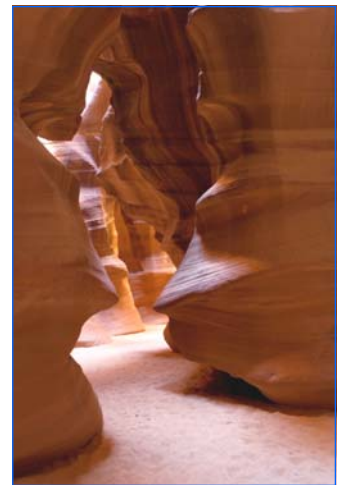


PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM



42nd COMPREHENSIVE ANNUAL FINANCIAL REPORT A PENSION TRUST FUND OF THE STATE OF ARIZONA



FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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-Second Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2010

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

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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, 2009

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.



President

Executive Director

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

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James M. Hacking

Administrator

Ryan Parham

Chief Investment Officer

Tracey D. Peterson

Assistant Administrator-COO

Brian Tobin, Chairman
Lori Roediger, Vice Chairperson
Tim Dunne, Trustee
Gregory Ferguson, Trustee
Alan Maguire, Trustee
Jeff McHenry, Trustee
Randie Stein, Trustee

December 3, 2010

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

Dear Governor Brewer:

The Board of Trustees of the Public Safety Personnel Retirement System (PSPRS) respectfully submits the Forty-second Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010 (FY'10), 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 Plan, as reflected in its funding ratio, decreased from 68.2% at June 30, 2009 to 65.8% at June 30, 2010. This funding ratio decrease follows two fiscal years in which the Plan's funding status had remained relatively stable. This most recent decrease resumes the Plan's FY'02 through FY'07 funding ratio erosion trend that was due in large part to the asset value losses and negative rates of return that the Plan experienced in FY'01 and FY'02. Those losses were largely the result of a lack of diversification in the deployment of the Plan's assets for investment purposes.

The funding ratio decrease this fiscal year occurred despite the fact that the Plan had an FY'10 rate of return (13.47%) that was well in excess of its actuarial assumed rate of return (8.5%). (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 20.)

Because the Plan 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 positive return that the Plan experienced in FY'10 is reflected in this fiscal year's results. That was more than offset by factoring into the FY'10 results, one-seventh portions of the -7.19% and -17.45% returns that the Plan experienced during FY'08 and FY'09 respectively. Those negative returns were due to the collapse of the U.S. housing market and the intense recession that followed. Because the remainder of the FY'08 and FY'09 investment losses will be factored into the Plan's financial status results over the next several fiscal years, the expectation is that the Plan's funding ratio will continue to deteriorate unless this trend is offset by several consecutive years of much better-than-expected rates of return or changes in the Plan's employee contribution rate and benefit structure or both.

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 54.0%, rather than 65.8%. How to move the Plan, within a ten to twenty year time period, back to a state of financial soundness with an 80% funding ratio or better, calculated using market value, is clearly the principal challenge facing the PSPRS Board of Trustees.

Although the investment losses that the Plan sustained in FY'08 and FY'09 have taken, and will continue to take, their toll on the financial status of the Plan, the principal structural impediment to restoring the Plan to a state of financial soundness in a reasonable period of time is the post retirement adjustment structure. Current PSPRS statutes require that in any year in which the Plan generates an investment return in excess of 9%, one-half of the excess return over 9% must be diverted into the PSPRS Plan's Reserve for Future Benefit Increases ("The Reserve"). These Reserve assets are used to finance the cost of the post-retirement adjustments payable to eligible beneficiaries of the Plan. However, these Reserve assets are not taken into account for funding ratio and employer contribution rate calculations. The Board of Trustees at their meeting on September 15, 2010 were told by the System's actuaries from Gabriel, Roeder, Smith & Co. (GRS) that this diversion of excess return in good investment return years makes the PSPRS-administered Plans "unsustainable."

Employer Contribution Rates

Any change in the PSPRS Plan's fiscal year-end funding ratio impacts the employer contribution rate two fiscal years later. For example, a funding ratio change in Plan FY'10 will affect the employer contribution requirement during employer FY'12.

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 employer FY'09 when the aggregate rate crested at 21.72% of payroll. In employer FY'10 and in the current year (FY'11) the aggregate rate has been relatively stable. But based on the Plan's FY'10 results, the aggregate employer rate is projected to begin increasing again, with a 22.68% aggregate rate payable in employer FY'12. That represents a 1.79% of payroll increase over the current aggregate rate of 20.89%. This increase in the employer aggregate rate reflects a combination of factors including the negative returns from FY'08 and FY'09 as well as the fact that covered payroll and salaries did not increase as expected. With further erosion in the Plan's funding status expected to occur over the next several years, the forecast is that the employer contribution rate will continue to increase unless significant changes are made.

As the new fiscal year progresses, the Board of Trustees and the System's Administrator will consult with representatives of the Plans' constituency groups and the contributing employers in an attempt to create a consensus for a combination of legislative changes that will reverse the present funding ratio/employer contribution rate trends and restore the Plan to a state of financial soundness within a reasonable period of time. But if these efforts to achieve a consensus fail or fall short, the PSPRS Board members, in their capacity as fiduciaries, will propose to the Legislature changes designed to assure the sustainability of the Plan.

FY'10 Investment Results

The FY'10 net of fee rate of investment return for the PSPRS Plan was 13.47%. The return was 1.37% higher than the Plan's weighted composite rate of return benchmark, which was 12.10%. In addition, on a "peer group" basis, the return was good enough to place the PSPRS Plan in the second quartile (rank 32) of the public funds included in the ICC Public Fund Universe of 100 public retirement systems.

Clearly, the FY'10 investment result was much higher than the Plan's 8.5% actuarial assumed rate of return. However, because the return was in excess of 9%, one-half of the return in excess of 9% -- a total of \$90.9 million -- was diverted to the Plan's Reserve and, therefore, will not be available to help improve the Plan's funding ratio/employer contribution rate situation described above.

Clearly, the FY'10 in-flow of new assets to the Plan's Reserve was large. However, it was significantly less than the \$139.7 million that was withdrawn from the Reserve to fully fund the post-retirement increase that was paid at the statutory maximum to all of the Plan's eligible benefit recipients on July 1, 2010. That excess of out-go over income left a Reserve balance of \$275.3 million which was \$10.3 million less than the Reserve's balance (\$285.6 million) one year earlier. Nevertheless, that Reserve balance should be more than enough to assure that a full adjustment will be paid at the statutory maximum to all eligible beneficiaries next July 1st.

But out-go from the PSPRS Plan's Reserve is increasing annually as the number of eligible beneficiaries increases and the average benefit payable rises. Therefore, it is expected that the Reserve's balance will continue to decline and that at some point, the Reserve will no longer be able to finance annual adjustments at the statutory maximum.

The Strategy to Improve the Plan's Funding Ratio and Decrease Employer Contribution Requirements

To help 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 four 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. In the process, the Plan's over-weight reliance on equities has declined considerably and so has the total Fund's volatility.


Unfortunately, according to our GRS actuaries, we have a five percent or less probability of our being able to invest our way back to an 80% or higher funding status within ten to twenty years. Therefore, in advance of the 2011 legislative session, the PSPRS Board of Trustees intends to put forward a variety of legislative changes that will, in the aggregate, give us a seventy-five percent or higher probability of achieving our stated funding goal within our stated time-frame and we shall seek the support of our constituency groups and the Plan's employers and their organizations in this effort.

Conclusion

As members of the PSPRS Board of Trustees, we intend to continue our efforts to assure the financial integrity of the System and its Plans and to 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 Board of Trustees for this System.

Respectfully submitted,



Brian Tobin
Chairman

Lori Hoediger
Vice Chairperson

Tim Dunne
Trustee

Gregory Ferguson
Trustee

Alan Maguire
Trustee

Jeff McHenry
Trustee

Randie Stein
Trustee

Brian Tobin, Chairman
Lori Roediger, Vice Chairperson
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James M. Hacking
Administrator
Ryan Parham **Tracey D. Peterson**
Chief Investment Officer Assistant Administrator-COO

December 3, 2010

The Members of the Board of Trustees
Public Safety Personnel Retirement System (PSPRS)
3010 E. Camelback Road, Suite 200
Phoenix, Arizona 85016

Members:

Here is the Forty-second 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, 2010. The Plan was created on July 1, 1968 to provide a uniform state-wide 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 that the Board of Trustees 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, and other financial data from the June 30, 2010 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, 2010 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 controls 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 gain of \$553.1 million this fiscal year. That was supplemented by revenue from member contributions of \$102.1 million, direct employer contributions of \$288.2 million, and insurance premium taxes of \$12.5 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'10 administrative and investment-related expenses totaled \$21.5 million, down from the \$22.9 million during the prior year. Administrative and investment expenses were approximately 48 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 13.47% on a net of fees basis. This return was well in excess of the System's 8.5% actuarial assumed rate of return and also well in excess of the 9% statutory "threshold" that causes a new in-flow of assets (\$90.9 million) to the Plan's Reserve for Future Benefit Increases. 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'10, the State Legislature approved, and the Governor signed, two bills that were of significance. The first was HB2067 which made many administrative, technical and clarifying changes to the PSPRS statutes and eliminated the so-called "ordinary disability offset" that had required a dollar-for-dollar reduction in monthly benefits for every dollar of earned income in excess of the benefit amount.

The second bill, SB1006, changed the name of the Fund Manager to Board of Trustees, added two new Governor-appointed members to the Board (bringing the total to seven) and extending the terms of office for newly appointed Board members from three to five years.

Actuarial and Funding Information

Funding a retirement system on a sound actuarial reserve basis involves the accumulation of substantial reserves to guarantee the payment of promised benefits. These reserves are invested and the rate of investment earnings, over time, is a major factor in determining the employer contribution requirement to meet the calculated level cost of the 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 Plan's actuarial valuation results, fire insurance premium tax revenues and the realized and unrealized returns on the invested assets of the Plan. The firefighter groups receive a percentage of the fire insurance premium tax revenues, which serve to reduce the employer contributions that would otherwise be required.

The most commonly used measure of a retirement system's funding progress 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 declined steadily for six consecutive years through FY'07. Following two years of modest improvement, the funding ratio started to deteriorate again this fiscal year, falling to 65.8%. Given the System's seven year averaging of investment results (actuarial "smoothing"), much of the effect of the FY'08 and FY'09 negative rates of return are yet to be reflected in the funding ratio of the Plan; therefore, the expectation is that the funding ratio will deteriorate further in the future.

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 20.89%. The aggregate rate that will take effect on July 1, 2011 will be 22.68%. Further decline in the Plan's funding ratio will cause employer rates to rise even further.

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 benefit adjustments are fully funded on a present value basis from the assets that are accumulated in the PSPRS Plan's Reserve for Future Benefit Increases. In any year in which the Plan generates a return in excess of 9%, one-half of the return in excess of 9% is diverted to the Reserve. (The Plan's FY'10 13.47% return resulted in a \$90.9 million flow of new assets into the Reserve.) These reserve assets are invested along with all other assets of the Plan.

The current Reserve balance, after subtracting the \$139.7 million needed to fund the present value of the July 1, 2010 post retirement increase, is \$275.3 million. Were there to be no new in-flow of assets to the Reserve during FY'11, the existing Reserve balance should be more than enough to fund a post-retirement adjustment for all eligible beneficiaries at the statutory maximum on July 1, 2011.

Certificate of Achievement

The Government Finance Officers Association (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, 2009. This was the nineteenth 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'10 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 Board of Trustees continued its strategic initiative that has changed the way in which the Plan's assets are managed and invested. (See the Board of Trustees' transmittal letter to the Governor that begins on page 7). In addition, there were other developments and initiatives that are worthy of note. These included the following:

- The FY'10 actual level of administrative spending was kept significantly below the budgeted amount and the FY'11 budget that was approved by the Board came in at less than 95% of the FY'10 actual level of spending.
- The System continued its comprehensive and multi-year effort to assure that the PRPRS and CORP local board networks are properly structured and functioning so as to assure uniform administration of the statutory responsibilities delegated to them. Staff and other resources continue to be dedicated to this initiative. Within the last twelve months, the System's outreach efforts to provide training and education to local boards were intensified through more on-site visits, group meetings/consultations via conference call, video conference and webinars, the development of training modules which were made accessible through the PSPRS web site, the continued publication of a monthly local board newsletter, and the creation of a Local Board Reference Guide.
- The Internal Auditor/Compliance Officer developed and received approval for her annual audit plan and continued her monthly investments compliance review. In addition, the Auditor took over responsibility for approving capital calls made with respect to investment commitments approved by the Board.
- The System's multi-year document imaging (i.e., scanning) project continued to progress. Once the project is completed, a new "Work Flow" project will be initiated in accordance with the System's Strategic Plan.
- The System's IT Program Development staff created and implemented a new Members Only web site that enables members to view their account information, including their monthly bank deposit information.
- The Program Development staff also implemented a one thousand concurrent user "GoToMeeting.com" capability for Board of Trustee meetings and local board and other training meetings.
- A new once-a-day online database backup capability through Ibackup.com was implemented; this is in addition to our hourly backup to our secondary Denver site.
- The System's Disaster Recovery/Business Continuity capability was augmented by creating Disaster Recovery plans for the database application, the timing of the pension payroll process and key employee availability following a disaster.
- The T1 line connection between the Phoenix headquarters and the PSPRS Denver backup facility was replaced with a microwave connection and the bandwidth to the Denver facility was substantially increased to better accommodate our file transfer needs.

New Initiatives for System FY'11

As we have moved through the first four months of the new fiscal year (FY'11), some new initiatives are underway and still others are planned. These include:

- Completing the RFP process for legal services that the Board requested and conducting an RFP process for external audit services after completion of the current audit cycle;
- Keeping administrative expenses significantly under the FY'11 budgeted levels and holding the recommended FY'12 administrative budget to a level not to exceed 95% of FY'11 actual expenditures;
- Discontinuing the practice of mailing monthly bank deposit notices to beneficiaries following our educating them as to how to access their monthly payment information on-line via the Members Only website;
- Continuing to reduce the number of payment checks PSPRS issues monthly by converting DROP payments to ACH transfers and initiating the use of "pay cards;"
- Adding to the local board outreach, organization, education and training effort by creating a local board web site or "module" within the PSPRS database to make it possible for local board personnel to input or update data directly without having the PSPRS staff do it for them; and
- Securing the enactment of legislative proposals to restructure and redesign provisions of the PSPRS Plans to restore them to a state of financial soundness within a reasonable period of time and reduce employer contribution requirements in the process.

Summary

This PSPRS CAFR is a product of the collective efforts of the staff, under the direction of the System's Board of Trustees. 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 Board of Trustees, 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 state of financial soundness.

Respectfully submitted,



James M. Hacking
Administrator

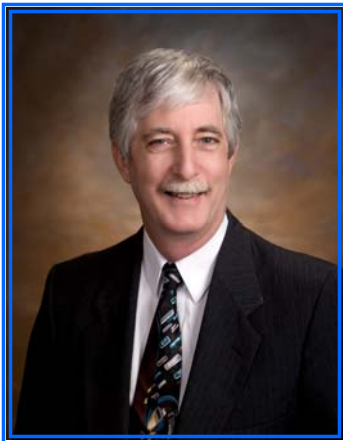
BOARD OF TRUSTEES
(AS OF JUNE 30, 2010)



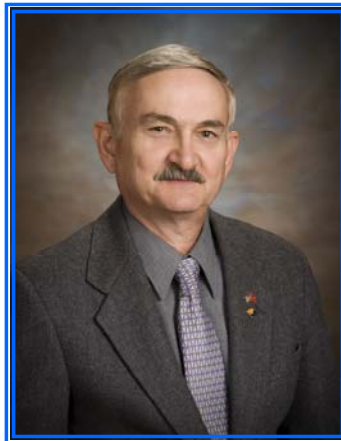
Brian Tobin
Interim Chairman



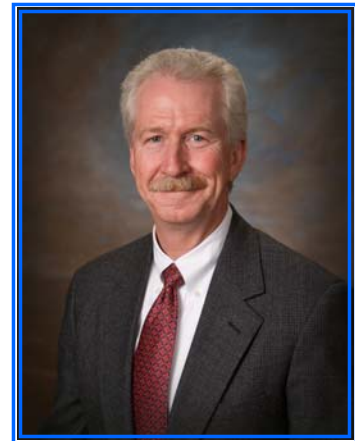
Lori Roediger
Vice Chairperson



Tim Dunne
Trustee



Gregory Ferguson
Trustee

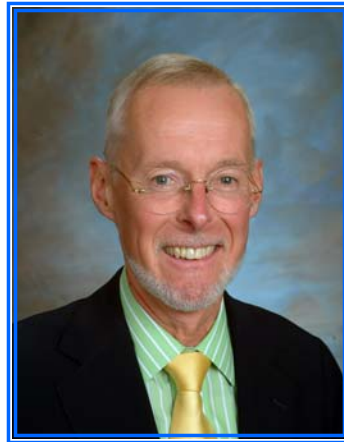


Alan Maguire
Trustee

EXECUTIVE STAFF AND ORGANIZATIONAL CHART



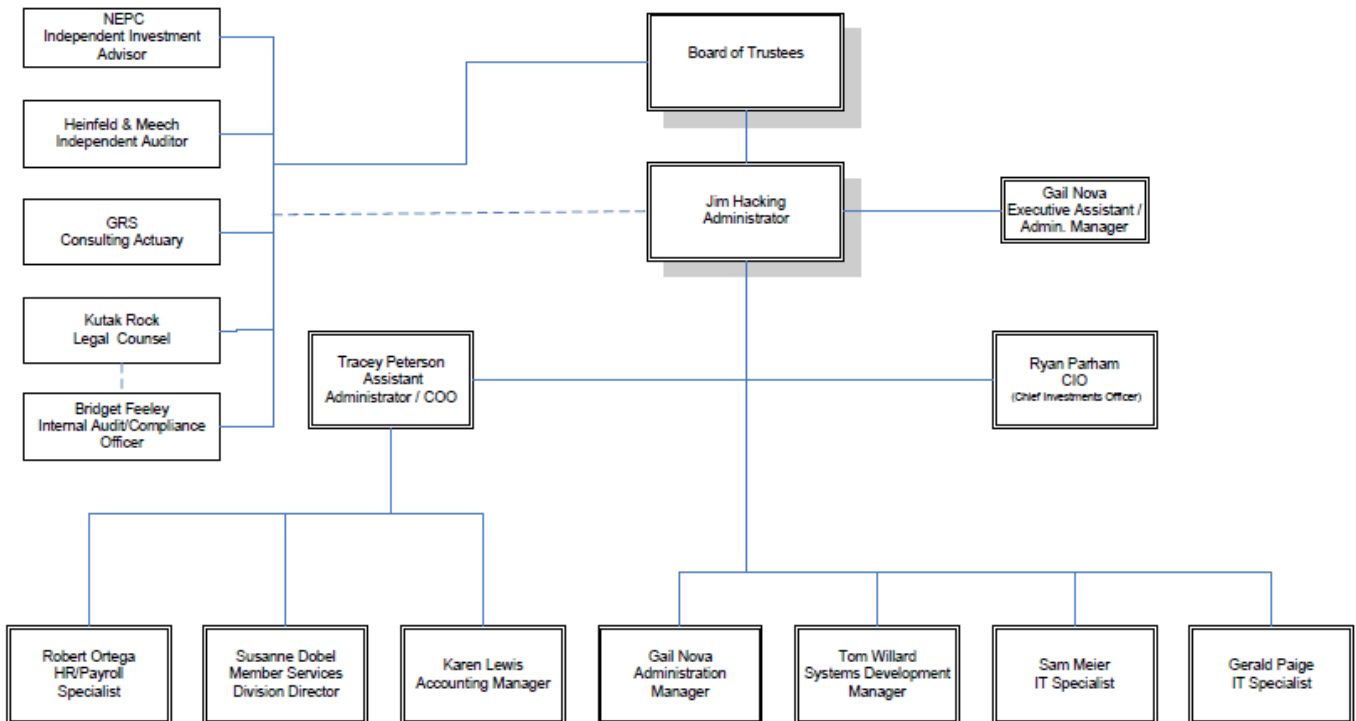
Ryan Parham
Chief Investment Officer



James M. Hacking
Administrator



Tracey D. Peterson
Assistant Administrator
Chief Operations Officer



PROFESSIONAL ADVISORS

Albourne America, LLC

Bank of New York Mellon

Gabriel, Roeder, Smith & Company

Heinfeld Meech & Co., P.C.

HighGround, Inc.

Kutak Rock, LLP

McLagan Partners, Inc.

