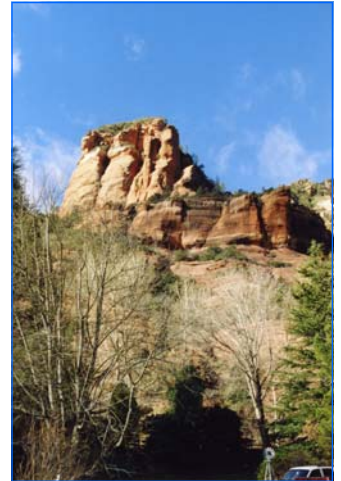


# PUBLIC SAFETY

## PERSONNEL RETIREMENT SYSTEM



### 41st COMPREHENSIVE ANNUAL FINANCIAL REPORT

#### A PENSION TRUST FUND OF THE STATE OF ARIZONA



FOR THE FISCAL YEAR ENDED JUNE 30, 2009

# Our Vision, Mission & Values

## VISION

- Invest, secure and manage responsibly the retirement funds of its members in accordance with all legal, investment and financial requirements and in a manner consistent with the quality to which its members have become accustomed.

## MISSION

- To be a low cost, highly personalized quality service provider of funds management and benefit services.
- To manage long-term investments with the goal of consistently outperforming over time the composite weighted market return benchmark net of all investment related costs so as to assure the financial integrity of the funds and the security of the benefits these funds provide.

## VALUES

- Do what is best for our members and financial health and integrity of the System.
- Be proactive.
- Committed to high quality, uniform, sustainable service.
- Innovative and cost effective in Plan administration and services.
- Use best practices in HR management.

# **Public Safety Personnel Retirement System**

A Pension Trust Fund of the State of Arizona

## **Forty-First Comprehensive Annual Financial Report**

For the Fiscal Year Ended  
June 30, 2009

Prepared by the Staff of PSPRS

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

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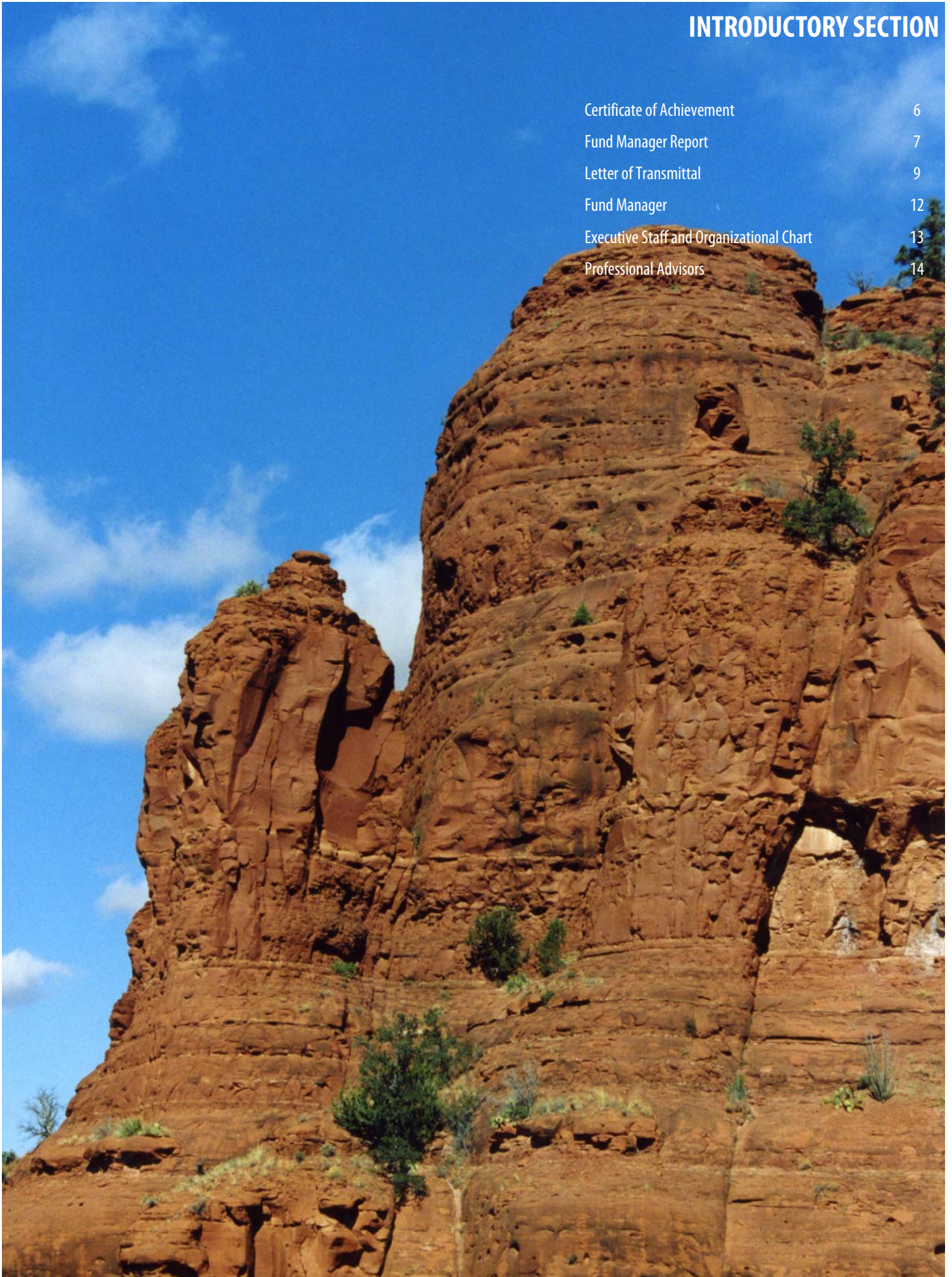
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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Arizona Public Safety Personnel Retirement System

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

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.



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director



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

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**Mike Galloway**

Fund Manager, Chairman

**Brian Tobin**

Fund Manager, Vice Chairman

**Timothy J. Dunne**

Fund Manager, Member

**Lori Roediger**

Fund Manager, Member

**Gregory Ferguson**

Fund Manager, Member

**James M. Hacking**

Administrator

**Ryan Parham**

Chief Investment Officer

**Tracey D. Peterson**

Assistant Administrator-COO

December 1, 2009

The Honorable Janice K Brewer  
Governor of the State of Arizona  
Executive Tower  
1700 W. Washington  
Phoenix, Arizona 85007

Dear Governor Brewer:

The Fund Manager (i.e., the System's governing Board) of the Public Safety Personnel Retirement System (PSPRS) respectfully submits the Forty-first Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009 (FY'09), in accordance with the provisions of A.R.S. Section 38-848.

#### **THE PSPRS PLAN'S FUNDING RATIO**

As of fiscal year-end, the financial status of the PSPRS, as reflected in its funding ratio, increased slightly from 66.5% at June 30, 2008 to 68.2% at June 30, 2009. This is the second year in which the Plan's funding status has improved; prior to that, the Plan had experienced six consecutive years of funding ratio erosion due to asset value losses and negative rates of return in FY'01 and FY'02.

The slight funding ratio improvement this fiscal year and last occurred despite the fact that the Plan had negative rates of return on its invested assets in both years. (For further information on the Plan's net assets and changes in net assets, please refer to the subsequent Management's Discussion and Analysis section of this Comprehensive Annual Financial Report (CAFR) which begins on page 18.)

Because PSPRS uses a seven year averaging process ("smoothing") to determine its fiscal year-end actuarial value of assets, only one-seventh of any fiscal year's investment gain or loss is reflected in that year's results. The remaining six-sevenths are rolled forward and reflected in the results over the next six fiscal years. That means that only one-seventh of the negative returns that the Plan experienced in FY'08 (-7.2%) and FY'09 (-17.7%) are reflected in the FY'09 results. The remainder of those investment losses will gradually and adversely affect the funding status of the Plan over the next several years.

If the PSPRS Plan's funding ratio were calculated using fiscal year-end market value, rather than actuarial value, of assets, the Plan's funded status would be only 47.9%, rather than 68.2%. Moving the funding ratio in a steadily upward direction over the next several years is clearly the principal challenge facing the Fund Manager and it is a challenge made all the more difficult because of the Plan's structural design which includes a "Reserve for Future Benefit Increases" that holds the assets that are used to fund the annual post-retirement benefit adjustment for eligible beneficiaries. Under the current statutory design, whenever the System generates an investment return in excess of 9%, one-half of that excess return is allocated to the Reserve; unfortunately, the assets of the Reserve are not counted in the calculation of the Plan's funding ratio, nor in the calculation of the employer contribution requirements.

#### **EMPLOYER CONTRIBUTION RATES**

When times were good and the PSPRS Plan was over-funded, the PSPRS employers' contribution rates were abnormally low. (Each employer has its own rate that reflects the benefit liability for its own covered group.) For example, early in the current decade the computed aggregate employer contribution was only 3.75% of payroll.

But as the Plan's funding ratio eroded, the employer contribution requirements rose in large year-over-year increments until FY'10 when the aggregate rate declined slightly from 21.72% to 20.77%. Based on the Plan's FY'09 results, the aggregate employer contribution rate is projected to increase slightly to 20.89%, effective July 1, 2010. Unfortunately, the employer rates for roughly 48% of the groups (about 111) covered by the Plan will reflect an increase relative to the current rate. However, the rate increase for 76 of these groups will only range from 1% to 3% of active member payroll.

As we move further into the new fiscal year, the Fund Manager and the System's Administrator will consult with representatives of the Plans' constituency groups and the contributing employers to determine whether a consensus exists with respect to any of a variety of options that could be employed to reduce what otherwise will be the employer contribution rates scheduled for next July 1<sup>st</sup>.

**FISCAL YEAR 2009 INVESTMENT RESULTS**

The FY'09 rate of investment return for the PSPRS Plan was -17.72%. As bad as that may be in an absolute sense, it was over 300 basis points better than the weighted composite rate of return benchmark for the Plan (-21.13%). In addition, on a "peer group" basis, the return was good enough to place the PSPRS Plan in the second quartile of the public funds included in the BNY Mellon universe of public funds.

Clearly, the FY'09 investment result was (and will be as that result is factored into the funding ratio/employer contribution rates over the next several years) very damaging to the financial status of the Plan. That the result might have been worse is some comfort. Nevertheless, it must be recognized that the investment result was solely attributable to the downturn in the financial markets, especially the equity and residential real estate markets. It was not the result of active decisions made by those responsible for the management of the Plan's assets.

Because the PSPRS Plan's actual rate of return was less than 9%, no new assets flowed into the Plan's Reserve for Future Benefit Increases. Even so, the Reserve's balance, after subtracting the nearly \$126 million cost of the post-retirement adjustment that took effect July 1, 2009, remained in excess of \$285.6 million. That should be more than enough to assure that a full adjustment will be paid to all eligible beneficiaries next July 1<sup>st</sup>.

**THE STRATEGY TO IMPROVE THE PLAN'S FUNDING RATIO AND DECREASE EMPLOYER CONTRIBUTION REQUIREMENTS**

To improve the Plan's funded status and reduce employer contribution rates, the System must generate, on a consistent basis, annual rates of return that meet or exceed the Plan's return expectations. In pursuit of that goal, PSPRS has been, for the last three fiscal years, going through a complete restructuring of the way in which the System manages and invests its assets with a view to dramatically increasing asset allocation diversification and diversification within asset classes.

To increase diversification, the Fund Manager has continued to reduce the Plan's exposure to, and over-weight reliance upon, equity investments while increasing its exposure to domestic and international real estate, private equity and other types of alternative investments such as Infrastructure, Commodities, Timber, and other types of Real Assets, as well as Credit Opportunity and Absolute Return strategies. Simultaneously, the Fund Manager has required that internally-managed, publicly traded securities be outsourced to external portfolio managers and index accounts.

As of the end of FY'09, the System has in place all of the structural elements necessary (i.e., investment staff, policies, consultant expertise, etc.) to attain the desired degree of diversification and thereby, in turn, attain with consistency the System's rate of return expectations.

Looking ahead, Fund Manager expects that:

- the investment staff and consultants will continue to source potential investment opportunities that will further the objective of diversification and better position the System for achieving with consistency its rate of return expectations;
- the effort to diversify the System's domestic and international Real Estate exposure will continue and good opportunities to reduce the System's excessive South-west U.S. residential and commercial real estate concentration will be pursued;
- the process of shifting internally-managed securities to external management will continue, concomitant with the effort to reduce the System's allocation to equities while increasing its exposure to Alternatives (that have low or negative correlations to equities) and bring the System's actual asset allocation in line with its asset class targets.

**CONCLUSION**

As members of the Fund Manager, we intend to continue our commitment to make the changes that are necessary to improve the financial status of the PSPRS Plan, moderate the required contributions of the Plan's participating employers and faithfully serve the interests of the Plan's participants and beneficiaries.

We appreciate having the opportunity to serve the State of Arizona, its political subdivisions and its PSPRS stakeholders and we look forward to continuing to serve as members of the Fund Manager for this System.

Respectfully submitted,

  
 \_\_\_\_\_  
**Mike Galloway**  
 Fund Manager, Chairman

  
 \_\_\_\_\_  
**Brian Tobin**  
 Fund Manager, Vice Chairman

  
 \_\_\_\_\_  
**Timothy J. Dunne**  
 Fund Manager, Member

  
 \_\_\_\_\_  
**Lori Roediger**  
 Fund Manager, Member

  
 \_\_\_\_\_  
**Gregory Ferguson**  
 Fund Manager, Member

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
CORRECTIONS OFFICER RETIREMENT PLAN  
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**Gregory Ferguson**

Fund Manager, Member

**James M. Hacking**

Administrator

**Ryan Parham**

Chief Investment Officer

**Tracey D. Peterson**

Assistant Administrator-COO

December 1, 2009

The Fund Manager

Public Safety Personnel Retirement System (PSPRS)

3010 E. Camelback Road, Suite 200

Phoenix, Arizona 85016

Fund Manager Members:

Here is the Forty-first Comprehensive Annual Financial Report (CAFR) of the operations and financial condition of the Arizona Public Safety Personnel Retirement System (PSPRS) Plan. This report is for the fiscal year ended June 30, 2009. The Plan was created on July 1, 1968 to provide a uniform statewide retirement system for public safety personnel. The System provides a normal retirement benefit following the completion of twenty years of service and also provides disability benefits, survivor benefits for spouses and children, post-retirement increases and health insurance subsidies.

Arizona Revised Statutes Title 38 requires the Fund Manager to transmit to the Governor and the Legislature this annual report within six months of the close of each fiscal year. Incorporated in this report are the audited financial statements, management's discussion and analysis, other financial data from the year ended June 30, 2009, and the independent auditor's report of Heinfeld, Meech & Co. P.C., Certified Public Accountants and auditors for the System. Also included are the actuarial certification statement and the actuarial balance sheet from the June 30, 2009 actuarial valuation prepared by the System's actuary, Gabriel, Roeder, Smith & Co (GRS).

### FINANCIAL INFORMATION REPORTING

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 have and maintain an effective system of accounting controls. We believe our 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 period of at least twenty but not more than thirty years.

### REVENUES

Revenues for the Plan are derived from four sources: member contributions, employer contributions, fire insurance premium tax revenues and realized and unrealized returns on the invested assets of the Plan. As shown by the Schedule of Revenues by Source included in the Statistical Section later in this report, the Plan had an investment loss of \$872.8 million this fiscal year. That more than offset the positive flow of revenue from member contributions of \$101.2 million, direct employer contributions of \$291.5 million, and insurance premium taxes of \$24.7 million. Please refer to the Statistical Section for a ten-year history of revenues and expenses.

### ADMINISTRATIVE AND INVESTMENT EXPENSES

The PSPRS Plan's FY'09 administrative and investment-related expenses totaled \$22.9 million, up from the \$10.1 million during the prior year. Administrative and investment expenses were approximately 56 basis points of the total assets managed. This is reasonable when compared with other public retirement systems. A dedicated staff and constantly improving internal expertise has enabled management to keep costs relatively low even though assets are being outsourced to external portfolio managers and even though service needs have escalated due to increasing numbers of participants and beneficiaries and the desire to provide consistent support to the PSPRS network of local boards that have important administrative functions to perform.

**INVESTMENTS**

The total rate of return on the PSPRS Plan assets for the fiscal year was -17.45% on a gross of fees basis (-17.73% on a net of fees basis). This negative return was the result of the sharp decline and volatility in the domestic and international equity and real estate markets. The Investment Section of this Report contains, among other things, graphs depicting the Plan's performance, a detailed summary of the investment portfolio, and commissions paid to investment professionals who provide services to PSPRS. All Plan investments were held in trust by BNY Mellon, the System's custodian bank.

**ENACTED LEGISLATION**

During FY'09 the State Legislature approved, and the Governor signed, an administrative bill that amends the statutes that govern the PSPRS Plan in order to bring the Plan's provisions into compliance with the requirements of the Internal Revenue Code and Regulations and with other relevant federal laws such as the Uniformed Services Employment and Reemployment Rights Act (USERRA) and the Heroes Earnings Assistance and Relief Tax Act (the "HEART Act").

**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 Plan.

The PSPRS Plan is funded through a statutory member contribution of 7.65% of gross payroll, an employer contribution that is expressed as a level percent of gross payroll and reset annually, depending on the results of the Plan's actuarial valuation, fire insurance premium tax revenues and the realized and unrealized returns on the invested assets of the Plan. The firefighter receive a percentage of the fire insurance premium tax revenues, which underwrites a portion of their employer contributions.

While each employer has a different contribution rate, depending on the liability for its group of participating employees, the current aggregate rate for the contributing employers is 20.77%. The aggregate rate that will take effect on July 1, 2010 will be 20.89%. This new aggregate rate, while slightly higher than the current rate, is not as high as originally anticipated, given that the System had a -17.7% rate of return on its invested assets during FY'09.

While there is no single all-encompassing test to measure a retirement system's funding progress and current status, the most commonly used measure is the ratio of the actuarial value of assets to actuarial accrued liability, often referred to as the "percent funded." The percent funded for the PSPRS Plan had been declining for six consecutive years through FY'07. At that point in time, the Plan's funding ratio was 66.4%. At June 30, 2008, the ratio was 66.5%. As of June 30, 2009, the funding ratio is 68.2%. However, if the funding ratio were calculated using FY'09 year-end market value of assets, rather than the actuarial value of assets, the PSPRS Plan's funding ratio would only be 47.90%. This means that the effects of the FY'09 -17.7% return will remain with us for the next several years and will adversely affect the Plan's financial status going forward. Hopefully, the System will experience better-than-expected rates of return in future years that will more than offset the negative FY'09 return.

**POST RETIREMENT BENEFIT INCREASES**

State law provides for an annual benefit increase for PSPRS Plan retirees (or their survivors) 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 limited to four percent of the average benefit being paid at the end of the prior fiscal year. A benefit increase schedule can be found in the Statistical Section of this CAFR.

These post retirement increases are funded from a portion of the investment returns in excess of 9%. These assets are accumulated in the PSPRS Plan's Reserve for Future Benefit Increases. These reserve assets are invested along with all other assets of the Plan. The Reserve balance, after subtracting the \$125.7 million needed to fund the present value of the July 1, 2009 post retirement increase, was \$285.61 million. Thus, despite the fact that no new assets flowed into the Reserve in FY'09 due to the System's negative rate of investment return, the Reserve balance remains substantial and should be sufficient to assure that another post-retirement adjustment at the statutory maximum will take effect on July 1, 2010.

**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 System for the PSPRS Plan's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. This was the eighteenth consecutive year that the Plan has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized CAFR. 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 FY'09 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 a certificate.

**NEW DEVELOPMENTS AND MANAGEMENT INITIATIVES**

During this past fiscal year, the PSPRS Fund Manager continued its strategic initiative that will change the way in which the Plan's assets are managed and invested. (See the Fund Manager's transmittal letter to the Governor that begins on page 7) In addition, there were other developments and initiatives that strengthened System governance, increased administrative efficiency and productivity or improved internal controls.



With respect to initiatives that strengthened System governance, the following are noteworthy:

- The System retained CORTEX Applied Research to conduct a complete review of the PSPRS Governance Policies; the Fund Manager approved the CORTEX recommended modifications. The System's normal practice is to have its Governance Policies reviewed in their entirety every three years.
- The System's staff, with the assistance of a consultant acting in the role of facilitator, undertook and completed before fiscal year-end a project designed to document all of the policies and procedures in use within the organization. There were well over 300 policies and procedures documented; these will now be subject to systematic audit by the System's new internal auditor and compliance officer in order to identify any deficiencies or weaknesses in our controls environment.
- The System conducted an RFP process to secure a new Investment Consultant and Retained Actuary to serve as advisors to the Fund Manager. New England Pension Consultants (NEPC) was retained for the Investment Consultant role; Gabriel, Roeder, Smith & Co. (GRS) was retained as the new actuary.
- The System initiated a comprehensive and multi-year effort to assure that the PRPRS local board network is properly structured and functioning so as to assure uniform administration of the statutory responsibilities delegated to the local boards. Staff and other resources were dedicated to this initiative. In addition, the System's outreach efforts to provide training and education to local board members were intensified through on-site visits, group meetings/consultations, the development of training modules which were made accessible through the PSPRS web site, and the publication of a monthly local board newsletter.
- Finally, the System's staff provided legal counsel with the inputs for the filing with the Internal Revenue Service of the documents necessary to begin the compliance review process for assuring the continuation of the tax qualified status of the PSPRS Plans. To the extent that "qualification defects" were identified in the process, legal counsel expects that these will be remedied through the IRS "Employee Plans Compliance Resolution System (EPCRS).

With respect to initiatives that increased administrative efficiency and productivity or improved internal controls, the following were noteworthy:

- The System hired two new key staff personnel -- a new internal auditor and compliance officer to add to the overall internal controls environment and a new Chief Investment Officer, who will provide the staff leadership to further diversify the System's asset deployments, shift internally managed portfolios of publicly traded securities to external investment management firms and reduce the System's allocations to equities while increasing its exposure to various types of "Alternative Investments."
- The System's multi-year document imaging (i.e., scanning) project moved forward with the expectation that it will be completed during the first half of System FY'10 at which time a new "Work Flow" project will be initiated in accordance with the current Strategic Plan. The new Work Flow project is expected to increase efficiency and productivity by eliminating redundancy and duplication of effort and by making documents and records readily available to staff.
- The PSPRS IT Departments initiated a business continuity and disaster recovery project that is expected to provide the System with comprehensive and redundant data base and network back-up and data storage capacities. PSPRS now has an off-site Data Back-up and Disaster Recovery facility located in Denver, Colorado.
- Finally, the System's IT Program Development Unit implemented an "online" system for the receipt of contributions from participating employers and the IT Network and Communications Unit deployed several new network servers and migrated others to the System's VMWare virtual environment.

### NEW INITIATIVES FOR SYSTEM FISCAL YEAR 2010

As we have moved through the first four months of the new fiscal year (FY'10), some new initiatives have been completed; others are underway; and still others are planned.

- The System's IT Program Development Department plans to create the capability for participants to apply for benefits electronically through their local board. The Department will also continue its efforts to automate all forms of benefit payments via ACH transfers and bank-issued Debit Cards.
- The Disaster Recovery/Business Continuity Plan will be finalized and a full disaster recovery test will be conducted.
- The System will pursue legislation to clarify and up-date the statutes governing the PSPRS Plan to eliminate ambiguities and assure that administrative practice conforms with statutory requirements.
- PSPRS local board training and support will continue to be a key focus of the new entity within the System's Member Services Division.
- Finally, internal audits of all essential processes will be undertaken in order to identify and remedy any deficiencies in the PSPRS controls environment.

### SUMMARY

This PSPRS CAFR is a product of the collective efforts of the staff, under the direction of the System's Fund Manager. It is intended to provide complete and reliable information that will facilitate the management decision process and it serves as a means for determining compliance with the System's governance and investment policies and legal requirements. Copies of this report are provided to the Governor, State Auditor, Legislature and all our member constituency groups. We hope all recipients of this report find it informative and useful.

I would like to take this opportunity to express my gratitude to the members of the Fund Manager, the staff, the System's advisors, and all others who have worked so diligently to assure the continued successful operation of the System. I look forward to the challenge of moving the System forward with a program of constructive and comprehensive change that will maintain high quality customer service and restore the PSPRS Plan to a path of improving financial status.

Respectfully submitted,



James M. Hacking  
Administrator

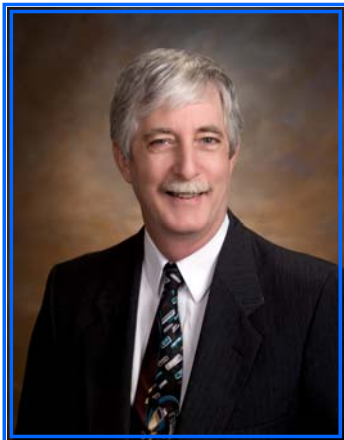
**FUND MANAGER**  
(AS OF JUNE 30, 2009)



**Carter Olson**  
Chairman



**Mike Galloway**  
Vice Chairman



**Tim Dunne**  
Member



**Lori Roediger**  
Member



**Brian Tobin**  
Member

EXECUTIVE STAFF AND ORGANIZATIONAL CHART



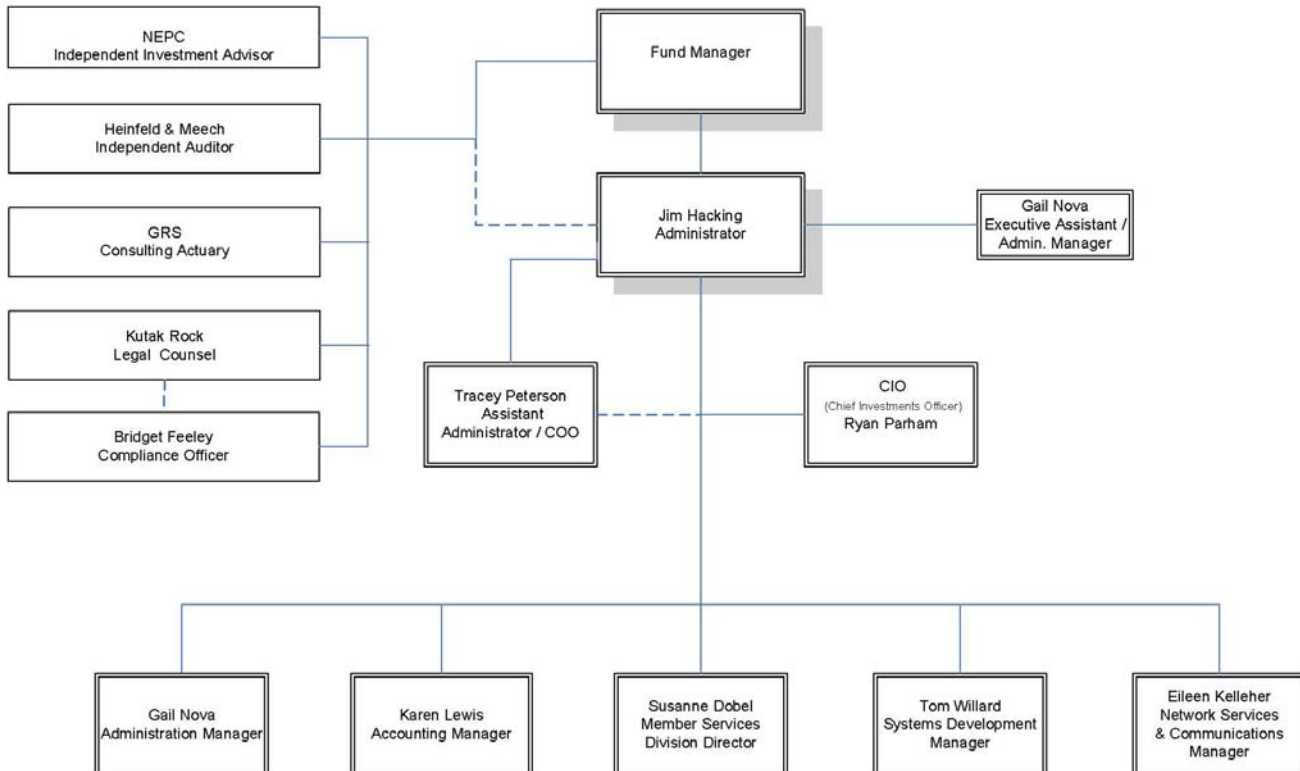
**Ryan Parham**  
Chief Investment Officer



**James M. Hacking**  
Administrator



**Tracey D. Peterson**  
Assistant Administrator  
Chief Operations Officer



**PROFESSIONAL ADVISORS**

Albourne America, LLC

Bank of New York Mellon

Cortex Applied Research, Inc.

Gabriel, Roeder, Smith & Company

Heinfeld Meech & Co., P.C.

HighGround, Inc.

Kutak Rock, LLP

McLagan Partners, Inc.

MidOcean Partners

NEPC, LLC

Public Policy Partners

ORG Portfolio Management, LLC

Step Stone Group, LLC

International Alternative Investment Consultant

Custodian

Governance Advisor

Actuary

Independent Auditors

Legislative Liaison

General Counsel

Human Resource Consultant

Legal Counsel

Independent Investment Advisor

Legislative Liaison

Real Estate Consultant

Alternative Investment Consultant

A schedule of Administrative Consultant fees may be found in the Financial Section. A schedule of Investment Consultant fees, Brokerage Commissions and Research Expense may be found in the Investment Section.



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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying Statement of Plan Net Assets of the Public Safety Personnel Retirement System (PSPRS) as of and for the year ended June 30, 2009, and the related Statement of Changes in Plan Net Assets for the year then ended. These basic financial statements are the responsibility of PSPRS's management. Our responsibility is to express an opinion on these financial statements based on our audit. The comparative totals as of and for the year ended June 30, 2008, presented in the basic financial statements are included for additional analysis only. Our audit report dated December 10, 2008, expressed an unqualified opinion on those statements; however, we have not performed any auditing procedures on this information since the date of our report.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the Public Safety Personnel Retirement System, as of June 30, 2009, and the changes in net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2009, on our consideration of the Public Safety Personnel Retirement System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 18 through 21 and the Schedule of Funding Progress and Schedule of Employer Contributions on pages 35 and 36 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise PSPRS's basic financial statements. The Introductory Section, Supporting Schedules, Other Supplemental Information, Investment Section, Actuarial Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supporting Schedules, as listed in the table of contents under the Financial Section, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section, Other Supplemental Information of the Financial Section, Investment Section, Actuarial Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Heinfeld, Meech & Co., P.C.*

HEINFELD, MEECH & CO., P.C.  
Certified Public Accountants

December 1, 2009

## PSPRS MANAGEMENT DISCUSSION & ANALYSIS

The Public Safety Personnel Retirement System's discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the System's financial activity, identify changes in the System's financial position and identify any issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, it is intended to be read in conjunction with the Transmittal Letter, Financial Statements and Notes to the Financial Statements.

## FINANCIAL HIGHLIGHTS

Key financial highlights for 2009 are as follows:

- The Public Safety Personnel Retirement System (PSPRS) had a total rate of return of -17.73% this year. Our equity portfolio had a return of -21.84%, which outperformed the equity benchmark by 538 basis points. Our fixed income portfolio had a return of -1.62%, which underperformed the fixed income benchmark by 682 basis points.
- As of the close of the fiscal year 2009, the Future Benefit Increase Reserve was \$285.6 million. This will enable another post-retirement adjustment of \$146.74 for qualifying retirees or their survivors for the twenty-fourth consecutive year.
- Retirement benefits paid totaled \$456.4 million for the current year, compared to \$430.1 for the previous year. This represents a 6.14% increase from the prior year. Although the number of DROP participants retiring this year decreased from fiscal year 2008; normal, survivor, and disability retirement benefits paid increased by \$33.0 million.

## OVERVIEW OF THE FINANCIAL STATEMENTS

*Using this Comprehensive Annual Financial Report (CAFR)*

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

*The Statement of Plan Net Assets and The Statement of Changes in Plan Net Assets*

These statements include all assets and liabilities of the System using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies.

These two statements report the System's net assets and changes in them. Net assets are the difference between assets and liabilities, one way to measure the financial health, or financial position. Over time, increases or decreases in the net assets are one indicator of the financial health of the Plan.

*Notes to the Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found immediately following The Statement of Plan Net Assets and The Statement of Changes in Plan Net Assets.

*Required Supplemental Information*

The basic financial statements are followed by a section of required supplemental information. This section includes the Schedule of Funding Progress and the Schedule of Employer Contributions.

*The Schedule of Funding Progress*

Shows the ratio of assets as a percentage of the actuarial accrued liability (funding ratio) and the ratio of unfunded actuarial accrued liabilities to member payroll. The trend in these two ratios provides information about the **financial strength** of the System. Improvement is indicated when the funding ratio is increasing and the ratio of the unfunded actuarial accrued liability to payroll is decreasing.

*The Schedule of Employer Contributions*

Shows the Annual Required Contributions by fiscal year. The purpose of this schedule is to provide information about the required contributions of the employers and the extent to which those contributions are being made. The information should assist users in understanding the changes and possible reasons for the changes in the Plan's funding status over time.

*Supporting Schedules and Other Supplemental Information*

The Supporting Schedules and Other Supplemental Information Section includes the Supporting Schedule of Changes in Fund Balance Reserves, Supporting Schedule of Administrative Expenses and Payments to Consultants, the Supplemental Schedule of Cash Receipts and Cash Disbursements and the Agency Fund Statement of Changes in Assets and Liabilities (see Note 7). The total columns and information provided on these schedules carry forward to the applicable financial statement.

## FINANCIAL ANALYSIS OF THE SYSTEM

Comparative Statements are included to provide additional analysis of the changes noted on those schedules.



## SUMMARY COMPARATIVE STATEMENTS OF PLAN NET ASSETS

	As of 06/30/2009	As of 06/30/2008	Change	% Change
Cash and Short-Term Investments	\$ 73,792,458	\$ 95,337,425	\$ (21,544,967)	(22.60%)
Total Receivables	25,983,713	129,520,831	(103,537,118)	(79.94%)
Total Investments	4,021,324,149	4,846,482,420	(825,158,271)	(17.03%)
Securities Lending Collateral	632,722,191	1,028,901,529	(396,179,338)	(38.51%)
Net Capital Assets	3,943,081	4,162,362	(219,281)	(5.27%)
<b>Total Plan Assets</b>	<b>4,757,765,592</b>	<b>6,104,404,567</b>	<b>(1,346,638,975)</b>	<b>(22.06%)</b>
Accrued Accounts Payable	650,069	1,059,500	(409,431)	(38.64%)
Investment Purchases Payable	8,692,210	55,162,840	(46,470,630)	(84.24%)
Securities Lending Collateral	632,722,191	1,028,901,529	(396,179,338)	(38.51%)
<b>Total Plan Liabilities</b>	<b>642,064,470</b>	<b>1,085,123,869</b>	<b>(443,059,399)</b>	<b>(40.83%)</b>
<b>Net Assets</b>	<b>\$ 4,115,701,122</b>	<b>\$ 5,019,280,698</b>	<b>\$ (903,579,576)</b>	<b>(18.00%)</b>

The total plan net assets held in trust for benefits at June 30, 2009 were \$4.1 billion, an 18.00% decrease from \$5.0 billion at June 30, 2008. The decrease in net assets is primarily due to a downturn in the financial markets during the fiscal year as evidenced by PSPRS' negative investment return of -17.73%. The decrease in cash and receivables is attributable to normal fluctuations in investment income receivables during the year. PSPRS is fully deploying cash in other investments vehicles like exchange traded funds, equities, fixed income and private equity. Detailed information regarding the System's investment portfolio is included in the investment section of this report. The decrease in security lending collateral is due to normal fluctuations in the lending program as well as an increase in exposure to other alternative investments. The investment of the collateral fluctuated in a similar manner.

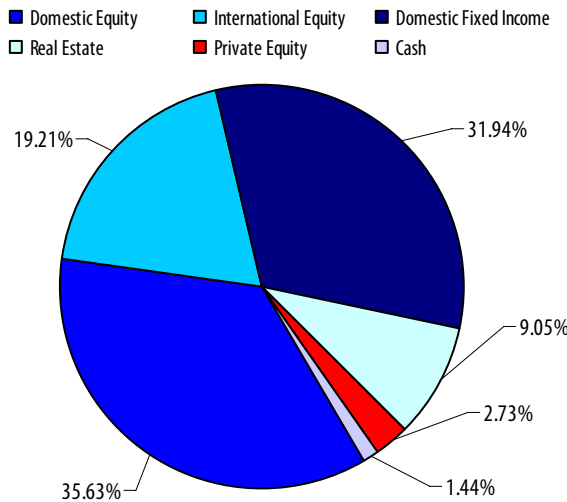
## SUMMARY COMPARATIVE STATEMENTS OF CHANGES IN PLAN NET ASSETS

	2009	2008	Change	% Change
<b>ADDITIONS</b>				
Total Contributions	\$ 425,031,518	\$ 328,372,566	\$ 96,658,952	29.44%
Net Investment Income (Loss)	(872,798,642)	(411,505,523)	(461,293,119)	(112.10%)
Transfers and Service Purchases	584,336	1,696,455	(1,112,120)	(65.56%)
<b>Total Additions (Reductions)</b>	<b>(447,182,788)</b>	<b>(81,436,502)</b>	<b>(365,746,286)</b>	<b>(449.12%)</b>
<b>DEDUCTIONS</b>				
Benefits	444,352,210	418,385,315	25,966,895	6.20%
Service Transfers and Refunds	7,692,371	8,029,317	(336,946)	(4.19%)
Administrative Expenses	4,352,207	4,661,876	(309,670)	(6.64%)
<b>Total Deductions</b>	<b>456,396,788</b>	<b>431,076,508</b>	<b>25,320,278</b>	<b>5.87%</b>
<b>Net (Decrease) Increase</b>	<b>(903,579,576)</b>	<b>(512,513,010)</b>	<b>(391,066,566)</b>	<b>(76.30%)</b>
<b>Balance Beginning of Year - July 1</b>	<b>5,019,280,698</b>	<b>5,531,793,708</b>	<b>(512,513,010)</b>	<b>(9.26%)</b>
<b>Balance End of Year - June 30</b>	<b>\$ 4,115,701,122</b>	<b>\$ 5,019,280,698</b>	<b>\$ (903,579,576)</b>	<b>(18.00%)</b>

## FINANCIAL SECTION

Employer and employee contributions increased \$96.7 million due to an increase in the employer contribution rates from 16.52% to 21.71%. The fund manager adopted a number of actuarial changes in 2006 that included extending the period over which unfunded liabilities could be amortized from 20 to 30 years, reducing the salary growth assumption from 6% to 5% and changing the method for calculating the accrued liability from entry age normal method to the projected unit credit method. The combination of these actuarial assumption changes resulted in a slight increase of the employer contribution rate for FY 2007. For FY 2009, PSPRS recognized a net investment loss of \$872.8 million which compares to a \$411.5 million loss in the previous year. This 112.10% decrease was due to the negative returns in the financial markets during the fiscal year. Deductions from the PSPRS net assets held in trust for benefits consist primarily of pension, disability, survivor benefits, member refunds and administrative expenses. For FY 2009 these deductions totaled \$456.4 million, an increase of 5.87% from the \$431.1 million paid during FY 2008.

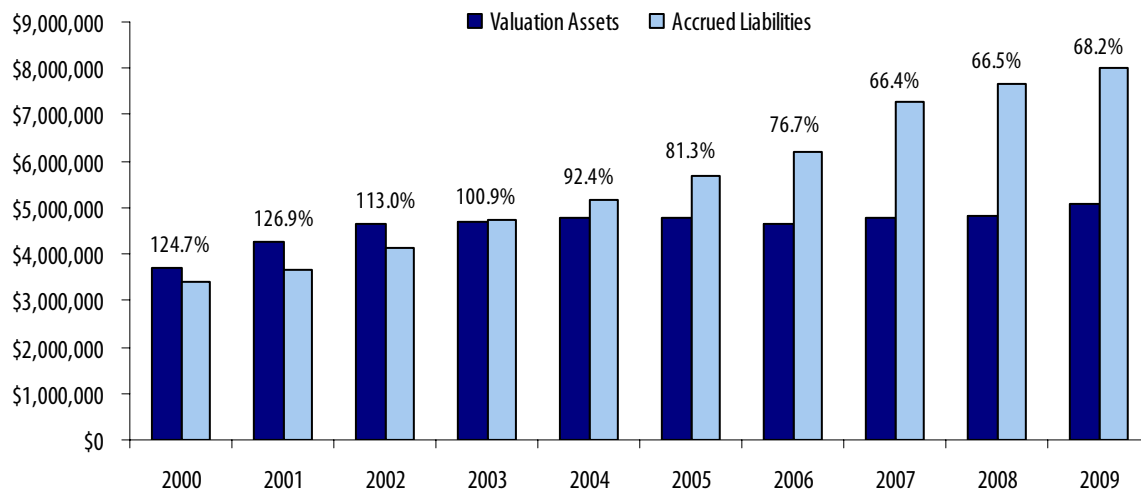
## INVESTMENT ACTIVITIES



During FY 2007 and continuing into FY 2008 and FY 2009, the fund manager adopted a more diversified asset allocation policy and began an asset management restructuring. However, due to the market downturn, the investment total rate of return was -17.73% for the past fiscal year. At June 30, 2009, PSPRS held \$2.2 billion in equities. The FY 2009 rate of return for PSPRS equities was -21.84% versus a benchmark rate of return of -27.22%. At June 30, 2009, PSPRS held \$1.3 billion in fixed income securities. The FY 2009 rate of return for PSPRS fixed income securities was -1.62% versus a benchmark rate of return of 5.20%. The benchmarks for both equities and fixed income securities are representative of the returns that could be expected in a similar investing environment. More detailed information regarding the System's investment portfolio can be found in the investment section of this report. Additionally, a more thorough discussion of the diversification of the asset allocation policy can be found in the Introductory Section of this report in the transmittal letter.

PSPRS earns additional income by lending investment securities to brokers. This was done on a pooled basis by our custodial banks, Wells Fargo (July through September 2008) and Mellon Bank (October 2008 through June 2009). The brokers provide collateral and generally use the borrowed securities to cover short trades and failed trades.

## HISTORICAL TRENDS



Accounting standards require that the “Statement of Plan Assets” reflect investment asset values at fair market value and include only benefits and refunds due to plan members and beneficiaries and accrued investment and administrative expenses as of the reporting date. Information regarding the actuarial funding status of the plan is provided in the “Schedule of Funding Progress.” The asset value stated in the “Schedule of Funding Progress” is the actuarial value of assets as determined by calculating the ratio of the market value to book value of assets and the actuarial gains/losses smoothed over a seven year period. Actuarial valuations of the PSPRS assets and benefit obligations for the retirement plan are performed annually. The most recent actuarial valuation available is as of June 30, 2009.

At June 30, 2009, the total funded status of the PSPRS increased to 68.2% from 66.5% at FYE 2008. This slight increase in funded status is related primarily to the removal of investment losses from fiscal year 2002 dropping out of the seven year smoothing period. A more detailed discussion of the funding status can be found in the Administrator’s Letter of Transmittal in the Introductory Section of this report.

### IMPLEMENTATION OF GASB 43 AND GASB 45

Historically, the contributions, pension benefits, including the health insurance premium subsidy payments, actuarial accrued liabilities and the funded ratio were reported by the system as a single, combined pension benefit. However, beginning in FY ’07, the system was required to implement Government Accounting Standards Board (GASB) Statement No. 43. This statement requires that the system separately report the assets and liabilities associated with the health insurance premium subsidy by discretely presenting the assets and the liabilities separately from the retirement plan.

The System is not statutorily authorized to separately account for the assets, income and/or benefit payments of a supplemental health care benefit. Additionally, the System does not administer the health insurance premium subsidy through a separate health care plan as defined by the Internal Revenue Code §401 (h). As mentioned earlier, the System has always recognized, reported and funded the actuarial accrued liability for the health insurance premium benefit as another form of postemployment benefit, similar to the disability benefit. Assets and liabilities are not discretely presented for the disability benefits or any other benefits provided under the plan.

The characteristics of the plan have resulted in unique and unusual reporting of the benefit under the requirements of GASB Statement No. 43. Complying with this statement has resulted in the following changes to the financial statements and actuarial disclosures for the System’s pension benefits:

- Contributions and benefits paid totaling \$12,214,037 for the health insurance premium subsidy are not reported on the Statement of Changes in Plan Net Assets with the financial information for the retirement plan. This information is reported separately as an “Agency Fund” (unaudited) and can be found in the Statement of Changes in Assets & Liabilities in the Other Supplemental Information section included in the Financial Section of the report.
- The Schedule of Funding Progress does not include the liability for the health insurance premium subsidy. This will increase the System’s funded ratio. The funded ratio without the health insurance premium subsidy liability is calculated as 70.0%. If the liability associated with the health insurance premium subsidy were to be included, the funded ratio is calculated as 68.2%.
- The Schedule of Employer Contributions includes the annual required employer contributions for the retirement plan plus the difference between the annual required contributions calculated for the health insurance premium subsidy and the benefits paid. For FY ’09, this amounted to a difference of \$9,869,986 added back to the employer contributions, which gives the “appearance” that the contributions for the retirement plan were over funded and the contributions for the health insurance premium subsidy were under funded. If a portion of the system assets were allocated to both the retirement and health insurance subsidy benefits, the percentage contributed for both benefits would be 100% funded.
- Beginning FY’08, the participating employer groups implemented GASB Statement No. 45. This statement required the participating employers to report the liabilities associated with the health insurance premium subsidy as well as any other supplemental healthcare benefits provided to the retiree under the healthcare plans that they administer (sponsor).

The management of the System maintains that the reporting described above has limitations and decreases the reporting transparency of the health insurance premium subsidy. Management will continue to evaluate options to enhance the reporting of the health insurance premium subsidy benefit payments, employer contributions, and actuarial required disclosures.

### REQUEST FOR INFORMATION

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

**STATEMENT OF PLAN NET ASSETS**

JUNE 30, 2009 WITH COMPARATIVE TOTALS FOR 2008

	2009	2008
<b>ASSETS</b>		
Cash and Short-Term Investments	\$ 73,792,458	\$ 95,337,425
<b>RECEIVABLES</b>		
Member Contributions	3,793,528	3,700,520
Employer Contributions	12,250,237	9,199,924
Interest and Dividends	7,078,372	18,455,657
Investment Sales	-	95,956,562
Other	2,861,576	2,208,168
<b>Total Receivables</b>	<b>25,983,713</b>	<b>129,520,831</b>
<b>INVESTMENTS AT FAIR VALUE</b> (NOTES 2 AND 3)		
U.S. Government Securities	202,696,693	654,258,841
Corporate Bonds	1,052,903,055	591,085,892
Corporate Stocks	2,242,153,290	3,285,911,012
Alternative Investments	523,571,111	315,226,675
<b>Total Investments</b>	<b>4,021,324,149</b>	<b>4,846,482,420</b>
Securities Lending Collateral	632,722,191	1,028,901,529
<b>CAPITAL ASSETS</b> (NOTE 4)		
Land	495,434	495,434
Building	3,504,604	3,504,604
Furniture, Fixtures & Equipment	787,707	775,573
<b>Total Capital Assets</b>	<b>4,787,745</b>	<b>4,775,611</b>
Accumulated Depreciation	(844,664)	(613,249)
<b>Net Capital Assets</b>	<b>3,943,081</b>	<b>4,162,362</b>
<b>TOTAL PLAN ASSETS</b>	<b>4,757,765,592</b>	<b>6,104,404,567</b>
<b>LIABILITIES</b>		
Accrued Accounts Payable	650,069	1,059,500
Investment Purchases Payable	8,692,210	55,162,840
Securities Lending Collateral	632,722,191	1,028,901,529
<b>Total Plan Liabilities</b>	<b>642,064,470</b>	<b>1,085,123,869</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<b>\$ 4,115,701,122</b>	<b>\$ 5,019,280,698</b>
<b>NET ASSET RESERVES</b>		
Refundable Members' Reserve	853,566,631	789,565,692
Employers' Reserve	2,976,520,774	3,729,763,733
Future Benefit Increase Reserve	285,613,717	499,951,273
<b>Total Net Asset Reserves</b>	<b>\$ 4,115,701,122</b>	<b>\$ 5,019,280,698</b>

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



**STATEMENT OF CHANGES IN PLAN NET ASSETS**  
FOR THE YEAR ENDED JUNE 30, 2009 WITH COMPARATIVE TOTALS FOR 2008

	2009	2008
<b>ADDITIONS (REDUCTIONS)</b>		
Contributions		
Members' Contributions (NOTES 2,5)	\$ 101,183,586	\$ 97,156,897
Employers' Contributions (NOTES 2,5)	316,222,272	221,732,592
Members' Service Purchase	7,625,660	9,483,077
<b>Total Contributions</b>	<b>425,031,518</b>	<b>328,372,566</b>
<b>INVESTMENT INCOME</b>		
Net Appreciation (Depreciation) in Fair Value of Investments (NOTES 2,3)	(991,712,611)	(582,952,695)
Interest	46,718,706	90,973,868
Dividends	82,687,046	80,380,182
Security Lending Activities (NOTE 3)		
Securities Lending Income	12,445,737	38,078,219
Borrower Rebates	(3,001,417)	(31,381,965)
Agents Share of Income	(1,416,624)	(1,118,383)
<b>Net Securities Lending Income</b>	<b>8,027,696</b>	<b>5,577,871</b>
<b>Total Investment Income (Loss)</b>	<b>(854,279,163)</b>	<b>(406,020,774)</b>
Less Investment Expense	(18,519,479)	(5,484,749)
<b>Net Investment Income (Loss)</b>	<b>(872,798,642)</b>	<b>(411,505,523)</b>
Transfers Into System & Service Purchases	584,336	1,696,455
<b>Total Additions (Reductions)</b>	<b>(447,182,788)</b>	<b>(81,436,502)</b>
<b>DEDUCTIONS</b>		
Pension Benefits (NOTE 2)	353,483,943	320,477,664
DROP Benefits (NOTE 2)	90,868,267	97,907,651
Refunds To Terminated Members (NOTE 2)	7,643,202	7,884,695
Administrative Expenses	4,352,207	4,661,876
Transfers To Other Plans	49,169	144,622
<b>Total Deductions</b>	<b>456,396,788</b>	<b>431,076,508</b>
<b>NET INCREASE (DECREASE)</b>	<b>(903,579,576)</b>	<b>(512,513,010)</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>		
Beginning of Year, July 1	5,019,280,698	5,531,793,708
<b>End of Year, June 30</b>	<b>\$ 4,115,701,122</b>	<b>\$ 5,019,280,698</b>

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

**PSPRS NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1: PLAN DESCRIPTION**

**ORGANIZATION**

The Public Safety Personnel Retirement System (PSPRS), a pension trust fund of the State of Arizona, is a cost sharing multiple-employer public employee retirement plan 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 Fund Manager and 233 local boards jointly administer the System.

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 Plan’s assets, setting employer contribution rates in accordance with an actuarial study, adopting a budget, hiring personnel to administer the Plan, setting up records, setting up accounts for each member, paying benefits and the general protection and administration of the System. Senate Bill 1378, which was enacted August 12, 2005, requires substantial investment experience for the member of the Fund Manager that represents the state as an employer and the public member of the Fund Manager.

Each eligible group participating in the System has a five-member local board. The chief elected official of the organization appoints three members 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, the timing of benefit payments, and the amount of benefits for its eligible group of employees. The various governing bodies pay all costs associated with the administration of the local boards.

The addition or deletion of eligible groups does not require the approval of the other participating employers. The Fund Manager approves new eligible groups for participation. The PSPRS is not reported as a component unit of any other 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, 2009 and 2008, the number of participating local government employer groups was:

<b>GROUP</b>	<b>2009</b>	<b>2008</b>
Municipalities	143	142
County Agencies	21	21
State Agencies	10	10
Special Districts	59	56
<b>Total Employers</b>	<b>233</b>	<b>229</b>

Any state, county or city in the State of Arizona may elect to have its paid, full-time eligible employees (generally, firefighters and police officers in hazardous duty positions) covered by PSPRS. At June 30, 2009 and 2008, statewide PSPRS membership consisted of:

<b>MEMEBERSHIP TYPE</b>	<b>RETIREMENT PLAN</b>		<b>INSURANCE SUBSIDY</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Retirees	8,609	8,241	5,106	5,453
Terminated Vested	1,145	213	0	0
DROP	1,044	1,181	0	0
Current Vested	12,684	12,283	0	0
Current Non-Vested	7,183	7,629	0	0
<b>Total Members</b>	<b>30,665</b>	<b>29,547</b>	<b>5,106</b>	<b>5,453</b>

PSPRS provides retirement benefits as well as death and disability benefits. Generally, all benefits vest after five years of credited service.

A summary of benefit 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. §38-842.23)**

Full-time paid firefighters, whose customary employment is at least 40 hours per week, 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, whose customary employment is at least 40 hours per week, of a participating employer who is or was regularly assigned to hazardous duty of the type normally expected of a certified peace officer.

**CONTRIBUTIONS (A.R.S. §38-843)**

Each member shall contribute 7.65% of compensation to the system on a pre-tax basis by payroll deduction. Each employer shall contribute a level percent of compensation as determined by actuarial valuation to ensure proper funding for the system. Beginning July 1, 2006, the minimum employer contribution rate shall not be less than 8% of compensation. For any employer whose actual contribution rate is less than 8% of compensation for fiscal year 2006-2007, that employer's contribution rate is not subject to the 8% minimum but, for fiscal year 2006-2007 and each year thereafter, shall be at least 5% and not more than the employer's actual contribution rate.

**CREDITED SERVICE (A.R.S. §38-842.12)**

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 BENEFIT COMPENSATION (A.R.S. §38-842.7)**

One thirty-sixth of total compensation paid a member during the highest three consecutive years out of the last 20 years of credited service.

**COMPENSATION (A.R.S. §38-842.11)**

For purposes of computing retirement benefits, base salary, overtime pay, shift differential pay, military differential wage pay, and holiday pay paid to an employee by the employer 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 payment for any fringe benefits. In addition, effective November 24, 2009, compensation does not include, for the purpose of computing retirement benefits, payments made directly or indirectly by the employer to the employee for work performed for a third party on a contracted basis or any other type of agreement under which the third party pays or reimburses the employer for the work performed by the employee for that third party, except for third party contracts between public agencies for law enforcement, training, wildfire and emergency management activities. For the purposes of this paragraph, "base salary" means the amount of compensation each employee is regularly paid for personal services rendered to an employer before the addition of any extra monies, including overtime pay, shift differential pay, holiday pay, longevity pay, fringe benefit pay and similar extra payments.

**NORMAL RETIREMENT DATE (A.R.S. §38-842.32)**

First day of month immediately following termination of employment and one of the following: (1) completion of 20 years of service, or (2) following 62<sup>nd</sup> birthday and completion of 15 years of service.

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

- For retirement with 20 years of credited service but less than 25 years of credited service, 50% of average monthly compensation for the first 20 years of credited service, plus 2% of average monthly compensation for each year of credited service between 20 and 25. (A.R.S. §38-845.A.2)
- For retirement with 20 years of service, but less than 20 years of credited service, the pension is reduced by a rate of 4% per year for each year of credited service under 20 years. (A.R.S. §38-845.A.1)
- For retirement with 25 or more years of credited service, 50% of average monthly compensation for the first 20 years of credited service, plus 2-1/2% of average monthly compensation for each year of credited service above 20 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)**

A member with 20 or more years of credited service under the System may enter into the 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 8.5% annually, but 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.

## FINANCIAL SECTION

### REVERSE DROP (A.R.S. §38-844.10)

A member with 20 or more years of credited service under the System, who has not elected to participate in the DROP, may elect to participate in the Reverse DROP. Under the Reverse DROP, the member must voluntarily and irrevocably elect to terminate employment and receive a normal retirement upon participation in the Reverse DROP. The member elects a "Reverse DROP Date" that is the first day of the month immediately following completion of 20 years of credited service or a date not more than 60 consecutive months before the date the member elects to participate in the Reverse DROP, whichever is later. The member's pension will be calculated using the factors of credited service and average monthly benefit compensation in effect on the Reverse DROP Date. In addition, a lump sum distribution reflecting an amount that is credited as though accrued monthly from the Reverse DROP Date to the date the member elected to participate in the Reverse DROP is paid out. This amount is credited with an interest rate of 3.5% annually, as opposed to the current DROP interest rate of 8.5%, and can either be paid to the member or paid to an eligible retirement plan or individual retirement account. Neither the member, nor the employer, is entitled to a refund of contributions made between the Reverse DROP Date and the date the member elects to participate in the Reverse DROP.

### DEFERRED RETIREMENT (A.R.S. §38-846.01)

A member with at least 10 years of credited service, who terminates employment, may elect to leave their contributions in the System and receive a deferred annuity, commencing at age 62. A deferred annuity is a lifetime monthly payment, based on twice the amount of the member's contributions in the system plus an equal amount paid by the employer. Under this option, there is no survivor benefit payable. The annuity is not a retirement benefit and annuitants are not entitled to receive any amount prescribed by section 38-845, subsection F, or section 38-846, 38-856 or 38-857. The benefit is forfeited if the member elects a refund of their contributions.

### LOCAL BOARD PROCEDURES (A.R.S. §38-847)

Unless agreed otherwise by both parties, the local board has 90 days to conduct a hearing when a matter is presented to the board for determination. If the local board does not conduct a hearing within 90 days, the matter is deemed granted and approved subject to a request for rehearing by the Fund Manager.

The employer shall pay all fees of the local board. Legal counsel of the local board shall be independent of the employer and employees.

If the local board has not yet adopted rules of procedure for adjudication of a claim or dispute, the local board shall adopt and use model rules provided by the Fund Manager on the PSPRS web site.

