.0100	106,793,812.50	185,925.00	85,969,659.49
1,450,000	AMGEN	-	38.547	55,893,104.88	60.6800	87,986,000.00	-	32,092,895.12
650,000	ANALOG DEVICES, INC.	-	77.888	50,627,241.60	43.2500	28,112,500.00	-	(22,514,741.60)
1,050,000	APACHE CORPORATION	0.14	53.217	55,878,319.25	50.7500	53,287,500.00	147,000.00	(2,590,819.25)
1,450,000	APPLIED MATERIALS	-	17.851	25,884,210.57	49.1000	71,195,000.00	-	45,310,789.43
850,000	BIOGEN INC	-	52.418	44,555,505.23	54.3600	46,206,000.00	-	1,650,494.77
1,500,000	BJ SERVICES COMPANY	-	38.146	57,218,825.77	29.0000	43,500,000.00	-	(13,718,825.77)
1,000,000	BJ'S WHOLESALE CLUB, INC.	-	40.152	40,152,078.76	53.2600	53,260,000.00	-	13,107,921.24
800,000	BROADWING INC.	0.40	25.811	20,648,784.08	24.4500	19,560,000.00	320,000.00	(1,088,784.08)
1,100,000	CABLEVISION SYSTEMS CORP	-	44.786	49,264,696.71	58.5000	64,350,000.00	-	15,085,303.29
200,000	CHARTER COMMUNICATIONS, INC	-	22.223	4,444,620.00	23.3500	4,670,000.00	-	225,380.00
3,450,000	CISCO SYSTEMS	-	8.652	29,848,659.69	18.2000	62,790,000.00	-	32,941,340.31
1,866,666	CITIGROUP, INC.	0.56	42.815	79,920,800.75	52.8400	98,634,631.44	1,045,332.96	18,713,830.69
1,900,000	COMCAST CORP.	-	31.836	60,489,323.64	43.4000	82,460,000.00	-	21,970,676.36
200,000	CONSTELLATION ENERGY GROUP INC	0.48	43.805	8,760,900.00	42.6000	8,520,000.00	96,000.00	(240,900.00)
600,000	CORNING INCORPORATED	0.24	69.624	41,774,664.75	16.7100	10,026,000.00	144,000.00	(31,748,664.75)
2,600,000	COVAD COMMUNICATIONS GROUP	-	40.138	104,357,655.10	1.0100	2,626,000.00	-	(101,731,655.10)
1,500,000	CYTYC CORPORATION	-	18.367	27,550,221.65	23.0500	34,575,000.00	-	7,024,778.35
150,000	DEVON ENERGY CORPORATION	0.20	57.484	8,622,528.45	52.5000	7,875,000.00	30,000.00	(747,528.45)
400,000	EHOSTAR COMMUNICATIONS 'A'	-	47.543	19,017,339.59	32.4200	12,968,000.00	-	(6,049,339.59)
400,000	EL PASO CORPORATION	0.85	57.659	23,063,717.50	52.5400	21,016,000.00	340,000.00	(2,047,717.50)
2,150,000	EMC CORP	-	11.326	24,349,880.56	29.2500	62,887,500.00	-	38,537,619.44
1,000,000	ENRON CORPORATION	0.50	18.245	18,244,900.92	49.1000	49,100,000.00	500,000.00	30,855,099.08
1,340,000	EXPRESS SCRIPTS	-	23.968	32,117,127.61	55.0300	73,740,200.00	-	41,623,072.39
895,056	EXXON MOBIL CORP	0.08	70.028	62,679,368.88	87.3500	78,183,141.60	71,604.48	15,503,772.72
400,000	FLEETBOSTON FINANCIAL CORPORATION	1.32	37.854	15,141,486.40	39.4500	15,780,000.00	528,000.00	638,513.60
200,000	GENENTECH, INC.	-	45.046	9,009,180.00	55.1000	11,020,000.00	-	2,010,820.00
200,000	GUIDANT CORPORATION	-	65.288	13,057,504.00	36.0000	7,200,000.00	-	(5,857,504.00)
150,000	HELLER FINANCIAL, INC.	0.40	26.284	3,942,579.75	40.0000	6,000,000.00	60,000.00	2,057,420.25
1,650,000	HOME DEPOT	0.16	10.227	16,874,774.48	46.5500	76,807,500.00	264,000.00	59,932,725.52

**STATE OF ARIZONA  
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**COMMON STOCK PORTFOLIO**

Shares	Description	Div Rate	Book Cost per Share	Book Cost	Market Price	Market Value	Annual Income	Gain or (Loss) Amount
2,300,000	INTEL CORPORATION	0.08	22.498	51,746,239.13	29.2500	67,275,000.00	184,000.00	15,528,760.87
930,000	INTERNATIONAL BUSINESS MACH.	0.56	24.410	22,701,387.00	113.0000	105,090,000.00	520,800.00	82,388,613.00
1,000,000	JABIL CIRCUIT	-	20.406	20,406,393.84	30.8600	30,860,000.00	-	10,453,606.16
1,100,000	JDS UNIPHASE CORPORATION	-	70.624	77,686,495.95	12.5000	13,750,000.00	-	(63,936,495.95)
900,000	JP MORGAN CHASE & CO	1.36	30.296	27,265,964.00	44.6000	40,140,000.00	1,224,000.00	12,874,036.00
600,000	KIMBERLY-CLARK CORPORATION	1.12	54.561	32,736,715.73	55.9000	33,540,000.00	672,000.00	803,284.27
400,000	KINDER MORGAN, INC.	0.20	54.084	21,633,690.00	50.2500	20,100,000.00	80,000.00	(1,533,690.00)
150,000	LENNAR CORPORATION	0.01	43.666	6,549,870.00	41.7000	6,255,000.00	1,500.00	(294,870.00)
780,000	LEXMARK INTERNATIONAL GROUP	-	72.514	56,560,664.00	67.2500	52,455,000.00	-	(4,105,664.00)
1,300,000	LSI LOGIC	-	38.031	49,440,142.40	18.8000	24,440,000.00	-	(25,000,142.40)
1,450,000	MBNA CORP	0.36	11.984	17,376,765.00	33.0000	47,850,000.00	522,000.00	30,473,235.00
56,000	MCI Group	-	33.018	1,849,007.93	16.1000	901,600.00	-	(947,407.93)
375,000	MEDIMMUNE, INC.	-	58.605	21,976,699.00	47.2000	17,700,000.00	-	(4,276,699.00)
1,000,000	MICROSOFT CORPORATION	-	80.288	80,287,734.56	73.0000	73,000,000.00	-	(7,287,734.56)
200,000	MOODY'S CORPORATION	0.04	32.952	6,590,334.18	33.5000	6,700,000.00	8,000.00	109,665.82
600,000	NABORS INDUSTRIES, INC.	0.24	54.600	32,760,295.30	37.2000	22,320,000.00	144,000.00	(10,440,295.30)
350,000	NATIONAL-OILWELL, INC.	-	39.001	13,650,245.42	26.8000	9,380,000.00	-	(4,270,245.42)
1,000,000	NEWS CORPORATION	0.06	21.768	21,768,271.68	37.1500	37,150,000.00	56,400.00	15,381,728.32
700,000	NOBLE DRILLING CORPORATION	-	44.871	31,409,407.55	32.7500	22,925,000.00	-	(8,484,407.55)
1,170,000	NOKIA CORPORATION	0.21	18.145	21,229,311.39	22.1900	25,962,300.00	246,753.00	4,732,988.61
250,000	NORTEL NETWORKS CORP	0.15	15.774	3,943,480.82	9.0300	2,257,500.00	37,600.00	(1,685,980.82)
2,550,000	OFFICEMAX INC.	-	13.687	34,902,561.71	3.6900	9,409,500.00	-	(25,493,061.71)
200,000	OXFORD HEALTH PLANS, INC.	-	27.642	5,528,460.00	28.6000	5,720,000.00	-	191,540.00
962,500	PFIZER INC.	0.58	24.814	23,882,999.66	40.0500	38,548,125.00	555,501.10	14,665,125.34
400,000	PHARMACEUTICAL PRODUCT DEVELOPMENT, INC	-	23.981	9,592,486.30	30.5100	12,204,000.00	-	2,611,513.70
900,000	PLANTRONICS, INC.	-	27.468	24,721,205.92	23.1500	20,835,000.00	-	(3,886,205.92)
200,000	QUANTA SERVICES, INC.	-	33.917	6,783,327.74	22.0400	4,408,000.00	-	(2,375,327.74)
200,000	RAINBOW MEDIA GROUP	-	15.896	3,179,188.83	25.8000	5,160,000.00	-	1,980,811.17
1,500,000	SAFEWAY INC	-	31.975	47,962,146.44	48.0000	72,000,000.00	-	24,037,853.56
2,200,000	SANMINA CORP.	-	26.164	57,560,321.71	23.4100	51,502,000.00	-	(6,058,321.71)
650,000	SANTA FE INTERNATIONAL CORPORATION	0.13	34.620	22,503,266.27	29.8600	19,409,000.00	84,500.00	(3,094,266.27)
500,000	SCHERING-PLOUGH CORP	1.28	12.545	6,272,332.53	36.2400	18,120,000.00	640,000.00	11,847,667.47
1,120,000	SCHOLASTIC CORPORATION	-	25.670	28,750,541.80	45.0000	50,400,000.00	-	21,649,458.20
500,000	SEI INVESTMENTS COMPANY	0.10	39.429	19,714,685.45	47.4000	23,700,000.00	50,000.00	3,985,314.55
900,000	SEITEL, INC	-	18.711	16,839,895.75	13.1000	11,790,000.00	-	(5,049,895.75)
1,200,000	SOLECTRON	-	40.845	49,014,544.35	18.3000	21,960,000.00	-	(27,054,544.35)
400,000	SUN MICROSYSTEMS, INC	-	41.326	16,530,392.00	15.7200	6,288,000.00	-	(10,242,392.00)