NEPC, LLC

Public Policy Partners

ORG Portfolio Management, LLC

Step Stone Group, LLC

International Alternative Investment Consultant

Custodian

Actuary

Independent Auditors

Legislative Liaison

General Counsel

Human Resource Consultant

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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HEINFELD, MEECH & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

10120 N. Oracle Road
Tucson, Arizona 85704
Tel (520) 742-2611
Fax (520) 742-2718

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Public Safety Personnel Retirement System

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, 2010, 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, 2009, presented in the basic financial statements are included for additional analysis only. Our audit report dated December 1, 2009, 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, 2010, and the changes in net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the Public Safety Personnel Retirement System implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, for the year ended June 30, 2010, which represents a change in accounting principle.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2010, 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.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 20 through 23 and the Schedule of Funding Progress and Schedule of Employer Contributions on pages 38 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise PSPRS's basic financial statements as a whole. The Introductory Section, Supporting Schedules Information, Other Supplementary 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 Information and Other Supplementary Information, as listed in the table of contents under the Financial Section, have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The Introductory 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 3, 2010

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 2010 are as follows:

- The Public Safety Personnel Retirement System (PSPRS) had a total rate of return (net of fees) of 13.47% this year. Our total portfolio outperformed the target fund benchmark by 137 basis points. This is a significant improvement over the prior year's return of -17.75%.
- As of the close of the fiscal year 2010, the Future Benefit Increase Reserve was \$275.3 million. This will enable another post-retirement adjustment of \$152.84 for qualifying retirees or their survivors for the twenty-seventh consecutive year.
- Retirement benefits paid totaled \$469.5 million for the current year, compared to \$444.4 for the previous year. This represents a 5.66% increase from the prior year. Although the number of DROP participants retiring this year decreased from fiscal year 2009; normal, survivor, and disability retirement benefits paid increased by \$32.7 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 two statements report the System's net assets and changes in them using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. 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 Supplementary Information

The basic financial statements are followed by a section of required supplementary 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 Supplementary 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 06/30/2010	As of 06/30/2009	Change	% Change
Cash and Short-Term Investments	\$ 54,071,805	\$ 73,792,458	\$ (19,720,653)	(26.72)%
Total Receivables	81,120,430	25,983,713	55,136,717	212.20
Total Investments	4,488,031,721	4,021,324,149	466,707,572	11.61
Securities Lending Collateral	494,161,031	632,722,191	(138,561,160)	(21.90)
Net Capital Assets	3,836,429	3,943,081	(106,652)	(2.70)
Total Plan Assets	5,121,221,416	4,757,765,592	363,455,824	7.64
Accrued Accounts Payable	296,411	650,068	(353,657)	(54.40)
Investment Purchases Payable	40,900,571	8,692,211	32,208,360	370.54
Securities Lending Collateral	494,161,031	632,722,191	(138,561,160)	(21.90)
Total Plan Liabilities	535,358,013	642,064,470	(106,706,457)	(16.62)
Net Assets	\$4,585,863,403	\$4,115,701,122	\$470,162,281	11.42 %

Summary Comparative Statements of Plan Net Assets Analysis

The total plan net assets held in trust for benefits at June 30, 2010 were \$4.6 billion, an 11.42% increase from \$4.1 billion at June 30, 2009. The increase in net assets is primarily due to favorable financial markets during the fiscal year. The decrease in cash or increase in 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

	2010	2009	Change	% Change
ADDITIONS				
Total Contributions	\$ 400,959,722	\$ 425,031,518	\$ 24,071,796)	(5.66)%
Net Investment Income (Loss)	553,076,513	(872,798,642)	1,425,875,155	163.37
Transfers and Service Purchases	758,603	584,336	174,267	29.82
Total Additions (Reductions)	954,794,838	(447,182,788)	1,401,977,626	313.51
DEDUCTIONS				
Benefits	469,481,695	444,352,210	25,129,485	5.66
Service Transfers and Refunds	10,218,513	7,692,371	2,526,142	32.84
Administrative Expenses	4,932,349	4,352,207	580,142	13.33
Total Deductions	484,632,557	456,396,788	28,235,769	6.19
Net Increase (Decrease)	470,162,281	(903,579,576)	1,373,741,857	152.03
Balance Beginning of Year - July 1	4,115,701,122	5,019,280,698	(903,579,576)	(18.00)
Balance End of Year - June 30	\$4,585,863,403	\$4,115,701,122	\$470,162,281	11.42%

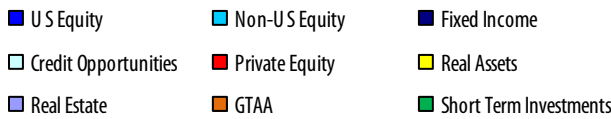
Summary Comparative Statements of Changes in Plan Net Assets Analysis

Employer and employee contributions decreased \$24.1 million due to a slight decrease in the aggregate employer contribution rates from 21.71% to 20.77%. Additionally, due to economic conditions, layoffs and furloughs have resulted in a decline in salaries paid to active members.

For FY 2010, PSPRS recognized a net investment gain of \$553.1 million which compares to an \$872.8 million loss in the previous year. This 163.4% recovery was due to the more positive 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 2010, these deductions totaled \$484.6 million, an increase of 6.19% from the \$456.4 million paid during FY 2009. The total benefit payments increase is due to a net increase in the number of benefit recipients plus post-retirement adjustments provided to existing benefit recipients. Details of these changes can be found on pages 78 and 79 of the *Actuarial Section* of this report. Refunds and service transfers increased \$2.5 million over the prior year (32.8%). Refunds represent a return of contributions held on account when a member leaves employment. This increase is due to current economic conditions that have led to layoffs and reduction of many governmental services. Administrative expenses increased 13.3% in large part due to increases in professional services and employee benefit costs.

INVESTMENT ACTIVITIES

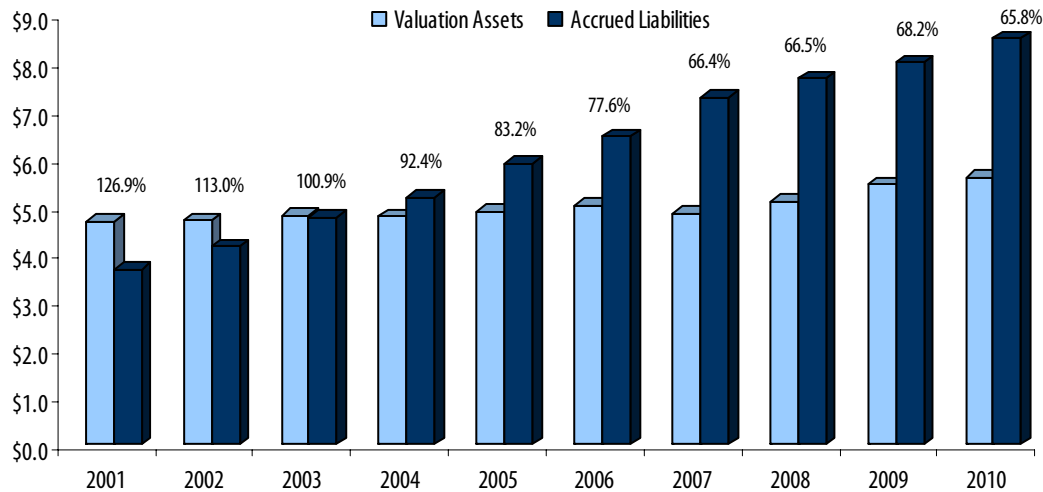


During FY 2007 the Board of Trustees adopted a more diversified asset allocation policy and began an asset management restructuring that has been deployed over the past three years. As illustration, at the end of FY07, 72.8% of the entire investment portfolio was invested in equities versus 41.2% at the end of FY10. Fixed income has remained about 19% of the entire portfolio. However, alternative investments have increased from 3.5% in FY 07 to 39.8% in FY10.

At June 30, 2010, PSPRS held \$1.9 billion in equities. The FY 2010 rate of return for Total PSPRS equities was 13.73% versus a benchmark rate of return of 13.66%. At June 30, 2010, PSPRS held \$864 million in fixed income securities. The FY 2010 rate of return for PSPRS fixed income securities was 13.84% versus a benchmark rate of return of 9.50%. 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.

PSPRS earns additional income by lending investment securities to brokers. This was done on a pooled basis by our custodial bank (BNY Mellon Bank). 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, 2010.

At June 30, 2010, the total funded status of the PSPRS decreased to 65.8% from 68.2% at FYE 2009. This decrease in funded status is related primarily to the seven year smoothing period with only ½ of the investment gain from the FY10 investment return being reflected in the calculation. 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.

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, 2010 WITH COMPARATIVE TOTALS FOR 2009

	2010	2009
ASSETS		
Cash and Short-Term Investments	\$ 54,071,805	\$ 73,792,458
RECEIVABLES		
Member Contributions	3,870,819	3,793,528
Employer Contributions	11,837,423	12,250,237
Interest and Dividends	5,233,188	7,078,372
Investment Sales	57,665,694	-
Other	2,513,306	2,861,576
Total Receivables	81,120,430	25,983,713
INVESTMENTS AT FAIR VALUE (NOTES 2 AND 3)		
U.S. Equity	1,093,235,318	1,420,576,221
Non U.S. Equity	773,517,715	786,139,701
GTAA	313,598,493	-
Fixed Income	864,135,904	776,251,768
Credit Opportunities	438,228,418	309,503,876
Private Equity	358,786,145	146,963,381
Real Assets	196,381,163	168,585,943
Real Estate	450,148,565	413,303,259
Total Investments	4,488,031,721	4,021,324,149
Securities Lending Collateral	494,161,031	632,722,191
CAPITAL ASSETS (NOTE 4)		
Land	495,436	495,434
Building	3,573,482	3,504,604
Furniture, Fixtures & Equipment	843,278	787,707
Total Capital Assets	4,912,196	4,787,745
Accumulated Depreciation	(1,075,767)	(844,664)
Net Capital Assets	3,836,429	3,943,081
TOTAL PLAN ASSETS	5,121,221,416	4,757,765,592
LIABILITIES		
Accrued Accounts Payable	296,411	650,069
Investment Purchases Payable	40,900,571	8,692,210
Securities Lending Collateral	494,161,031	632,722,191
Total Plan Liabilities	535,358,013	642,064,470
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$4,585,863,403	\$4,115,701,122
NET ASSET RESERVES		
Refundable Members' Reserve	921,671,914	853,566,631
Employers' Reserve	3,388,902,162	2,976,520,774
Future Benefit Increase Reserve	275,289,327	285,613,717
Total Net Asset Reserves	\$4,585,863,403	\$4,115,701,122

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

STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010 WITH COMPARATIVE TOTALS FOR 2009

	2010	2009
ADDITIONS (REDUCTIONS)		
Contributions		
Members' Contributions (NOTES 2,5)	\$ 102,141,540	\$ 101,183,586
Employers' Contributions (NOTES 2,5)	288,210,202	316,222,272
Members' Service Purchase	10,607,980	7,625,660
Total Contributions	400,959,722	425,031,518
Investment Income		
<i>From Investing Income</i>		
Net Appreciation (Depreciation) in Fair Value of Investments (NOTES 2,3)	483,512,510	(991,712,611)
Interest	25,283,323	46,718,291
Dividends	54,737,396	82,687,046
Other Income	2,961,955	416
<i>From Securities Lending Activities</i>		
Security Lending Activities (NOTE 3)		
Securities Lending Income	2,501,582	12,445,737
Borrower Rebates	1,155,802	(3,001,417)
Agents Share of Income	(547,024)	(1,416,624)
Net Securities Lending Income	3,110,360	8,027,696
Total Investment Income (Loss)	569,605,544	(854,279,163)
Less Investment Expense	(16,529,031)	(18,519,479)
Net Investment Income (Loss)	553,076,513	(872,798,642)
Transfers Into System & Service Purchases	758,603	584,336
Total Additions (Reductions)	954,794,838	(447,182,788)
DEDUCTIONS		
Pension Benefits (NOTE 2)	386,181,299	353,483,943
DROP Benefits (NOTE 2)	83,300,396	90,868,267
Refunds To Terminated Members (NOTE 2)	9,975,440	7,643,202
Administrative Expenses	4,932,349	4,352,207
Transfers To Other Plans	243,073	49,169
Total Deductions	484,632,557	456,396,788
NET INCREASE (DECREASE)	470,162,281	(903,579,576)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
Beginning of Year, July 1	4,115,701,122	5,019,280,698
End of Year, June 30	\$4,585,863,403	\$4,115,701,122

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 Board of Trustees (formerly Fund Manager) and 234 local boards jointly administer the System.

Effective August 6, 1999, it became the Governor’s responsibility to appoint all members of the Board of Trustees. Effective April 28, 2010, SB 1006 was passed that changed the name of the Fund Manager to Board of Trustees and expanded the size of the Board from five to seven members. SB 1006 also increased the term from three to five years. There will be a transitional period during which the terms of office may vary. The Board of Trustees 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 System, setting up records, setting up accounts for each member, paying benefits and the general protection and administration of the System. Substantial investment experience is required for the member of the Board that represents the state as an employer and the two public members of the Board.

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 Board of Trustees approves new eligible groups for participation. The PSPRS is reported as a component unit of the State of Arizona.

The Board of Trustees 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 were held and accounted for separately from those of PSPRS until September 1, 2008. Arizona Revised Statutes Section 38-848 was amended by Laws 2008, Ch. 286, § 22 to authorize the Board of Trustees to commingle the assets of the fund and the assets of all other plans entrusted to its management. Accordingly, the assets of these plans have been unitized but all receipts and earnings are credited and charges of payments are made to the appropriate employer, system or plan.

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, 2010 and 2009, the number of participating local government employer groups was:

GROUP	2010	2009
Municipalities	143	143
County Agencies	21	21
State Agencies	10	10
Special Districts	60	59
Total Employers	234	233

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, 2010 and 2009, statewide PSPRS membership consisted of:

MEMBERSHIP TYPE	RETIREMENT PLAN		INSURANCE SUBSIDY	
	2010	2009	2010	2009
Retirees	8,954	8,609	6,104	5,106
Terminated Vested	1,106	1,145	0	0
DROP	1,093	1,044	0	0
Current Vested	13,367	12,684	0	0
Current Non-Vested	6,101	7,183	0	0
Total Members	30,621	30,665	6,104	5,106

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

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. A.R.S. §38-841

AVERAGE MONTHLY BENEFIT

An average of your highest 36 consecutive months of compensation (salary) within the last 20 years of credited service. Compensation includes base wages, shift and military differential pay, holiday and overtime pay that is paid to an employee by the employer on a regular monthly, semimonthly, or biweekly payroll basis as well as any longevity pay paid to an employee at least every six months for which contributions are made to the system.

For the purposes of computing retirement benefits, compensation does not include unused sick leave, compensatory time, payment in lieu of vacation, "fringe" benefit pay (such as uniform allowance, cell phone or mileage reimbursement) and any payments made directly or indirectly by the employer to the employee for work performed for a third party on a contracted basis except for third party contracts in certain situations. A.R.S. § 38-842(7 and 12).

BENEFIT INCREASE / COST OF LIVING ADJUSTMENT (COLA)

Contingent upon the excess investment earnings, effective July 1 of each year, eligible retired members or survivors may be entitled to a permanent benefit increase in their base benefit. To be eligible for the increase, the retired member or survivor must be either age 55 or older on July 1 of the current year and receiving benefits on or before July 31 of the previous year, or the retired member or survivor has been receiving benefits on or before July 31 of the previous two years. The maximum amount of the increase is 4% of the average normal benefit being received on the preceding June 30. A.R.S. § 38-856.

CANCER INSURANCE

A cancer insurance program administered by the PSPRS for eligible fire fighters and peace officers. A.R.S. §§ 38-641 through 38-645.

CONTRIBUTIONS

Each member shall contribute 7.65% of compensation to the System on a pre-tax basis by payroll deduction. The 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 2006/07, that employer's contribution rate is not subject to the 8% minimum, but for fiscal year 2006/07 and each year thereafter, shall be at least 5% and not more than the employer's actual contribution rate. A.R.S. § 38-843.

CREDITED SERVICE

The member's total period of service for which the member made contributions to the PSPRS. A.R.S. § 38-842(13). Members are eligible to receive credited service limited to 60 months if called to active duty while working for the current employer. A.R.S. § 38-858.

DEATH BENEFITS - ACTIVE MEMBER

Spouse's Pension. The surviving spouse of an active member will receive a lifetime monthly benefit of 80% of the pension based on the calculation for an accidental disability retirement. If the member was killed in the line of duty, the spouse will receive a lifetime monthly benefit of 100% of the member's average monthly benefit compensation less the "Child's Pension" stated below (if applicable). A.R.S. § 38-846, AND

Child's Pension. The surviving eligible child(ren) under the age of 18 will receive 20% of the pension each month based on the calculation for an accidental disability retirement until the child turns 18, or until the age of 23 if the attending full-time school between the ages of 18 and 23. Note: No more than 10% per child and if more than two children, equal shares of the 20%. A.R.S. §§ 38-842(23) and 38-846, OR

Guardian Benefit. If there is no surviving spouse and there is at least one eligible child, a guardian benefit of 80% of the member's pension and the Child's Pension will be paid to the guardian of the eligible child(ren) until the child turns 18, or until the age of 23 if the attending full-time school between the ages of 18 and 23. If the member was killed in the line of duty, the guardian benefit is 100% of the member's average monthly benefit compensation (less the Child's Pension if applicable). If a guardian benefit is paid to a disabled child (the child's disability occurred prior to the age of 23) and remains a dependent of the guardian, the benefit is payable for the lifetime of the child. A.R.S. § 38-842(23) and 38-846, OR

Balance of Contributions. If there is no surviving spouse or eligible child(ren), the member's named beneficiary on file will receive the member's accumulated contributions. A.R.S. § 38-846(I).

DEATH BENEFITS - INACTIVE MEMBER

Balance of Contributions. If the member was inactive, the member's named beneficiary on file will receive the member's accumulated contributions. A.R.S. §§ 38-842 (32) and 38-846(I).

DEATH BENEFITS - RETIRED MEMBER

Spouse's Pension. The surviving spouse of a retired member will receive 80% of member's pension benefit for lifetime. Requires two consecutive years of marriage at time of death. A.R.S. § 38-846, AND

FINANCIAL SECTION

Child's Pension. The surviving eligible child(ren) under the age of 18 will receive 20% of the pension each month based on the calculation for an accidental disability retirement until the child turns 18, or until the age of 23 if the attending full-time school between the ages of 18 and 23. Note: No more than 10% per child and if more than two children, equal shares of the 20%. A.R.S. §§ 38-842(23) and 38-846, OR

Guardian Benefit. If there is no surviving spouse and there is at least one eligible child, a guardian benefit of 80% of the member's pension and the Child's Pension will be paid to the guardian of the eligible child(ren) until the child turns 18, or until the age of 23 if attending full-time school between the ages of 18 and 23. If a guardian benefit is paid to a disabled child (the child's disability occurred prior to the age of 23) and remains a dependent of the guardian, the benefit is payable for the lifetime of the child. A.R.S. § 38-842(23) and 38-846, OR

Balance of Contributions. If there is no surviving spouse or eligible child(ren), the member's named beneficiary on file will receive the balance of the member's accumulated contributions less the pension payments made to the member. If there is no beneficiary, the balance of the member's accumulated contributions will be paid to the legal representative of the last surviving individual who was being paid the benefit. A.R.S. § 38-846(l).

DEFERRED ANNUITY

Inactive members that have at least 10 years of credited service may elect to receive a Deferred Annuity at the age of 62. This annuity is a lifetime monthly payment that is actuarially equivalent to the member's accumulated contributions in the System plus an equal amount paid by the employer. This annuity is not a retirement benefit and annuitants are not entitled to survivor benefits, benefit increases, or the group health insurance subsidy. A.R.S. § 38-846.01.

ACCIDENTAL DISABILITY

A physical or mental condition which totally and permanently prevents an employee from performing a reasonable range of duties within the employee's job classification that was incurred in the performance of the employee's duties and was not the result of a physical or mental condition or injury that existed or occurred before the employee's date of membership in the System. A.R.S. §§ 38-842(1) and 38-844.

Eligibility for an accidental disability will be determined by the Local Board upon an independent medical examination. The monthly benefit is 50% of the member's average monthly compensation, or the normal pension amount, whichever is greater. (There is no credited service requirement.) The Local Board may require periodic medical re-evaluations and the accidental disability may terminate if the Local Board finds the member no longer meets the requirements for the disability benefit and refuses an offer of employment by an employer in the system. A.R.S. §§ 38-844 and 38-845.

CATASTROPHIC DISABILITY

A physical (not mental) condition or injury that totally and permanently prevents an employee from engaging in any gainful employment that was incurred in the performance of the employee's duties and that did not exist or occur before the employee's date of membership in the System. A.R.S. §§ 38-842(8) and 38-844.

Eligibility for a catastrophic disability will be determined by the Local Board upon an independent medical examination. The monthly benefit is 90% of average monthly benefit compensation for first 60 months then reduced to either 62.5% of the average monthly benefit compensation, or normal pension amount, whichever is greater. (There is no credited service requirement.) The Local Board may require periodic medical re-evaluations and the catastrophic disability may terminate if the Local Board finds the member no longer meets the requirements for the disability benefit. A.R.S. §§ 38-844, 38-845 and Section 11.

ORDINARY DISABILITY

A physical condition that totally and permanently prevents an employee from performing a reasonable range of duties within the employee's department, or a mental condition that totally and permanently prevents the employee from engaging in any substantial gainful activity. The physical or mental condition or injury did not occur before the employee's date of membership in the System. A.R.S. §§ 38-842(34) and 38-844.

Eligibility for an ordinary disability will be determined by the Local Board upon an independent medical examination. The monthly benefit is a percentage of normal retirement based on the employee's years of credited service divided by 20. The Local Board may require periodic medical re-evaluations and the ordinary disability may terminate if the Local Board finds that the member no longer meets the requirements for the disability benefit and refuses an offer of employment by an employer in the system. A.R.S. §§ 38-844 and 38-845.

TEMPORARY DISABILITY

A physical or mental condition that totally and temporarily prevents an employee from performing a reasonable range of duties within the employee's department and that was incurred in the performance of the employee's duties. The monthly benefit is one-twelfth of 50% of annual compensation at time of disability. (There is no credited service requirement.) The disability pension will be paid for no more than 12 months, or if the member returns to work, or if the Local Board deems the member is no longer under temporary disability, whichever occurs first. The member must terminate employment to receive this benefit. A.R.S. §§ 38-842(46), 38-844 and 38-845.