### ACCIDENTAL DISABILITY RETIREMENT (SERVICE CONNECTED) (A.R.S. §38-842.1, A.R.S. §38-845.B; 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.

### CATASTROPHIC DISABILITY RETIREMENT (SERVICE CONNECTED) (A.R.S. §38-842.8, A.R.S. §38-845.E, A.R.S. §38-844.C and F)

Physical, and not a psychological, condition incurred in performance of duty, which totally and permanently prevents engaging in any gainful employment. No credited service requirement. The pension is 90% of average monthly compensation for first 60 months, then reduced to either 62.5% of average monthly compensation or normal pension amount, whichever is greater.

### ORDINARY DISABILITY (NOT SERVICE CONNECTED) (A.R.S. §38-842.34, A.R.S. §38-845.C, A.R.S. §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 a percentage of normal retirement. The percentage is computed based on the employee's years of credited service divided by 20.

### OFFSET OF ORDINARY DISABILITY PENSION (A.R.S. §38-844.H)

Before the member's normal retirement date, an 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.J; A.R.S. §38-842.46)

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 12 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:* Four-fifths (80%) of the pension the deceased active member would have been paid for accidental disability retirement, or in the case of retired member, four-fifths (80%) 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 deceased member's average monthly benefit compensation, less any amount payable for an eligible child. (A.R.S. §38-846.A and B)
- *Child's Pension:* One-tenth of pension deceased active member would have been paid for accidental disability retirement (equal shares of two-tenths if more than two children), or, in the case of a retired member, one-tenth of the retired member's pension (equal shares of two-tenths 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. §38-842.13, A.R.S. §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 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.

**TRANSFER OF CONTRIBUTIONS TO ANOTHER EMPLOYER (A.R.S. §38-853) (Use Form P1A)**

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.

**TERMINATION REFUND (A.R.S. §38-846.02)**

Upon termination of employment, for any reason other than death or retirement, a member shall, within 20 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 five 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.

**REEMPLOYMENT AND REPAYMENT OF CONTRIBUTIONS (A.R.S. §38-849.C) (Use form P1B)**

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 90 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 any capacity before sixty consecutive days after the member's date of retirement, the retired member's pension is suspended during the period of reemployment. The fund manager shall review all reemployment determinations.

**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:

- 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.
- 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.

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.

## FINANCIAL SECTION

### REDEMPTION OF PRIOR SERVICE (A.R.S. §38-853.01.A) (Use Form P2)

Active members who had previous service in this state in a covered position with an employer now participating in the system or had previous service as a full-time paid fire-fighter or full-time paid certified peace officer with an agency of the U.S. Government, a state of the U.S. or a political subdivision of a state of the U.S., 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., if the prior service is not on account with any other retirement system. A member electing to redeem service pursuant to this section may pay for service being redeemed in the form of a lump sum payment to the system, a trustee-to-trustee transfer or a direct rollover of an eligible distribution from a plan described in section 402(c)(8)(B) (iii), (iv), (v) or (vi) of the internal revenue code or a rollover of an eligible distribution from an individual retirement account or annuity described in section 408(a) or (b) of the internal revenue code.

### PURCHASE OF PRIOR ACTIVE MILITARY SERVICE (A.R.S. §38-858) (Use Form 18)

A member may purchase up to four years of prior active military time even if the member will receive a military pension. 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, A.R.S. §38-922) (Use Form U2)

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 actuarial present value of the credited service into their current Arizona retirement system or plan to the extent funded on a market value basis as of the most recent actuarial valuation 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 to the extent funded on a market value basis as of the most recent actuarial valuation. A member electing to transfer to or redeem service with the public safety personnel retirement system, the elected officials' retirement plan or the corrections officer retirement plan pursuant to this section may pay for the service being transferred or redeemed in the form of a lump sum payment to the system or plan, a trustee-to-trustee transfer or a direct rollover of an eligible distribution from a plan described in section 402(c)(8)(B) (iii), (iv), (v) or (vi) of the internal revenue code or a rollover of an eligible distribution from an individual retirement account or annuity described in section 408(a) or (b) of the internal revenue code.

### TRANSFER OF SERVICE CREDITS BETWEEN MUNICIPAL RETIREMENT SYSTEMS AND SPECIAL RETIREMENT PLANS (A.R.S. § 38-923, § 38-924).

An active or inactive member of a retirement system or plan of a municipality of this state or the PSPRS or CORP may transfer the credited service to their current retirement system or plan. 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, and their eligible dependent, 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

Through June 30, 2009, a retiree or survivor who is eligible for medicare and who lives in a non-service area receives up to the following amounts in addition to the subsidy listed above after they have paid an out-of-pocket expense as set forth below. A non-service 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	
Medicare Eligible	Retired Member & one dependent Medicare Eligible	Only Retired Member Medicare Eligible
\$170.00 <b>After \$100.00 out of pocket</b>	\$350.00 <b>After \$200.00 out of pocket</b>	\$470.00 <b>After \$400.00 out of pocket</b>

### HEALTH INSURANCE SUBSIDY (A.R.S. §38-857)

Repeals the \$25.00 subsidy for members that obtain their own insurance administered by their former employer. Effective July 1, 2008. Repealed prior to going into effect.

## STATE TAXATION OF PSPRS BENEFITS (A.R.S. §38-852, A.R.S. §43-1022)

Effective tax year commencing January 1, 1989, all PSPRS retirement benefits in excess of \$2,500 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.

## DOMESTIC RELATIONS ORDER; PROCEDURES AND PAYMENTS (A.R.S. § 38-860)

When a member has a divorce decree that splits pension benefits or refunds, PSPRS requires a System-approved Domestic Relations Order (DRO). This statute details the basic requirements and sets forth a procedure for providing a certified copy of a DRO to PSPRS.

**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 when due, pursuant to formal commitments, as well as statutory or contractual requirements. Pension and health insurance subsidy benefits are recognized when due and payable in accordance with the terms of the System. 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, fixtures and equipment purchases costing \$10,000 or more, when acquired, are capitalized at cost.

Improvements, which increase the useful life of the property, are also capitalized. Investment income net of administrative and investment expenses are allocated to each employer group based on the average relative fund size for each employer group for that year.

By state statute, the 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 Gain (Loss) used in this calculation totaled \$(686,794,949) for FYE 2009 and \$549,724,588 for FYE 2008. This calculation is independent of the calculation of the change in the fair value of investments and may include unrealized amounts from prior periods.

**ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets held in trust for pension benefits at June 30, 2009. Actual results could differ from those estimates.

**NOTE 3: CASH AND INVESTMENTS**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the System's deposits may not be returned. The deposits are held in one financial institution with a balance of up to \$100,000 (temporarily increased to \$250,000 per depositor October 3, 2008, through December 31, 2009) insured by the Federal Deposit Insurance Corporation (FDIC). The System mitigates custodial credit risk for deposits by requiring the financial institution to pledge securities from an acceptable list in an amount at least equal to 102% of the aggregate amount of the deposits on a daily basis.

In addition to the FDIC insurance coverage on the operating and money market accounts of PSPRS, Wells Fargo pledged the following securities to PSPRS, the Corrections Officer Retirement Plan and the Elected Officials' Retirement Plan on June 30, 2009, as collateral:

\$14,565,609	FNIONP	878442	6.50%	Maturity Date	05/01/36
8,775,290	FNCL	896548	6.00%	Maturity Date	07/01/36
4,395,962	FNCL	896548	6.00%	Maturity Date	07/01/36

All monies shall be secured by the depository in which they are deposited and held to the same extent and in the same manner as required by the general depository law of the state. Cash balances represent both operating and cash accounts held by the bank and investment cash on deposit with the investment custodian. Formerly all accounts were held at Wells Fargo Bank. A new custodian bank for investments only (BNY Mellon) was retained in August 2007 (effective October 1, 2007.) All deposits are carried at cost plus accrued interest. The following table is a schedule of the aggregate book and bank balances of all cash accounts as of June 30, 2009:

	<b>REPORTED AMOUNT</b>	<b>BANK BALANCE</b>
Pension Trust Fund	\$ 67,391,424	\$ 67,391,424
Operating Fund	6,401,034	6,401,034
<b>Total Deposits</b>	<b>\$ 73,792,458</b>	<b>\$ 73,792,458</b>

**INVESTMENTS**

PSPRS investments are reported at Fair Value. 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. Directed real estate and venture capital investments are reported at fair value using appraisals to estimate the fair value. Appraisals will be performed every three years on a rolling schedule unless circumstances warrant otherwise. 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 persons 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 eighty percent of the combined assets of the system or other plans that the fund manager manages 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 combined assets of the system or other plans that the fund manager manages shall be invested in corporate stock issued by any one corporation, other than corporate stock issued by corporations chartered by the United States government or corporate stock issued by a bank or insurance company.
- 3) That not more than five percent of the voting stock of any one corporation shall be owned by the system and other plans that the fund manager administers, except that this limitation does not apply to membership interests in limited liability companies.
- 4) That corporate stocks and exchange traded funds eligible for purchase shall be restricted to stocks and exchange traded funds that, except for bank stocks, insurance stocks and membership interests in limited liability companies, 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 §78ll);
  - 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 §78ll)
  - C) Listed or approved on issuance for listing on an exchange registered under the laws of this [Arizona] state or any other state.
  - D) Listed or approved on issuance for listing on an exchange of a foreign country with which the United States is maintaining diplomatic relations at the time of purchase, except that no more than twenty percent of the combined assets of the system and other plans that the fund manager manages shall be invested in foreign securities, based on the cost value of the stocks irrespective of capital appreciation.
  - E) An exchange traded fund that is recommended by the chief investment officer of the system, that is registered under the investment company act of 1940 (15 United States Code § 80 a-1 through 80a-64) and that is both traded on a public exchange and based on a publicly recognized index.

A.R.S. § 38-848.B as amended in 2008 authorized the Fund Manager to commingle the assets of all the plans entrusted to its management, subject to the crediting of receipts and earnings and charging of payments to the appropriate employer, system or plan. As a result, the various assets of the Public Safety Retirement System, Elected Officials’ Retirement Plan, and the Corrections Officer Retirement Plan were unitized beginning September 1, 2008. Investments for each fund are allocated daily via a constant dollar unitization methodology. Realized and unrealized gains are allocated monthly using the same methodology. At June 30, 2009, the fair market value of the PSPRS Trust and the allocation for each system and plan was as follows:

PLAN	UNITIZED	PERCENT
PSPRS	\$4,082,266,086	77.08%
CORP	958,074,887	18.07%
EORP	255,479,477	4.85%
<b>TRUST TOTAL</b>	<b>\$5,295,820,450</b>	<b>100.00%</b>

A small portion of the assets (cash and real estate) remain outside the comingled funds, representing less than 2 basis points of the total.

**CUSTODIAL CREDIT RISK**

Custodial Credit Risk is the risk that PSPRS will not be able (a) to recover deposits if the depository financial institution fails or (b) to recover the value of the investment or collateral securities that are in the possession of an outside party if the counterpart to the investment or deposit transaction fails. As of June 30, 2009, PSPRS has no fund or deposits that were not covered by depository insurance or collateralized with securities held by our banks’ trust department or agent. Nor does PSPRS have any investments that are not registered in the name of PSPRS and are either held by the counterpart or the counterpart’s trust department or agent.

**CREDIT RISK**

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the System. As of June 30, 2009, the System’s fixed income assets that were not government guaranteed represented 83.8% of the fixed income portfolio.

Each portfolio is managed in accordance with investment guidelines that are specific as to permissible credit quality ranges, exposure levels within individual quality tiers, and the average credit quality of the overall portfolios. According to those guidelines, the fixed income portfolio must have a minimum weighted average quality rating of A3/A-. Fixed income securities must have a minimum quality rating of Baa3/BBB- at the time purchase. The portion of the bond portfolio in securities rated Baa3/BBB- through Baa1/BBB+ must be 20% or less of the fair value of the fixed income portfolio.

Included in the fixed income portfolio are cash equivalents or commercial paper.

Commercial Paper must have a minimum quality rating of A-1/P-1 at the time of purchase.

Investments in derivatives are limited to collateralized mortgage obligations (CMO), collateralized bond obligations (CBO), collateralized debt obligations (CDO), and asset-backed securities (ABS).

In preparing this report, collateral for securities lending has been excluded because it is invested in a securities lending collateral investment pool.

The following tables summarize the Plan’s fixed income portfolio exposure levels and credit qualities.

The following tables quantify, to the fullest extent possible, the interest rate risk of the System’s fixed income assets.



**AVERAGE CREDIT QUALITY AND EXPOSURE LEVELS  
OF NON-GOVERNMENT GUARANTEED SECURITIES**

<b>FIXED SECURITY TYPE</b>	<b>FAIR VALUE JUNE 30, 2009</b>	<b>% OF ALL FIXED INCOME ASSETS</b>	<b>WEIGHTED AVG. CREDIT</b>
Corporate Bonds	\$ 1,008,606,405	80.3%	A
Mortgages	11,584,661	0.9%	A
CBO	31,849,239	2.5%	BB
CDO	862,751	0.1%	A
<b>Total</b>	<b>\$ 1,052,903,056</b>	<b>83.8%</b>	

**RATINGS DISPERSION DETAIL**

<b>CREDIT RATING LEVEL</b>	<b>CORPORATE BONDS</b>	<b>MORTGAGES</b>	<b>CBO</b>	<b>CDO</b>
AAA	\$ 339,737,019	\$ 2,763,179	\$ 0	\$ 0
AA	41,874,846	3,920,635	0	0
A	159,694,112	1,540,468	17,940,334	862,423
BBB	152,115,469	0	9,604,501	0
Below BBB	315,184,959	3,360,379	4,304,404	328
<b>Total</b>	<b>\$ 1,008,606,405</b>	<b>\$ 11,584,661</b>	<b>\$ 31,849,239</b>	<b>\$ 862,751</b>

**CONCENTRATION OF CREDIT RISK**

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. Other than bonds used as direct obligations of and fully guaranteed by the U.S. Government, not more than 5% of the Fund or its fixed income portfolio at fair value shall be invested in bonds issued by any one institution, agency or corporation.

**INTEREST RATE RISK**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. This risk is managed within the portfolio using segmented time distributions. It is widely used in the management of fixed income portfolios in that it quantifies the risk of interest rate changes. The System does invest in fixed income securities with floating rates that contain coupon adjustment mechanisms in a rising interest rate environment.

The following tables quantify, to the fullest extent possible, the interest rate risk of the Plan's fixed income assets.

**SEGMENTED TIME DISTRIBUTION BY SECURITY TYPE  
(INCLUDING GOVERNMENT GUARANTEED SECURITIES)**

<b>FIXED INCOME SECURITY</b>	<b>&lt;1</b>	<b>1-5</b>	<b>6-10</b>	<b>11-15</b>	<b>16-20</b>	<b>&gt;20</b>
Corporate	\$ 0	\$ 43,874,318	\$ 234,708,024	\$ 53,540,982	\$ 147,936,351	\$ 540,131,391
Agencies	0	12,752,997	53,601,816	10,046,628	91,345,011	34,950,242
CBO	0	9,604,501	9,491,829	0	3,976,178	8,776,731
CDO	0	0	862,423	0	0	328
<b>Total</b>	<b>\$ 0</b>	<b>\$ 66,231,816</b>	<b>\$ 298,664,092</b>	<b>\$ 63,587,610</b>	<b>\$ 243,257,540</b>	<b>\$ 583,858,692</b>

**CALLABLE BONDS BY SECURITY TYPE  
(INCLUDING GOVERNMENT GUARANTEED SECURITIES)**

<b>FIXED INCOME SECURITY TYPE</b>	<b>FAIR VALUE JUNE 30, 2009</b>	<b>% OF ALL FIXED INCOME ASSETS</b>
Corporate	\$ 8,478,192	0.81%
Agencies	0	0.00%
<b>Total</b>	<b>\$ 8,478,192</b>	<b>0.81%</b>

**FOREIGN CURRENCY RISK**

Foreign currency risk is the risk that changes in the foreign exchange rate will adversely impact the fair value of an investment. The PSPRS is allowed to invest part of its assets in foreign investments. According to Arizona state statutes, no more than twenty per cent of the combined assets of the system and other plans that the fund manager manages shall be invested in foreign securities.

The following table shows the System’s exposure to foreign currency risk (U. S. dollars):

<b>FOREIGN CURRENCY RISK</b>				
(IN THOUSANDS)				
<b>CURRENCY TYPE</b>	<b>FIXED INCOME</b>	<b>PRIVATE EQUITY</b>	<b>REAL ESTATE</b>	<b>TOTAL</b>
Euro Currency Unit	\$ 26,899	\$ 10,188	\$ 527	\$ 37,614
British Pound Sterling	0	0	2,580	2,580
<b>Total</b>	<b>\$ 26,899</b>	<b>\$ 10,188</b>	<b>\$ 3,107</b>	<b>\$ 40,194</b>

**SECURITY LENDING PROGRAM**

The System is party to a securities lending agreement with a bank. The bank, on behalf of the Plan, 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 Plan 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, 2009 the fair value of securities on loan was \$617,672,683 and the collateral was \$632,722,191 for Public Safety Personnel Retirement System. 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 may be terminated on demand by either the lender or the borrower.

All matched loans shall have matched collateral investments.

The total cash collateral investments received for unmatched loans (any loan for which the cash collateral has not been invested for a specific maturity) will have a maximum effective duration of 30 days. Additionally, at least 20% of total collateral investments shall be invested on an overnight basis. At June 30, 2009, the weighted average maturity was 33 days for all investments purchased with cash collateral from unmatched loans. The Plan has no credit risk because the amounts owed to the borrowers exceed the amounts the borrowers owe to the Plan.

Prior to the current fiscal year, the System had not experienced any defaults or losses on these loans. However, in November 2008 PSPRS was informed that due to recent market events one or more securities lending collateral vehicles that held assets had been impaired. This potential liability will be realized upon settlement of the recovery process or if there becomes a liquidity issue with the collateral pool. A liability of \$8,692,211 has been recorded as the System’s share.

<b>ASSET CLASS</b>	<b>OUT ON LOAN</b>	<b>TOTAL AVAILABLE TO LOAN</b>	<b>% OF AVAILABLE TO LOAN</b>
Equities	\$ 451,307,808	\$ 2,242,153,290	20%
Agencies	0	66,862,837	0%
Treasuries	89,299,773	135,833,856	66%
Exchange Traded	77,065,102	1,052,903,055	7%
<b>Totals</b>	<b>\$ 617,672,683</b>	<b>\$ 3,497,753,038</b>	<b>18%</b>

**NOTE 4: CAPITAL ASSETS**

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, 2009 was \$231,415.

The following table is a schedule of the capital asset account balances as of June 30, 2008, and June 30, 2009, and changes to those account balances during the year ended June 30, 2009.

## SCHEDULE OF CAPITAL ASSET ACCOUNT BALANCES

	LAND	BUILDING AND IMPROVEMENTS	FURNITURE, FIXTURES AND EQUIPMENT	TOTAL CAPITAL ASSETS
<b>CAPITAL ASSETS</b>				
Balance June 30, 2008	\$ 495,434	\$ 3,504,602	\$ 775,576	\$ 4,775,611
Additions	0	0	12,134	12,134
Deletions	0	0	0	0
<b>Balance June 30, 2009</b>	<b>495,434</b>	<b>3,504,602</b>	<b>787,710</b>	<b>4,787,745</b>
<b>ACCUMULATED DEPRECIATION</b>				
Balance June 30, 2008	0	(322,225)	(291,024)	(613,249)
Additions	0	(93,969)	(137,446)	(231,415)
Deletions	0	0	0	0
<b>Balance June 30, 2009</b>	<b>0</b>	<b>(416,194)</b>	<b>(428,470)</b>	<b>(844,664)</b>
<b>Net Capital Assets</b>	<b>\$ 495,434</b>	<b>\$ 3,088,408</b>	<b>\$ 359,240</b>	<b>\$ 3,943,081</b>

**NOTE 5: 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 the Projected Unit Credit Actuarial cost method. Unfunded actuarial accrued liabilities and assets in excess of actuarial accrued liabilities are being amortized as a level percent of payroll over a closed twenty-seven (27) year period. Beginning July 1, 2006, the minimum employer contribution rate increased from 5% to 8%.

During the year ended June 30, 2009, contributions totaling \$429,619,895 (\$328,436,309 employer [\$316,222,272 pension and \$12,214,037 health insurance subsidy contributions in excess of the benefits paid] and \$101,183,586 member) were made in accordance with contribution requirements determined by an actuarial valuation of the System as of June 30, 2007. The employer contributions consisted of approximately \$163,084,132 for normal cost [121,541,373 pension and 6,477,126 health insurance subsidy] plus \$153,138,140 for amortization of the unfunded actuarial accrued liability in aggregate [91,126,362 pension and \$14,411,188 health insurance subsidy]. Employer contributions represented 21.71% of covered payroll [12.73% for normal costs (11.75% pension and 0.58% health insurance) and 9.38% for amortization of unfunded actuarial accrued liability in aggregate (8.48% pension and .90% health insurance subsidy)]. Member contributions represented 7.65% of covered payroll and are attributable to normal costs.

**NOTE 6: OTHER BENEFITS**

The PSPRS adopted a supplemental defined contribution plan for all contributing members of an eligible group. An eligible group is defined as the employees of the Fund Manager, PSPRS, the EORP and the CORP. The employees of any of these eligible groups must make an election to participate within two years after the employee first meets the eligibility requirements to participate in the plan. The election to participate is irrevocable and continues for the remainder of the employee's employment with the employer. If an employee elects to participate, the employee must contribute at least 1% of the employee's gross compensation. The IRS maintains that the employers designate the amounts contributed by each employee. All amounts contributed are subject to the discretion and control of the employer. Employee contributions and earnings to the plan are immediately vested.

Employer contributions, if any, are vested based on the following schedule:

Less than one year of service	0%
One year but less than two	20%
Two years but less than three	40%
Three years but less than four	60%
Four years but less than five	80%
Five years or more	100%

PSPRS administers the supplemental defined contribution plan through Nationwide Retirement Solutions, Inc. All contributions are sent directly to Nationwide Retirement Solutions, Inc. from the participating employer groups.

**NOTE 7: HEALTH INSURANCE PREMIUM SUBSIDY AGENCY FUND**

The plan description, summary of significant accounting policies, investment policies and contributions required for the health insurance subsidy are the same as the retirement plan and can be found under Notes 1, 2 and 5. The health insurance premium subsidy provided by A.R.S. §38-857 consists of a fixed dollar amount set by statute and paid by the System on behalf of eligible retired members. The subsidized health benefits are provided and administered by the Arizona State Retirement System, Arizona Department of Administration or the participating employer of the retired member. According to Governmental Accounting Standards Board (GASB) Statement No. 43, the health insurance subsidy paid by the System represents other post employment benefits. The System does not administer a separate healthcare plan as defined under IRC §401(h) or an equivalent arrangement. In addition, the System is not statutorily authorized to maintain a separate account for the health insurance subsidy assets and benefit payments. Therefore, in accordance with GASB No. 43, the healthcare subsidy is reported as an agency fund. All assets of the System are available to pay both pension benefits and health insurance subsidy. The pension benefits and health insurance subsidy are funded through employer contributions based on an annual actuarial valuation. Contributions are separately accounted for by employer but are not segregated by contribution type. Contributions in excess of the health benefit subsidy payments are reported in the retirement plan. Therefore, no accumulated assets or liabilities to participating employers are reported in the agency fund. For FY '09, contributions collected for the health insurance subsidy amounted to \$22,084,023 and the health benefit subsidy payments were \$12,214,037. The excess contributions of \$9,869,986 were added to the retirement plan for reporting purposes. Effective FY '08, each participating employer is required by GASB Statement No. 45 to disclose additional information with regard to funding policy, the employer's annual OPEB cost and contributions made, the funded status and funding progress of the employer's individual plan and actuarial methods and assumptions used.

**NOTE 8: PLAN TERMINATION**

PSPRS and its related plans are administered in accordance with Arizona statutes. These statutes do provide for termination of the plans under A.R.S. 41-3016.18. The plans are scheduled to terminate on July 1, 2016.

**NOTE 9: CONTINGENCIES**

Some of our real estate partners in the investments categorized as "other investments" have obtained third party financing, which is secured by real property. The Plan has entered into Capital Call Agreements with regards to these third party financing arrangements. The Capital Call Agreements, in the unlikely event of default, limit the Plan to the amount of the defaulted payment or the original terms of the investment approved by the Fund Manager, whichever is less. In management's opinion, any loss realized due to current economic conditions will not have a material effect on the financial statements.

As stated in Note 3 – Cash and Investments (under the Security Lending Program heading), the System was notified in November 2008 of a situation involving one or more security lending collateral vehicles that held assets which have been impaired as a result of recent market events. An estimate of the unrealized loss is approximately 11.3 million dollars for all three plans and has been recorded as a liability. Management estimates that it may take as long as two years to finalize the settlement.

**NOTE 10: FUNDING STATUS AND PROGRESS**

The System's funded status as of the most recent valuation data is as follows:

(IN THOUSANDS)						
ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (A)	ACTUARIAL ACCRUED LIABILITY (B)	UNFUNDED AAL(UAAL) (B-A)	FUNDED RATIO (A/B)	ANNUAL COVERED PAYROLL (C)	UAAL AS A % OF COVERED PAYROLL ((B-A)/C)
06/30/09	\$ 5,445,497	\$ 7,778,394	\$ 2,332,897	70.0%	\$ 1,415,643	164.8%

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The actuarial methods and assumptions used for the pension benefits are as follows:

Valuation Date:	June 30, 2009
Actuarial Cost Method:	Projected Unit Credit
Amortization Method:	Level Percent of Payroll, Closed
Remaining Amortization Period:	27 years closed for unfunded actuarial accrued liability, 20 years open for excess
Asset Valuation Method:	7-Year Smoothed Market Value
Investment Rate of Return:	8.50%
Projected Salary Increases:	5.50% - 9.00%, which includes inflation at 5.50%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and the actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Consistent with this perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The actuarial calculations are based on the benefits provided under the terms of the Plan in effect at the time of each valuation. These benefits are described in Note 1 under "Summary of Benefits".

**NOTE 11: REQUIRED SCHEDULES**

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

## REQUIRED SUPPLEMENTAL INFORMATION

## SCHEDULE OF FUNDING PROGRESS

(IN THOUSANDS)

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS \$ (A)	ACTUARIAL ACCRUED LIABILITY (AAL) AT ENTRY AGE \$ (B)	UNFUNDED AAL (EXCESS) (UAAL) \$ (B-A)	FUNDED RATIO (A/B)	COVERED PAYROLL \$ (C)	UAAL AS A PERCENTAGE OF COVERED PAYROLL ((B-A)/C)
06-30-00	4,260,168	3,415,157	(845,011)	124.7%	751,280	(112.5%)
06-30-01	4,661,941	3,674,758	(987,183)	126.9%	826,740	(119.4%)
06-30-02	4,684,386	4,144,211	(540,175)	113.0%	854,249	(63.2%)
06-30-03	4,781,377	4,739,613	(41,764)	100.9%	881,285	(4.7%)
06-30-04	4,774,313	5,167,333	393,020	92.4%	911,718	43.1%
06-30-05	4,639,517	5,704,491	1,064,974	81.3%	974,863	109.2%
06-30-06	4,767,055	6,211,586	1,444,531	76.7%	1,073,685	134.5%
06-30-07	4,572,615	7,011,385	2,438,770	65.2%	1,228,037	198.6%
06-30-08	5,095,645	7,405,397	2,309,752	68.8%	1,383,332	167.0%
06-30-09	5,445,497	7,778,394	2,332,897	70.0%	1,415,643	164.8%

\* Entry Age Normal Cost method through 6-30-05. Projected Unit Credit method from 6-30-06 to the present.

\* Beginning 6-30-07, funded ratio calculation does not include AAL for the health insurance premium subsidy. If the AAL for the health insurance premium subsidy included, the funded ratio would be 66.4% for 6-30-07 and 66.5% for 6-30-08 and 68.2% for 6-30-09.

\* See Notes to the Schedules of Required Supplementary Information.

## SCHEDULE OF EMPLOYER CONTRIBUTIONS

## EMPLOYER CONTRIBUTIONS

FISCAL YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTIONS	PERCENTAGE CONTRIBUTED
2000	\$46,890,892	100.00%
2001	\$52,540,310	100.00%
2002	\$51,983,407	100.00%
2003	\$50,800,669	100.00%
2004	\$79,000,130	100.00%
2005	\$104,497,150	100.00%
2006	\$127,218,686	100.00%
2007	\$166,578,202	107.00%
2008	\$221,732,592	104.00%
2009	\$316,222,272	103.10%

\* Total Employer Contributions received during FY'07 were \$177,587,507. GASB reporting requires discretely reporting the health insurance subsidy separately from the retirement plan. As a result, the annual required contributions for the health insurance subsidy were calculated to be \$21,797,745. The benefits paid for the health insurance subsidy were \$11,009,305. The difference between the calculated annual required contributions and the benefits paid of \$9,064,857 were then added back to the annual required contributions for the retirement plan. This re-quired calculation resulted in a percent contributed of 107.0% for the retirement plan.

\* Total Employer Contributions received during FY'08 were \$233,556,049. GASB reporting requires discretely reporting the health insurance subsidy separately from the retirement plan. As a result, the annual required contributions for the health insurance subsidy were calculated to be \$20,888,314. The benefits paid for the health insurance subsidy were \$11,823,457. The difference between the calculated annual required contributions and the benefits paid of \$9,064,857 were then added back to the annual required contributions for the retirement plan. This re-quired calculation resulted in a percent contributed of 104.0% for the retirement plan.

\* Total Employer Contributions received during FY'09 were \$328,436,309. GASB reporting requires discretely reporting the health insurance subsidy separately from the retirement plan. As a result, the annual required contributions for the health insurance subsidy were calculated to be \$22,084,023. The benefits paid for the health insurance subsidy were \$12,214,039. The difference between the calculated annual required contributions and the benefits paid of \$9,869,986 were then added back to the annual required contributions for the retirement plan. This re-quired calculation resulted in a percent contributed of 103.1% for the retirement plan.

\* See Notes to the Schedules of Required Supplementary Information.



**REQUIRED SUPPLEMENTAL INFORMATION****NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION****ACTUARIAL METHODS AND ASSUMPTIONS FOR VALUATIONS PERFORMED JUNE 30, 2009**

The projected unit credit actuarial cost method of valuation is used in determining liabilities and normal cost. Differences in the past between assumed experience and actual experience (actuarial gains and losses) become part of actuarial accrued liabilities. Unfunded actuarial accrued liabilities are amortized to produce payments (principal and interest), which are expressed as a percent of payroll. An open 20-year amortization period for excess and a closed 27-year amortization period were used for the June 30, 2009 valuations. The actuarial value of assets is based on a method that fully recognizes expected investment returns and averages unanticipated market return over a 7-year period. The investment return rate assumption used is 8.5% per year, compounded annually (net of investment expenses). Projected salary increase assumptions are based on 5.5%-9.0%, which include a price inflation assumption of 5.5% per year.

Each of the 233 participating employer groups has its own actuarial study. Data presented here is an aggregation of the data from each individual plan study. The data should not be interpreted as being indicative of the status of any individual plan.

Actuarial valuations are prepared annually as of June 30 for each participating employer. To facilitate budgetary planning needs, employer contribution requirements are provided for each participating employer's fiscal year that commences after the following fiscal year end. For example, the contribution requirements for fiscal year 2009 were determined by actuarial valuations as of June 30, 2007.

**SCHEDULE OF CHANGES IN RESERVE BALANCES**  
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	REFUNDABLE MEMBERS' RESERVE	EMPLOYERS' RESERVE	FUTURE BENEFIT INCREASE RESERVE
<b>BALANCE AS OF JUNE 30, 2007</b>	<b>\$ 730,928,615</b>	<b>\$ 4,137,933,744</b>	<b>\$ 662,931,350</b>
DISTRIBUTION OF REVENUES AND EXPENSES			
Members' Contributions	97,156,897		
Employers' Contributions		233,556,049	
Earnings (Loss) on Investments Net of Investment Expenses		(411,505,523)	
Pension and Insurance Benefits		(430,208,771)	
Refunds to Terminated Members	(5,082,410)	(2,802,286)	
Administrative Expenses		(4,661,878)	
DISTRIBUTION OF TRANSFERS			
Excess Investment Earnings to be used for Future Benefit Increases			
Earnings (Loss) on Excess Investment Earnings Account Assets		48,208,368	(48,208,368)
Amount Utilized by Benefit Increases Granted		114,771,709	(114,771,709)
Net Transfers In (Out) and Purchase of Service Credits	644,191	907,643	
Inter-System Transfers Member Accounts	9,483,077		
Balances Transferred to Employers' Reserve due to Retirement	(43,564,678)	43,564,678	
<b>BALANCE AS OF JUNE 30, 2008</b>	<b>\$ 789,565,692</b>	<b>\$ 3,729,763,733</b>	<b>\$ 499,951,273</b>
DISTRIBUTION OF REVENUES AND EXPENSES			
Members' Contributions	101,183,586		
Employers' Contributions		328,436,309	
Earnings (Loss) on Investments Net of Investment Expenses		(872,798,642)	
Pension and Insurance Benefits		(456,566,247)	
Refunds to Terminated Members	(5,092,561)	(2,550,641)	
Administrative Expenses		(4,352,207)	
DISTRIBUTION OF TRANSFERS			
Excess Investment Earnings to be used for Future Benefit Increases			
Earnings (Loss) on Excess Investment Earnings Account Assets		88,616,363	(88,616,363)
Amount Utilized by Benefit Increases Granted		125,721,193	(125,721,193)
Net Transfers In (Out) and Purchase of Service Credits	230,885	304,282	
Inter-System Transfers Member Accounts	7,625,660		
Balances Transferred to Employers' Reserve due to Retirement	(39,946,631)	39,946,631	
<b>BALANCE AS OF JUNE 30, 2009</b>	<b>\$ 853,566,631</b>	<b>\$ 2,976,520,774</b>	<b>\$ 285,613,717</b>

## SUPPORTING SCHEDULES INFORMATION

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
<b>RECEIPTS</b>		
Members' Contributions	\$ 101,090,578	\$ 95,166,790
Employers' Contributions	325,385,997	227,931,370
Interest	50,352,298	97,881,103
Dividends	90,430,741	74,252,288
Securities Lending Income	8,027,696	5,255,741
Transfer In	945,673	1,696,456
Service Purchase	7,625,661	9,483,077
Maturities and Sales of:		
U.S. Government Securities	1,598,062,543	458,774,713
Corporate Bonds	1,027,721,801	194,782,443
Corporate Notes	-	225,211,000
Other Investments	388,143,084	141,899,809
Common Stock	5,916,745,919	1,698,797,653
<b>Total Receipts</b>	<b>9,514,531,990</b>	<b>3,231,132,444</b>
<b>DISBURSEMENTS</b>		
Pension Benefits	365,697,981	332,301,121
Refunds to Terminated Members	7,643,202	7,884,695
DROP Benefits	90,868,267	97,907,651
Investment and Administrative Expenses	23,650,810	9,103,863
Transfer Out	410,506	144,622
Acquisitions of:		
U.S. Government Securities	1,138,316,961	527,282,727
Corporate Bonds	1,612,991,752	279,788,421
Corporate Notes	-	110,408,000
Other Investments	615,942,394	270,898,964
Common Stock	5,680,555,085	1,505,117,010
<b>Total Disbursements</b>	<b>9,536,076,957</b>	<b>3,140,837,073</b>
INCREASE (DECREASE) IN CASH	(21,544,967)	90,295,371
BEGINNING CASH BALANCE - July 1	95,337,425	5,042,054
<b>ENDING CASH BALANCE - June 30</b>	<b>\$ 73,792,458</b>	<b>\$ 95,337,425</b>

**SCHEDULE OF ADMINISTRATIVE EXPENSES**  
FOR THE YEAR ENDED JUNE 30, 2009

	ADMINISTRATIVE	INVESTMENT	TOTAL
Accounting and Auditing Services	\$ 87,336	\$ -	\$ 87,336
Actuarial Services	100,938	-	100,938
Building Expense	28,420	-	28,420
Communications	68,817	-	68,817
Computer Related Expense	159,278	13,398	172,676
Contractual Services	103,447	-	103,447
Depreciation Expense	174,539	-	174,539
Fund Manager Initiatives	69,981	-	69,981
Furniture and Equipment	651	1,250	1,901
Investment Services	-	15,708,520	15,708,520
Legal Services	765,503	1,225,208	1,990,711
Local Board Training	773	-	773
Payroll Taxes and Fringe Benefits	644,902	634,850	1,279,752
Postage Expenses	41,522	-	41,522
Printing & Publications	-	-	-
Professional Services	151,548	227,039	378,587
Salaries and Wages	1,874,498	651,949	2,526,447
Supplies & Services	44,876	-	44,876
Training Expenses	21,648	15,633	37,281
Travel Expense	13,530	41,632	55,162
<b>TOTAL EXPENSES</b>	<b>\$ 4,352,207</b>	<b>\$ 18,519,479</b>	<b>\$ 22,871,686</b>

**SCHEDULE OF CONSULTANT EXPENSES**  
FOR THE YEAR ENDED JUNE 30, 2009

CONSULTANT	FEES PAID
Albourne America, LLC	\$ 169,255
Bridget E. Feeley, Inc.	72,703
Cortex Applied Research, Inc.	18,416
Cushman & Wakefield of Arizona, Inc.	36,928
Ernst & Young LLP	183,799
Heinfeld Meech & Co., PC	91,500
Highground, Inc.	64,625
Interactive Data	45,826
Kutak Rock, LLP	1,990,711
Light Stone Solutions, LLC	177,667
McLagan Partners, Inc.	23,080
Mellon Global Securities	60,596
ORG Portfolio Management	277,945
Peak Performance Consulting	9,118
Public Policy Partners	73,857
Rodwan Consulting Group	112,916
Wells Fargo Bank	51,106
<b>Total</b>	<b>\$ 3,460,047</b>

## OTHER SUPPLEMENTAL INFORMATION

**HEALTH INSURANCE PREMIUM SUBSIDY  
AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS & LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

HEALTH INSURANCE PREMIUM SUBSIDY	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE
ASSETS				
Cash	\$ 0	\$ 12,214,037	\$ 12,214,037	\$ 0
<b>Total Assets</b>	<b>0</b>	<b>12,214,037</b>	<b>12,214,037</b>	<b>0</b>
LIABILITIES				
Benefits Payable	0	12,214,037	12,214,037	0
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 12,214,037</b>	<b>\$ 12,214,037</b>	<b>\$ 0</b>

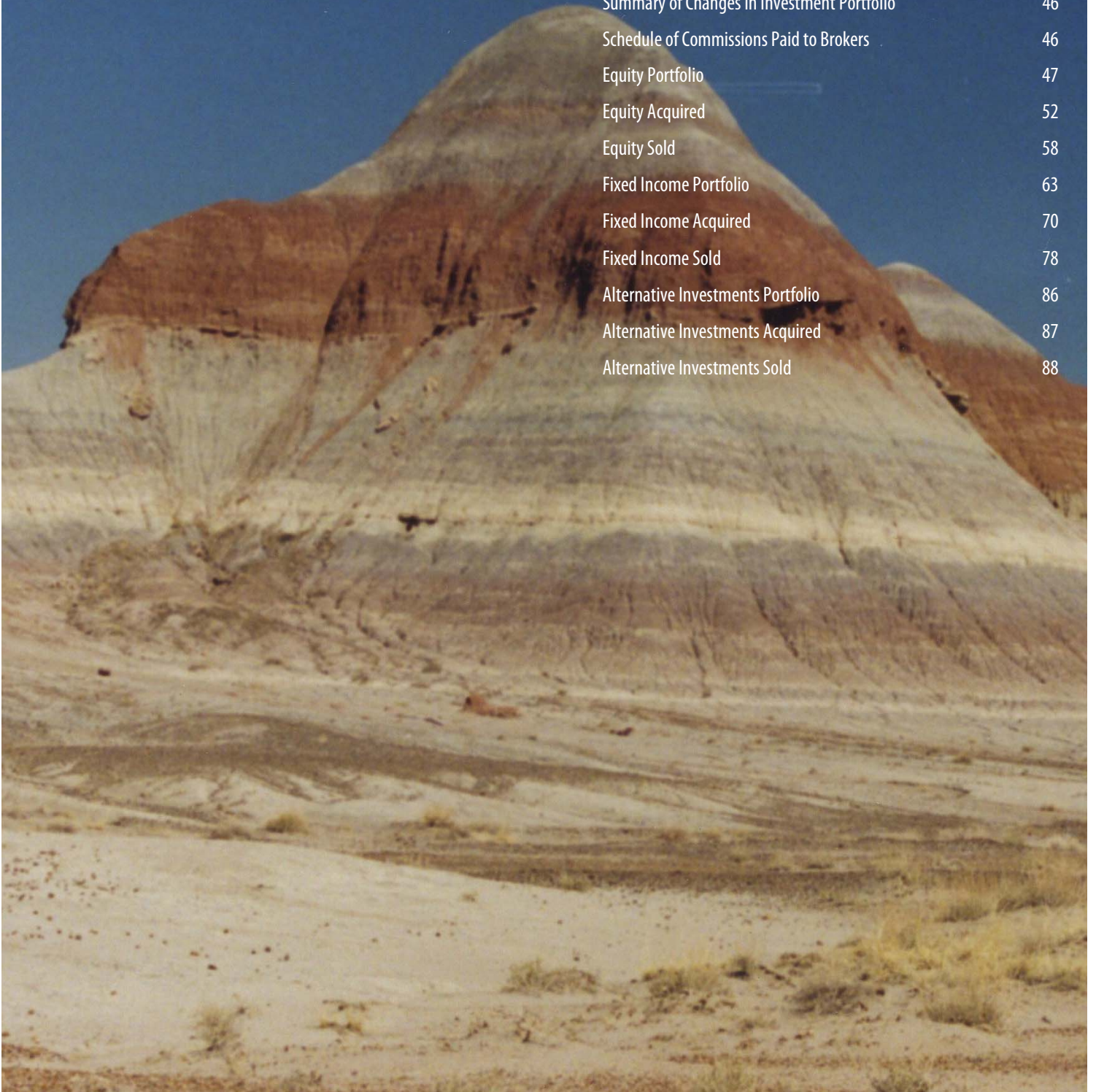
**HEALTH INSURANCE PREMIUM SUBSIDY  
AGENCY FUND  
STATEMENT OF FUNDING PROGRESS  
(IN THOUSANDS)**

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS \$ (A)	ACTUARIAL ACCRUED LIABILITY \$ (B)	UNFUNDED AAL(UAAL) \$ (B-A)	FUNDED RATIO (A/B)	ANNUAL COVERED PAYROLL \$ (C)	UAAL AS A % OF COVERED PAYROLL ((B-A)/C)
06/30/07	0	256,906	256,906	0.0%	1,228,037	20.9%
06/30/08	0	257,381	257,381	0.0%	1,383,332	18.6%
06/30/09	0	211,057	211,057	0.0%	1,415,643	14.9%

\* GASB reporting requires discreetly reporting the health insurance premium subsidy separately from the retirement plan. As a result, the funded ratio for the retirement plan does not include this portion for the health insurance premium subsidy. If you include the actuarial accrued liabilities for the 2007, 2008 and 2009 health insurance premium subsidy with the retirement plan, the funded ratios are 66.4%, 66.5% and 68.2% respectively.



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

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Fund Manager, Member

**Lori Roediger**

Fund Manager, Member

**Gregory Ferguson**

Fund Manager, Member

**James M. Hacking**

Administrator

**Ryan Parham**

Chief Investment Officer

**Tracey D. Peterson**

Assistant Administrator-COO

November 10, 2009

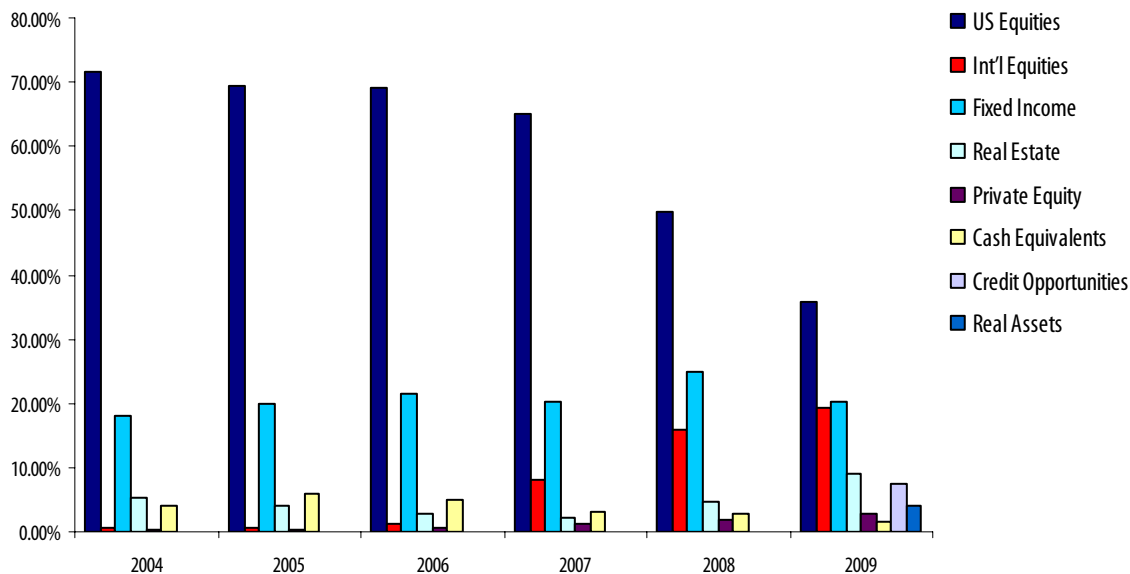
Dear Members:

On behalf of the entire PSPRS investment team, I am honored to present the *Investment Section* of the *PSPRS Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2009. Data used in the *Investment Section* has been generated by internal staff after review of, and reference to, data generated by the PSPRS custodian bank, BNY-Mellon.

**2008-2009 THE "MELTDOWN" OF THE GLOBAL FINANCIAL SYSTEM**

After the previous "dot com" valuation bubble, the PSPRS Fund Manager (i.e., the System's governing Board), staff and consultants began the process of expanding the PSPRS core investment strategy. That process, which includes moving away from our historical overreliance upon U.S. equities, helped PSPRS to more reliably weather the tremendous volatility of FY'09. PSPRS achieved returns which were better than many public funds of similar size and better than most endowments during the year. Moreover, the return exceeded the System's benchmark return by over three hundred basis points. Asset allocation changes that increased diversity helped reduce the volatility we otherwise would have experienced during this global economic shock and recession.

Asset allocations as of June 30, 2009 and the previous five years are as follows:



**ALTERNATIVE INVESTMENTS**

As of year end PSPRS had deployed capital into almost 50 Alternative investments including exposures in:

- US Private Equity
- US Real Estate
- European Private Equity
- Dislocated Debt
- US Infrastructure
- US Venture Capital
- International Real Estate
- Real Assets (Including Timber)
- Core Capital Assets
- European Infrastructure

**EXPANDING CAPABILITIES**

In addition to expanding and enhancing our due diligence capabilities, the System has continued to utilize and expand the services of three specialist external consulting groups: ORG Real Property, Albourne America LLC and StepStone Group LLC. In addition, the Fund Manager has New England Pension Consultants (NEPC) as its generalist consultant.

**PERFORMANCE**

PSPRS returned -17.73% (net of fees) for FY'09. This negative return outperformed the PSPRS benchmark return of -21.13% by 340 basis points. This outperformance was primarily the result of active management decisions in asset allocation and securities selections during the year.

**GOALS AND OBJECTIVES**

During FY'10, the System's Investment Staff expects to:

- Review our Asset Allocation, utilizing current capital market assumptions reflecting continuing changes in the global economic landscape;
- Continue deployment in Alternatives, including capitalizing on opportunities in the secondary markets;
- Add "alpha" (excess return) seeking strategies to current index-like exposures in public securities, that are attractive on a risk adjusted basis;
- Continue to deploy portions of the remaining, in-house managed, portfolios to external managers so as to capture attractive investment strategies which are difficult or impossible to replicate internally.

**CONCLUSION**

While certainly not immune from Global Economic Distress, the PSPRS portfolio is better positioned to withstand similar shocks than it has been in the past. Increased exposure to diverse sources of income will help to produce our expected asset growth with greater consistency and with lower volatility over longer time horizons.

In closing, I would like to thank the PSPRS Fund Manager members, who are the ultimate fiduciaries for this System, for their willingness to maintain a governance structure that facilitates the pursuit of excellence in all that we do. To the System's participants and beneficiaries, I commit that our sole purpose will be to persevere to ensure that the retirement benefits promised are secure.

Respectfully Submitted,



Ryan P. Parham  
Chief Investment Officer

**FUND INVESTMENT OBJECTIVES**

The objective of the Fund is to ensure the integrity of the Elected Officials' Retirement Plan, Public Safety Personnel Retirement Plan and the Corrections Officer Retirement Plan in order to adequately fund benefit levels for members 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 Legislature. To achieve the objective, the Fund will do the following:

- Maintain a goal for the Fund's assets to be equal to the Fund's liabilities within a twenty year period.
- Annually adjust the employer contribution rates based on the recommendations made by the annual actuarial evaluations.
- Determine a reasonable contribution rate necessary to fund benefits approved by the legislature and then reduce the variation in the employer contribution rate over time to the Fund.
- Preserve and enhance the capital of the Fund through effective management of the portfolio in order to take advantage of attractive opportunities various markets and market sectors have to offer.
- Provide the opportunity for increased benefits for retirees as the legislature may from time to time enact through systematic growth of the investment fund.

Consistent with the Fund objectives, the primary investment objective of the Fund is to maximize long-term real (after inflation) investment returns recognizing established risk (volatility) parameters and the need to preserve capital by:

- Deriving a reasonable asset allocation model that attempts to fully achieve the primary investment objective, over the long term,
- Consistent with these policies and the direction of the Fund Manager, strategically allocating within asset classes and investment styles in order to enhance investment returns. This strategic allocation must at all times be within ranges set forth in these Policies.
- Regularly reviewing the status of investments,
- Regularly assessing the need to adjust the mix, type and composition of the investment classes within the allocation ranges.

The possibility of short-term declines in the market value of the Fund or the Fund's assets is a recognized consequence of achieving potentially higher long-term investment returns.

The time horizon for evaluating total fund investment performance shall be long-term.