**STATE OF ARIZONA  
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Shares	Description	Div Rate	Book Cost per Share	Book Cost	Market Price	Market Value	Annual Income	Gain or (Loss) Amount
1,000,000	SYMANTEC CORPORATION	-	49.738	49,738,167.40	43.6900	43,690,000.00	-	(6,048,167.40)
550,000	T. ROWE PRICE GROUP INC	0.60	38.934	21,413,692.20	37.3900	20,564,500.00	330,000.00	(849,192.20)
980,000	TARGET CORP	0.22	27.855	27,297,964.77	34.6000	33,908,000.00	215,600.00	6,610,035.23
300,000	TENET HEALTHCARE CORPORATION	-	38.613	11,583,750.00	51.6000	15,480,000.00	-	3,896,250.00
500,000	TXU CORP	2.40	41.081	20,540,589.76	48.1900	24,095,000.00	1,200,000.00	3,554,410.24
1,935,756	TYCO INTERNATIONAL LTD.	0.05	33.190	64,247,482.92	54.5100	105,518,059.56	96,787.80	41,270,576.64
150,000	UNITED RENTALS, INC	-	21.748	3,262,215.00	25.9500	3,892,500.00	-	630,285.00
200,000	VALERO ENERGY CORPORATION	0.32	50.029	10,005,880.00	36.7800	7,356,000.00	64,000.00	(2,649,880.00)
800,000	VISHAY INTERTECHNOLOGY INC	-	27.164	21,731,267.80	23.0000	18,400,000.00	-	(3,331,267.80)
2,000,000	VODAFONE GROUP PLC	0.23	21.515	43,029,599.09	22.3500	44,700,000.00	456,364.00	1,670,400.91
450,000	WALGREEN COMPANY	0.14	6.996	3,148,035.71	34.4600	15,507,000.00	63,000.00	12,358,964.29
700,000	WAL-MART STORES	0.28	54.222	37,955,382.80	48.8000	34,160,000.00	196,000.00	(3,795,382.80)
493,439	WILLIAMS COMMUNICATIONS GROUP	-	4.273	2,108,387.26	2.9700	1,465,513.83	-	(642,873.43)
600,000	WILLIAMS COMPANIES, INC.	0.60	39.339	23,603,671.08	32.9500	19,770,000.00	360,000.00	(3,833,671.08)
1,400,000	WORLDCOM INC.	-	32.631	45,683,329.57	14.2000	19,880,000.00	-	(25,803,329.57)
<b>TOTALS</b>				<b>2,577,008,004.74</b>		<b>2,977,526,883.93</b>	<b>14,983,668.34</b>	<b>400,518,879.19</b>

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
INVESTMENTS OWNED  
JUNE 30, 2001**

**OTHER INVESTMENTS PORTFOLIO**

Security	Coupon	Maturity	Book Cost	Current Value	Gain or Loss	Annual Income	Book Yield
<b>SBA LOANS</b>							
ALL UNLIMITED	9.750	5/1/2009	444,823.57	444,823.57	-	43,370.30	9.8%
ASAYO HOLDING, LTD.	9.500	7/1/2010	468,737.01	468,737.01	-	44,530.02	9.5%
EQUITY PARTNERSHIP	9.250	5/1/2016	1,140,730.08	1,140,730.08	-	105,517.53	9.3%
NIARKOS	10.000	5/1/2014	540,062.87	540,062.87	-	54,006.29	10.0%
<b>TOTAL SBA LOANS</b>			<b>2,594,353.53</b>	<b>2,594,353.53</b>	<b>-</b>	<b>247,424.13</b>	<b>9.5%</b>
<b>BRIDGE FINANCIAL LOANS</b>							
BRIDGE FINANCIAL--15 E. Monroe	12.50	1/5/2001	984,000.00	984,000.00	-	123,000.00	12.5%
BRIDGE FINANCIAL--Beaver Creek G.C.	13.00	8/3/2001	736,000.00	736,000.00	-	95,680.00	13.0%
BRIDGE FINANCIAL--Dynamite Ranch II	12.75	4/30/2002	1,742,560.21	1,742,560.21	-	222,176.43	12.8%
BRIDGE FINANCIAL--Grand Inn	12.50	9/25/2000	1,600,000.00	1,600,000.00	-	200,000.00	12.5%
BRIDGE FINANCIAL--Villages at Hassayampa	12.00	11/11/2001	318,992.16	318,992.16	-	38,279.06	12.0%
<b>TOTAL BRIDGE FINANCIAL LOANS</b>			<b>5,381,552.37</b>	<b>5,381,552.37</b>	<b>-</b>	<b>679,135.49</b>	<b>12.6%</b>
<b>MISCELLANEOUS</b>							
ARIZONA GROWTH PARTNERS, L.P.	0.00	6/30/2023	1,000.00	1,000.00	-	-	0.0%
CRYSTAL GARDENS PROPERTIES, LLC	10.00	4/20/2000	1,756,681.24	1,756,681.24	-		
DESERT TROON PROP-SUMMMIT PRJC	10.00	6/24/2007	6,521,117.48	6,521,117.48	-	652,111.75	10.0%
PEBBLECREEK PROPERTIES	10.00	2/19/2002	2,104,472.79	2,104,472.79	-	210,447.28	10.0%
PIVOTAL SIMON HOTEL XXIV, LLC	10.00	8/14/2006	1,500,000.00	1,500,000.00	-	150,000.00	10.0%
<b>TOTAL MISCELLANEOUS</b>			<b>11,883,271.51</b>	<b>11,883,271.51</b>	<b>-</b>	<b>1,012,559.03</b>	<b>8.5%</b>
<b>TOTAL BEFORE LLC</b>			<b>19,859,177.41</b>	<b>19,859,177.41</b>	<b>-</b>	<b>1,939,118.65</b>	<b>9.8%</b>
<b>LLC</b>							
Desert Troon, LLC			32,000,000.00	32,000,000.00			
Pivotal X, LLC			88,228,800.00	88,228,800.00			
<b>TOTAL LLC</b>			<b>120,228,800.00</b>	<b>120,228,800.00</b>			
<b>TOTAL OTHER INVESTMENTS</b>			<b>140,087,977.41</b>	<b>140,087,977.41</b>			





# **ACTUARIAL SECTION**

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
THIRTY-THIRD COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2001

Actuarial Certification Statement

Aggregate Actuarial Balance Sheet, June 30, 2001

Summary of Valuation Methods and Assumptions

Solvency Test

Summary of Active Member Data

Summary of Inactive Member Data

Schedule of Retirants and Beneficiaries

Schedule of Experience Gain / (Loss)





September 5, 2001

The Fund Manager  
Arizona Public Safety Personnel Retirement  
System 1020 East Missouri  
Phoenix, Arizona 85014-2613

Attention: Jack Cross, Administrator

The purpose of the annual actuarial valuations of the Arizona Public Safety Personnel Retirement System is to determine the liabilities and funding requirements for the participating groups. We certify that the June 30, 2001 annual actuarial valuations were made in accordance with recognized actuarial methods.