DEFERRED RETIREMENT OPTION PLAN (DROP)

A member with 20 or more years of credited service may voluntarily and irrevocably enter into the DROP program with the employer for a period of up to 60 months (5 years). During the DROP period, the member remains as an employee of the employer as a full-time paid firefighter or full-time paid certified peace officer, but the employee and employer contributions will not be paid to the System and the member will not earn any additional credited service.

The member’s monthly benefit is calculated based upon the years of credited service and average monthly compensation at the beginning of the DROP period and that same amount is credited to the DROP account with interest which is currently 8.5%.

At the end of the 60 months (or prior to that time), the member must terminate employment and the monies in the DROP account will then be paid as a lump-sum to the member or as a rollover. The member will then begin receiving the monthly benefit amount (which is the same amount that was calculated at the beginning of the DROP). A.R.S. §§ 38-842, 38-844.02 through 38-844.09.

ELIGIBILITY

Police officers who are certified peace officers and fire fighters are eligible to participate in the PSPRS if the employee’s customary employment is for at least 40 hours per week for more than 6 months in a calendar year and is regularly assigned to hazardous duties. A.R.S. § 38-842(23 and 31).

HEALTH INSURANCE

For PSPRS retirees, survivors and their eligible dependents that elect group health insurance and/or accident insurance coverage administered by PSPRS or another state recognized employer plan, the PSPRS will pay up to the following amount (i.e., Premium Benefit). A.R.S. §§ 38-857, 38-651.01 and 38-782.

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

JOINERS

Specific positions and employers may participate in the PSPRS if the governing body of the employer enters into a joinder agreement to bring such employees into the PSPRS. The joinder agreement shall be in accordance with the provisions of this System. Assets under any existing public employee defined benefit retirement program shall be transferred to the PSPRS within 60 days after the employer’s effective date. A.R.S. § 38-851.

PURCHASE OF HANDGUN OR SHOTGUN

Upon retirement and subject to approval by the employer, the PSPRS retiree may purchase the handgun or shotgun issued by the employer to the employee at less than fair market value. A.R.S. § 38-845(G).

REFUNDS

Pursuant to A.R.S. § 38-846.02, upon termination of employment (for any reason other than death or retirement) within 20 days after filing an application with the PSPRS, a member shall receive a lump-sum payment of accumulated contributions (less any benefits paid or any amounts owed to the System). The 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, an additional percentage of contributions will be refunded to the member according to the member’s years of service as stated below:

- 5 to 5.9 years of service = 25% of additional member contributions.
- 6 to 6.9 years of service = 40% of additional member contributions.
- 7 to 7.9 years of service = 55% of additional member contributions.
- 8 to 8.9 years of service = 70% of additional member contributions.
- 9 to 9.9 years of service = 85% of additional member contributions.
- 10 or more years of service = 100% of member contributions plus 3% interest if left on deposit after 30 days.

RETIREMENT ELIGIBILITY AND CALCULATION

Retirement benefits will commence the first day of month following termination of employment and based upon completion of 20 years of service, or following 62nd birthday and completion of 15 years of service. A.R.S. §§ 38-842(12, 32 and 43) and 38-844. The benefit is calculated as follows:

- *20 years of credited service:* 50% of the average monthly benefit compensation. A.R.S. § 38-845(A).
- *Age 62 with 15 years of service, or 20 years of service with less than 20 years of credited service:* The pension is reduced by 4% per year for each year of credited service under 20 years. A.R.S. § 38-845(A)(1).
- *20 to 24.99 years of credited service:* 50% of the average monthly benefit compensation for the first 20 years of credited service, plus 2% of the average monthly benefit compensation for each year of credited service between 20 and 24.99. A.R.S. § 38-845(A)(2).
- *25 or more years of credited service:* 50% of the average monthly benefit compensation for the first 20 years of credited service, plus 2.5% of the average monthly benefit compensation for each year of credited service above 20 years up to a maximum of 80% of the average monthly benefit compensation. A.R.S. §38-845(A)(2).

RETURN TO WORK AFTER RETIREMENT

Effective September 30, 2009, language was added to A.R.S. § 38-849(D) that requires the PSPRS to review all reemployment determinations. However, pre-approval of the rehiring decision by the PSPRS was not mandated by this legislative amendment.

Therefore, in order for a retirement to be valid, the Internal Revenue Service (IRS) requires a separation from service from the date of termination (retirement) to the date of rehire. The statutes have defined this period of separation of service as sixty (60) consecutive days from retirement to the date of rehire.

In addition, A.R.S. § 38-849(D) was amended to provide: "If a retired member becomes employed in any capacity by the employer from which the member retired before sixty consecutive days after the member's date of retirement, the system shall not make pension payments to the retired member during the period of reemployment." Moreover, "if a retired member subsequently becomes employed in the same position by the employer from which the member retired, the system shall not make pension payments to the retired member" and no contributions shall be made on the retired member's account, nor any service credited during the period of reemployment. Thus, a retiree who is hired by an employer in the "same position" is still not entitled to a pension during the period of reemployment, **even if** more than sixty consecutive days have passed since his retirement. "Same position means the member is in a position where the member performs substantially similar duties that were performed and exercises substantially similar authority that was exercised by the retired member before retirement."

SERVICE PURCHASE

Purchase of Prior Active Military Service. Members may purchase up to 48 months of credited service for periods of active military service performed before employment with their current employer (even if the member receives a military pension). A.R.S. § 38-858. Additionally, members can receive credited service limited to 60 months if called to active duty while working for the current employer. A.R.S. § 38-858.

Purchase of Prior Service from an Out-of-State Agency. Active members that have previous service 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. as a full-time paid fire fighter or full-time paid certified peace officer may elect to redeem any part of the prior service if the prior service is not on account with any other retirement system. A.R.S. § 38-853.01.

Purchase of Prior Forfeited Service within the SAME Retirement Plan. If a former member becomes RE-EMPLOYED with the SAME EMPLOYER within two years after the former member's termination date, and applies with the System within ninety days of reemployment, may elect to purchase **all** of the previously forfeited credited service. The amount required to reinstate the credited service is the amount previously withdrawn plus interest at the rate of 9% compounded annually from the date of withdrawal to the date of repayment and the reimbursement is required to be paid within 1-year from the date of re-employment. A.R.S. § 38-849(C).

If the statutory requirements above are not met, the member may still purchase some or all of the previously forfeited credited service calculated based on an amount computed by the System's actuary to equal the actuarial present value. A.R.S. § 38-853.01.

Purchase of Service between the Arizona Retirement Plans/Systems. Members of any of the four Arizona state retirement System/Plans that have credited service under another Arizona state retirement System/Plan may redeem the credited service to their current Arizona state retirement System/Plan by paying the full actuarial present value of the credited service into the current Arizona retirement System/Plan with the approval of the PSPRS or governing board. A.R.S. § 38-922.

Purchase of Service from Rural Metro/Contract Service. Active members that have previous service with a corporation that contracted with an employer now covered by the System to provide firefighting services on behalf of that employer as a full-time paid firefighter may purchase service subject to limitations pursuant to federal laws. A.R.S. §§ 38-842 and 38-853.01.

Purchase of Service with a PSPRS Employer Prior to Joinder Date. Active members of the System that had previous service in this state as an employee with an employer now covered by the System as a full-time paid fire fighter or full-time paid certified peace officer may elect to redeem any part of the prior service if the prior service is not on account with any other retirement system. A.R.S. § 38-853.01.

TAXATION OF RETIREMENT BENEFITS

All PSPRS retirement benefits in excess of \$2,500 annually will be subject to Arizona state tax. A.R.S. §§ 38-852 and 43-1022.

TRANSFERS

Transfer of Contributions between PSPRS Employers. A member, who terminates employment with an employer and, within two years, accepts a position with the same or another employer participating in the System shall have their credited service transferred to their record with the new employer if they leave their accumulated contributions on deposit with the System. The period not employed shall not be considered as service. A.R.S. § 38-853.

Transfer of Service between the Arizona Retirement Plans/Systems. Members of any of the four Arizona state retirement System/Plans that have credited service under another Arizona state retirement System/Plan may transfer the credited service to their current Arizona state retirement System/Plan by transferring the full actuarial present value of the credited service into the current Arizona retirement System/Plan with the approval of the PSPRS or governing board. 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/Plan. A.R.S. §§ 38-921 and 38-922.

Transfer of Service between Municipal Retirement Systems and Special Retirement Plans. An active or inactive member of a retirement System or Plan of a municipality of this state (i.e., City of Phoenix and City of Tucson) or of the PSPRS may transfer the service to their current retirement System or Plan based on the member's accumulated contributions plus interest, or the member may elect a reduced service amount to be transferred based on the actuarial present value. A.R.S. §§ 38-923 and 38-924.

This is not an official version of the Arizona Revised Statutes. If there are any differences or discrepancies, the official version will prevail.

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 \$(835,785) for FYE 2010 and \$(693,024,100) for FYE 2009. This calculation is independent of the calculation of the change in the fair value of investments and may include unrealized amounts from prior periods.

The Plan implemented Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, for the year ended June 30, 2010. Statement No. 53 addresses the recognition, measurement, and disclosures regarding derivative instruments entered into by the Plan.

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, 2010. Actual results could differ from those estimates.

NOTE 3: CASH AND INVESTMENTS

CASH

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 two financial institutions with a balance of up to \$250,000 (permanently guaranteed as of July 21, 2010) insured by the Federal Deposit Insurance Corporation (FDIC). The System mitigates custodial credit risk for deposits by requiring the financial institutions 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 Bank pledged the following securities to PSPRS, the Corrections Officer Retirement Plan and the Elected Officials' Retirement Plan on June 30, 2010 as collateral:

Description	CPN	Maturity	Market Value
FED NATL MTG ASSN POOL #257449	6.00	11/1/2038	\$ 6,302,267
FED NATL MTG ASSN POOL #885515	6.00	7/1/2036	2,798,720
FED NATL MTG ASSN POOL #911370	6.00	2/1/2037	2,150,459
FED NATL MTG ASSN POOL #930769	6.00	3/1/2039	4,802,040
FED NATL MTG ASSN POOL #950981	6.00	10/1/2037	6,864,700
TOTAL			\$22,918,186

All monies shall be secured by the depository in which they are deposited and held to the same extent and in the same manner as required by the general depository law of the state. Cash balances represent both operating and cash accounts held by the bank and investment cash on deposit with the investment custodian. All deposits are carried at cost plus accrued interest. The following table is a schedule of the aggregate book and bank balances of all cash accounts as of June 30, 2010:

	REPORTED AMOUNT	BANK BALANCE
Pension Trust Fund	\$ 48,548,389	\$ 48,548,389
Operating Fund	5,523,416	5,523,416
Total Deposits	\$54,071,805	\$54,071,805

INVESTMENTS

PSPRS investments are reported at Fair Value. Fair Values are determined as follows: Short-term investments are reported at cost which approximates fair value. 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 fixed-income broker/dealers. 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 Board of Trustees to make investments in accordance with the "Prudent Man" rule. The Board of Trustees is not limited to so-called "Legal Investments for Trustees." In making every investment, the Board of Trustees 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 board 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 board 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 board 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 board 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 Board of Trustees 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 into the PSPRS Trust. 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, 2010, the fair market value of the PSPRS Trust and the allocation for each system and plan was as follows:

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

PLAN	UNITIZED	PERCENT
PSPRS	\$ 4,553,738,626	76.66%
CORP	1,108,804,112	18.67%
EORP	277,865,255	4.68%
TRUST TOTAL	\$5,940,407,993	100.00%

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, 2010, 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 or the PSPRS Trust 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, 2010, the System's fixed income assets that were not government guaranteed represented 94.0% 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 of 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.

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

FIXED SECURITY TYPE	FAIR VALUE JUNE 30, 2010	% OF ALL FIXED INCOME ASSETS	WEIGHTED AVG. CREDIT
Corporate Bonds	\$ 770,746,696	94.80%	AA
Mortgages	8,566,561	1.10%	Below BB
CBO	21,459,649	2.60%	A
CDO	11,803,690	1.50%	A
Total	\$812,576,596	100.00%	AA

RATINGS DISPERSION DETAIL

CREDIT RATING LEVEL	CORPORATE BONDS	MORTGAGES	CBO	CDO
AAA	\$ -	\$ 529,017	\$ -	\$ -
AA	714,366,412	-	-	-
A	28,595,049	-	17,831,891	11,803,690
BBB	26,632,669	-	-	-
Below BBB	1,152,566	8,037,544	3,627,759	-
Total	\$770,746,696	\$8,566,561	\$21,459,650	\$11,803,690

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)**

FIXED INCOME SECURITY	<1	1-5	6-10	11-15	16-20	>20
Corporate	\$-	\$ 3,857,629	\$ 22,147,651	\$ 8,881,523	\$ 4,739,788	\$ 739,686,666
Agencies	-	-	19,569,383	12,696,835	9,460,345	9,832,745
CBO	-	-	9,444,713	-	-	12,014,936
CDO	-	-	-	-	-	11,803,690
Total	\$-	\$3,857,629	\$51,161,747	\$21,578,358	\$14,200,133	\$773,338,037

CALLABLE BONDS BY SECURITY TYPE
(INCLUDING GOVERNMENT GUARANTEED SECURITIES)

FIXED INCOME SECURITY TYPE	FAIR VALUE JUNE 30, 2010	% OF ALL FIXED INCOME ASSETS
Corporate	\$ 8,039,143	0.99%
Agencies	-	0.00%
Total	\$8,039,143	0.99%

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 Board of Trustees manages shall be invested in foreign securities.

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

FOREIGN CURRENCY RISK		
CURRENCY TYPE	HOLDINGS	FAIR VALUE
Australian Dollar	44,334	\$ 37,447
British Pound Sterling	110,177	164,836
Canadian Dollar	108,592	102,189
Danish Krone	91,378	15,026
Euro Currency Unit	63,249	77,473
Hong Kong Dollar	229,939	29,528
Israeli Shekel	227,262	58,550
Japanese Yen	62,529,859	706,632
New Zealand Dollar	7,724	5,311
Norwegian Krone	198,088	30,460
Singapore Dollar	26,677	19,108
Swedish Krona	162,109	20,831
Swiss Franc	30,564	28,344
Total Market Value		\$1,295,735

DERIVATIVES

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates, or financial indexes. They include futures contracts, options contracts, and forward foreign currency exchange. The Board of Trustees has adopted a derivative policy that specifically authorizes external investment managers to enter into certain derivative contracts based on an analysis that the use of such derivatives will have a positive impact on the Trust's ability to manage its underlying assets and liabilities. The PSPRS Trust investment program, indirectly through its external managers, holds investments in futures contracts. The external money managers enter into these certain derivative instruments primarily to enhance the performance and reduce the volatility of the PSPRS portfolio, to gain or hedge exposure to certain markets, and to manage interest rate risk. The external managers are required to follow certain controls, documentation and risk management procedures when employing these financial instruments.

The fair value exposure associated with these derivative instruments was recorded on the financial statements as a portion of the unrealized gains and losses related to U.S. Equity and Fixed Income. The total of unrealized losses for PSPRS was \$13,202,815 at June 30, 2010 consisting of U.S. Equity (loss of \$13,233,196) and Fixed Income (gain of \$30,381). Interest risk associated with these investments are included in the tables on page 33.

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, 2010 the fair value of securities on loan was \$481,291,983 and the collateral was \$494,161,031 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 233 days. Additionally, at least 20% of total collateral investments shall be invested on an overnight basis. At June 30, 2010, the weighted average maturity was 36 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 last 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 \$8,644,062 has been recorded as the System's share.

ASSET CLASS	OUT ON LOAN	TOTAL AVAILABLE TO LOAN	% OF AVAILABLE TO LOAN
Equities	\$ 452,569,667	\$ 1,866,753,032	24.24%
Agencies	-	23,361,743	0.00%
Treasuries	4,023,293	28,197,565	14.27%
Exchange Traded	24,699,023	2,600,087,785	0.95%
Totals	\$481,291,983	\$4,518,400,125	10.65%

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, 2010 was \$231,103.

The following table is a schedule of the capital asset account balances as of June 30, 2009, and June 30, 2010, and changes to those account balances during the year ended June 30, 2010.

SCHEDULE OF CAPITAL ASSET ACCOUNT BALANCES

	LAND	BUILDING AND IMPROVEMENTS	FURNITURE, FIXTURES AND EQUIPMENT	TOTAL CAPITAL ASSETS
CAPITAL ASSETS				
Balance June 30, 2009	\$ 495,436	\$ 3,504,602	\$ 787,707	\$ 4,787,745
Additions	-	68,880	55,570	124,451
Deletions	-	-	-	-
Balance June 30, 2010	495,436	3,573,482	843,278	4,912,196
ACCUMULATED DEPRECIATION				
Balance June 30, 2009	-	(416,746)	(427,918)	(844,664)
Additions	-	(95,305)	(135,798)	(231,103)
Deletions	-	-	-	-
Balance June 30, 2010	-	(512,052)	(563,716)	(1,075,767)
Net Capital Assets	\$495,436	\$3,061,431	\$279,562	\$3,836,429

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-six (26) year period. Beginning July 1, 2006, the minimum employer contribution rate increased from 5% to 8%.

During the year ended June 30, 2010, contributions totaling \$402,848,666 (\$300,707,126 employer [\$281,099,513 pension and \$19,607,613 health insurance subsidy contributions in excess of the benefits paid] and \$102,141,540 member) were made in accordance with contribution requirements determined by an actuarial valuation of the System as of June 30, 2008. The employer contributions consisted of approximately \$170,839,870 for normal cost [\$163,697,097 pension and \$7,142,773 health insurance subsidy] plus \$129,867,256 for amortization of the unfunded actuarial accrued liability in aggregate [\$117,402,416 pension and \$12,464,840 health insurance subsidy]. Employer contributions represented 20.77% of covered payroll [11.80% for normal costs (11.29% pension and 0.51% health insurance) and 8.97% for amortization of unfunded actuarial accrued liability in aggregate (8.08% pension and 0.89% 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 '10, contributions collected for the health insurance subsidy amounted to \$19,607,613 and the health benefit subsidy payments were \$12,496,924. The excess contributions of \$7,110,689 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 Board of Trustees, 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. It is anticipated that a final resolution will be reached this next fiscal year.

NOTE 10: FUNDING STATUS AND PROGRESS

The System’s funded status (excluding health insurance subsidy) 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)
06/30/2010	\$5,591,304	\$8,255,185	\$2,663,881	67.7%	\$1,400,544	190.2%

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, 2010

Actuarial Cost Method: Projected Unit Credit

Amortization Method: Level Percent of Payroll, Closed

Remaining Amortization Period: 26 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% - 8.50%, 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 SUPPLEMENTARY 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)
06-30-01	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 %
06-30-10	5,591,304	8,255,185	2,663,881	67.7%	1,400,544	190.2 %

* 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, 66.5% for 6-30-08, 68.2% for 6-30-09, and 65.8% for 6-30-10.

* 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
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% *
2010	288,210,202	104.30% *

* 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 required 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 required calculation resulted in a percent contributed of 104.0% for the retirement plan.

REQUIRED SUPPLEMENTARY INFORMATION

* 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.

* Total Employer Contributions received during FY'10 were \$300,707,126. 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 \$19,607,613. The benefits paid for the health insurance subsidy were \$12,496,924. The difference between the calculated annual required contributions and the benefits paid of \$7,110,689 were then added back to the annual required contributions for the retirement plan. This re-quired calculation resulted in a percent contributed of 104.3% for the retirement plan.

* See Notes to the Schedules of Required Supplementary Information.

REQUIRED SUPPLEMENTARY INFORMATION**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION****ACTUARIAL METHODS AND ASSUMPTIONS FOR VALUATIONS PERFORMED JUNE 30, 2010**

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 26-year amortization period were used for the June 30, 2010 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%-8.5%, which include a price inflation assumption of 5.5% per year.

Each of the 234 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 2010 were determined by actuarial valuations as of June 30, 2008.