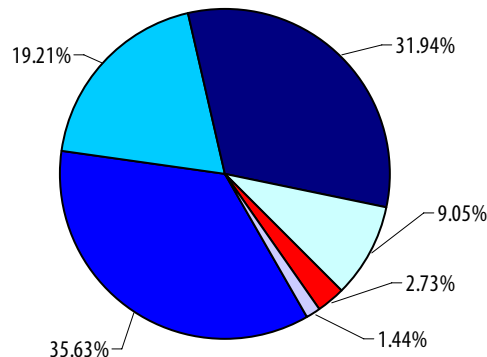
**ANNUALIZED RATES OF RETURN**

	<b>1 YEAR</b>	<b>3 YEAR</b>	<b>5 YEAR</b>	<b>10 YEAR</b>	<b>20 YEAR</b>
PSPRS Total Fund *	-17.73%	-3.70%	1.09%	0.26%	7.12%
Balanced Index	-21.13%	-5.05%	-1.18%	0.84%	6.22%
PSPRS Domestic Equity *	-21.84%	-6.00%	-0.66%	-2.59%	7.39%
S&P 500 Index	-27.22%	-7.92%	-2.05%	-2.13%	6.96%
PSPRS Fixed Income *	-1.62%	2.93%	3.69%	5.74%	7.27%
Fixed Income Index	5.20%	6.15%	4.78%	5.94%	7.02%

\* Time weighted rate of return based on the market rate of return. (Net of fees)

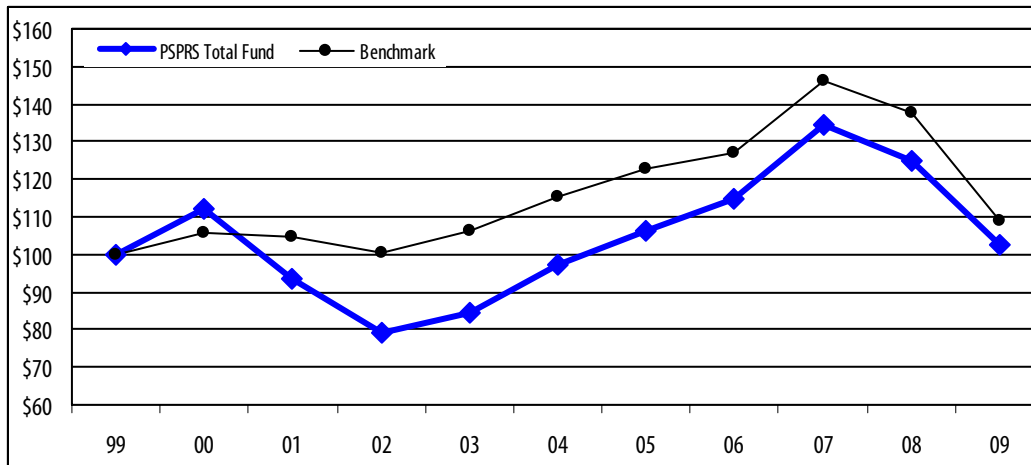
**ASSET ALLOCATION**  
JUNE 30, 2009

- Domestic Equity
- International Equity
- Domestic Fixed Income
- Real Estate
- Private Equity
- Cash

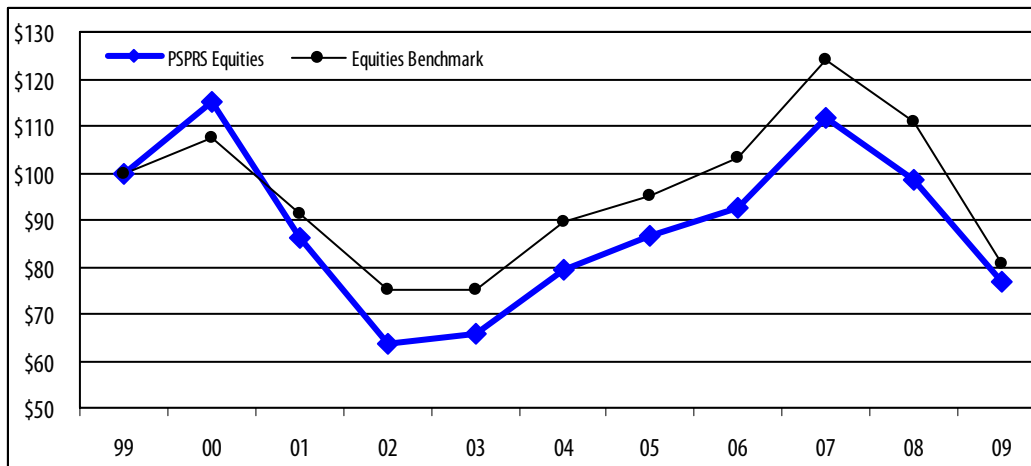


TEN YEAR CUMULATIVE RETURN, BENCHMARK AND INDICIES

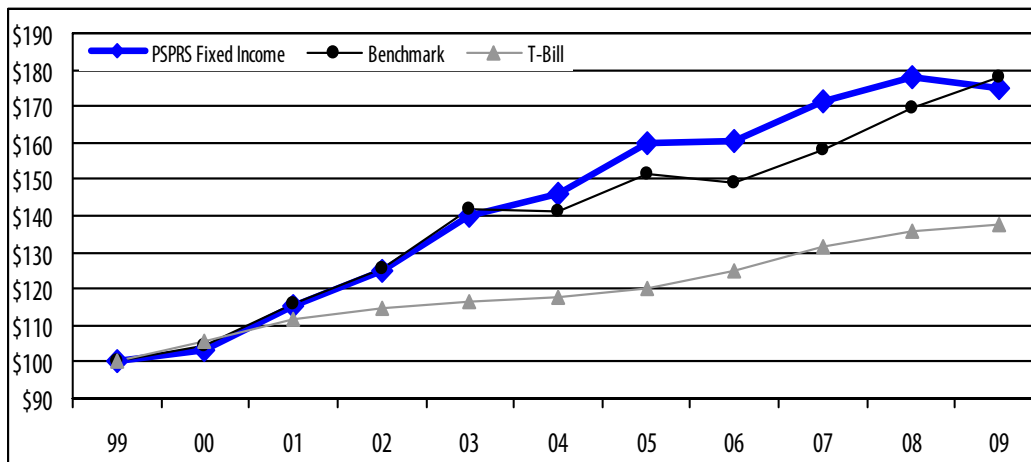
TOTAL FUND



EQUITIES



FIXED INCOME





**EQUITY PORTFOLIO TOP 10 HOLDINGS**  
 JUNE 30, 2009

Shares	Description	Fair Value
4,170,569	ISHARES TR MSCI EAFE INDEX FD	\$ 191,053,781
7,197,892	VANGUARD INDEX FDS EXT D MKT	188,728,724
3,149,273	ETF VANGUARD TOTAL STOCK	145,716,857
5,710,178	VANGUARD INTL EQUITY INDEX FDS	122,597,525
14,049,054	VANGUARD STAR FD INSTL	110,847,040
2,888,290	ISHARES TR MSCI EMERGING MKTS	93,089,574
1,703,240	ETF VANGUARD PACIFIC ETF	78,757,813
797,826	EXXON MOBIL CORP	55,776,044
2,442,867	ISHARES MSCI CDA INDEX FD	52,326,219
1,130,364	VANGUARD INTL EQUITY INDEX FD	40,591,382

**FIXED INCOME PORTFOLIO TOP 10 HOLDINGS**  
 JUNE 30, 2009

Shares	Description	Fair Value
25,598,727	BGI CORE ACTIVE BOND FUND	\$ 472,038,060
1,010,984	ISHARES TR IBOX \$ HIGH YIELD	80,585,538
61,862,716	GS CREDIT OPPS FUND 2008	61,862,716
42,953,720	BLACKROCK MORTGAGE INVESTORS	42,953,720
38,923,726	US TREAS-CPI INFLAT	38,193,906
26,898,373	PSPRS-APOLLO EUR NPL	37,729,002
32,331,217	HIGHLAND CLO	32,331,217
29,842,437	PSPRS PNM MAC MORTGOPP	29,842,437
30,499,989	US TREAS-CPI INFLATION INDEX	29,632,722
687,674	SPDR SER TR LEHMAN HIGH YIELD	24,199,246

**SUMMARY OF CHANGES IN INVESTMENT PORTFOLIO**

 JUNE 30, 2009  
 (IN THOUSANDS)

DESCRIPTION	JUNE 30, 2008 BALANCE				JUNE 30, 2009 BALANCE			
	PERCENT AT FAIR VALUE	FAIR VALUE	BOOK VALUE	ACQUIRED	MATURED AND SOLD	FAIR VALUE	BOOK VALUE	PERCENT AT FAIR VALUE
US Govt Securities	13.50%	\$ 654,259	\$ 649,762	\$ 1,138,317	\$ 1,590,398	\$ 202,697	\$ 197,681	5.04%
Corporate Bonds	12.20%	591,085	629,440	1,612,992	1,107,837	1,052,903	1,134,595	26.18%
<b>Total Fixed Income</b>	<b>25.70%</b>	<b>1,245,344</b>	<b>1,279,202</b>	<b>2,751,309</b>	<b>2,698,235</b>	<b>1,255,600</b>	<b>1,332,276</b>	<b>31.22%</b>
Common Stock	67.80%	3,285,911	3,357,534	5,680,555	6,547,271	2,242,153	2,490,818	55.75%
Alternative Investments	6.50%	315,227	328,298	615,942	341,745	523,571	602,495	13.03%
<b>Total Portfolio</b>	<b>100.00%</b>	<b>\$ 4,846,482</b>	<b>\$ 4,965,034</b>	<b>\$ 9,047,806</b>	<b>\$ 9,587,251</b>	<b>\$ 4,021,324</b>	<b>\$ 4,425,589</b>	<b>100.00%</b>

**SCHEDULE OF COMMISSIONS PAID TO BROKERS**  
 YEAR ENDED JUNE 30, 2009

BROKER	NUMBER OF SHARES TRADED	AVERAGE COMMISSION	TOTAL COMMISSIONS
BLOOMBERG TRADEBOOK LLC	75,353,651	.010	\$ 753,537
PENSION FINANCIAL SERVICES INC	31,831,077	.005	160,714
<b>TOTAL COMMISSIONS</b>	<b>107,184,728</b>	<b>.009</b>	<b>\$ 914,250</b>

**EQUITY PORTFOLIO**  
YEAR ENDED JUNE 30, 2009

SHARES	SECURITY	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
136,517	3M CO	\$ 9,774,615	\$ 8,204,669	\$ (1,569,945)
266,636	ABBOTT LABS COM	15,312,900	12,542,553	(2,770,347)
126,111	ADOBE SYS INC DEL COM	5,401,314	3,568,928	(1,832,386)
92,070	AES CORP COM	1,404,987	1,068,932	(336,055)
84,870	AETNA INC COM NEW	3,661,302	2,125,999	(1,535,302)
76,314	AFLAC INC COM	4,326,994	2,372,597	(1,954,397)
27,334	AIR PRODS & CHEMS INC COM	2,510,649	1,765,518	(745,131)
102,933	ALCOA INC COM	3,307,228	1,063,295	(2,243,933)
28,036	ALLEGHENY TECHNOLOGIES INC COM	1,373,749	979,287	(394,462)
85,063	ALLSTATE CORP COM	3,838,891	2,075,536	(1,763,355)
363,912	ALTRIA GROUP INC	7,581,522	5,964,520	(1,617,002)
62,439	AMAZON.COM INC COM	2,586,469	5,223,612	2,637,144
127,190	AMEREN CORP	4,055,076	3,165,752	(889,324)
55,093	AMERICAN ELEC PWR INC COM	2,150,838	1,591,642	(559,196)
85,518	AMERICAN EXPRESS CO COM	3,393,344	1,987,432	(1,405,912)
477,266	AMERICAN INTL GROUP INC COM	10,256,445	553,628	(9,702,816)
53,728	AMERICAN TOWER CORP	1,720,602	1,694,044	(26,558)
201,934	AMGEN INC	12,691,558	10,690,391	(2,001,167)
72,460	APACHE CORP COM	8,221,534	5,227,960	(2,993,574)
144,592	APPLE INC	24,512,611	20,594,179	(3,918,432)
308,736	APPLIED MATLS INC COM	5,532,557	3,399,188	(2,133,369)
135,823	ARCHER DANIELS MIDLAND CO COM	3,236,809	3,635,987	399,178
914,070	AT & T INC COM	27,583,897	22,705,501	(4,878,396)
114,856	AUTOMATIC DATA PROCESSING INC	5,097,317	4,070,503	(1,026,814)
191,093	BANK NEW YORK MELLON CORP COM	5,964,481	5,600,933	(363,548)
988,259	BANK OF AMERICA CORP	31,199,971	13,045,015	(18,154,956)
142,607	BAXTER INTL INC COM	8,419,907	7,552,448	(867,458)
72,922	BEST BUY INC COM	3,264,723	2,442,161	(822,561)
5,217,367	BGI FRONTIER MARKETS FUND	23,126,923	27,509,295	4,382,371
161,724	BOEING CO COM	10,602,603	6,873,255	(3,729,347)
15,417	BOSTON PPTYS INC COM	999,028	735,388	(263,640)
198,262	BOSTON SCIENTIFIC CORP COM	1,778,329	2,010,375	232,046
254,880	BRISTOL MYERS SQUIBB CO COM	5,439,150	5,176,623	(262,527)
43,861	CAMPBELL SOUP CO COM	1,624,000	1,290,396	(333,604)
66,598	CAPITAL ONE FINL CORP	2,939,639	1,457,166	(1,482,473)
95,970	CELGENE CORP	6,650,750	4,591,225	(2,059,525)
83,251	CHESAPEAKE ENERGY CORP COM	4,017,412	1,650,876	(2,366,535)
313,824	CHEVRON CORPORATION COM	27,032,742	20,790,844	(6,241,898)
57,736	CHUBB CORP COM	2,771,926	2,302,529	(469,397)
962,390	CISCO SYS INC COM	23,145,476	17,948,571	(5,196,905)
929,418	CITIGROUP INC COM	17,649,656	2,760,373	(14,889,283)
98,097	CITRIX SYS INC COM	2,969,402	3,128,319	158,917
30,834	CLOROX CO COM	1,770,481	1,721,455	(49,026)
12,256	CME GROUP INC COM	4,434,430	3,813,231	(621,199)
47,245	COACH INC COM	1,369,638	1,269,951	(99,687)

**EQUITY PORTFOLIO**  
YEAR ENDED JUNE 30, 2009

SHARES	SECURITY	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
306,600	COCA COLA CO COM	\$ 16,015,933	\$ 4,713,756	\$ (1,302,177)
91,811	COLGATE PALMOLIVE CO	6,980,385	6,494,705	(485,680)
324,526	COMCAST CORP NEW CL A SPL	6,860,490	4,575,824	(2,284,667)
248,984	CONOCOPHILLIPS	20,344,996	10,472,246	(9,872,750)
27,519	CONSOL ENERGY INC COM	1,831,652	934,553	(897,099)
32,797	CONSTELLATION BRANDS INC CL A	692,349	415,869	(276,481)
58,970	COSTCO WHSL CORP NEW COM	3,069,235	2,699,636	(369,599)
248,464	CVS CAREMARK CORP	9,093,781	7,918,546	(1,175,235)
333,622	DELL INC COM	7,249,617	4,580,637	(2,668,980)
80,501	DEVON ENERGY CORP NEW COM	8,215,134	4,387,308	(3,827,826)
199,173	DISNEY WALT CO COM	6,443,244	4,646,704	(1,796,540)
103,363	DOMINION RES INC VA NEW COM	4,293,374	3,454,386	(838,988)
158,563	DOW CHEM CO COM	5,411,761	2,559,210	(2,852,552)
135,637	DU PONT E I DE NEMOURS & CO	5,677,763	3,475,031	(2,202,732)
398,435	DUKE ENERGY CORP NEW COM	6,357,828	5,813,171	(544,657)
39,005	ECOLAB INC COM	1,572,919	1,520,799	(52,120)
65,352	EDISON INTL COM	2,664,032	2,055,986	(608,045)
503,899	EMC CORP MASS	7,699,572	6,601,073	(1,098,499)
84,793	EMERSON ELEC CO COM	3,058,743	2,747,298	(311,445)
26,070	ENTERGY CORP NEW COM	2,695,381	2,020,949	(674,432)
1,565,590	ETF VANGUARD FINANCIALS ETF	34,580,512	37,691,574	3,111,062
1,703,240	ETF VANGUARD PACIFIC ETF	70,762,688	78,757,813	7,995,125
3,149,273	ETF VANGUARD TOTAL STOCK	151,668,983	145,716,857	(5,952,126)
117,554	EXELON CORP COM	8,929,412	6,019,947	(2,909,465)
47,330	EXPRESS SCRIPTS INC COM STK	3,474,495	3,253,937	(220,558)
797,826	EXXON MOBIL CORP	63,296,017	55,776,044	(7,519,973)
40,084	FAMILY DLR STORES INC	1,055,958	1,134,378	78,420
92,656	FEDEX CORP COM	7,673,752	5,153,515	(2,520,237)
53,227	FIRSTENERGY CORP COM	3,463,372	2,062,545	(1,400,827)
57,235	FISERV INC COM	2,968,226	2,616,229	(351,998)
27,519	FRANKLIN RES INC COM	2,875,760	1,981,660	(894,100)
43,707	FREEMPORT MCMORAN COPPER & GOLD	3,903,910	2,190,158	(1,713,752)
55,963	GENERAL DYNAMICS CORP COM	3,113,881	3,099,817	(14,064)
1,595,267	GENERAL ELEC CO COM	42,947,863	18,696,534	(24,251,329)
62,593	GENERAL MLS INC COM	4,101,328	3,506,446	(594,882)
43,211	GENZYME CORP COM	3,383,389	2,405,533	(977,856)
153,602	GILEAD SCIENCES INC COM	8,091,754	7,194,718	(897,036)
73,595	GOLDMAN SACHS GROUP INC COM	12,067,381	10,850,855	(1,216,526)
44,177	GOOGLE INC CL A	18,828,104	18,624,678	(203,427)
36,939	GRAINGER W W INC COM	3,325,616	3,024,563	(301,053)
231,254	HALLIBURTON CO COM	9,979,452	4,786,958	(5,192,493)
52,307	HARTFORD FINL SVCS GROUP INC	3,299,548	620,888	(2,678,659)
53,420	HCP INC COM	1,526,428	1,131,963	(394,465)
439,845	HEWLETT PACKARD CO COM	19,057,840	17,000,016	(2,057,825)
124,415	HOME DEPOT INC COM	3,374,126	2,939,919	(434,207)

**EQUITY PORTFOLIO**  
YEAR ENDED JUNE 30, 2009

SHARES	SECURITY	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
100,210	HONEYWELL INTL INC COM	\$ 2,967,691	\$ 3,146,597	\$ 178,905
225,692	IBM CORP COM	27,473,439	23,566,717	(3,906,722)
880,307	INTEL CORP	20,132,621	14,569,081	(5,563,540)
57,690	INTERNATIONAL PAPER CO COM	1,560,519	872,852	(687,667)
8,788	INTUITIVE SURGICAL INC	2,594,730	1,438,187	(1,156,543)
2,442,867	ISHARES MSCI CDA INDEX FD	43,520,664	52,326,219	8,805,555
333,006	ISHARES TR MSCI EAFE GROWTH	15,238,346	15,381,538	143,193
4,170,569	ISHARES TR MSCI EAFE INDEX FD	185,882,275	191,053,781	5,171,506
400,840	ISHARES TR MSCI EAFE VALUE	16,209,983	16,903,436	693,454
2,888,290	ISHARES TR MSCI EMERGING MKTS	73,449,205	93,089,574	19,640,369
693,762	ISHARES TR RUSSELL 2000 INDEX	31,190,133	35,437,368	4,247,235
107,814	ISHARES TR RUSSELL 3000 INDEX	6,024,673	5,807,966	(216,707)
436,299	JOHNSON & JOHNSON COM	29,838,342	24,781,799	(5,056,543)
580,815	JPMORGAN CHASE & CO COM	24,149,299	19,811,610	(4,337,689)
53,805	KELLOGG CO COM	2,929,150	2,505,704	(423,446)
77,441	KEYCORP NEW COM	930,064	405,790	(524,274)
80,907	KIMBERLY CLARK CORP COM	4,701,947	4,241,930	(460,018)
61,282	KOHL'S CORP COM	3,013,252	2,619,819	(393,432)
260,952	KRAFT FOODS INC CL A	7,599,125	6,612,515	(986,610)
214,064	LILLY ELI & CO COM	9,986,093	7,415,182	(2,570,910)
105,221	LINEAR TECHNOLOGY CORP COM	3,434,400	2,456,901	(977,499)
79,397	LOCKHEED MARTIN CORP COM	9,245,012	6,403,386	(2,841,626)
262,859	LOWES COS INC COM	5,071,018	5,102,088	31,070
181,149	MCDONALDS CORP COM	11,231,237	10,414,255	(816,982)
147,000	MEDTRONIC INC COM	8,026,226	5,128,847	(2,897,379)
400,825	MERCK & CO INC COM	12,682,853	11,207,064	(1,475,788)
127,575	METLIFE INC COM	6,914,573	3,828,530	(3,086,043)
77,006	MICROCHIP TECHNOLOGY INC COM	2,464,964	1,736,486	(728,477)
1,249,053	MICROSOFT CORP COM	34,086,660	29,689,993	(4,396,667)
79,575	MONSANTO CO NEW COM	8,716,121	5,915,569	(2,800,551)
84,161	MORGAN STANLEY	3,436,296	2,399,432	(1,036,864)
102,523	NATIONAL OILWELL VARCO INC	7,558,993	3,348,389	(4,210,604)
48,694	NEWMONT MINING CORP HOLDING CO	2,196,117	1,990,140	(205,977)
418,570	NEWS CORPORATION CL A	3,122,729	3,813,171	690,442
67,411	NORDSTROM INC WASH COM	2,096,468	1,340,796	(755,672)
36,091	NUCOR CORP	1,894,780	1,603,525	(291,255)
145,081	OCCIDENTAL PETE CORP COM	11,474,060	9,547,785	(1,926,274)
86,181	OMNICOM GROUP INC USD0.15 COM	3,653,199	2,721,586	(931,613)
477,154	ORACLE CORPORATION COM	10,463,991	10,220,642	(243,349)
49,720	PEABODY ENERGY CORP COM	3,129,850	1,499,544	(1,630,306)
226,089	PEPSICO INC COM	15,482,599	12,425,871	(3,056,728)
1,165,829	PFIZER INC COM STK USD0.05	22,278,986	17,487,430	(4,791,556)
51,762	PG&E CORP COM	2,139,338	1,989,745	(149,593)
303,554	PHILIP MORRIS INTL INC COM	15,448,954	13,241,028	(2,207,926)
15,417	PLUM CREEK TIMBER CO INC COM	581,242	459,116	(122,125)

**EQUITY PORTFOLIO**  
YEAR ENDED JUNE 30, 2009

SHARES	SECURITY	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
46,397	PNC FINANCIAL SERVICES GROUP	\$ 5,965,363	\$ 1,800,678	\$ (4,164,685)
114,085	PPL CORP COM	4,993,515	3,760,252	(1,233,262)
43,561	PRAXAIR INC COM	3,756,628	3,095,848	(660,780)
50,951	PRICE T ROWE GROUP INC COM	3,024,477	2,123,146	(901,331)
431,289	PROCTER & GAMBLE CO COM	30,091,017	22,038,856	(8,052,161)
46,251	PROLOGIS INT	975,480	372,782	(602,699)
24,255	PUBLIC STORAGE COM	1,709,255	1,588,248	(121,007)
67,495	PUBLIC SVC ENTERPRISE GROUP	2,751,785	2,202,373	(549,412)
276,572	QUALCOMM INC	14,561,522	12,501,059	(2,060,462)
48,564	REYNOLDS AMERN INC	2,070,335	1,875,546	(194,789)
127,575	ROBERT HALF INTL INC COM	3,265,924	3,013,325	(252,599)
42,628	SANDISK CORP	616,398	626,629	10,231
236,457	SCHERING PLOUGH CORP COM	4,587,271	5,939,806	1,352,535
242,046	SCHLUMBERGER LTD COM	22,481,553	13,097,103	(9,384,450)
1,249,543	SECTOR SPDR TR SBI INDUSTRIAL	22,788,771	27,439,956	4,651,184
1,233,355	SELECT SECTOR SPDR FD CONSUMER	23,263,801	28,465,830	5,202,029
263,630	SELECT SECTOR SPDR FUND	6,010,130	6,801,644	791,514
74,387	SEMPRA ENERGY COM	4,308,478	3,691,813	(616,666)
145,043	SOUTHERN CO COM	5,273,386	4,519,525	(753,860)
244,204	SPRINT NEXTEL CORP COM SER 1	856,391	1,174,622	318,232
144,804	STAPLES INC COM	3,504,246	2,922,136	(582,110)
46,097	STRYKER CORP	2,443,739	1,831,880	(611,859)
133,742	TARGET CORP COM	7,090,996	5,278,793	(1,812,203)
250,371	TEXAS INSTRS INC COM	6,136,594	5,332,903	(803,691)
71,997	THERMO FISHER SCIENTIFIC	3,182,379	2,935,321	(247,058)
40,917	TIME WARNER CABLE INC COM	2,038,572	1,295,827	(742,745)
163,008	TIME WARNER INC NEW COM NEW	5,966,742	4,106,169	(1,860,574)
21,290	TRANSOCEAN LTD ZUG NAMEN-AKT	2,685,660	1,581,635	(1,104,025)
88,647	UNITED PARCEL SVC INC CL B	4,626,161	4,431,482	(194,679)
15,042	UNITED STATES STEEL CORP	657,584	537,584	(120,000)
180,918	UNITED TECHNOLOGIES CORP COM	11,866,394	9,400,486	(2,465,909)
160,119	UNITEDHEALTH GROUP INC COM	4,875,616	3,999,766	(875,850)
294,645	US BANCORP DEL COM NEW	9,387,377	5,280,032	(4,107,346)
1,165,371	VANGUARD EMERGING MARKETS ETF	27,786,559	37,082,098	9,295,539
7,197,892	VANGUARD INDEX FDS EXTD MKT	167,388,655	188,728,724	21,340,069
1,130,364	VANGUARD INTL EQUITY INDEX FD	37,053,342	40,591,382	3,538,040
5,710,178	VANGUARD INTL EQUITY INDEX FDS	125,153,676	122,597,525	(2,556,151)
14,049,054	VANGUARD STAR FD INSTL	136,550,913	110,847,040	(25,703,874)
42,782	VARIAN MED SYS INC COM	2,702,111	1,503,359	(1,198,752)
438,149	VERIZON COMMUNICATIONS COM	15,387,804	13,464,328	(1,923,475)
15,846	VORNADO RLTY TR COM	1,006,005	713,559	(292,446)
327,217	WAL MART STORES INC COM	17,862,597	15,850,379	(2,012,218)
140,525	WALGREEN CO	5,119,339	4,131,446	(987,893)
107,919	WASTE MGMT INC DEL COM	3,318,560	3,038,986	(279,574)
103,779	WELLPOINT INC	5,478,499	5,281,318	(197,180)



**EQUITY PORTFOLIO**  
YEAR ENDED JUNE 30, 2009

SHARES	SECURITY	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
603,727	WELLS FARGO & CO NEW COM	\$ 18,322,345	\$ 14,646,422	\$ (3,675,923)
27,249	WEYERHAEUSER CO COM	1,512,071	829,200	(682,871)
172,117	WYETH COM	7,449,223	7,812,390	363,167
112,351	YUM BRANDS INC	4,008,681	3,745,780	(262,901)
<b>86,285,129</b>	<b>TOTAL EQUITIES</b>	<b>\$ 2,490,817,987</b>	<b>\$ 2,242,153,290</b>	<b>\$ (248,664,697)</b>

**EQUITY ACQUIRED**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	SHARES	AVG COST	COST
3M CO	196,016	\$ 71.60	\$ 14,034,775
ABBOTT LABS COM	382,647	57.43	21,975,440
ABERCROMBIE & FITCH CO CL A	14,237	52.45	746,740
ADOBE SYS INC DEL COM	185,647	42.83	7,951,276
AES CORP COM	92,070	15.26	1,404,987
AETNA INC COM NEW	168,230	43.14	7,257,429
AFLAC INC COM	295,709	56.70	16,766,718
AIR PRODS & CHEMS INC COM	27,334	91.85	2,510,649
ALCOA INC COM	102,933	32.13	3,307,228
ALLEGHENY TECHNOLOGIES INC COM	82,130	49.00	4,024,351
ALLIANZ SE ADR	563,290	12.13	6,832,702
ALLSTATE CORP COM	565,533	45.13	25,522,490
ALTRIA GROUP INC	950,034	20.83	19,792,420
AMAZON.COM INC COM	62,439	41.42	2,586,469
AMDOCS LTD COM	35,422	30.19	1,069,392
AMEREN CORP	127,190	31.88	4,055,076
AMERICAN CAP LTD COM	368,268	28.25	10,402,173
AMERICAN ELEC PWR INC COM	55,093	39.04	2,150,838
AMERICAN EXPRESS CO COM	85,518	39.68	3,393,344
AMERICAN INTL GROUP INC COM	574,023	21.49	12,335,753
AMERICAN TOWER CORP	75,269	32.02	2,410,445
AMGEN INC	617,002	62.85	38,778,577
APACHE CORP COM	249,777	113.47	28,342,342
APPLE INC	216,876	169.53	36,766,942
APPLIED MATLS INC COM	490,312	17.92	8,786,385
ARCHER DANIELS MIDLAND CO COM	501,347	23.83	11,947,623
AT & T INC COM	1,099,481	30.18	33,179,052
AUTOMATIC DATA PROCESSING INC	428,228	44.38	19,004,763
BANK NEW YORK MELLON CORP COM	267,959	31.21	8,363,676
BANK OF AMERICA CORP	2,475,870	31.33	77,564,096
BAXTER INTL INC COM	200,578	59.04	11,842,684
BED BATH & BEYOND INC COM	385,810	30.66	11,828,941
BEST BUY INC COM	648,368	44.77	29,027,435
BGI FRONTIER MARKETS FUND	5,217,367	4.43	23,126,923
BGI MONEY MARKET	18,562,471	1.00	18,562,471
BOEING CO COM	625,993	65.56	41,040,108
BOSTON PPTYS INC COM	15,417	64.80	999,028
BOSTON SCIENTIFIC CORP COM	277,918	8.97	2,492,812
BRISTOL MYERS SQUIBB CO COM	254,880	21.34	5,439,150
CAMPBELL SOUP CO COM	43,861	37.03	1,624,000
CANADIAN NATL RY CO COM	417,917	48.36	20,211,238
CAPITAL ONE FINL CORP	149,509	44.14	6,599,308
CAREER ED CORP COM	70,917	18.75	1,329,694
CARPENTER TECHNOLOGY CORP COM	8,370	38.81	324,831
CELGENE CORP	332,214	69.30	23,022,423

**EQUITY ACQUIRED**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	SHARES	AVG COST	COST
CHATTEM INC COM	2,993	\$ 70.12	\$ 209,867
CHESAPEAKE ENERGY CORP COM	480,523	48.40	23,257,702
CHEVRON CORPORATION COM	966,810	86.15	83,294,355
CHICOS FAS INC COM	340,902	5.74	1,956,780
CHUBB CORP COM	297,614	48.01	14,288,443
CISCO SYS INC COM	1,481,755	24.05	35,636,213
CITIGROUP INC COM	3,940,474	18.99	74,829,609
CITRIX SYS INC COM	128,796	30.27	3,898,651
CLARCOR INC	7,520	39.93	300,284
CLOROX CO COM	30,834	57.42	1,770,481
CME GROUP INC COM	12,256	361.80	4,434,430
COACH INC COM	314,645	28.99	9,121,563
COCA COLA CO COM	583,126	52.24	30,460,844
COLGATE PALMOLIVE CO	279,921	76.03	21,282,383
COMCAST CORP NEW CL A SPL	401,733	21.14	8,492,633
COMMIT TO PUR MUTUAL FD	197,642,547	1.00	197,642,547
CONOCOPHILLIPS	632,804	82.15	51,983,161
CONSOL ENERGY INC COM	94,927	67.05	6,365,035
CONSTELLATION BRANDS INC CL A	152,591	21.11	3,221,202
CONSTELLATION ENGY GRP INC COM	29,786	66.71	1,987,051
CORNING INC COM	57,150	20.54	1,173,852
COSTCO WHSL CORP NEW COM	58,970	52.05	3,069,235
COVANCE INC COM	10,255	94.34	967,418
COVIDIEN LIMITED	88,373	46.29	4,090,395
CVS CAREMARK CORP	963,517	36.60	35,264,738
DELL INC COM	333,622	21.73	7,249,617
DEVON ENERGY CORP NEW COM	405,702	102.50	41,583,296
DISNEY WALT CO COM	237,934	32.35	7,697,161
DOMINION RES INC VA NEW COM	103,363	41.54	4,293,374
DOW CHEM CO COM	313,628	34.13	10,704,119
DU PONT E I DE NEMOURS & CO	135,637	41.86	5,677,763
DUKE ENERGY CORP NEW COM	441,117	15.96	7,038,895
ECOLAB INC COM	53,666	40.33	2,164,164
EDISON INTL COM	65,352	40.76	2,664,032
EMC CORP MASS	550,292	15.28	8,408,455
EMERSON ELEC CO COM	84,793	36.07	3,058,743
ENERGEN CORP	80,468	55.84	4,493,317
ENTERGY CORP NEW COM	26,070	103.39	2,695,381
ETF VANGUARD EXTENDED MKT ETF	1,662,710	42.02	69,859,354
ETF VANGUARD FINANCIALS ETF	1,565,590	22.09	34,580,512
ETF VANGUARD PACIFIC ETF	5,887,571	48.78	287,166,385
ETF VANGUARD SMALL-CAPVALUE	667,706	54.55	36,426,130
ETF VANGUARD TOTAL STOCK	6,316,408	56.41	356,329,237
EXELON CORP COM	241,288	75.96	18,328,218
EXPRESS SCRIPTS INC COM STK	135,474	73.41	9,945,111

**EQUITY ACQUIRED**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	SHARES	AVG COST	COST
EXXON MOBIL CORP	1,544,259	\$ 79.65	\$ 122,997,206
FAMILY DLR STORES INC	40,084	26.34	1,055,958
FEDEX CORP COM	383,914	82.82	31,795,748
FIRSTENERGY CORP COM	53,227	65.07	3,463,372
FISERV INC COM	111,283	51.86	5,771,118
FMC CORP NEW COM	102,758	73.54	7,556,850
FRANKLIN RES INC COM	158,359	104.50	16,548,488
FREEMPORT MCMORAN COPPER & GOLD	43,707	89.32	3,903,910
FRONTIER COMMUNICATIONS CORP	13,648	12.57	171,553
GARMIN LTD REG SHS	44,489	34.76	1,546,438
GENENTECH INC	89,914	98.75	8,879,043
GENERAL DYNAMICS CORP COM	78,367	55.64	4,360,460
GENERAL ELEC CO COM	2,623,369	26.92	70,626,462
GENERAL MLS INC COM	62,593	65.52	4,101,328
GENZYME CORP COM	43,211	78.30	3,383,389
GILEAD SCIENCES INC COM	153,602	52.68	8,091,754
GOLDMAN SACHS GROUP INC COM	126,523	163.97	20,746,034
GOOGLE INC CL A	48,043	426.19	20,475,804
GRAINGER W W INC COM	136,301	90.03	12,271,176
HALLIBURTON CO COM	348,003	43.96	15,298,248
HARRIS CORP DEL COM	23,043	52.36	1,206,516
HARTFORD FINL SVCS GROUP INC	371,681	63.08	23,445,641
HCP INC COM	132,992	28.57	3,800,149
HEWLETT PACKARD CO COM	439,845	43.33	19,057,840
HOME DEPOT INC COM	910,965	27.12	24,705,359
HOME PROPERTIES INC	1,762	52.75	92,921
HONEYWELL INTL INC COM	100,210	29.61	2,967,691
IBM CORP COM	279,787	121.73	34,058,418
INTEL CORP	880,307	22.87	20,132,621
INTERNATIONAL PAPER CO COM	57,690	27.05	1,560,519
INTUITIVE SURGICAL INC	8,788	295.27	2,594,730
ISHARES MSCI CDA INDEX FD	4,342,996	21.41	92,972,084
ISHARES TR MSCI EAFE GROWTH	667,900	46.99	31,381,492
ISHARES TR MSCI EAFE INDEX FD	8,364,793	53.45	447,104,895
ISHARES TR MSCI EAFE VALUE	803,954	41.50	33,367,284
ISHARES TR MSCI EMERGING MKTS	8,484,724	24.94	211,579,889
ISHARES TR RUSSELL 2000 INDEX	693,762	44.96	31,190,133
ISHARES TR RUSSELL 3000 INDEX	216,240	65.57	14,178,307
JACOBS ENGR GROUP INC COM	18,127	73.82	1,338,119
JOHNSON & JOHNSON COM	610,149	68.39	41,727,858
JPMORGAN CHASE & CO COM	1,057,325	41.58	43,961,769
KELLOGG CO COM	168,242	54.44	9,159,103
KEYCORP NEW COM	135,866	12.01	1,631,746
KIMBERLY CLARK CORP COM	162,062	58.12	9,418,386
KING PHARMACEUTICALS INC COM	175,087	11.44	2,002,993

**EQUITY ACQUIRED**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	SHARES	AVG COST	COST
KOHL'S CORP COM	144,104	\$ 49.17	\$ 7,085,598
KRAFT FOODS INC CL A	571,963	29.12	16,656,042
LANDSTAR SYS INC COM	10,337	49.02	506,742
LEHMAN BROS HLDGS INC COM	289,283	13.64	3,945,762
LILLY ELI & CO COM	564,932	46.65	26,354,061
LINEAR TECHNOLOGY CORP COM	211,859	32.64	6,915,069
LOCKHEED MARTIN CORP COM	274,042	116.44	31,909,498
LOGITECH INTERNATIONAL SA	308,142	20.74	6,390,860
LOWES COS INC COM	262,859	19.29	5,071,018
MANITOWOC INC COM	18,987	25.18	478,093
MCAFEE INC	158,263	39.56	6,260,894
MCDONALDS CORP COM	413,472	62.00	25,635,241
MEDTRONIC INC COM	147,000	54.60	8,026,226
MERCK & CO INC COM	577,278	31.64	18,266,153
METLIFE INC COM	360,209	54.20	19,523,315
MICROCHIP TECHNOLOGY INC COM	144,172	32.01	4,614,931
MICROSOFT CORP COM	2,203,820	27.29	60,142,252
MONSANTO CO NEW COM	79,575	109.53	8,716,121
MORGAN STANLEY	84,161	40.83	3,436,296
NATIONAL CITY CORP COM	15,263,489	5.04	76,927,982
NATIONAL OILWELL VARCO INC	304,117	74.50	22,655,835
NEWMONT MINING CORP HOLDING CO	48,694	45.10	2,196,117
NEWS CORPORATION CL A	418,570	7.46	3,122,729
NOKIA CORP SPON ADR SER A COM	912,534	21.70	19,804,673
NORDSTROM INC WASH COM	216,547	31.10	6,734,620
NUCOR CORP	36,091	52.50	1,894,780
OCCIDENTAL PETE CORP COM	693,525	79.81	55,352,328
OLIN CORP COM PAR \$1.00	56,341	26.91	1,516,146
OMNICOM GROUP INC USD0.15 COM	143,349	42.39	6,076,569
ORACLE CORPORATION COM	477,154	21.93	10,463,991
PEABODY ENERGY CORP COM	152,042	62.48	9,499,509
PEPSICO INC COM	649,651	68.48	44,488,097
PETSMART INC	270,921	27.00	7,314,858
PFIZER INC COM STK USD0.05	2,158,810	19.11	41,254,864
PG&E CORP COM	51,762	41.33	2,139,338
PHILIP MORRIS INTL INC COM	931,212	52.11	48,525,255
PLUM CREEK TIMBER CO INC COM	15,417	37.70	581,242
PNC FINANCIAL SERVICES GROUP	46,398	128.57	5,965,409
POOL CORP COM	75,629	24.26	1,834,755
PPL CORP COM	114,085	43.77	4,993,515
PRAXAIR INC COM	43,561	86.24	3,756,628
PRICE T ROWE GROUP INC COM	276,139	59.36	16,391,585
PROCTER & GAMBLE CO COM	1,023,503	69.77	71,409,775
PROLOGIS INT	46,251	21.09	975,480
PSYCHIATRIC SOLUTIONS INC	39,753	37.75	1,500,684



**EQUITY ACQUIRED**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	SHARES	AVG COST	COST
PUBLIC STORAGE COM	136,092	\$ 70.47	\$ 9,590,221
PUBLIC SVC ENTERPRISE GROUP	67,495	40.77	2,751,785
QUALCOMM INC	384,762	52.65	20,257,721
QUIKSILVER INC COM	102,186	7.71	787,852
RESMED INC	53,944	46.80	2,524,561
REYNOLDS AMERN INC	146,720	42.63	6,254,806
ROBERT HALF INTL INC COM	197,063	25.60	5,044,823
ROHM & HAAS CO COM	11,211	70.65	792,019
RPM INTERNATIONAL INC	121,913	21.60	2,633,326
SANDISK CORP	142,747	14.46	2,064,128
SAP AKIENGESELLSCHAFT SPONS	375,707	52.07	19,564,686
SCHERING PLOUGH CORP COM	236,457	19.40	4,587,271
SCHLUMBERGER LTD COM	579,322	94.33	54,648,226
SCOTTS MIRACLE-GRO COMPANY	6,914	26.74	184,870
SEALED AIR CORP NEW COM	161,481	24.23	3,912,693
SECTOR SPDR TR SBI INDUSTRIAL	1,249,543	18.24	22,788,771
SELECT SECTOR SPDR FD CONSUMER	1,233,355	18.86	23,263,801
SELECT SECTOR SPDR FUND	325,395	22.80	7,418,228
SEMPRA ENERGY COM	127,706	57.92	7,396,719
SOUTHERN CO COM	145,043	36.36	5,273,386
SPRINT NEXTEL CORP COM SER 1	527,805	3.51	1,850,938
STAPLES INC COM	855,333	24.20	20,699,052
STERICYCLE INC COM	13,995	59.30	829,925
STRYKER CORP	46,097	53.01	2,443,739
TARGET CORP COM	214,220	53.02	11,357,918
TEXAS INSTRS INC COM	763,513	24.51	18,713,712
THERMO FISHER SCIENTIFIC	71,997	44.20	3,182,379
TIME WARNER CABLE INC COM	40,917	49.82	2,038,581
TIME WARNER INC NEW COM NEW	163,008	36.60	5,966,761
TRANSOCEAN INC NEW SHS	73,805	128.58	9,489,900
TRANSOCEAN LTD ZUG NAMEN-AKT	104,886	126.15	13,231,044
TRINITY INDS INC	46,358	35.98	1,667,964
UNITED PARCEL SVC INC CL B	88,647	52.19	4,626,161
UNITED STATES STEEL CORP	38,655	43.72	1,689,935
UNITED TECHNOLOGIES CORP COM	320,779	65.59	21,039,922
UNITEDHEALTH GROUP INC COM	160,119	30.45	4,875,616
URS CORP NEW	109,380	47.96	5,245,841
US BANCORP DEL COM NEW	713,964	31.86	22,746,897
VANGUARD EMERGING MARKETS ETF	3,918,532	29.12	114,126,622
VANGUARD EUROPEAN ETF	1,213,889	44.43	53,934,564
VANGUARD INDEX FDS EXTD MKT	7,939,405	23.26	184,632,728
VANGUARD INDEX FDS SMALL	2,836,653	13.08	37,100,002
VANGUARD INTL EQUITY INDEX FD	2,267,140	40.34	91,447,910
VANGUARD INTL EQUITY INDEX FDS	6,777,359	21.92	148,543,772
VANGUARD STAR FD INSTL	14,049,054	9.72	136,550,913

**EQUITY ACQUIRED**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	SHARES	AVG COST	COST
VARIAN MED SYS INC COM	143,242	\$ 63.16	\$ 9,047,186
VERIZON COMMUNICATIONS COM	861,324	35.12	30,249,700
VORNADO RLTY TR COM	15,847	63.49	1,006,041
WACHOVIA CORP NEW COM	966,308	15.89	15,354,626
WAL MART STORES INC COM	404,538	54.59	22,083,535
WALGREEN CO	233,510	36.43	8,506,762
WASHINGTON MUTUAL INC COM	12,490,035	3.82	47,686,049
WASTE MGMT INC DEL COM	107,919	30.75	3,318,560
WELLPOINT INC	240,668	52.79	12,704,884
WELLS FARGO & CO NEW COM	603,727	30.35	18,322,345
WESTERN DIGITAL CORP DEL COM	34,588	27.26	942,868
WEYERHAEUSER CO COM	27,249	55.49	1,512,071
WYETH COM	172,117	43.28	7,449,223
YUM BRANDS INC	490,737	35.68	17,509,479
<b>TOTAL EQUITY ACQUIRED</b>	<b>399,433,014</b>	<b>\$ 14.22</b>	<b>\$ 5,680,555,085</b>

**EQUITY SOLD**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	SHARES SOLD	SALE PRICE	COST	GAIN (LOSS)	% GAIN (LOSS)
3M CO	263,099	\$ 66.71	\$ 19,797,613	\$ (2,245,454)	-11.34%
ABBOTT LABS COM	513,211	55.26	11,900,833	16,460,679	138.32%
ABERCROMBIE & FITCH CO CL A	28,541	40.60	1,200,027	(41,177)	-3.43%
ADOBE SYS INC DEL COM	247,887	38.03	6,301,826	3,125,249	49.59%
AES CORP COM	93,040	15.26	1,967,356	(547,565)	-27.83%
AETNA INC COM NEW	258,559	37.41	7,128,779	2,544,598	35.69%
AFLAC INC COM	518,695	48.89	26,157,286	(798,892)	-3.05%
AIR PRODS & CHEMS INC COM	27,620	91.85	2,662,933	(126,036)	-4.73%
ALCOA INC COM	104,022	32.13	3,713,784	(371,557)	-10.00%
ALLEGHENY TECHNOLOGIES INC COM	139,494	39.23	10,873,782	(5,401,898)	-49.68%
ALLIANZ SE ADR	854,400	11.11	11,491,573	(1,997,690)	-17.38%
ALLSTATE CORP COM	1,065,670	41.02	35,652,520	8,061,049	22.61%
ALTRIA GROUP INC	1,349,145	19.73	26,039,817	579,033	2.22%
AMDOCS LTD COM	71,017	26.82	2,288,997	(384,269)	-16.79%
AMERICAN CAP LTD COM	368,268	11.46	10,402,173	(6,181,022)	-59.42%
AMERICAN CAP STRATEGIES LTD	188,042	34.48	6,484,055	0	0.00%
AMERICAN ELEC PWR INC COM	55,671	39.04	2,666,652	(493,257)	-18.50%
AMERICAN EXPRESS CO COM	84,300	39.68	4,612,362	(1,267,338)	-27.48%
AMERICAN INTL GROUP INC COM	679,907	18.57	27,783,306	(15,154,636)	-54.55%
AMERICAN TOWER CORP	21,541	29.99	689,843	(43,793)	-6.35%
AMGEN INC	1,068,868	59.22	51,289,027	12,005,867	23.41%
APACHE CORP COM	177,318	99.80	20,120,808	(2,424,799)	-12.05%
APPLE INC	291,059	152.08	31,185,567	13,077,903	41.94%
APPLIED MATLS INC COM	677,287	16.10	11,655,700	(749,202)	-6.43%
ARCHER DANIELS MIDLAND CO COM	659,222	25.52	17,831,434	(1,007,207)	-5.65%
AT & T INC COM	928,631	30.82	36,171,812	(7,554,541)	-20.89%
AUTOMATIC DATA PROCESSING INC	757,147	40.53	29,817,350	870,548	2.92%
BANK NEW YORK MELLON CORP COM	221,117	30.33	9,350,808	(2,644,178)	-28.28%
BANK OF AMERICA CORP	5,458,087	30.77	163,923,305	4,038,196	2.46%
BAXTER INTL INC COM	57,971	50.62	3,422,777	(488,164)	-14.26%
BED BATH & BEYOND INC COM	784,310	26.57	27,397,005	(6,555,327)	-23.93%
BEST BUY INC COM	1,245,746	39.96	48,976,106	802,141	1.64%
BGI MONEY MARKET	18,562,471	1.00	18,562,471	0	0.00%
BOEING CO COM	1,112,169	59.29	73,553,760	(7,615,328)	-10.35%
BOSTON SCIENTIFIC CORP COM	79,656	7.96	714,483	(80,424)	-11.26%
BRISTOL MYERS SQUIBB CO COM	258,200	21.34	7,441,981	(1,931,993)	-25.96%
CANADIAN NATL RY CO COM	656,517	47.34	23,980,996	7,100,214	29.61%
CAPITAL ONE FINL CORP	242,551	35.74	17,188,448	(8,519,572)	-49.57%
CAREER ED CORP COM	142,182	16.75	3,165,215	(783,079)	-24.74%
CARPENTER TECHNOLOGY CORP COM	16,783	35.60	780,028	(182,500)	-23.40%
CELGENE CORP	580,143	62.53	35,877,693	397,135	1.11%
CHATTEM INC COM	6,001	72.01	321,859	110,272	34.26%
CHESAPEAKE ENERGY CORP COM	397,271	34.55	19,240,290	(5,515,704)	-28.67%
CHEVRON CORPORATION COM	652,986	80.07	56,261,613	(3,980,041)	-7.07%
CHICOS FAS INC COM	693,152	4.38	12,643,112	(9,604,563)	-75.97%

**EQUITY SOLD**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	SHARES SOLD	SALE PRICE	COST	GAIN (LOSS)	% GAIN (LOSS)
CHUBB CORP COM	547,777	\$ 46.73	\$ 27,282,725	\$ (1,685,125)	-6.18%
CISCO SYS INC COM	2,014,449	22.10	27,602,895	16,914,508	61.28%
CITIGROUP INC COM	8,734,988	18.27	207,739,191	(48,142,595)	-23.17%
CITRIX SYS INC COM	160,681	28.80	4,763,478	(135,487)	-2.84%
CLARCOR INC	15,076	35.25	540,268	(8,889)	-1.65%
COACH INC COM	593,050	24.00	17,568,018	(3,334,024)	-18.98%
COCA COLA CO COM	797,671	49.18	40,896,485	(1,666,229)	-4.07%
COLGATE PALMOLIVE CO	472,914	69.97	29,318,522	3,771,903	12.87%
COMCAST CORP NEW CL A SPL	483,076	20.00	10,246,030	(585,270)	-5.71%
COMMIT TO PUR MUTUAL FD	197,642,547	1.00	197,642,547	0	0.00%
CONOCOPHILLIPS	383,820	71.13	31,638,165	(4,335,129)	-13.70%
CONSOL ENERGY INC COM	67,407	53.16	4,533,383	(950,165)	-20.96%
CONSTELLATION BRANDS INC CL A	273,406	18.24	4,904,106	83,589	1.70%
CONSTELLATION ENGY GRP INC COM	59,710	45.64	3,257,467	(532,344)	-16.34%
CORNING INC COM	106,279	15.08	2,239,024	(636,642)	-28.43%
COVANCE INC COM	20,557	72.52	1,411,537	79,227	5.61%
COVIDIEN LIMITED	88,373	35.01	4,090,395	(996,263)	-24.36%
CULLEN FROST BANKERS INC COM	10,148	54.45	550,120	2,465	0.45%
CVS CAREMARK CORP	1,706,411	33.55	53,189,064	4,066,551	7.65%
DELL INC COM	349,100	21.73	13,452,938	(5,866,995)	-43.61%
DEVON ENERGY CORP NEW COM	325,201	89.70	33,368,161	(4,198,240)	-12.58%
DISNEY WALT CO COM	285,913	30.68	9,274,092	(501,215)	-5.40%
DOMINION RES INC VA NEW COM	81,080	43.53	3,863,224	(333,812)	-8.64%
DOW CHEM CO COM	479,965	30.07	19,214,733	(4,781,333)	-24.88%
DU PONT E I DE NEMOURS & CO	121,495	44.44	5,286,400	112,838	2.13%
DUKE ENERGY CORP NEW COM	100,361	15.25	1,598,897	(68,219)	-4.27%
ECOLAB INC COM	14,662	38.62	591,245	(25,012)	-4.23%
EDISON INTL COM	42,440	45.92	2,295,639	(346,794)	-15.11%
EMC CORP MASS	602,088	14.91	7,672,026	1,307,731	17.05%
ENERGEN CORP	163,568	42.58	7,178,387	(213,496)	-2.97%
ENTERGY CORP NEW COM	26,350	103.39	3,274,559	(550,233)	-16.80%
ETF VANGUARD EXTENDED MKT ETF	2,507,820	39.31	112,515,405	(13,940,712)	-12.39%
ETF VANGUARD PACIFIC ETF	6,945,346	48.54	389,424,816	(52,280,926)	-13.43%
ETF VANGUARD SMALL-CAPVALUE	1,013,206	49.92	60,980,552	(10,400,762)	-17.06%
ETF VANGUARD TOTAL STOCK	5,613,537	55.33	388,133,421	(77,517,709)	-19.97%
EXELON CORP COM	374,034	66.63	21,716,842	3,203,707	14.75%
EXPRESS SCRIPTS INC COM STK	224,780	65.78	7,289,339	7,496,967	102.85%
EXXON MOBIL CORP	746,432	77.98	59,701,190	(1,492,551)	-2.50%
FEDEX CORP COM	688,658	79.55	52,789,995	1,993,357	3.78%
FIRSTENERGY CORP COM	37,980	72.64	2,921,870	(163,003)	-5.58%
FISERV INC COM	166,362	48.25	7,101,893	924,819	13.02%
FMC CORP NEW COM	209,337	58.56	10,178,953	2,080,803	20.44%
FRANKLIN RES INC COM	374,840	89.63	26,241,283	7,357,059	28.04%
FREEMONT MCMORAN COPPER & GOLD	44,170	89.32	4,502,513	(557,249)	-12.38%
FRONTIER COMMUNICATIONS CORP	13,648	8.73	171,553	(52,404)	-30.55%

**EQUITY SOLD**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	SHARES SOLD	SALE PRICE	COST	GAIN (LOSS)	% GAIN (LOSS)
GARMIN LTD REG SHS	89,240	\$ 26.72	\$ 3,587,735	\$ (1,203,178)	-33.54%
GENENTECH INC	180,263	90.77	12,205,184	4,157,056	34.06%
GENERAL DYNAMICS CORP COM	22,404	53.24	1,246,580	(53,726)	-4.31%
GENERAL ELEC CO COM	3,211,802	22.64	103,279,045	(30,564,229)	-29.59%
GENZYME CORP COM	43,656	78.30	2,513,109	905,156	36.02%
GILEAD SCIENCES INC COM	155,230	52.68	1,352,255	6,825,261	504.73%
GOLDMAN SACHS GROUP INC COM	184,576	137.78	24,399,047	1,032,003	4.23%
GOOGLE INC CL A	34,196	445.69	22,102,398	(6,861,410)	-31.04%
GRAINGER W W INC COM	236,747	83.31	17,437,135	2,285,218	13.11%
HALLIBURTON CO COM	116,749	43.94	5,318,796	(188,845)	-3.55%
HARRIS CORP DEL COM	46,193	45.54	2,194,858	(91,424)	-4.17%
HARTFORD FINL SVCS GROUP INC	703,911	55.17	39,887,859	(1,053,667)	-2.64%
HCP INC COM	79,572	21.30	2,273,721	(578,460)	-25.44%
HEWLETT PACKARD CO COM	323,950	46.92	16,605,822	(1,406,088)	-8.47%
HOME DEPOT INC COM	1,728,250	24.30	33,968,168	8,026,987	23.63%
HOME PROPERTIES INC	30,999	53.40	1,818,266	(162,835)	-8.96%
IBM CORP COM	335,803	117.99	20,236,876	19,384,496	95.79%
INTEL CORP	914,600	22.87	26,554,059	(5,637,157)	-21.23%
INTERNATIONAL PAPER CO COM	58,300	27.05	1,850,588	(273,573)	-14.78%
INTUITIVE SURGICAL INC	8,873	295.27	832,818	1,787,113	214.59%
ISHARES MSCI CDA INDEX FD	3,150,078	24.29	88,688,128	(12,186,956)	-13.74%
ISHARES TR MSCI EAFE GROWTH	334,895	45.76	16,143,147	(818,373)	-5.07%
ISHARES TR MSCI EAFE INDEX FD	8,215,712	53.85	574,674,450	(132,220,151)	-23.01%
ISHARES TR MSCI EAFE VALUE	403,114	40.44	17,157,301	(855,380)	-4.99%
ISHARES TR MSCI EMERGING MKTS	6,549,819	32.21	249,850,523	(38,910,755)	-15.57%
ISHARES TR RUSSELL 3000 INDEX	220,291	65.69	18,002,354	(3,531,262)	-19.62%
JACOBS ENGR GROUP INC COM	36,347	67.88	1,636,380	830,700	50.76%
JOHNSON & JOHNSON COM	683,150	65.55	40,590,520	4,188,008	10.32%
JPMORGAN CHASE & CO COM	1,223,110	35.57	47,239,245	(3,731,761)	-7.90%
KELLOGG CO COM	288,837	49.08	14,958,111	(782,057)	-5.23%
KEYCORP NEW COM	1,392,068	11.09	15,662,624	(227,648)	-1.45%
KIMBERLY CLARK CORP COM	81,156	47.94	4,716,438	(825,459)	-17.50%
KING PHARMACEUTICALS INC COM	351,686	9.42	5,216,270	(1,902,840)	-36.48%
KOHL'S CORP COM	232,222	44.81	11,292,304	(886,744)	-7.85%
KRAFT FOODS INC CL A	608,056	28.30	17,377,453	(168,022)	-0.97%
LANDSTAR SYS INC COM	20,726	49.26	639,795	381,235	59.59%
LEHMAN BROS HLDGS INC COM	387,495	13.63	8,061,776	(2,778,466)	-34.46%
LILLY ELI & CO COM	936,068	41.59	49,667,520	(10,740,832)	-21.63%
LINEAR TECHNOLOGY CORP COM	320,778	29.20	10,944,946	(1,577,390)	-14.41%
LOCKHEED MARTIN CORP COM	478,345	109.23	47,879,268	4,369,776	9.13%
LOGITECH INTERNATIONAL SA	467,862	19.05	11,019,942	(2,107,527)	-19.12%
MANITOWOC INC COM	38,131	22.91	780,641	92,977	11.91%
MCAFFEE INC	317,316	34.68	10,754,954	249,242	2.32%
MCDONALDS CORP COM	660,823	60.11	29,700,920	10,022,491	33.74%
MEDTRONIC INC COM	148,800	54.60	7,428,241	696,239	9.37%



**EQUITY SOLD**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	SHARES SOLD	SALE PRICE	COST	GAIN (LOSS)	% GAIN (LOSS)
MERCK & CO INC COM	447,943	\$ 32.02	\$ 21,860,473	\$ (7,516,363)	-34.38%
MERRILL LYNCH & CO INC	305,835	28.35	24,175,276	(15,504,854)	-64.14%
METLIFE INC COM	605,434	44.51	31,269,063	(4,319,373)	-13.81%
MICROCHIP TECHNOLOGY INC COM	212,693	28.81	6,326,640	(199,780)	-3.16%
MICROSOFT CORP COM	3,205,432	24.95	106,370,698	(26,385,260)	-24.81%
MONSANTO CO NEW COM	68,800	114.25	7,110,178	750,222	10.55%
MORGAN STANLEY	84,105	40.83	4,140,967	(706,960)	-17.07%
NATIONAL CITY CORP COM	34,712,579	4.73	175,393,337	(11,132,580)	-6.35%
NATIONAL OILWELL VARCO INC	201,594	64.66	15,096,842	(2,060,805)	-13.65%
NEWMONT MINING CORP HOLDING CO	49,210	45.10	2,628,601	(409,230)	-15.57%
NOKIA CORP SPON ADR SER A COM	1,528,034	19.84	29,590,068	725,548	2.45%
NORDSTROM INC WASH COM	373,437	23.24	13,675,433	(4,997,266)	-36.54%
NUCOR CORP	36,475	52.50	2,097,101	(182,163)	-8.69%
OCCIDENTAL PETE CORP COM	548,444	68.46	43,878,269	(6,333,509)	-14.43%
OLIN CORP COM PAR \$1.00	112,934	22.94	2,694,665	(103,437)	-3.84%
OMNICOM GROUP INC USD0.15 COM	205,968	39.37	8,549,620	(441,047)	-5.16%
ORACLE CORPORATION COM	492,720	21.93	10,575,589	229,761	2.17%
PEABODY ENERGY CORP COM	102,322	53.06	6,369,659	(940,009)	-14.76%
PEPSICO INC COM	1,088,762	64.12	60,211,451	9,596,768	15.94%
PETSMART INC	541,350	22.00	14,038,965	(2,129,293)	-15.17%
PFIZER INC COM STK USD0.05	3,231,182	18.25	82,930,724	(23,965,376)	-28.90%
PG&E CORP COM	52,310	41.33	2,325,106	(163,134)	-7.02%
PHILIP MORRIS INTL INC COM	1,390,680	48.87	66,498,274	1,464,626	2.20%
PNC FINANCIAL SERVICES GROUP	0	30.99	46	(35)	-75.61%
POOL CORP COM	149,177	19.61	2,709,191	215,559	7.96%
PPL CORP COM	118,900	43.77	4,237,232	967,021	22.82%
PRAXAIR INC COM	37,790	89.84	3,300,866	94,188	2.85%
PRICE T ROWE GROUP INC COM	591,485	52.66	20,500,992	10,646,547	51.93%
PROCTER & GAMBLE CO COM	1,650,814	65.94	91,166,070	17,684,800	19.40%
PSYCHIATRIC SOLUTIONS INC	81,037	34.74	2,805,468	9,581	0.34%
PUBLIC STORAGE COM	111,836	70.13	7,880,967	(37,737)	-0.48%
PUBLIC SVC ENTERPRISE GROUP	68,200	40.77	3,467,476	(686,962)	-19.81%
QUALCOMM INC	496,565	49.51	20,911,436	3,674,167	17.57%
QUIKSILVER INC COM	204,762	7.76	1,774,641	(185,898)	-10.48%
RESMED INC	108,152	41.49	4,183,784	303,309	7.25%
REYNOLDS AMERN INC	98,156	37.14	4,184,471	(539,006)	-12.88%
ROBERT HALF INTL INC COM	274,088	24.15	9,614,095	(2,994,241)	-31.14%
ROHM & HAAS CO COM	11,211	77.79	792,019	80,123	10.12%
RPM INTERNATIONAL INC	248,771	17.95	4,976,793	(512,225)	-10.29%
SANDISK CORP	243,775	14.31	7,616,364	(4,127,067)	-54.19%
SAP AKIENGESSELLSCHAFT SPONS	688,807	44.84	34,709,928	(3,823,452)	-11.02%
SCHERING PLOUGH CORP COM	239,160	19.40	6,653,414	(2,013,710)	-30.27%
SCHLUMBERGER LTD COM	337,276	77.70	32,166,674	(5,960,602)	-18.53%
SCOTTS MIRACLE-GRO COMPANY	13,860	27.65	463,875	(80,672)	-17.39%
SEALED AIR CORP NEW COM	329,116	19.64	8,200,523	(1,738,210)	-21.20%