Data for the annual valuations was furnished by the Administrator and was checked by us for internal completeness and year to year consistency, but was not otherwise audited. The actuary prepared all of the schedules in the Actuarial Section and the Schedule of Funding Progress in the Financial Section of the Comprehensive Annual Financial Report.

The actuarial assumptions were adopted by the Fund Manager based upon the recommendations of the actuary and the results of experience studies, the most recent of which covered the 5 year period ended June 30, 1998. The assumptions and methods conform to the parameters established in Governmental Accounting Standards Board Statement 25. Actuarial gains (losses) are amortized as level percents of payroll over 20 years.

The funding value of assets is a smoothed market value which spreads differences between the actual and assumed investment return over a four year period.

On the basis of the June 30, 2001 valuation, it is our opinion that the liabilities of the Retirement System are being funded as incurred in accordance with sound actuarial principles. The excellent funded condition reflects the very favorable investment returns experienced by the Retirement System over the past decade.

Respectfully submitted,

**Sandra Rodwan/sig**

Sandra W. Rodwan  
Member, American Academy of Actuaries

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**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
AGGREGATE ACTUARIAL BALANCE SHEET**

**Actuarial Assets**

Accrued Assets			
Member Accumulated contributions	\$	449,791,950	
Employer and benefit payment reserves		4,227,044,906	
Funding value adjustment		648,002,646	
Total accrued assets*		<u>648,002,646</u>	\$ 5,324,839,502
Prospective assets (computed value)			
Member contributions	\$	729,506,854	
Employer normal costs		910,732,849	
Employer unfunded actuarial accrued liability		(987,183,313)	
Total prospective assets		<u>(987,183,313)</u>	\$ 653,056,390
Total Actuarial Assets			<u>\$ 5,977,895,892</u>

*\*Includes \$662,898,016 reserve for payment of ad-hoc pension increases. The net funding value of assets is \$4,661,941,486.*

**Actuarial Present Values (Liability)**

Pensions in payment status			
Service pensions	\$	1,312,563,021	
Disability pensions		216,742,462	
Survivor pensions		127,813,159	
Health insurance		65,145,638	
Total Benefit values		<u>65,145,638</u>	\$ 1,722,264,280
Prospective pension payments (future retirements)			3,472,117,722
Prospective health insurance payments (future retirements)			111,054,450
Prospective refunds of member contributions			9,561,424
Reserve for future pension increases			<u>\$ 662,898,016</u>
Total Actuarial Present Values (Liability)			<u>\$ 5,977,895,892</u>

## **SUMMARY OF PLAN PROVISIONS**

See Note 1 in the Notes to the Financial Statements.

## **SUMMARY OF VALUATION METHODS**

The **actuarial cost method** used for the valuation was the individual entry age normal cost method.

**Normal cost contributions** were computed as follows:

The series of contributions, payable from date of employment, sufficient to accumulate at time of retirement the discounted value of each member's projected pension and potential survivors pension was computed, using the assumptions summarized on the following pages, so that each contribution in the series is a constant percentage of the member's year by year projected compensation (entry age normal cost).

**Actuarial accrued liability** was computed and financed as follows:

- (1) Retirants and beneficiaries. The discounted value of pensions likely to be paid retired members and their potential survivors were computed using the investment return and mortality assumptions. The computed amount was reduced by applicable valuation assets and the unfunded amount, if any, was amortized over an open period of 20 years from July 1, 2000.
- (2) Active members and former members. The actuarial accrued liability associated with service rendered prior to the valuation date, including experience gains and losses, was computed using the investment return, mortality and other factors outlined on the following pages. The computed amount was reduced by applicable valuation assets and the unfunded amount, if any, was amortized over an open period of 20 years from July 1, 2000. If valuation assets exceed the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit toward the computed normal cost.

## **SUMMARY OF VALUATION ASSUMPTIONS**

**The rate of investment return** used was 9.0 percent a year, compounded annually. This assumption was first used for the June 30, 1984 valuations. The assumption consists of 3.5% for assuming maturity and principal risks and 5.5% in recognition of inflation. These components, adopted by the Fund Manager, as recommended by the system's actuary, were revised for the June 30, 1989 annual valuations. This assumption is used to discount the value of future payments.

**The rates of salary increase** used are in accordance with the following graded table. These assumptions, adopted by the Fund Manager, as recommended by the System's actuary, were first used for the June 30, 1989 valuations. The assumption consists of 5.5% in recognition of inflation, a graded allowance for promotion and longevity, and 1.0% for other across-the-board factors.

The assumption is used to project current salaries to those upon which pension amounts will be based.

Sample Ages	Percent Increase in Salary During Following Year		
	Inflation	Promotion and Longevity	Other
20	5.50%	3.00%	1.00%
25	5.50%	3.00%	1.00%
30	5.50%	2.60%	1.00%
35	5.50%	1.10%	1.00%
40	5.50%	0.20%	1.00%
45	5.50%	0.20%	1.00%
50	5.50%	0.20%	1.00%
55	5.50%	0.10%	1.00%
60	5.50%	-	1.00%
65	5.50%	-	1.00%

**SUMMARY OF VALUATION ASSUMPTIONS (continued)**

**Return on Investment:** 9.0% per year, compounded yearly (no change).

**Non-Disability Mortality rates:** 1971 Group Annuity Mortality Table Projected to 2000 (Male), female ages set back 6 years. (First used for June 30, 1999 valuation.)

**Disability Mortality rates:** 1971 Group Annuity Mortality Table Projected to 1984 (Male), female ages set back 6 years.

These assumptions, adopted by the Fund Manager, as recommended by the system's actuary, were first used for the June 30, 1999 valuations.

Sample Ages	Deaths per 1,000		Single Life Retirement Values							
			Non-Disability Table		Disability Table		Non-Disability Table		Disability Table	
			Present Value of \$100 Monthly for Life		Present Value of \$100 Monthly for Life		Future Life Expectancy (years)		Future Life Expectancy (years)	
			Men	Women	Men	Women	Men	Women	Men	Women
20	0.4	0.3					56.86	62.72	55.98	61.84
25	0.5	0.4					51.98	57.83	51.12	56.96
30	0.7	0.5					47.12	52.95	43.27	52.09
35	0.9	0.6					42.29	48.09	41.46	47.24
40	1.4	0.9	\$12,930	\$13,272	\$12,861	\$13,225	37.51	43.25	36.69	42.42
45	2.4	1.2	12,522	12,997	12,430	12,933	32.80	38.46	32.01	37.64
50	4.4	2.1	11,997	12,613	11,879	12,526	28.28	33.73	27.53	32.93
55	7.1	3.9	11,342	12,112	11,199	11,999	23.98	29.17	23.28	28.40
60	10.9	6.5	10,513	11,485	10,346	11,347	19.90	24.82	19.27	24.11
65	17.7	9.9	9,490	10,694	9,308	10,532	16.09	20.70	15.55	20.05
70	30.7	15.9	8,326	9,710	8,145	9,530	12.69	16.82	12.25	16.27
75	48.4	27.4	7,124	8,564	6,963	8,382	9.82	13.32	9.49	12.87
80	78.7	44.6	5,879	7,371	5,748	7,206	7.39	10.36	7.17	10.02
85	120.6	71.4	4,791	6,120	4,696	5,983	5.57	7.83	5.43	7.59
90	171.3	111.7	3,864	4,994	3,796	4,893	4.19	5.89	4.10	5.74

**SUMMARY OF VALUATION ASSUMPTIONS (continued)**

The **rates of retirement** used to measure the probability of eligible members retiring were as follows:

Service	Percent of Active Members Retiring During Next Year			
	Police Low	Police High	Fire Low	Fire High
20	25%	40%	15%	30%
21	10	16	5	10
22	10	16	5	15
23	10	16	5	10
24	5	5	5	10
25	25	40	20	40
26	10	15	15	15
27	10	20	10	20
28	15	30	10	30
29	20	50	10	50
30	10	75	20	75
31	10	75	25	75
32	60	75	60	75
33	75	75	75	75
34	75	75	75	75
35	75	75	75	75
36	75	75	75	75
37	75	75	75	75
38	75	75	75	75
39	75	75	75	75

Active members with at least 40 years of service are assumed to retire within the year. Members who do not acquire 20 years of service prior to age 62 are assumed to retire upon first eligibility following age 62.