SCHEDULE OF CHANGES IN RESERVE BALANCES
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	REFUNDABLE MEMBERS' RESERVE	EMPLOYERS' RESERVE	FUTURE BENEFIT INCREASE RESERVE
BALANCE AS OF JUNE 30, 2008	\$789,565,692	\$3,729,763,733	\$499,951,273
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	7,856,545	304,282	
Balances Transferred to Employers' Reserve due to Retirement	(39,946,631)	39,946,631	
BALANCE AS OF JUNE 30, 2009	\$853,566,631	\$2,976,520,773	\$285,613,717
DISTRIBUTION OF REVENUES AND EXPENSES			
Members' Contributions	102,141,540		
Employers' Contributions		300,707,126	
Earnings (Loss) on Investments Net of Investment Expenses		553,076,515	
Pension and Insurance Benefits		(481,978,619)	
Refunds to Terminated Members	(6,329,178)	(3,646,261)	
Administrative Expenses		(4,932,351)	
DISTRIBUTION OF TRANSFERS			
Excess Investment Earnings to be used for Future Benefit Increases		(90,856,517)	90,856,517
Earnings (Loss) on Excess Investment Earnings Account Assets		(38,472,168)	38,472,168
Amount Utilized by Benefit Increases Granted		139,653,075	(139,653,075)
Net Transfers In (Out) and Purchase of Service Credits	10,813,373	310,137	
Balances Transferred to Employers' Reserve due to Retirement	(38,520,452)	38,520,452	
BALANCE AS OF JUNE 30, 2010	\$921,671,914	\$3,388,902,162	\$275,289,327

SUPPORTING SCHEDULES INFORMATION

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
RECEIPTS		
Members' Contributions	\$ 102,064,249	\$ 101,090,579
Employers' Contributions	301,119,939	325,385,997
Interest	28,627,333	50,351,882
Dividends	53,238,571	90,430,741
Other Income	2,961,955	416
Securities Lending Income	3,110,361	8,027,696
Transfer In	758,603	945,673
Service Purchase	10,607,980	7,625,661
Maturities and Sales of:		
Short-Term Investment	-	-
U S Equity	3,861,632,992	4,231,348,762
Non-U s Equity	1,982,048,039	1,470,285,292
GTAA	153,667,203	-
Fixed Income	266,297,468	2,543,547,069
Credit Opportunities	182,699,024	216,562,946
Private Equity	415,560,540	90,393,104
Real Assets	211,332,275	51,704,436
Real Estate	89,418,115	326,831,738
Total Receipts	7,665,144,647	9,514,531,992
DISBURSEMENTS		
Pension Benefits	398,678,223	365,697,981
Refunds to Terminated Members	9,975,440	7,643,202
Drop Benefits	83,300,396	90,868,267
Investment and Administrative Expenses	21,482,760	23,650,810
Transfer Out	243,073	410,507
Acquisitions of:		
Short-Term Investment	-	-
U S Equity	3,360,979,934	3,702,490,597
Non-U s Equity	1,919,404,005	1,731,675,348
GTAA	460,036,689	-
Fixed Income	235,168,359	2,376,519,405
Credit Opportunities	213,823,553	408,725,589
Private Equity	571,070,553	182,271,637
Real Assets	230,986,374	185,087,223
Real Estate	179,715,941	461,036,393
Total Disbursements	7,684,865,300	9,536,076,959
INCREASE (DECREASE) IN CASH	(19,720,653)	(21,544,967)
BEGINNING CASH BALANCE - July 1	73,792,458	95,337,425
ENDING CASH BALANCE - June 30	\$ 54,071,805	\$ 73,792,458

SUPPORTING SCHEDULES INFORMATION

SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

EXPENSE CATEGORY	ADMINISTRATIVE	INVESTMENT	TOTAL
Accounting and Auditing Services	\$ 62,262	\$ -	\$ 62,262
Actuarial Services	143,851	-	143,851
Building Expense	143,922	-	143,922
Communications	13,474	-	13,474
Computer Related Expense	178,959	56,101	235,060
Contractual Services	55,383	-	55,383
Depreciation Expense	231,103	-	231,103
Fund Manager Initiatives	24,750	-	24,750
Furniture and Equipment	3,849	-	3,849
Investment Services	-	13,730,417	13,730,417
Legal Services	304,913	540,658	845,571
Local Board Training	60,000	-	60,000
Payroll Taxes and Fringe Benefits	880,593	249,889	1,130,482
Postage Expenses	92,605	-	92,605
Printing and Publications	57,197	-	57,197
Professional Services	777,897	1,380,654	2,158,551
Salaries and Wages	1,860,792	505,139	2,365,931
Supplies and Services	24,280	-	24,280
Training Expenses	1,987	26,882	28,869
Travel Expense	14,532	39,291	53,823
TOTAL	\$4,932,349	\$16,529,031	\$21,461,380

SCHEDULE OF CONSULTANT EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

CONSULTANT	SERVICE PROVIDED	FEES PAID
Albourne America, LLC	International Alternative Investment Consultant	\$ 351,019
Alliance Resource Consulting, LLC	Executive Recruitment	6,902
BNY Mellon Asset Servicing	Independent Investment Advisor	133,192
Brazen Technology, Inc.	IT Consultant	87,739
CB Richard Ellis	Real Estate Consultant	25,634
Cortex Applied Research, Inc.	Governance Advisor	8,996
Cushman & Wakefield	Real Estate Consultant	27,712
Gabriel Roeder Smith & Company	Actuary	136,135
Heinfeld, Meech & Co.	Independent Auditors	62,262
Highground, Inc.	Legislative Liaison	62,352
Kutak Rock LLP	General Counsel	845,571
Light Stone Solutions, LLC	Due Diligence	195,266
NEPC, LLC	Independent Investment Advisor	322,152
ORG Portfolio Management LLC	Real Estate Consultant	251,140
OSAM, Inc.	IT Consultant	13,522
Page, Gerald	IT Consultant	23,027
Public Policy Partners	Legislative Liaison	83,156
Rodwan Consulting Company	Actuary	7,716
Sherwood Systems	Accounting Consultant	8,236
Smout, Jared	Accounting Consultant	20,784
Stepstone Group LLC	Alternative Investment Consultant	242,480
TOTAL		\$2,914,993

OTHER SUPPLEMENTARY INFORMATION

**HEALTH INSURANCE PREMIUM SUBSIDY
AGENCY FUND
STATEMENT OF CHANGES IN ASSETS & LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2010**

HEALTH INSURANCE PREMIUM SUBSIDY	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE
ASSETS				
Cash	\$ 0	\$ 12,496,923	\$ 12,496,923	\$ 0
Total Assets	0	12,496,923	12,496,923	0
LIABILITIES				
Benefits Payable	0	12,496,923	12,496,923	0
Total Liabilities	\$ 0	\$12,496,923	\$12,496,923	\$ 0

**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%
06/30/10	0	236,637	236,637	0.0%	1,400,544	16.9%

* 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, 2009 and 2010 health insurance premium subsidy with the retirement plan, the funded ratios are 66.4%, 66.5%, 68.2% and 65.8% respectively.

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**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
CORRECTIONS OFFICER RETIREMENT PLAN
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Tim Dunne, Trustee
Gregory Ferguson, Trustee
Alan Maguire, Trustee
Jeff McHenry, Trustee
Randie Stein, Trustee

December 3, 2010

Dear Members:

As the Chief Investment Officer of the Public Safety Personnel Retirement System (PSPRS) during the fiscal year beginning July 1, 2009 and ending June 30, 2010, I submit the following comments and observations for your consideration and for the consideration of the respective parties in interest of the System:

HISTORY

Until recently the investment activities of PSPRS focused on internally managed domestic public securities (Stocks and Bonds), with some allocations to Arizona Real Estate. As with “baskets and eggs” this created concentrations of risks, particularly a concentration of risk in U.S. large Cap growth stocks. When U.S. domiciled equities did well, so did PSPRS. When U.S. equities performed poorly, so did PSPRS with a corresponding erosion in our funding ratios. While each of the System’s Plans have slightly different liabilities and slightly different funding ratios, the trend in funding ratios has been down during the last several years. While it might be argued that going up high in good years offsets going down low in bad years, a simple illustration demonstrates the continuing problems with this volatility.

Assume that a fund begins a year with \$100.00 and in that year suffers a 20% loss, ending with a balance of \$80.00. In the next year assume that the markets recover and the fund increases in value 20%. This new return brings the fund only back to \$96.00. Over this two year example the fund’s net return is negative. In the case of retirement funds with demographics similar to ours, during this two year period the liabilities of the fund would continue to grow unabated and the funding ratio of the fund would decline.

Our historic performance with large concentrations in U.S. equities has been extremely volatile, reflecting major losses in asset value resulting from the “Dot Com” market decline early in the decade and the most recent economic and financial market calamities. This volatility over our last ten years demonstrates precisely the example cited above as follows:

FY	Return %	FY	Return%
2010	13.47	2005	9.11
2009	-17.73	2004	14.97
2008	-7.27	2003	6.67
2007	17.05	2002	-15.07
2006	8.32	2001	-16.86

This return distribution has six up years and four down years. The average return per year is about +1.26% with an arithmetic return of +12.66%. But that return is deceiving. Because of the “Time Value of Money” and compounding effects, the PSPRS 10 year return is really +0.36%. Our liabilities compounded to an amount more than that, thus reducing our funding ratios. During this period PSRPS investment managers have consistently outperformed but that relative outperformance was outpaced by the portfolio volatility driven by extreme reliance on Domestic Equities. In the universe of public pension plans, manager outperformance cannot overcome asset allocation performance as asset allocation usually accounts for more than 85% of total fund performance.

2008 TO THE PRESENT

Recognizing these problems the PSPRS Administrator and the PSPRS Board began a program to broadly diversify the Fund's asset allocation and manager concentration. There was significant progress to this end in 2008-2009 which has continued through fiscal year 2009-2010. U.S. Equity exposure has been reduced from about 65% in 2007 to about 24% in 2010. Total equities have been reduced from about 73% of the portfolio in 2007 to about 41% in 2010. Within equities, the Fund currently enjoys exposures to domestic equities, developed international equities and to emerging and to frontier markets. Current asset allocation targets will reduce our total equity exposures to about 35% of the total portfolio with true global diversity.

The large historic equity exposures have been replaced with allocations to Credit Opportunities, Real Assets (Timber, Commodities, Infrastructure etc.) Global Tactical Asset Allocation (GTAA) Strategies, Private Equity, Real Estate and Absolute Return Strategies. The specific purpose of this diversification is to generate returns from multiple asset classes, multiple geographies and multiple strategies. This means that we will not "live or die" by one asset class, one geography and one strategy. Our financial eggs are distributed widely in different baskets, many of which go up when others go down or are largely uninfluenced by events which "spoil a basket" in another area.

In the Fiscal year 2008-2009 the effect of this diversification proved immediately valuable. While the fund was down more than 17% in that time frame, we would have been down much more if we had kept our traditional equity allocation. Many of our peers were down significantly more than 20%.

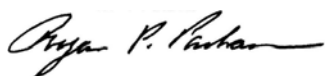
In this fiscal year 2009-2010, equities had a strong recovery. We participated in that recovery and returned 13.47% for the total fund net of fees. However, consistent with our strategy, our participation was not solely dependent upon equities. For example, our credit opportunities portfolio of approximately one half of a billion dollars returned 33.85% in this time period. That return was generated in positions higher in the capital structure (including in many cases credit tranches that were AAA and AA rated) than equities, with significantly more downside protection than equities could have provided. In this situation, the System's Plans benefited from more return than equities would have given us and with less risk.

The Fund's fiduciary consultant NEPC, has recently confirmed the System's Investment Department's staff's assessment that our current asset allocation delivers a higher probability of reaching our assumed earnings rate of return of 8.25% with significantly less risk. In all likelihood we will continue to participate in most of the market's upside but also have significantly less participation in the market's downside.

CONCLUSION

The continued diversification of the fund will enable the System's Plans to generate better risk adjusted returns than was the case with PSPRS' historic allocations and will help to protect funding ratios from the effects of exaggerated volatility. When combined with expected continued manager outperformance, this diversification should in the mid and long term, improve PSPRS funding ratios and enhance the stability of our System.

Respectfully Submitted,



Ryan Parham

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:

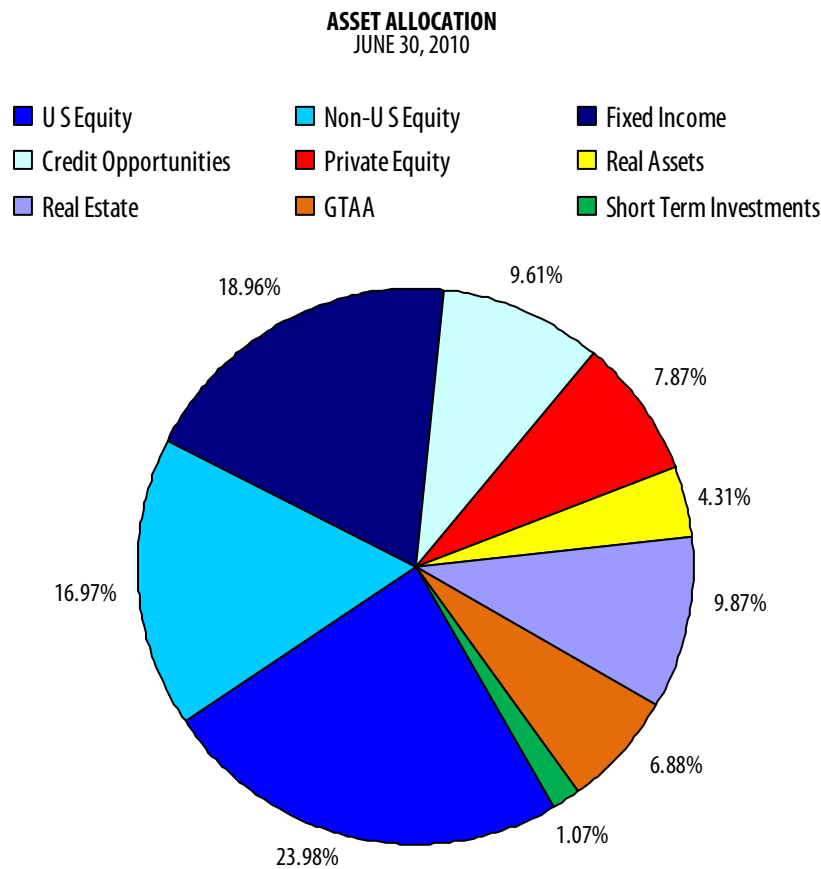
- Maintain a goal for the Fund's assets to be equal to the Fund's liabilities within a twenty year period.
- Annually adjust the employer contribution rates based on the recommendations made by the annual actuarial evaluations.
- Determine a reasonable contribution rate necessary to fund benefits approved 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 objectives and the direction of the Board of Trustees, strategically allocating within asset classes and investment styles in order to enhance investment returns.
- 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*
JUNE 30, 2010

Description	1 Year	3 Years	5 Years	10 Years
PSPRS - Total Fund	13.47%	-4.69%	1.88%	0.36%
<i>Target Fund Benchmark</i>	<i>12.10%</i>	<i>-5.89%</i>	<i>-0.13%</i>	<i>1.43%</i>
Total Equity	13.73%	-7.82%	0.16%	
<i>Target Equity Benchmark</i>	<i>13.66%</i>	<i>-9.56%</i>	<i>-0.73%</i>	
U.S. Equity	16.95%	N/A	N/A	
<i>Russell 3000</i>	<i>15.72%</i>	<i>-9.47%</i>	<i>-0.48%</i>	
Non-U.S. Equity	8.99%	N/A	N/A	
<i>MSCI ACWI Ex-US Net</i>	<i>10.43%</i>	<i>-10.70%</i>	<i>3.38%</i>	
Fixed Income	13.84%	5.10%	4.45%	
<i>BC Aggregate</i>	<i>9.50%</i>	<i>7.55%</i>	<i>5.54%</i>	
Credit Opportunities	33.85%	N/A	N/A	
<i>ML US High Yield BB-B Constrained</i>	<i>21.65%</i>	<i>5.60%</i>	<i>6.11%</i>	
Private Equity	26.68%	-5.50%	N/A	
<i>Russell 3000 + 100 bps</i>	<i>16.72%</i>	<i>-8.47%</i>	<i>0.52%</i>	
Real Assets	5.85%	N/A	N/A	
<i>CPI + 200 bps</i>	<i>2.92%</i>	<i>3.52%</i>	<i>4.27%</i>	
Real Estate	-12.63%	-1.38%	N/A	
<i>NCREIF NPI</i>	<i>-1.48%</i>	<i>-4.71%</i>	<i>3.78%</i>	
Short Term Investments	0.28%	1.86%	3.08%	
<i>ML Treasury 91 day Actual</i>	<i>0.16%</i>	<i>1.57%</i>	<i>2.76%</i>	

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

Target Fund Benchmarks (Effective Dates)

April 1, 2009 - June 30, 2010: 30% Russell 3000, 20% MSCI World Ex-US Net, 20% BC Aggregate, 8% NCREIF NPI, 8% Russell 3000 + 100 bps, 8% ML US High Yield BB-B Constrained, 5% CPI + 200 bps and 1% 91-Day T-Bill

July 1, 2007 - March 31, 2009: 46% Wilshire 5000, 21% MSCI World Ex-US Net, 20% BC Gov/Cred, 6% NCREIF NPI, 6% Wilshire 5000 +300 bps and 1% 91-Day T-Bill

July 1, 2006 - June 30, 2007: 50% S&P 500, 10% S&P 400, 5% S&P 600, 20% BC Gov/Cred, 10% Expected Annual Return for Real Estate of 8.00% and 5% 91-Day T-Bill

July 1, 2002 - June 30, 2006: 45% S&P 500, 45% BC Gov/Cred and 10% 91-Day T-Bill

Target Equity Benchmarks (Effective Dates)

April 1, 2009 - June 30, 2010: 60% Russell 3000 and 40% MSCI World Ex-US Net

July 1, 2007 - March 31, 2009: 67.69% Wilshire 5000 and 32.31% MSCI World Ex-US Net

July 1, 2006 - June 30, 2007: 76.92% S&P 500, 15.39% S&P 400 and 7.69% S&P 600

July 1, 2002 - June 30, 2006: 100% S&P 500

EQUITY PORTFOLIO TOP 10 HOLDINGS
 JUNE 30, 2010

Description	Shares	Fair Value
VANGUARD INSTL INDEX FD TOTAL	7,985,449	\$184,703,430
CRESTLINE CS 3000 FUND L.P.	101,803,643	101,803,643
ISHARES MSCI EMERGING MARKETS	2,488,980	92,888,734
FRONTPOINT MULTI-STRATEGY FUND	74,880,973	74,880,973
VANGUARD INTL EQUITY INDEX FD	1,894,220	72,700,156
GAM TRADING STRATEGY	57,492,751	57,492,751
VANGUARD EMERGING MARKETS ETF	1,193,401	45,337,296
VANGUARD STAR FD DEVELOPED MKT	4,061,943	33,226,695
BGI FRONTIER MARKETS FUND	5,188,421	28,924,346
ETF VANGUARD PACIFIC ETF	492,193	23,408,706

FIXED INCOME PORTFOLIO TOP 10 HOLDINGS
 JUNE 30, 2010

Description	Shares	Fair Value
BGI CORE ACTIVE BOND FUND	27,798,208	\$571,356,854
VANGUARD BD INDEX FD INC TOTAL	1,639,039	133,384,962
SECURITY MUT LIFE INS CO 144A	11,498,550	12,006,466
U S TREASURY NOTE	9,965,410	10,429,400
CBO HLDGS III 04-3 CL A 144A	9,494,199	9,444,713
PREFERRED CPO A / B 144A	8,195,783	9,122,304
CBO HLDGS III 1A 04-1 C-2 144A	8,027,479	8,387,177
U S TREASURY NOTE	7,665,700	7,695,060
SPDR BARCLAYS CAPITAL INTL	127,947	6,877,133
U S TREASURY NOTE	6,132,560	6,159,421

SUMMARY OF CHANGES IN INVESTMENT PORTFOLIO

 JUNE 30, 2010
 (IN THOUSANDS)

DESCRIPTION	JUNE 30, 2009 BALANCE				JUNE 30, 2010 BALANCE			
	PERCENT AT FAIR VALUE	FAIR VALUE	BOOK VALUE	ACQUIRED	MATURED AND SOLD	FAIR VALUE	BOOK VALUE	PERCENT AT FAIR VALUE
U. S. Equity	35.33%	\$1,420,576	\$1,704,893	\$3,362,944	\$3,973,574	\$1,093,235	\$1,094,263	24.82%
Non U. S. Equity	19.55	786,140	754,735	1,920,113	1,894,544	773,518	780,304	17.70
GTAA	0.00	-	-	460,037	153,409	313,598	306,628	6.95
Fixed Income	19.30	776,252	829,050	264,600	296,901	864,136	796,749	18.07
Credit Opportunities	7.70	309,504	335,983	213,823	153,474	438,228	396,332	8.99
Private Equity	3.65	146,963	173,365	571,070	393,664	358,786	350,771	7.96
Real Assets	4.19	168,586	164,976	231,398	205,972	196,381	190,402	4.32
Real Estate	10.28	413,303	462,587	179,717	148,940	450,149	493,364	11.19
Total Portfolio	100.00%	\$4,021,324	\$4,425,589	\$7,203,702	\$7,220,478	\$4,488,031	\$4,408,813	100.00%

SCHEDULE OF COMMISSIONS PAID TO BROKERS
 YEAR ENDED JUNE 30, 2010

BROKER	NUMBER OF SHARES TRADED	AVERAGE COMMISSION	TOTAL COMMISSIONS
ABN AMRO BANK NV, LONDON	969,028	0.0004	\$ 388
BARCLAYS CAPITAL LE, JERSEY CITY	1,429,882	0.0016	2,340
BLOOMBERG TRADEBOOK LLC, NEW YORK	109,142,711	0.0002	23,648
BNY BROKERAGE, NEW YORK	467,284	0.0009	414
BROCKHOUSE AND COOPER, MONTREAL	524,988	0.0004	220
CIBC WORLD MKTS INC, TORONTO	43,795	0.0003	13
CITATION GROUP/BCC CLRG, NEW YORK	6,986,469	0.0006	4,003
CITIGROUP GBL MKTS AUSTRALIA PTY, SYDNEY	62,046	0.0005	31
CITIGROUP GBL MKTS INC, NEW YORK	610,994	0.0009	553
CITIGROUP GBL MKTS SINGAPORE SEC PVT LTD	158,630	0.0005	79
CITIGROUP GBL MKTS/SALOMON, NEW YORK	901,945	0.0005	440
CITIGROUP GLOBAL MARKETS LTD, LONDON	12,640,340	0.0003	3,545