**EQUITY SOLD**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	SHARES SOLD	SALE PRICE	COST	GAIN (LOSS)	% GAIN (LOSS)
SEI INVESTMENT CO COM	20,315	\$ 23.01	\$ 399,874	\$ 67,576	16.90%
SELECT SECTOR SPDR FUND	61,765	26.69	1,408,098	240,444	17.08%
SEMPRA ENERGY COM	185,819	53.71	7,378,362	2,601,207	35.25%
SOUTHERN CO COM	99,830	37.51	4,021,053	(276,429)	-6.87%
SOVRAN SELF STORAGE INC COM	15,565	38.76	709,178	(105,840)	-14.92%
SPRINT NEXTEL CORP COM SER 1	283,600	2.40	994,547	(315,259)	-31.70%
STAPLES INC COM	1,594,979	22.71	35,043,576	1,182,061	3.37%
STERICYCLE INC COM	28,062	58.48	1,243,971	397,097	31.92%
STRATEGIC HOTELS & RESORTS INC	59,261	8.52	1,231,556	(726,412)	-58.98%
TARGET CORP COM	294,328	48.35	16,718,765	(2,489,309)	-14.89%
TEXAS INSTRS INC COM	1,281,942	21.55	32,802,879	(5,175,471)	-15.78%
TIME WARNER CABLE INC COM	0	28.38	10	(4)	-41.15%
TIME WARNER INC	495,490	16.37	8,340,810	(229,638)	-2.75%
TIME WARNER INC NEW COM NEW	1	22.77	19	(7)	-37.59%
TRANSOCEAN INC NEW SHS	73,805	127.20	9,489,900	(101,904)	-1.07%
TRANSOCEAN LTD ZUG NAMEN-AKT	83,596	55.10	10,545,384	(5,938,943)	-56.32%
TRINITY INDS INC	92,933	26.41	3,243,275	(789,066)	-24.33%
UNITED STATES STEEL CORP	23,614	28.13	1,032,350	(368,133)	-35.66%
UNITED TECHNOLOGIES CORP COM	472,462	60.04	30,001,522	(1,637,154)	-5.46%
UNITEDHEALTH GROUP INC COM	161,918	30.45	9,320,619	(4,390,216)	-47.10%
URS CORP NEW	222,275	39.74	9,785,292	(952,449)	-9.73%
US BANCORP DEL COM NEW	1,135,735	30.58	35,509,552	(780,818)	-2.20%
VANGUARD EMERGING MARKETS ETF	4,000,801	30.61	132,255,225	(9,785,902)	-7.40%
VANGUARD EUROPEAN ETF	1,213,889	37.82	53,934,564	(8,022,256)	-14.87%
VANGUARD INDEX FDS EXTD MKT	741,514	26.03	17,244,073	2,057,527	11.93%
VANGUARD INDEX FDS SMALL	4,288,604	12.11	61,787,805	(9,847,881)	-15.94%
VANGUARD INTL EQUITY INDEX FD	2,240,203	40.52	118,310,891	(27,542,168)	-23.28%
VANGUARD INTL EQUITY INDEX FDS	1,067,181	18.10	23,390,096	(4,076,427)	-17.43%
VARIAN MED SYS INC COM	243,240	50.59	12,913,750	(607,493)	-4.70%
VERIZON COMMUNICATIONS COM	1,315,975	33.45	43,867,713	156,739	0.36%
VORNADO RLTY TR COM	1	35.62	35	(16)	-44.72%
WACHOVIA CORP NEW COM	5,550,508	14.29	121,928,020	(42,618,058)	-34.95%
WAL MART STORES INC COM	170,961	54.82	9,208,804	163,957	1.78%
WALGREEN CO	328,787	32.94	7,404,177	3,426,083	46.27%
WASHINGTON MUTUAL INC COM	27,308,985	3.50	142,659,272	(47,165,900)	-33.06%
WELLPOINT INC	379,648	48.82	20,530,197	(1,995,618)	-9.72%
WELLS FARGO & CO NEW COM	364,460	30.27	11,216,861	(184,656)	-1.65%
WESTERN DIGITAL CORP DEL COM	69,322	21.48	1,650,950	(161,668)	-9.79%
WEYERHAEUSER CO COM	27,540	55.49	1,932,350	(404,155)	-20.92%
WYETH COM	174,083	43.28	8,419,370	(885,058)	-10.51%
YUM BRANDS INC	886,186	32.14	28,682,536	(199,083)	-0.69%
<b>TOTAL EQUITIES SOLD</b>	<b>427,202,249</b>		<b>\$ 6,547,270,676</b>	<b>\$ (660,742,619)</b>	<b>-10.09%</b>

**FIXED INCOME PORTFOLIO**  
YEAR ENDED JUNE 30, 2009

PAR VALUE	SECURITY	COUPON RATE	MATURITY	COST	FAIR VALUE
U.S. GOVERNMENT SECURITIES					
3,083,387	FEDERAL HOME LN MTG CORP MTN	6.00%	4-16-2037	\$ 3,095,693	\$ 3,128,929
7,708,468	FEDERAL HOME LN MTG CORP MTN	6.00%	6-7-2027	7,721,656	8,051,880
2,317,582	FHLMC POOL #G0-8168	6.00%	12-1-2036	2,326,458	2,423,356
3,077,709	FHLMC POOL #H1-0069	6.00%	11-1-2036	3,081,376	3,204,665
2,647,860	FHLMC POOL #H1-5010	6.00%	11-1-2036	2,651,015	2,757,084
3,854,234	FHLMC MULTICLASS MTG	5.00%	2-15-2025	3,679,691	3,998,189
7,259,701	FNMA GTD REMIC P/T	4.00%	11-25-2022	7,163,501	7,429,215
2,312,540	FNMA GTD REMIC P/T 03-42 CL PE	5.50%	12-25-2031	2,281,183	2,403,215
1,493,714	FNMA GTD REMIC P/T 05-27 AB	5.50%	2-25-2034	1,458,347	1,507,516
9,869,721	FNMA GTD REMIC P/T 05-45 BG	4.50%	6-25-2025	9,208,022	9,881,564
67,292	GNMA POOL #0173878	9.00%	8-15-2016	71,085	72,876
48,606	GNMA POOL #0176431	9.00%	8-15-2016	51,494	52,639
3,206	GNMA POOL #0202505	9.00%	10-15-2019	3,359	3,470
13,843	GNMA POOL #0217956	10.00%	11-15-2017	15,011	15,057
39,532	GNMA POOL #0226529	9.00%	6-15-2018	42,117	42,744
886	GNMA POOL #0232237	9.00%	1-15-2020	910	961
23,668	GNMA POOL #0234937	9.00%	3-15-2018	25,223	25,591
26,604	GNMA POOL #0238600	10.00%	11-15-2017	28,591	28,936
7,481	GNMA POOL #0248951	9.00%	5-15-2018	7,979	8,089
15,814	GNMA POOL #0298952	9.00%	4-15-2021	16,949	17,139
6,736	GNMA POOL #0303324	9.00%	4-15-2021	7,210	7,300
8,376	GNMA POOL #0304625	9.00%	3-15-2021	8,979	9,078
14,791	GNMA POOL #0305187	9.00%	6-15-2021	15,873	16,030
33,174	GNMA POOL #0330725	8.00%	7-15-2022	35,489	36,362
267,925	GNMA POOL #0375887	7.00%	5-15-2024	282,799	291,342
552,890	GNMA POOL #0377589	7.50%	8-15-2025	586,417	605,923
81,636	GNMA POOL #0386038	7.00%	6-15-2024	86,159	88,771
66,580	GNMA POOL #0389845	8.00%	9-15-2024	71,312	73,181
254,980	GNMA POOL #0398831	8.00%	8-15-2026	273,437	281,261
296,606	GNMA POOL #0403979	8.50%	10-15-2024	318,128	321,023
252,214	GNMA POOL #0421711	7.50%	4-15-2026	267,599	276,467
18,445	GNMA POOL #0427556	7.50%	3-15-2026	19,570	20,219
241,799	GNMA POOL #0432701	8.00%	6-15-2026	259,287	266,721
88,523	GNMA POOL #0434101	7.00%	12-15-2028	93,183	96,542
332,125	GNMA POOL #0434237	6.00%	3-15-2029	337,842	349,392
88,735	GNMA POOL #0439645	8.00%	9-15-2026	95,165	97,881
80,787	GNMA POOL #0458918	7.00%	8-15-2028	85,043	88,106
50,421	GNMA POOL #0475872	7.00%	7-15-2028	53,078	54,989
333,374	GNMA POOL #0499876	7.00%	6-15-2029	350,874	364,158
214,591	GNMA POOL #0499905	7.00%	5-15-2029	225,866	234,406
189,060	GNMA POOL #0499907	7.00%	5-15-2029	198,987	206,518
159,658	GNMA POOL #0507496	7.00%	6-15-2029	168,039	174,401
182,442	GNMA POOL #0510958	7.00%	5-15-2029	192,021	199,289
172,996	GNMA POOL #0512888	7.00%	7-15-2029	182,079	188,970

**FIXED INCOME PORTFOLIO**  
YEAR ENDED JUNE 30, 2009

PAR VALUE	SECURITY	COUPON RATE	MATURITY	COST	FAIR VALUE
U.S. GOVERNMENT SECURITIES					
97,513	GNMA POOL #0513367	7.00%	8-15-2029	\$ 102,627	\$ 106,517
563,253	GNMA POOL #0530611	6.50%	5-15-2031	586,541	609,477
391,820	GNMA POOL #0530631	6.50%	6-15-2031	408,020	423,976
118,562	GNMA POOL #0539629	6.50%	4-15-2031	123,460	128,292
140,434	GNMA POOL #0548963	6.50%	3-15-2031	144,796	151,280
57,892	GNMA POOL #0549915	6.50%	5-15-2031	59,686	62,363
501,649	GNMA POOL #0552514	6.50%	4-15-2032	517,022	539,292
495,591	GNMA POOL #0560189	6.50%	4-15-2031	510,968	533,866
927,565	GNMA POOL #0780076	8.00%	2-15-2025	990,095	1,018,541
981,691	GNMA POOL #0780220	7.50%	8-15-2025	1,061,712	1,075,354
36,042	GNMA POOL #0780896	7.00%	11-15-2028	37,876	39,303
48,409	GNMA POOL #0153415	9.00%	4-15-2016	51,199	52,426
12,854	GNMA POOL #0156462	9.00%	7-15-2016	13,606	13,920
28,170	GNMA POOL #0157733	9.00%	5-15-2016	29,811	30,507
22,236	GNMA POOL #0158992	9.00%	6-15-2016	23,201	24,081
22,868	GNMA POOL #0159801	9.00%	9-15-2019	24,460	24,747
15,070	GNMA POOL #0160350	9.00%	5-15-2016	15,766	16,320
50,826	GNMA POOL #0161684	9.00%	7-15-2016	53,852	55,043
45,618	GNMA POOL #0164501	9.00%	8-15-2016	48,289	49,402
86,965	GNMA POOL #0164681	9.00%	10-15-2016	92,127	94,181
35,204	GNMA POOL #0164924	9.00%	9-15-2016	37,181	38,125
37,045	GNMA POOL #0165172	9.00%	6-15-2016	39,186	40,119
18,290	GNMA POOL #0165863	9.00%	8-15-2016	19,372	19,807
31,551	GNMA POOL #0168283	9.00%	8-15-2016	33,415	34,169
11,490	GNMA POOL #0172800	9.00%	8-15-2016	12,155	12,443
29,353	GNMA POOL #0173847	9.00%	9-15-2016	30,992	31,789
16,921	GNMA POOL #0174829	9.00%	9-15-2016	17,859	18,325
18,994	GNMA POOL #0178234	9.00%	11-15-2016	20,147	20,570
10,993	GNMA POOL #0181945	9.00%	4-15-2020	11,782	11,921
1,949	GNMA POOL #0182127	9.00%	11-15-2016	2,065	2,111
12,557	GNMA POOL #0182491	9.00%	12-15-2016	13,317	13,599
6,052	GNMA POOL #0182914	9.00%	10-15-2016	6,389	6,555
32,957	GNMA POOL #0183553	9.00%	8-15-2017	34,997	35,641
20,206	GNMA POOL #0183715	9.00%	11-15-2016	21,433	21,883
123,801	GNMA POOL #0183733	9.00%	1-15-2017	131,407	133,881
8,383	GNMA POOL #0185639	9.00%	11-15-2016	8,845	9,079
89,616	GNMA POOL #0187705	9.00%	1-15-2017	95,014	96,913
46,246	GNMA POOL #0190921	9.00%	12-15-2016	48,991	50,083
28,011	GNMA POOL #0191648	9.00%	5-15-2017	29,756	30,292
18,493	GNMA POOL #0191943	9.00%	7-15-2018	19,704	19,996
42,430	GNMA POOL #0194468	9.00%	12-15-2016	44,914	45,951
8,966	GNMA POOL #0198466	9.00%	2-15-2017	9,518	9,696
31,460	GNMA POOL #0206683	9.00%	4-15-2020	33,672	34,115
46,261	GNMA POOL #0207671	9.00%	7-15-2018	49,317	50,021

**FIXED INCOME PORTFOLIO**  
YEAR ENDED JUNE 30, 2009

PAR VALUE	SECURITY	Coupon Rate	Maturity	Cost	Fair Value
U.S. GOVERNMENT SECURITIES					
4,557	GNMA POOL #0208705	9.00%	5-15-2020	\$ 4,863	\$ 4,927
33,667	GNMA POOL #0210798	9.00%	7-15-2018	35,877	36,402
25,030	GNMA POOL #0216520	9.00%	5-15-2017	26,583	27,068
46,866	GNMA POOL #0221509	9.00%	12-15-2016	49,543	50,755
41,237	GNMA POOL #0223282	9.00%	5-15-2018	43,962	44,588
14,257	GNMA POOL #0223307	9.00%	4-15-2018	15,195	15,415
12,483	GNMA POOL #0227210	9.00%	9-15-2017	13,251	13,499
11,805	GNMA POOL #0228184	9.00%	5-15-2018	12,587	12,764
18,576	GNMA POOL #0228233	9.00%	5-15-2018	19,670	20,086
31,272	GNMA POOL #0229731	9.00%	7-15-2017	33,226	33,818
26,305	GNMA POOL #0234450	9.00%	4-15-2018	27,993	28,442
5,899	GNMA POOL #0234695	10.00%	12-15-2017	6,464	6,416
17,067	GNMA POOL #0235280	9.00%	4-15-2018	18,193	18,453
32,998	GNMA POOL #0236041	10.00%	11-15-2017	35,524	35,913
17,021	GNMA POOL #0236835	10.00%	11-15-2017	18,329	18,513
2,714	GNMA POOL #0236939	9.00%	4-15-2018	2,893	2,935
76,520	GNMA POOL #0237138	10.00%	10-15-2017	83,722	83,228
11,439	GNMA POOL #0237195	9.00%	6-15-2018	12,124	12,391
2,921	GNMA POOL #0238133	9.00%	4-15-2018	3,093	3,162
12,261	GNMA POOL #0247506	9.00%	1-15-2020	13,122	13,295
81,485	GNMA POOL #0249621	9.00%	5-15-2018	86,822	88,107
12,583	GNMA POOL #0250933	9.00%	6-15-2018	13,416	13,606
34,965	GNMA POOL #0252052	9.00%	6-15-2018	36,722	37,806
78,125	GNMA POOL #0252055	9.00%	6-15-2018	83,323	84,473
6,413	GNMA POOL #0252306	9.00%	4-15-2018	6,819	6,934
13,155	GNMA POOL #0252538	9.00%	5-15-2018	14,009	14,224
8,135	GNMA POOL #0257869	9.00%	9-15-2019	8,704	8,803
3,227	GNMA POOL #0262845	9.00%	3-15-2020	3,457	3,500
52,136	GNMA POOL #0266545	9.00%	1-15-2019	55,624	56,419
62,372	GNMA POOL #0271090	9.00%	10-15-2019	66,652	67,496
14,384	GNMA POOL #0271897	9.00%	9-15-2019	15,238	15,565
18,189	GNMA POOL #0273548	9.00%	9-15-2019	19,465	19,684
37,133	GNMA POOL #0274140	9.00%	9-15-2019	39,703	40,183
14,445	GNMA POOL #0277907	9.00%	11-15-2019	15,465	15,632
14,248	GNMA POOL #0284420	9.00%	2-15-2020	15,249	15,451
11,664	GNMA POOL #0285593	9.00%	2-15-2020	12,493	12,648
40,774	GNMA POOL #0286371	9.00%	2-15-2020	43,552	44,092
9,146	GNMA POOL #0286427	9.00%	4-15-2020	9,397	9,917
19,718	GNMA POOL #0287851	9.00%	4-15-2020	21,130	21,382
36,043	GNMA POOL #0290000	9.00%	4-15-2020	38,578	39,085
16,468	GNMA POOL #0290057	9.00%	6-15-2020	17,654	17,858
14,265	GNMA POOL #0291136	9.00%	4-15-2020	15,242	15,469
37,958	GNMA POOL #0319521	8.00%	2-15-2022	40,532	41,605
176,537	GNMA POOL #0337419	7.00%	6-15-2023	186,395	191,846



**FIXED INCOME PORTFOLIO**  
YEAR ENDED JUNE 30, 2009

PAR VALUE	SECURITY	COUPON RATE	MATURITY	COST	FAIR VALUE
U.S. GOVERNMENT SECURITIES					
120,711	GNMA POOL #0345731	8.00%	5-15-2024	\$ 129,289	\$ 132,677
29,818	GNMA POOL #0352219	8.00%	4-15-2023	31,894	32,735
195,174	GNMA POOL #0352964	7.00%	5-15-2024	206,005	212,233
373,888	GNMA POOL #0366756	7.00%	3-15-2024	394,682	406,566
216,904	GNMA POOL #0371734	7.00%	4-15-2024	228,934	235,862
165,403	GNMA POOL #0386030	7.00%	5-15-2024	174,578	179,859
37,388	GNMA POOL #0390014	7.00%	6-15-2024	39,462	40,656
218,090	GNMA POOL #0391992	7.00%	3-15-2024	230,219	237,151
37,059	GNMA POOL #0402544	7.50%	4-15-2026	39,320	40,623
157,590	GNMA POOL #0405618	7.50%	4-15-2026	167,203	172,743
22,277	GNMA POOL #0406811	7.50%	1-15-2026	23,633	24,419
36,775	GNMA POOL #0417666	7.50%	8-15-2025	39,005	40,302
38,578	GNMA POOL #0427558	7.50%	4-15-2026	40,932	42,288
129,990	GNMA POOL #0429356	7.50%	3-15-2026	137,912	142,490
68,925	GNMA POOL #0430384	8.00%	8-15-2026	73,611	76,029
151,281	GNMA POOL #0433892	7.00%	7-15-2028	159,252	164,985
28,981	GNMA POOL #0438772	8.00%	8-15-2026	31,080	31,968
30,448	GNMA POOL #0438778	8.00%	8-15-2026	32,653	33,586
112,669	GNMA POOL #0450368	7.00%	8-15-2028	118,605	122,876
209,144	GNMA POOL #0464692	7.00%	7-15-2028	220,174	228,090
146,997	GNMA POOL #0466888	7.00%	7-15-2028	154,743	160,314
292,677	GNMA POOL #0469797	7.00%	12-15-2028	308,072	319,190
203,838	GNMA POOL #0470493	7.00%	6-15-2029	214,536	222,661
196,397	GNMA POOL #0472997	7.00%	6-15-2029	206,706	214,532
30,146	GNMA POOL #0478875	7.50%	11-15-2029	32,004	33,091
147,839	GNMA POOL #0478881	7.50%	11-15-2029	156,939	162,281
193,977	GNMA POOL #0482784	7.00%	10-15-2028	204,194	211,549
73,547	GNMA POOL #0485451	6.50%	5-15-2031	75,823	79,227
188,150	GNMA POOL #0486539	7.00%	9-15-2028	198,057	205,194
49,265	GNMA POOL #0486761	7.00%	12-15-2028	51,858	53,728
43,504	GNMA POOL #0487221	7.00%	5-15-2029	45,788	47,521
155,249	GNMA POOL #0487222	7.00%	5-15-2029	163,400	169,585
179,115	GNMA POOL #0493996	7.00%	7-15-2029	188,513	195,654
188,440	GNMA POOL #0500931	7.00%	6-15-2029	199,906	205,025
1,216,241	GNMA POOL #0503019	6.00%	3-15-2029	1,237,109	1,279,473
733,375	GNMA POOL #0505728	7.00%	6-15-2029	771,871	801,094
132,188	GNMA POOL #0506075	7.00%	11-15-2029	139,118	144,394
121,923	GNMA POOL #0509328	7.00%	6-15-2029	128,323	133,181
36,257	GNMA POOL #0510100	7.00%	7-15-2029	38,159	39,605
37,978	GNMA POOL #0510302	7.00%	8-15-2029	39,969	41,485
39,542	GNMA POOL #0510983	7.00%	6-15-2029	41,619	43,193
213,595	GNMA POOL #0512915	7.00%	7-15-2029	224,801	233,318
24,766	GNMA POOL #0520045	6.50%	6-15-2031	25,534	26,679
266,022	GNMA POOL #0530203	6.50%	4-15-2031	277,015	287,854

**FIXED INCOME PORTFOLIO**  
YEAR ENDED JUNE 30, 2009

PAR VALUE	SECURITY	COUPON RATE	MATURITY	COST	FAIR VALUE
238,987	GNMA POOL #0541464	6.50%	6-15-2031	\$ 246,385	\$ 257,444
222,252	GNMA POOL #0549889	6.50%	5-15-2031	229,149	239,416
63,833	GNMA POOL #0549890	6.50%	4-15-2031	65,814	68,763
1,264,621	GNMA POOL #0552518	6.50%	4-15-2032	1,303,385	1,359,518
156,847	GNMA POOL #0557424	6.50%	5-15-2031	161,703	168,960
100,353	GNMA POOL #0557467	6.50%	5-15-2031	103,463	108,103
138,829	GNMA POOL #0781129	7.00%	11-15-2028	145,892	151,389
15,416,935	U S TREASURY BOND	3.50%	2-15-2039	13,733,159	13,335,649
38,923,726	US TREAS-CPI INFLAT	2.00%	1-15-2026	36,855,258	38,193,906
21,182,915	US TREAS-CPI INFLAT	1.75%	1-15-2028	19,464,066	20,037,767
21,530,937	US TREAS-CPI INFLAT	2.00%	1-15-2016	21,182,658	21,880,815
12,453,369	US TREAS-CPI INFLATION INDEX	2.00%	1-15-2014	12,727,787	12,752,997
30,499,989	US TREAS-CPI INFLATION INDEX	1.38%	7-15-2018	29,667,742	29,632,722
<b>203,977,154</b>	<b>TOTAL U.S. GOVERNMENT SECURITIES</b>			<b>\$ 197,681,449</b>	<b>\$ 202,696,693</b>
CORPORATE BONDS					
2,312,540	ABBOTT LABORATORIES NT	6.15%	11-30-2037	\$ 2,040,599	\$ 2,516,576
4,357,515	ABFS MTG LN 03-2 CL M 144A	1.59%	4-25-2034	2,882,520	1,941,273
1,672,200	ACA ABS 06 1 LTD/ACA A-3L 144A	2.20%	6-10-2041	213,923	17
1,541,694	AGRIUM INC DEB	6.75%	1-15-2019	1,413,323	1,523,486
2,312,540	ALCOA INC NT	5.95%	2-1-2037	1,970,105	1,575,626
5,632,934	ALTERNATIVE LN 07 20 CL A-12	6.25%	8-25-2047	4,408,981	2,763,179
3,854,234	AMERICAN GEN FIN CORP MEDIUM	6.90%	12-15-2017	3,155,966	2,086,991
1,541,694	ANADARKO FIN CO SR NT	7.50%	5-1-2031	1,600,483	1,504,338
2,312,540	ASSOC CORP NA BDS	6.95%	11-1-2018	2,139,000	2,069,007
2,312,540	ASTRAZENECA PLC NT	6.45%	9-15-2037	2,029,058	2,563,590
2,312,540	AT & T INC GLOBAL NT	6.30%	1-15-2038	1,750,203	2,234,492
146,533	AUTO BD RECEIVABLES TR 94-A	6.40%	4-15-2009	146,533	0
1,541,694	AXA SA US\$ SUB NT	8.60%	12-15-2030	1,483,836	1,387,524
1,541,694	BAKER HUGHES INC SR NT	7.50%	11-15-2018	1,572,031	1,805,416
1,541,694	BANC ONE CORP DEBS	8.00%	4-29-2027	1,508,047	1,662,531
1,541,694	BANK AMER CORP SR NT	5.75%	12-1-2017	1,373,862	1,372,770
25,598,727	BGI CORE ACTIVE BOND FUND			463,226,724	472,038,060
42,953,720	BLACKROCK MORTGAGE INVESTORS			56,906,959	42,953,720
1,541,694	BURLINGTON RESOURCES FINANCE	7.40%	12-1-2031	1,418,184	1,721,733
1,541,694	CATERPILLAR FINL SVCS CORP MTN	7.05%	10-1-2018	1,510,061	1,624,482
9,547,168	CBO HLDGS III 04-3 CL A 144A	1.00%	6-1-2019	9,491,829	9,491,829
8,072,265	CBO HLDGS III 1A 04-1 C-2 144A	7.00%	2-10-2038	8,448,504	8,448,504
9,866,839	CHARTWELL CBO I NT CL B 144A	3.04%	10-10-2012	9,604,501	9,604,501
3,854,234	CHASEPEAKE & POTOMAC TEL CO MD	7.15%	5-1-2023	3,836,708	3,701,452
4,782,819	CHL MTG P/T 07 13 CL A-1	6.00%	8-25-2037	4,447,013	3,350,891
18,473,551	CIMARRON DEBT FUND			18,473,551	18,473,551
1,541,694	CITIGROUP INC SR NT	6.13%	5-15-2018	1,382,329	1,348,458
4,625,081	CLEAR CHANNEL COMMUNICATIONS	6.88%	6-15-2018	2,381,606	1,005,955
3,854,234	CNF INC SR DEB	6.70%	5-1-2034	3,217,174	2,511,689
10,041,409	COLORADO DEBT FUND			10,041,409	10,041,409

**FIXED INCOME PORTFOLIO**  
YEAR ENDED JUNE 30, 2009

PAR VALUE	SECURITY	COUPON RATE	MATURITY	COST	FAIR VALUE
CORPORATE BONDS					
4,937,067	COLORADO II			\$ 4,937,067	\$ 4,937,067
659,845	CONAGRA INC NTS	9.75%	3-1-2021	775,980	801,494
2,257,306	CONTINENTAL AIRLS 01-1 CL A 1	6.70%	6-15-2021	1,919,571	1,896,137
3,892,776	CONTINENTAL AIRLS 01-1 CL A 2	6.50%	6-15-2011	3,619,478	3,620,282
1,541,694	CORNING INC NT	7.25%	8-15-2036	1,546,959	1,495,381
3,258,209	CREDIT SUISSE FB 03-8 CL D-B-2	6.24%	4-25-2033	2,504,260	1,979,362
299,871	DELTA FDG HM EQ LN TR 99-3 M-2	8.10%	1-15-2030	44,547	9,488
3,854,234	DEUTSCHE BK CAYMAN 2001-3 144A	1.49%	4-30-2031	774,310	657,263
1,541,694	DU PONT E I DE NEMOURS & CO NT	6.00%	7-15-2018	1,433,873	1,661,838
1,541,694	GENERAL ELEC CAP MTN #TR 00528	6.75%	3-15-2032	1,317,075	1,383,994
2,312,540	GLAXOSMITHKLINE CAP INC GTD NT	6.38%	5-15-2038	1,914,146	2,514,726
2,312,540	GOLDMAN SACHS GROUP INC BD	6.15%	4-1-2018	1,990,918	2,251,443
1,541,694	GOLDMAN SACHS GROUP INC SR NT	6.60%	1-15-2012	1,470,705	1,641,487
61,862,716	GS CREDIT OPPTS FUND 2008			83,208,843	61,862,716
1,310,440	HARRAHS OPER INC GTD SR NT	5.63%	6-1-2015	603,337	484,863
32,331,217	HIGHLAND CLO			25,227,254	32,331,217
1,541,694	HOME DEPOT INC SR NT	5.88%	12-16-2036	1,225,830	1,360,175
3,854,234	HUNTINGTON NATL BK MTN # 00001	6.60%	6-15-2018	3,191,527	2,778,787
15,416,935	HVB FDG TR SILENT PARTN 144A	8.74%	6-30-2031	13,521,676	8,325,145
3,083,387	INTERNATIONAL BUSINESS MACH CO	8.00%	10-15-2038	3,224,907	3,990,859
1,010,984	ISHARES TR IBOXX \$ HIGH YIELD			77,421,149	80,585,538
704,118	J P MORGAN RESI 02-R2 CL 3A1	6.00%	4-28-2026	713,230	723,608
4,278,200	JACKSON NTAL LIFE INS CO 144A	8.15%	3-15-2027	4,708,406	3,561,344
4,309,033	JEFFERIES GROUP INC NEW SR DEB	6.25%	1-15-2036	3,140,034	2,972,673
2,312,540	KRAFT FOODS INC NT	6.88%	1-26-2039	1,886,488	2,447,801
2,312,540	LEHMAN BROS HLDGS INC	8.80%	3-1-2015	2,401,899	341,100
3,145,055	LEHMAN BROTHERS HLDGS #TR00491	7.37%	5-12-2014	2,470,416	463,896
2,312,540	LILLY ELI & CO NT	5.55%	3-15-2037	1,923,020	2,336,244
1,040,643	MCCLATCHY NEWSPAPERS INC	15.75%	7-15-2014	2,322,234	333,006
1,541,694	MCDONALDS CORP	6.30%	3-1-2038	1,376,721	1,669,099
3,083,387	MERCK & CO INC DEBS	6.40%	3-1-2028	2,895,872	3,342,638
3,854,234	MID OCEAN CBO 00 1 A2 144A 3C7	7.73%	1-15-2036	3,375,716	328,227
3,968,517	MID OCEAN CBO CL A 144A	6.56%	11-5-2026	3,976,178	3,976,178
9,085,699	MMCAPS FDG I LTD SR NT 144A	8.03%	6-15-2031	8,266,591	5,451,420
761,638	MORGAN STANLEY ABS 03 NC10 M2	2.99%	10-25-2033	483,959	172,854
730,434	MORGAN STANLEY ABS 04-NC1 M2	1.84%	11-25-2033	626,499	477,653
282,337	MORGAN STANLEY ABS 04-NC2 M2	2.09%	12-25-2033	231,306	166,353
3,083,387	MORGAN STANLEY SR MEDIUM TERM	5.95%	12-28-2017	2,660,639	2,958,695
2,023,473	MURPHY OIL CORP NT	7.05%	5-1-2029	2,029,483	1,804,290
1,541,694	NATIONAL RURAL UTILS COOP FIN	8.00%	3-1-2032	1,746,147	1,731,892
1,722,843	NEWS AMER HLDGS INC	7.43%	10-1-2026	1,790,172	1,588,254
2,312,540	NEXEN INC NT	6.40%	5-15-2037	2,081,076	2,123,976
3,083,387	NORTH STREET REFERENCED LINKED	4.24%	8-30-2030	2,730,366	2,730,366
3,854,234	ONEOK PARTNERS LP GTD SR NT	6.65%	10-1-2036	3,664,223	3,553,642

**FIXED INCOME PORTFOLIO**  
YEAR ENDED JUNE 30, 2009

PAR VALUE	SECURITY	COUPON RATE	MATURITY	COST	FAIR VALUE
<b>CORPORATE BONDS</b>					
3,738,607	PACIFIC BELL	7.38%	7-15-2043	\$ 3,793,644	\$ 3,669,592
3,277,181	PACIFIC SHORES CDO C 144A 3C7	2.89%	7-3-2037	3,054,942	328
3,083,387	PEPSI BOTTLING GRP INC GTD SR	7.00%	3-1-2029	2,898,557	3,609,845
6,166,774	PERITUS I CDO LTD CL B 144A	4.17%	5-24-2015	4,767,330	862,423
2,370,354	PIVOTAL CIMARRON HILLS			2,370,354	2,370,354
4,163,856	PIVOTAL PROMONTORY DEBT FD			4,163,856	4,163,856
36,615	PIVOTAL WORKING CAPITAL (DEBT)			36,615	36,615
3,380,163	PLAINS ALL AMERN PIPELINE LP	6.65%	1-15-2037	3,064,565	3,135,946
5,672,565	PREFERRED CPO A / B 144A	8.95%	7-26-2030	6,313,840	6,339,091
2,616,003	PREFERRED CPO A / B 144A	8.95%	7-26-2030	2,708,156	2,708,156
4,046,946	PREMIUM ASSET TR ACA 144A		3-11-2010	2,849,967	0
2,312,540	PRINCIPAL LIFE MTN # 00108	0.66%	3-1-2012	2,253,470	2,067,735
29,842,437	PSPRS PNM MAC MORTGOPP			32,228,978	29,842,437
26,898,373	PSPRS-APOLLO EUR NPL			36,855,549	37,729,002
17,491,886	REGIONAL DIVERSIFIED FDG 144A	9.25%	3-15-2030	20,234,804	1,310,142
2,312,540	RELIANCE STL & ALUM CO	6.85%	11-15-2036	2,176,949	1,325,409
7,323,044	SANDIA DEBT FUND			7,323,044	7,323,044
559,711	SBA LOAN NESTING FEATHERS			559,711	559,711
7,708,468	SECURITY BENEFIT LIFE INS 144A	8.75%	5-15-2016	7,778,006	1,081,575
11,562,702	SECURITY MUT LIFE INS CO 144A	9.38%	12-15-2016	12,152,478	12,152,478
687,674	SPDR SER TR LEHMAN HIGH YIELD			24,134,262	24,199,246
3,083,387	TARGET CORP NT	7.00%	1-15-2038	2,586,543	3,286,428
3,854,234	TIMES MIRROR CO NEW DEBS	6.61%	9-15-2027	1,531,882	173,441
7,708,468	TRAINER WORTHAM FIRST A3L 144A	2.28%	4-10-2037	5,246,784	5,246,784
14,646,089	UNION CENTR LIFE NOTES 144A	8.20%	11-1-2026	16,402,749	10,407,071
1,541,694	UNION PAC CORP SR NT	6.25%	5-1-2034	1,202,967	1,466,181
3,854,234	UNITED UTILS PLC NT	4.55%	6-19-2018	3,452,448	3,293,327
3,083,387	WAL-MART STORES INC NT	6.20%	4-15-2038	2,710,408	3,313,593
1,541,694	WELLS FARGO & CO NEW SR UNSECD	5.63%	12-11-2017	1,397,395	1,517,535
1,541,694	WESTERN UN CO NT	6.20%	11-17-2036	1,375,029	1,452,784
3,854,234	WESTINGHOUSE ELEC CORP NT	7.88%	9-1-2023	3,520,532	3,111,407
<b>584,439,281</b>	<b>TOTAL CORPORATE BONDS</b>			<b>\$ 1,134,594,925</b>	<b>\$ 1,052,903,055</b>
<b>788,416,435</b>	<b>TOTAL FIXED INCOME PORTFOLIO</b>			<b>\$ 1,332,276,374</b>	<b>\$ 1,255,599,748</b>

**FIXED INCOME ACQUIRED**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PRICE	PAR VALUE	AMOUNT
U.S. GOVERNMENT SECURITIES					
FEDERAL FARM CR BK CONS SYSTEM	5.15%	5/5/2015	\$ 99.99	\$ 10,094,111	\$ 10,093,410
FEDERAL FARM CR BKS CONS BDS	5.40%	10/6/2015	100.00	7,748,645	7,748,866
FEDERAL HOME LN BKS CONS BD	5.33%	7/23/2018	100.00	3,876,007	3,875,932
FEDERAL HOME LN BKS CONS BD	5.65%	9/21/2020	100.01	7,748,645	7,749,397
FEDERAL HOME LN MTG CORP DEB	5.00%	12/14/2018	81.61	7,049,991	5,753,609
FEDERAL HOME LN MTG CORP MTN	5.00%	6/11/2018	98.96	1,416,737	1,401,977
FEDERAL HOME LN MTG CORP MTN	5.00%	7/2/2018	98.06	3,830,982	3,756,578
FEDERAL HOME LN MTG CORP MTN	6.00%	4/16/2037	100.40	3,083,387	3,095,693
FEDERAL HOME LN MTG CORP MTN	6.00%	1/26/2022	100.05	3,099,458	3,101,051
FEDERAL HOME LN MTG CORP MTN	6.00%	6/7/2027	100.17	7,708,468	7,721,656
FEDERAL HOME LN MTG CORP MTN	6.00%	12/17/2027	98.71	7,716,598	7,616,770
FEDERAL HOME LN MTG CORP MTN	3.65%	12/30/2009	100.12	232,560,412	232,842,236
FEDERAL HOME LN MTG CORP MTN	1.80%	12/30/2010	100.00	77,206,400	77,206,400
FEDERAL NATL MTG ASSN DEBS	5.25%	7/14/2015	100.27	22,758,131	22,818,472
FHLMC POOL #G0-8168	6.00%	12/1/2036	100.38	2,978,590	2,990,050
FHLMC POOL #H1-0069	6.00%	11/1/2036	100.12	3,226,935	3,230,783
FHLMC POOL #H1-5010	6.00%	11/1/2036	100.12	2,693,418	2,696,628
FHLMC MULTICLASS MTG	5.00%	2/15/2025	95.47	3,854,234	3,679,691
FHLMC MULTICLASS MTG	6.00%	8/15/2032	101.44	8,769,103	8,895,346
FHLMC MULTICLASS MTG	6.00%	11/15/2032	101.43	3,860,320	3,915,389
FHLMC MULTICLASS MTG	6.00%	8/15/2032	102.24	3,860,320	3,946,748
FHLMC MULTICLASS MTG	6.00%	8/15/2032	100.96	3,860,320	3,897,186
FHLMC MULTICLASS MTG 3159 PB	6.00%	1/15/2029	102.59	6,515,448	6,684,221
FNMA GTD REMIC P/T	4.00%	11/25/2022	98.67	9,093,621	8,972,351
FNMA GTD REMIC P/T 03-42 CL PE	5.50%	12/25/2031	98.64	2,312,540	2,281,183
FNMA GTD REMIC P/T 05-27 AB	5.50%	2/25/2034	97.62	3,148,956	3,073,946
FNMA GTD REMIC P/T 05-27 AC	5.50%	8/25/2034	95.13	8,003,215	7,613,097
FNMA GTD REMIC P/T 05-45 BG	4.50%	6/25/2025	93.29	10,451,384	9,750,356
FNMA GTD REMIC P/T 06-60 PC	6.00%	6/25/2032	100.80	3,860,320	3,891,318
GNMA POOL #0173878	9.00%	8/15/2016	105.69	74,308	78,540
GNMA POOL #0176431	9.00%	8/15/2016	105.99	52,562	55,710
GNMA POOL #0202505	9.00%	10/15/2019	104.80	3,764	3,945
GNMA POOL #0217956	10.00%	11/15/2017	108.53	15,755	17,099
GNMA POOL #0226529	9.00%	6/15/2018	106.57	42,039	44,801
GNMA POOL #0232237	9.00%	1/15/2020	102.80	1,266	1,302
GNMA POOL #0234937	9.00%	3/15/2018	106.60	25,086	26,742
GNMA POOL #0238600	10.00%	11/15/2017	107.51	28,416	30,551
GNMA POOL #0248951	9.00%	5/15/2018	106.68	7,914	8,442
GNMA POOL #0252056	9.00%	6/15/2018	106.07	3,839	4,071
GNMA POOL #0285803	9.00%	3/15/2020	106.81	7,712	8,237
GNMA POOL #0298952	9.00%	4/15/2021	107.20	16,527	17,717
GNMA POOL #0303324	9.00%	4/15/2021	107.06	7,096	7,597
GNMA POOL #0304625	9.00%	3/15/2021	107.22	8,819	9,456
GNMA POOL #0305187	9.00%	6/15/2021	107.34	15,429	16,561

**FIXED INCOME ACQUIRED**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PRICE	PAR VALUE	AMOUNT
U.S. GOVERNMENT SECURITIES					
GNMA POOL #0330725	8.00%	7/15/2022	\$ 106.99	\$ 34,342	\$ 36,743
GNMA POOL #0375887	7.00%	5/15/2024	105.56	277,976	293,436
GNMA POOL #0377589	7.50%	8/15/2025	106.09	610,334	647,525
GNMA POOL #0386038	7.00%	6/15/2024	105.64	108,275	114,376
GNMA POOL #0389845	8.00%	9/15/2024	107.12	68,778	73,673
GNMA POOL #0398831	8.00%	8/15/2026	107.25	261,506	280,456
GNMA POOL #0403979	8.50%	10/15/2024	107.27	310,053	332,599
GNMA POOL #0421711	7.50%	4/15/2026	106.11	260,958	276,901
GNMA POOL #0427556	7.50%	3/15/2026	106.11	19,609	20,807
GNMA POOL #0432701	8.00%	6/15/2026	107.24	248,903	266,928
GNMA POOL #0434101	7.00%	12/15/2028	105.30	119,365	125,693
GNMA POOL #0434237	6.00%	3/15/2029	101.73	395,158	401,997
GNMA POOL #0439645	8.00%	9/15/2026	107.25	90,599	97,170
GNMA POOL #0441619	7.50%	11/15/2029	106.21	31,615	33,580
GNMA POOL #0458918	7.00%	8/15/2028	105.28	84,891	89,372
GNMA POOL #0475872	7.00%	7/15/2028	105.28	51,994	54,737
GNMA POOL #0499876	7.00%	6/15/2029	105.25	341,139	359,061
GNMA POOL #0499905	7.00%	5/15/2029	105.26	220,494	232,092
GNMA POOL #0499907	7.00%	5/15/2029	105.25	193,006	203,147
GNMA POOL #0507496	7.00%	6/15/2029	105.27	190,794	200,848
GNMA POOL #0510958	7.00%	5/15/2029	105.26	188,134	198,023
GNMA POOL #0512888	7.00%	7/15/2029	105.26	177,447	186,773
GNMA POOL #0513367	7.00%	8/15/2029	105.29	139,999	147,399
GNMA POOL #0530611	6.50%	5/15/2031	104.14	572,528	596,213
GNMA POOL #0530631	6.50%	6/15/2031	104.18	496,639	517,397
GNMA POOL #0539629	6.50%	4/15/2031	104.16	151,173	157,456
GNMA POOL #0548963	6.50%	3/15/2031	103.11	142,710	147,145
GNMA POOL #0549915	6.50%	5/15/2031	103.10	60,086	61,950
GNMA POOL #0552514	6.50%	4/15/2032	103.08	581,654	599,569
GNMA POOL #0560189	6.50%	4/15/2031	103.11	606,573	625,465
GNMA POOL #0780076	8.00%	2/15/2025	106.77	1,048,634	1,119,669
GNMA POOL #0780220	7.50%	8/15/2025	108.19	1,080,298	1,168,746
GNMA POOL #0780896	7.00%	11/15/2028	105.10	38,988	40,977
GNMA GTD REMIC P/T 03-12 PE	5.50%	12/16/2031	99.94	7,752,188	7,747,657
GNMA GTD REMIC P/T 03-34 MX-PC	5.50%	2/16/2032	100.19	6,976,970	6,990,104
GNMA POOL #0153415	9.00%	4/15/2016	105.82	52,730	55,797
GNMA POOL #0156462	9.00%	7/15/2016	105.90	13,959	14,783
GNMA POOL #0157733	9.00%	5/15/2016	105.88	30,554	32,350
GNMA POOL #0158992	9.00%	6/15/2016	104.40	25,285	26,398
GNMA POOL #0159801	9.00%	9/15/2019	107.06	45,217	48,411
GNMA POOL #0160350	9.00%	5/15/2016	104.66	16,421	17,186
GNMA POOL #0161638	9.00%	9/15/2016	106.80	10,385	11,091
GNMA POOL #0161684	9.00%	7/15/2016	106.00	54,897	58,193
GNMA POOL #0164501	9.00%	8/15/2016	105.99	59,245	62,792



**FIXED INCOME ACQUIRED**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PRICE	PAR VALUE	AMOUNT
U.S. GOVERNMENT SECURITIES					
GNMA POOL #0164681	9.00%	10/15/2016	\$ 106.02	\$ 100,570	\$ 106,628
GNMA POOL #0164924	9.00%	9/15/2016	105.68	39,408	41,646
GNMA POOL #0165172	9.00%	6/15/2016	106.13	104,115	110,500
GNMA POOL #0165863	9.00%	8/15/2016	105.96	19,795	20,975
GNMA POOL #0168283	9.00%	8/15/2016	106.19	51,166	54,334
GNMA POOL #0172800	9.00%	8/15/2016	105.98	22,358	23,695
GNMA POOL #0173847	9.00%	9/15/2016	106.03	53,952	57,204
GNMA POOL #0174829	9.00%	9/15/2016	105.67	22,247	23,507
GNMA POOL #0178234	9.00%	11/15/2016	106.12	20,447	21,698
GNMA POOL #0181945	9.00%	4/15/2020	107.20	11,463	12,288
GNMA POOL #0182127	9.00%	11/15/2016	105.97	2,111	2,238
GNMA POOL #0182491	9.00%	12/15/2016	106.10	13,543	14,370
GNMA POOL #0182914	9.00%	10/15/2016	105.62	6,674	7,049
GNMA POOL #0183553	9.00%	8/15/2017	106.23	35,471	37,681
GNMA POOL #0183715	9.00%	11/15/2016	106.12	21,735	23,064
GNMA POOL #0183733	9.00%	1/15/2017	106.19	132,880	141,102
GNMA POOL #0185639	9.00%	11/15/2016	105.58	9,464	9,991
GNMA POOL #0187705	9.00%	1/15/2017	106.07	96,970	102,856
GNMA POOL #0190921	9.00%	12/15/2016	106.00	52,042	55,165
GNMA POOL #0191648	9.00%	5/15/2017	106.27	30,083	31,969
GNMA POOL #0191943	9.00%	7/15/2018	106.58	19,654	20,947
GNMA POOL #0194468	9.00%	12/15/2016	105.93	48,353	51,220
GNMA POOL #0198466	9.00%	2/15/2017	106.20	9,630	10,227
GNMA POOL #0206683	9.00%	4/15/2020	107.06	33,525	35,893
GNMA POOL #0207671	9.00%	7/15/2018	106.65	50,114	53,446
GNMA POOL #0208705	9.00%	5/15/2020	106.75	4,838	5,164
GNMA POOL #0210798	9.00%	7/15/2018	106.60	35,740	38,099
GNMA POOL #0216520	9.00%	5/15/2017	106.25	26,852	28,529
GNMA POOL #0221509	9.00%	12/15/2016	105.76	51,427	54,391
GNMA POOL #0223282	9.00%	5/15/2018	106.64	43,664	46,563
GNMA POOL #0223307	9.00%	4/15/2018	106.61	15,106	16,105
GNMA POOL #0227210	9.00%	9/15/2017	106.19	13,494	14,330
GNMA POOL #0228184	9.00%	5/15/2018	106.66	12,493	13,325
GNMA POOL #0228233	9.00%	5/15/2018	105.95	20,870	22,111
GNMA POOL #0229731	9.00%	7/15/2017	106.29	33,517	35,625
GNMA POOL #0229798	9.00%	10/15/2017	106.60	3,511	3,743
GNMA POOL #0234450	9.00%	4/15/2018	106.71	39,321	41,958
GNMA POOL #0234695	10.00%	12/15/2017	109.63	6,251	6,853
GNMA POOL #0235280	9.00%	4/15/2018	106.63	18,075	19,274
GNMA POOL #0236041	10.00%	11/15/2017	107.70	35,054	37,752
GNMA POOL #0236835	10.00%	11/15/2017	107.72	18,043	19,437
GNMA POOL #0236939	9.00%	4/15/2018	106.63	2,874	3,065
GNMA POOL #0237138	10.00%	10/15/2017	109.47	81,464	89,175
GNMA POOL #0237195	9.00%	6/15/2018	106.03	12,464	13,215

**FIXED INCOME ACQUIRED**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PRICE	PAR VALUE	AMOUNT
U.S. GOVERNMENT SECURITIES					
GNMA POOL #0238133	9.00%	4/15/2018	\$ 105.94	\$ 3,285	\$ 3,480
GNMA POOL #0247506	9.00%	1/15/2020	107.05	12,845	13,750
GNMA POOL #0249621	9.00%	5/15/2018	106.58	86,784	92,498
GNMA POOL #0250933	9.00%	6/15/2018	106.65	13,325	14,210
GNMA POOL #0252052	9.00%	6/15/2018	105.09	41,457	43,569
GNMA POOL #0252055	9.00%	6/15/2018	106.68	82,610	88,132
GNMA POOL #0252306	9.00%	4/15/2018	106.37	6,870	7,308
GNMA POOL #0252538	9.00%	5/15/2018	106.53	14,099	15,020
GNMA POOL #0257869	9.00%	9/15/2019	107.02	8,521	9,120
GNMA POOL #0262845	9.00%	3/15/2020	107.15	3,370	3,611
GNMA POOL #0266545	9.00%	1/15/2019	106.72	55,189	58,898
GNMA POOL #0271090	9.00%	10/15/2019	106.89	66,443	71,025
GNMA POOL #0271897	9.00%	9/15/2019	105.98	15,791	16,735
GNMA POOL #0273548	9.00%	9/15/2019	107.04	19,049	20,389
GNMA POOL #0274140	9.00%	9/15/2019	106.95	39,032	41,744
GNMA POOL #0277907	9.00%	11/15/2019	107.08	15,123	16,193
GNMA POOL #0284420	9.00%	2/15/2020	107.04	14,953	16,006
GNMA POOL #0285593	9.00%	2/15/2020	107.13	12,188	13,056
GNMA POOL #0286371	9.00%	2/15/2020	106.92	60,577	64,770
GNMA POOL #0286427	9.00%	4/15/2020	102.83	15,279	15,712
GNMA POOL #0287851	9.00%	4/15/2020	107.18	20,569	22,046
GNMA POOL #0290000	9.00%	4/15/2020	107.06	37,890	40,564
GNMA POOL #0290057	9.00%	6/15/2020	107.22	17,166	18,405
GNMA POOL #0291136	9.00%	4/15/2020	106.87	15,067	16,103
GNMA POOL #0319521	8.00%	2/15/2022	106.90	47,853	51,156
GNMA POOL #0337419	7.00%	6/15/2023	105.64	236,808	250,165
GNMA POOL #0345731	8.00%	5/15/2024	107.12	124,718	133,596
GNMA POOL #0352219	8.00%	4/15/2023	107.02	33,412	35,758
GNMA POOL #0352964	7.00%	5/15/2024	105.59	225,872	238,504
GNMA POOL #0366756	7.00%	3/15/2024	105.57	389,496	411,203
GNMA POOL #0371734	7.00%	4/15/2024	105.62	283,233	299,143
GNMA POOL #0386030	7.00%	5/15/2024	105.62	228,393	241,220
GNMA POOL #0390014	7.00%	6/15/2024	105.56	39,172	41,350
GNMA POOL #0391992	7.00%	3/15/2024	105.57	227,499	240,179
GNMA POOL #0402544	7.50%	4/15/2026	106.11	39,102	41,492
GNMA POOL #0405618	7.50%	4/15/2026	106.11	161,218	171,063
GNMA POOL #0406811	7.50%	1/15/2026	106.09	22,804	24,194
GNMA POOL #0417666	7.50%	8/15/2025	106.07	37,708	39,999
GNMA POOL #0427558	7.50%	4/15/2026	106.11	39,459	41,869
GNMA POOL #0429356	7.50%	3/15/2026	106.10	133,059	141,177
GNMA POOL #0430384	8.00%	8/15/2026	106.83	74,279	79,352
GNMA POOL #0433892	7.00%	7/15/2028	105.27	154,640	162,796
GNMA POOL #0438772	8.00%	8/15/2026	107.25	29,612	31,758
GNMA POOL #0438778	8.00%	8/15/2026	107.25	31,084	33,338

**FIXED INCOME ACQUIRED**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PRICE	PAR VALUE	AMOUNT
U.S. GOVERNMENT SECURITIES					
GNMA POOL #0450368	7.00%	8/15/2028	\$ 105.27	\$ 115,537	\$ 121,630
GNMA POOL #0464692	7.00%	7/15/2028	105.32	240,102	252,874
GNMA POOL #0466888	7.00%	7/15/2028	105.28	164,441	173,132
GNMA POOL #0469797	7.00%	12/15/2028	105.27	299,990	315,786
GNMA POOL #0470493	7.00%	6/15/2029	105.28	243,609	256,467
GNMA POOL #0472997	7.00%	6/15/2029	105.26	204,245	214,981
GNMA POOL #0478875	7.50%	11/15/2029	106.18	31,599	33,550
GNMA POOL #0478881	7.50%	11/15/2029	106.17	182,133	193,370
GNMA POOL #0482784	7.00%	10/15/2028	105.30	214,710	226,085
GNMA POOL #0485451	6.50%	5/15/2031	103.11	109,938	113,353
GNMA POOL #0486539	7.00%	9/15/2028	105.28	198,324	208,792
GNMA POOL #0486761	7.00%	12/15/2028	105.27	50,651	53,320
GNMA POOL #0487221	7.00%	5/15/2029	105.28	48,038	50,572
GNMA POOL #0487222	7.00%	5/15/2029	105.25	158,040	166,344
GNMA POOL #0493996	7.00%	7/15/2029	105.28	226,867	238,837
GNMA POOL #0500931	7.00%	6/15/2029	106.09	191,897	203,583
GNMA POOL #0503019	6.00%	3/15/2029	101.72	1,339,737	1,362,793
GNMA POOL #0505728	7.00%	6/15/2029	105.25	749,976	789,377
GNMA POOL #0506075	7.00%	11/15/2029	105.25	136,645	143,819
GNMA POOL #0509328	7.00%	6/15/2029	105.25	124,427	130,963
GNMA POOL #0510100	7.00%	7/15/2029	105.28	45,469	47,871
GNMA POOL #0510302	7.00%	8/15/2029	105.26	41,347	43,523
GNMA POOL #0510983	7.00%	6/15/2029	105.31	54,122	56,996
GNMA POOL #0512915	7.00%	7/15/2029	105.25	220,600	232,188
GNMA POOL #0520045	6.50%	6/15/2031	103.12	30,884	31,847
GNMA POOL #0530203	6.50%	4/15/2031	104.14	297,539	309,858
GNMA POOL #0541464	6.50%	6/15/2031	103.14	311,490	321,267
GNMA POOL #0549889	6.50%	5/15/2031	103.17	437,098	450,935
GNMA POOL #0549890	6.50%	4/15/2031	103.10	64,938	66,954
GNMA POOL #0552518	6.50%	4/15/2032	103.07	1,301,622	1,341,568
GNMA POOL #0557424	6.50%	5/15/2031	103.14	257,993	266,085
GNMA POOL #0557467	6.50%	5/15/2031	103.10	101,952	105,113
GNMA POOL #0781129	7.00%	11/15/2028	105.11	158,812	166,928
U S TREASURY BILL		7/2/2009	97.96	335,493,515	328,634,329
U S TREASURY BOND	3.50%	2/15/2039	89.08	15,416,935	13,733,159
U S TREASURY NOTE	1.25%	11/30/2010	100.69	38,603,200	38,868,150
U S TREASURY NOTE	0.88%	12/31/2010	100.01	77,206,400	77,215,580
U S TREASURY NOTE	1.13%	12/15/2011	100.03	38,603,200	38,616,007
US TREAS-CPI INFLAT	2.00%	1/15/2026	94.69	38,923,726	36,855,258
US TREAS-CPI INFLAT	1.75%	1/15/2028	91.89	21,206,680	19,485,843
US TREAS-CPI INFLAT	2.00%	1/15/2016	96.13	34,734,088	33,388,309
US TREAS-CPI INFLATION INDEX	2.00%	1/15/2014	102.20	12,470,800	12,745,615
US TREAS-CPI INFLATION INDEX	1.38%	7/15/2018	97.27	30,502,392	29,670,093
<b>TOTAL U.S. GOVERNMENT SECURITIES ACQUIRED</b>				<b>\$ 1,153,175,167</b>	<b>\$ 1,138,316,961</b>

**FIXED INCOME ACQUIRED**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PRICE	PAR VALUE	AMOUNT
<b>CORPORATE BONDS</b>					
ABBOTT LABORATORIES NT	6.15%	11/30/2037	\$ 88.24	\$ 2,312,540	\$ 2,040,599
ABFS MTG LN 03-2 CL M 144A	1.59%	4/25/2034	66.12	4,518,365	2,987,338
ACA ABS 06 1 LTD/ACA A-3L 144A	2.20%	6/10/2041	11.87	1,654,645	196,368
AGRIUM INC DEB	6.75%	1/15/2019	91.67	1,541,694	1,413,323
ALCOA INC NT	5.95%	2/1/2037	85.19	2,312,540	1,970,105
ALTERNATIVE LN 07 20 CL A-12	6.25%	8/25/2047	78.26	5,928,578	4,639,664
ALTERNATIVE LN 07 3T1 CL 2-A-1	6.00%	3/25/2027	81.50	3,142,888	2,561,492
AMERICAN AIRLS PASS THRU TR 01	7.86%	10/1/2011	93.68	9,259,917	8,675,062
AMERICAN GEN FIN CORP MEDIUM	6.90%	12/15/2017	81.84	7,712,533	6,311,639
ANADARKO FIN CO SR NT	7.50%	5/1/2031	103.85	3,857,886	4,006,513
ANSLEY PK ABS CL C 144A	3.80%	10/1/2046	15.02	3,870,281	581,259
ASSOC CORP NA BDS	6.95%	11/1/2018	92.50	2,312,540	2,139,000
ASTRAZENECA PLC NT	6.45%	9/15/2037	87.74	2,312,540	2,029,058
AT & T INC GLOBAL NT	6.30%	1/15/2038	75.68	2,312,540	1,750,203
AUTO BD RECEIVABLES TR 94-A	6.40%	4/15/2009	100.00	146,533	146,533
AXA SA US\$ SUB NT	8.60%	12/15/2030	96.23	3,859,334	3,713,820
BAKER HUGHES INC SR NT	7.50%	11/15/2018	101.97	1,541,694	1,572,031
BANC ONE CORP DEBS	8.00%	4/29/2027	97.82	1,541,694	1,508,047
BANK AMER CORP SR NT	5.75%	12/1/2017	89.11	1,541,694	1,373,862
BGI CORE ACTIVE BOND FUND			18.07	29,919,261	540,744,134
BGI CORE ACTIVE BOND TRADING			10.04	23,077,692	231,598,989
BLACKROCK MORTGAGE INVESTORS			132.48	42,953,720	56,906,959
BURLINGTON RESOURCES FINANCE	7.40%	12/1/2031	91.99	1,541,694	1,418,184
CATERPILLAR FINL SVCS CORP MTN	7.05%	10/1/2018	97.95	1,541,694	1,510,061
CBO HLDGS III 04-3 CL A 144A	1.00%	6/1/2019	99.42	10,489,031	10,428,083
CBO HLDGS III 1A 04-1 C-2 144A	7.00%	2/10/2038	104.66	8,101,874	8,479,512
CHARTWELL CBO I NT CL B 144A	3.04%	10/10/2012	97.34	9,866,839	9,604,501
CHASEPEAKE & POTOMAC TEL CO MD	7.15%	5/1/2023	99.55	3,854,234	3,836,708
CHL MTG P/T 07 13 CL A-1	6.00%	8/25/2037	92.97	5,415,401	5,034,644
CIMARRON DEBT FUND			100.00	18,473,551	18,473,551
CITIGROUP INC SR NT	6.13%	5/15/2018	89.66	1,541,694	1,382,329
CLEAR CHANNEL COMMUNICATIONS	6.88%	6/15/2018	51.49	4,625,081	2,381,606
CNF INC SR DEB	6.70%	5/1/2034	83.47	3,854,234	3,217,174
COCA-COLA ENTERPRISES	6.75%	9/15/2028	88.42	3,100,806	2,741,653
COLORADO DEBT FUND			100.00	10,041,409	10,041,409
COLORADO II			100.00	4,937,067	4,937,067
CONAGRA INC NTS	9.75%	3/1/2021	117.60	659,845	775,980
CONAGRA INC SR NTS	6.70%	8/1/2027	99.75	3,090,187	3,082,605
CONTINENTAL AIRLS 01-1 CL A 1	6.70%	6/15/2021	84.99	2,445,556	2,078,377
CONTINENTAL AIRLS 01-1 CL A 2	6.50%	6/15/2011	92.98	3,892,776	3,619,478
CONTINENTAL AIRLS 99-2 CL A-1	7.26%	3/15/2020	89.82	2,268,073	2,037,071
CORNING INC NT	7.25%	8/15/2036	100.35	5,416,016	5,434,720
CREDIT SUISSE FB 03-8 CL D-B-2	6.24%	4/25/2033	76.83	3,467,978	2,664,531
CSX CORP NT	6.15%	5/1/2037	65.11	1,545,093	1,006,011