These rates, adopted by the Fund Manager, as recommended by the System's actuary, were first used for the June 30, 1999 valuations.

**SUMMARY OF VALUATION ASSUMPTIONS (continued)**

The *rates of separation* for active membership were as follows:

These rates, adopted by the Fund Manger, as recommended by the System's actuary, were first used for the June 30, 1999 valuations. Rates do not apply to members eligible to retire and do not include separation on account of death. This assumption measures the probabilities of members remaining in employment.

Sample Ages	Years of Service	Percent of Active Members Separating Within Next Year				Disability			
		Police Officers		Firefighters		Police		Fire	
		Low	High	Low	High	Low	High	Low	High
ALL	0	20.00%	25.00%	8.00%	10.00%	(all years of service)			
	1	8.50	15.00	3.00	7.00				
	2	3.00	7.50	2.00	4.00				
	3	2.50	7.00	1.00	4.00				
	4	2.00	5.00	0.60	4.00				
25	5 & Over	1.00	2.50	0.60	2.50	0.15%	0.15%	0.12%	0.14%
30		1.00	2.50	0.40	2.50	0.16	0.16	0.13	0.14
35		0.95	2.35	0.35	1.70	0.23	0.23	0.18	0.21
40		0.85	2.10	0.30	1.50	0.34	0.34	0.27	0.31
45		0.75	1.85	0.20	1.50	0.52	0.52	0.42	0.47
50		0.65	1.75	0.10	1.50	0.83	0.83	0.66	0.75
55	0.55	1.75	0.10	1.50	1.45	1.45	1.16	1.30	
60	0.50	1.75	0.10	1.50	2.00	2.00	1.60	1.80	

Separations from active employment (other than retirement or death) assumed for employer groups.



**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
SOLVENCY TEST**

SOLVENCY TEST – Testing the financial solvency of a retirement system can be done in several ways. The funding objective is to meet long-term benefit promises through contributions that remain approximately level from year to year as a percent of member payroll. If the contributions to the system are level in concept and soundly executed, and if the system continues its present operations pattern for the indefinite future, the system will pay all promised benefits when due—the ultimate test of financial soundness.

A short term solvency test is one means of checking a system's progress under its funding program. In a short term solvency test, the system's present assets (cash and investments) are compared with:

1. Active member contributions on deposit;
2. The liabilities for future benefits to present retired lives;
3. The liabilities for service already rendered by active members.

In a system that has been following the discipline of level percent of payroll financing, the liabilities for active member contributions on deposit (liability 1) and the liabilities for future benefits to present retired lives (liability 2) will be fully covered by present assets (except in rare circumstances). In addition, the liabilities for service already rendered by active members (liability 3) will be partially covered by the remainder of present assets. Generally, if the system has been using level cost financing, the funded portion of liability 3 will increase over time. Liability 3 being fully funded is very rare. All amounts presented are in thousands.

Valuation Date	<u>Aggregate Accrued Liabilities for</u>				Valuation Assets Available for Benefits (2)	<u>Portion of Accrued Liabilities Covered by Net Assets Available for Benefits</u>		
	(1) Active Member Contributions	(2) Retirants And Beneficiaries	(3) Active Members (Employer Financed Portion)	(3)		(1)	(2)	(3)
6-30-83 <sup>1</sup>	\$ 90,348	\$ 150,042	\$ 316,842	\$ 519,155	100.0%	100.0%	88.0%	
6-30-84 <sup>*</sup>	\$ 101,786	\$ 180,804	\$ 334,779	\$ 599,945	100.0%	100.0%	94.8%	
6-30-85 <sup>*</sup>	\$ 115,671	\$ 214,203	\$ 376,905	\$ 693,159	100.0%	100.0%	96.4%	
6-30-86 <sup>*</sup>	\$ 130,489	\$ 248,134	\$ 423,415	\$ 816,882	100.0%	100.0%	100.0%	
6-30-87 <sup>*1</sup>	\$ 149,457	\$ 276,817	\$ 488,815	\$ 919,931	100.0%	100.0%	100.0%	
6-30-88 <sup>*</sup>	\$ 169,445	\$ 306,598	\$ 550,208	\$ 1,037,988	100.0%	100.0%	100.0%	
6-30-89 <sup>*1</sup>	\$ 188,660	\$ 360,069	\$ 607,773	\$ 1,164,003	100.0%	100.0%	100.0%	
6-30-90 <sup>*</sup>	\$ 206,052	\$ 419,548	\$ 697,181	\$ 1,297,562	100.0%	100.0%	96.4%	
6-30-91 <sup>*</sup>	\$ 227,287	\$ 471,289	\$ 772,202	\$ 1,432,023	100.0%	100.0%	95.0%	
6-30-92 <sup>*</sup>	\$ 246,692	\$ 553,619	\$ 805,579	\$ 1,595,739	100.0%	100.0%	98.7%	
6-30-93 <sup>*</sup>	\$ 256,431	\$ 688,360	\$ 813,955	\$ 1,769,345	100.0%	100.0%	100.0%	
6-30-94	\$ 276,375	\$ 763,017	\$ 892,654	\$ 1,945,166	100.0%	100.0%	100.0%	
6-30-95	\$ 297,619	\$ 858,965	\$ 961,149	\$ 2,181,351	100.0%	100.0%	100.0%	
6-30-96	\$ 321,660	\$ 948,959	\$ 1,057,657	\$ 2,487,953	100.0%	100.0%	100.0%	
6-30-97	\$ 344,167	\$ 1,045,721	\$ 1,143,547	\$ 2,915,173	100.0%	100.0%	100.0%	
6-30-98	\$ 368,729	\$ 1,140,194	\$ 1,235,075	\$ 3,192,627	100.0%	100.0%	100.0%	
6-30-99	\$ 395,991	\$ 1,328,328	\$ 1,357,883	\$ 3,709,251	100.0%	100.0%	100.0%	
6-30-00	\$ 418,847	\$ 1,524,355	\$ 1,471,955	\$ 4,260,168	100.0%	100.0%	100.0%	
6-30-01	\$ 449,792	\$ 1,722,264	\$ 1,502,702	\$ 4,661,941	100.0%	100.0%	100.0%	

See notes on page 23

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
SUMMARY OF ACTIVE MEMBER DATA**

Listed below is a summary of Active Members by age group, years of service and annual compensation. The summary points out that 2,280 active members were eligible for retirement on June 30, 2001, compared to 2,064 for the prior year.