SCHEDULE OF COMMISSIONS PAID TO BROKERS
YEAR ENDED JUNE 30, 2010

BROKER	NUMBER OF SHARES TRADED	AVERAGE COMMISSION	TOTAL COMMISSIONS
CITIGROUP GLOBAL MARKETS U.K., LONDON	6,114,495	0.0003	\$ 1,682
CREDIT SUISSE (EUROPE), LONDON	3,209,810	0.0003	883
CREDIT SUISSE, NEW YORK	552,629	0.0004	205
DEUTSCHE BK INTL EQ, LONDON	524,182	0.0003	174
DEUTSCHE BK SECS INC, NY	375,821	0.0005	182
GOLDMAN SACHS & CO, NY	1,287,588	0.0005	644
GOLDMAN SACHS INTL, LONDON	5,588,635	0.0003	1,937
INSTINET AUSTRALIA CLEARING SERV, SYDNEY	72,711	0.0005	36
INSTINET EUROPE LIMITED, LONDON	237,510	0.0004	95
INVESTMENT TECHNOLOGY GROUP, NEW YORK	8,703,952	0.0005	4,557
ITG (EUROPE) LTD, DUBLIN	1,871,862	0.0004	814
ITG CANADA CORP, TORONTO	1,666,901	0.0005	894
ITG HONG KONG LIMITED, HONG KONG	8,499,494	0.0004	3,418
ITG/POSIT, NEW YORK	81,397	0.0004	31
J P MORGAN SEC, SYDNEY	175,499	0.0005	88
JP MORGAN SECS ASIA PACIFIC, HONG KONG	349,286	0.0004	140
KNIGHT SEC BROADCORT, JERSEY CITY	5,367	0.0086	46
MERRILL LYNCH INTL LONDON EQUITIES	267,721	0.0003	94
MERRILL LYNCH PIERCE FENNER SMITH INC NY	474,993	0.0011	541
MERRILL LYNCH PIERCE FENNER, WILMINGTON	174,201	0.0009	152
MORGAN STANLEY & CO INC, NY	2,902,743	0.0004	1,152
NOMURA INTERNATIONAL LTD, HONG KONG	10,605	0.0005	5
NOMURA SECS INTL, LONDON	302,159	0.0004	128
PENSON FINANCIAL SERVICES INC, DALLAS	466,703,742	0.0001	35,398
RBC DOMINION SECS INC, TORONTO	2,917,263	0.0004	1,288
STATE STREET BANK ASSET MGMT DIV, BOSTON	2,216,598	0.0002	469
STATE STREET BK & TR CO (SEC), LONDON	30,216,980	0.0004	13,590
STATE STREET GLOBAL MARKETS LLC, BOSTON	632,703,891	0.0003	186,524
UBS EQUITIES, LONDON	273,405	0.0003	96
UBS FINANCIAL SERVICES INC, WEEHAWKEN	88,540,568	0.0001	10,654
UBS WARBURG ASIA LTD, HONG KONG	1,070,950	0.0005	536
TOTAL COMMISSIONS	1,402,031,069	0.0002	\$302,127

U.S. EQUITY PORTFOLIO
YEAR ENDED JUNE 30, 2010

SHARES	DESCRIPTION	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
26,822,514	RUSSELL 3000 SECURITIES	\$ 683,601,546	\$ 687,587,718	\$ 3,986,172
269	RUSSELL 2000 MINI IND FUTURES	-	(1,500,043)	(1,500,043)
169	S & P MID 400 EMINI FUTURES	-	(1,124,022)	(1,124,022)
2,567	S&P 500 EMINI INDEX FUTURES	-	(10,609,132)	(10,609,132)
101,803,643	CRESTLINE CS 3000 FUND L.P.	101,953,812	101,803,643	(150,169)
74,880,973	FRONTPOINT MULTI-STRATEGY FUND	76,657,001	74,880,973	(1,776,028)
57,492,751	GAM TRADING STRATEGY	57,492,751	57,492,751	-
7,985,449	VANGUARD INSTL INDEX FD TOTAL	174,558,346	184,703,430	10,145,084
268,988,335	TOTAL U.S. EQUITY PORTFOLIO	\$1,094,263,456	\$1,093,235,318	\$(1,028,138)

NON-U.S. EQUITY PORTFOLIO
YEAR ENDED JUNE 30, 2010

SHARES	DESCRIPTION	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
55,405,505	MSCI WORLD EX-US INDEX	\$ 509,991,750	\$ 469,787,236	\$ (40,204,514)
4,061,943	VANGUARD STAR FD DEVELOPED MKT	39,470,491	33,226,695	(6,243,796)
291,297	ISHARES MSCI CDA INDEX FD	7,697,451	7,244,547	(452,904)
2,488,980	ISHARES MSCI EMERGING MARKETS	65,713,773	92,888,734	27,174,961
1,894,220	VANGUARD INTL EQUITY INDEX FD	75,911,844	72,700,156	(3,211,688)
1,193,401	VANGUARD EMERGING MARKETS ETF	32,543,470	45,337,296	12,793,826
492,193	ETF VANGUARD PACIFIC ETF	25,976,931	23,408,706	(2,568,225)
5,188,421	BGI FRONTIER MARKETS FUND	22,998,612	28,924,345	5,925,733
71,015,960	TOTAL NON-U.S. EQUITY PORTFOLIO	\$780,304,322	\$773,517,715	\$(6,786,607)

FIXED INCOME PORTFOLIO
YEAR ENDED JUNE 30, 2010

PAR VALUE	DESCRIPTION	COUPON RATE	MATURITY	COST	FAIR VALUE
U.S. GOVERNMENT SECURITIES					
2,181,580	FHLMC POOL #H1-0069	6.00%	11/01/2036	\$2,184,006	\$2,362,389
2,077,283	FHLMC POOL #H1-5010	6.00%	11/01/2036	2,079,593	2,249,448
42,570	GNMA POOL #0153415	9.00%	04/15/2016	44,397	47,123
11,348	GNMA POOL #0156462	9.00%	07/15/2016	11,848	12,562
24,922	GNMA POOL #0157733	9.00%	05/15/2016	26,008	27,588
18,262	GNMA POOL #0158992	9.00%	06/15/2016	18,857	20,216
21,345	GNMA POOL #0159801	9.00%	09/15/2019	22,574	24,390
13,233	GNMA POOL #0160350	9.00%	05/15/2016	13,690	14,649
45,265	GNMA POOL #0161684	9.00%	07/15/2016	47,296	50,107
39,592	GNMA POOL #0164501	9.00%	08/15/2016	41,345	43,827
77,764	GNMA POOL #0164681	9.00%	10/15/2016	81,279	86,083
29,592	GNMA POOL #0164924	9.00%	09/15/2016	30,852	32,758
32,947	GNMA POOL #0165172	9.00%	06/15/2016	34,376	36,471
15,663	GNMA POOL #0165863	9.00%	08/15/2016	16,363	17,338
28,163	GNMA POOL #0168283	9.00%	08/15/2016	29,421	31,175
9,705	GNMA POOL #0172800	9.00%	08/15/2016	10,130	10,743
22,165	GNMA POOL #0173847	9.00%	09/15/2016	23,102	24,536
34,202	GNMA POOL #0173878	9.00%	08/15/2016	35,659	37,861
14,953	GNMA POOL #0174829	9.00%	09/15/2016	15,582	16,553
43,175	GNMA POOL #0176431	9.00%	08/15/2016	45,114	47,793
16,978	GNMA POOL #0178234	9.00%	11/15/2016	17,765	18,794
10,323	GNMA POOL #0181945	9.00%	04/15/2020	10,942	11,842
1,728	GNMA POOL #0182127	9.00%	11/15/2016	1,806	1,913
11,214	GNMA POOL #0182491	9.00%	12/15/2016	11,735	12,413
5,213	GNMA POOL #0182914	9.00%	10/15/2016	5,434	5,771
29,517	GNMA POOL #0183553	9.00%	08/15/2017	30,950	32,910
18,112	GNMA POOL #0183715	9.00%	11/15/2016	18,952	20,049
111,344	GNMA POOL #0183733	9.00%	01/15/2017	116,605	124,143
5,502	GNMA POOL #0185639	9.00%	11/15/2016	5,733	6,091
34,206	GNMA POOL #0187705	9.00%	01/15/2017	35,769	38,138
39,958	GNMA POOL #0190921	9.00%	12/15/2016	41,775	44,232
25,198	GNMA POOL #0191648	9.00%	05/15/2017	26,419	28,094
16,886	GNMA POOL #0191943	9.00%	07/15/2018	17,776	19,240
35,197	GNMA POOL #0194468	9.00%	12/15/2016	36,775	38,962
2,318	GNMA POOL #0202505	9.00%	10/15/2019	2,409	2,390
29,065	GNMA POOL #0206683	9.00%	04/15/2020	30,773	33,343
27,432	GNMA POOL #0207671	9.00%	07/15/2018	28,884	31,256
4,168	GNMA POOL #0208705	9.00%	05/15/2020	4,402	4,690
30,792	GNMA POOL #0210798	9.00%	07/15/2018	32,420	35,084
22,492	GNMA POOL #0216520	9.00%	05/15/2017	23,577	25,077
11,286	GNMA POOL #0217956	10.00%	11/15/2017	12,039	12,677
40,701	GNMA POOL #0221509	9.00%	12/15/2016	42,482	45,055
37,863	GNMA POOL #0223282	9.00%	05/15/2018	39,869	43,141
13,077	GNMA POOL #0223307	9.00%	04/15/2018	13,766	14,900

FIXED INCOME PORTFOLIO
YEAR ENDED JUNE 30, 2010

PAR VALUE	DESCRIPTION	Coupon Rate	Maturity	Cost	Fair Value
U.S. GOVERNMENT SECURITIES					
36,063	GNMA POOL #0226529	9.00%	06/15/2018	\$37,958	\$41,090
11,103	GNMA POOL #0227210	9.00%	09/15/2017	11,640	12,379
10,848	GNMA POOL #0228184	9.00%	05/15/2018	11,424	12,360
14,606	GNMA POOL #0228233	9.00%	05/15/2018	15,294	16,642
28,174	GNMA POOL #0229731	9.00%	07/15/2017	29,551	31,412
24,144	GNMA POOL #0234450	9.00%	04/15/2018	25,384	27,510
1,153	GNMA POOL #0234695	10.00%	12/15/2017	1,237	1,295
21,698	GNMA POOL #0234937	9.00%	03/15/2018	22,836	24,723
15,664	GNMA POOL #0235280	9.00%	04/15/2018	16,492	17,848
30,182	GNMA POOL #0236041	10.00%	11/15/2017	32,010	33,821
15,589	GNMA POOL #0236835	10.00%	11/15/2017	16,536	17,510
2,491	GNMA POOL #0236939	9.00%	04/15/2018	2,623	2,838
69,627	GNMA POOL #0237138	10.00%	10/15/2017	74,796	78,205
10,048	GNMA POOL #0237195	9.00%	06/15/2018	10,531	11,143
2,445	GNMA POOL #0238133	9.00%	04/15/2018	2,560	2,713
23,991	GNMA POOL #0238600	10.00%	11/15/2017	25,408	26,947
11,436	GNMA POOL #0247506	9.00%	01/15/2020	12,104	13,119
6,879	GNMA POOL #0248951	9.00%	05/15/2018	7,246	7,838
73,928	GNMA POOL #0249621	9.00%	05/15/2018	77,810	84,234
11,552	GNMA POOL #0250933	9.00%	06/15/2018	12,167	13,163
26,620	GNMA POOL #0252052	9.00%	06/15/2018	27,693	30,331
71,877	GNMA POOL #0252055	9.00%	06/15/2018	75,721	81,897
5,784	GNMA POOL #0252306	9.00%	04/15/2018	6,077	6,591
7,641	GNMA POOL #0252538	9.00%	05/15/2018	8,037	8,706
7,556	GNMA POOL #0257869	9.00%	09/15/2019	7,994	8,634
3,024	GNMA POOL #0262845	9.00%	03/15/2020	3,203	3,469
47,868	GNMA POOL #0266545	9.00%	01/15/2019	50,479	54,697
46,548	GNMA POOL #0271090	9.00%	10/15/2019	49,188	53,189
16,975	GNMA POOL #0273548	9.00%	09/15/2019	17,959	19,396
34,362	GNMA POOL #0274140	9.00%	09/15/2019	36,329	39,264
8,631	GNMA POOL #0277907	9.00%	11/15/2019	9,133	9,862
13,256	GNMA POOL #0284420	9.00%	02/15/2020	14,032	15,208
10,918	GNMA POOL #0285593	9.00%	02/15/2020	11,564	12,525
34,835	GNMA POOL #0286371	9.00%	02/15/2020	36,812	39,531
1,390	GNMA POOL #0286427	9.00%	04/15/2020	1,422	1,595
18,506	GNMA POOL #0287851	9.00%	04/15/2020	19,613	21,230
17,720	GNMA POOL #0290000	9.00%	04/15/2020	18,754	20,328
15,462	GNMA POOL #0290057	9.00%	06/15/2020	16,395	17,737
14,799	GNMA POOL #0298952	9.00%	04/15/2021	15,701	17,056
6,238	GNMA POOL #0303324	9.00%	04/15/2021	6,611	7,189
5,323	GNMA POOL #0304625	9.00%	03/15/2021	5,647	6,135
13,880	GNMA POOL #0305187	9.00%	06/15/2021	14,745	15,997
22,135	GNMA POOL #0319521	8.00%	02/15/2022	23,419	25,524
31,482	GNMA POOL #0330725	8.00%	07/15/2022	33,378	36,301

FIXED INCOME PORTFOLIO
YEAR ENDED JUNE 30, 2010

PAR VALUE	DESCRIPTION	COUPON RATE	MATURITY	COST	FAIR VALUE
U.S. GOVERNMENT SECURITIES					
158,582	GNMA POOL #0337419	7.00%	06/15/2023	\$166,302	\$178,920
114,892	GNMA POOL #0345731	8.00%	05/15/2024	122,075	133,088
24,351	GNMA POOL #0352219	8.00%	04/15/2023	25,826	28,153
160,830	GNMA POOL #0352964	7.00%	05/15/2024	168,676	181,687
276,757	GNMA POOL #0366756	7.00%	03/15/2024	290,256	312,647
172,463	GNMA POOL #0371734	7.00%	04/15/2024	180,863	194,828
253,517	GNMA POOL #0375887	7.00%	05/15/2024	265,897	286,393
390,344	GNMA POOL #0377589	7.50%	08/15/2025	411,345	443,415
132,931	GNMA POOL #0386030	7.00%	05/15/2024	139,411	150,169
62,007	GNMA POOL #0386038	7.00%	06/15/2024	65,029	70,048
34,917	GNMA POOL #0390014	7.00%	06/15/2024	36,622	39,445
205,470	GNMA POOL #0391992	7.00%	03/15/2024	215,507	232,115
245,355	GNMA POOL #0398831	8.00%	08/15/2026	261,253	283,770
34,342	GNMA POOL #0402544	7.50%	04/15/2026	36,212	38,999
259,120	GNMA POOL #0403979	8.50%	10/15/2024	275,711	300,574
151,826	GNMA POOL #0405618	7.50%	04/15/2026	160,098	172,416
21,479	GNMA POOL #0406811	7.50%	01/15/2026	22,645	24,392
35,367	GNMA POOL #0417666	7.50%	08/15/2025	37,274	40,176
156,105	GNMA POOL #0421711	7.50%	04/15/2026	164,586	177,276
8,576	GNMA POOL #0427556	7.50%	03/15/2026	9,041	9,740
37,238	GNMA POOL #0427558	7.50%	04/15/2026	39,267	42,288
82,219	GNMA POOL #0429356	7.50%	03/15/2026	86,680	93,370
66,053	GNMA POOL #0430384	8.00%	08/15/2026	70,073	76,395
204,193	GNMA POOL #0432701	8.00%	06/15/2026	217,389	236,164
117,065	GNMA POOL #0433892	7.00%	07/15/2028	122,644	132,974
78,803	GNMA POOL #0434101	7.00%	12/15/2028	82,566	89,513
222,271	GNMA POOL #0434237	6.00%	03/15/2029	225,743	245,979
28,021	GNMA POOL #0438772	8.00%	08/15/2026	29,837	32,408
29,450	GNMA POOL #0438778	8.00%	08/15/2026	31,360	34,061
54,228	GNMA POOL #0439645	8.00%	09/15/2026	57,737	62,718
108,180	GNMA POOL #0450368	7.00%	08/15/2028	113,342	122,881
53,656	GNMA POOL #0458918	7.00%	08/15/2028	56,211	60,948
177,042	GNMA POOL #0464692	7.00%	07/15/2028	185,492	201,102
112,093	GNMA POOL #0466888	7.00%	07/15/2028	117,438	127,326
281,496	GNMA POOL #0469797	7.00%	12/15/2028	294,933	319,752
197,325	GNMA POOL #0470493	7.00%	06/15/2029	206,746	224,275
142,899	GNMA POOL #0472997	7.00%	06/15/2029	149,713	162,416
44,064	GNMA POOL #0475872	7.00%	07/15/2028	46,166	50,053
28,413	GNMA POOL #0478875	7.50%	11/15/2029	30,010	32,358
143,867	GNMA POOL #0478881	7.50%	11/15/2029	151,940	163,841
161,574	GNMA POOL #0482784	7.00%	10/15/2028	169,290	183,532
70,150	GNMA POOL #0485451	6.50%	05/15/2031	72,141	78,570
149,906	GNMA POOL #0486539	7.00%	09/15/2028	157,054	170,278
33,854	GNMA POOL #0486761	7.00%	12/15/2028	35,469	38,455

FIXED INCOME PORTFOLIO
YEAR ENDED JUNE 30, 2010

PAR VALUE	DESCRIPTION	COUPON RATE	MATURITY	COST	FAIR VALUE
U.S. GOVERNMENT SECURITIES					
38,207	GNMA POOL #0487221	7.00%	05/15/2029	\$ 40,030	\$ 43,425
100,513	GNMA POOL #0487222	7.00%	05/15/2029	105,301	114,241
156,825	GNMA POOL #0493996	7.00%	07/15/2029	164,310	178,244
323,359	GNMA POOL #0499876	7.00%	06/15/2029	338,801	367,524
206,118	GNMA POOL #0499905	7.00%	05/15/2029	215,966	234,269
168,986	GNMA POOL #0499907	7.00%	05/15/2029	177,055	192,067
182,980	GNMA POOL #0500931	7.00%	06/15/2029	193,110	207,971
923,077	GNMA POOL #0503019	6.00%	03/15/2029	937,454	1,021,533
572,462	GNMA POOL #0505728	7.00%	06/15/2029	599,773	650,649
127,036	GNMA POOL #0506075	7.00%	11/15/2029	133,106	144,386
152,735	GNMA POOL #0507496	7.00%	06/15/2029	160,029	173,596
65,864	GNMA POOL #0509328	7.00%	06/15/2029	68,999	74,860
24,877	GNMA POOL #0510100	7.00%	07/15/2029	26,063	28,275
29,311	GNMA POOL #0510302	7.00%	08/15/2029	30,708	33,314
141,524	GNMA POOL #0510958	7.00%	05/15/2029	148,281	160,853
32,722	GNMA POOL #0510983	7.00%	06/15/2029	34,284	37,191
166,375	GNMA POOL #0512888	7.00%	07/15/2029	174,325	189,098
203,487	GNMA POOL #0512915	7.00%	07/15/2029	213,203	231,279
94,124	GNMA POOL #0513367	7.00%	08/15/2029	98,618	106,979
20,399	GNMA POOL #0520045	6.50%	06/15/2031	20,979	22,847
198,336	GNMA POOL #0530203	6.50%	04/15/2031	205,849	222,142
419,671	GNMA POOL #0530611	6.50%	05/15/2031	435,584	470,044
324,623	GNMA POOL #0530631	6.50%	06/15/2031	336,934	363,588
79,242	GNMA POOL #0539629	6.50%	04/15/2031	82,240	88,754
189,011	GNMA POOL #0541464	6.50%	06/15/2031	194,376	211,698
104,139	GNMA POOL #0548963	6.50%	03/15/2031	107,101	116,639
66,037	GNMA POOL #0549889	6.50%	05/15/2031	67,913	73,963
454,681	GNMA POOL #0552514	6.50%	04/15/2032	467,508	506,701
1,166,815	GNMA POOL #0552518	6.50%	04/15/2032	1,199,740	1,300,310
152,825	GNMA POOL #0557424	6.50%	05/15/2031	157,166	171,168
97,603	GNMA POOL #0557467	6.50%	05/15/2031	100,379	109,319
336,947	GNMA POOL #0560189	6.50%	04/15/2031	346,519	377,391
747,781	GNMA POOL #0780076	8.00%	02/15/2025	794,191	864,838
837,892	GNMA POOL #0780220	7.50%	08/15/2025	900,944	952,792
30,063	GNMA POOL #0780896	7.00%	11/15/2028	31,494	34,140
116,896	GNMA POOL #0781129	7.00%	11/15/2028	122,462	132,751
9,965,402	U S TREASURY NOTE	3.50%	05/15/2020	10,340,291	10,429,398
3,832,850	U S TREASURY NOTE	2.75%	05/31/2017	3,850,746	3,913,685
6,132,560	U S TREASURY NOTE	2.50%	06/30/2017	6,158,432	6,159,421
7,665,700	U S TREASURY NOTE	1.88%	06/30/2015	7,696,363	7,695,060
48,442,096	TOTAL US GOVERNMENT SECURITIES			\$49,656,559	\$51,559,308