**FIXED INCOME ACQUIRED**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PRICE	PAR VALUE	AMOUNT
<b>CORPORATE BONDS</b>					
DELTA FDG HM EQ LN TR 99-3 M-2	8.10%	1/15/2030	\$ 13.47	\$ 706,513	\$ 95,190
DEUTSCHE BK CAYMAN 2001-3 144A	1.49%	4/30/2031	20.09	3,854,234	774,310
DU PONT E I DE NEMOURS & CO NT	6.00%	7/15/2018	93.01	1,541,694	1,433,873
FARMERS INS EXCH SURPLUS 144A	8.63%	5/1/2024	99.87	3,870,281	3,865,410
FIRST HORIZON P/T 06 3 CL 1A8	6.25%	11/25/2036	96.50	3,862,734	3,727,639
GENERAL ELEC CAP MTN #TR 00528	6.75%	3/15/2032	85.43	1,541,694	1,317,075
GLAXOSMITHKLINE CAP INC GTD NT	6.38%	5/15/2038	82.77	2,312,540	1,914,146
GOLDMAN SACHS GROUP INC	5.25%	10/15/2013	92.68	1,544,128	1,431,080
GOLDMAN SACHS GROUP INC BD	6.15%	4/1/2018	86.09	2,312,540	1,990,918
GOLDMAN SACHS GROUP INC SR NT	6.60%	1/15/2012	95.40	1,541,694	1,470,705
GS CREDIT OPPS FUND 2008			133.76	62,208,984	83,208,843
GTE SOUTHWEST INC 1ST MTG	8.50%	11/15/2031	118.62	7,278,058	8,633,045
HARRAHS OPER INC GTD SR NT	5.63%	6/1/2015	46.04	1,310,440	603,337
HIGHLAND CLO			78.03	32,331,217	25,227,254
HOME DEPOT INC SR NT	5.88%	12/16/2036	79.34	6,185,279	4,907,275
HUNTINGTON NATL BK MTN # 00001	6.60%	6/15/2018	82.81	3,854,234	3,191,527
HVB FDG TR SILENT PARTN 144A	8.74%	6/30/2031	87.71	15,416,935	13,521,676
INTERNATIONAL BUSINESS MACH CO	8.00%	10/15/2038	104.59	3,083,387	3,224,907
ISHARES TR IBOX \$ HIGH YIELD			76.58	1,010,984	77,421,149
J P MORGAN RESI 02-R2 CL 3A1	6.00%	4/28/2026	101.30	920,911	932,920
JACKSON NTAL LIFE INS CO 144A	8.15%	3/15/2027	110.06	4,278,200	4,708,406
JEFFERIES GROUP INC NEW SR DEB	6.25%	1/15/2036	72.87	4,309,033	3,140,034
JOHNSON CTLS INC NT	6.00%	1/15/2036	88.92	3,874,322	3,445,154
KRAFT FOODS INC NT	6.88%	1/26/2039	81.58	2,312,540	1,886,488
LEHMAN BROS HLDGS INC	8.80%	3/1/2015	103.86	2,312,540	2,401,899
LEHMAN BROTHERS HLDGS #TR00491	7.37%	5/12/2014	78.55	3,145,055	2,470,416
LIBERTY MUTUAL INS CO 144A	7.88%	10/15/2026	104.29	3,858,299	4,023,796
LILLY ELI & CO NT	5.55%	3/15/2037	83.16	2,312,540	1,923,020
MASCO CORP NT	6.50%	8/15/2032	82.29	3,860,320	3,176,801
MCCLATCHY NEWSPAPERS INC	15.75%	7/15/2014	223.15	1,040,643	2,322,234
MCDONALDS CORP	6.30%	3/1/2038	89.30	1,541,694	1,376,721
MERCK & CO INC DEBS	6.40%	3/1/2028	93.92	3,083,387	2,895,872
MID OCEAN CBO 00 1 A2 144A 3C7	7.73%	1/15/2036	87.58	3,854,234	3,375,716
MID OCEAN CBO CL A 144A	6.56%	11/5/2026	100.19	4,104,029	4,111,960
MMCAPS FDG I LTD SR NT 144A	8.03%	6/15/2031	90.98	9,302,734	8,463,804
MORGAN STANLEY ABS 03 NC10 M2	2.99%	10/25/2033	63.39	1,006,417	637,926
MORGAN STANLEY ABS 04-NC1 M2	1.84%	11/25/2033	85.71	1,016,857	871,505
MORGAN STANLEY ABS 04-NC2 M2	2.09%	12/25/2033	81.82	443,094	362,546
MORGAN STANLEY SR MEDIUM TERM	5.95%	12/28/2017	86.29	3,083,387	2,660,639
MURPHY OIL CORP NT	7.05%	5/1/2029	100.30	5,883,748	5,901,339
NATIONAL RURAL UTILS COOP FIN	8.00%	3/1/2032	113.26	1,541,694	1,746,147
NEWS AMER HLDGS INC	7.43%	10/1/2026	103.91	1,722,843	1,790,172
NEXEN INC NT	6.40%	5/15/2037	89.99	2,312,540	2,081,076
NORTH STREET REFERENCED LINKED	4.24%	8/30/2030	88.55	3,083,387	2,730,366

**FIXED INCOME ACQUIRED**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PRICE	PAR VALUE	AMOUNT
<b>CORPORATE BONDS</b>					
ONEOK PARTNERS LP GTD SR NT	6.65%	10/1/2036	\$ 95.07	\$ 3,854,234	\$ 3,664,223
PACIFIC BELL	7.38%	7/15/2043	101.47	3,738,607	3,793,644
PACIFIC SHORES CDO C 144A 3C7	2.89%	7/3/2037	93.22	3,277,181	3,054,942
PEPSI BOTTLING GRP INC GTD SR	7.00%	3/1/2029	94.01	3,083,387	2,898,557
PERITUS I CDO LTD CL B 144A	4.17%	5/24/2015	77.31	6,166,774	4,767,330
PIVOTAL CIMARRON HILLS			100.00	3,582,354	3,582,354
PIVOTAL PROMONTORY DEBT FD			100.00	4,163,856	4,163,856
PIVOTAL WORKING CAPITAL (DEBT)			100.00	36,615	36,615
PLAINS ALL AMERN PIPELINE LP	6.65%	1/15/2037	90.66	3,380,163	3,064,565
PREFERRED CPO A / B 144A	8.95%	7/26/2030	111.30	5,672,565	6,313,840
PREFERRED CPO A / B 144A	8.95%	7/26/2030	103.52	2,616,003	2,708,156
PREMIUM ASSET TR ACA 144A		3/11/2010	52.27	9,824,014	5,135,338
PRINCIPAL LIFE MTN # 00108	0.66%	3/1/2012	97.45	2,312,540	2,253,470
PSPRS PNMAC MORTGOPP			103.79	63,008,157	65,394,699
PSPRS-APOLLO EUR NPL			143.33	53,326,149	76,432,424
REGIONAL DIVERSIFIED FDG 144A	9.25%	3/15/2030	115.68	17,604,821	20,365,661
RELIANCE STL & ALUM CO	6.85%	11/15/2036	94.14	2,312,540	2,176,949
ROYAL CARIBBEAN CRUISES SR NTS	7.50%	10/15/2027	79.42	2,317,640	1,840,563
SANDIA DEBT FUND			100.00	7,323,044	7,323,044
SBA LOAN NESTING FEATHERS			100.00	559,711	559,711
SECURITY BENEFIT LIFE INS 144A	8.75%	5/15/2016	100.90	7,708,468	7,778,006
SECURITY MUT LIFE INS CO 144A	9.38%	12/15/2016	105.10	11,562,702	12,152,478
SERVICEMASTER CO NTS	7.10%	3/1/2018	53.33	2,202,531	1,174,620
SPDR SER TR LEHMAN HIGH YIELD			35.10	687,674	24,134,262
TARGET CORP NT	7.00%	1/15/2038	83.89	3,083,387	2,586,543
TECK COMINCO LTD SR NT	6.13%	10/1/2035	82.34	3,861,768	3,179,645
TIMES MIRROR CO NEW DEBS	6.61%	9/15/2027	39.75	3,854,234	1,531,882
TRAINER WORTHAM FIRST A3L 144A	2.28%	4/10/2037	68.07	7,708,468	5,246,784
UNION CENTR LIFE NOTES 144A	8.20%	11/1/2026	112.00	16,575,238	18,563,611
UNION PAC CORP SR NT	6.25%	5/1/2034	78.03	1,541,694	1,202,967
UNITED STATES CELLULAR CORP SR	6.70%	12/15/2033	83.87	6,960,468	5,837,933
UNITED UTILS PLC NT	4.55%	6/19/2018	89.58	3,854,234	3,452,448
UPM-KYMMENE CORP NTS 144A	7.45%	11/26/2027	82.11	5,407,827	4,440,335
VALERO ENERGY CORP NT	6.63%	6/15/2037	88.50	2,317,640	2,051,012
WAL-MART STORES INC NT	6.20%	4/15/2038	87.90	3,855,451	3,388,760
WELLS FARGO & CO NEW SR UNSECD	5.63%	12/11/2017	90.64	1,541,694	1,397,395
WESTERN UN CO NT	6.20%	11/17/2036	89.19	1,541,694	1,375,029
WESTINGHOUSE ELEC CORP NT	7.88%	9/1/2023	91.34	3,854,234	3,520,532
<b>TOTAL CORPORATE BONDS ACQUIRED</b>				<b>\$ 784,053,015</b>	<b>\$ 1,612,991,752</b>
<b>TOTAL FIXED INCOME ACQUIRED</b>				<b>\$ 1,937,228,182</b>	<b>\$ 2,751,308,712</b>



**FIXED INCOME SOLD**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PAR VALUE	PRICE	AMOUNT	COST	GAIN (LOSS)
U.S. GOVERNMENT SECURITIES							
FEDERAL FARM CR BK CONS SYSTEM	5.15%	5-5-2015	\$ 21,294,111	\$ 99.99	\$ 21,292,841	\$ 21,273,804	\$ 19,036
FEDERAL FARM CR BKS CONS BDS	5.40%	10-6-2015	16,448,645	99.99	16,446,661	16,352,828	93,833
FEDERAL HOME LN BK CONS BD	5.38%	6-16-2020	36,400,000	99.99	36,397,782	36,243,738	154,044
FEDERAL HOME LN BKS CONS BD	5.33%	7-23-2018	7,676,007	99.96	7,672,885	7,495,468	177,418
FEDERAL HOME LN BKS CONS BD	5.65%	9-21-2020	16,348,645	100.00	16,349,383	16,340,635	8,748
FEDERAL HOME LN MTG CORP DEB	5.00%	12-14-2018	15,338,991	87.96	13,492,911	14,009,002	(516,091)
FEDERAL HOME LN MTG CORP MTN	5.00%	6-11-2018	2,939,737	99.36	2,920,869	2,817,983	102,886
FEDERAL HOME LN MTG CORP MTN	5.00%	7-2-2018	7,292,982	98.96	7,216,938	6,991,124	225,815
FEDERAL HOME LN MTG CORP MTN	6.00%	1-26-2022	6,339,458	100.02	6,340,753	6,307,272	33,480
FEDERAL HOME LN MTG CORP MTN	6.00%	12-17-2027	15,766,598	99.31	15,657,937	15,659,181	(1,244)
FEDERAL HOME LN MTG CORP MTN	3.65%	12-30-2009	467,039,412	100.10	467,483,549	467,321,236	162,313
FEDERAL HOME LN MTG CORP MTN	1.80%	12-30-2010	77,206,400	100.10	77,279,988	77,206,400	73,588
FEDERAL NATL MTG ASSN	4.45%	8-25-2012	95,072	100.01	95,084	94,864	220
FEDERAL NATL MTG ASSN DEBS	5.25%	7-14-2015	46,585,131	100.42	46,782,627	46,438,362	344,265
FHLMC POOL #G0-8168	6.00%	12-1-2036	3,846,714	100.33	3,859,326	3,855,701	3,625
FHLMC POOL #H1-0069	6.00%	11-1-2036	3,372,860	100.12	3,377,036	3,397,609	(20,573)
FHLMC POOL #H1-5010	6.00%	11-1-2036	2,736,991	100.13	2,740,476	2,757,558	(17,082)
FHLMC MULTICLASS MTG	5.00%	2-15-2025	4,100,000	95.16	3,901,690	3,827,562	74,128
FHLMC MULTICLASS MTG	6.00%	8-15-2032	17,855,103	103.21	18,428,621	17,987,715	440,906
FHLMC MULTICLASS MTG	6.00%	11-15-2032	7,860,320	103.16	8,108,409	7,888,430	219,979
FHLMC MULTICLASS MTG	6.00%	8-15-2032	7,760,320	103.52	8,033,711	7,832,085	201,626
FHLMC MULTICLASS MTG	6.00%	8-15-2032	7,910,320	102.82	8,133,672	7,954,761	178,910
FHLMC MULTICLASS MTG 3159 PB	6.00%	1-15-2029	13,266,448	102.81	13,639,779	13,484,260	155,519
FNMA GTD REMIC P/T	4.00%	11-25-2022	12,264,660	98.82	12,119,544	12,105,188	14,355
FNMA GTD REMIC P/T 03-42 CL PE	5.50%	12-25-2031	2,370,000	98.57	2,336,190	2,302,546	33,644
FNMA GTD REMIC P/T 05-27 AB	5.50%	2-25-2034	5,238,631	98.34	5,151,462	5,208,346	(56,884)
FNMA GTD REMIC P/T 05-27 AC	5.50%	8-25-2034	17,021,215	97.34	16,568,640	16,650,780	(82,140)
FNMA GTD REMIC P/T 05-45 BG	4.50%	6-25-2025	12,153,838	93.25	11,333,989	11,816,708	(482,719)
FNMA GTD REMIC P/T 06-60 PC	6.00%	6-25-2032	8,010,320	102.75	8,230,536	8,046,142	184,394
GNMA POOL #0173878	9.00%	8-15-2016	7,016	100.00	7,016	7,455	(439)
GNMA POOL #0176431	9.00%	8-15-2016	3,956	100.00	3,956	4,216	(261)
GNMA POOL #0202505	9.00%	10-15-2019	558	100.00	558	586	(28)
GNMA POOL #0217956	10.00%	11-15-2017	1,912	100.00	1,912	2,088	(176)
GNMA POOL #0226529	9.00%	6-15-2018	2,507	100.00	2,507	2,685	(178)
GNMA POOL #0232237	9.00%	1-15-2020	380	99.99	380	391	(11)
GNMA POOL #0234937	9.00%	3-15-2018	1,418	100.00	1,418	1,519	(102)
GNMA POOL #0238600	10.00%	11-15-2017	1,811	100.00	1,811	1,959	(148)
GNMA POOL #0238840	9.00%	5-15-2018	0	#DIV/0!	0	0	0
GNMA POOL #0248951	9.00%	5-15-2018	432	99.99	432	464	(31)
GNMA POOL #0252056	9.00%	6-15-2018	3,839	100.00	3,839	4,071	(233)
GNMA POOL #0285803	9.00%	3-15-2020	7,712	100.00	7,712	8,237	(525)
GNMA POOL #0298952	9.00%	4-15-2021	16,155	107.59	17,382	16,210	1,172
GNMA POOL #0303324	9.00%	4-15-2021	360	100.00	360	387	(27)
GNMA POOL #0304625	9.00%	3-15-2021	443	100.00	443	477	(34)

**FIXED INCOME SOLD**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PAR VALUE	PRICE	AMOUNT	COST	GAIN (LOSS)
U.S. GOVERNMENT SECURITIES							
GNMA POOL #0305187	9.00%	6-15-2021	\$ 638	\$ 100.00	\$ 638	\$ 688	\$ (50)
GNMA POOL #0330725	8.00%	7-15-2022	1,168	100.00	1,168	1,254	(86)
GNMA POOL #0375887	7.00%	5-15-2024	10,050	100.00	10,050	10,637	(587)
GNMA POOL #0377589	7.50%	8-15-2025	721,463	106.02	764,874	723,334	41,540
GNMA POOL #0386038	7.00%	6-15-2024	26,639	100.00	26,639	28,217	(1,579)
GNMA POOL #0389845	8.00%	9-15-2024	2,197	100.00	2,197	2,361	(164)
GNMA POOL #0398831	8.00%	8-15-2026	193,176	107.22	207,121	193,388	13,733
GNMA POOL #0403979	8.50%	10-15-2024	346,579	106.78	370,065	342,177	27,889
GNMA POOL #0421711	7.50%	4-15-2026	252,553	106.31	268,490	252,818	15,672
GNMA POOL #0427556	7.50%	3-15-2026	1,163	100.00	1,163	1,238	(74)
GNMA POOL #0432701	8.00%	6-15-2026	169,323	107.45	181,932	169,856	12,076
GNMA POOL #0434101	7.00%	12-15-2028	85,568	103.57	88,626	86,198	2,428
GNMA POOL #0434237	6.00%	3-15-2029	63,033	100.00	63,033	64,155	(1,122)
GNMA POOL #0439645	8.00%	9-15-2026	100,181	107.64	107,836	100,262	7,574
GNMA POOL #0441619	7.50%	11-15-2029	43,869	101.83	44,671	45,788	(1,116)
GNMA POOL #0458918	7.00%	8-15-2028	43,383	105.03	45,566	42,928	2,638
GNMA POOL #0475872	7.00%	7-15-2028	1,573	100.00	1,573	1,659	(86)
GNMA POOL #0499876	7.00%	6-15-2029	233,417	105.39	246,008	232,682	13,326
GNMA POOL #0499905	7.00%	5-15-2029	5,903	100.00	5,903	6,225	(322)
GNMA POOL #0499907	7.00%	5-15-2029	3,945	100.00	3,945	4,160	(215)
GNMA POOL #0507496	7.00%	6-15-2029	31,136	100.00	31,136	32,810	(1,673)
GNMA POOL #0510958	7.00%	5-15-2029	161,852	105.38	170,552	161,078	9,474
GNMA POOL #0512888	7.00%	7-15-2029	204,690	105.43	215,808	199,015	16,792
GNMA POOL #0513367	7.00%	8-15-2029	127,679	103.70	132,402	126,470	5,933
GNMA POOL #0530611	6.50%	5-15-2031	698,379	103.59	723,454	698,203	25,252
GNMA POOL #0530631	6.50%	6-15-2031	442,432	103.10	456,163	445,532	10,631
GNMA POOL #0539629	6.50%	4-15-2031	32,611	100.00	32,611	33,996	(1,386)
GNMA POOL #0548963	6.50%	3-15-2031	2,276	100.00	2,276	2,349	(73)
GNMA POOL #0549915	6.50%	5-15-2031	49,149	103.13	50,686	49,048	1,639
GNMA POOL #0552514	6.50%	4-15-2032	80,005	100.00	80,005	82,547	(2,542)
GNMA POOL #0560189	6.50%	4-15-2031	663,516	102.73	681,649	665,691	15,958
GNMA POOL #0780076	8.00%	2-15-2025	1,245,900	106.32	1,324,591	1,235,839	88,752
GNMA POOL #0780220	7.50%	8-15-2025	1,298,747	107.86	1,400,858	1,306,801	94,057
GNMA POOL #0780896	7.00%	11-15-2028	2,946	100.00	2,946	3,101	(155)
GNMA GTD REMIC P/T 03-12 PE	5.50%	12-16-2031	15,952,188	100.15	15,975,335	15,797,528	177,807
GNMA GTD REMIC P/T 03-34 MX-PC	5.50%	2-16-2032	13,996,970	100.34	14,044,401	13,899,909	144,492
GNMA POOL #0153415	9.00%	4-15-2016	73,795	106.35	78,481	71,182	7,298
GNMA POOL #0156462	9.00%	7-15-2016	19,480	106.45	20,737	19,027	1,710
GNMA POOL #0157733	9.00%	5-15-2016	2,384	100.00	2,384	2,539	(155)
GNMA POOL #0158992	9.00%	6-15-2016	3,049	100.00	3,049	3,197	(147)
GNMA POOL #0159801	9.00%	9-15-2019	81,473	105.70	86,113	81,554	4,559
GNMA POOL #0160350	9.00%	5-15-2016	43,802	102.68	44,976	43,000	1,976
GNMA POOL #0161638	9.00%	9-15-2016	24,217	104.19	25,231	24,009	1,223
GNMA POOL #0161684	9.00%	7-15-2016	76,271	106.61	81,314	75,013	6,301

**FIXED INCOME SOLD**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PAR VALUE	PRICE	AMOUNT	COST	GAIN (LOSS)
U.S. GOVERNMENT SECURITIES							
GNMA POOL #0162599	9.00%	6-15-2016	\$ 17,928	\$ 100.00	\$ 17,928	\$ 16,986	\$ 942
GNMA POOL #0164501	9.00%	8-15-2016	100,204	105.34	105,551	99,326	6,225
GNMA POOL #0164681	9.00%	10-15-2016	179,621	105.09	188,771	176,949	11,822
GNMA POOL #0164924	9.00%	9-15-2016	56,336	105.94	59,685	53,024	6,660
GNMA POOL #0165172	9.00%	6-15-2016	203,833	104.56	213,123	198,675	14,447
GNMA POOL #0165863	9.00%	8-15-2016	1,505	100.00	1,505	1,603	(99)
GNMA POOL #0168283	9.00%	8-15-2016	86,814	105.34	91,450	84,928	6,522
GNMA POOL #0172800	9.00%	8-15-2016	40,304	104.94	42,294	39,940	2,354
GNMA POOL #0173847	9.00%	9-15-2016	96,099	104.82	100,733	96,832	3,901
GNMA POOL #0174829	9.00%	9-15-2016	35,112	105.42	37,013	35,067	1,946
GNMA POOL #0178234	9.00%	11-15-2016	28,328	106.62	30,204	26,568	3,636
GNMA POOL #0181945	9.00%	4-15-2020	470	100.00	470	506	(36)
GNMA POOL #0182127	9.00%	11-15-2016	162	100.01	162	173	(11)
GNMA POOL #0182491	9.00%	12-15-2016	18,791	106.68	20,045	18,489	1,557
GNMA POOL #0182914	9.00%	10-15-2016	16,279	103.51	16,850	16,174	677
GNMA POOL #0183553	9.00%	8-15-2017	49,135	106.74	52,449	48,336	4,113
GNMA POOL #0183715	9.00%	11-15-2016	30,094	106.71	32,112	29,434	2,677
GNMA POOL #0183733	9.00%	1-15-2017	185,123	106.64	197,419	173,638	23,781
GNMA POOL #0185639	9.00%	11-15-2016	13,741	105.80	14,538	13,502	1,036
GNMA POOL #0187705	9.00%	1-15-2017	135,166	106.58	144,062	132,114	11,948
GNMA POOL #0190921	9.00%	12-15-2016	74,555	106.33	79,271	73,187	6,083
GNMA POOL #0191648	9.00%	5-15-2017	41,601	106.78	44,423	39,928	4,495
GNMA POOL #0191943	9.00%	7-15-2018	26,937	107.06	28,839	25,768	3,071
GNMA POOL #0194468	9.00%	12-15-2016	70,108	106.16	74,424	68,648	5,776
GNMA POOL #0198466	9.00%	2-15-2017	13,316	106.78	14,219	13,077	1,141
GNMA POOL #0206683	9.00%	4-15-2020	46,038	107.43	49,458	44,334	5,124
GNMA POOL #0207671	9.00%	7-15-2018	3,853	100.00	3,853	4,129	(276)
GNMA POOL #0208705	9.00%	5-15-2020	281	99.99	281	301	(20)
GNMA POOL #0210798	9.00%	7-15-2018	48,938	107.05	52,388	45,666	6,723
GNMA POOL #0216520	9.00%	5-15-2017	37,096	106.77	39,607	35,638	3,969
GNMA POOL #0221509	9.00%	12-15-2016	72,375	106.19	76,855	70,840	6,014
GNMA POOL #0223282	9.00%	5-15-2018	59,656	107.18	63,939	57,500	6,439
GNMA POOL #0223307	9.00%	4-15-2018	20,651	107.16	22,128	19,912	2,216
GNMA POOL #0227210	9.00%	9-15-2017	1,011	100.00	1,011	1,079	(68)
GNMA POOL #0228184	9.00%	5-15-2018	17,060	107.18	18,286	16,235	2,051
GNMA POOL #0228233	9.00%	5-15-2018	29,959	106.01	31,759	27,672	4,087
GNMA POOL #0229731	9.00%	7-15-2017	46,268	106.76	49,396	43,501	5,896
GNMA POOL #0229798	9.00%	10-15-2017	3,511	100.00	3,511	3,743	(232)
GNMA POOL #0234450	9.00%	4-15-2018	64,548	105.83	68,311	63,657	4,655
GNMA POOL #0234695	10.00%	12-15-2017	352	99.99	352	389	(37)
GNMA POOL #0235280	9.00%	4-15-2018	1,009	100.00	1,009	1,081	(72)
GNMA POOL #0236041	10.00%	11-15-2017	48,012	108.43	52,058	47,705	4,352
GNMA POOL #0236835	10.00%	11-15-2017	24,675	108.48	26,768	24,673	2,095
GNMA POOL #0236939	9.00%	4-15-2018	3,928	107.16	4,209	3,738	471

**FIXED INCOME SOLD**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PAR VALUE	PRICE	AMOUNT	COST	GAIN (LOSS)
U.S. GOVERNMENT SECURITIES							
GNMA POOL #0237138	10.00%	10-15-2017	\$ 111,812	\$ 110.37	\$ 123,402	\$ 111,748	\$ 11,654
GNMA POOL #0237195	9.00%	6-15-2018	17,441	106.15	18,512	14,849	3,663
GNMA POOL #0238133	9.00%	4-15-2018	4,699	106.11	4,986	4,560	426
GNMA POOL #0247506	9.00%	1-15-2020	17,388	107.57	18,705	17,023	1,682
GNMA POOL #0249621	9.00%	5-15-2018	119,138	107.04	127,524	111,878	15,647
GNMA POOL #0250933	9.00%	6-15-2018	741	99.99	741	795	(53)
GNMA POOL #0252052	9.00%	6-15-2018	61,564	104.99	64,637	59,118	5,519
GNMA POOL #0252055	9.00%	6-15-2018	112,735	107.18	120,826	105,163	15,662
GNMA POOL #0252306	9.00%	4-15-2018	457	100.00	457	489	(32)
GNMA POOL #0252538	9.00%	5-15-2018	944	100.00	944	1,011	(67)
GNMA POOL #0257869	9.00%	9-15-2019	11,535	107.56	12,407	11,233	1,174
GNMA POOL #0262845	9.00%	3-15-2020	143	99.99	143	154	(11)
GNMA POOL #0266545	9.00%	1-15-2019	75,384	107.16	80,785	70,731	10,054
GNMA POOL #0271090	9.00%	10-15-2019	91,260	107.32	97,937	89,824	8,113
GNMA POOL #0271897	9.00%	9-15-2019	22,233	106.35	23,644	24,437	(793)
GNMA POOL #0273548	9.00%	9-15-2019	25,778	107.58	27,732	25,091	2,641
GNMA POOL #0274140	9.00%	9-15-2019	77,504	105.10	81,457	75,387	6,069
GNMA POOL #0277907	9.00%	11-15-2019	20,456	107.65	22,021	20,368	1,653
GNMA POOL #0284420	9.00%	2-15-2020	20,272	107.53	21,798	19,589	2,208
GNMA POOL #0285593	9.00%	2-15-2020	16,460	107.66	17,722	16,017	1,705
GNMA POOL #0286371	9.00%	2-15-2020	99,635	106.02	105,629	97,789	7,840
GNMA POOL #0286427	9.00%	4-15-2020	27,233	102.21	27,835	26,522	1,313
GNMA POOL #0287851	9.00%	4-15-2020	27,739	107.72	29,879	26,978	2,901
GNMA POOL #0290000	9.00%	4-15-2020	51,448	107.57	55,343	51,587	3,756
GNMA POOL #0290057	9.00%	6-15-2020	23,134	107.79	24,937	23,188	1,749
GNMA POOL #0291136	9.00%	4-15-2020	20,542	107.26	22,033	19,476	2,558
GNMA POOL #0319521	8.00%	2-15-2022	72,530	106.43	77,190	72,869	4,321
GNMA POOL #0337419	7.00%	6-15-2023	395,484	104.71	414,122	379,386	34,736
GNMA POOL #0345731	8.00%	5-15-2024	167,138	107.50	179,675	166,416	13,259
GNMA POOL #0352219	8.00%	4-15-2023	47,362	106.99	50,675	47,360	3,315
GNMA POOL #0352964	7.00%	5-15-2024	361,617	104.85	379,157	343,095	36,062
GNMA POOL #0366756	7.00%	3-15-2024	524,684	105.79	555,044	494,329	60,715
GNMA POOL #0371734	7.00%	4-15-2024	437,142	105.03	459,141	418,234	40,907
GNMA POOL #0386030	7.00%	5-15-2024	361,350	104.91	379,090	346,724	32,366
GNMA POOL #0390014	7.00%	6-15-2024	1,784	100.00	1,784	1,888	(104)
GNMA POOL #0391992	7.00%	3-15-2024	9,409	100.00	9,409	9,960	(551)
GNMA POOL #0402544	7.50%	4-15-2026	53,135	106.29	56,477	53,119	3,358
GNMA POOL #0405618	7.50%	4-15-2026	213,655	106.45	227,440	213,635	13,805
GNMA POOL #0406811	7.50%	1-15-2026	527	100.00	527	561	(34)
GNMA POOL #0417666	7.50%	8-15-2025	50,079	106.42	53,295	49,999	3,296
GNMA POOL #0427558	7.50%	4-15-2026	881	100.00	881	937	(56)
GNMA POOL #0429356	7.50%	3-15-2026	176,430	106.44	187,797	176,132	11,666
GNMA POOL #0430384	8.00%	8-15-2026	102,179	106.92	109,245	102,420	6,825
GNMA POOL #0433892	7.00%	7-15-2028	218,511	105.17	229,802	214,942	14,860

**FIXED INCOME SOLD**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PAR VALUE	PRICE	AMOUNT	COST	GAIN (LOSS)
<b>U.S. GOVERNMENT SECURITIES</b>							
GNMA POOL #0438772	8.00%	8-15-2026	\$ 39,196	\$ 107.66	\$ 42,197	\$ 39,186	\$ 3,012
GNMA POOL #0438778	8.00%	8-15-2026	41,115	107.66	44,267	41,104	3,162
GNMA POOL #0450368	7.00%	8-15-2028	153,637	105.49	162,069	151,162	10,906
GNMA POOL #0464692	7.00%	7-15-2028	343,413	105.10	360,938	338,229	22,710
GNMA POOL #0466888	7.00%	7-15-2028	234,752	105.11	246,757	231,903	14,854
GNMA POOL #0469797	7.00%	12-15-2028	398,050	105.48	419,881	391,060	28,821
GNMA POOL #0470493	7.00%	6-15-2029	356,845	104.96	374,538	356,812	17,726
GNMA POOL #0472997	7.00%	6-15-2029	186,217	105.33	196,145	185,729	10,416
GNMA POOL #0478875	7.50%	11-15-2029	42,791	106.29	45,484	42,729	2,756
GNMA POOL #0478881	7.50%	11-15-2029	271,264	105.72	286,777	272,506	14,271
GNMA POOL #0482784	7.00%	10-15-2028	300,410	105.22	316,087	299,630	16,457
GNMA POOL #0485451	6.50%	5-15-2031	179,607	102.61	184,295	180,228	4,067
GNMA POOL #0486539	7.00%	9-15-2028	271,620	105.33	286,105	270,368	15,737
GNMA POOL #0486761	7.00%	12-15-2028	45,186	105.05	47,466	44,385	3,080
GNMA POOL #0487221	7.00%	5-15-2029	67,114	105.17	70,586	64,800	5,786
GNMA POOL #0487222	7.00%	5-15-2029	208,492	105.48	219,924	200,558	19,365
GNMA POOL #0493996	7.00%	7-15-2029	343,142	104.77	359,518	333,620	25,898
GNMA POOL #0500931	7.00%	6-15-2029	253,243	106.38	269,407	252,182	17,225
GNMA POOL #0503019	6.00%	3-15-2029	1,871,809	101.65	1,902,655	1,749,323	153,332
GNMA POOL #0505728	7.00%	6-15-2029	993,671	105.48	1,048,158	989,567	58,592
GNMA POOL #0506075	7.00%	11-15-2029	182,816	105.39	192,668	176,033	16,635
GNMA POOL #0509328	7.00%	6-15-2029	164,496	105.48	173,504	159,845	13,659
GNMA POOL #0510100	7.00%	7-15-2029	69,003	104.77	72,296	68,459	3,837
GNMA POOL #0510302	7.00%	8-15-2029	60,793	104.91	63,776	58,717	5,059
GNMA POOL #0510983	7.00%	6-15-2029	85,016	104.60	88,928	83,042	5,886
GNMA POOL #0512915	7.00%	7-15-2029	294,892	105.41	310,850	286,767	24,083
GNMA POOL #0520045	6.50%	6-15-2031	46,303	102.84	47,620	46,326	1,293
GNMA POOL #0530203	6.50%	4-15-2031	418,637	104.05	435,571	419,027	16,544
GNMA POOL #0541464	6.50%	6-15-2031	477,380	102.78	490,629	478,013	12,616
GNMA POOL #0549889	6.50%	5-15-2031	783,257	102.38	801,886	788,134	13,752
GNMA POOL #0549890	6.50%	4-15-2031	255,698	101.08	258,469	254,809	3,659
GNMA POOL #0552518	6.50%	4-15-2032	1,820,099	103.01	1,874,894	1,817,615	57,280
GNMA POOL #0557424	6.50%	5-15-2031	436,473	102.52	447,473	438,264	9,209
GNMA POOL #0557467	6.50%	5-15-2031	134,249	103.24	138,597	133,729	4,868
GNMA POOL #0781129	7.00%	11-15-2028	229,668	104.83	240,754	227,311	13,443
U S TREASURY BILL		7-2-2009	335,493,515	98.47	330,373,864	328,634,329	1,739,535
U S TREASURY NOTE	1.25%	11-30-2010	38,603,200	100.73	38,885,197	38,868,150	17,046
U S TREASURY NOTE	0.88%	12-31-2010	77,206,400	100.16	77,330,335	77,215,580	114,755
U S TREASURY NOTE	1.13%	12-15-2011	38,603,200	99.63	38,458,438	38,616,007	(157,569)
U S TREASURY NOTES	1.75%	3-31-2010	165,000,000	98.81	163,038,329	162,014,410	1,023,919
US TREAS-CPI INFLAT	2.00%	1-15-2026	4,382,667	100.63	4,410,105	4,296,150	113,955
US TREAS-CPI INFLAT	1.75%	1-15-2028	23,764	100.00	23,764	21,777	1,987
US TREAS-CPI INFLAT	2.00%	1-15-2016	13,203,151	95.96	12,669,924	12,205,651	464,273
US TREAS-CPI INFLATION INDEX	2.00%	1-15-2014	17,432	100.00	17,432	17,828	(396)

**FIXED INCOME SOLD**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PAR VALUE	PRICE	AMOUNT	COST	GAIN (LOSS)
<b>U.S. GOVERNMENT SECURITIES</b>							
US TREAS-CPI INFLATION INDEX	1.88%	7-15-2015	\$ 13,360,941	\$ 105.56	\$ 14,104,414	\$ 13,435,183	\$ 669,231
US TREAS-CPI INFLATION INDEX	1.38%	7-15-2018	2,403	100.00	2,403	2,351	52
<b>TOTAL U.S. GOVERNMENT SECURITIES SOLD</b>			<b>\$ 1,604,467,573</b>		<b>\$ 1,598,062,543</b>	<b>\$ 1,590,397,760</b>	<b>\$ 7,664,783</b>
<b>CORPORATE BONDS</b>							
ABFS MTG LN 03-2 CL M 144A	1.59%	4-25-2034	\$ 4,957,330	\$ 68.91	\$ 3,415,969	\$ 4,293,923	\$ (877,955)
ACA ABS 06 1 LTD/ACA A-3L 144A	2.20%	6-10-2041	1,652,656	5.33	88,016	1,327,890	(1,239,875)
ALCOA INC NT	5.95%	2-1-2037	2,430,000	84.72	2,058,732	2,325,596	(266,863)
ALTERNATIVE LN 07 20 CL A-12	6.25%	8-25-2047	6,493,890	78.96	5,127,574	6,292,672	(1,165,098)
ALTERNATIVE LN 07 3T1 CL 2-A-1	6.00%	3-25-2027	6,457,839	64.60	4,171,641	5,855,447	(1,683,806)
AMERICAN AIRLS PASS THRU TR 01	7.86%	10-1-2011	17,059,917	92.03	15,699,487	16,472,255	(772,767)
AMERICAN GEN FIN CORP MEDIUM	6.90%	12-15-2017	11,658,299	73.26	8,540,582	10,902,032	(2,361,451)
ANADARKO FIN CO SR NT	7.50%	5-1-2031	6,366,192	95.23	6,062,335	6,888,130	(825,795)
ANSLEY PK ABS CL C 144A	3.80%	10-1-2046	7,770,281	6.91	536,611	1,117,870	(581,259)
AUTO BD RECEIVABLES TR 94-A	6.40%	4-15-2009	76,038	104.80	79,688	37,072	42,617
AXA SA US\$ SUB NT	8.60%	12-15-2030	7,317,640	88.82	6,499,442	7,555,925	(1,056,483)
BGI CORE ACTIVE BOND FUND			4,320,535	17.94	77,517,410	77,517,410	0
BGI CORE ACTIVE BOND TRADING			23,077,692	10.07	232,318,573	231,598,989	719,583
BLACKROCK MORTGAGE INVESTORS			65,591,859	90.94	59,649,757	64,304,696	(4,654,939)
CBO HLDGS III 04-3 CL A 144A	1.00%	6-1-2019	13,184,835	99.41	13,106,720	13,101,110	5,610
CBO HLDGS III 1A 04-1 C-2 144A	7.00%	2-10-2038	8,580,580	104.81	8,993,129	8,995,998	(2,869)
CHARTWELL CBO I NT CL B 144A	3.04%	10-10-2012	9,856,000	96.53	9,514,044	9,514,044	0
CHASEPEAKE & POTOMAC TEL CO MD	7.15%	5-1-2023	3,750,000	99.52	3,731,925	3,750,000	(18,075)
CHL MTG P/T 07 13 CL A-1	6.00%	8-25-2037	6,362,633	93.62	5,956,405	6,291,666	(335,261)
CIMARRON DEBT FUND			19,800,444	97.80	19,363,962	21,299,753	(1,935,791)
CLEAR CHANNEL COMMUNICATIONS	6.88%	6-15-2018	4,700,000	47.01	2,209,289	4,716,950	(2,507,661)
CNF INC SR DEB	6.70%	5-1-2034	3,750,000	82.90	3,108,887	3,662,466	(553,579)
COCA-COLA ENTERPRISES	6.75%	9-15-2028	3,100,806	94.00	2,914,757	2,741,653	173,105
COLORADO DEBT FUND			10,746,400	97.94	10,525,385	14,584,400	(4,059,015)
COLORADO II			5,373,200	97.79	5,254,588	5,373,200	(118,612)
CONAGRA INC NTS	9.75%	3-1-2021	599,000	119.17	713,821	740,562	(26,742)
CONAGRA INC SR NTS	6.70%	8-1-2027	3,090,187	101.88	3,148,128	3,082,605	65,523
CONTINENTAL AIRLS 01-1 CL A 1	6.70%	6-15-2021	3,359,435	84.84	2,850,174	3,187,169	(336,994)
CONTINENTAL AIRLS 01-1 CL A 2	6.50%	6-15-2011	4,100,000	90.00	3,689,920	4,098,607	(408,687)
CONTINENTAL AIRLS 98-3 CL A2	6.30%	11-1-2008	8,040,000	99.34	7,987,089	8,046,524	(59,435)
CONTINENTAL AIRLS 99-2 CL A-1	7.26%	3-15-2020	4,616,428	87.03	4,017,855	4,465,818	(447,963)
CORNING INC NT	7.25%	8-15-2036	9,544,322	90.81	8,667,060	9,826,494	(1,159,435)
CREDIT SUISSE FB 03-8 CL D-B-2	6.24%	4-25-2033	3,917,062	77.43	3,033,170	3,760,782	(727,612)
CSX CORP NT	6.15%	5-1-2037	1,545,093	70.75	1,093,154	1,006,011	87,143
DELTA FDG HM EQ LN TR 99-3 M-2	8.10%	1-15-2030	1,321,454	7.05	93,148	962,257	(869,109)
DEUTSCHE BK CAYMAN 2001-3 144A	1.49%	4-30-2031	4,500,000	16.98	763,922	4,034,332	(3,270,410)
FARMERS INS EXCH SURPLUS 144A	8.63%	5-1-2024	8,870,281	87.90	7,796,807	8,618,568	(821,761)
FIRST HORIZON P/T 06 3 CL 1A8	6.25%	11-25-2036	3,862,734	76.00	2,935,678	3,727,639	(791,962)
GOLDMAN SACHS GROUP INC	5.25%	10-15-2013	1,544,128	100.40	1,550,305	1,431,080	119,225



**FIXED INCOME SOLD**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PAR VALUE	PRICE	AMOUNT	COST	GAIN (LOSS)
CORPORATE BONDS							
GS CREDIT OPPTS FUND 2008			\$ 95,681,656	\$ 87.95	\$ 84,153,708	\$ 97,450,000	\$ (13,296,292)
GTE SOUTHWEST INC 1ST MTG	8.50%	11-15-2031	15,398,058	109.96	16,931,262	18,069,771	(1,138,508)
HARRAHS OPER INC GTD SR NT	5.63%	6-1-2015	1,000,000	37.67	376,656	670,235	(293,579)
HOME DEPOT INC SR NT	5.88%	12-16-2036	11,093,586	78.36	8,693,325	9,852,868	(1,159,543)
HUNTINGTON NATL BK MTN # 00001	6.60%	6-15-2018	3,500,000	81.12	2,839,361	3,318,525	(479,165)
HVB FDG TR SILENT PARTN 144A	8.74%	6-30-2031	13,200,000	87.17	11,506,231	11,866,341	(360,110)
J P MORGAN RESI 02-R2 CL 3A1	6.00%	4-28-2026	1,310,146	100.91	1,322,108	1,281,210	40,898
JACKSON NTAL LIFE INS CO 144A	8.15%	3-15-2027	5,550,000	110.61	6,139,084	6,082,785	56,299
JEFFERIES GROUP INC NEW SR DEB	6.25%	1-15-2036	4,360,200	72.01	3,139,656	4,248,172	(1,108,515)
JOHNSON CTLS INC NT	6.00%	1-15-2036	7,724,322	76.53	5,911,401	7,132,975	(1,221,574)
KNIGHT RIDDER INC NT	5.75%	9-1-2017	4,150,000	56.30	2,336,577	3,959,571	(1,622,994)
LEHMAN BROTHERS HLDGS #TR00491	7.37%	5-12-2014	3,300,000	74.89	2,471,355	3,300,000	(828,645)
LIBERTY MUTUAL INS CO 144A	7.88%	10-15-2026	8,358,299	85.08	7,111,248	8,326,270	(1,215,022)
MASCO CORP NT	6.50%	8-15-2032	7,560,320	71.56	5,410,265	6,801,105	(1,390,840)
MID OCEAN CBO 00 1 A2 144A 3C7	7.73%	1-15-2036	5,000,000	87.12	4,355,858	4,355,858	0
MID OCEAN CBO CL A 144A	6.56%	11-5-2026	5,538,242	100.20	5,549,229	5,549,662	(433)
MMCAPS FDG I LTD SR NT 144A	8.03%	6-15-2031	8,762,456	90.94	7,968,183	9,450,745	(1,482,562)
MORGAN STANLEY ABS 03 NC10 M2	2.99%	10-25-2033	1,487,543	72.84	1,083,538	1,268,208	(184,669)
MORGAN STANLEY ABS 04-NC1 M2	1.84%	11-25-2033	1,461,229	88.95	1,299,752	1,260,982	38,771
MORGAN STANLEY ABS 04-NC2 M2	2.09%	12-25-2033	647,480	87.05	563,602	585,018	(21,416)
MURPHY OIL CORP NT	7.05%	5-1-2029	9,660,275	94.39	9,118,372	9,765,142	(646,770)
NATIONAL RURAL UTILS COOP FIN	8.00%	3-1-2032	2,000,000	113.75	2,275,070	2,018,153	256,917
NEWS AMER HLDGS INC	7.43%	10-1-2026	1,654,000	104.15	1,722,707	1,757,102	(34,395)
NORTH STREET REFERENCED LINKED	4.24%	8-30-2030	2,800,000	88.01	2,464,287	2,464,287	0
ONEOK PARTNERS LP GTD SR NT	6.65%	10-1-2036	3,850,000	94.92	3,654,584	3,877,251	(222,667)
PACIFIC BELL	7.38%	7-15-2043	7,537,000	100.86	7,601,856	7,940,273	(338,417)
PACIFIC SHORES CDO C 144A 3C7	2.89%	7-3-2037	2,900,284	92.79	2,691,269	2,691,269	0
PERITUS I CDO LTD CL B 144A	4.17%	5-24-2015	6,160,000	74.14	4,567,181	6,233,904	(1,666,723)
PIVOTAL CIMARRON HILLS			1,212,000	100.00	1,212,000	1,212,000	0
PIVOTAL PROMONTORY DEBT FD			4,922,235	100.00	4,922,235	5,469,150	(546,915)
PIVOTAL WORKING CAPITAL (DEBT)			38,380	100.00	38,380	38,376	4
PLAINS ALL AMERN PIPELINE LP	6.65%	1-15-2037	3,551,850	90.40	3,210,831	3,652,368	(441,537)
PREFERRED CPO A / B 144A	8.95%	7-26-2030	10,343,380	108.32	11,203,862	10,803,851	400,011
PREMIUM ASSET TR ACA 144A	3.94%	3-11-2010	15,937,068	46.96	7,484,406	12,445,371	(4,960,964)
PRINCIPAL LIFE MTN # 00108	0.66%	3-1-2012	5,639,080	96.67	5,451,168	5,568,171	(117,003)
PROTECTIVE LIFE SECD #TR00063	5.68%	5-10-2010	20,250,000	99.50	20,148,750	20,250,000	(101,250)
PSPRS PNMAC MORTGOPP			33,165,720	100.00	33,165,720	33,165,720	0
PSPRS-APOLLO EUR NPL			26,427,776	149.82	39,593,761	39,576,875	16,886
REGIONAL DIVERSIFIED FDG 144A	9.25%	3-15-2030	18,562,803	116.27	21,583,890	20,127,498	1,456,392
RELIANCE STL & ALUM CO	6.85%	11-15-2036	2,310,000	93.97	2,170,761	2,361,436	(190,676)
ROYAL CARIBBEAN CRUISES SR NTS	7.50%	10-15-2027	4,747,640	65.42	3,105,987	4,247,600	(1,141,613)
SANDIA DEBT FUND			7,599,240	100.00	7,599,240	9,134,322	(1,535,082)
SBA LOAN NESTING FEATHERS			642,361	100.00	642,361	642,361	0
SECURITY BENEFIT LIFE INS 144A	8.75%	5-15-2016	8,500,000	101.13	8,596,108	8,971,752	(375,643)

**FIXED INCOME SOLD**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PAR VALUE	PRICE	AMOUNT	COST	GAIN (LOSS)
<b>CORPORATE BONDS</b>							
SECURITY MUT LIFE INS CO 144A	9.38%	12-15-2016	\$ 12,000,000	\$ 105.78	\$ 12,694,098	\$ 12,694,098	\$ 0
SERVICEMASTER CO NTS	7.10%	3-1-2018	4,511,841	40.64	1,833,693	3,270,624	(1,436,931)
SPRINT CAP CORP NT	8.80%	3-15-2032	3,700,000	93.91	3,474,707	4,468,906	(994,199)
TECK COMINCO LTD SR NT	6.13%	10-1-2035	7,561,768	69.95	5,289,461	6,705,962	(1,416,501)
TELECOM ITALIA CAP GTD SR NT	7.20%	7-18-2036	3,800,000	93.76	3,562,872	3,909,005	(346,132)
TIMES MIRROR CO NEW DEBS	6.61%	9-15-2027	4,000,000	36.99	1,479,412	3,933,501	(2,454,089)
TOYOTA MTR CR CORP MTN TR00423	4.94%	10-27-2008	3,850,000	99.45	3,828,671	3,850,000	(21,329)
TRAINER WORTHAM FIRST A3L 144A	2.28%	4-10-2037	7,200,000	66.92	4,817,969	4,817,969	0
UNION CENTR LIFE NOTES 144A	8.20%	11-1-2026	20,429,149	108.48	22,162,384	21,329,613	832,771
UNITED STATES CELLULAR CORP SR	6.70%	12-15-2033	14,730,468	79.29	11,679,275	13,446,922	(1,767,647)
UNITED UTILS PLC NT	4.55%	6-19-2018	4,050,000	88.42	3,580,837	3,585,685	(4,848)
UPM-KYMMENE CORP NTS 144A	7.45%	11-26-2027	11,207,827	69.46	7,785,377	10,498,475	(2,713,098)
VALERO ENERGY CORP NT	6.63%	6-15-2037	2,317,640	74.00	1,715,054	2,051,012	(335,959)
WAL-MART STORES INC NT	6.20%	4-15-2038	772,064	102.88	794,261	678,352	115,909
WESTERN UN CO NT	6.20%	11-17-2036	1,620,000	88.84	1,439,286	1,573,388	(134,102)
WESTINGHOUSE ELEC CORP NT	7.88%	9-1-2023	3,750,000	90.99	3,412,121	4,268,988	(856,867)
<b>TOTAL CORPORATE BONDS SOLD</b>			<b>\$ 824,340,574</b>		<b>\$ 1,027,721,801</b>	<b>\$ 1,107,836,622</b>	<b>\$ (80,114,821)</b>
<b>TOTAL FIXED INCOME SOLD</b>			<b>\$ 2,428,808,147</b>		<b>\$ 2,625,784,344</b>	<b>\$ 2,698,234,382</b>	<b>\$ (72,450,038)</b>

**ALTERNATIVE INVESTMENTS PORTFOLIO**  
YEAR ENDED JUNE 30, 2009

DESCRIPTION	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
<b>REAL ESTATE</b>			
APEX CAPITAL	\$ 52,352,082	\$ 66,882,375	\$ 14,530,293
BLACKSTONE REAL ESTATE PART VI	19,976,390	12,429,264	(7,547,126)
COLGATE WILLOW SPRINGS	4,835,648	4,835,648	0
DESERT TROON	135,893,846	105,951,465	(29,942,381)
HARRISON STREET REAL ESTATE	36,615,222	42,682,800	6,067,579
OWC WHISPERING CANYON	21,983,778	21,983,778	0
OWH BERKANA	11,048,618	11,372,525	323,906
PEBBLECREEK	29,523,431	29,523,431	0
PIVOTAL HOLDING	73,675,469	49,393,795	(24,281,673)
PSPRS-CATALYST EURO	4,511,729	740,032	(3,771,697)
PSPRS-IRONPOINTRE	16,443,656	15,009,742	(1,433,915)
PSPRS-MOUNT GRANGE	4,527,461	4,249,093	(278,368)
PSPRS-WALTONMEXICO	3,854,234	903,414	(2,950,820)
<b>TOTAL REAL ESTATE</b>	<b>\$ 415,241,563</b>	<b>\$ 365,957,361</b>	<b>\$ (49,284,202)</b>
<b>PRIVATE EQUITY</b>			
ABRY PARTNERS	\$ 21,520,918	\$ 21,520,918	\$ 0
ALTERNA I	92,731	92,731	0
APOLLO INVESTMENT FUND VII	12,258,282	7,434,029	(4,824,254)
BLACKSTONE CAPITAL PARTNERS V	11,857,337	9,270,759	(2,586,578)
CONSERVATION FORESTRY FUND I	16,468,873	16,475,777	6,904
CONSERVATN FOREST II	5,313,176	5,308,049	(5,127)
DAG VENTURES II CO-INVEST	14,586,576	7,095,898	(7,490,677)
DAG VENTURES II DIRECT	3,961,145	2,905,910	(1,055,236)
DAG VENTURES III CO-INVEST	10,400,614	7,554,301	(2,846,313)
DAG VENTURES III DIRECT	8,557,164	7,546,302	(1,010,862)
DAG VENTURES IV CO-INVEST LP	3,854,234	3,854,234	0
DAG VENTURES IV LP	4,239,657	4,047,568	(192,090)
LADDER	10,674,834	10,661,959	(12,875)
LONGWORTH VP III	1,379,816	1,083,769	(296,047)
MACQUARIE EUR INFRASTRUCT III	13,612,464	14,290,066	677,602
MACQUARIE INFRASTRUCTURE II US	9,591,233	9,921,113	329,880
MESIROW CAPITAL PARTNERS IX	10,291,941	8,648,979	(1,642,963)
MIDOCEAN PARTNER III CO-INVEST	963,558	431,693	(531,865)
MIDOCEAN PARTNER III DIRECT	9,966,128	3,962,247	(6,003,881)
PENINSULA EQUITY PARTNERS	1,402,109	1,135,837	(266,273)
PROSPECTOR EQUITY CAPITAL	2,497,013	1,400,908	(1,096,104)
TOWERBROOK INVESTORS III	5,994,942	6,196,533	201,592
VALLEY VENTURES III	6,474,216	5,688,498	(785,718)
VALLEY VENTURES III ANNEX	1,294,201	1,085,671	(208,530)
<b>TOTAL PRIVATE EQUITY</b>	<b>\$ 187,253,161</b>	<b>\$ 157,613,749</b>	<b>\$ (29,639,412)</b>
<b>TOTAL ALTERNATIVE INVESTMENTS</b>	<b>\$ 602,494,725</b>	<b>\$ 523,571,111</b>	<b>\$ (78,923,614)</b>

**ALTERNATIVE INVESTMENTS ACQUIRED**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COST
<b>REAL ESTATE</b>	
APEX CAPITAL	\$ 59,196,471
BLACKSTONE REAL ESTATE PART VI	20,003,436
DESERT TROON	135,565,556
HARRISON STREET REAL ESTATE	52,937,882
OWC WHISPERING CANYON	21,983,778
OWH BERKANA	11,204,884
PEBBLECREEK	29,523,431
PIVOTAL HOLDING	50,246,377
PSPRS-CATALYST EURO	4,511,729
PSPRS-IRONPOINTRE	16,443,656
PSPRS-MOUNT GRANGE	4,527,461
PSPRS-WALTONMEXICO	3,854,234
<b>TOTAL REAL ESTATE ACQUIRED</b>	<b>\$ 409,998,894</b>
<b>PRIVATE EQUITY</b>	
ABRY PARTNERS	\$ 21,520,918
ALTERNA I	92,731
APOLLO INVESTMENT FUND VII	15,251,923
BLACKSTONE CAPITAL PARTNERS V	16,435,951
CONSERVATION FORESTRY FUND I	18,461,071
CONSERVATN FOREST II	5,313,176
DAG VENTURES II CO-INVEST	14,586,576
DAG VENTURES II DIRECT	3,932,243
DAG VENTURES III CO-INVEST	12,376,153
DAG VENTURES III DIRECT	9,222,653
DAG VENTURES IV CO-INVEST LP	3,854,234
DAG VENTURES IV LP	4,239,657
LADDER	10,674,834
LONGWORTH VP III	1,379,816
MACQUARIE EUR INFRASTRUCT III	13,612,464
MACQUARIE INFRASTRUCTURE II US	15,462,662
MESIROW CAPITAL PARTNERS IX	10,291,941
MIDOCEAN PARTNER III CO-INVEST	963,558
MIDOCEAN PARTNER III DIRECT	9,966,128
NXTV	1,919,891
PENINSULA EQUITY PARTNERS	1,091,607
PROSPECTOR EQUITY CAPITAL	1,529,954
TOWERBROOK INVESTORS III	5,994,942
VALLEY VENTURES III	6,474,216
VALLEY VENTURES III ANNEX	1,294,201
<b>TOTAL PRIVATE EQUITY ACQUIRED</b>	<b>\$ 205,943,500</b>
<b>TOTAL ALTERNATIVE INVESTMENTS ACQUIRED</b>	<b>\$ 615,942,394</b>

**ALTERNATIVE INVESTMENTS SOLD**  
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COST	GAIN (LOSS)
<b>REAL ESTATE</b>		
APEX CAPITAL	\$ 16,655,209	\$ (7,757,315)
BLACKSTONE REAL ESTATE PART VI	20,862,238	22,646
DESERT TROON	127,633,195	4,866,963
HARRISON STREET REAL ESTATE	16,322,660	0
OWC WHISPERING CANYON	40,033	20,637,869
OWH BERKANA	10,389,094	1,195,274
PEBBLECREEK	80,526	30,865,874
PIVOTAL HOLDING	24,866,150	8,586,908
<b>TOTAL REAL ESTATE SOLD</b>	<b>\$ 216,849,104</b>	<b>\$ 58,418,218</b>
<b>PRIVATE EQUITY</b>		
APOLLO INVESTMENT FUND VII	\$ 7,113,529	\$ 0
BLACKSTONE CAPITAL PARTNERS V	10,647,762	41,795
CONSERVATION FORESTRY FUND I	12,479,493	2,125,472
DAG VENTURES II CO-INVEST	8,079,999	7,209,620
DAG VENTURES II DIRECT	3,595,669	417,966
DAG VENTURES III CO-INVEST	12,877,444	(763,540)
DAG VENTURES III DIRECT	8,167,365	(105,248)
MACQUARIE INFRASTRUCTURE II US	5,871,429	0
MESIROW CAPITAL PARTNERS IX	12,427,325	(1,639,333)
MIDOCEAN PARTNER III CO-INVEST	1,010,000	0
MIDOCEAN PARTNER III DIRECT	10,906,892	55,361
NXTV	14,972,576	(12,966,312)
PENINSULA EQUITY PARTNERS	1,089,915	116,495
PROSPECTOR EQUITY CAPITAL	241,831	1,232,703
VALLEY VENTURES III	14,142,443	(7,647,666)
VALLEY VENTURES III ANNEX	1,272,600	(97,822)
<b>TOTAL PRIVATE EQUITY SOLD</b>	<b>\$ 124,896,272</b>	<b>\$ (12,020,510)</b>
<b>TOTAL ALTERNATIVE INVESTMENTS SOLD</b>	<b>\$ 341,745,376</b>	<b>\$ 46,397,708</b>



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October 30, 2009

The Fund Manager  
Arizona Public Safety Personnel Retirement System  
3010 East Camelback Road, Suite 200  
Phoenix, Arizona 85016-4416

**Re: Arizona Public Safety Personnel Retirement System**

Attention: James Hacking, Administrator

The purpose of the annual actuarial valuation of the Arizona Public Safety Personnel Retirement System as of June 30, 2009 is to:

- Compute the liabilities associated with benefits likely to be paid on behalf of current retired and active members.
- Compare accrued assets with accrued liabilities to assess the funded condition.
- Compute the employers' recommended contribution for the Fiscal Year beginning July 1, 2010.