Attained Age	Years of Service to Valuation Date							Totals	
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 Plus	No.	Valuation Payroll
< 20	3							3	\$ 97,014
20 - 24	680	2						682	\$ 24,867,363
25 - 29	1,968	547	3					2,518	\$ 105,809,347
30 - 34	1,441	1,434	454	5				3,334	\$ 159,668,734
35 - 39	583	840	1,087	560	15			3,085	\$ 167,668,614
40 - 44	264	362	591	894	433	6		2,550	\$ 153,213,149
45 - 49	96	146	257	416	590	299	4	1,808	\$ 117,005,359
50 - 54	46	55	129	192	253	332	94	1,101	\$ 72,857,542
55 - 59	6	14	36	55	55	87	70	323	\$ 21,220,663
60 - 69	1		5	21	18	6	17	68	\$ 4,251,965
70+							1	1	\$ 79,992
<b>Totals</b>	<b>5,088</b>	<b>3,400</b>	<b>2,562</b>	<b>2,143</b>	<b>1,364</b>	<b>730</b>	<b>186</b>	<b>15,473</b>	<b>\$ 826,739,742</b>

Listed below is a Comparative Schedule of the changes in active members since 6-30-78:

**COMPARATIVE SCHEDULE**

Fiscal Year Ended	Employer Units	Active Members	Total Payroll (+000)	Averages			
				Age (years)	Service (years)	Pay	Increase in Average Pay
6-30-78	57	6,554	\$ 109,359	34.1	7.9	\$16,686	10.0%
6-30-79	64	6,842	\$ 125,667	34.2	8.0	\$18,367	10.1%
6-30-80	71	7,264	\$ 144,371	34.1	7.9	\$19,875	8.2%
6-30-81	83	7,559	\$ 165,055	34.3	8.1	\$21,836	9.9%
6-30-82	91	7,750	\$ 185,650	34.7	8.3	\$23,955	9.7%
6-30-83	101	7,835	\$ 199,736	35.0	8.6	\$25,493	6.4%
6-30-84	107	8,039	\$ 217,163	35.1	8.8	\$27,014	6.0%
6-30-85	106	8,536	\$ 244,094	35.2	8.7	\$28,596	5.9%
6-30-86	110	8,774	\$ 268,511	35.5	8.9	\$30,603	7.0%
6-30-87	113	9,331	\$ 299,559	35.7	9.0	\$32,104	4.9%
6-30-88	115	9,600	\$ 321,750	36.1	9.4	\$33,516	4.4%
6-30-89	123	9,858	\$ 345,743	36.4	9.7	\$35,072	4.6%
6-30-90	130	10,125	\$ 371,950	36.6	9.8	\$36,736	4.7%
6-30-91	135	10,612	\$ 402,687	36.8	10.0	\$37,946	3.3%
6-30-92	137	10,686	\$ 415,471	37.2	11.3	\$38,880	2.5%
6-30-93	145	10,872	\$ 425,811	37.3	10.3	\$39,166	0.7%
6-30-94	150	11,303	\$ 451,022	37.4	10.4	\$39,903	1.9%
6-30-95	155	11,971	\$ 496,063	37.4	10.3	\$41,439	3.8%
6-30-96	162	12,477	\$ 541,231	37.6	10.3	\$43,378	4.7%
6-30-97	162	13,109	\$ 579,341	37.6	10.3	\$44,194	1.9%
6-30-98	169	13,635	\$ 625,222	37.8	10.3	\$45,854	3.8%
6-30-99	171	14,128	\$ 682,184	37.8	10.3	\$48,286	5.3%
6-30-00	181	14,886	\$ 751,280	37.7	10.0	\$50,469	4.5%
6-30-01	187	15,473	\$ 826,740	37.2	10.0	\$53,431	5.9%

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
SUMMARY OF INACTIVE MEMBER DATA  
SCHEDULE OF RETIRANTS AND BENEFICIARIES**

**INACTIVE MEMBERS**

Attained Age	Years of Service to Valuation Date					Totals
	0 - 4	5 - 9	10 - 14	15 - 19	20+	
20 - 29	147	9				156
30 - 39	181	48	17	1		247
40 - 44	26	8	6	5	1	46
45 - 49	21	5	8	5	1	40
50 - 54	16	5	9	1		31
55 - 59	1	1	9	1		12
60 - 69	1		4		1	6
70+						0
<b>Totals</b>	<b>393</b>	<b>76</b>	<b>53</b>	<b>13</b>	<b>3</b>	<b>538</b>

**RETIRANTS AND BENEFICIARIES**

Valuation Date	Number Removed From Roles	Number Added to Roles	Totals	Annual Pensions	Percent Increase	Average Pension
6/30/1992			3,184	\$ 56,057,423	14.2%	\$ 17,606
6/30/1993			3,674	\$ 69,708,702	24.4%	\$ 19,182
6/30/1994	30	141	3,785	\$ 77,548,220	11.2%	\$ 20,707
6/30/1995	61	275	3,999	\$ 85,544,670	10.3%	\$ 21,608
6/30/1996	67	318	4,250	\$ 94,897,897	10.9%	\$ 22,541
6/30/1997	81	311	4,480	\$ 104,374,026	10.0%	\$ 23,508
6/30/1998	75	335	4,740	\$ 115,542,977	10.7%	\$ 24,584
6/30/1999	73	423	5,090	\$ 132,364,761	14.6%	\$ 26,211
6/30/2000	84	436	5,442	\$ 152,227,372	15.0%	\$ 27,973
6/30/2001	89	429	5,782	\$ 170,281,580	11.9%	\$ 29,450

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
SCHEDULE OF EXPERIENCE GAIN/(LOSS)  
YEAR ENDED JUNE 30, 2001**

	Year Ended June 30			
	(\$ Thousands)			
	2001	2000	1999	1998
(1) UAAL at start of year*	\$ (845,011)	\$ (627,049)	\$ (448,629)	\$ (381,738)
(2) Normal cost	139,061	126,477	118,768	109,851
(3) Funding method contributions	-108,936	-99,342	-96,069	-88,416
(4) Interest accrual	-74,695	-55,213	-39,355	-33,392
(5) Expected UAAL before changes	(889,581)	(655,127)	(465,285)	(393,695)
(6) Change from amendments***	66,000	978	88,894	none
(7) Change from assumption revision	none	none	(12,974)	none
(8) Expected UAAL after changes	(823,591)	(654,149)	(389,365)	(393,695)
(9) Actual UAAL	(987,183)	(845,011)	(627,049)	(448,629)
(10) Gain(+)/Loss(-) (8)-(9)	163,592	190,862	237,684	54,934
(11) Percent of actuarial accrued liability**	4.8%	6.2%	8.7%	2.2%

\* Unfunded Actuarial Accrued Liability

\*\* Actuarial Accrued Liability

\*\*\* Estimated

The overall experience of the Retirement System during the year ended June 30, 2001 was favorable, generating an experience gain of \$164 million (approximately 4.8% of the actuarial accrued liability). The gain was primarily the result of recognized investment income in excess of the long-term assumed rate and salary increases which were less than assumed.

The gain/loss is calculated exclusive of the assets and liabilities associated with the future benefit increase reserve.

# STATISTICAL SECTION

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
THIRTY-THIRD COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2001

Schedule of Revenues by Source and Expenses by Type

Schedule of Benefit Expenses by Type

Summary of Retired Member and Survivor Data

Summary of Benefit Increases

Participating Employers

Summary of Growth of the System



**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
SCHEDULE OF REVENUES BY SOURCE AND EXPENSES BY TYPE**

REVENUES	Employer Contributions*					Net Investment Income***	Total
	Member ** Contributions	Direct Payments	Insurance Premium Tax	Percent of Annual Covered Payroll			
FYE							
1992	\$30,487,894 14%	\$28,723,991 13%	\$7,089,585 3%	8.10%	\$158,382,801 70%	\$224,684,271 100%	
1993	\$30,982,571 13%	\$33,777,972 14%	\$7,554,072 3%	8.73%	\$173,241,734 70%	\$245,556,349 100%	
1994	\$33,393,715 14%	\$34,120,463 14%	\$7,077,413 3%	8.16%	\$167,558,270 69%	\$242,149,861 100%	
1995	\$35,341,047 13%	\$32,917,493 12%	\$7,538,453 3%	7.66%	\$199,847,112 72%	\$275,644,105 100%	
1996	\$39,500,494 13%	\$37,734,258 12%	\$8,635,684 3%	7.85%	\$390,660,701 72%	\$476,531,137 100%	
1997	\$39,788,668 6%	\$42,760,823 6%	\$9,709,146 1%	8.11%	\$644,116,823 87%	\$736,375,460 100%	
1998	\$43,094,843 5%	\$38,287,697 5%	\$7,033,235 1%	6.36%	\$750,793,356 89%	\$839,209,131 100%	
1999	\$51,684,448 6%	\$36,512,536 5%	\$7,871,808 1%	5.82%	\$723,369,908 88%	\$819,438,700 100%	
2000	\$52,451,478 7%	\$38,645,798 6%	\$8,245,094 1%	5.29%	\$588,132,626 86%	\$687,474,996 100%	
2001	\$58,052,765 -7%	\$45,435,300 -6%	\$7,105,010 -1%	5.21%	(\$895,995,528) 114%	(\$785,402,453) 100%	