FIXED INCOME PORTFOLIO
YEAR ENDED JUNE 30, 2010

PAR VALUE	DESCRIPTION	COUPON RATE	MATURITY	COST	FAIR VALUE
CORPORATE BONDS					
1,695,467	ACA ABS LTD 144A	VAR	06/10/2041	\$ 290,650	\$ 17
1,533,140	ANADARKO FIN CO SR NT	7.50%	05/01/2031	1,588,927	1,289,386
2,299,710	ASSOC CORP NA BDS	6.95%	11/01/2018	2,145,605	2,354,075
145,720	AUTO BD RECEIVABLES TR 94-A			145,720	-
1,533,140	AXA SA US\$ SUB NT	8.60%	12/15/2030	1,478,283	1,731,666
1,533,140	BANC ONE CORP DEBS	8.00%	04/29/2027	1,501,556	1,890,208
1,533,140	BANK AMER CORP SR NT	5.75%	12/01/2017	1,386,050	1,589,989
27,798,208	BGI CORE ACTIVE BOND FUND			506,651,144	571,356,853
1,533,140	BURLINGTON RESOURCES FINANCE	7.40%	12/01/2031	1,415,791	1,917,054
9,494,199	CBO HLDGS III 04-3 CL A 144A	1.00%	06/01/2019	9,444,713	9,444,713
8,027,479	CBO HLDGS III 1A 04-1 C-2 144A	7.00%	02/10/2038	8,387,177	8,387,177
3,832,850	CHASEPEAKE & POTOMAC TEL CO MD	7.15%	05/01/2023	3,816,680	4,102,184
1,533,140	CITIGROUP INC	6.13%	05/15/2018	1,392,513	1,600,108
1,149,855	CNF INC SR DEB	6.70%	05/01/2034	967,446	1,148,349
656,184	CONAGRA INC NTS	9.75%	03/01/2021	761,782	894,707
3,871,179	CONTINENTAL AIRLS 01-1 CL A 2	6.50%	06/15/2011	3,738,333	3,857,629
1,533,140	CORNING INC NT	7.25%	08/15/2036	1,538,184	1,716,274
45,312	DELTA FDG HM EQ LN TR 99-3 M-2	VAR	01/15/2030	8,608	98
3,832,850	DEUTSCHE BK CAYMAN 2001-3 144A	VAR	04/30/2030	910,229	653,616
514,258	J P MORGAN RESI 02-R2 CL 3A1	6.00%	04/28/2026	520,517	529,017
3,832,850	MACQUARIE GROUP LTD 144A	6.00%	01/14/2020	3,810,802	3,884,632
3,664,403	MID OCEAN CBO CL A 144A	6.56%	11/05/2036	3,670,955	3,627,759
674,538	MORGAN STANLEY ABS 03 NC10 M2	VAR	10/25/2033	438,720	308,608
494,269	MORGAN STANLEY ABS 04-NC1 M2	VAR	11/25/2033	426,818	410,673
180,644	MORGAN STANLEY ABS 04-NC2 M2	VAR	12/25/2033	149,326	95,801
3,066,280	MORGAN STANLEY SR MEDIUM TERM	5.95%	12/28/2017	2,695,345	3,105,099
2,012,246	MURPHY OIL CORP NT	7.05%	05/01/2029	2,017,922	2,320,563
1,533,140	NATIONAL RURAL UTILITIES COOPE	8.00%	03/01/2032	1,727,496	1,976,601
1,533,140	NEXEN INC NT	6.40%	05/15/2037	1,385,189	1,598,774
3,066,280	NORTH STREET REFERENCED LINKED	VAR	08/30/2030	2,731,794	2,731,794
3,717,865	PACIFIC BELL	7.38%	07/15/2043	3,770,989	3,936,958
3,355,801	PACIFIC SHORES CDO C 144A 3C7	VAR	07/03/2037	3,144,753	336
8,195,783	PREFERRED CPO A / B 144A	8.95%	07/26/2030	6,305,051	9,122,304
2,695,981	PREFERRED CPO A / B 144A	8.95%	07/26/2030	2,681,385	2,681,385
4,024,493	PREMIUM ASSET TR ACA 144A			4,024,493	-
498,500	SBA LOAN NESTING FEATHERS			498,500	498,500
11,498,550	SECURITY MUT LIFE INS CO 144A	9.38%	12/15/2016	12,006,466	12,006,466
2,299,710	SHELL INTL FIN B V GTD NT	6.38%	12/15/2038	2,531,493	2,747,464
127,947	SPDR BARCLAYS CAPITAL INTL			7,590,405	6,877,133
7,665,700	TRAINER WORTHAM FIRST A3L 144A	VAR	04/10/2037	5,305,750	5,305,750
1,533,140	UNITED UTILS PLC NT	4.55%	06/19/2018	1,394,697	1,491,914
1,639,039	VANGUARD BD INDEX FD INC TOTAL			130,694,374	133,384,962
141,405,550	TOTAL CORPORATE BONDS			747,092,631	812,576,596
189,847,646	TOTAL FIXED INCOME PORTFOLIO			\$796,749,190	\$864,135,904

CREDIT OPPORTUNITIES PORTFOLIO
YEAR ENDED JUNE 30, 2010

DESCRIPTION	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
BLACKROCK MORTGAGE INVESTORS	\$ 56,591,232	\$ 63,843,799	\$ 7,252,567
CENTERBRIDGE	21,463,960	27,893,100	6,429,140
COMMERCE STREET INCOME PARTNER	28,824,646	33,605,848	4,781,202
GS CREDIT OPPS FUND 2008	82,747,190	93,351,437	10,604,247
NISSWA FIXED INCOME FUND LP	22,997,100	23,565,129	568,029
OHA STRATEGIC CREDIT	15,770,123	20,498,379	4,728,256
PSPRS PNMAC MORTGOPP	99,654,102	102,305,081	2,650,979
PSPRS-APOLLO EUR NPL	34,102,748	37,829,153	3,726,405
TENNENBAUM DIP	3,518,275	3,744,942	226,667
WATERSTONE MARKET NEUTRAL	30,662,800	31,591,550	928,750
TOTAL CREDIT OPPORTUNITIES PORTFOLIO	\$396,332,176	\$438,228,418	\$41,896,242

PRIVATE EQUITY PORTFOLIO
YEAR ENDED JUNE 30, 2010

DESCRIPTION	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
ABRY PARTNERS	\$ 19,575,928	\$ 38,831,839	\$ 19,255,911
APOLLO INVESTMENT FUND VII	19,911,834	24,155,590	4,243,756
BLACKSTONE CAPITAL PARTNERS V	14,207,941	14,246,795	38,854
CASTLE CREEK	11,392,207	13,239,224	1,847,017
CHARLESBANK EQUITY FUND VII	3,007,592	2,917,541	(90,051)
DAG VENTURES II CO-INVEST	14,505,647	5,141,418	(9,364,229)
DAG VENTURES II DIRECT	4,036,580	3,172,755	(863,825)
DAG VENTURES III CO-INVEST	9,645,645	9,222,342	(423,303)
DAG VENTURES III DIRECT	9,277,333	8,597,970	(679,363)
DAG VENTURES IV CO-INVEST LP	14,400,238	14,354,766	(45,472)
DAG VENTURES IV LP	8,447,004	9,176,073	729,069
DFJ MERCURY II	3,832,850	3,832,850	-
DRUG RYLTY II CO=INV	2,225,831	2,443,821	217,990
DRUG RYLTY II DIRECT	2,485,435	2,271,742	(213,693)
INSIGHT EQUITY II	214,789	185,925	(28,864)
INSIGHT EQUITY MEZZANINE I	176,106	180,700	4,594
ISHARES RUSSELL 2000 INDEX FUN	133,145,419	133,069,690	(75,729)
LADDER	14,791,401	16,942,293	2,150,892
LITTLEJOHN FUND IV	1,410,318	1,410,318	-
LONGWORTH VP III	2,537,347	1,845,576	(691,771)
MESIROW CAPITAL PARTNERS IX	12,028,614	10,462,339	(1,566,275)
MIDOCEAN PARTNER III CO-INVEST	958,213	520,501	(437,712)
MIDOCEAN PARTNER III DIRECT	13,610,677	7,790,753	(5,819,924)
MILLENNIUM TECHNOLOGY	766,570	766,570	-
PENINSULA EQUITY PARTNERS	2,511,088	2,068,069	(443,019)
PROSPECTOR EQUITY CAPITAL	2,537,215	1,755,523	(781,692)
STEPSTONE AZ SECONDARY	12,800,960	13,689,404	888,444
STERLING GROUP PARTNERS III	41,792	41,792	-
TOWERBROOK INVESTORS III	7,276,749	9,138,352	1,861,603
TRIDENT V LP	1,974,684	1,974,684	-
VALLEY VENTURES III	5,404,926	4,138,842	(1,266,084)
VALLEY VENTURES III ANNEX	1,631,977	1,200,088	(431,889)
TOTAL PRIVATE EQUITY PORTFOLIO	\$350,770,910	\$358,786,145	\$8,015,235

REAL ASSETS PORTFOLIO
YEAR ENDED JUNE 30, 2010

DESCRIPTION	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
ALTERNA I	\$ 6,665,561	\$ 7,268,970	\$ 603,409
BLUEGOLD CAPITAL FUND LTD	9,198,840	8,359,950	(838,890)
CONSERVATION FORESTRY FUND I	15,756,579	15,658,480	(98,099)
CONSERVATN FOREST II	9,519,290	9,018,972	(500,318)
GEOSPHERE	15,331,400	15,312,306	(19,094)
HAWKER CAPITAL HARRIER FUND	15,331,400	14,352,855	(978,545)
HELIOS SUNBEAM OPPORTUNITIES	15,331,400	14,762,971	(568,429)
JP MORGAN AIRRO FUND	6,673,315	6,482,265	(191,050)
MACQUARIE EUR INFRASTRUCT III	13,235,320	12,479,183	(756,137)
MACQUARIE INFRASTRUCTURE II US	9,072,619	9,489,917	417,298
ORG SECONDARY - REAL ASSETS	15,918,898	25,244,837	9,325,939
SPDR SER TR DB INTL GOVT	11,364,193	10,290,402	(1,073,791)
US 10YR NOTE FUTURES	-	137,048	137,048
US 5YR TREAS NTS FUTURES	-	(21,686)	(21,686)
US TREAS BD FUTURES	-	(56,091)	(56,091)
US TREAS-CPI INFLAT	12,008,364	12,463,664	455,300
US TREAS-CPI INFLATION INDEX	25,795,947	26,110,653	314,706
US ULTRA BOND (CBT)	-	(28,890)	(28,890)
VIRIDIAN FUND LTD	9,198,840	9,055,357	(143,483)
TOTAL REAL ASSETS PORTFOLIO	\$190,401,966	\$196,381,163	\$5,979,197

REAL ESTATE PORTFOLIO
YEAR ENDED JUNE 30, 2010

DESCRIPTION	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
ALCION II	\$ 813,654	\$ 813,654	\$ -
APEX FUND I	44,924,411	50,679,673	5,755,262
APEX FUND II	7,507,495	8,632,509	1,125,014
BREP VI	23,055,128	14,901,303	(8,153,825)
CLSA FUDO CAP II	2,294,407	2,327,396	32,989
COLGATE WILLOW SPRINGS	4,835,648	4,835,648	-
DESERT TROON	239,220,930	214,753,171	(24,467,759)
HARRISON ST RE	47,220,713	44,578,492	(2,642,221)
HARRISON ST RE COINV	5,749,275	6,990,009	1,240,734
ORG SECONDARY FUND	4,854,595	4,629,589	(225,006)
OWH BERKANA DEV	3,748,085	3,748,085	-
OWH BERKANA HLD	7,756,322	5,479,872	(2,276,450)
PEBBLECREEK	29,359,631	29,359,632	1
PIVOTAL EQUITY	1,916,425	2,165,560	249,135
PSPRS-CATALYST EURO	5,785,984	418,920	(5,367,064)
PSPRS-IRONPOINTRE	26,465,366	24,685,421	(1,779,945)
PSPRS-MOUNT GRANGE	6,122,026	3,537,750	(2,584,276)
PSPRS-WALTONMEXICO	9,582,125	5,460,454	(4,121,671)
WALTON FUND V	65,677	65,677	-
WHISP CANYON OWC	22,085,750	22,085,750	-
TOTAL REAL ESTATE PORTFOLIO	\$493,363,647	\$450,148,565	\$(43,215,082)

GTAA SECURITIES PORTFOLIO
YEAR ENDED JUNE 30, 2010

DESCRIPTION	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
BLACKROCK GLOBAL ASCENT L	\$ 153,314,002	\$ 147,650,975	\$ (5,663,027)
BRIDGEWATER PURE ALPHA	153,314,003	165,947,518	12,633,515
TOTAL GTAA SECURITIES	\$306,628,005	\$313,598,493	\$6,970,488

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October 29, 2010

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 Actuarial Valuation as of June 30, 2010

Ladies and Gentlemen:

The results of the June 30, 2010 annual actuarial valuations of members covered by the Arizona Public Safety Personnel Retirement System (PSPRS) are presented in this report. The purpose of the valuations is to measure PSPRS' funding progress and to establish contribution rates for the 2011-2012 fiscal year.

The valuations are based upon current plan provisions of the Arizona Public Safety Personnel Retirement System. All promised benefits are included in the actuarially calculated contribution rates. These provisions are summarized in Section F.

In preparing this report we relied, without audit, on information (some oral and some written) supplied by the State Retirement System. This information includes, but is not limited to, statutory provisions, employee and retiree census, and financial information. In our examination of this data, we have found it to be reasonably consistent and comparable with data used for other purposes. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

GRS's work product was prepared exclusively for the Arizona Public Safety Personnel Retirement System for a specific and limited purpose. It is a complex, technical analysis that assumes a high level of knowledge concerning the System's operations, and uses System data, which GRS has not audited. It is not for the use or benefit of any third party for any purpose. Any third party recipient of GRS's work product who desires professional guidance should not rely upon GRS's work product, but should engage qualified professionals for advice appropriate to its own specific needs. Any distribution of this report must be provided in its entirety including this cover letter, unless prior written consent is obtained from GRS.

The valuations were completed by qualified actuaries in accordance with accepted actuarial procedures prescribed by the Actuarial Standards Board. All of the actuaries submitting this report are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. To the best of our knowledge, this report is complete and accurate and the actuarial methods and assumptions produced results that are reasonable.

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/MB:sc

AGGREGATE ACTUARIAL BALANCE SHEET
YEAR ENDED JUNE 30, 2010

ACTUARIAL ASSETS	2010
ACCRUED ASSETS	
Member Accumulated Contributions	\$ 799,237,809
Employer and Benefit Payment Reserves	3,786,625,594
Funding Value Adjustment	1,280,729,914
Total Accrued Assets	5,866,593,317
PROSPECTIVE ASSETS	
Member Contributions	937,440,653
Employer Normal Costs	1,710,472,398
Employer Unfunded Actuarial Accrued Liability	2,900,518,401
Total Prospective Assets	5,548,431,452
Total Actuarial Assets	\$11,415,024,769
ACTUARIAL PRESENT VALUES (LIABILITY)	
PENSIONS IN PAYMENT STATUS	
Pensions in payment status	\$ 4,117,265,456
PROSPECTIVE PAYMENTS	
Retirement Payments	6,795,291,779
Health Insurance Payments	171,900,582
Member Contribution Refunds	55,277,625
Pension Increase Reserve	275,289,327
Total Prospective Payments	7,297,759,313
Total Actuarial Present Values (Liabilities)	\$11,415,024,769

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%		

Retirement benefits will commence the first day of the month following termination of employment and based upon completion of 20 years of service, or following 62nd birthday and completion of 15 years of service.

SUMMARY OF VALUTATION ASSUMPTIONS

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.

PAY INCREASE TIMING

Six months after the valuation date.

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				PORTION OF ACCRUED LIABILITIES COVERED BY NET ASSETS AVAILABLE FOR BENEFITS		
	ACTIVE MEMBER CONT.	RETIRANTS AND BENEFICIARIES	ACTIVE MEMBERS (ER PORTION)	VALUATION ASSETS AVAILABLE FOR BENEFITS	(1)	(2)	(3)
	\$ (1)	\$ (2)	\$ (3)	\$ (2)			
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%
2010	808,207	4,993,382	2,690,233	5,591,304	100.0%	96.0%	0.0%

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 19,468 active members in the Plan as of June 30, 2010, compared to 19,867 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. SALARY
20-24	455	1						456	\$ 50,193
25-29	2,278	474						2,752	57,153
30-34	1,608	1,652	363	1				3,624	64,219
35-39	930	1,358	1,550	284	1			4,123	71,649
40-44	462	796	1,233	1,130	205	1		3,827	78,109
45-49	225	345	501	764	647	157	1	2,640	83,121
50-54	91	137	210	345	350	263	57	1,453	86,963
55-59	36	47	66	114	90	65	32	450	82,385
60-64	14	17	21	39	16	11	6	124	73,325
65+	2	2	4	8	1		2	19	70,797
Total	6,101	4,829	3,948	2,685	1,310	497	98	19,468	\$71,941

COMPARATIVE SCHEDULE

YEAR ENDED JUNE 30,	ACTIVE MEMBERS	PAYROLL +000	AGE (YEARS)	SERVICE (YEARS)	AVERAGE SALARY	INCREASE IN AVG. PAY
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%
2010	19,468	1,400,547	38.4	10.0	71,941	1.0%

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
2001	89	429	5,782	\$ N/A	\$ N/A	\$170,281,580	11.9%	29,450
2002	91	298	5,989	N/A	N/A	184,212,972	8.2%	30,759
2003	104	299	6,184	N/A	N/A	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
2010	139	484	8,954	5,756,060	37,338,661	410,590,518	8.3%	45,856

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, 2010, there were 1,106 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 a deferred annuity (A.R.S. §38-846.01). They are broken down by attained age and years of service as follows:

SUMMARY OF INACTIVE MEMBERS
FOR THE YEAR ENDED JUNE 30, 2010

ATTAINED AGE	YEARS OF SERVICE TO VALUATION DATE					TOTAL
	0-4	5-9	10-14	15-19	20+	
20-29	313	3				316
30-39	398	55	18	2		473
40-44	96	22	19	5		142
45-49	57	15	15	9	1	97
50-54	25	7	7	3		42
55-59	6	2	8	3		19
60-69	6	1	10			17
70+						0
Total	901	105	77	22	1	1,106

SCHEDULE OF EXPERIENCE GAIN (LOSS)
 YEAR ENDED JUNE 30, 2010
 (IN THOUSANDS)

(1) UAAL* at start of year	\$2,543,954
(2) Normal cost for year	281,260
(3) Funding Method Contribution	413,457
(4) Interest accrued on (1), (2) and (3)	210,618
(5) Expected UAAL before changes [(1)+(2)-(3)+(4)]	2,622,375
(6) Changes from benefit increases	139,653
(7) Changes from actuarial methods & actuary	None
(8) Change in Reserve for future pension increases	(34,602)
(9) Expected UAAL after changes: (5)+(6)+(7)+(8)	2,727,426
(10) Actual UAAL at end of year	2,900,518
(11) Experience Gain (Loss): (9)-(10)	<u>\$ (173,092)</u>

* *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)

	2010	2009	2008	2007	2006
ADDITIONS					
Member Contributions	102,142	\$ 101,184	\$ 97,157	\$ 84,630	\$ 75,616
Employer Contributions	300,706	328,436	233,556	177,588	127,219
Net Investment Gain (Loss)	553,077	(872,799)	(408,918)	815,524	379,512
Member Service Purchase	10,607	7,626	9,483	9,160	9,409
Transfers IN	759	584	1,696	1,640	1,125
Total Additions (Reductions)	967,291	(434,969)	(67,026)	1,088,541	592,881
DEDUCTIONS					
Pension & Insurance Benefits	481,979	456,566	430,209	450,345	284,028
Refunds To Terminated Members	9,975	7,643	7,884	8,709	7,226
Administrative Expenses	4,932	4,352	7,250	3,971	2,980
Transfers OUT	243	49	144	121	290
Total Deductions	497,129	468,610	445,487	463,146	294,524
NET INCREASE (DECREASE)	470,162	(903,579)	(512,513)	625,395	298,357
NET ASSETS HELD IN TRUST					
Beginning of Fiscal Year, July 1	4,115,702	5,019,281	5,531,794	4,906,399	4,608,042
End of Fiscal Year, June 30	4,585,863	\$4,115,702	\$5,019,281	\$5,531,794	\$4,906,399
	2005	2004	2003	2002	2001
ADDITIONS					
Member Contributions	\$ 67,948	\$ 71,874	\$ 67,937	\$ 62,487	\$ 58,053
Employer Contributions	104,498	79,000	50,801	51,983	52,540
Net Investment Gain (Loss)	383,530	562,613	233,425	(654,570)	(895,996)
Member Service Purchase	8,163	-	-	-	-
Transfers IN	994	1,282	1,394	6,184	373
Total Additions (Reductions)	565,133	714,769	353,557	(533,916)	(785,030)
DEDUCTIONS					
Pension & Insurance Benefits	257,449	229,885	209,715	185,035	164,728
Refunds To Terminated Members	7,648	6,391	6,423	6,058	6,052
Administrative Expenses	1,600	1,100	813	735	679
Transfers OUT	129	196	386	-	-
Total Deductions	266,826	237,572	217,337	191,828	171,459
NET INCREASE (DECREASE)	298,307	477,197	136,220	(725,744)	(956,489)
NET ASSETS HELD IN TRUST					
Beginning of Fiscal Year, July 1	4,309,735	3,832,538	3,696,318	4,422,062	5,378,551
End of Fiscal Year, June 30	\$4,608,042	\$4,309,735	\$3,832,538	\$3,696,318	\$4,422,062