The valuation process develops contribution rates that are sufficient to fund the plan's normal cost (i.e., the costs assigned by the valuation method to the year of service about to be rendered), as well as to fund unfunded actuarial accrued liabilities as a level percent of active member payroll over a finite period. The valuations were completed based upon population data, asset data, and plan provisions as of June 30, 2009.

The plan's administrative staff provides the actuary with data for the actuarial valuation. The actuary relies on the data after reviewing it for internal and year-to-year consistency. The actuary summarizes and tabulates population data in order to analyze longer-term trends.

Assets are valued on a market related basis. This method recognizes the assumed return fully each year and spreads each year's gain or loss above or below assumed return over a closed seven-year period.

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. The Fund Manager adopts these assumptions after considering the advice of the actuary and other professionals. The assumptions and the methods comply with the requirements of Statement No. 25 of the Governmental Accounting Standards Board. Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution rates as needed. The June 30, 2009 valuations were based upon assumptions that were recommended in connection with a study of experience covering the 2001-2006 period.

**Based upon the results of the June 30, 2009 valuations, the retired lives are slightly more than fully funded on a funding value of assets basis. They are much less than fully funded based upon the market value of assets. It is most important that this plan receive contributions at least equal to the actuarial rates.**

The actuaries submitting this statement are Members of the American Academy of Actuaries (MAAA), and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

Brian B. Murphy, F.S.A., M.A.A.A.

Mark Buis, F.S.A., M.A.A.A.

Cathy Nagy, F.S.A., M.A.A.A.

BBM/CN/MHB:lr

**AGGREGATE ACTUARIAL BALANCE SHEET**  
YEAR ENDED JUNE 30, 2009

<b>ACTUARIAL ASSETS</b>	<b>2009</b>
<b>ACCRUED ASSETS</b>	
Member Accumulated Contributions	\$ 737,838,575
Employer and Benefit Payment Reserves	3,377,862,547
Funding Value Adjustment	1,615,409,803
<b>Total Accrued Assets</b>	<b>5,731,110,925</b>
<b>PROSPECTIVE ASSETS</b>	
Member Contributions	970,349,028
Employer Normal Costs	1,755,600,091
Employer Unfunded Actuarial Accrued Liability	2,543,953,608
<b>Total Prospective Assets</b>	<b>5,269,902,727</b>
<b>Total Actuarial Assets</b>	<b>\$ 11,001,013,652</b>
<b>ACTUARIAL PRESENT VALUES (LIABILITY)</b>	
<b>PENSIONS IN PAYMENT STATUS</b>	
Pensions in payment status	\$ 3,811,693,275
<b>PROSPECTIVE PAYMENTS</b>	
Retirement Payments	6,676,438,997
Health Insurance Payments	168,256,207
Member Contribution Refunds	59,011,456
Pension Increase Reserve	285,613,717
<b>Total Prospective Payments</b>	<b>7,189,320,377</b>
<b>Total Actuarial Present Values (Liabilities)</b>	<b>\$ 11,001,013,652</b>

**ACTUARIAL SECTION**

**SUMMARY OF VALUATION ASSUMPTIONS**

**ECONOMIC ASSUMPTIONS**

Interest Rate: 8.50% (net of expenses)

Salary Increases: 5.50% for inflation

**DEMOGRAPHIC ASSUMPTIONS**

Retired Member Non-Disability Mortality Rates: RP2000 Health Annuitant Mortality Table, male ages set forward 0 years and female ages set forward 1 year.

Active Member Non-Disability Mortality Rates: RP2000 Health Annuitant Mortality Table, male ages set forward 1 year and female ages set forward 2 years.

**HEALTHY MORTALITY TABLES**

This assumption is used to measure the probabilities of each benefit payment being made after retirement.

For disabled members, non-disability rates with a five year set forward were used.

**MORTALITY RATES AND LIFE EXPECTANCY**

**RETIRED MEMBERS**

SAMPLE AGES	PROBABILITY OF DYING NEXT YEAR		FUTURE LIFE EXPECTANCY (YEARS)	
	MEN	WOMEN	MEN	WOMEN
50	.53%	.25%	30.07	32.35
55	.59%	.39%	25.86	27.79
60	.82%	.69%	21.64	23.42
65	1.34%	1.14%	17.62	19.33
70	2.22%	1.86%	13.92	15.54
75	3.78%	3.10%	10.61	12.13
80	6.44%	5.08%	7.79	9.16

**MORTALITY RATES AND LIFE EXPECTANCY**

**ACTIVE MEMBERS**

SAMPLE AGES	PROBABILITY OF DYING NEXT YEAR		FUTURE LIFE EXPECTANCY (YEARS)	
	MEN	WOMEN	MEN	WOMEN
50	.20%	.20%	34.07	35.14
55	.28%	.30%	29.44	30.52
60	.44%	.47%	24.89	26.03
65	.70%	.66%	20.50	21.67
70	.95%	2.07%	16.24	17.57
75	3.39%	3.41%	12.66	14.64
80	5.79%	5.63%	10.09	12.50

Retirement Rates: Service related rates based on the following schedule.

**PERCENT OF ACTIVE MEMBERS RETIRING  
FOLLOWING ATTAINMENT OF INDICATED YEARS OF SERVICE**

SERVICE IN YEARS	% RETIRING NEXT YEAR	SERVICE IN YEARS	% RETIRING NEXT YEAR	SERVICE IN YEARS	% RETIRING NEXT YEAR
5	4%	14	5%	23	15%
6	4%	15	5%	24	15%
7	4%	16	15%	25	45%
8	8%	17	5%	26	45%
9	8%	18	6%	27	15%
10	8%	19	7%	28	15%
11	8%	20	40%	29	15%
12	15%	21	30%	30	100%
13	5%	22	20%		

Active members are eligible to retire early at any age within 5 years of service, or normally at any age with 20 years of service, at age 62 with 10 years of service, or at age 65 with 5 years of service. Pensions were assumed to be decreased 3/12 of 1% for each month the age at early retirement precedes normal retirement age, with a maximum reduction of 30%.

**SUMMARY OF ASSUMPTIONS USED  
MISCELLANEOUS AND TECHNICAL ASSUMPTIONS****MARRIAGE ASSUMPTION**

90% of males and females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.

**DECREMENT TIMING**

Decrements of all types are assumed to occur mid-year.

**ELIGIBILITY TESTING**

Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.

**DECREMENT RELATIVITY**

Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.

**DECREMENT OPERATION**

Disability and turnover decrements do not operate during retirement eligibility.

**SERVICE CREDIT ACCRUALS**

It is assumed that members accrue one year of service credit per year.

**INCIDENCE OF CONTRIBUTIONS**

Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.

**NORMAL FORM OF BENEFIT**

A straight life payment is the assumed normal form of benefit for members who are not married, and the 75% Joint and Survivor form of payment with no reduction, for married members. 90% of members are assumed to be married at time of retirement.

**BENEFIT SERVICE**

Exact fractional service is used to determine the amount of benefit payable.

**NORMAL COST PERCENTAGE**

For the purposes of calculating the Normal Cost as a percent of payroll under the Projected Unit Credit Cost Method, the Normal Cost was projected with interest to the applicable Fiscal Year and divided by the Payroll projected with wage base to the applicable Fiscal Year.

**HEALTH CARE UTILIZATION**

80% of future retirees are expected to utilize health care. 90% of those are assumed to be married.

**SOLVENCY TEST**

Testing the financial solvency of a retirement plan 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 plan are level in concept and soundly executed, and if the plan continues its present operations pattern for the indefinite future, the plan will pay all promised benefits when due - the ultimate test of financial soundness.

A short term solvency test is one means of checking a plan's progress under its funding program. In a short term solvency test, the plan'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 plan 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 plan 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.

YEAR ENDED JUNE 30,	AGGREGATE ACCRUED LIABILITIES			VALUATION ASSETS AVAILABLE FOR BENEFITS (2)	PORTION OF ACCRUED LIABILITIES COVERED BY NET ASSETS AVAILABLE FOR BENEFITS		
	ACTIVE MEMBER CONT. (1)	RETIRANTS AND BENEFICIARIES (2)	ACTIVE MEMBERS (ER PORTION) (3)		(1)	(2)	(3)
2000	\$ 418,847	\$ 1,524,355	\$ 1,471,955	\$ 4,260,168	100.0%	100.0%	100.0%
2001	\$ 449,792	\$ 1,722,264	\$ 1,502,702	\$ 4,661,941	100.0%	100.0%	100.0%
2002	\$ 495,565	\$ 1,905,916	\$ 1,742,730	\$ 4,684,386	100.0%	100.0%	100.0%
2003	\$ 543,817	\$ 2,117,512	\$ 2,078,284	\$ 4,781,377	100.0%	100.0%	82.9%
2004	\$ 594,479	\$ 2,323,470	\$ 2,249,383	\$ 4,774,313	100.0%	100.0%	82.5%
2005	\$ 643,712	\$ 2,566,487	\$ 2,741,738	\$ 4,886,963	100.0%	100.0%	61.2%
2006	\$ 698,025	\$ 2,743,387	\$ 3,053,601	\$ 4,999,911	100.0%	100.0%	51.0%
2007	\$ 730,929	\$ 3,183,931	\$ 3,353,431	\$ 4,829,521	100.0%	100.0%	27.3%
2008	\$ 789,566	\$ 3,418,835	\$ 3,454,378	\$ 5,095,645	100.0%	100.0%	25.7%
2009	\$ 737,839	\$ 4,622,427	\$ 2,629,185	\$ 5,445,497	100.0%	100.0%	3.2%

See Schedule of Funding Progress in the Required Supplementary Information.

**SUMMARY OF ACTIVE MEMBER DATA**

## AGE AND SERVICE DISTRIBUTION

Listed below is a summary of Active Members by age group, years of service and annual compensation. The summary points out that there were 19,867 active members in the Plan as of June 30, 2009, compared to 19,912 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+	NO.	AVG. PAYROLL
20-24	745	1						746	\$ 37,317,059
25-29	2,601	403	1					3,005	167,757,075
30-34	1,791	1,642	318	1				3,752	241,349,544
35-39	1,100	1,419	1,548	232	1			4,300	310,131,420
40-44	520	692	1,186	973	222	3		3,596	282,473,473
45-49	265	284	513	745	628	166	3	2,604	218,289,430
50-54	102	116	192	311	289	258	43	1,311	114,079,279
55-59	45	39	59	110	98	49	27	427	35,177,576
60-64	12	16	20	36	18	3	4	109	7,819,294
65+	2	2	4	7		2		17	1,248,359
<b>Total</b>	<b>7,183</b>	<b>4,614</b>	<b>3,841</b>	<b>2,415</b>	<b>1,256</b>	<b>481</b>	<b>77</b>	<b>19,867</b>	<b>\$ 1,415,642,509</b>

**COMPARATIVE SCHEDULE**

YEAR ENDED JUNE 30,	ACTIVE MEMEBERS	PAYROLL +000	AGE (YEARS)	SERVICE (YEARS)	AVG. PAY	INCREASE IN AVG. PAY
2000	14,886	\$ 751,280	37.7	10.0	\$ 50,469	4.5%
2001	15,473	\$ 826,740	37.2	10.0	\$ 53,431	5.9%
2002	15,557	\$ 854,249	36.9	9.4	\$ 54,911	2.8%
2003	15,530	\$ 881,285	37.0	9.5	\$ 56,747	3.3%
2004	15,852	\$ 911,718	37.1	9.5	\$ 57,514	1.4%
2005	16,317	\$ 974,863	37.6	9.5	\$ 59,745	3.9%
2006	17,324	1,073,685	37.4	9.0	\$ 61,977	3.7%
2007	18,624	\$ 1,228,037	37.3	8.9	\$ 65,903	6.3%
2008	19,912	\$ 1,383,332	37.3	8.9	\$ 69,472	5.4%
2009	19,867	\$ 1,415,643	37.8	9.4	\$ 71,256	2.6%



SUMMARY OF RETIREES AND INACTIVE MEMBERS

YEAR ENDED JUNE 30,	RETIRANTS AND BENEFICIARIES							
	NUMBER REMOVED FROM ROLES	NUMBER ADDED TO ROLES	TOTALS	ANNUAL ALLOWANCES REMOVED FROM ROLES	ANNUAL ALLOWANCES ADDED TO ROLES	ANNUAL PENSIONS	PERCENT INCREASE	AVERAGE PENSION
2000	84	436	5,442			\$ 152,227,372	15.0%	\$ 27,973
2001	89	429	5,782			\$ 170,281,580	11.9%	\$ 29,450
2002	91	298	5,989			\$ 184,212,972	8.2%	\$ 30,759
2003	104	299	6,184			\$ 207,616,176	12.7%	\$ 33,573
2004	119	331	6,396	\$ 5,951,348	\$ 22,497,533	\$ 224,162,361	8.0%	\$ 35,047
2005	103	395	6,688	\$ 3,095,916	\$ 23,228,295	\$ 244,294,740	9.0%	\$ 36,527
2006	164	350	6,874	\$ 4,721,490	\$ 13,926,144	\$ 265,826,712	8.8%	\$ 38,671
2007	159	918	7,633	\$ 3,578,561	\$ 45,409,478	\$ 307,657,629	15.7%	\$ 40,306
2008	164	772	8,241	\$ 3,642,137	\$ 38,830,259	\$ 342,845,751	11.4%	\$ 41,602
2009	222	590	8,609	\$ 11,175,896	\$ 47,338,063	\$ 379,007,918	10.5%	\$ 44,025

Effective June 30, 2004, started reporting the annual allowances removed from roles and annual allowances added to roles. This information was not available prior to the effective date.

As of June 30, 2009, there were 1,145 inactive members in the Plan who had not withdrawn their accumulated member contributions. It is assumed that these inactive members are waiting to meet the age requirements for service retirement. They are broken down by attained age and years of service as follows:

**SUMMARY OF INACTIVE MEMBERS**  
FOR THE YEAR ENDED JUNE 30, 2009

ATTAINED AGE	YEARS OF SERVICE TO VALUATION DATE					TOTAL
	0-4	5-9	10-14	15-19	20+	
20-29	366	5				371
30-39	379	59	24	2		464
40-44	100	23	18	6	1	148
45-49	52	9	15	10		86
50-54	18	8	10	3	1	40
55-59	8	1	6	4		19
60-69	7	1	8	1		17
70+						0
<b>Total</b>	<b>930</b>	<b>106</b>	<b>81</b>	<b>26</b>	<b>2</b>	<b>1,145</b>

**SCHEDULE OF EXPERIENCE GAIN (LOSS)**  
 YEAR ENDED JUNE 30, 2009  
 (IN THOUSANDS)

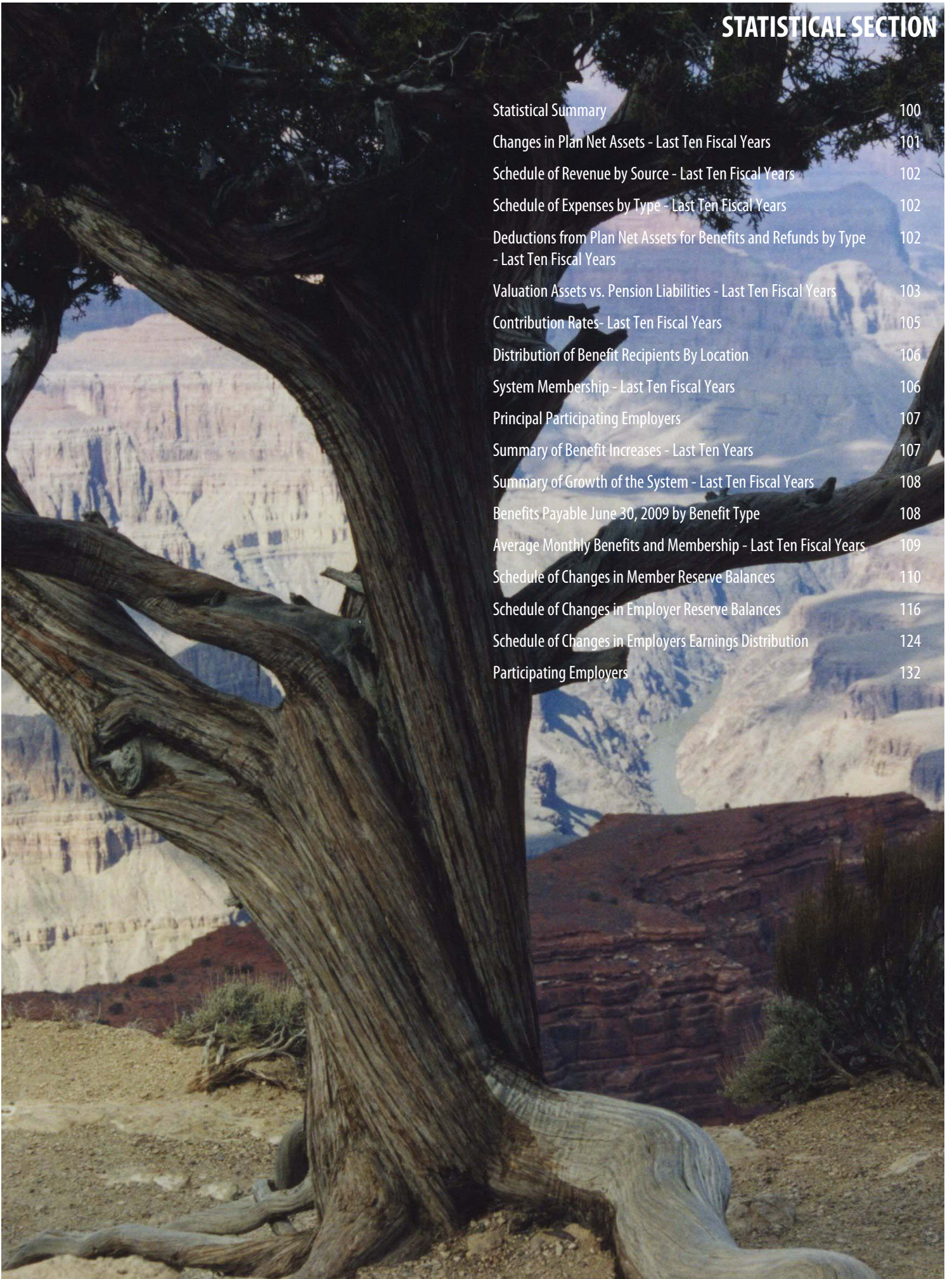
(1) UAAL* at start of year	2,567,134
(2) Normal cost for year	275,342
(3) Funding Method Contribution	429,620
(4) Interest accrued on (1), (2) and (3)	211,650
(5) Expected UAAL before changes [(1)+(2)-(3)+(4)]	2,624,506
(6) Changes from benefit increases	125,692
(7) Changes from actuarial methods & actuary	(121,887)
(8) Change in Reserve for future pension increases	(260,429)
(9) Expected UAAL after changes: (5)+(6)+(7)+(8)	2,367,882
(10) Actual UAAL at end of year	2,543,954
(11) Experience Gain (Loss): (9)-(10)	(176,072)

\* *Unfunded Actuarial Accrued Liability*

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**SUMMARY**

The Statistical Section provides additional historical perspective, context, and detail to assist the reader in using the information in the financial statements, notes to the financial statements and required supplemental information to understand and assess the economic condition of PSPRS.

Financial trend information is intended to assist users in understanding and assessing the changes in the financial position over time. Schedules and charts presenting financial trend information are Schedule of Changes in Net Assets, Schedule of Revenue by Source, Schedule of Expenses by Type, Deductions from Net Assets for Benefits and Refunds by Type, Valuation Assets vs. Pension Liabilities, and Contribution Rates.

Operating information is intended to provide contextual information about the operations and resources of PSPRS to assist readers in using financial statement information to understand and assess the economic condition. Schedules and charts presenting operating information are Membership in the Retirement System\*, Principal Participating Employers, Benefit Recipients by Location, Summary of the Growth of the System, Benefits Payable\*, Average Monthly Benefit Amounts\*, Summary of Benefit Increases\*, Schedule of Changes in Employers' Reserve Balances, Schedule of Changes in Refundable Member Reserve Balances, Schedule of Employers' Earnings Distribution, and Participating Employers.

Schedules and information are derived from PSPRS internal sources unless otherwise indicated.

\* Schedules and data are provided by actuarial consultant Gabriel, Roeder & Smith.



**CHANGES IN NET PLAN ASSETS LAST 10 FISCAL YEARS**  
(IN THOUSANDS)

	2009	2008	2007	2006	2005
<b>ADDITIONS</b>					
Member Contributions	\$ 101,184	\$ 97,157	\$ 84,630	\$ 75,616	\$ 67,948
Employer Contributions	316,222	233,556	177,588	127,219	104,498
Net Investment Gain (Loss)	(872,799)	(408,918)	815,524	379,512	383,530
Member Service Purchase	7,626	9,483	9,160	9,409	8,163
Transfers IN	584	1,696	1,640	1,125	994
<b>Total Additions (Reductions)</b>	<b>(447,183)</b>	<b>(67,026)</b>	<b>1,088,541</b>	<b>592,881</b>	<b>565,133</b>
<b>DEDUCTIONS</b>					
Pension & Insurance Benefits	444,352	430,209	450,345	284,028	257,449
Refunds To Terminated Members	7,643	7,884	8,709	7,226	7,648
Administrative Expenses	4,352	7,250	3,971	2,980	1,600
Transfers OUT	49	144	121	290	129
<b>Total Deductions</b>	<b>456,396</b>	<b>445,487</b>	<b>463,146</b>	<b>294,524</b>	<b>266,826</b>
<b>NET INCREASE (DECREASE)</b>	<b>(903,579)</b>	<b>(512,513)</b>	<b>625,395</b>	<b>298,357</b>	<b>298,307</b>
<b>NET ASSETS HELD IN TRUST</b>					
Beginning of Fiscal Year, July 1	5,019,281	5,531,794	4,906,399	4,608,042	4,309,735
<b>End of Fiscal Year, June 30</b>	<b>\$ 4,115,702</b>	<b>\$ 5,019,281</b>	<b>\$ 5,531,794</b>	<b>\$ 4,906,399</b>	<b>\$ 4,608,042</b>
	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
<b>ADDITIONS</b>					
Member Contributions	\$ 71,874	\$ 67,937	\$ 62,487	\$ 58,053	\$ 52,451
Employer Contributions	79,000	50,801	51,983	52,540	46,891
Net Investment Gain (Loss)	562,613	233,425	(654,570)	(895,996)	588,133
Member Service Purchase	0	0	0	0	0
Transfers IN	1,282	1,394	6,184	373	658
<b>Total Additions (Reductions)</b>	<b>714,769</b>	<b>353,557</b>	<b>(533,916)</b>	<b>(785,030)</b>	<b>688,133</b>
<b>DEDUCTIONS</b>					
Pension & Insurance Benefits	229,885	209,715	185,035	164,728	145,302
Refunds To Terminated Members	6,391	6,423	6,058	6,052	5,314
Administrative Expenses	1,100	813	735	679	615
Transfers OUT	196	386	0	0	0
<b>Total Deductions</b>	<b>237,572</b>	<b>217,337</b>	<b>191,828</b>	<b>171,459</b>	<b>151,231</b>
<b>NET INCREASE (DECREASE)</b>	<b>477,197</b>	<b>136,220</b>	<b>(725,744)</b>	<b>(956,489)</b>	<b>536,902</b>
<b>NET ASSETS HELD IN TRUST</b>					
Beginning of Fiscal Year, July 1	3,832,538	3,696,318	4,422,062	5,378,551	4,841,649
<b>End of Fiscal Year, June 30</b>	<b>\$ 4,309,735</b>	<b>\$ 3,832,538</b>	<b>\$ 3,696,318</b>	<b>\$ 4,422,062</b>	<b>\$ 5,378,551</b>



FINANCIAL TRENDS

**SCHEDULE OF REVENUE BY SOURCE (ALL PLANS COMBINED)**  
LAST TEN FISCAL YEARS

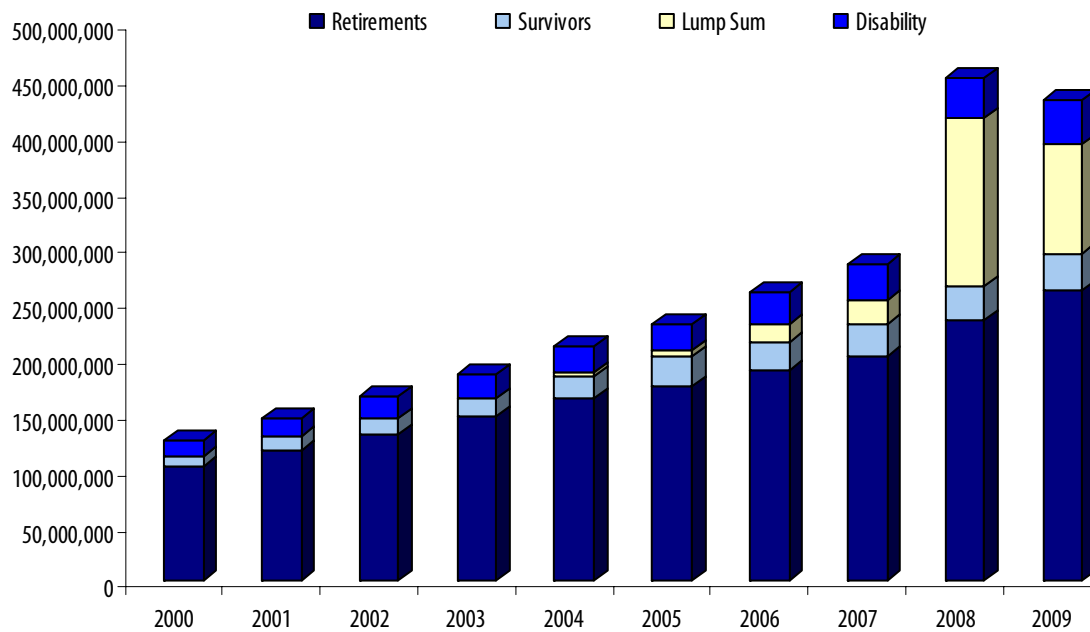
YEAR ENDING JUNE 30,	MEMBER CONT.	EMPLOYER CONT.	INSURANCE PREMIUM TAX	% OF COVERED PAYROLL	INVESTMENT INCOME (LOSS)	TRANSFERRED IN FROM OTHER PLANS	TOTAL
2000	52,451,478	38,645,798	8,245,094	5.29%	588,132,626	952,294	688,427,290
2001	58,052,765	45,435,300	7,105,010	5.21%	(895,995,528)	874,673	(784,527,780)
2002	62,486,725	44,518,693	7,464,714	4.21%	(654,569,820)	6,412,646	(533,687,042)
2003	67,937,288	40,047,132	10,753,537	3.75%	233,424,569	1,393,775	353,556,301
2004	71,874,188	68,058,390	10,941,740	7.66%	562,613,259	1,281,703	714,769,280
2005	67,947,506	92,778,813	11,718,337	10.05%	383,530,412	9,156,465	565,131,533
2006	75,616,322	121,561,838	5,656,848	12.80%	379,512,079	10,533,585	592,880,672
2007	84,629,709	155,272,630	11,305,571	13.83%	815,524,366	10,799,442	1,077,531,718
2008	97,156,897	209,425,888	12,306,704	16.52%	(411,505,523)	11,179,532	(81,436,502)
2009	101,183,586	291,501,480	24,720,792	21.71%	(872,798,642)	8,209,996	(447,182,788)

**SCHEDULE OF EXPENSES BY TYPE (ALL PLANS COMBINED)**  
LAST TEN FISCAL YEARS

YEAR ENDING JUNE 30,	BENEFITS	ADMIN. EXPENSES	REFUNDS	TRANSFERRED TO OTHER PLANS	TOTAL
2000	145,302,173	616,109	5,313,595	293,862	151,525,739
2001	164,727,744	679,372	6,051,785	501,851	171,960,752
2002	185,035,202	735,241	6,057,924	228,610	192,056,977
2003	209,715,238	812,332	6,422,965	385,905	217,336,440
2004	229,885,444	1,099,932	6,390,643	196,287	237,572,306
2005	257,449,083	1,599,784	7,647,443	128,407	266,824,717
2006	284,027,642	2,979,511	7,225,720	291,161	294,524,034
2007	439,336,159	3,971,338	8,708,528	120,511	452,136,536
2008	430,208,772	4,661,877	7,884,695	144,622	442,899,966
2009	444,352,210	4,352,207	7,643,202	49,169	456,396,788

**DEDUCTIONS FROM NET ASSETS FOR BENEFITS AND REFUNDS BY TYPE**  
LAST TEN FISCAL YEARS

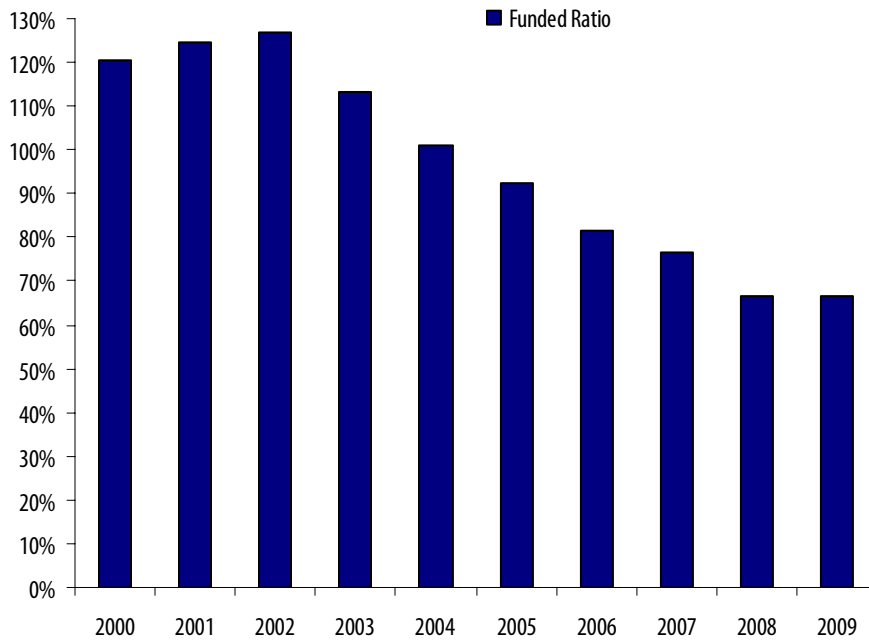
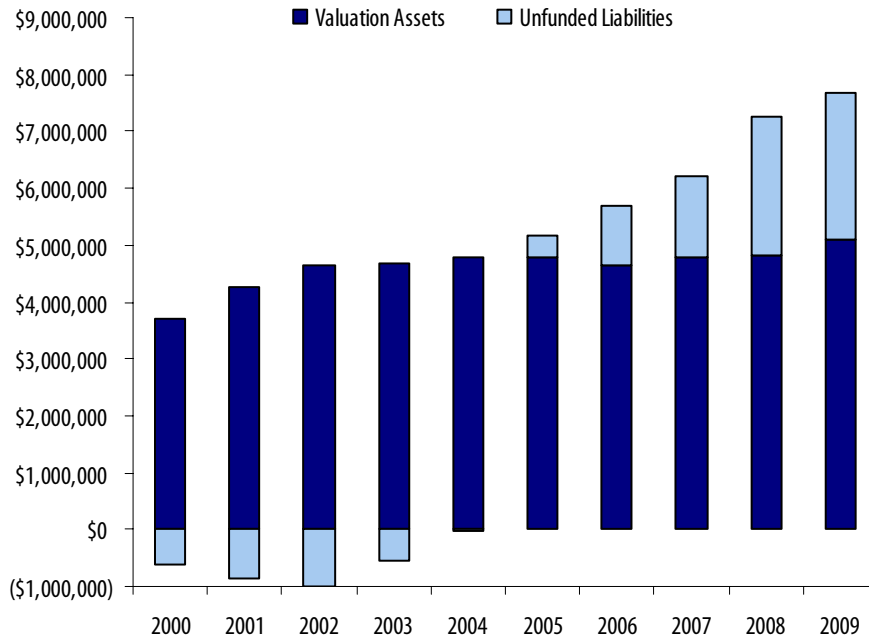
YEAR ENDING JUNE 30,	NORMAL BENEFITS	SURVIVOR BENEFITS	DISABILITY BENEFITS	DEFERRED BENEFITS	HEALTH INSURANCE SUBSIDY	DROP BENEFITS	TOTAL BENEFITS	REFUNDS
2000	111,641,295	12,187,246	17,061,548	46,197	4,365,887	0	145,302,173	5,313,595
2001	126,279,381	14,049,906	19,543,264	53,946	4,801,247	0	164,727,744	6,051,785
2002	137,556,909	15,342,508	21,914,529	70,335	9,715,347	435,573	185,035,202	6,057,924
2003	151,170,457	20,135,779	24,102,353	81,550	11,196,923	3,028,175	209,715,238	6,422,965
2004	163,080,132	26,321,345	23,431,361	102,458	10,774,433	6,175,715	229,885,444	6,390,643
2005	176,394,304	25,357,132	28,883,283	131,285	11,417,919	15,265,160	257,449,083	7,647,443
2006	190,350,994	27,991,410	32,501,612	140,587	10,203,920	22,839,120	284,027,642	7,225,720
2007	220,950,477	30,742,748	35,536,324	146,890	11,009,305	151,959,720	450,345,464	8,708,528
2008	247,831,306	33,357,309	39,137,350	151,698	11,824,417	97,907,651	430,209,731	7,884,695
2009	274,965,209	36,380,334	41,979,907	158,494	12,214,037	90,868,266	456,566,247	7,643,202



**VALUATION ASSETS vs. PENSION LIABILITIES (ALL PLANS COMBINED)**  
**INCLUDES HEALTH INSURANCE SUBSIDY**  
 LAST TEN FISCAL YEARS

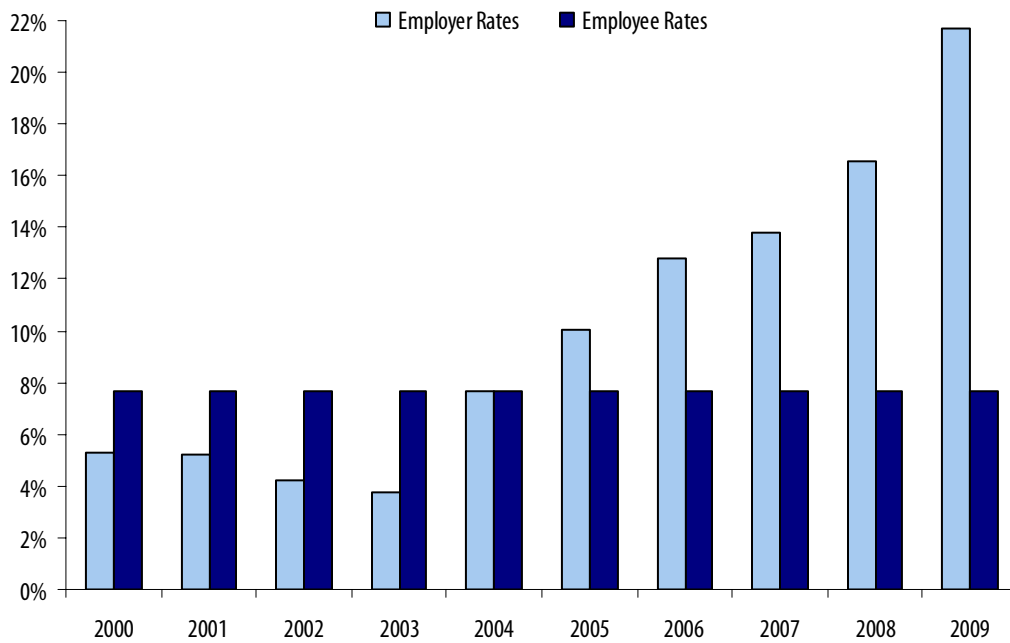
YEAR ENDING JUNE 30,	VALUATION ASSETS	UNFUNDED LIABILITIES	ACCRUED LIABILITIES	FUNDED RATIO
2000	4,260,168	(845,011)	3,415,157	124.7%
2001	4,661,941	(987,183)	3,674,758	126.9%
2002	4,684,386	(540,175)	4,144,211	113.0%
2003	4,781,377	(41,764)	4,739,613	100.9%
2004	4,774,313	393,020	5,167,333	92.4%
2005	4,886,963	985,773	5,872,736	81.3%
2006	4,999,911	1,495,101	6,495,012	76.7%
2007	4,829,521	2,438,770	7,268,291	66.4%
2008	5,095,645	2,567,134	7,662,779	66.5%
2009	5,445,497	2,543,954	7,989,451	68.2%

FINANCIAL TRENDS

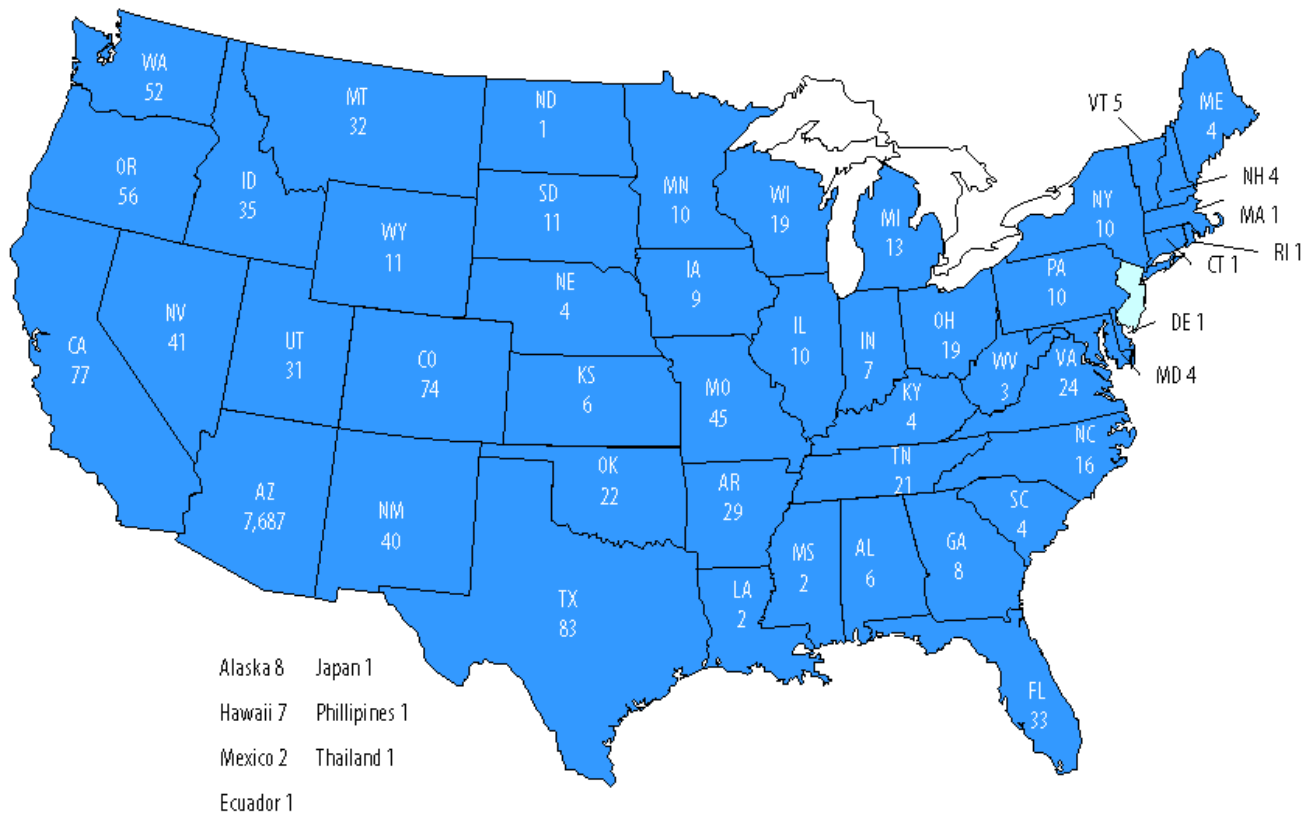


**CONTRIBUTION RATES  
LAST TEN FISCAL YEARS**

<b>YEAR ENDING JUNE 30,</b>	<b>AVERAGE EMPLOYER RATE</b>	<b>EMPLOYEE RATE</b>
2000	5.29%	7.65%
2001	5.21%	7.65%
2002	4.21%	7.65%
2003	3.75%	7.65%
2004	7.66%	7.65%
2005	10.05%	7.65%
2006	12.80%	7.65%
2007	13.83%	7.65%
2008	16.52%	7.65%
2009	21.71%	7.65%

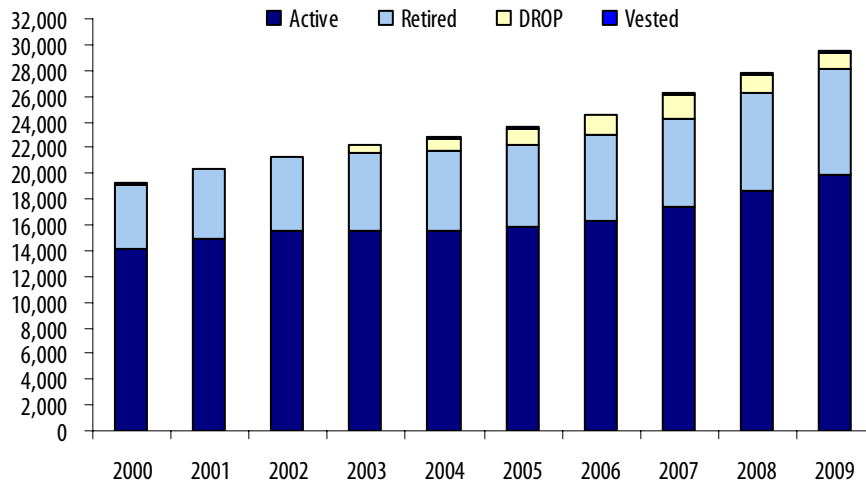


DISTRIBUTION OF BENEFIT RECIPIENTS BY LOCATION



MEMBERSHIP IN RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS

YEAR ENDING JUNE 30,	ACTIVE	BENEFICIARY RETIRED	DROP	TERMINATED VESTED	TOTAL
2000	14,886	5,442	0	61	20,389
2001	15,473	5,782	0	59	21,314
2002	15,557	5,989	645	82	22,273
2003	15,530	6,184	1,011	84	22,809
2004	15,852	6,396	1,267	69	23,584
2005	16,317	6,688	1,472	104	24,581
2006	17,324	6,974	1,746	226	26,270
2007	18,624	7,633	1,325	212	27,794
2008	19,912	8,241	1,181	213	29,547
2009	19,867	8,609	1,044	1,145	30,665



**MEMBERSHIP IN RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS**

EMPLOYER	2009			2000		
	COVERED EMPLOYEES	RANK	% OF MEMBERSHIP	COVERED EMPLOYEES	RANK	% OF MEMBERSHIP
Phoenix Police	3,117	1	15.69%	2,636	1	17.71%
Phoenix Fire	1,506	2	7.58%	1,267	2	8.51%
Dept of Public Safety	1,137	3	5.72%	1,031	3	6.93%
Tucson Police	934	4	4.70%	846	4	5.68%
Mesa Police	749	5	3.77%	718	5	4.82%
Maricopa Sheriff	721	6	3.63%	586	6	3.94%
Tucson Fire	586	7	2.95%	490	7	3.29%
Pima Sheriff	516	8	2.60%	433	8	2.91%
Glendale Police	412	9	2.07%	320	9	2.15%
Scottsdale Police	404	10	2.03%	284	10	1.91%
All Others	9,785		49.25%	6,275		42.15%
<b>Total</b>	<b>19,867</b>		<b>100.00%</b>	<b>14,886</b>		<b>100.00%</b>

**SUMMARY OF BENEFIT INCREASES  
LAST TEN FISCAL YEARS**

YEAR ENDING JUNE 30,	EXCESS YIELD PER STATUTE	EXCESS EARNINGS	UTILIZED TO FUND COLA	EXCESS EARNINGS AVAILABLE	BENEFIT INCREASE 4% CAP
2000	3.31%	72,225,529	(47,639,499)	862,440,738	93.24
2001	0.00%	0	(54,178,336)	662,898,016	98.17
2002	0.00%	0	(61,603,276)	502,456,646	102.53
2003	0.00%	0	(67,995,889)	468,125,352	111.90
2004	5.97%	107,495,840	(77,066,484)	568,619,029	116.82
2005	0.11%	2,198,002	(85,121,958)	537,513,325	121.76
2006	0.00%	0	(91,412,190)	490,714,741	127.06
2007	8.05%	190,317,350	(101,767,604)	662,931,350	134.34
2008	0.00%	0	(114,771,709)	499,951,273	138.66
2009	0.00%	0	(125,721,193)	285,613,717	146.74



OPERATING INFORMATION

**SUMMARY OF GROWTH OF THE SYSTEM  
LAST TEN FISCAL YEARS**

YEAR ENDING JUNE 30,	TOTAL ASSETS AT BOOK	INVESTMENT REALIZED EARNINGS	ASSUMED ACTUARIAL YIELD	NET EFFECTIVE YIELD	AVERAGE EMPLOYER RATE
2000	3,845,046,198	383,638,465	9.00%	10.99%	5.29%
2001	4,014,033,477	229,978,521	9.00%	6.02%	5.21%
2002	4,038,098,811	95,669,176	9.00%	2.40%	4.21%
2003	3,580,672,469	(359,783,581)	9.00%	(9.01%)	3.75%
2004	3,639,362,740	144,657,402	9.00%	4.08%	7.66%
2005	3,820,166,058	266,719,194	8.75%	7.41%	10.05%
2006	4,183,883,048	445,686,514	8.50%	11.78%	12.80%
2007	4,517,667,333	529,659,234	8.50%	12.93%	13.83%
2008	5,137,831,607	726,656,511	8.50%	16.26%	16.52%
2009	3,958,138,523	(854,279,165)	8.50%	(16.67%)	21.71%

**BENEFITS PAYABLE JUNE 30, 2009  
BY TYPE OF BENEFIT**

PENSIONS BEING PAID	NO.	ANNUAL PENSIONS	AVERAGE PENSIONS
RETIRED MEMBERS			
Service Pensions	6,307	\$ 295,861,340	\$ 46,910
Disability Pensions	1,211	44,445,247	36,701
<b>Total Retired Members</b>	<b>7,518</b>	<b>340,306,587</b>	<b>45,266</b>
SURVIVORS OF MEMBERS			
Spouses	1,046	37,746,120	36,086
Children w/Guardians	45	955,211	21,227
<b>Total Survivors of Members</b>	<b>1,091</b>	<b>38,701,331</b>	<b>35,473</b>
<b>TOTAL PENSIONS BEING PAID</b>	<b>8,609</b>	<b>\$ 379,007,918</b>	<b>\$ 44,025</b>

	AVERAGE AGE	AVERAGE SERVICE	AVG. AGE AT RETIREMENT
Normal retired members	62.2	23.6	50.8
Disability retired members	55.4	14.2	43.5
Spouse beneficiaries	67.0	18.7	44.1
DROP participants	53.1	24.5	50.5

**AVERAGE MONTHLY BENEFITS AND  
MEMBERSHIP IN RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS**

YEAR ENDING JUNE 30,		YEARS OF CREDITED SERVICE BY CATEGORY							ALL MEMBERS
		<5	5-10	10-15	15-20	20-25	25-30	30+	
2000	Average monthly benefit								2,331
	Average final average salary								4,017
	Number of retirees								5,442
2001	Average monthly benefit								2,454
	Average final average salary								4,227
	Number of retirees								5,782
2002	Average monthly benefit								2,563
	Average final average salary								4,411
	Number of retirees								5,989
2003	Average monthly benefit								2,798
	Average final average salary								4,586
	Number of retirees								6,184
2004	Average monthly benefit								2,921
	Average final average salary								4,699
	Number of retirees								6,396
2005	Average monthly benefit								3,044
	Average final average salary								4,834
	Number of retirees								6,688
2006	Average monthly benefit	2,323	2,410	2,522	2,629	2,931	4,210	5,114	3,176
	Average final average salary								4,979
	Number of retirees	221	288	368	465	3,727	1,461	652	6,974
2007	Average monthly benefit	2,449	2,522	2,620	2,751	3,045	4,321	4,950	3,359
	Average final average salary								5,213
	Number of retirees	208	302	382	481	3,948	1,787	525	7,633
2008	Average monthly benefit	2,373	2,654	2,703	2,858	3,115	4,281	5,183	3,467
	Average final average salary								5,483
	Number of retirees	233	317	403	501	4,209	2,013	565	8,241
2009	Average monthly benefit	2,638	2,741	2,894	3,007	3,293	4,492	5,401	3,669
	Average final average salary								5,741
	Number of retirees	202	336	425	511	4,351	2,201	583	8,609

\* Detailed information not available prior to fiscal year ending June 30, 2006.