EXPENSES	Administrative Expenses****			Total
	Benefits		Refunds	
FYE				
1992	\$54,068,104 96%	\$682,652 1%	\$1,956,319 3%	\$56,707,075 100%
1993	\$65,787,637 96%	\$747,779 1%	\$2,006,416 3%	\$68,541,832 100%
1994	\$74,512,008 96%	\$764,719 1%	\$2,107,933 3%	\$77,384,660 100%
1995	\$83,992,275 97%	\$801,898 1%	\$2,172,524 2%	\$86,966,697 100%
1996	\$92,851,755 97%	\$508,498 1%	\$2,251,458 2%	\$95,611,711 100%
1997	\$102,404,128 97%	\$540,899 1%	\$2,866,764 2%	\$105,811,791 100%
1998	\$112,374,125 97%	\$607,518 1%	\$3,020,135 2%	\$116,001,778 100%
1999	\$125,879,371 97%	\$624,710 0%	\$3,317,624 3%	\$129,821,705 100%
2000	\$145,302,173 96%	\$616,109 0%	\$5,313,595 4%	\$151,231,877 100%
2001	\$164,727,744 96%	\$679,372 0%	\$6,051,785 4%	\$171,458,901 100%

**NOTE:** \*Contributions were made in accordance with actuarially determined contribution requirements. The Employer contributions reported above are equal to the annual required contributions.

\*\*The member contribution rate was 8% until fiscal year 1992 when it was reduced to 7.65% of covered payroll. Some employers have elected to pick up part of the member contributions.

\*\*\*Prior to fiscal year 1996, Investment income includes only realized gains and losses. See note 2.

\*\*\*\*Prior to 1996, Investment Expenses were not broken out between Administrative and Investment Expenses. However, for the fiscal years 1996, 1997, 1998, 1999, 2000 and 2001, Investment Expenses were \$331,446, \$323,951, \$270,602, \$300,380, \$311,642, and \$370,934, respectively. These amounts are now shown net in Investment Income as opposed to inclusion with Administrative Expenses as in prior reports.

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
SCHEDULE OF BENEFIT EXPENSES BY TYPE**

<b>Fiscal Year</b>	<b>Normal Benefits</b>	<b>Disability Benefits</b>	<b>Survivor Benefits</b>	<b>Insurance Benefits</b>	<b>Totals</b>
<b>1987</b>	\$22,180,419 82%	\$2,588,194 10%	\$2,259,776 8%	-	\$27,028,389 100%
<b>1988</b>	\$24,445,979 82%	\$2,731,143 9%	\$2,563,086 9%	-	\$29,740,208 100%
<b>1989</b>	\$27,706,016 81%	\$3,018,943 9%	\$3,085,000 9%	\$292,628 1%	\$34,102,587 100%
<b>1990</b>	\$33,823,643 80%	\$3,644,963 9%	\$3,679,641 9%	\$876,734 2%	\$42,024,981 100%
<b>1991</b>	\$38,029,200 80%	\$4,329,314 9%	\$4,250,266 9%	\$1,145,054 2%	\$47,753,834 100%
<b>1992</b>	\$43,171,260 80%	\$4,860,391 9%	\$4,736,125 9%	\$1,300,328 2%	\$54,068,104 100%
<b>1993</b>	\$52,846,300 80%	\$6,009,143 9%	\$5,352,177 8%	\$1,580,017 3%	\$65,787,637 100%
<b>1994</b>	\$59,780,201 80%	\$7,068,362 10%	\$5,872,280 8%	\$1,791,165 2%	\$74,512,008 100%
<b>1995</b>	\$66,599,816 79%	\$8,246,615 10%	\$6,540,242 8%	\$2,605,602 3%	\$83,992,275 100%
<b>1996</b>	\$73,343,074 79%	\$9,359,298 10%	\$7,205,537 8%	\$2,943,846 3%	\$92,851,755 100%
<b>1997</b>	\$80,258,423 78%	\$10,871,547 11%	\$8,079,674 8%	\$3,194,484 3%	\$102,404,128 100%
<b>1998</b>	\$87,459,220 78%	\$12,460,407 11%	\$8,853,712 8%	\$3,600,786 3%	\$112,374,125 100%
<b>1999</b>	\$97,432,778 77%	\$14,628,479 12%	\$9,883,152 8%	\$3,934,962 3%	\$125,879,371 100%
<b>2000</b>	\$111,687,492 77%	\$17,061,548 12%	\$12,187,246 8%	\$4,365,887 3%	\$145,302,173 100%
<b>2001</b>	\$126,333,327 77%	\$19,543,264 12%	\$14,049,906 8%	\$4,801,247 3%	\$164,727,744 100%



**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
SUMMARY OF RETIRED MEMBER AND SURVIVOR DATA**

The following summary presents an analysis of the benefit changes that have taken place during the past sixteen years. The number of retired members and the amount of annual pensions has increased at compounded annual rates of 6.6% and 12.4% over the last five years.

**COMPARATIVE SCHEDULE**

Year Ended June 30	Retired			Annual Pensions	Average Pension	Ratio of Active to Retired	
	Normal	Disability	Survivors Totals				
1986	1,513	248	335	2,096	\$25,526,417	\$12,179	4.2 to 1
1987	1,612	258	350	2,220	\$28,531,465	\$12,852	4.2 to 1
1988	1,709	264	371	2,344	\$31,608,067	\$13,485	4.1 to 1
1989	1,839	280	410	2,529	\$36,286,530	\$14,348	3.9 to 1
1990	2,003	322	446	2,771	\$43,514,479	\$15,704	3.7 to 1
1991	2,134	349	486	2,969	\$49,103,054	\$16,539	3.6 to 1
1992	2,314	363	507	3,184	\$56,057,423	\$17,606	3.4 to 1
1993	2,697	417	520	3,634	\$69,708,702	\$19,182	3.0 to 1
1994	2,756	436	553	3,745	\$77,548,220	\$20,707	3.0 to 1
1995	2,914	471	574	3,959	\$85,544,676	\$21,608	3.0 to 1
1996	3,082	527	601	4,210	\$94,897,897	\$22,541	3.0 to 1
1997	3,240	573	627	4,440	\$104,374,026	\$23,508	3.0 to 1
1998	3,415	626	659	4,700	\$115,542,977	\$24,584	2.9 to 1
1999	3,655	694	701	5,050	\$132,364,761	\$26,211	2.8 to 1
2000	3,938	763	741	5,442	\$152,227,372	\$27,973	2.7 to 1
2001	4,182	826	774	5,782	\$170,281,580	\$29,450	2.7 to 1

Set forth below is a summary of pensions being paid to retired members and survivors:

**SUMMARY OF RETIRED MEMBERS AND SURVIVORS - JUNE 30, 2001**

Pensions Being Paid	Number	Annual Pensions	Average Pensions
<b>Retired Members</b> - Service Pensions	4,182	\$ 134,223,223	\$ 32,095
- Disability Pensions	826	\$ 21,074,019	\$ 25,513
<b>Totals</b>	<b>5,008</b>	<b>\$ 155,297,242</b>	<b>\$ 31,010</b>
<b>Survivors of Members</b> - Spouses	740	\$ 14,587,921	\$ 19,713
- Children with Guardians	34	\$ 396,417	\$ 11,659
<b>Totals</b>	<b>774</b>	<b>\$ 14,984,338</b>	<b>\$ 19,360</b>
<b>Total Pensions Being Paid</b>	<b>5,782</b>	<b>\$ 170,281,580</b>	<b>\$ 29,450</b>

	Average Age	Average Service (yrs)	Average Age at Retirement (yrs)
Normal retired members	59.7	23.2	49.6
Disability retired members	52.6	14.3	43.3
Spouse beneficiaries	64.0	17.7	44.3

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
SUMMARY OF BENEFIT INCREASES**

State law provides for an annual benefit increase for retirees or their survivors who are over age fifty-five on the effective day of the increase and for disability retirees regardless of age. These increases are dependent upon the production of excess earnings on part of the assets of the Fund and are limited to four percent of the average benefit being paid to retirees and their survivors. The following schedule summarizes the statutorily-designed process of calculating the monthly benefit increases effective each July 1st.