FINANCIAL TRENDS

SCHEDULE OF REVENUE BY SOURCE (ALL PLANS COMBINED)
LAST TEN FISCAL YEARS (Includes Health Insurance Subsidy)

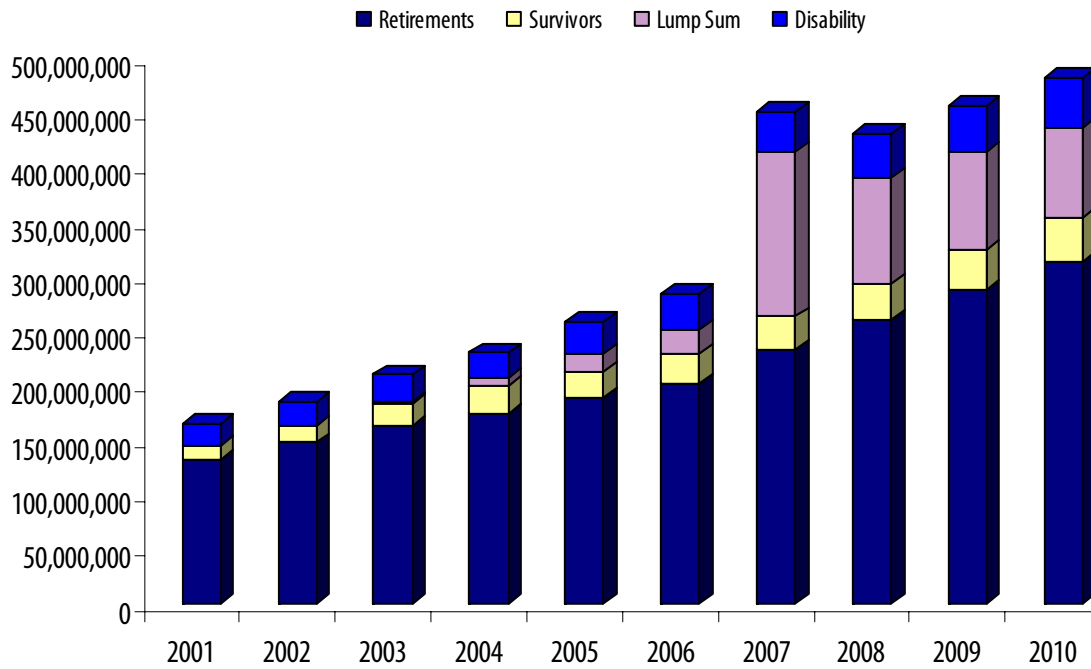
YEAR ENDING JUNE 30,	MEMBER CONT.	EMPLOYER CONT.	FIRE INSURANCE PREMIUM TAX	% OF COVERED PAYROLL	INVESTMENT INCOME (LOSS)	TRANSFERRED IN FROM OTHER PLANS	TOTAL
2001	58,052,765	45,435,300	7,105,010	5.21%	(895,995,528)	874,673	(784,527,780)
2002	62,486,725	44,518,693	7,464,714	4.21%	(654,569,820)	6,412,646	(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	166,281,935	11,305,571	13.83%	815,524,366	10,799,442	1,088,541,023
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	303,715,517	24,720,792	21.71%	(872,798,642)	8,209,996	(434,968,751)
2010	102,141,540	288,786,191	11,920,934	20.77%	553,076,513	11,366,583	967,291,761

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
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	450,345,464	3,971,338	8,708,528	120,511	463,145,841
2008	430,208,772	4,661,877	7,884,695	144,622	442,899,966
2009	456,566,247	4,352,207	7,643,202	49,169	468,610,825
2010	481,978,618	4,932,349	9,975,440	243,073	497,129,480

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

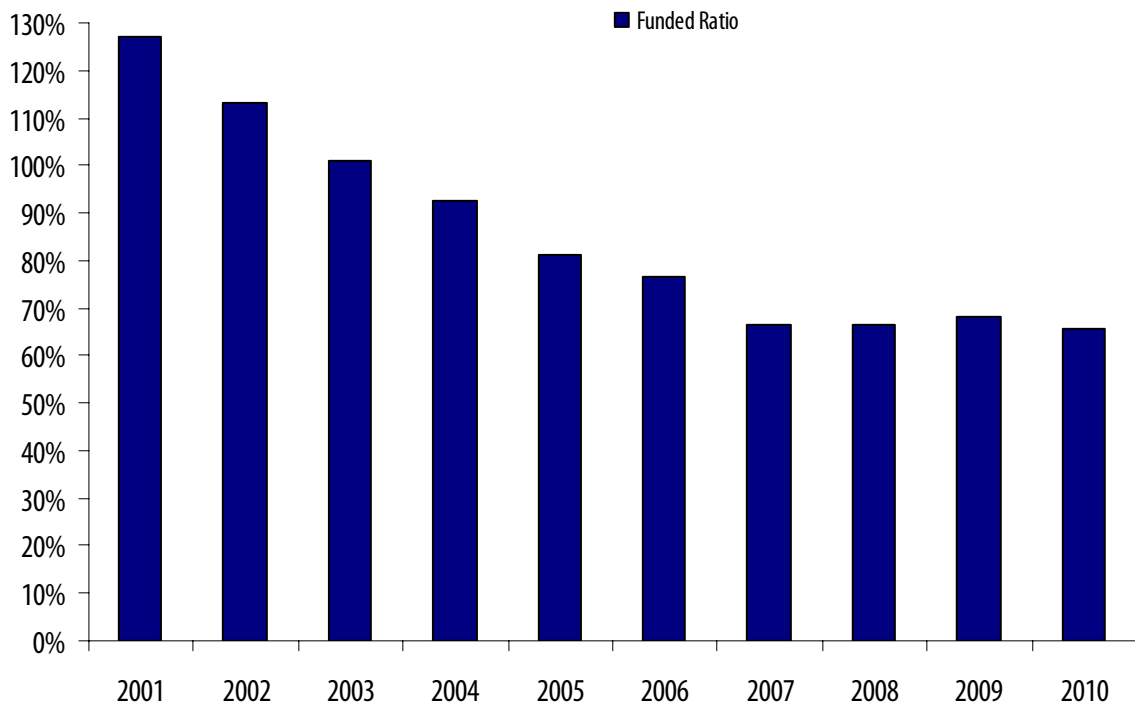
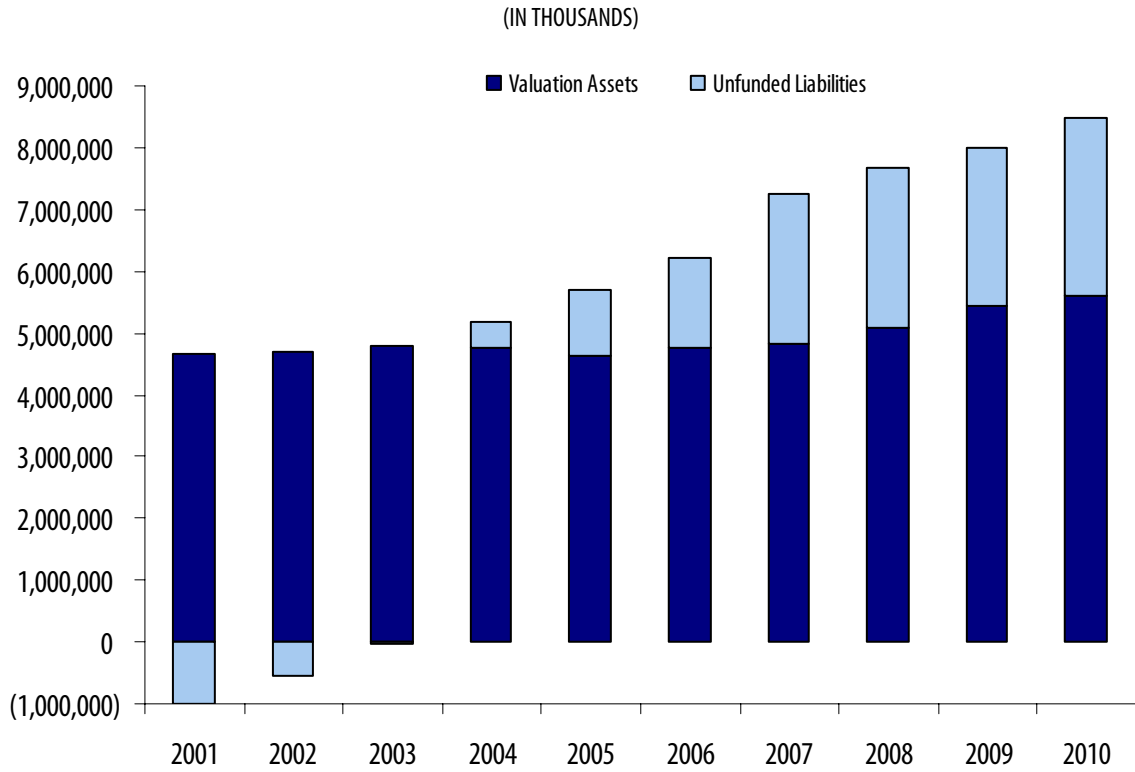
YEAR ENDING JUNE 30,	NORMAL BENEFITS	SURVIVOR BENEFITS	DISABILITY BENEFITS	DEFERRED BENEFITS	HEALTH INSURANCE SUBSIDY	DROP BENEFITS	TOTAL BENEFITS	REFUNDS
2001	126,279,381	14,049,906	19,543,264	53,946	4,801,247	-	164,727,744	6,051,785
2002	137,556,909	15,342,508	21,914,529	70,335	9,715,347	435,573	185,035,202	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
2010	300,889,208	39,673,066	45,439,760	179,265	12,496,923	83,300,396	481,978,618	9,975,440



VALUATION ASSETS vs. PENSION LIABILITIES
INCLUDES HEALTH INSURANCE SUBSIDY
 LAST TEN FISCAL YEARS
 (IN THOUSANDS)

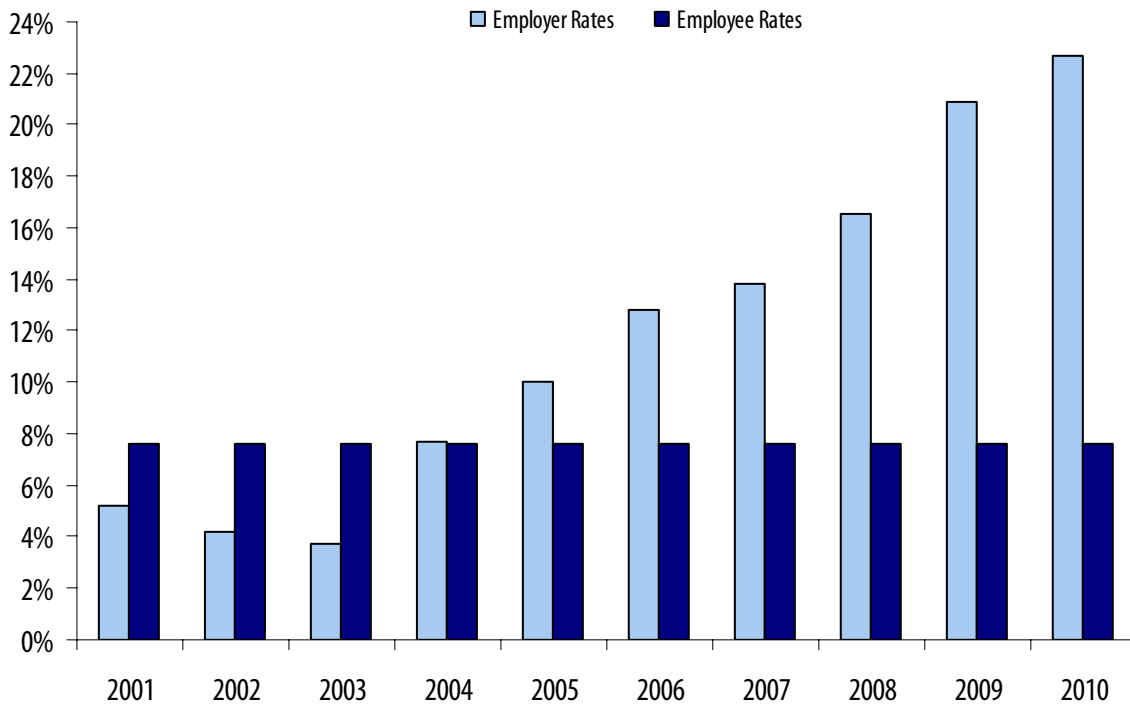
YEAR ENDING JUNE 30,	VALUATION ASSETS	UNFUNDED LIABILITIES	ACCRUED LIABILITIES	FUNDED RATIO
2001	\$4,661,941	\$ (987,183)	\$3,674,758	126.9%
2002	4,684,386	(540,175)	4,144,211	113.0%
2003	4,781,377	(41,764)	4,739,613	100.9%
2004	4,774,313	393,020	5,167,333	92.4%
2005	4,886,963	1,064,974	5,951,937	82.1%
2006	4,999,911	1,495,101	6,495,012	77.0%
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%
2010	5,591,304	2,900,518	8,491,822	65.8%

FINANCIAL TRENDS

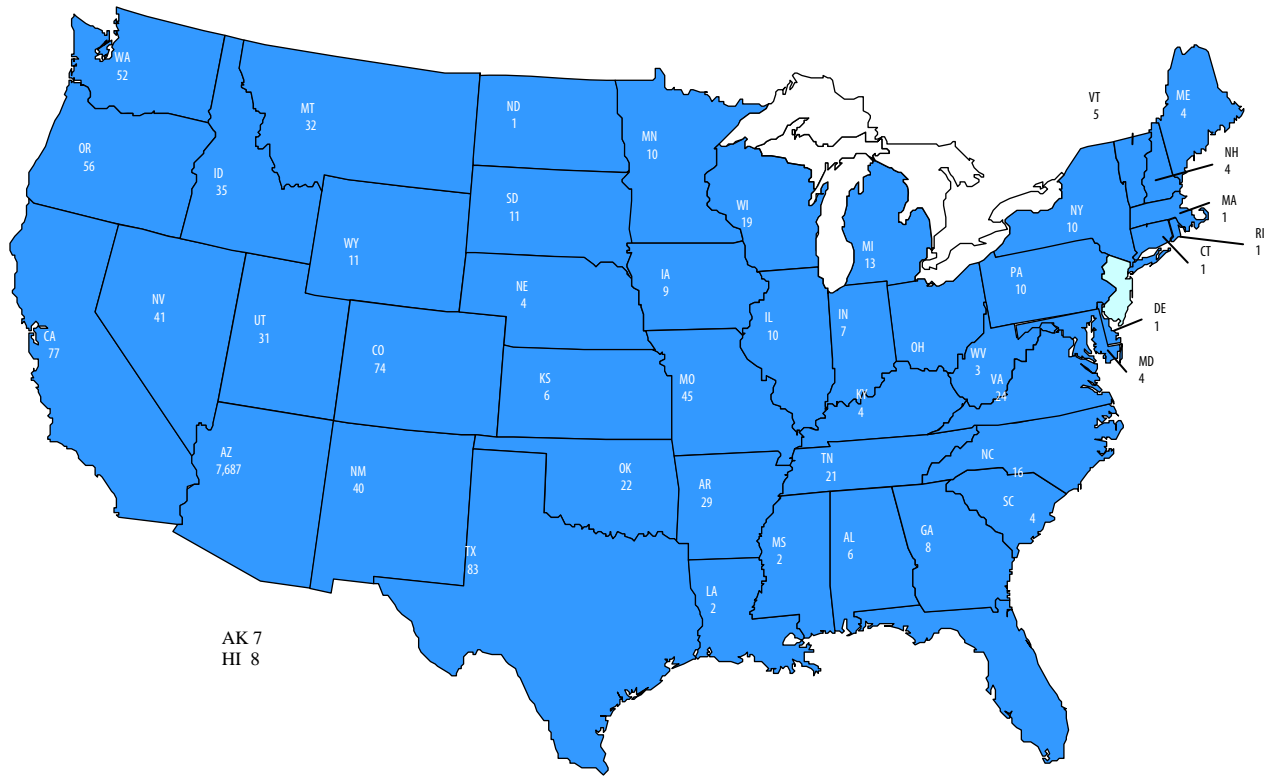


**CONTRIBUTION RATES
LAST TEN FISCAL YEARS**

YEAR ENDING JUNE 30,	AVERAGE EMPLOYER RATE	EMPLOYEE RATE
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%
2010	20.77%	7.65%

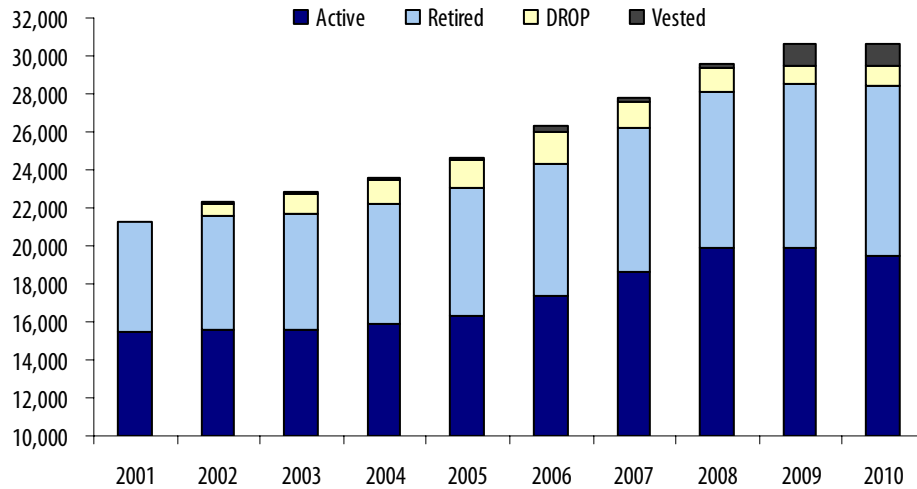


DISTRIBUTION OF BENEFIT RECIPIENTS BY LOCATION



MEMBERSHIP IN RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

YEAR ENDING JUNE 30,	ACTIVE	BENEFICIARY RETIRED	DROP	TERMINATED VESTED	TOTAL
2001	15,473	5,782	-	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
2010	19,468	8,954	1,093	1,106	30,621



**PRINCIPAL PARTICIPATING EMPLOYERS
LAST TEN FISCAL YEARS**

EMPLOYER	2010			2001		
	COVERED EMPLOYEES	RANK	% OF MEMBERSHIP	COVERED EMPLOYEES	RANK	% OF MEMBERSHIP
Phoenix Police	3,017	1	15.50%	2,676	1	17.29%
Phoenix Fire	1,472	2	7.56%	1,313	2	8.49%
Dept of Public Safety	1,071	3	5.50%	1,035	3	6.69%
Tucson Police	893	4	4.59%	941	4	6.08%
Mesa Police	726	5	3.73%	748	5	4.83%
Maricopa Sheriff	694	6	3.56%	628	6	4.06%
Tucson Fire	585	7	3.00%	518	7	3.35%
Pima Sheriff	485	8	2.49%	465	8	3.01%
Glendale Police	401	t9	2.06%	316	t11	2.04%
Scottsdale Police	401	t9	2.06%	323	10	2.09%
All Others	9,723		49.94%	6,510		42.07%
Total	19,468		100.00%	15,473		100.00%

**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
2001	0.00%	\$ -	\$ (54,178,336)	\$662,898,016	98.17
2002	0.00%	-	(61,603,276)	502,456,646	102.53
2003	0.00%	-	(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%	-	(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%	-	(114,771,709)	499,951,273	138.66
2009	0.00%	-	(125,721,193)	285,613,717	146.74
2010	4.47%	90,856,517	(139,653,075)	275,289,327	152.84

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
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	4,528,657,401	(693,024,100)	8.50%	-11.82%	21.71%
2010	4,515,144,264	(853,785)	8.50%	1.52%	20.77%

BENEFITS PAYABLE JUNE 30, 2010
BY TYPE OF BENEFIT

PENSIONS BEING PAID	NO.	ANNUAL PENSIONS	AVERAGE PENSIONS
RETIRED MEMBERS			
Service Pensions	6,557	\$ 320,257,942	\$ 48,842
Disability Pensions	1,252	47,997,903	38,337
Total Retired Members	7,809	368,255,845	47,158
SURVIVORS OF MEMBERS			
Spouses	1,098	41,266,450	37,583
Children w/Guardians	47	1,068,223	22,728
Total Survivors of Members	1,145	42,334,673	36,974
TOTAL PENSIONS BEING PAID	8,954	\$410,590,518	\$45,856

	AVERAGE AGE	AVERAGE SERVICE	AVG. AGE AT RETIREMENT
Normal retired members	62.6	23.6	51.0
Disability retired members	55.8	14.2	43.5
Spouse beneficiaries	67.4	18.8	44.1

**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+	
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
2010	Average monthly benefit	2,768	2,879	2,952	3,137	3,434	4,652	5,592	3,821
	Average final average salary								5,938
	Number of retirees	210	343	439	533	4,482	2,333	614	8,954