OPERATING INFORMATION

SCHEDULE OF CHANGES IN REFUNDABLE MEMBER RESERVE BALANCES  
FISCAL YEAR ENDED JUNE 30, 2009

SYSTEM	2008 BALANCES	RESERVE TRANSFERS	CONTRIBUTIONS RECEIVED	WITHDRAWN MEMBERS	2009 BALANCES
AK CHIN INDIAN COMM. FIRE DEPT.	188,969	57,961	78,952	(12,717)	313,165
AK CHIN INDIAN COMM. POLICE DEPT.	67,474	48,493	55,782	0	171,749
APACHE COUNTY SHERIFF'S DEPT.	684,207	(43,081)	125,569	(26,040)	740,655
APACHE JUNCTION FIRE DISTRICT	3,041,492	3,970	488,936	(55,062)	3,479,336
APACHE JUNCTION POLICE DEPARTMENT	1,789,266	(180,193)	252,042	(5,511)	1,855,604
ARIZONA STATE CAPITOL POLICE	584,536	(20,826)	110,300	(57,175)	616,835
ARIZONA STATE PARK RANGERS	2,032,461	(88,130)	141,533	(22,889)	2,062,975
ASU CAMPUS POLICE	1,995,620	(300,636)	268,120	(25,386)	1,937,718
ATTORNEY GENERAL INVESTIGATORS	1,100,216	(255,260)	43,847	(20,966)	867,837
AVONDALE FIRE DEPARTMENT	2,144,186	(256,574)	477,091	(17,069)	2,347,634
AVONDALE POLICE DEPARTMENT	2,510,895	(110,115)	509,296	(14,352)	2,895,724
AVRA VALLEY FIRE DISTRICT	392,465	(26,156)	58,176	(17,691)	406,794
AZ DPT. LIQ. LIC. & CONTROL INVST	562,251	(46,930)	51,298	(44,487)	522,132
BENSON FIRE DEPARTMENT	51,921	0	5,085	0	57,006
BENSON POLICE DEPARTMENT	282,094	0	59,252	0	341,346
BISBEE FIRE DEPARTMENT	535,496	(73,689)	64,092	(28,882)	497,017
BISBEE POLICE DEPARTMENT	505,600	(90,435)	92,602	0	507,767
BLACK CANYON FIRE DISTRICT	72,190	0	26,598	(13,454)	85,334
BUCKEYE FIRE DEPARTMENT	1,457,446	(35,360)	418,883	(4,916)	1,836,053
BUCKEYE POLICE DEPARTMENT	1,604,675	(22,853)	356,926	(75,064)	1,863,684
BUCKEYE VALLEY FIRE DISTRICT	484,673	12	246,736	(8,356)	723,065
BUCKSKIN FIRE DISTRICT	248,179	1,245	53,969	(14,712)	288,681
BULLHEAD CITY FIRE DEPARTMENT	2,950,489	(51,535)	439,358	(33,790)	3,304,522
BULLHEAD CITY POLICE DEPARTMENT	3,382,533	(131,935)	411,248	(70,853)	3,590,993
CAMP VERDE FIRE DISTRICT	447,741	24,839	109,450	0	582,030
CAMP VERDE MARSHAL'S	451,157	(4,542)	69,156	(29,233)	486,538
CASA GRANDE FIRE DEPARTMENT	1,497,005	(63,790)	322,253	(3,475)	1,751,993
CASA GRANDE POLICE DEPARTMENT	2,418,714	(94,974)	462,205	(21,531)	2,764,414
CAVE CREEK MARSHALS	26,441	0	8,038	(12,965)	21,514
CENTRAL ARIZONA COLLEGE POLICE	95,931	(64,812)	21,915	0	53,034
CENTRAL YAVAPAI FIRE DISTRICT	3,730,803	(434,815)	451,410	0	3,747,398
CHANDLER FIRE DEPARTMENT	9,777,069	(513,661)	1,319,122	0	10,582,530
CHANDLER POLICE DEPARTMENT	15,252,699	(514,125)	2,083,991	(26,801)	16,795,764
CHINO VALLEY FIRE DISTRICT	985,187	2,426	172,578	0	1,160,191
CHINO VALLEY POLICE DEPARTMENT	776,857	(94,997)	97,608	(25,973)	753,495
CHRISTOPHER-KOHL'S FIRE DISTRICT	0	19,408	8,745	0	28,153
CITY OF MARICOPA POLICE	729,305	70,598	254,399	0	1,054,302
CLARKDALE FIRE DISTRICT	45,259	0	25,067	0	70,326
CLARKDALE POLICE DEPARTMENT	361,558	(41,173)	34,305	0	354,690

**SCHEDULE OF CHANGES IN REFUNDABLE MEMBER RESERVE BALANCES**  
FISCAL YEAR ENDED JUNE 30, 2009

<b>SYSTEM</b>	<b>2008 BALANCES</b>	<b>RESERVE TRANSFERS</b>	<b>CONTRIBUTIONS RECEIVED</b>	<b>WITHDRAWN MEMBERS</b>	<b>2009 BALANCES</b>
CLIFTON FIRE DEPARTMENT	0	0	0	0	0
CLIFTON POLICE DEPARTMENT	27,588	18,561	11,812	(1,425)	56,536
COCHISE COUNTY SHERIFF'S DEPT	2,197,603	(316,715)	322,601	(69,509)	2,133,980
COCONINO COUNTY SHERIFF'S DEPT	2,164,132	(220,063)	252,127	(75,383)	2,120,813
COOLIDGE FIRE DEPARTMENT	15,272	(398)	15,134	0	30,008
COOLIDGE POLICE DEPARTMENT	715,742	(84,662)	142,322	(13,152)	760,250
CORONA DE TUCSON FIRE DISTRICT	125,336	(17,076)	65,483	0	173,743
COTTONWOOD FIRE DEPARTMENT	422,304	0	145,370	(19,344)	548,330
COTTONWOOD POLICE DEPARTMENT	737,843	(30,799)	120,863	(13,605)	814,302
DAISY MOUNTAIN FIRE DISTRICT	2,314,292	0	490,924	0	2,805,216
DEPARTMENT OF EMER & MILITARY AFF	1,142,793	(10,072)	158,342	(15,418)	1,275,645
DEPARTMENT OF PUBLIC SAFETY	25,883,041	(1,522,834)	2,484,420	(232,786)	26,611,841
DESERT HILLS FIRE DEPARTMENT	40,187	0	68,968	(1,899)	107,256
DIAMOND STAR FIRE DISTRICT	156,135	16,222	44,334	0	216,691
DOUGLAS FIRE DEPARTMENT	649,614	(51,517)	89,968	(59,147)	628,918
DOUGLAS POLICE DEPARTMENT	973,282	34,055	121,475	0	1,128,812
DREXEL HEIGHTS FIRE DISTRICT	2,295,940	60,621	452,291	(44,664)	2,764,188
EAGAR POLICE DEPARTMENT	279,608	(54,237)	33,172	0	258,543
EL MIRAGE FIRE DEPARTMENT	435,099	(48,600)	127,833	0	514,332
EL MIRAGE POLICE DEPARTMENT	980,807	1,991	216,014	0	1,198,812
ELOY FIRE DISTRICT	211,459	(359)	104,361	(13,898)	301,563
ELOY POLICE DEPARTMENT	951,900	(163,923)	209,157	0	997,134
FLAGSTAFF FIRE DEPARTMENT	4,259,315	(145,725)	577,854	0	4,691,444
FLAGSTAFF POLICE DEPARTMENT	3,531,511	(215,822)	650,154	(88,990)	3,876,853
FLORENCE FIRE DEPARTMENT	287,553	(136)	86,915	(20,603)	353,729
FLORENCE POLICE DEPARTMENT	542,593	52,655	193,837	(22,783)	766,302
FORT MCDOWELL TRIBAL FIRE DEPT.	247,544	(90,878)	46,354	(21,904)	181,116
FORT MCDOWELL TRIBAL POLICE DEPT.	593,290	(128,905)	102,957	0	567,342
FORT MOJAVE MESA FIRE DISTRICT	1,189,871	(29,639)	203,034	(13,691)	1,349,575
FORT MOJAVE TRIBAL POLICE DEPT.	207,843	(11,558)	97,877	(38,624)	255,538
FREDONIA MARSHALS	60,388	0	13,215	0	73,603
FRY FIRE DISTRICT	863,236	(11,681)	194,330	0	1,045,885
GAME AND FISH DEPARTMENT	5,510,132	(678,272)	526,102	(19,855)	5,338,107
GILA COUNTY SHERIFF'S DEPARTMENT	1,185,535	(142,520)	156,440	0	1,199,455
GILA RIVER FIRE DEPARTMENT	1,435,668	(74,531)	363,515	0	1,724,652
GILA RIVER POLICE DEPARTMENT	1,840,040	(9,415)	470,818	(11,361)	2,290,082
GILBERT FIRE DEPARTMENT	5,260,510	13,053	958,273	0	6,231,836
GILBERT POLICE DEPARTMENT	7,375,981	(89,809)	1,313,217	(62,659)	8,536,730
GLENDALE FIRE DEPARTMENT	10,953,503	(270,820)	1,402,621	0	12,085,304

OPERATING INFORMATION

**SCHEDULE OF CHANGES IN REFUNDABLE MEMBER RESERVE BALANCES**  
FISCAL YEAR ENDED JUNE 30, 2009

SYSTEM	2008 BALANCES	RESERVE TRANSFERS	CONTRIBUTIONS RECEIVED	WITHDRAWN MEMBERS	2009 BALANCES
GLENDALE POLICE DEPARTMENT	15,680,829	(890,569)	2,266,594	(62,092)	16,994,762
GLOBE FIRE DEPARTMENT	611,414	(97,070)	71,455	0	585,799
GLOBE POLICE DEPARTMENT	581,389	(53,538)	76,664	(1,962)	602,553
GOLDEN SHORES FIRE DISTRICT	107,265	0	29,647	0	136,912
GOLDEN VALLEY FIRE DISTRICT	367,366	(68,729)	83,989	(27,545)	355,081
GOLDER RANCH FIRE DISTRICT	2,722,118	(61,165)	475,514	0	3,136,467
GOODYEAR FIRE DEPARTMENT	2,632,812	(19,633)	539,120	(19,559)	3,132,740
GOODYEAR POLICE DEPARTMENT	2,647,423	189,447	496,195	(57,405)	3,275,660
GRAHAM COUNTY ATTORNEY INVEST.	0	0	0	0	0
GRAHAM COUNTY SHERIFF'S DEPT.	439,356	(5,520)	82,995	0	516,831
GREEN VALLEY FIRE DISTRICT	1,528,492	0	300,609	0	1,829,101
GREENLEE CNTY ATTY INVESTIGATORS	0	0	0	0	0
GREENLEE COUNTY SHERIFF'S DEPT.	320,286	(8,175)	53,911	0	366,022
GROOM CREEK FIRE DISTRICT	44,138	0	26,276	0	70,414
GUADALUPE FIRE DEPARTMENT	194,769	658	34,439	0	229,866
HARQUAHALA FIRE DISTRICT	60,992	49,852	40,000	0	150,844
HAYDEN POLICE DEPARTMENT	57,274	11,429	24,247	(17,539)	75,411
HEBER-OVERGAARD FIRE DISTRICT	180,827	4,799	57,270	(53,389)	189,507
HIGHLANDS FIRE DISTRICT	454,377	0	110,007	(10,489)	553,895
HOLBROOK POLICE DEPARTMENT	338,070	(21,886)	53,805	(366)	369,623
HUALAPAI INDIAN TRIBE POLICE DEPT	92,617	412	49,683	0	142,712
HUALAPAI VALLEY FIRE DISTRICT	464,986	24,846	265,477	(204,955)	550,354
JEROME POLICE DEPARTMENT	27,066	0	8,292	0	35,358
KEARNY POLICE DEPARTMENT	140,803	11,037	12,447	0	164,287
KINGMAN FIRE DEPARTMENT	2,162,800	(125,828)	239,983	(41,685)	2,235,270
KINGMAN POLICE DEPARTMENT	1,820,774	(184,249)	239,122	(7,256)	1,868,391
LA PAZ COUNTY ATTY. INVESTIGATORS	53,025	0	4,333	0	57,358
LA PAZ COUNTY SHERIFF'S DEPT.	1,188,026	(102,727)	135,810	0	1,221,109
LAKE HAVASU CITY FIRE DEPARTMENT	2,996,789	(308,358)	412,577	(33,867)	3,067,141
LAKE HAVASU CITY POLICE DEPT.	3,242,936	(118,844)	536,663	(27,335)	3,633,420
LAKESIDE FIRE DISTRICT	335,956	57,973	96,530	0	490,459
LINDEN FIRE DISTRICT	79,044	(12,821)	28,078	0	94,301
MAMMOTH POLICE DEPARTMENT	119,824	(11,886)	9,619	(35,261)	82,296
MARANA POLICE DEPARTMENT	2,316,776	(337,662)	580,055	(66,187)	2,492,982
MARICOPA CNTY ATTY INVESTIGATORS	625,084	(256,427)	65,302	(5,309)	428,650
MARICOPA COUNTY PARK RANGERS	24,132	0	0	0	24,132
MARICOPA COUNTY SHERIFF'S OFFICE	28,483,972	(1,227,334)	3,683,519	(155,042)	30,785,115
MARICOPA FIRE DISTRICT	902,663	0	327,666	(48,302)	1,182,027
MAYER FIRE DISTRICT	332,240	0	67,892	(10,230)	389,902

**SCHEDULE OF CHANGES IN REFUNDABLE MEMBER RESERVE BALANCES**  
FISCAL YEAR ENDED JUNE 30, 2009

SYSTEM	2008 BALANCES	RESERVE TRANSFERS	CONTRIBUTIONS RECEIVED	WITHDRAWN MEMBERS	2009 BALANCES
MESA FIRE DEPARTMENT	24,180,987	(1,111,964)	2,235,395	0	25,304,418
MESA POLICE DEPARTMENT	41,115,773	(2,609,940)	4,992,876	(206,556)	43,292,153
MIAMI FIRE DEPARTMENT	0	0	0	0	0
MIAMI POLICE DEPARTMENT	113,283	0	20,295	(19,654)	113,924
MOHAVE COUNTY SHERIFF'S DEPT.	2,859,210	(130,690)	388,941	0	3,117,461
MOHAVE VALLEY FIRE DISTRICT	782,965	0	140,157	(4,788)	918,334
MONTEZUMA RIMROCK FIRE DISTRICT	198,878	(24,839)	95,268	0	269,307
MOUNT LEMMON FIRE DISTRICT	50,978	0	36,959	0	87,937
NAU CAMPUS POLICE	436,768	(6,417)	65,604	(21,980)	473,975
NAVAJO COUNTY ATTY'S INVESTIGATOR	0	0	0	0	0
NAVAJO COUNTY SHERIFF'S DEPT.	933,358	(60,878)	160,002	(5,322)	1,027,160
NOGALES FIRE DEPARTMENT	1,425,168	(49,805)	189,793	(21,518)	1,543,638
NOGALES POLICE DEPARTMENT	1,691,374	357	242,543	0	1,934,274
NORTHWEST FIRE DISTRICT	5,580,020	(148,566)	970,422	(4,560)	6,397,316
ORACLE FIRE DISTRICT	3,889	0	18,964	0	22,853
ORO VALLEY POLICE DEPARTMENT	3,350,900	(107,429)	564,640	(2,154)	3,805,957
PAGE FIRE DEPARTMENT	153,982	0	70,699	(25,031)	199,650
PAGE POLICE DEPARTMENT	448,941	(13,584)	107,205	0	542,562
PARADISE VALLEY POLICE DEPARTMENT	1,619,446	(200,434)	177,133	(13,899)	1,582,246
PARKER POLICE DEPARTMENT	212,798	(325)	42,250	(8,121)	246,602
PASCUA YAQUI TRIBE FIRE DEPT.	318,121	3,873	90,429	0	412,423
PASCUA YAQUI TRIBE POLICE DEPT.	616,761	(3,245)	105,064	0	718,580
PATAGONIA MARSHALS	0	32,664	1,664	0	34,328
PAYSON FIRE DEPARTMENT	983,417	(157,754)	115,883	0	941,546
PAYSON POLICE DEPARTMENT	1,130,567	(208,765)	137,548	(63,581)	995,769
PEORIA FIRE DEPARTMENT	5,645,129	(266,698)	864,187	(32,262)	6,210,356
PEORIA POLICE DEPARTMENT	5,561,572	(297,953)	1,048,070	(23,129)	6,288,560
PHOENIX FIRE DEPARTMENT	97,371,203	(5,031,484)	10,556,113	(98,975)	102,796,857
PHOENIX POLICE DEPARTMENT	164,903,457	(7,847,172)	21,661,385	(481,560)	178,236,110
PICTURE ROCKS FIRE DISTRICT	525,344	577	69,855	0	595,776
PIMA COUNTY ATTORNEY INVESTIGATOR	348,811	0	12,243	0	361,054
PIMA COUNTY COMM. COLLEGE POLICE	812,057	(207,441)	88,159	0	692,775
PIMA COUNTY SHERIFF'S DEPARTMENT	11,220,798	(346,592)	1,385,972	(79,774)	12,180,404
PIMA POLICE DEPARTMENT	42,940	(6,477)	10,648	0	47,111
PINAL COUNTY SHERIFF'S DEPARTMENT	5,638,789	33,687	1,008,941	(76,319)	6,605,098
PINE-STRAWBERRY FIRE DISTRICT	535,237	(2,427)	83,097	0	615,907
PINETOP FIRE DISTRICT	537,682	0	136,401	(28,354)	645,729
PINETOP-LAKESIDE POLICE DEPT.	404,132	(53,856)	50,118	(325)	400,069
PINEWOOD FIRE DISTRICT	207,403	(34,879)	65,330	(7,266)	230,588



OPERATING INFORMATION

**SCHEDULE OF CHANGES IN REFUNDABLE MEMBER RESERVE BALANCES**  
FISCAL YEAR ENDED JUNE 30, 2009

SYSTEM	2008 BALANCES	RESERVE TRANSFERS	CONTRIBUTIONS RECEIVED	WITHDRAWN MEMBERS	2009 BALANCES
PRESCOTT FIRE DEPARTMENT	2,917,193	(207,732)	390,829	(27,046)	3,073,244
PRESCOTT POLICE DEPARTMENT	2,143,912	21,428	375,841	(30,300)	2,510,881
PRESCOTT VALLEY POLICE DEPARTMENT	1,934,098	(46,034)	317,232	(14,086)	2,191,210
QUARTZSITE FIRE DISTRICT	80,645	0	29,181	0	109,826
QUARTZSITE POLICE DEPARTMENT	337,818	0	57,447	0	395,265
QUEEN CREEK FIRE DEPARTMENT	56,027	990	143,599	0	200,616
QUEEN VALLEY FIRE DISTRICT	0	0	1,701	0	1,701
RINCON VALLEY FIRE DISTRICT	355,457	(7,597)	121,662	(4,000)	465,522
RIO RICO FIRE DISTRICT	370,603	(3,728)	112,633	0	479,508
RIO VERDE FIRE DISTRICT	357,187	0	82,980	(35,482)	404,685
SAFFORD POLICE DEPARTMENT	797,783	(11,851)	106,296	0	892,228
SAHUARITA POLICE DEPARTMENT	724,811	74,105	174,376	(22,877)	950,415
SALT RIVER PIMA-MARICOPA FIRE	2,250,661	34,262	436,076	0	2,720,999
SALT RIVER PIMA-MARICOPA POLICE	2,654,370	(130,597)	701,964	(105,368)	3,120,369
SAN CARLOS TRIBAL POLICE	27,805	30,103	73,615	0	131,523
SAN LUIS FIRE DEPARTMENT	420,808	10,105	74,732	0	505,645
SAN LUIS POLICE DEPARTMENT	800,432	(67,958)	124,663	(9,602)	847,535
SANTA CRUZ COUNTY SHERIFF'S DEPT.	984,502	428	169,062	(353)	1,153,639
SCOTTSDALE FIRE DEPARTMENT	4,876,477	(6,957)	1,460,286	(81,398)	6,248,408
SCOTTSDALE POLICE DEPARTMENT	19,504,413	(490,949)	2,676,953	(158,516)	21,531,901
SEDONA FIRE DISTRICT	2,291,564	(79,432)	426,994	0	2,639,126
SEDONA POLICE DEPARTMENT	912,564	(34,142)	141,513	0	1,019,935
SHOW LOW FIRE DISTRICT	562,317	8,023	150,846	0	721,186
SHOW LOW POLICE DEPARTMENT	805,878	114,959	128,260	0	1,049,097
SIERRA VISTA FIRE DEPARTMENT	1,744,298	(146,459)	212,903	0	1,810,742
SIERRA VISTA POLICE DEPARTMENT	1,988,294	(67,465)	317,445	(30,962)	2,207,312
SNOWFLAKE POLICE DEPARTMENT	331,050	7,230	56,859	(33,538)	361,601
SOMERTON FIRE DEPARTMENT	366,003	(46,890)	64,443	(4,251)	379,305
SOMERTON POLICE DEPARTMENT	418,789	1	81,497	0	500,287
SONOITA ELGIN FIRE DEPARTMENT	0	0	26,725	0	26,725
SOUTH TUCSON FIRE DEPARTMENT	297,863	(8,473)	35,185	(2,749)	321,826
SOUTH TUCSON POLICE DEPARTMENT	412,528	(70,745)	50,695	(61,771)	330,707
SPRINGERVILLE POLICE DEPARTMENT	274,840	(43,055)	27,747	0	259,532
ST. JOHNS POLICE DEPARTMENT	121,776	(10,651)	33,452	(4,499)	140,078
SUMMIT FIRE DISTRICT	891,158	(7,532)	190,143	0	1,073,769
SUN CITY FIRE DISTRICT	4,622,303	(470,977)	374,377	0	4,525,703
SUN CITY WEST FIRE DISTRICT	2,286,534	(59,615)	324,897	(5,741)	2,546,075
SUN LAKES FIRE DISTRICT	1,409,261	(65,282)	247,292	0	1,591,271
SUPERIOR POLICE DEPARTMENT	122,997	3,560	26,685	0	153,242

**SCHEDULE OF CHANGES IN REFUNDABLE MEMBER RESERVE BALANCES**  
FISCAL YEAR ENDED JUNE 30, 2009

<b>SYSTEM</b>	<b>2008 BALANCES</b>	<b>RESERVE TRANSFERS</b>	<b>CONTRIBUTIONS RECEIVED</b>	<b>WITHDRAWN MEMBERS</b>	<b>2009 BALANCES</b>
SURPRISE FIRE DEPARTMENT	3,185,331	(1,296)	637,823	0	3,821,858
SURPRISE POLICE DEPARTMENT	3,133,759	(44,492)	722,670	(130,757)	3,681,180
TEMPE FIRE DEPARTMENT	8,314,252	(321,481)	1,018,558	(2,113)	9,009,216
TEMPE POLICE DEPARTMENT	15,088,285	(991,905)	2,536,838	(88,384)	16,544,834
THATCHER POLICE DEPARTMENT	269,764	(20,049)	43,534	0	293,249
THREE POINTS FIRE DISTRICT	269,463	(27,634)	57,089	(10,713)	288,205
TOHONO O'ODHAM NATION FIRE	182,927	56,223	183,443	0	422,593
TOHONO O'ODHAM NATION POLICE	500,309	(9,789)	308,380	(18,820)	780,080
TOLLESON FIRE DEPARTMENT	981,976	(68,531)	161,575	0	1,075,020
TOLLESON POLICE DEPARTMENT	800,383	14,345	133,266	(72,813)	875,181
TOMBSTONE MARSHAL'S DEPARTMENT	120,794	0	19,208	(18,094)	121,908
TONOPAH FIRE DISTRICT	63,979	0	16,328	0	80,307
TOWN OF SUPERIOR (FIRE DEPT)	43,736	0	22,131	0	65,867
TRI-CITY FIRE DISTRICT	241,108	31,118	67,736	(31,017)	308,945
TUBAC FIRE DISTRICT	462,509	286	108,975	0	571,770
TUCSON AIRPORT AUTHORITY FIRE DPT	981,816	(101,152)	69,930	0	950,594
TUCSON AIRPORT AUTHORITY POLICE	913,842	9,136	109,972	0	1,032,950
TUCSON FIRE DEPARTMENT	23,428,049	(1,440,392)	2,236,923	(25,754)	24,198,826
TUCSON POLICE DEPARTMENT	38,375,763	(3,903,271)	3,839,995	(99,729)	38,212,758
U OF A CAMPUS POLICE DEPARTMENT	1,834,767	(132,843)	231,367	0	1,933,291
VERDE VALLEY FIRE DISTRICT	715,571	0	147,755	(13,441)	849,885
WELLTON POLICE	85,666	0	19,843	0	105,509
WHETSTONE FIRE DISTRICT	0	48,000	7,194	0	55,194
WICKENBURG FIRE DEPARTMENT	65,739	0	31,469	0	97,208
WICKENBURG POLICE DEPARTMENT	385,098	4,542	64,760	0	454,400
WILLCOX POLICE DEPARTMENT	276,076	(113)	41,888	0	317,851
WILLIAMS POLICE DEPARTMENT	196,381	(301)	45,127	(10,828)	230,379
WILLIAMSON VALLEY FIRE DISTRICT	66,279	0	18,974	(7,529)	77,724
WINSLOW FIRE DEPARTMENT	300,620	0	27,524	0	328,144
WINSLOW POLICE DEPARTMENT	699,048	0	109,991	0	809,039
WITTMAN FIRE DISTRICT	16,419	0	22,778	0	39,197
YAVAPAI CNTY ATTRNY INVESTIGATORS	0	0	0	0	0
YAVAPAI COUNTY SHERIFF'S DEPT.	3,788,716	(100,160)	593,951	(128,077)	4,154,430
YAVAPAI PRESCOTT TRIBAL POLICE	48,178	1,379	32,616	(23,959)	58,214
YOUNGTOWN POLICE DEPARTMENT	233,258	(19,441)	42,417	(39,111)	217,123
YUMA COUNTY SHERIFF'S DEPARTMENT	1,900,428	(143,024)	323,885	(3,025)	2,078,264
YUMA FIRE DEPARTMENT	4,418,013	(64,192)	542,542	0	4,896,363
YUMA POLICE DEPARTMENT	6,051,973	(735,905)	755,250	(74,905)	5,996,413
<b>TOTALS</b>	<b>789,565,692</b>	<b>(39,715,746)</b>	<b>108,809,246</b>	<b>(5,092,561)</b>	<b>853,566,631</b>

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES

FISCAL YEAR ENDED JUNE 30, 2009

SYSTEM	2008 BALANCES	RESERVE TRANSFERS	CONTRIB RECEIVED	FIRE TAX RECEIVED	PENSION PAYMENTS	SUBSIDY PAYMENTS	DROP PAYMENT	ENHANCED REFUNDS	DIST. OF EARNINGS	2009 BALANCES	UNFUNDED AAL 2008
AK CHIN INDIAN COMM. FIRE-DEPT.	1,808,114	72,007	129,764	0	(101,752)	0	0	(2,964)	(369,308)	1,535,861	344,808
AK CHIN INDIAN COMM. POLICE DEPT.	860,594	152,760	56,217	0	(52,283)	0	0	0	(185,477)	831,811	(37,503)
APACHE COUNTY SHERIFF'S DEPT.	2,607,248	82,302	406,381	0	(549,704)	(13,545)	0	(10,545)	(574,210)	1,947,927	4,390,901
APACHE JUNCTION FIRE DISTRICT	8,875,111	4,461	812,987	212,751	(262,664)	(7,027)	0	(56,836)	(2,188,005)	7,390,779	3,982,383
APACHE JUNCTION POLICE DEPARTMENT	8,218,015	180,193	760,005	0	(872,148)	(15,101)	(86,652)	0	(1,756,311)	6,428,003	7,364,766
ARIZONA STATE CAPITOL POLICE	2,237,765	(15,130)	203,604	0	(142,660)	(7,620)	0	(50,101)	(496,303)	1,729,555	597,126
ARIZONA STATE PARK RANGERS	6,089,211	93,992	329,873	0	(134,599)	(1,040)	(184,442)	(14,222)	(1,433,579)	4,745,194	2,268,941
ASU CAMPUS POLICE	11,277,100	288,830	698,019	0	(1,049,539)	(20,101)	(33,343)	(8,439)	(2,309,628)	8,842,899	4,254,023
ATTORNEY GENERAL INVESTIGATORS	6,135,147	(93,996)	302,687	0	(789,676)	(23,267)	(205,656)	(5,241)	(1,175,990)	4,144,007	5,561,430
AVONDALE FIRE DEPARTMENT	5,401,585	256,574	517,136	134,447	(152,571)	(1,800)	0	0	(1,406,014)	4,749,357	2,502,578
AVONDALE POLICE DEPARTMENT	7,399,123	(18,346)	889,589	0	(451,831)	(10,220)	(166,026)	0	(1,791,427)	5,850,862	4,050,208
AVRA VALLEY FIRE DISTRICT	1,321,370	(17,895)	67,134	16,133	0	0	0	(4,145)	(306,913)	1,075,682	(836,389)
AZ DPT. LIQ. LIC. & CONTROL INVST	3,221,963	(131,775)	136,876	0	(322,875)	(17,600)	0	(39,387)	(626,714)	2,220,488	1,753,395
BENSON FIRE DEPARTMENT	170,510	0	7,724	8,374	0	0	0	0	(40,830)	145,779	(93,179)
BENSON POLICE DEPARTMENT	1,148,008	0	120,830	0	(133,823)	(2,400)	0	0	(254,422)	878,195	915,607
BISBEE FIRE DEPARTMENT	2,329,022	73,689	303,716	14,974	(613,041)	(5,509)	0	(29,133)	(476,176)	1,597,541	4,444,405
BISBEE POLICE DEPARTMENT	1,816,337	89,419	256,102	0	(355,559)	(10,834)	0	0	(405,205)	1,390,259	4,003,242
BLACK CANYON FIRE DISTRICT	137,351	0	38,134	9,308	0	0	0	(5,381)	(41,552)	137,860	125,695
BUCKEYE FIRE DEPARTMENT	2,875,707	(31,702)	498,949	223,885	0	0	0	0	(852,963)	2,713,876	(50,190)
BUCKEYE POLICE DEPARTMENT	5,347,660	288,697	578,180	0	(264,513)	(1,800)	0	(42,115)	(1,289,788)	4,616,321	1,105,027
BUCKEYE VALLEY FIRE DISTRICT	1,346,442	1,822	268,045	29,511	0	0	0	0	(367,957)	1,277,863	232,863
BUCKSKIN FIRE DISTRICT	1,288,284	172	158,788	14,003	(234,011)	(9,055)	0	0	(266,622)	951,558	1,899,140
BULLHEAD CITY FIRE DEPARTMENT	13,386,346	51,535	864,010	202,829	(390,898)	(7,532)	(118,041)	0	(2,946,249)	11,041,999	4,862,349
BULLHEAD CITY POLICE DEPARTMENT	12,776,057	438	1,013,335	0	(703,234)	(19,917)	(231,103)	(61,552)	(2,849,354)	9,924,669	7,410,814
CAMP VERDE FIRE DISTRICT	1,391,909	24,797	190,810	34,165	0	0	0	0	(355,986)	1,285,695	652,750
CAMP VERDE MARSHAL'S	1,488,107	(1,701)	128,911	0	(61,937)	0	0	(4,675)	(348,202)	1,200,503	700,042
CASA GRANDE FIRE DEPARTMENT	6,551,620	544	763,626	122,713	(791,705)	(18,731)	0	0	(1,439,297)	5,188,770	7,614,499
CASA GRANDE POLICE DEPARTMENT	11,216,964	(19,258)	1,068,355	0	(1,332,368)	(21,830)	0	0	(2,392,767)	8,519,095	17,128,442
CAVE CREEK MARSHALS	38,843	0	11,758	0	0	0	0	0	(12,038)	38,564	60,052
CENTRAL ARIZONA COLLEGE POLICE	227,780	64,811	47,495	0	(35,521)	(260)	0	0	(59,666)	244,639	16,061

OPERATING INFORMATION

**SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES**  
FISCAL YEAR ENDED JUNE 30, 2009

SYSTEM	2008 BALANCES	RESERVE TRANSFERS	CONTRIB RECEIVED	FIRE TAX RECEIVED	PENSION PAYMENTS	SUBSIDY PAYMENTS	DROP PAYMENT	ENHANCED REFUNDS	DIST. OF EARNINGS	2009 BALANCES	UNFUNDED AAL 2008
CENTRAL YAVAPAI FIRE DISTRICT	12,437,028	434,814	968,076	316,698	(713,432)	(19,643)	(30,359)	0	(2,918,110)	10,475,073	8,080,505
CHANDLER FIRE DEPARTMENT	34,975,452	513,435	2,232,646	743,032	(1,383,462)	(48,061)	(648,528)	0	(8,035,440)	28,349,074	17,867,378
CHANDLER POLICE DEPARTMENT	49,997,431	176,585	4,997,007	0	(2,597,410)	(80,967)	(1,098,407)	0	(11,690,529)	39,703,711	20,603,475
CHINO VALLEY FIRE DISTRICT	2,885,299	1,465	309,255	65,900	(33,606)	0	0	0	(723,560)	2,504,753	1,617,137
CHINO VALLEY POLICE DEPARTMENT	2,358,416	63,883	177,864	0	(98,209)	(1,800)	(15,518)	(6,606)	(557,787)	1,920,242	857,512
CHRISTOPHER-KOHL'S FIRE DISTRICT	0	24,009	16,114	4,968	0	0	0	0	(6,417)	38,674	0
CITY OF MARICOPA POLICE	1,213,638	137,454	424,727	0	0	0	0	0	(418,162)	1,357,657	(20,090)
CLARKDALE FIRE DISTRICT	61,029	0	22,576	17,994	0	0	0	0	(24,374)	77,225	2,884
CLARKDALE POLICE DEPARTMENT	1,116,402	41,172	69,417	0	(27,185)	(1,800)	0	0	(265,512)	932,494	337,120
CLIFTON FIRE DEPARTMENT	326,152	0	0	2,076	(50,646)	(1,800)	0	0	(52,735)	223,047	(25,426)
CLIFTON POLICE DEPARTMENT	402,963	26,603	11,966	0	(19,957)	0	0	0	(79,607)	341,968	(229,758)
COCHISE COUNTY SHERIFF'S DEPT	10,881,847	74,749	1,072,806	0	(1,602,282)	(36,356)	(456,541)	(63,076)	(2,197,630)	7,673,518	11,495,370
COCONINO COUNTY SHERIFF'S DEPT	10,387,936	221,116	943,578	0	(1,555,254)	(46,037)	0	(55,665)	(2,152,421)	7,743,253	12,400,534
COOLIDGE FIRE DEPARTMENT	21,287	398	15,092	21,526	0	0	0	0	(10,940)	47,363	(8,958)
COOLIDGE POLICE DEPARTMENT	3,110,276	22,352	319,589	0	(248,893)	(5,821)	(181,160)	0	(666,056)	2,350,288	1,884,352
CORONA DE TUCSON FIRE DISTRICT	347,438	17,076	126,522	23,736	(27,470)	0	0	0	(99,333)	387,970	470,673
COTTONWOOD FIRE DEPARTMENT	1,337,074	0	113,955	44,767	(63,173)	(3,120)	0	(4,836)	(326,989)	1,097,678	544,042
COTTONWOOD POLICE DEPARTMENT	2,693,314	56,606	348,687	0	(387,222)	(2,736)	0	0	(609,241)	2,099,408	3,339,099
DAISY MOUNTAIN FIRE DISTRICT	4,607,934	0	602,105	279,976	0	0	0	0	(1,333,183)	4,156,832	1,392,048
DEPARTMENT OF EMER & MILITARY AFF	4,876,510	(5,457)	423,488	0	(333,006)	(5,227)	0	0	(1,073,318)	3,882,991	2,800,629
DEPARTMENT OF PUBLIC SAFETY	422,185,333	1,985,006	27,043,214	0	(42,724,043)	(1,429,384)	(7,297,791)	(149,814)	(76,595,730)	323,016,791	248,022,705
DESERT HILLS FIRE DEPARTMENT	94,396	0	149,288	26,073	0	0	0	0	(44,820)	224,936	(16,735)
DIAMOND STAR FIRE DISTRICT (HELLSGATE)	401,129	13,079	88,615	5,626	0	0	0	0	(112,350)	396,099	173,332
DOUGLAS FIRE DEPARTMENT	4,317,311	51,517	402,032	20,221	(680,134)	(17,180)	(57,428)	(56,459)	(838,918)	3,140,963	4,625,679
DOUGLAS POLICE DEPARTMENT	5,852,878	61,738	412,857	0	(747,417)	(16,529)	0	0	(1,184,339)	4,379,187	4,698,704
DREXEL HEIGHTS FIRE DISTRICT	7,178,129	221,746	702,011	110,859	(138,657)	(7,800)	0	(19,620)	(1,777,138)	6,269,530	2,984,649
EAGAR POLICE DEPARTMENT	1,096,112	52,386	71,158	0	(88,883)	0	(9,101)	0	(241,444)	880,228	345,750
EL MIRAGE FIRE DEPARTMENT	1,289,592	(118,956)	135,313	87,917	(39,174)	0	0	0	(314,841)	1,039,851	257,147
EL MIRAGE POLICE DEPARTMENT	2,439,535	773	437,711	0	(193,336)	(1,691)	0	0	(639,732)	2,043,260	1,922,723
ELOY FIRE DISTRICT	515,540	359	195,676	27,006	0	0	0	0	(154,817)	583,764	923,913

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES

FISCAL YEAR ENDED JUNE 30, 2009

SYSTEM	2008 BALANCES	RESERVE TRANSFERS	CONTRIB RECEIVED	FIRE TAX RECEIVED	PENSION PAYMENTS	SUBSIDY PAYMENTS	DROP PAYMENT	ENHANCED REFUNDS	DIST. OF EARNINGS	2009 BALANCES	UNFUNDED AAL 2008
ELOY POLICE DEPARTMENT	3,237,430	176,327	241,407	0	(120,262)	(1,200)	0	0	(763,963)	2,769,738	709,521
FLAGSTAFF FIRE DEPARTMENT	26,902,188	178,816	1,269,724	306,205	(2,413,359)	(78,731)	(409,673)	0	(5,397,413)	20,357,758	15,385,305
FLAGSTAFF POLICE DEPARTMENT	17,915,041	175,421	1,654,424	0	(2,243,657)	(50,016)	(247,121)	(62,133)	(3,720,339)	13,421,620	16,853,534
FLORENCE FIRE DEPARTMENT	562,896	363	85,082	32,517	0	0	0	0	(165,146)	515,712	(104,666)
FLORENCE POLICE DEPARTMENT	1,955,021	29,690	178,481	0	(58,410)	(1,200)	0	(9,113)	(469,442)	1,625,028	(140,163)
FORT MCDOWELL TRIBAL FIRE DEPT.	701,304	(95,918)	41,971	0	0	0	0	(15,333)	(154,366)	477,658	(416,516)
FORT MCDOWELL TRIBAL POLICE DEPT.	1,468,463	(347,490)	172,788	0	0	0	0	0	(343,677)	950,084	(151,342)
FORT MOJAVE MESA FIRE DISTRICT	3,816,927	(12,402)	415,475	33,597	(230,240)	(12,401)	0	0	(908,269)	3,102,688	3,101,807
FORT MOJAVE TRIBAL POLICE DEPT.	493,104	(8,157)	118,030	0	0	0	0	(5,345)	(136,154)	461,478	20,322
FREDONIA MARSHALS	280,677	0	27,328	0	0	0	0	0	(63,313)	244,693	(100,768)
FRY FIRE DISTRICT	5,632,488	11,878	513,154	54,533	(687,277)	(28,430)	0	0	(1,142,239)	4,354,107	4,398,767
GAME AND FISH DEPARTMENT	31,902,792	617,809	2,558,463	0	(4,837,418)	(178,344)	(772,343)	(10,015)	(6,310,634)	22,970,311	34,790,961
GILA COUNTY SHERIFF'S DEPARTMENT	4,856,165	142,520	421,376	0	(495,267)	(14,135)	(111,459)	0	(1,054,841)	3,744,359	3,914,530
GILA RIVER FIRE DEPARTMENT	2,837,382	72,673	579,564	0	(190,062)	0	0	0	(814,522)	2,485,034	1,668,973
GILA RIVER POLICE DEPARTMENT	4,170,202	23,561	696,896	0	(49,311)	0	0	0	(1,151,326)	3,690,021	593,244
GILBERT FIRE DEPARTMENT	10,869,951	21,255	974,119	1,024,983	(76,984)	(1,560)	0	0	(3,081,557)	9,730,206	3,832,157
GILBERT POLICE DEPARTMENT	18,983,092	(24,278)	2,556,049	0	(985,625)	(12,582)	0	0	(4,854,618)	15,662,036	12,799,127
GLENDALE FIRE DEPARTMENT	51,708,248	362,142	3,046,914	884,467	(3,056,779)	(116,067)	(730,596)	0	(11,112,771)	40,985,559	24,494,802
GLENDALE POLICE DEPARTMENT	62,666,802	757,040	6,267,574	0	(5,851,840)	(249,761)	(1,657,008)	(46,550)	(13,774,612)	48,111,646	55,144,834
GLOBE FIRE DEPARTMENT	2,525,979	97,070	215,221	14,660	(296,646)	(18,792)	(97,121)	0	(539,982)	1,900,389	1,957,712
GLOBE POLICE DEPARTMENT	2,548,452	53,538	247,632	0	(312,799)	(12,400)	0	0	(548,152)	1,976,271	2,494,010
GOLDEN SHORES FIRE DISTRICT	314,771	0	33,758	10,004	0	0	0	0	(80,379)	278,154	(48,340)
GOLDEN VALLEY FIRE DISTRICT	1,586,194	56,186	130,788	36,574	(85,870)	(5,160)	0	(23,414)	(350,780)	1,344,517	570,626
GOLDER RANCH FIRE DISTRICT	7,277,822	(160,104)	712,711	312,478	(49,021)	(3,300)	0	0	(1,859,671)	6,230,915	3,089,864
GOODYEAR FIRE DEPARTMENT	5,422,570	(15,492)	642,458	362,378	0	0	0	0	(1,541,918)	4,869,997	1,624,453
GOODYEAR POLICE DEPARTMENT	6,916,323	389,437	990,855	0	(279,080)	(4,819)	0	(48,880)	(1,822,547)	6,141,290	4,164,286
GRAHAM COUNTY ATTORNEY INVEST.	45,992	0	0	0	0	0	0	0	(8,059)	37,934	(46,692)
GRAHAM COUNTY SHERIFF'S DEPT.	1,130,955	(3,183)	189,178	0	(124,882)	(4,320)	0	0	(286,909)	900,838	1,343,573
GREEN VALLEY FIRE DISTRICT	5,113,900	0	525,245	169,617	0	0	0	0	(1,251,076)	4,557,686	2,526,766
GREENLEE CNTY ATTY INVESTIGATORS	36,435	0	0	0	0	0	0	0	(6,384)	30,051	(36,989)

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES

FISCAL YEAR ENDED JUNE 30, 2009

SYSTEM	2008 BALANCES	RESERVE TRANSFERS	CONTRIB RECEIVED	FIRE TAX RECEIVED	PENSION PAYMENTS	SUBSIDY PAYMENTS	DROP PAYMENT	ENHANCED REFUNDS	DIST. OF EARNINGS	2009 BALANCES	UNFUNDED AAL 2008
GREENLEE COUNTY SHERIFF'S DEPT.	2,006,407	(20,134)	99,718	0	(113,362)	(1,480)	0	0	(408,595)	1,562,553	330,701
GROOM CREEK FIRE DISTRICT	87,992	0	35,884	7,719	0	0	0	0	(29,988)	101,607	57,096
GUADALUPE FIRE DEPARTMENT	307,289	(658)	50,178	7,623	(38,954)	(1,200)	0	0	(92,533)	231,746	608,295
HARQUAHALA FIRE DISTRICT	117,945	120,561	68,862	7,697	0	0	0	0	(56,494)	258,571	(4,180)
HAYDEN POLICE DEPARTMENT	420,970	53,899	21,295	0	0	0	0	0	(91,973)	404,190	(318,064)
HEBER-OVERGAARD FIRE DISTRICT	389,567	1,016	96,060	37,437	0	0	0	(23,522)	(110,427)	390,131	58,521
HIGHLANDS FIRE DISTRICT	1,574,022	0	226,773	45,879	(64,617)	(1,800)	0	0	(382,198)	1,398,059	1,137,379
HOLBROOK POLICE DEPARTMENT	1,693,725	21,886	187,240	0	(304,437)	0	0	0	(350,420)	1,247,994	2,186,222
HUALAPAI INDIAN TRIBE POLICE DEPT	221,725	134	61,308	0	0	0	0	0	(64,850)	218,318	(52,675)
HUALAPAI VALLEY FIRE DISTRICT	1,310,750	11,015	270,644	16,873	(107,067)	(5,200)	0	(76,861)	(328,204)	1,091,951	1,198,781
JEROME POLICE DEPARTMENT	95,442	0	14,200	0	0	0	0	0	(23,436)	86,206	1,414
KEARNY POLICE DEPARTMENT	939,274	9,586	29,320	0	(57,765)	(209)	0	0	(189,635)	730,570	(59,236)
KINGMAN FIRE DEPARTMENT	8,189,104	149,781	539,190	51,784	(481,699)	(21,260)	(210,589)	(4,967)	(1,822,133)	6,389,210	4,171,646
KINGMAN POLICE DEPARTMENT	7,943,636	125,732	612,400	0	(613,307)	(10,469)	(605,850)	0	(1,672,009)	5,780,132	4,721,025
LA PAZ COUNTY ATTY. INVESTIGATORS	147,647	0	10,155	0	0	0	0	0	(36,431)	121,372	(35,898)
LA PAZ COUNTY SHERIFF'S DEPT.	4,513,650	87,322	406,625	0	(396,577)	(3,487)	(243,845)	0	(988,794)	3,374,893	4,087,265
LAKE HAVASU CITY FIRE DEPARTMENT	17,363,107	330,473	693,636	226,285	(1,197,230)	(50,540)	(916,673)	(2,635)	(3,493,266)	12,953,157	10,301,606
LAKE HAVASU CITY POLICE DEPT.	13,193,015	128,172	1,173,118	0	(1,019,246)	(41,105)	(172,612)	0	(2,920,063)	10,341,278	9,815,595
LAKESIDE FIRE DISTRICT	776,580	120,908	123,100	39,554	0	0	0	0	(233,314)	826,828	89,329
LINDEN FIRE DISTRICT	286,750	(13,214)	26,894	14,919	0	0	0	0	(67,936)	247,413	(77,964)
MAMMOTH POLICE DEPARTMENT	147,148	43,135	18,948	0	(6,584)	0	0	(44,186)	(44,482)	113,980	34,671
MARANA POLICE DEPARTMENT	6,971,849	15,771	733,440	0	(309,017)	(6,559)	(380,905)	(31,426)	(1,644,834)	5,348,317	2,809,733
MARICOPA COUNTY ATTY INVESTIGATORS	3,765,715	256,427	271,708	0	(605,286)	(11,375)	(31,333)	0	(741,635)	2,904,221	2,722,360
MARICOPA COUNTY PARK RANGERS	707,079	0	0	0	(149,198)	(3,300)	0	0	(114,761)	439,820	894,735
MARICOPA COUNTY SHERIFF'S OFFICE	145,157,829	685,080	10,386,007	0	(14,324,342)	(301,337)	(3,036,478)	(28,182)	(30,046,793)	108,491,783	95,070,607
MARICOPA FIRE DISTRICT	1,897,278	0	389,773	118,865	0	0	0	(32,031)	(556,829)	1,817,056	(67,156)
MAYER FIRE DISTRICT	1,035,221	0	74,535	13,798	(22,894)	0	0	0	(250,388)	850,273	(298,497)
MESA FIRE DEPARTMENT	119,563,858	1,118,282	5,304,040	1,901,970	(7,298,590)	(335,067)	(2,676,133)	0	(25,111,100)	92,467,260	54,297,741
MESA POLICE DEPARTMENT	188,878,687	2,559,791	12,653,191	0	(13,883,081)	(732,530)	(2,823,143)	(135,711)	(40,282,857)	146,234,348	100,638,909
MIAMI FIRE DEPARTMENT	304,256	0	0	0	0	0	0	0	(53,311)	250,945	(308,885)



OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES

FISCAL YEAR ENDED JUNE 30, 2009

SYSTEM	2008 BALANCES	RESERVE TRANSFERS	CONTRIB RECEIVED	FIRE TAX RECEIVED	PENSION PAYMENTS	SUBSIDY PAYMENTS	DROP PAYMENT	ENHANCED REFUNDS	DIST. OF EARNINGS	2009 BALANCES	UNFUNDED AAL 2008
MIAMI POLICE DEPARTMENT	495,724	0	34,859	0	(50,173)	0	0	0	(105,423)	374,986	318,004
MOHAVE COUNTY SHERIFF'S DEPT.	13,031,086	130,690	974,135	0	(973,339)	(16,864)	(137,766)	0	(2,804,857)	10,203,085	7,413,048
MOHAVE VALLEY FIRE DISTRICT	2,362,597	0	194,479	28,904	0	0	0	0	(582,588)	2,003,391	(431,575)
MONTUZUMA RIMROCK FIRE DISTRICT	516,033	(24,797)	55,314	19,983	(20,108)	(3,120)	0	0	(133,825)	409,481	388,760
MOUNT LEMMON FIRE DISTRICT	187,371	0	37,685	5,132	0	0	0	0	(48,571)	181,616	75,096
NAU CAMPUS POLICE	3,136,246	(9,336)	222,251	0	(453,771)	(16,200)	0	0	(606,794)	2,272,395	2,239,642
NAVAJO COUNTY ATTY'S INVESTIGATOR	206,554	0	0	0	(26,046)	0	0	0	(33,910)	146,598	77,413
NAVAJO COUNTY SHERIFF'S DEPT.	4,889,649	60,878	494,021	0	(772,053)	(22,273)	0	0	(1,007,535)	3,642,687	4,418,823
NOGALES FIRE DEPARTMENT	5,198,392	48,851	524,619	23,411	(498,159)	(34,315)	(155,939)	(11,835)	(1,161,887)	3,933,138	4,761,777
NOGALES POLICE DEPARTMENT	6,912,650	(357)	592,856	0	(463,017)	(35,460)	0	0	(1,537,094)	5,469,578	3,793,454
NORTHWEST FIRE DISTRICT	16,063,595	(256,773)	1,577,086	452,223	(386,444)	(13,330)	0	0	(3,984,210)	13,452,148	6,152,850
ORACLE FIRE DISTRICT	12,749	0	39,646	4,231	0	0	0	0	(8,421)	48,205	86,154
ORO VALLEY POLICE DEPARTMENT	10,089,375	171,655	956,167	0	(521,509)	(6,426)	(106,018)	0	(2,438,107)	8,145,136	5,086,334
PAGE FIRE DEPARTMENT	472,506	0	95,819	24,095	(58,206)	(1,800)	0	0	(119,021)	413,393	330,889
PAGE POLICE DEPARTMENT	2,525,994	(28,121)	177,638	0	(209,012)	0	0	0	(524,251)	1,942,248	756,218
PARADISE VALLEY POLICE DEPARTMENT	7,633,958	200,434	758,092	0	(982,245)	(29,612)	(579,107)	0	(1,562,693)	5,438,828	8,654,449
PARKER POLICE DEPARTMENT	1,292,145	325	69,865	0	(90,037)	0	0	0	(264,915)	1,007,382	103,199
PASCUA YAQUI TRIBE FIRE DEPT.	670,626	102,647	214,803	0	(39,866)	0	0	0	(205,826)	742,384	1,220,743
PASCUA YAQUI TRIBE POLICE DEPT.	823,398	3,244	228,030	0	(26,243)	(2,580)	0	0	(278,998)	746,852	1,112,552
PATAGONIA MARSHALS	350,572	47,928	1,088	0	(26,151)	0	0	0	(66,437)	307,000	(43,797)
PAYSON FIRE DEPARTMENT	2,970,960	157,755	217,614	44,147	(137,127)	(7,933)	(216,511)	0	(694,285)	2,334,620	1,669,218
PAYSON POLICE DEPARTMENT	4,245,232	151,712	477,372	0	(527,811)	(24,064)	(294,123)	(52,975)	(906,480)	3,068,863	5,217,740
PEORIA FIRE DEPARTMENT	19,556,272	265,050	1,276,527	783,054	(706,738)	(15,786)	(233,111)	(22,584)	(4,583,205)	16,319,480	6,408,900
PEORIA POLICE DEPARTMENT	25,720,476	550,432	2,309,868	0	(1,613,118)	(13,914)	(295,544)	0	(5,627,008)	21,031,192	13,469,544
PHOENIX FIRE DEPARTMENT	529,215,381	5,213,518	28,770,618	7,085,495	(40,023,509)	(1,461,823)	(19,176,716)	(93,386)	(108,539,673)	400,989,905	291,210,630
PHOENIX POLICE DEPARTMENT	907,793,817	7,884,720	63,759,341	0	(78,917,838)	(2,347,899)	(20,710,687)	(322,233)	(186,437,870)	690,701,350	559,384,792
PICTURE ROCKS FIRE DISTRICT	2,016,320	9,900	89,868	17,604	(43,069)	0	0	0	(458,024)	1,632,599	(191,783)
PIMA COUNTY ATTORNEY INVESTIGATOR	1,494,583	0	107,372	0	(68,869)	(3,120)	0	0	(327,168)	1,202,799	925,863
PIMA COUNTY COMM. COLLEGE POLICE	3,550,539	194,962	198,444	0	(232,092)	(2,117)	(449,044)	0	(728,560)	2,532,132	1,526,528
PIMA COUNTY SHERIFF'S DEPARTMENT	120,067,811	313,870	9,369,089	0	(11,514,481)	(463,112)	(794,053)	(46,796)	(22,813,447)	94,118,881	72,885,877

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES

FISCAL YEAR ENDED JUNE 30, 2009

SYSTEM	2008 BALANCES	RESERVE TRANSFERS	CONTRIB RECEIVED	FIRE TAX RECEIVED	PENSION PAYMENTS	SUBSIDY PAYMENTS	DROP PAYMENT	ENHANCED REFUNDS	DIST. OF EARNINGS	2009 BALANCES	UNFUNDED AAL 2008
PIMA POLICE DEPARTMENT	190,029	(4,745)	9,106	0	0	0	0	0	(41,568)	152,822	(148,468)
PINAL COUNTY SHERIFF'S DEPARTMENT	22,603,074	325,311	2,457,214	0	(1,976,064)	(45,804)	0	(24,241)	(5,097,645)	18,241,846	14,922,355
PINE-STRAWBERRY FIRE DISTRICT	1,711,747	(1,465)	192,318	31,218	(64,192)	0	0	0	(414,610)	1,455,016	1,258,311
PINETOP FIRE DISTRICT	1,581,666	0	210,630	58,800	(137,783)	(4,380)	0	(19,848)	(390,224)	1,298,862	1,642,764
PINETOP-LAKESIDE POLICE DEPT.	1,680,243	53,856	138,234	0	(218,758)	(6,420)	(163,492)	0	(347,641)	1,136,022	1,227,585
PINEWOOD FIRE DISTRICT	855,496	34,879	118,202	30,754	(119,506)	(4,140)	(15,275)	0	(192,205)	708,205	896,240
PRESCOTT FIRE DEPARTMENT	14,751,822	226,347	1,003,932	134,370	(1,554,143)	(36,207)	(383,336)	(14,876)	(3,054,933)	11,072,975	13,846,178
PRESCOTT POLICE DEPARTMENT	10,476,564	362,826	1,156,486	0	(1,843,973)	(54,738)	0	(14,829)	(2,208,941)	7,873,395	15,139,101
PRESCOTT VALLEY POLICE DEPARTMENT	5,272,737	144,227	631,976	0	(152,142)	(1,917)	0	0	(1,339,795)	4,555,086	2,381,517
QUARTZSITE FIRE DISTRICT	170,184	0	48,268	9,151	0	0	0	0	(51,537)	176,066	207,585
QUARTZSITE POLICE DEPARTMENT	1,047,612	131,497	86,809	0	0	0	0	0	(266,910)	999,008	(241,831)
QUEEN CREEK FIRE DEPARTMENT	89,073	549	138,703	135,344	0	0	0	0	(62,148)	301,522	(20,217)
QUEEN VALLEY FIRE DISTRICT	0	0	3,737	0	0	0	0	0	(476)	3,260	0
RINCON VALLEY FIRE DISTRICT	723,903	(5,665)	163,235	44,972	0	0	0	0	(216,510)	709,935	516,011
RIO RICO FIRE DISTRICT	609,879	(9,726)	149,364	25,386	0	0	0	0	(195,796)	579,106	166,634
RIO VERDE FIRE DISTRICT	826,350	0	195,429	40,405	0	0	0	0	(233,331)	828,853	357,863
SAFFORD POLICE DEPARTMENT	3,143,470	(17,500)	357,517	0	(365,346)	(12,667)	0	0	(695,522)	2,409,952	3,643,713
SAHUARITA POLICE DEPARTMENT	1,804,056	214,422	250,281	0	0	0	0	(9,151)	(502,777)	1,756,831	(288,824)
SALT RIVER PIMA-MARICOPA FIRE	6,275,425	29,549	932,230	0	(24,866)	0	0	0	(1,617,208)	5,595,130	4,319,387
SALT RIVER PIMA-MARICOPA POLICE	5,620,196	99,199	1,187,495	0	(309,768)	(4,825)	0	(55,908)	(1,570,942)	4,965,447	5,671,890
SAN CARLOS TRIBAL POLICE	223,561	77,524	172,070	0	0	0	0	0	(74,997)	398,158	665,847
SAN LUIS FIRE DEPARTMENT	1,006,011	13,529	99,278	23,516	0	0	0	0	(269,379)	872,955	109,958
SAN LUIS POLICE DEPARTMENT	2,231,167	67,958	213,475	0	(151,222)	(3,120)	0	0	(546,450)	1,811,808	1,033,063
SANTA CRUZ COUNTY SHERIFF'S DEPT.	3,363,489	11,142	458,344	0	(448,820)	(6,228)	0	0	(777,927)	2,600,000	4,091,427
SCOTTSDALE FIRE DEPARTMENT	10,399,857	15,158	202,196	3,174,675	0	0	0	(69,584)	(3,086,819)	10,635,483	(3,096,206)
SCOTTSDALE POLICE DEPARTMENT	90,514,009	(107,748)	6,798,023	0	(6,607,975)	(253,603)	(800,358)	(52,527)	(19,365,060)	70,124,761	47,453,268
SEDONA FIRE DISTRICT	7,218,831	79,432	686,444	180,747	(371,732)	(15,397)	0	0	(1,745,855)	6,032,471	4,506,610
SEDONA POLICE DEPARTMENT	2,933,534	(39,911)	255,556	0	(98,672)	0	0	0	(693,559)	2,356,949	942,328
SHOW LOW FIRE DISTRICT	1,255,291	12,198	202,309	29,342	(36,305)	0	0	0	(350,578)	1,112,257	237,790
SHOW LOW POLICE DEPARTMENT	3,004,600	413,394	271,273	0	(246,117)	(4,305)	0	0	(727,015)	2,711,830	1,540,379

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES

FISCAL YEAR ENDED JUNE 30, 2009

SYSTEM	2008 BALANCES	RESERVE TRANSFERS	CONTRIB RECEIVED	FIRE TAX RECEIVED	PENSION PAYMENTS	SUBSIDY PAYMENTS	DROP PAYMENT	ENHANCED REFUNDS	DIST. OF EARNINGS	2009 BALANCES	UNFUNDED AAL 2008
SIERRA VISTA FIRE DEPARTMENT	9,299,890	164,076	416,193	61,522	(544,254)	(23,240)	(450,670)	0	(1,907,983)	7,015,533	2,075,021
SIERRA VISTA POLICE DEPARTMENT	10,215,152	116,213	875,983	0	(1,096,660)	(52,131)	0	(3,931)	(2,143,383)	7,911,244	7,800,464
SNOWFLAKE POLICE DEPARTMENT	1,108,261	4,027	144,859	0	(128,625)	(3,781)	0	(31,697)	(253,536)	839,507	1,041,125
SOMERTON FIRE DEPARTMENT	900,104	46,890	118,136	6,422	(50,915)	0	0	0	(233,569)	787,066	359,930
SOMERTON POLICE DEPARTMENT	1,213,716	0	161,397	0	(29,311)	0	0	0	(304,755)	1,041,046	879,484
SONOITA ELGIN FIRE DEPARTMENT			53,063	949					(7,073)	46,939	0
SOUTH TUCSON FIRE DEPARTMENT	1,308,248	(7,857)	77,896	4,004	(115,711)	(4,320)	0	0	(279,489)	982,771	895,652
SOUTH TUCSON POLICE DEPARTMENT	658,989	37,902	214,122	0	(412,311)	(6,209)	0	(37,625)	(162,698)	292,170	4,285,924
SPRINGVILLE POLICE DEPARTMENT	842,589	58,204	55,136	0	(20,655)	0	0	0	(202,572)	732,702	122,814
ST. JOHNS POLICE DEPARTMENT	568,015	(10,398)	53,874	0	(30,228)	0	0	0	(123,628)	457,635	5,758
SUMMIT FIRE DISTRICT	2,461,121	(5,888)	278,494	49,358	(29,793)	(1,800)	0	0	(628,816)	2,122,677	489,111
SUN CITY FIRE DISTRICT	10,155,493	368,219	1,080,900	220,995	(434,449)	(19,480)	(1,189,005)	0	(2,583,248)	7,599,424	11,849,348
SUN CITY WEST FIRE DISTRICT	6,311,529	27,195	655,248	222,346	(293,067)	(17,840)	0	0	(1,581,299)	5,324,112	5,167,596
SUN LAKES FIRE DISTRICT	5,013,406	41,802	428,760	128,445	(165,883)	(7,570)	0	0	(1,178,592)	4,260,368	1,495,052
SUPERIOR POLICE DEPARTMENT	664,281	2,707	43,466	0	(48,248)	0	0	0	(140,413)	521,793	67,269
SURPRISE FIRE DEPARTMENT	7,462,485	(948)	750,357	584,098	(15,655)	0	0	0	(2,036,905)	6,743,431	1,971,838
SURPRISE POLICE DEPARTMENT	8,541,896	42,611	1,187,682	0	(373,007)	(9,427)	0	(16,755)	(2,166,551)	7,206,448	4,826,950
TEMPE FIRE DEPARTMENT	57,238,651	400,310	2,638,799	458,299	(4,317,561)	(225,508)	(974,477)	0	(11,369,974)	43,848,589	29,679,347
TEMPE POLICE DEPARTMENT	71,043,277	1,002,301	6,912,410	0	(7,503,582)	(361,915)	(1,763,211)	(76,937)	(15,062,469)	54,189,873	65,475,317
THATCHER POLICE DEPARTMENT	1,834,834	92,742	140,707	0	(195,672)	(3,480)	(108,157)	0	(364,349)	1,396,625	1,244,205
THREE POINTS FIRE DISTRICT	531,195	(17,297)	73,334	18,157	0	0	0	0	(148,431)	456,957	53,414
TOHONO O'ODHAM NATION FIRE	1,355,075	88,578	288,234	0	0	0	0	0	(323,494)	1,408,393	647,330
TOHONO O'ODHAM NATION POLICE	7,294,731	6,780	507,113	0	(71,570)	0	0	(4,288)	(1,428,714)	6,304,052	684,730
TOLLESON FIRE DEPARTMENT	2,237,065	69,989	271,395	44,766	(70,534)	0	0	0	(599,835)	1,952,846	975,927
TOLLESON POLICE DEPARTMENT	2,620,411	9,200	291,443	0	(280,750)	(4,200)	0	(51,560)	(602,794)	1,981,750	1,923,454
TOMBSTONE MARSHAL'S DEPARTMENT	349,056	0	24,365	0	0	0	0	0	(84,558)	288,863	(164,473)
TONOPAH FIRE DISTRICT	125,797	0	22,313	10,790	0	0	0	0	(37,583)	121,317	(16,897)
TOWN OF SUPERIOR (FIRE DEPT)	105,421	0	30,981	4,052	0	0	0	0	(31,143)	109,311	39,366
TRI-CITY FIRE DISTRICT	505,023	27,302	79,510	5,709	0	0	0	(17,297)	(145,021)	455,226	(44,000)
TUBAC FIRE DISTRICT	1,262,385	(1,647)	175,612	38,474	(36,707)	0	0	0	(327,200)	1,110,917	498,310

**SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES**  
FISCAL YEAR ENDED JUNE 30, 2009

SYSTEM	2008 BALANCES	RESERVE TRANSFERS	CONTRIB RECEIVED	FIRE TAX RECEIVED	PENSION PAYMENTS	SUBSIDY PAYMENTS	DROP PAYMENT	ENHANCED REFUNDS	DIST. OF EARNINGS	2009 BALANCES	UNFUNDED AAL 2008
TUCSON AIRPORT AUTHORITY FIRE DPT	5,014,875	101,153	298,654	0	(477,580)	(7,220)	0	0	(1,040,544)	3,889,338	3,612,794
TUCSON AIRPORT AUTHORITY POLICE	3,458,040	6,369	404,424	0	(572,079)	(6,888)	0	0	(761,732)	2,528,134	4,789,617
TUCSON FIRE DEPARTMENT	186,353,984	1,533,074	11,104,455	1,521,467	(18,513,086)	(832,830)	(5,324,527)	(11,193)	(35,903,152)	139,928,193	122,462,088
TUCSON POLICE DEPARTMENT	292,457,750	3,997,628	19,047,609	0	(26,652,167)	(1,172,889)	(8,321,897)	(38,813)	(56,802,342)	222,514,879	187,660,205
U OF A CAMPUS POLICE DEPARTMENT	6,909,097	(43,446)	661,513	0	(683,739)	(28,408)	0	0	(1,532,468)	5,282,550	5,660,661
VERDE VALLEY FIRE DISTRICT	2,567,680	0	162,179	76,119	(74,651)	0	0	0	(601,387)	2,129,940	191,208
WELLTON POLICE	111,349	0	34,936	0	0	0	0	0	(39,320)	106,965	184,196
WHETSTONE FIRE DISTRICT	0	22,894	9,558	0	0	0	0	0	(7,679)	24,774	0
WICKENBURG FIRE DEPARTMENT	117,075	0	47,101	39,076	0	0	0	0	(42,339)	160,913	121,910
WICKENBURG POLICE DEPARTMENT	1,208,878	1,701	156,442	0	(129,114)	(3,705)	0	0	(287,583)	946,621	1,350,959
WILLCOX POLICE DEPARTMENT	1,269,140	113	125,174	0	(145,555)	0	0	0	(272,633)	976,239	985,693
WILLIAMS POLICE DEPARTMENT	928,098	301	89,071	0	(56,264)	0	0	0	(202,907)	758,298	83,009
WILLIAMSON VALLEY FIRE DISTRICT	140,096	0	38,339	3,090	0	0	0	(1,882)	(40,628)	139,015	(13,977)
WINSLOW FIRE DEPARTMENT	4,452,420	0	18,886	12,197	(33,307)	(1,200)	0	0	(834,927)	3,614,068	(2,910,977)
WINSLOW POLICE DEPARTMENT	3,163,076	0	220,573	0	(228,113)	(6,618)	0	0	(685,108)	2,463,809	1,292,018
WITTMAN FIRE DISTRICT	34,647	0	33,560	10,443	0	0	0	0	(14,798)	63,852	31,185
YAVAPAI CNTY ATRNRY INVESTIGATORS	282,527	0	0	0	(57,957)	0	0	0	(44,426)	180,144	348,349
YAVAPAI COUNTY SHERIFF'S DEPT.	12,283,431	141,990	1,546,516	0	(1,428,936)	(41,360)	(147,925)	(124,776)	(2,843,389)	9,385,553	14,144,740
YAVAPAI PRESCOTT TRIBAL POLICE	120,723	524	49,964	0	0	0	0	(11,519)	(33,354)	126,337	5,554
YOUNGTOWN POLICE DEPARTMENT	832,825	28,198	87,274	0	(73,282)	0	0	(4,229)	(188,709)	682,078	231,073
YUMA COUNTY SHERIFF'S DEPARTMENT	10,138,690	15,401	895,869	0	(1,180,701)	(17,110)	(196,545)	0	(2,082,723)	7,572,881	6,436,884
YUMA FIRE DEPARTMENT	23,153,857	64,192	1,532,648	239,172	(2,749,318)	(75,202)	(193,895)	0	(4,769,395)	17,202,060	16,530,238
YUMA POLICE DEPARTMENT	34,118,407	727,572	1,937,002	0	(3,064,736)	(42,931)	(1,743,899)	(16,250)	(6,840,666)	25,074,500	14,587,758
<b>TOTALS</b>	<b>4,229,715,006</b>	<b>40,250,913</b>	<b>303,715,517</b>	<b>24,720,792</b>	<b>(353,483,944)</b>	<b>(12,214,037)</b>	<b>(90,868,267)</b>	<b>(2,550,641)</b>	<b>(877,150,850)</b>	<b>3,262,134,491</b>	<b>2,567,133,604</b>

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER EARNINGS DISTRIBUTION  
FISCAL YEAR ENDED JUNE 30, 2009

SYSTEM	2008 EMPLOYER RESERVE	2009 EMPLOYER RESERVE	2008 MEMBER RESERVE	2009 MEMBER RESERVE	COMBINED RESERVES	MEAN BALANCE	FACTOR	INVESTMENT EARNINGS
AK CHIN INDIAN COMM. FIRE DEPT.	1,808,114	1,905,169	188,969	313,165	4,215,417	2,107,708	0.042%	(369,308)
AK CHIN INDIAN COMM. POLICE DEPT.	860,594	1,017,288	67,474	171,749	2,117,105	1,058,552	0.021%	(185,477)
APACHE COUNTY SHERIFF'S DEPT.	2,607,248	2,522,137	684,207	740,655	6,554,246	3,277,123	0.065%	(574,210)
APACHE JUNCTION FIRE DISTRICT	8,875,111	9,578,784	3,041,492	3,479,336	24,974,723	12,487,361	0.249%	(2,188,005)
APACHE JUNCTION POLICE DEPT.	8,218,015	8,184,314	1,789,266	1,855,604	20,047,199	10,023,600	0.200%	(1,756,311)
ARIZONA STATE CAPITOL POLICE	2,237,765	2,225,858	584,536	616,835	5,664,995	2,832,497	0.057%	(496,303)
ARIZONA STATE PARK RANGERS	6,089,211	6,178,773	2,032,461	2,062,975	16,363,420	8,181,710	0.163%	(1,433,579)
ASU CAMPUS POLICE	11,277,100	11,152,527	1,995,620	1,937,718	26,362,966	13,181,483	0.263%	(2,309,628)
ATTORNEY GENERAL INVESTIGATORS	6,135,147	5,319,998	1,100,216	867,837	13,423,197	6,711,599	0.134%	(1,175,990)
AVONDALE FIRE DEPARTMENT	5,401,585	6,155,371	2,144,186	2,347,634	16,048,776	8,024,388	0.160%	(1,406,014)
AVONDALE POLICE DEPARTMENT	7,399,123	7,642,289	2,510,895	2,895,724	20,448,032	10,224,016	0.204%	(1,791,427)
AVRA VALLEY FIRE DISTRICT	1,321,370	1,382,596	392,465	406,794	3,503,225	1,751,613	0.035%	(306,913)
AZ DPT. LIQ. LIC. & CONTROL INVST	3,221,963	2,847,201	562,251	522,132	7,153,546	3,576,773	0.071%	(626,714)
BENSON FIRE DEPARTMENT	170,510	186,609	51,921	57,006	466,045	233,022	0.005%	(40,830)
BENSON POLICE DEPARTMENT	1,148,008	1,132,616	282,094	341,346	2,904,064	1,452,032	0.029%	(254,422)
BISBEE FIRE DEPARTMENT	2,329,022	2,073,717	535,496	497,016	5,435,251	2,717,626	0.054%	(476,176)
BISBEE POLICE DEPARTMENT	1,816,337	1,795,465	505,600	507,767	4,625,169	2,312,584	0.046%	(405,205)
BLACK CANYON FIRE DISTRICT	137,351	179,411	72,190	85,334	474,286	237,143	0.005%	(41,552)
BUCKEYE FIRE DEPARTMENT	2,875,707	3,566,839	1,457,446	1,836,053	9,736,044	4,868,022	0.097%	(852,963)
BUCKEYE POLICE DEPARTMENT	5,347,660	5,906,109	1,604,675	1,863,684	14,722,128	7,361,064	0.147%	(1,289,788)
BUCKEYE VALLEY FIRE DISTRICT	1,346,442	1,645,820	484,673	723,065	4,200,000	2,100,000	0.042%	(367,957)
BUCKSKIN FIRE DISTRICT	1,288,284	1,218,180	248,179	288,681	3,043,323	1,521,662	0.030%	(266,622)
BULLHEAD CITY FIRE DEPARTMENT	13,386,346	13,988,248	2,950,489	3,304,522	33,629,606	16,814,803	0.336%	(2,946,249)
BULLHEAD CITY POLICE DEPARTMENT	12,776,057	12,774,023	3,382,533	3,590,993	32,523,606	16,261,803	0.325%	(2,849,354)
CAMP VERDE FIRE DISTRICT	1,391,909	1,641,681	447,741	582,030	4,063,361	2,031,680	0.041%	(355,986)
CAMP VERDE MARSHAL'S	1,488,107	1,548,704	451,157	486,538	3,974,506	1,987,253	0.040%	(348,202)
CASA GRANDE FIRE DEPARTMENT	6,551,620	6,628,067	1,497,005	1,751,993	16,428,685	8,214,343	0.164%	(1,439,297)
CASA GRANDE POLICE DEPARTMENT	11,216,964	10,911,862	2,418,714	2,764,414	27,311,955	13,655,977	0.273%	(2,392,767)
CAVE CREEK MARSHALS	38,843	50,602	26,441	21,514	137,400	68,700	0.001%	(12,037)
CENTRAL ARIZONA COLLEGE POLICE	227,780	304,305	95,931	53,034	681,050	340,525	0.007%	(59,666)

OPERATING INFORMATION

**SCHEDULE OF CHANGES IN EMPLOYER EARNINGS DISTRIBUTION**  
FISCAL YEAR ENDED JUNE 30, 2009

SYSTEM	2008 EMPLOYER RESERVE	2009 EMPLOYER RESERVE	2008 MEMBER RESERVE	2009 MEMBER RESERVE	COMBINED RESERVES	MEAN BALANCE	FACTOR	INVESTMENT EARNINGS
CENTRAL YAVAPAI FIRE DISTRICT	12,437,028	13,393,183	3,730,803	3,747,398	33,308,412	16,654,206	0.333%	(2,918,110)
CHANDLER FIRE DEPARTMENT	34,975,452	36,384,515	9,777,069	10,582,528	91,719,564	45,859,782	0.916%	(8,035,440)
CHANDLER POLICE DEPARTMENT	49,997,431	51,394,240	15,252,699	16,795,764	133,440,135	66,720,067	1.333%	(11,690,529)
CHINO VALLEY FIRE DISTRICT	2,885,299	3,228,313	985,187	1,160,191	8,258,990	4,129,495	0.082%	(723,560)
CHINO VALLEY POLICE DEPARTMENT	2,358,416	2,478,029	776,857	753,495	6,366,797	3,183,399	0.064%	(557,787)
CHRISTOPHER-KOHL'S FIRE DISTRICT	0	45,090	0	28,154	73,244	36,622	0.001%	(6,417)
CITY OF MARICOPA POLICE	1,213,638	1,775,819	729,305	1,054,302	4,773,064	2,386,532	0.048%	(418,162)
CLARKDALE FIRE DISTRICT	61,029	101,599	45,259	70,326	278,212	139,106	0.003%	(24,374)
CLARKDALE POLICE DEPARTMENT	1,116,402	1,198,006	361,558	354,690	3,030,655	1,515,328	0.030%	(265,512)
CLIFTON FIRE DEPARTMENT	326,152	275,782	0	0	601,934	300,967	0.006%	(52,735)
CLIFTON POLICE DEPARTMENT	402,963	421,575	27,588	56,536	908,662	454,331	0.009%	(79,607)
COCHISE COUNTY SHERIFF'S DEPT	10,881,847	9,871,148	2,197,603	2,133,980	25,084,578	12,542,289	0.251%	(2,197,630)
COCONINO COUNTY SHERIFF'S DEPT	10,387,936	9,895,674	2,164,132	2,120,813	24,568,555	12,284,278	0.245%	(2,152,421)
COOLIDGE FIRE DEPARTMENT	21,287	58,303	15,272	30,008	124,870	62,435	0.001%	(10,940)
COOLIDGE POLICE DEPARTMENT	3,110,276	3,016,343	715,742	760,250	7,602,611	3,801,305	0.076%	(666,056)
CORONA DE TUCSON FIRE DISTRICT	347,438	487,303	125,336	173,743	1,133,820	566,910	0.011%	(99,333)
COTTONWOOD FIRE DEPARTMENT	1,337,074	1,424,667	422,304	548,330	3,732,374	1,866,187	0.037%	(326,989)
COTTONWOOD POLICE DEPARTMENT	2,693,314	2,708,649	737,843	814,302	6,954,108	3,477,054	0.069%	(609,241)
DAISY MOUNTAIN FIRE DISTRICT	4,607,934	5,490,015	2,314,292	2,805,216	15,217,457	7,608,729	0.152%	(1,333,183)
DEPARTMENT OF EMER & MILITARY	4,876,510	4,956,309	1,142,793	1,275,645	12,251,257	6,125,628	0.122%	(1,073,318)
DEPARTMENT OF PUBLIC SAFETY	422,185,333	399,612,521	25,883,041	26,611,841	874,292,735	437,146,368	8.732%	(76,595,730)
DESERT HILLS FIRE DEPARTMENT	94,396	269,756	40,187	107,256	511,596	255,798	0.005%	(44,820)
DIAMOND STAR FIRE (HELLSGATE)	401,129	508,449	156,135	216,691	1,282,403	641,202	0.013%	(112,350)
DOUGLAS FIRE DEPARTMENT	4,317,311	3,979,881	649,614	628,918	9,575,724	4,787,862	0.096%	(838,918)
DOUGLAS POLICE DEPARTMENT	5,852,878	5,563,527	973,282	1,128,812	13,518,500	6,759,250	0.135%	(1,184,339)
DREXEL HEIGHTS FIRE DISTRICT	7,178,129	8,046,668	2,295,940	2,764,188	20,284,925	10,142,463	0.203%	(1,777,138)
EAGAR POLICE DEPARTMENT	1,096,112	1,121,672	279,608	258,543	2,755,935	1,377,967	0.028%	(241,444)
EL MIRAGE FIRE DEPARTMENT	1,289,592	1,354,692	435,099	514,332	3,593,715	1,796,857	0.036%	(314,841)
EL MIRAGE POLICE DEPARTMENT	2,439,535	2,682,992	980,807	1,198,812	7,302,147	3,651,073	0.073%	(639,732)
ELOY FIRE DISTRICT	515,540	738,581	211,459	301,563	1,767,143	883,571	0.018%	(154,817)



OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER EARNINGS DISTRIBUTION

FISCAL YEAR ENDED JUNE 30, 2009

SYSTEM	2008 EMPLOYER RESERVE	2009 EMPLOYER RESERVE	2008 MEMBER RESERVE	2009 MEMBER RESERVE	COMBINED RESERVES	MEAN BALANCE	FACTOR	INVESTMENT EARNINGS
ELOY POLICE DEPARTMENT	3,237,430	3,533,701	951,900	997,134	8,720,165	4,360,082	0.087%	(763,963)
FLAGSTAFF FIRE DEPARTMENT	26,902,188	25,755,171	4,259,315	4,691,444	61,608,118	30,804,059	0.615%	(5,397,413)
FLAGSTAFF POLICE DEPARTMENT	17,915,041	17,141,959	3,531,511	3,876,853	42,465,364	21,232,682	0.424%	(3,720,339)
FLORENCE FIRE DEPARTMENT	562,896	680,858	287,553	353,729	1,885,035	942,518	0.019%	(165,146)
FLORENCE POLICE DEPARTMENT	1,955,021	2,094,470	542,593	766,302	5,358,385	2,679,193	0.054%	(469,442)
FORT MCDOWELL TRIBAL FIRE DEPT.	701,304	632,024	247,544	181,116	1,761,988	880,994	0.018%	(154,366)
FORT MCDOWELL TRIBAL POLICE	1,468,463	1,293,761	593,290	567,342	3,922,856	1,961,428	0.039%	(343,677)
FORT MOJAVE MESA FIRE DISTRICT	3,816,927	4,010,957	1,189,871	1,349,575	10,367,330	5,183,665	0.104%	(908,269)
FORT MOJAVE TRIBAL POLICE DEPT.	493,104	597,632	207,843	255,538	1,554,117	777,059	0.016%	(136,154)
FREDONIA MARSHALS	280,677	308,006	60,388	73,603	722,674	361,337	0.007%	(63,313)
FRY FIRE DISTRICT	5,632,488	5,496,346	863,236	1,045,885	13,037,954	6,518,977	0.130%	(1,142,239)
GAME AND FISH DEPARTMENT	31,902,792	29,280,945	5,510,132	5,338,107	72,031,976	36,015,988	0.719%	(6,310,634)
GILA COUNTY SHERIFF'S DEPARTMENT	4,856,165	4,799,199	1,185,535	1,199,455	12,040,354	6,020,177	0.120%	(1,054,841)
GILA RIVER FIRE DEPARTMENT	2,837,382	3,299,556	1,435,668	1,724,652	9,297,258	4,648,629	0.093%	(814,522)
GILA RIVER POLICE DEPARTMENT	4,170,202	4,841,347	1,840,040	2,290,082	13,141,672	6,570,836	0.131%	(1,151,326)
GILBERT FIRE DEPARTMENT	10,869,951	12,811,763	5,260,510	6,231,836	35,174,060	17,587,030	0.351%	(3,081,557)
GILBERT POLICE DEPARTMENT	18,983,092	20,516,655	7,375,981	8,536,730	55,412,457	27,706,229	0.553%	(4,854,618)
GLENDALE FIRE DEPARTMENT	51,708,248	52,098,330	10,953,503	12,085,304	126,845,385	63,422,692	1.267%	(11,112,771)
GLENDALE POLICE DEPARTMENT	62,666,802	61,886,259	15,680,829	16,994,762	157,228,652	78,614,326	1.570%	(13,774,612)
GLOBE FIRE DEPARTMENT	2,525,979	2,440,372	611,414	585,799	6,163,564	3,081,782	0.062%	(539,982)
GLOBE POLICE DEPARTMENT	2,548,452	2,524,423	581,389	602,553	6,256,817	3,128,409	0.062%	(548,152)
GOLDEN SHORES FIRE DISTRICT	314,771	358,533	107,265	136,912	917,482	458,741	0.009%	(80,379)
GOLDEN VALLEY FIRE DISTRICT	1,586,194	1,695,297	367,366	355,081	4,003,938	2,001,969	0.040%	(350,780)
GOLDER RANCH FIRE DISTRICT	7,277,822	8,090,586	2,722,118	3,136,467	21,226,991	10,613,496	0.212%	(1,859,671)
GOODYEAR FIRE DEPARTMENT	5,422,570	6,411,915	2,632,812	3,132,740	17,600,038	8,800,019	0.176%	(1,541,918)
GOODYEAR POLICE DEPARTMENT	6,916,323	7,963,837	2,647,423	3,275,660	20,803,243	10,401,621	0.208%	(1,822,547)
GRAHAM COUNTY ATTORNEY INVEST.	45,992	45,992	0	0	91,985	45,992	0.001%	(8,059)
GRAHAM COUNTY SHERIFF'S DEPT.	1,130,955	1,187,747	439,356	516,831	3,274,889	1,637,444	0.033%	(286,909)
GREEN VALLEY FIRE DISTRICT	5,113,900	5,808,762	1,528,492	1,829,101	14,280,254	7,140,127	0.143%	(1,251,076)
GREENLEE CNTY ATTY INVESTIGATORS	36,435	36,435	0	0	72,871	36,435	0.001%	(6,384)

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**SCHEDULE OF CHANGES IN EMPLOYER EARNINGS DISTRIBUTION**  
FISCAL YEAR ENDED JUNE 30, 2009

SYSTEM	2008 EMPLOYER RESERVE	2009 EMPLOYER RESERVE	2008 MEMBER RESERVE	2009 MEMBER RESERVE	COMBINED RESERVES	MEAN BALANCE	FACTOR	INVESTMENT EARNINGS
GREENLEE COUNTY SHERIFF'S DEPT.	2,006,407	1,971,149	320,286	366,022	4,663,863	2,331,931	0.047%	(408,595)
GROOM CREEK FIRE DISTRICT	87,992	131,595	44,138	78,567	342,292	171,146	0.003%	(29,988)
GUADALUPE FIRE DEPARTMENT	307,289	324,278	194,769	229,866	1,056,202	528,101	0.011%	(92,533)
HARQUAHALA FIRE DISTRICT	117,945	315,066	60,992	150,844	644,847	322,423	0.006%	(56,494)
HAYDEN POLICE DEPARTMENT	420,970	496,164	57,274	75,411	1,049,818	524,909	0.010%	(91,973)
HEBER-OVERGAARD FIRE DISTRICT	389,567	500,559	180,827	189,507	1,260,460	630,230	0.013%	(110,427)
HIGHLANDS FIRE DISTRICT	1,574,022	1,780,257	454,377	553,895	4,362,551	2,181,275	0.044%	(382,198)
HOLBROOK POLICE DEPARTMENT	1,693,725	1,598,414	338,070	369,623	3,999,832	1,999,916	0.040%	(350,420)
HUALAPAI INDIAN TRIBE POLICE DEPT	221,725	283,168	92,617	142,712	740,223	370,112	0.007%	(64,850)
NORTHERN AZ CONSOLIDATED FD#1	1,310,750	1,420,155	464,986	550,354	3,746,246	1,873,123	0.037%	(328,204)
JEROME POLICE DEPARTMENT	95,442	109,642	27,066	35,358	267,509	133,754	0.003%	(23,436)
KEARNY POLICE DEPARTMENT	939,274	920,205	140,803	164,287	2,164,569	1,082,284	0.022%	(189,635)
KINGMAN FIRE DEPARTMENT	8,189,104	8,211,343	2,162,800	2,235,270	20,798,516	10,399,258	0.208%	(1,822,133)
KINGMAN POLICE DEPARTMENT	7,943,636	7,452,141	1,820,774	1,868,390	19,084,941	9,542,471	0.191%	(1,672,009)
LA PAZ COUNTY ATTY. INVESTIGATORS	147,647	157,802	53,025	57,358	415,833	207,917	0.004%	(36,431)
LA PAZ COUNTY SHERIFF'S DEPT.	4,513,650	4,363,687	1,188,026	1,221,109	11,286,472	5,643,236	0.113%	(988,794)
LAKE HAVASU CITY FIRE DEPARTMENT	17,363,107	16,446,422	2,996,789	3,067,141	39,873,459	19,936,729	0.398%	(3,493,266)
LAKE HAVASU CITY POLICE DEPT.	13,193,015	13,261,342	3,242,936	3,633,420	33,330,713	16,665,356	0.333%	(2,920,063)
LAKESIDE FIRE DISTRICT	776,580	1,060,142	335,956	490,459	2,663,136	1,331,568	0.027%	(233,314)
LINDEN FIRE DISTRICT	286,750	315,349	79,044	94,301	775,444	387,722	0.008%	(67,936)
MAMMOTH POLICE DEPARTMENT	147,148	158,462	119,824	82,296	507,731	253,866	0.005%	(44,482)
MARANA POLICE DEPARTMENT	6,971,849	6,993,151	2,316,776	2,492,982	18,774,758	9,387,379	0.188%	(1,644,834)
MARICOPA CNTY ATTY INV.	3,765,715	3,645,856	625,084	428,650	8,465,305	4,232,652	0.085%	(741,635)
MARICOPA COUNTY PARK RANGERS	707,079	554,581	24,132	24,132	1,309,925	654,962	0.013%	(114,761)
MARICOPA COUNTY SHERIFF'S OFFICE	145,157,829	138,538,576	28,483,972	30,785,115	342,965,492	171,482,746	3.425%	(30,046,793)
MARICOPA FIRE DISTRICT	1,897,278	2,373,885	902,663	1,182,027	6,355,854	3,177,927	0.063%	(556,829)
MAYER FIRE DISTRICT	1,035,221	1,100,661	332,240	389,902	2,858,024	1,429,012	0.029%	(250,388)
MESA FIRE DEPARTMENT	119,563,858	117,578,360	24,180,987	25,304,418	286,627,624	143,313,812	2.863%	(25,111,100)
MESA POLICE DEPARTMENT	188,878,687	186,517,205	41,115,773	43,292,153	459,803,818	229,901,909	4.592%	(40,282,857)
MIAMI FIRE DEPARTMENT	304,256	304,256	0	0	608,511	304,256	0.006%	(53,311)

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FISCAL YEAR ENDED JUNE 30, 2009

SYSTEM	2008 EMPLOYER RESERVE	2009 EMPLOYER RESERVE	2008 MEMBER RESERVE	2009 MEMBER RESERVE	COMBINED RESERVES	MEAN BALANCE	FACTOR	INVESTMENT EARNINGS
MIAMI POLICE DEPARTMENT	495,724	480,409	113,283	113,924	1,203,340	601,670	0.012%	(105,423)
MOHAVE COUNTY SHERIFF'S DEPT.	13,031,086	13,007,942	2,859,210	3,117,461	32,015,700	16,007,850	0.320%	(2,804,857)
MOHAVE VALLEY FIRE DISTRICT	2,362,597	2,585,979	782,965	918,334	6,649,875	3,324,938	0.066%	(582,588)
MONTEZUMA RIMROCK FIRE DISTRICT	516,033	543,306	198,878	269,307	1,527,524	763,762	0.015%	(133,825)
MOUNT LEMMON FIRE DISTRICT	187,371	230,187	50,978	85,873	554,409	277,204	0.006%	(48,571)
NAU CAMPUS POLICE	3,136,246	2,879,190	436,768	473,975	6,926,179	3,463,089	0.069%	(606,794)
NAVAJO COUNTY ATTY INV.	206,554	180,508	0	0	387,062	193,531	0.004%	(33,910)
NAVAJO COUNTY SHERIFF'S DEPT.	4,889,649	4,650,223	933,358	1,027,160	11,500,391	5,750,195	0.115%	(1,007,535)
NOGALES FIRE DEPARTMENT	5,198,392	5,095,026	1,425,168	1,543,638	13,262,223	6,631,111	0.132%	(1,161,887)
NOGALES POLICE DEPARTMENT	6,912,650	7,006,671	1,691,374	1,934,274	17,544,969	8,772,484	0.175%	(1,537,094)
NORTHWEST FIRE DISTRICT	16,063,595	17,436,358	5,580,020	6,397,316	45,477,289	22,738,644	0.454%	(3,984,210)
ORACLE FIRE DISTRICT	12,749	56,626	3,889	22,853	96,117	48,059	0.001%	(8,421)
ORO VALLEY POLICE DEPARTMENT	10,089,375	10,583,243	3,350,900	3,805,957	27,829,476	13,914,738	0.278%	(2,438,107)
PAGE FIRE DEPARTMENT	472,506	532,413	153,982	199,650	1,358,550	679,275	0.014%	(119,021)
PAGE POLICE DEPARTMENT	2,525,994	2,466,498	448,941	542,562	5,983,995	2,991,998	0.060%	(524,251)
PARADISE VALLEY POLICE DEPT.	7,633,958	7,001,521	1,619,446	1,582,246	17,837,171	8,918,585	0.178%	(1,562,693)
PARKER POLICE DEPARTMENT	1,292,145	1,272,297	212,798	246,602	3,023,843	1,511,921	0.030%	(264,915)
PASCUA YAQUI TRIBE FIRE DEPT.	670,626	948,211	318,121	412,423	2,349,381	1,174,690	0.023%	(205,826)
PASCUA YAQUI TRIBE POLICE DEPT.	823,398	1,025,850	616,761	718,580	3,184,589	1,592,294	0.032%	(278,998)
PATAGONIA MARSHALS	350,572	373,437	0	34,328	758,336	379,168	0.008%	(66,437)
PAYSON FIRE DEPARTMENT	2,970,960	3,028,905	983,417	941,546	7,924,828	3,962,414	0.079%	(694,285)
PAYSON POLICE DEPARTMENT	4,245,232	3,975,343	1,130,567	995,769	10,346,910	5,173,455	0.103%	(906,480)
PEORIA FIRE DEPARTMENT	19,556,272	20,902,685	5,645,129	6,210,356	52,314,442	26,157,221	0.523%	(4,583,205)
PEORIA POLICE DEPARTMENT	25,720,476	26,658,201	5,561,572	6,288,560	64,228,809	32,114,405	0.642%	(5,627,008)
PHOENIX FIRE DEPARTMENT	529,215,381	509,529,578	97,371,203	102,796,857	1,238,913,018	619,456,509	12.374%	(108,539,673)
PHOENIX POLICE DEPARTMENT	907,793,817	877,139,220	164,903,457	178,236,110	2,128,072,603	1,064,036,302	21.255%	(186,437,870)
PICTURE ROCKS FIRE DISTRICT	2,016,320	2,090,624	525,344	595,776	5,228,064	2,614,032	0.052%	(458,024)
PIMA COUNTY ATTY INV.	1,494,583	1,529,967	348,811	361,054	3,734,415	1,867,207	0.037%	(327,168)
PIMA COUNTY CC POLICE	3,550,539	3,260,692	812,057	692,775	8,316,064	4,158,032	0.083%	(728,560)
PIMA COUNTY SHERIFF'S DEPT.	120,067,811	116,932,328	11,220,798	12,180,404	260,401,340	130,200,670	2.601%	(22,813,447)

**SCHEDULE OF CHANGES IN EMPLOYER EARNINGS DISTRIBUTION**  
FISCAL YEAR ENDED JUNE 30, 2009

SYSTEM	2008 EMPLOYER RESERVE	2009 EMPLOYER RESERVE	2008 MEMBER RESERVE	2009 MEMBER RESERVE	COMBINED RESERVES	MEAN BALANCE	FACTOR	INVESTMENT EARNINGS
PIMA POLICE DEPARTMENT	190,029	194,390	42,940	47,111	474,471	237,236	0.005%	(41,568)
PINAL COUNTY SHERIFF'S DEPT.	22,603,074	23,339,490	5,638,789	6,605,098	58,186,452	29,093,226	0.581%	(5,097,645)
PINE-STRAWBERRY FIRE DISTRICT	1,711,747	1,869,626	535,237	615,907	4,732,517	2,366,259	0.047%	(414,610)
PINETOP FIRE DISTRICT	1,581,666	1,689,086	537,682	645,729	4,454,163	2,227,082	0.044%	(390,224)
PINETOP-LAKESIDE POLICE DEPT.	1,680,243	1,483,663	404,132	400,069	3,968,107	1,984,054	0.040%	(347,641)
PINEWOOD FIRE DISTRICT	855,496	900,410	207,403	230,588	2,193,897	1,096,948	0.022%	(192,205)
PRESCOTT FIRE DEPARTMENT	14,751,822	14,127,908	2,917,193	3,073,244	34,870,167	17,435,083	0.348%	(3,054,933)
PRESCOTT POLICE DEPARTMENT	10,476,564	10,082,337	2,143,912	2,510,881	25,213,693	12,606,847	0.252%	(2,208,941)
PRESCOTT VALLEY POLICE DEPT.	5,272,737	5,894,881	1,934,098	2,191,210	15,292,926	7,646,463	0.153%	(1,339,795)
QUARTZSITE FIRE DISTRICT	170,184	227,602	80,645	109,826	588,258	294,129	0.006%	(51,537)
QUARTZSITE POLICE DEPARTMENT	1,047,612	1,265,918	337,818	395,265	3,046,613	1,523,307	0.030%	(266,910)
QUEEN CREEK FIRE DEPARTMENT	89,073	363,670	56,027	200,616	709,386	354,693	0.007%	(62,148)
QUEEN VALLEY FIRE DISTRICT	0	3,737	0	1,701	5,438	2,719	0.000%	(476)
RINCON VALLEY FIRE DISTRICT	723,903	926,445	355,457	465,522	2,471,327	1,235,663	0.025%	(216,510)
RIO RICO FIRE DISTRICT	609,879	774,903	370,603	479,508	2,234,893	1,117,447	0.022%	(195,796)
RIO VERDE FIRE DISTRICT	826,350	1,062,184	357,187	417,605	2,663,326	1,331,663	0.027%	(233,331)
SAFFORD POLICE DEPARTMENT	3,143,470	3,105,474	797,783	892,228	7,938,954	3,969,477	0.079%	(695,522)
SAHUARITA POLICE DEPARTMENT	1,804,056	2,259,608	724,811	950,415	5,738,890	2,869,445	0.057%	(502,777)
SALT RIVER PIMA-MARICOPA FIRE	6,275,425	7,212,338	2,250,661	2,720,999	18,459,423	9,229,711	0.184%	(1,617,208)
SALT RIVER PIMA-MARICOPA POLICE	5,620,196	6,536,389	2,654,370	3,120,369	17,931,324	8,965,662	0.179%	(1,570,942)
SAN CARLOS TRIBAL POLICE	223,561	473,155	27,805	131,523	856,044	428,022	0.009%	(74,997)
SAN LUIS FIRE DEPARTMENT	1,006,011	1,142,334	420,808	505,645	3,074,798	1,537,399	0.031%	(269,379)
SAN LUIS POLICE DEPARTMENT	2,231,167	2,358,258	800,432	847,535	6,237,391	3,118,695	0.062%	(546,450)
SANTA CRUZ COUNTY SHERIFF'S DEPT.	3,363,489	3,377,927	984,502	1,153,639	8,879,557	4,439,778	0.089%	(777,927)
SCOTTSDALE FIRE DEPARTMENT	10,399,857	13,722,302	4,876,477	6,235,488	35,234,124	17,617,062	0.352%	(3,086,819)
SCOTTSDALE POLICE DEPARTMENT	90,514,009	89,489,821	19,504,413	21,531,901	221,040,143	110,520,072	2.208%	(19,365,060)
SEDONA FIRE DISTRICT	7,218,831	7,778,326	2,291,564	2,639,126	19,927,846	9,963,923	0.199%	(1,745,855)
SEDONA POLICE DEPARTMENT	2,933,534	3,050,508	912,564	1,019,935	7,916,540	3,958,270	0.079%	(693,559)
SHOW LOW FIRE DISTRICT	1,255,291	1,462,835	562,317	721,186	4,001,629	2,000,815	0.040%	(350,578)
SHOW LOW POLICE DEPARTMENT	3,004,600	3,438,845	805,878	1,049,097	8,298,420	4,149,210	0.083%	(727,015)

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER EARNINGS DISTRIBUTION

FISCAL YEAR ENDED JUNE 30, 2009

SYSTEM	2008 EMPLOYER RESERVE	2009 EMPLOYER RESERVE	2008 MEMBER RESERVE	2009 MEMBER RESERVE	COMBINED RESERVES	MEAN BALANCE	FACTOR	INVESTMENT EARNINGS
SIERRA VISTA FIRE DEPARTMENT	9,299,890	8,923,517	1,744,298	1,810,742	21,778,447	10,889,223	0.218%	(1,907,983)
SIERRA VISTA POLICE DEPARTMENT	10,215,152	10,054,626	1,988,294	2,207,312	24,465,384	12,232,692	0.244%	(2,143,383)
SNOWFLAKE POLICE DEPARTMENT	1,108,261	1,093,043	331,050	361,601	2,893,956	1,446,978	0.029%	(253,536)
SOMERTON FIRE DEPARTMENT	900,104	1,020,635	366,003	379,305	2,666,047	1,333,024	0.027%	(233,569)
SOMERTON POLICE DEPARTMENT	1,213,716	1,345,802	418,789	500,287	3,478,594	1,739,297	0.035%	(304,755)
SONOITA ELGIN FIRE DEPARTMENT	0	54,013	0	26,725	80,738	40,369	0.001%	(7,073)
SOUTH TUCSON FIRE DEPARTMENT	1,308,248	1,262,261	297,863	321,826	3,190,198	1,595,099	0.032%	(279,489)
SOUTH TUCSON POLICE DEPARTMENT	658,989	454,868	412,528	330,707	1,857,092	928,546	0.019%	(162,698)
SPRINGVILLE POLICE DEPARTMENT	842,589	935,274	274,840	259,532	2,312,235	1,156,117	0.023%	(202,572)
ST. JOHNS POLICE DEPARTMENT	568,015	581,263	121,776	140,078	1,411,132	705,566	0.014%	(123,628)
SUMMIT FIRE DISTRICT	2,461,121	2,751,492	891,158	1,073,769	7,177,540	3,588,770	0.072%	(628,816)
SUN CITY FIRE DISTRICT	10,155,493	10,182,672	4,622,303	4,525,703	29,486,171	14,743,085	0.295%	(2,583,248)
SUN CITY WEST FIRE DISTRICT	6,311,529	6,905,411	2,286,534	2,546,075	18,049,550	9,024,775	0.180%	(1,581,299)
SUN LAKES FIRE DISTRICT	5,013,406	5,438,961	1,409,261	1,591,271	13,452,899	6,726,449	0.134%	(1,178,592)
SUPERIOR POLICE DEPARTMENT	664,281	662,206	122,997	153,242	1,602,725	801,363	0.016%	(140,413)
SURPRISE FIRE DEPARTMENT	7,462,485	8,780,336	3,185,331	3,821,858	23,250,011	11,625,005	0.232%	(2,036,905)
SURPRISE POLICE DEPARTMENT	8,541,896	9,372,999	3,133,759	3,681,180	24,729,834	12,364,917	0.247%	(2,166,551)
TEMPE FIRE DEPARTMENT	57,238,651	55,218,513	8,314,252	9,009,216	129,780,632	64,890,316	1.296%	(11,369,924)
TEMPE POLICE DEPARTMENT	71,043,277	69,252,342	15,088,285	16,544,834	171,928,737	85,964,368	1.717%	(15,062,469)
THATCHER POLICE DEPARTMENT	1,834,834	1,760,974	269,764	293,249	4,158,822	2,079,411	0.042%	(364,349)
THREE POINTS FIRE DISTRICT	531,195	605,388	269,463	288,205	1,694,251	847,125	0.017%	(148,431)
TOHONO O'ODHAM NATION FIRE	1,355,075	1,731,887	182,927	422,593	3,692,482	1,846,241	0.037%	(323,494)
TOHONO O'ODHAM NATION POLICE	7,294,731	7,732,767	500,309	780,080	16,307,887	8,153,943	0.163%	(1,428,714)
TOLLESON FIRE DEPARTMENT	2,237,065	2,552,681	981,976	1,075,020	6,846,741	3,423,371	0.068%	(599,835)
TOLLESON POLICE DEPARTMENT	2,620,411	2,584,544	800,383	875,181	6,880,518	3,440,259	0.069%	(602,794)
TOMBSTONE MARSHAL'S DEPT.	349,056	373,421	120,794	121,908	965,180	482,590	0.010%	(84,558)
TONOPAH FIRE DISTRICT	125,797	158,900	63,979	80,307	428,983	214,491	0.004%	(37,583)
TOWN OF SUPERIOR (FIRE DEPT)	105,421	140,454	43,736	65,867	355,478	177,739	0.004%	(31,143)
TRI-CITY FIRE DISTRICT	505,023	600,246	241,108	308,945	1,655,322	827,661	0.017%	(145,021)
TUBAC FIRE DISTRICT	1,262,385	1,438,117	462,509	571,770	3,734,781	1,867,390	0.037%	(327,200)

**SCHEDULE OF CHANGES IN EMPLOYER EARNINGS DISTRIBUTION**  
FISCAL YEAR ENDED JUNE 30, 2009

SYSTEM	2008 EMPLOYER RESERVE	2009 EMPLOYER RESERVE	2008 MEMBER RESERVE	2009 MEMBER RESERVE	COMBINED RESERVES	MEAN BALANCE	FACTOR	INVESTMENT EARNINGS
TUCSON AIRPORT AUTHORITY FIRE	5,014,875	4,929,882	981,816	950,594	11,877,166	5,938,583	0.119%	(1,040,544)
TUCSON AIRPORT AUTHORITY POLICE	3,458,040	3,289,866	913,842	1,032,950	8,694,699	4,347,349	0.087%	(761,732)
TUCSON FIRE DEPARTMENT	186,353,984	175,831,345	23,428,049	24,198,826	409,812,204	204,906,102	4.093%	(35,903,152)
TUCSON POLICE DEPARTMENT	292,457,750	279,317,222	38,375,763	38,212,758	648,363,493	324,181,747	6.476%	(56,802,342)
U OF A CAMPUS POLICE DEPARTMENT	6,909,097	6,815,018	1,834,767	1,933,291	17,492,174	8,746,087	0.175%	(1,532,468)
VERDE VALLEY FIRE DISTRICT	2,567,680	2,731,327	715,571	849,885	6,864,464	3,432,232	0.069%	(601,387)
WELLTON POLICE	111,349	146,285	85,666	105,509	448,809	224,405	0.004%	(39,320)
WHETSTONE FIRE DISTRICT	0	32,452	0	55,195	87,647	43,824	0.001%	(7,679)
WICKENBURG FIRE DEPARTMENT	117,075	203,252	65,739	97,208	483,275	241,637	0.005%	(42,339)
WICKENBURG POLICE DEPARTMENT	1,208,878	1,234,203	385,098	454,400	3,282,579	1,641,290	0.033%	(287,583)
WILCOX POLICE DEPARTMENT	1,269,140	1,248,872	276,076	317,851	3,111,939	1,555,970	0.031%	(272,633)
WILLIAMS POLICE DEPARTMENT	928,098	961,205	196,381	230,379	2,316,063	1,158,032	0.023%	(202,907)
WILLIAMSON VALLEY FIRE DISTRICT	140,096	179,643	66,279	77,724	463,743	231,871	0.005%	(40,628)
WINSLOW FIRE DEPARTMENT	4,452,420	4,448,996	300,620	328,144	9,530,179	4,765,089	0.095%	(834,927)
WINSLOW POLICE DEPARTMENT	3,163,076	3,148,917	699,048	809,039	7,820,080	3,910,040	0.078%	(685,108)
WITTMAN FIRE DISTRICT	34,647	78,650	16,419	39,197	168,914	84,457	0.002%	(14,798)
YAVAPAI CNTY ATTY INV.	282,527	224,570	0	0	507,097	253,548	0.005%	(44,426)
YAVAPAI COUNTY SHERIFF'S DEPT.	12,283,431	12,228,941	3,788,716	4,154,430	32,455,519	16,227,760	0.324%	(2,843,389)
YAVAPAI PRESIDENTIAL POLICE	120,723	159,690	48,178	52,125	380,718	190,359	0.004%	(33,354)
YOUNGTOWN POLICE DEPARTMENT	832,825	870,786	233,258	217,123	2,153,992	1,076,998	0.022%	(188,709)
YUMA COUNTY SHERIFF'S DEPT.	10,138,690	9,655,603	1,900,428	2,078,264	23,772,985	11,886,494	0.237%	(2,082,723)
YUMA FIRE DEPARTMENT	23,153,857	21,971,454	4,418,013	4,896,364	54,439,688	27,219,846	0.544%	(4,769,395)
YUMA POLICE DEPARTMENT	34,118,408	31,915,165	6,051,973	5,996,414	78,081,958	39,040,981	0.780%	(6,840,667)
<b>TOTALS</b>	<b>4,229,715,006</b>	<b>4,139,285,340</b>	<b>789,565,692</b>	<b>853,566,631</b>	<b>10,012,132,669</b>	<b>5,006,066,335</b>	<b>100.000%</b>	<b>(877,150,849)</b>



OPERATING INFORMATION

**PARTICIPATING EMPLOYERS**

AK CHIN INDIAN COMM FIRE DEPARTMENT  
 AK CHIN INDIAN COMM POLICE DEPARTMENT  
 APACHE COUNTY SHERIFF'S  
 APACHE JUNCTION FIRE DISTRICT  
 APACHE JUNCTION POLICE DEPARTMENT  
 ARIZONA ATTORNEY GENERAL INVESTIGATORS  
 ARIZONA DEPARTMENT OF GAME & FISH  
 ARIZONA DEPT OF LIQUOR LICENSE & CONTROL  
 ARIZONA DEPARTMENT OF PUBLIC SAFETY  
 ARIZONA STATE CAPITOL POLICE  
 ARIZONA STATE PARK RANGERS  
 ASU CAMPUS POLICE  
 AVONDALE FIRE DEPARTMENT  
 AVONDALE POLICE DEPARTMENT  
 AVRA VALLEY FIRE DISTRICT  
 BENSON FIRE DEPARTMENT  
 BENSON POLICE DEPARTMENT  
 BISBEE FIRE DEPARTMENT  
 BISBEE POLICE DEPARTMENT  
 BLACK CANYON FIRE DISTRICT  
 BUCKEYE FIRE DEPARTMENT  
 BUCKEYE POLICE DEPARTMENT  
 BUCKEYE VALLEY FIRE DISTRICT  
 BUCKSKIN FIRE DISTRICT  
 BULLHEAD CITY FIRE DEPARTMENT  
 BULLHEAD CITY POLICE DEPT  
 CAMP VERDE FIRE DISTRICT  
 CAMP VERDE MARSHALS  
 CASA GRANDE FIRE DEPARTMENT  
 CASA GRANDE POLICE DEPARTMENT  
 CAVE CREEK MARSHALS  
 CENTRAL ARIZONA COLLEGE POLICE  
 CENTRAL YAVAPAI FIRE DISTRICT  
 CHANDLER FIRE DEPARTMENT  
 CHANDLER POLICE DEPARTMENT  
 CHINO VALLEY FIRE DISTRICT  
 CHINO VALLEY POLICE DEPARTMENT  
 CHRISTOPHER KOHL FIRE DISTRICT  
 CLARKDALE FIRE DISTRICT

CLARKDALE POLICE DEPARTMENT  
 CLIFTON FIRE DEPARTMENT  
 CLIFTON POLICE DEPARTMENT  
 COCHISE COUNTY SHERIFF'S DEPARTMENT  
 COCONINO COUNTY SHERIFF'S DEPARTMENT  
 COOLIDGE FIRE DEPARTMENT  
 COOLIDGE POLICE DEPARTMENT  
 CORONA DE TUCSON FIRE DISTRICT  
 COTTONWOOD FIRE DEPARTMENT  
 COTTONWOOD POLICE DEPARTMENT  
 DAISY MOUNTAIN FIRE DISTRICT  
 DEPT OF EMERGENCY & MILITARY AFFAIRS  
 DESERT HILLS FIRE DEPARTMENT  
 DIAMOND STAR FIRE DISRTICT (HELLSGATE)  
 DOUGLAS FIRE DEPARMENT  
 DOUGLAS POLICE DEPARTMENT  
 DREXEL HEIGHTS FIRE DISTRICT  
 EAGAR POLICE DEPARTMENT  
 EL MIRAGE FIRE DEPARTMENT  
 EL MIRAGE POLICE DEPARTMENT  
 ELOY FIRE DISTRICT  
 ELOY POLICE DEPARTMENT  
 FLAGSTAFF FIRE DEPARTMENT  
 FLAGSTAFF POLICE DEPARTMENT  
 FLORENCE FIRE DEPARTMENT  
 FLORENCE POLICE DEPARTMENT  
 FORT MCDOWELL TRIBAL FIRE DEPARTMENT  
 FORT MCDOWELL TRIBAL POLICE DEPARTMENT  
 FORT MOJAVE INDIAN TRIBE POLICE DEPARTMENT  
 FORT MOJAVE MESA FIRE DISTRICT  
 FREDONIA MARSHALS  
 FRY FIRE DISTRICT  
 GILA COUNTY SHERIFF'S DEPARTMENT  
 GILA RIVER FIRE DEPARTMENT  
 GILA RIVER POLICE DEPARTMENT  
 GILBERT FIRE DEPARTMENT  
 GILBERT POLICE DEPARTMENT  
 GLENDALE FIRE DEPARTMENT  
 GLENDALE POLICE DEPARTMENT

GLOBE FIRE DEPARTMENT  
 GLOBE POLICE DEPARTMENT  
 GOLDEN SHORES FIRE DISTRICT  
 GOLDEN VALLEY FIRE DISTRICT  
 GOLDER RANCH FIRE DISTRICT  
 GOODYEAR FIRE DEPARTMENT  
 GOODYEAR POLICE DEPARTMENT  
 GRAHAM COUNTY ATTORNEY INVESTIGATORS  
 GRAHAM COUNTY SHERIFF'S DEPARTMENT  
 GREEN VALLEY FIRE DISTRICT  
 GREENLEE COUNTY ATTORNEY INVESTIGATORS  
 GREENLEE COUNTY SHERIFF'S DEPARTMENT  
 GROOM CREEK FIRE DISTRICT  
 GUADALUPE FIRE DEPARTMENT  
 HARQUAHALA FIRE DISTRICT  
 HAYDEN POLICE DEPARTMENT  
 HEBER-OVERGAARD FIRE DISTRICT  
 HIGHLANDS FIRE DISTRICT  
 HOLBROOK POLICE DEPARTMENT  
 HUALAPAI INDIAN TRIBE POLICE DEPARTMENT  
 JEROME POLICE DEPARTMENT  
 KEARNY POLICE DEPARTMENT  
 KINGMAN FIRE DEPARTMENT  
 KINGMAN POLICE DEPARTMENT  
 LA PAZ COUNTY ATTORNEY INVESTIGATORS  
 LA PAZ COUNTY SHERIFF'S DEPARTMENT  
 LAKE HAVASU CITY FIRE DEPARTMENT  
 LAKE HAVASU CITY POLICE DEPARTMENT  
 LAKESIDE FIRE DISTRICT  
 LINDEN FIRE DISTRICT  
 MAMMOTH POLICE DEPARTMENT  
 MARANA POLICE DEPARTMENT  
 MARICOPA COUNTY ATTORNEY INVESTIGATORS  
 MARICOPA COUNTY PARK RANGERS  
 MARICOPA COUNTY SHERIFF'S DEPARTMENT  
 MARICOPA FIRE DISTRICT  
 MARICOPA POLICE  
 MAYER FIRE DISTRICT  
 MESA FIRE DEPARTMENT

OPERATING INFORMATION

**PARTICIPATING EMPLOYERS**

MESA POLICE DEPARTMENT	PRESCOTT FIRE DEPARTMENT	SUPERIOR POLICE DEPARTMENT
MIAMI FIRE DEPARTMENT	PRESCOTT POLICE DEPARTMENT	SURPRISE FIRE DEPARTMENT
MIAMI POLICE DEPARTMENT	PRESCOTT VALLEY POLICE DEPARTMENT	SURPRISE POLICE DEPARTMENT
MOHAVE COUNTY SHERIFF'S DEPARTMENT	QUARTZSITE FIRE DISTRICT	TEMPE FIRE DEPARTMENT
MOHAVE VALLEY FIRE DISTRICT	QUARTZSITE POLICE DEPARTMENT	TEMPE POLICE DEPARTMENT
MONTEZUMA-RIMROCK FIRE DEPARTMENT	QUEEN CREEK FIRE DEPARTMENT	THATCHER POLICE DEPARTMENT
MOUNT LEMMON FIRE DISTRICT	QUEEN VALLEY FIRE DISTRICT	THREE POINTS FIRE DISTRICT
NAU CAMPUS POLICE DEPARTMENT	RINCON VALLEY FIRE DISTRICT	TOHONO O'ODHAM FIRE
NAVAJO COUNTY ATTORNEY INVESTIGATORS	RIO RICO FIRE DISTRICT	TOHONO O'ODHAM POLICE
NAVAJO COUNTY SHERIFF'S DEPARTMENT	RIO VERDE FIRE DISTRICT	TOLLESON FIRE DEPARTMENT
NOGALES FIRE DEPARTMENT	SAFFORD POLICE DEPARTMENT	TOLLESON POLICE DEPARTMENT
NOGALES POLICE DEPARTMENT	SAHUARITA POLICE DEPARTMENT	TOMBSTONE MARSHALS
NORTHERN AZ CONSOLIDATED FD #1	SALT RIVER PIMA-MARICOPA FIRE DEPT	TONOPAH FIRE DISTRICT
NORTHWEST FIRE DISTRICT	SALT RIVER PIMA-MARICOPA POLICE DEPT	TRI-CITY FIRE DISTRICT
ORACLE FIRE DISTRICT	SAN CARLOS TRIBAL POLICE	TUBAC FIRE DISTRICT
ORO VALLEY POLICE DEPARTMENT	SAN LUIS FIRE DEPARTMENT	TUCSON AIRPORT AUTHORITY FIRE DEPT
PAGE FIRE DEPARTMENT	SAN LUIS POLICE DEPARTMENT	TUCSON AIRPORT AUTHORITY POLICE DEPT
PAGE POLICE DEPARTMENT	SANTA CRUZ COUNTY SHERIFF'S DEPARTMENT	TUCSON FIRE DEPARTMENT
PARADISE VALLEY POLICE DEPARTMENT	SCOTTSDALE FIRE DEPARTMENT	TUCSON POLICE DEPARTMENT
PARKER POLICE DEPARTMENT	SCOTTSDALE POLICE DEPARTMENT	U OF A CAMPUS POLICE DEPARTMENT
PASCUA YAQUI INDIAN COMMUNITY FIRE	SEDONA FIRE DISTRICT	VERDE VALLEY FIRE DISTRICT
PASCUA-YAQUI TRIBAL POLICE DEPARTMENT	SEDONA POLICE DEPARTMENT	WELLTON POLICE
PATAGONIA MARSHALS	SHOW LOW FIRE DEPARTMENT	WHETSTONE FIRE DISTRICT
PAYSON FIRE DEPARTMENT	SHOW LOW POLICE DEPARTMENT	WICKENBURG FIRE DEPARTMENT
PAYSON POLICE DEPARTMENT	SIERRA VISTA FIRE DEPARTMENT	WICKENBURG POLICE DEPARTMENT
PEORIA FIRE DEPARTMENT	SIERRA VISTA POLICE DEPARTMENT	WILLCOX POLICE DEPARTMENT
PEORIA POLICE DEPARTMENT	SNOWFLAKE POLICE DEPARTMENT	WILLIAMS POLICE DEPARTMENT
PHOENIX FIRE DEPARTMENT	SOMERTON FIRE DEPARTMENT	WILLIAMSON VALLEY FIRE DISTRICT
PHOENIX POLICE DEPARTMENT	SOMERTON POLICE DEPARTMENT	WINSLOW FIRE DEPARTMENT
PICTURE ROCKS FIRE DISTRICT	SONOITA ELGIN FIRE DISTRICT	WINSLOW POLICE DEPARTMENT
PIMA COUNTY ATTORNEY INVESTIGATORS	SOUTH TUCSON FIRE DEPARTMENT	WITTMAN FIRE DEPARTMENT
PIMA COUNTY CC POLICE DEPARTMENT	SOUTH TUCSON POLICE DEPARTMENT	YAVAPAI COUNTY ATTORNEY INVESTIGATORS
PIMA COUNTY SHERIFF'S DEPARTMENT	SPRINGVILLE POLICE DEPARTMENT	YAVAPAI COUNTY SHERIFF'S DEPARTMENT
PIMA POLICE DEPARTMENT	ST. JOHNS POLICE DEPARTMENT	YAVAPAI PRESCOTT TRIBAL POLICE DEPARTMENT
PINAL COUNTY SHERIFF'S DEPARTMENT	SUMMIT FIRE DISTRICT	YOUNGTOWN POLICE DEPARTMENT
PINE-STRAWBERRY FIRE DISTRICT	SUN CITY FIRE DISTRICT	YUMA COUNTY SHERIFF'S DEPARTMENT
PINETOP FIRE DEPARTMENT	SUN CITY WEST FIRE DISTRICT	YUMA FIRE DEPARTMENT
PINETOP-LAKESIDE POLICE DEPARTMENT	SUN LAKES FIRE DISTRICT	YUMA POLICE DEPARTMENT
PINEWOOD FIRE DISTRICT	SUPERIOR FIRE DEPARTMENT	

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