**BENEFIT INCREASE SCHEDULE**

<b>Fiscal Year Ended</b>	<b>Excess Yield per Statute*</b>	<b>Excess Earnings Assets**</b>	<b>Excess Earnings</b>	<b>Monthly Benefit Increase Fundable</b>	<b>Maximum per Statutory 4% Cap</b>	<b>Lesser of Two - Increase Awarded</b>
<b>6/30/1985</b>	2.85%	\$ 214,202,673	\$ 6,104,776			
		Investment earnings on balance	902,896 **			
		Amount utilized: 7-1-86 increase	(4,482,398)	\$50.00	\$36.17	\$36.17
<b>6/30/1986</b>	5.79%	\$ 248,133,744	\$ 14,366,944			
		Amount available: 7-1-87 increase	16,892,218	\$120.00 **	\$38.59	\$38.59
		Investment earnings on balance	1,859,833			
		Amount utilized: 7-1-87 increase	(5,185,664)			
<b>6/30/1987</b>	2.01%	\$ 276,817,044	\$ 5,564,023			
		Amount available: 7-1-88 increase	19,130,410	\$110.00 **	\$42.84	\$42.84
		Investment earnings on balance	2,027,823			
		Amount utilized: 7-1-88 increase	(6,319,400)			
<b>6/30/1988</b>	1.60%	\$ 306,597,600	\$ 4,905,562			
		Amount available: 7-1-89 increase	19,744,395	\$95.00 **	\$44.95	\$44.95
		Investment earnings on balance	1,986,286			
		Amount utilized: 7-1-89 increase	(7,236,088)			
<b>6/30/1989</b>	1.06%	\$ 360,069,033	\$ 3,816,732			
		Amount available: 7-1-90 increase	18,311,325	\$55.00 **	\$47.83	\$47.83
		Investment earnings on balance	1,919,027			
		Amount utilized: 7-1-90 increase	(7,635,888)			
<b>6/30/1990</b>	1.48%	\$ 430,743,103	\$ 6,374,998			
		Amount available: 7-1-91 increase	18,969,462	\$75.00 **	\$52.35	\$52.35
		Investment earnings on balance	1,940,576			
		Amount utilized: 7-1-91 increase	(10,212,948)			
<b>6/30/1991</b>	1.23%	\$ 484,159,254	\$ 5,955,159			
		Amount available: 7-1-92 increase	16,652,249	\$70.00	\$55.13	\$55.13
		Investment earnings on balance	1,815,095			
		Amount utilized: 7-1-92 increase	(11,984,957)			
<b>6/30/1992</b>	1.90%	\$ 757,998,498	\$ 14,401,971			
		Amount available: 7-1-93 increase	20,884,358	\$80.00	\$58.69	\$58.69
		Investment earnings on balance	2,234,626			
		Amount utilized: 7-1-93 increase	(13,063,068)			
<b>6/30/1993</b>	1.70%	\$ 842,142,928	\$ 14,316,430			
		Amount available: 7-1-94 increase	24,372,346	\$90.00	\$63.94	\$63.94
		Investment earnings on balance	2,278,814			
		Amount utilized: 7-1-94 increase	(15,878,424)			

**BENEFIT INCREASE SCHEDULE**

<b>Fiscal Year Ended</b>	<b>Excess Yield per Statute*</b>	<b>Excess Earnings Assets**</b>	<b>Excess Earnings</b>	<b>Monthly Benefit Increase Fundable</b>	<b>Maximum per Statutory 4% Cap</b>	<b>Lesser of Two - Increase Awarded</b>
<b>6/30/1994</b>	0.35%	\$ 926,038,066	<u>\$ 3,241,133</u>			
	Amount available:	7-1-95 increase	14,013,869	\$45.00	\$69.02	\$45.00
		Investment earnings on balance	1,433,619			
	Amount utilized:	7-1-95 increase	(12,092,280)			
<b>6/30/1995</b>	1.23%	\$ 1,019,971,216	<u>\$ 12,545,646</u>			
	Amount available:	7-1-96 increase	15,900,854	\$50.00	\$72.03	\$50.00
		Investment earnings on balance	1,677,540			
	Amount utilized:	7-1-96 increase	(15,055,224)			
<b>6/30/1996</b>	1.55%	\$ 1,121,106,488	<u>\$ 17,377,151</u>			
	Amount available:	7-1-97 increase	19,900,321	\$55.00	\$75.14	\$55.00
		Investment earnings on balance	2,202,966			
	Amount utilized:	7-1-97 increase	(17,529,672)			
<b>6/30/1997</b>	2.07%	\$ 1,545,766,186	<u>\$ 31,997,360</u>			
	Amount available:	7-1-98 increase	36,570,975	\$80.00	\$78.36	\$78.36
		Investment earnings on balance	8,129,728			
	Amount utilized:	7-1-98 increase	(26,935,849)			
	Prior Excess Earnings Transferred per HB 2496		256,823,185			
<b>6/30/1998</b>	13.23%	\$ 1,876,344,607	<u>\$ 248,240,392</u>			
	Amount available:	7-1-99 increase	522,828,431	\$1,335.00	\$81.95	\$81.95
		Investment earnings on balance	92,540,632			
	Amount utilized:	7-1-99 increase	(42,154,215)			
<b>6/30/1999</b>	8.70%	\$ 1,986,262,497	<u>\$ 172,804,837</u>			
	Amount available:	7-1-00 increase	746,019,685	\$1,375.00	\$87.37	\$87.37
		Investment earnings on balance	91,835,023			
	Amount utilized:	7-1-00 increase	(47,369,499)			
<b>6/30/2000</b>	3.31%	\$ 2,182,040,163	<u>\$ 72,225,529</u>			
	Amount available:	7-1-01 increase	862,440,738	\$1,490.00	\$93.24	\$93.24
		Investment earnings on balance	(145,364,386)			
	Amount utilized:	7-1-01 increase	(54,178,336)			
<b>6/30/2001</b>	0.00%	\$ 2,018,909,233	<u>\$ -</u>			
	Amount available:	7-1-02 increase	662,898,016	\$1,070.00	\$98.17	\$98.17

\*Net effective yield less actuarial yield per statute of 9%. Beginning 6/30/98, total return less actuarial yield per statute of 9%

\*\*In 1989 Senate Bill 1129 was signed into law and became effective September 15, 1989. This bill required future earnings on the excess account to be added back to the excess earnings account. In 1990 House Bill 2495 was signed into law and was effective August 15, 1990. This bill required earnings on the excess earnings account between June 30, 1986, and September 15, 1989, be added to the excess earnings account. The Monthly Benefit Increase Fundable Amount prior to 7-1-91 has not been recalculated to reflect the effects of this retroactive legislation.

\*\*\*Amount equal to retired reserves until 6-30-92 when the assets to be used was changed to one-half of the average net total assets as published in the annual report (market value was used beginning 6/30/97).

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
PARTICIPATING EMPLOYERS**

Apache County Sheriffs	Gilbert Fire
Apache Junction Fire District	Gilbert Police
Apache Junction Police	Glendale Fire
Arizona State University Campus Police	Glendale Police
Avondale Fire	Globe Fire
Avondale Police	Globe Police
Avra Valley Fire District	Golden Valley Fire District
AZ State Attorney General	Golder Ranch Fire District
AZ State Capitol Police	Goodyear Fire
Benson Police	Goodyear Police
Bisbee Fire	Graham County Sheriffs
Bisbee Police	Greenlee County Attorney Investigators
Buckeye Fire	Greenlee County Sheriffs
Buckeye Police	Guadalupe Fire
Buckskin Fire	Hayden Police
Bullhead City Fire	Heber-Overgaard
Bullhead City Police	Holbrook Police
Camp Verde Marshals	Hualapai Valley Fire
Casa Grande Fire	Kearny Police
Casa Grande Police	Kingman Fire
Central Yavapai Fire	Kingman Police
Chandler Fire	La Paz County Attorney Investigators
Chandler Police	La Paz County Sheriffs
Chino Valley Fire	Lake Havasu Fire
Chino Valley Police	Lake Havasu Police
Clarkdale Police	Lakeside Fire
Clifton Fire	Laveen Fire District
Clifton Police	Mammoth Police
Cochise County Sheriffs	Marana Marshals
Coconino County Sheriffs	Maricopa County Attorney Investigators
Coolidge Police	Maricopa County Sheriffs
Cornville~Page Springs Fire	Mayer Fire District
Cottonwood Fire	Mesa Fire
Cottonwood Police	Mesa Police
Daisy Mountain Fire District	Miami Fire
Department of Emergency and Military Affairs	Miami Police
Department of Game & Fish	Mohave County Sheriffs
Department of Public Safety	Mohave Valley Fire
Department of Liquor License and Control	Montezuma-Rimrock
Diamond Star Fire	Northern Arizona University Campus Police
Doney Park Rural Fire	Navajo County Attorney Investigators
Douglas Fire	Navajo County Sheriffs
Douglas Police	Nogales Fire
Drexel Heights Fire	Nogales Police
Eager Police	Northwest Fire District
El Mirage Fire	Oro Valley Police
El Mirage Police	Page Fire
Eloy Police	Page Police
Flagstaff Fire	Paradise Valley Police
Flagstaff Police	Parker Police
Florence Fire	Patagonia Marshals
Florence Police	Payson Fire
Fort Mojave Mesa Fire	Payson Police
Fountain Hill Marshals	Peoria Fire
Fredonia Marshals	Peoria Police
Fry Fire	Phoenix Fire
Gila County Sheriffs	Phoenix Police
Gila River Fire	Picture Rocks Fire District
Gila River Police	Pima County Attorney Investigators

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
PARTICIPATING EMPLOYERS**

Pima County Community College Police  
Pima County Sheriffs  
Pima Police  
Pinal County Sheriffs  
Pine-Strawberry Fire  
Pinetop Fire  
Pinetop-Lakeside Police  
Prescott Fire  
Prescott Police  
Prescott Valley Police  
Quartzsite Marshals  
Safford Police  
Sahuarita Police  
Salt River Pima-Maricopa Fire  
Salt River Pima-Maricopa Police  
San Luis Fire  
San Luis Police  
Santa Cruz County Deputies  
Scottsdale Police  
Sedona Fire District  
Sedona Police  
Showlow Fire  
Showlow Police  
Sierra Vista Fire  
Sierra Vista Police  
Snowflake Police  
Somerton Fire  
Somerton Police  
South Tucson Fire  
South Tucson Police  
Springerville Police  
St. Johns Police  
Sun City Fire District

Sun City West Fire District  
Sun Lakes Fire District  
Superior Police  
Surprise Fire  
Surprise Police  
Tempe Fire  
Tempe Police  
Thatcher Police  
Three Points Fire  
Timberline-Fernwood  
Tolleson Fire  
Tolleson Police  
Tombstone Police  
Tubac Fire District  
Tucson Airport Authority Fire  
Tucson Airport Authority Police  
Tucson Estates Fire  
Tucson Fire  
Tucson Police  
University of Arizona Campus Police  
Verde Rural Fire District  
Wellton Marshals  
Wickenburg Police  
Wilcox Police  
Williams Police  
Winslow Fire  
Winslow Police  
Yavapai County Attorney Investigators  
Yavapai County Sheriffs  
Youngtown Police  
Yuma County Sheriffs  
Yuma Fire  
Yuma Police

**STATE OF ARIZONA  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
SUMMARY OF GROWTH OF THE SYSTEM**

Listed below is a table setting forth the growth of the System in some of the major areas since it was started July 1, 1968.

<b>Fiscal Year</b>	<b>Total Assets at Book</b>	<b>Realized Earnings from Investments</b>	<b>Assumed Actuarial Yield</b>	<b>Net Effective Yield</b>	<b>Average Employer Cost</b>
1968-69	\$ 38,892,316	\$ 2,034,246	5.50%	5.93%	—
1969-70	\$ 45,368,608	\$ 2,199,532	5.50%	5.33%	14.49%
1970-71	\$ 53,436,024	\$ 2,762,000	5.50%	5.66%	15.28%
1971-72	\$ 65,047,747	\$ 4,242,551	5.50%	7.33%	15.58%
1972-73 <sup>1</sup>	\$ 84,362,537	\$ 5,297,962	5.50%	7.30%	22.13%
1973-74	\$ 107,645,740	\$ 7,505,558	5.50%	8.07%	21.62%
1974-75	\$ 135,240,197	\$ 9,206,170	5.50%	7.85%	20.79%
1975-76 <sup>2</sup>	\$ 166,054,317	\$ 11,453,347	6.50%	7.87%	20.24%
1976-77 <sup>2</sup>	\$ 198,469,142	\$ 13,563,347	6.50%	7.70%	16.37%
1977-78 <sup>2</sup>	\$ 234,790,742	\$ 16,463,161	6.50%	8.07%	15.34%
1978-79 <sup>2</sup>	\$ 276,477,938	\$ 20,545,314	7.00%	8.36%	15.62%
1979-80	\$ 323,768,207	\$ 26,648,270	7.50%	9.23%	13.46%
1980-81 <sup>2</sup>	\$ 380,187,981	\$ 33,507,824	7.50%	10.02%	12.28%
1981-82	\$ 446,521,727	\$ 42,444,841	8.50%	10.85%	11.86%
1982-83 <sup>3</sup>	\$ 519,164,091	\$ 50,436,554	8.50%	11.05%	10.61%
1983-84 <sup>2</sup>	\$ 599,947,817	\$ 57,911,781	9.00%	10.94%	10.10%
1984-85 <sup>2</sup>	\$ 693,159,911	\$ 72,204,630	9.00%	11.85%	9.16%
1985-86 <sup>2</sup>	\$ 816,881,983	\$ 103,855,044	9.00%	14.79%	7.87%
1986-87 <sup>2</sup>	\$ 930,734,209	\$ 91,102,340	9.00%	11.01%	7.67%
1987-88	\$ 1,048,036,360	\$ 99,543,634	9.00%	10.60%	6.67%
1988-89 <sup>3</sup>	\$ 1,172,200,963	\$ 106,249,997	9.00%	10.06%	7.18%
1989-90	\$ 1,305,872,179	\$ 123,320,968	9.00%	10.48%	6.72%
1990-91 <sup>3</sup>	\$ 1,448,675,091	\$ 134,468,900	9.00%	10.23%	7.01%
1991-92 <sup>4</sup>	\$ 1,616,623,400	\$ 158,382,801	9.00%	10.90%	8.10%
1992-93	\$ 1,793,717,029	\$ 173,241,734	9.00%	10.70%	8.73%
1993-94	\$ 1,959,179,925	\$ 167,558,270	9.00%	9.35%	8.16%
1994-95	\$ 2,148,732,676	\$ 199,847,113	9.00%	10.23%	7.66%
1995-96	\$ 2,367,494,985	\$ 226,292,201	9.00%	10.55%	7.85%
1996-97	\$ 2,615,893,843	\$ 261,392,961	9.00%	11.07%	8.11%
1997-98	\$ 2,894,319,707	\$ 305,281,778	9.00%	11.73%	6.36%
1998-99	\$ 3,512,950,451	\$ 652,015,871	9.00%	22.66%	5.82%
1999-00	\$ 3,845,046,198	\$ 383,638,465	9.00%	10.99%	5.29%
2000-01	\$ 4,014,033,477	\$ 229,978,521	9.00%	6.02%	5.21%

1. Plan was changed from 25 years and age 55 to 20 years at any age.

2. One-time cost-of-living adjustments for retired members and survivors, effective July 1 were included in this valuation. Future increases for retirees and their sur-vivors over age fifty-five are dependent upon excess earnings created by the Fund.

3. Significant benefit changes were enacted by the 1983 Legislature, the 1987 Legislature and the 1989 Legislature, respectively.

4. Employer contribution rate reflects the greatly-increased utilization of health insurance subsidies enacted by the 1988 and 1989 Legislature.

5. A detailed Schedule of Revenues by Source and Expenses by Type can be found in the Statistical Section.