* 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, 2010

SYSTEM	2009 BALANCES	RESERVE TRANSFERS	CONTRIBUTIONS RECEIVED	WITHDRAWN MEMBERS	2010 BALANCES
AK CHIN INDIAN COMM. FIRE DEPT.	313,165	52,627	101,609	(3,512)	463,889
AK CHIN INDIAN COMM. POLICE DEPT.	171,749	0	64,228	(63)	235,914
APACHE COUNTY SHERIFF'S DEPT.	740,655	(80,669)	125,760	(12,600)	773,145
APACHE JUNCTION FIRE DISTRICT	3,479,336	133	468,469	(52,442)	3,895,497
APACHE JUNCTION POLICE DEPARTMENT	1,855,604	(115,048)	401,841	(78,047)	2,064,349
ARIZONA STATE CAPITOL POLICE	616,835	0	79,473	(772)	695,536
ARIZONA STATE PARK RANGERS	2,062,975	(444,520)	137,270	(42,905)	1,712,820
ASU CAMPUS POLICE	1,937,718	(82,778)	268,625	(7,576)	2,115,990
ATTORNEY GENERAL INVESTIGATORS	867,837	(85,116)	66,252	0	848,973
AVONDALE FIRE DEPARTMENT	2,347,634	(36,989)	300,882	(19,569)	2,591,959
AVONDALE POLICE DEPARTMENT	2,895,724	(17,543)	485,284	(75,431)	3,288,034
AVRA VALLEY FIRE DISTRICT	406,794	29,373	68,303	(18,074)	486,396
AZ DPT. LIQ. LIC. & CONTROL INVST	522,132	25,207	59,267	0	606,606
BENSON FIRE DEPARTMENT	57,006	0	5,090	0	62,096
BENSON POLICE DEPARTMENT	341,346	0	59,521	(32,417)	368,450
BISBEE FIRE DEPARTMENT	497,016	(1,358)	61,765	(31,433)	525,990
BISBEE POLICE DEPARTMENT	507,767	(103,557)	52,400	0	456,610
BLACK CANYON FIRE DISTRICT	85,334	0	27,490	0	112,824
BUCKEYE FIRE DEPARTMENT	1,836,053	(21,272)	391,815	(19,972)	2,186,623
BUCKEYE POLICE DEPARTMENT	1,863,684	2,285	332,189	(47,105)	2,151,053
BUCKEYE VALLEY FIRE DISTRICT	723,065	(14,739)	288,918	(7,580)	989,665
BUCKSKIN FIRE DISTRICT	288,681	(45,293)	58,769	(3,478)	298,678
BULLHEAD CITY FIRE DEPARTMENT	3,304,522	67,390	412,189	(45,349)	3,738,752
BULLHEAD CITY POLICE DEPARTMENT	3,590,993	(158,235)	439,223	(106,788)	3,765,192
CAMP VERDE FIRE DISTRICT	582,030	(38,975)	119,042	(4,800)	657,297
CAMP VERDE MARSHAL'S	486,538	(64,175)	68,732	(14,123)	476,973
CASA GRANDE FIRE DEPARTMENT	1,751,993	0	324,667	0	2,076,660
CASA GRANDE POLICE DEPARTMENT	2,764,414	(70,063)	414,653	(77,618)	3,031,386
CAVE CREEK MARSHALS	21,514	0	6,284	0	27,798
CENTRAL ARIZONA COLLEGE POLICE	53,034	0	21,143	(13,970)	60,207
CENTRAL YAVAPAI FIRE DISTRICT	3,747,398	(42,256)	544,273	0	4,249,415
CHANDLER FIRE DEPARTMENT	10,582,528	(251,431)	1,178,888	(54,762)	11,455,224
CHANDLER POLICE DEPARTMENT	16,795,764	(378,453)	2,261,638	(124,263)	18,554,685
CHINO VALLEY FIRE DISTRICT	1,160,191	0	170,323	0	1,330,514
CHINO VALLEY POLICE DEPARTMENT	753,495	0	91,052	(6,032)	838,515
CHRISTOPHER-KOHL'S FIRE DISTRICT	28,154	57,231	18,556	0	103,941
CITY OF MARICOPA POLICE	1,054,302	0	258,817	(15,456)	1,297,663
CLARKDALE FIRE DISTRICT	70,326	0	34,125	0	104,451
CLARKDALE POLICE DEPARTMENT	354,690	(102,787)	27,167	0	279,071
CLIFTON FIRE DEPARTMENT	0	0	0	0	0
CLIFTON POLICE DEPARTMENT	56,536	(19,020)	17,171	(20,837)	33,850
COCHISE COUNTY SHERIFF'S DEPT	2,133,980	8,871	351,717	(47,862)	2,446,706

SCHEDULE OF CHANGES IN REFUNDABLE MEMBER RESERVE BALANCES
FISCAL YEAR ENDED JUNE 30, 2010

SYSTEM	2009 BALANCES	RESERVE TRANSFERS	CONTRIBUTIONS RECEIVED	WITHDRAWN MEMBERS	2010 BALANCES
COCONINO COUNTY SHERIFF'S DEPT	2,120,813	(85,815)	249,624	(66,847)	2,217,775
COOLIDGE FIRE DEPARTMENT	30,008	0	11,892	0	41,901
COOLIDGE POLICE DEPARTMENT	760,250	64,597	128,134	(7,470)	945,511
CORONA DE TUCSON FIRE DISTRICT	173,743	(15,183)	69,133	0	227,693
COTTONWOOD FIRE DEPARTMENT	548,330	38,975	108,208	0	695,512
COTTONWOOD POLICE DEPARTMENT	814,302	(52,666)	126,261	(86,675)	801,223
DAISY MOUNTAIN FIRE DISTRICT	2,805,216	0	527,517	0	3,332,734
DEPARTMENT OF EMER & MILITARY AFF	1,275,645	(102,352)	163,805	(18,883)	1,318,214
DEPARTMENT OF PUBLIC SAFETY	26,611,841	(2,242,286)	2,530,978	(189,148)	26,711,385
DESERT HILLS FIRE DEPARTMENT	107,256	(7,081)	74,168	0	174,343
DIAMOND STAR FIRE DISTRICT	216,691	(25,833)	41,015	0	231,872
DOUGLAS FIRE DEPARTMENT	628,918	0	87,898	(20,016)	696,801
DOUGLAS POLICE DEPARTMENT	1,128,812	(50,669)	138,415	0	1,216,558
DREXEL HEIGHTS FIRE DISTRICT	2,764,188	(74,087)	450,927	(21,878)	3,119,151
EAGAR POLICE DEPARTMENT	258,543	31,780	32,439	(39,727)	283,035
EL MIRAGE FIRE DEPARTMENT	514,332	0	123,817	(28,069)	610,081
EL MIRAGE POLICE DEPARTMENT	1,198,812	(77,239)	207,172	(26,517)	1,302,228
ELOY FIRE DISTRICT	301,563	(8,534)	115,307	(3,348)	404,987
ELOY POLICE DEPARTMENT	997,134	(105,472)	140,913	(63,052)	969,524
FLAGSTAFF FIRE DEPARTMENT	4,691,444	(557,276)	381,622	(1,338)	4,514,452
FLAGSTAFF POLICE DEPARTMENT	3,876,853	(25,859)	620,275	(16,800)	4,454,470
FLORENCE FIRE DEPARTMENT	353,729	0	82,739	(6,775)	429,693
FLORENCE POLICE DEPARTMENT	766,302	1,626	123,947	(44,712)	847,164
FORT MCDOWELL TRIBAL FIRE DEPT.	181,116	(2,899)	46,314	0	224,531
FORT MCDOWELL TRIBAL POLICE DEPT.	567,342	0	101,872	(50,568)	618,646
FORT MOJAVE MESA FIRE DISTRICT	1,349,575	0	0	(101,872)	1,247,703
FORT MOJAVE TRIBAL POLICE DEPT.	255,538	0	118,158	(89,352)	284,345
FREDONIA MARSHALS	73,603	0	13,669	0	87,271
FRY FIRE DISTRICT	1,045,885	(10,878)	210,108	(5,137)	1,239,978
GAME AND FISH DEPARTMENT	5,338,107	(215,080)	543,249	(31,877)	5,634,398
GILA COUNTY SHERIFF'S DEPARTMENT	1,199,455	(80,753)	161,134	(64,692)	1,215,144
GILA RIVER FIRE DEPARTMENT	1,724,652	(72,450)	349,183	(206,247)	1,795,137
GILA RIVER POLICE DEPARTMENT	2,290,082	(63,837)	435,601	(88,873)	2,572,973
GILBERT FIRE DEPARTMENT	6,231,836	0	965,170	0	7,197,006
GILBERT POLICE DEPARTMENT	8,536,730	0	1,278,014	(15,978)	9,798,766
GLENDALE FIRE DEPARTMENT	12,085,304	(380,047)	1,358,502	(77,930)	12,985,830
GLENDALE POLICE DEPARTMENT	16,994,762	(227,210)	2,419,980	(32,158)	19,155,374
GLOBE FIRE DEPARTMENT	585,799	0	73,178	0	658,977
GLOBE POLICE DEPARTMENT	602,553	59	87,597	(3,075)	687,135
GOLDEN SHORES FIRE DISTRICT	136,912	0	31,287	0	168,200
GOLDEN VALLEY FIRE DISTRICT	355,081	(6,327)	84,211	(8,646)	424,319
GOLDER RANCH FIRE DISTRICT	3,136,467	0	517,226	(25,078)	3,628,614

OPERATING INFORMATION

SCHEDULE OF CHANGES IN REFUNDABLE MEMBER RESERVE BALANCES
FISCAL YEAR ENDED JUNE 30, 2010

SYSTEM	2009 BALANCES	RESERVE TRANSFERS	CONTRIBUTIONS RECEIVED	WITHDRAWN MEMBERS	2010 BALANCES
GOODYEAR FIRE DEPARTMENT	3,132,740	(54,412)	503,435	(65,081)	3,516,682
GOODYEAR POLICE DEPARTMENT	3,275,660	(57,332)	476,072	(50,886)	3,643,514
GRAHAM COUNTY ATTORNEY INVEST.	0	0	0	0	0
GRAHAM COUNTY SHERIFF'S DEPT.	516,831	58,370	91,620	0	666,821
GREEN VALLEY FIRE DISTRICT	1,829,101	(132,696)	278,972	(52,019)	1,923,357
GREENLEE CNTY ATTY INVESTIGATORS	0	0	0	0	0
GREENLEE COUNTY SHERIFF'S DEPT.	366,022	27,205	53,871	(31,954)	415,144
GROOM CREEK FIRE DISTRICT	70,414	0	30,592	0	101,006
GUADALUPE FIRE DEPARTMENT	229,866	0	29,779	0	259,645
HARQUAHALA FIRE DISTRICT	150,844	0	51,036	(5,438)	196,442
HAYDEN POLICE DEPARTMENT	75,411	13,971	26,685	0	116,066
HEBER-OVERGAARD FIRE DISTRICT	189,507	(11,726)	52,548	(15,621)	214,709
HIGHLANDS FIRE DISTRICT	553,895	(22,383)	117,425	0	648,937
HOLBROOK POLICE DEPARTMENT	369,623	34,409	55,153	(19,334)	439,850
HUALAPAI INDIAN TRIBE POLICE DEPT	142,712	0	54,025	(1,200)	195,537
HUALAPAI VALLEY FIRE DISTRICT	550,354	56,489	153,238	(51,671)	708,409
JEROME POLICE DEPARTMENT	35,358	0	6,698	0	42,057
KEARNY POLICE DEPARTMENT	164,287	393	12,453	(393)	176,740
KINGMAN FIRE DEPARTMENT	2,235,270	(161,336)	234,573	(11,604)	2,296,902
KINGMAN POLICE DEPARTMENT	1,868,390	0	231,214	(23,819)	2,075,785
LA PAZ COUNTY ATTY. INVESTIGATORS	57,358	0	4,411	0	61,769
LA PAZ COUNTY SHERIFF'S DEPT.	1,221,109	(105,663)	130,237	0	1,245,683
LAKE HAVASU CITY FIRE DEPARTMENT	3,067,141	(256,470)	324,478	(62,108)	3,073,040
LAKE HAVASU CITY POLICE DEPT.	3,633,420	(197,780)	454,070	(62,855)	3,826,855
LAKE MOHAVE RANCHOS FIRE DISTRICT	0	(272)	50,281	0	50,009
LAKESIDE FIRE DISTRICT	490,459	0	105,653	0	596,112
LINDEN FIRE DISTRICT	94,301	(14,658)	29,657	0	109,300
MAMMOTH POLICE DEPARTMENT	82,296	1,442	12,109	0	95,848
MARANA POLICE DEPARTMENT	2,492,982	(348,446)	339,979	(117,220)	2,367,296
MARICOPA CNTY ATTY INVESTIGATORS	428,650	(7,920)	64,145	0	484,875
MARICOPA COUNTY PARK RANGERS	24,132	0	0	0	24,132
MARICOPA COUNTY SHERIFF'S OFFICE	30,785,115	(1,489,894)	3,665,569	(185,308)	32,775,482
MARICOPA FIRE DISTRICT	1,182,028	8,534	390,242	(18,865)	1,561,939
MAYER FIRE DISTRICT	389,902	(76,597)	72,010	0	385,314
MESA FIRE DEPARTMENT	25,304,418	(1,184,444)	2,182,491	(39,429)	26,263,036
MESA POLICE DEPARTMENT	43,292,153	(1,945,656)	4,619,577	(83,242)	45,882,832
MIAMI FIRE DEPARTMENT	0	0	0	0	0
MIAMI POLICE DEPARTMENT	113,924	689	20,035	(5,986)	128,662
MOHAVE COUNTY SHERIFF'S DEPT.	3,117,461	(249,482)	412,125	(30,871)	3,249,233
MOHAVE VALLEY FIRE DISTRICT	918,334	(60,345)	142,763	(63,554)	937,198
MONTEZUMA RIMROCK FIRE DISTRICT	269,307	0	45,842	(6,172)	308,977
MOUNT LEMMON FIRE DISTRICT	87,937	0	21,766	(25,993)	83,710

SCHEDULE OF CHANGES IN REFUNDABLE MEMBER RESERVE BALANCES
 FISCAL YEAR ENDED JUNE 30, 2010

SYSTEM	2009 BALANCES	RESERVE TRANSFERS	CONTRIBUTIONS RECEIVED	WITHDRAWN MEMBERS	2010 BALANCES
NAU CAMPUS POLICE	473,975	(15)	65,324	(9,932)	529,352
NAVAJO COUNTY ATTY'S INVESTIGATOR	0	0	0	0	0
NAVAJO COUNTY SHERIFF'S DEPT.	1,027,160	(194,479)	155,200	(94,120)	893,762
NOGALES FIRE DEPARTMENT	1,543,638	(48,520)	186,358	(29,828)	1,651,648
NOGALES POLICE DEPARTMENT	1,934,274	(82,523)	267,059	(63,942)	2,054,867
NORTHWEST FIRE DISTRICT	6,397,316	(87,354)	981,852	(9,592)	7,282,222
ORACLE FIRE DISTRICT	22,853	0	14,076	0	36,930
ORO VALLEY POLICE DEPARTMENT	3,805,957	(92,195)	458,085	(22,597)	4,149,250
PAGE FIRE DEPARTMENT	199,650	0	71,901	(34,597)	236,953
PAGE POLICE DEPARTMENT	542,562	1,794	100,731	(40,070)	605,017
PARADISE VALLEY POLICE DEPARTMENT	1,582,246	(113,925)	182,212	0	1,650,532
PARKER POLICE DEPARTMENT	246,602	(3,734)	39,666	(4,421)	278,113
PASCUA YAQUI TRIBE FIRE DEPT.	412,422	(246)	96,274	0	508,450
PASCUA YAQUI TRIBE POLICE DEPT.	718,581	28,880	130,238	0	877,699
PATAGONIA MARSHALS	34,328	0	2,215	0	36,543
PAYSON FIRE DEPARTMENT	941,546	(82,595)	102,875	(38,232)	923,593
PAYSON POLICE DEPARTMENT	995,769	(80,786)	127,312	(4,277)	1,038,017
PEORIA FIRE DEPARTMENT	6,210,356	18,755	799,223	0	7,028,334
PEORIA POLICE DEPARTMENT	6,288,560	(389,863)	1,302,151	(113,619)	7,087,229
PHOENIX FIRE DEPARTMENT	102,796,857	(5,884,415)	10,643,548	(11,499)	107,544,491
PHOENIX POLICE DEPARTMENT	178,236,110	(8,429,935)	23,268,355	(547,814)	192,526,716
PICTURE ROCKS FIRE DISTRICT	595,776	(18,738)	67,737	0	644,775
PIMA COUNTY ATTORNEY INVESTIGATOR	361,054	0	12,642	0	373,696
PIMA COUNTY COMM. COLLEGE POLICE	692,775	319	91,366	(172)	784,288
PIMA COUNTY SHERIFF'S DEPARTMENT	12,180,404	(418,818)	1,446,605	(143,764)	13,064,427
PIMA POLICE DEPARTMENT	47,111	10,452	15,370	(26,532)	46,401
PINAL COUNTY SHERIFF'S DEPARTMENT	6,605,098	(377,674)	1,064,011	(93,640)	7,197,794
PINE-STRAWBERRY FIRE DISTRICT	615,907	0	84,146	0	700,054
PINETOP FIRE DISTRICT	645,729	(28,843)	139,990	(19,120)	737,757
PINETOP-LAKESIDE POLICE DEPT.	400,069	0	49,617	0	449,686
PINWOOD FIRE DISTRICT	230,588	0	74,522	(11,097)	294,012
PRESCOTT FIRE DEPARTMENT	3,073,244	(89,548)	303,788	(5,106)	3,282,378
PRESCOTT POLICE DEPARTMENT	2,510,881	(46,426)	386,364	(48,103)	2,802,716
PRESCOTT VALLEY POLICE DEPARTMENT	2,191,210	(143,373)	303,554	(15,901)	2,335,490
QUARTZSITE FIRE DISTRICT	109,826	0	30,790	0	140,616
QUARTZSITE POLICE DEPARTMENT	395,265	0	113,756	0	509,022
QUEEN CREEK FIRE DEPARTMENT	200,616	1,473	145,213	0	347,302
QUEEN VALLEY FIRE DISTRICT	1,701	14,739	9,262	0	25,702
RINCON VALLEY FIRE DISTRICT	465,522	15,098	131,189	(11,051)	600,758
RIO RICO FIRE DISTRICT	479,508	(5,451)	108,876	(3,840)	579,093
RIO VERDE FIRE DISTRICT	404,685	0	79,536	0	484,221
SAFFORD POLICE DEPARTMENT	892,228	(58,370)	88,194	(51,193)	870,858

OPERATING INFORMATION

SCHEDULE OF CHANGES IN REFUNDABLE MEMBER RESERVE BALANCES
FISCAL YEAR ENDED JUNE 30, 2010

SYSTEM	2009 BALANCES	RESERVE TRANSFERS	CONTRIBUTIONS RECEIVED	WITHDRAWN MEMBERS	2010 BALANCES
SAHUARITA POLICE DEPARTMENT	950,415	11,854	179,337	(33,967)	1,107,639
SALT RIVER PIMA-MARICOPA FIRE	2,720,999	(204,485)	446,142	(33,257)	2,929,399
SALT RIVER PIMA-MARICOPA POLICE	3,120,369	(66,375)	599,362	(74,816)	3,578,539
SAN CARLOS TRIBAL POLICE	131,523	(689)	82,931	0	213,766
SAN LUIS FIRE DEPARTMENT	505,645	0	76,745	0	582,390
SAN LUIS POLICE DEPARTMENT	847,535	(99,651)	204,287	(29,349)	922,822
SANTA CRUZ COUNTY SHERIFF'S DEPT.	1,153,639	(20,617)	180,478	(20,734)	1,292,767
SCOTTSDALE FIRE DEPARTMENT	6,248,408	3,169	1,347,250	(60,298)	7,538,528
SCOTTSDALE POLICE DEPARTMENT	21,531,901	(1,130,068)	2,618,948	(219,230)	22,801,552
SEDONA FIRE DISTRICT	2,639,126	(230,984)	421,374	0	2,829,516
SEDONA POLICE DEPARTMENT	1,019,935	2,426	130,594	(41,997)	1,110,957
SHOW LOW FIRE DISTRICT	721,186	28,843	169,711	0	919,739
SHOW LOW POLICE DEPARTMENT	1,049,097	(13,163)	125,710	(42,450)	1,119,193
SIERRA VISTA FIRE DEPARTMENT	1,810,742	(112,054)	213,093	0	1,911,781
SIERRA VISTA POLICE DEPARTMENT	2,207,312	(192,674)	401,427	(1,917)	2,414,148
SNOWFLAKE POLICE DEPARTMENT	361,601	(6,794)	53,024	0	407,831
SOMERTON FIRE DEPARTMENT	379,305	0	61,351	0	440,656
SOMERTON POLICE DEPARTMENT	500,287	(41,507)	73,254	0	532,034
SONOITA ELGIN FIRE DEPARTMENT	26,725	0	21,859	(775)	47,809
SOUTH TUCSON FIRE DEPARTMENT	321,826	(5,189)	30,902	(1,852)	345,687
SOUTH TUCSON POLICE DEPARTMENT	330,707	(72,627)	43,838	0	301,918
SPRINGVILLE POLICE DEPARTMENT	259,532	(66,177)	25,463	0	218,818
ST. JOHNS POLICE DEPARTMENT	140,078	28,303	34,781	(642)	202,519
SUMMIT FIRE DISTRICT	1,073,769	0	264,630	(7,480)	1,330,919
SUN CITY FIRE DISTRICT	4,525,703	(180,224)	358,414	0	4,703,893
SUN CITY WEST FIRE DISTRICT	2,546,075	(52,764)	310,107	(2,099)	2,801,319
SUN LAKES FIRE DISTRICT	1,591,271	(170,370)	343,474	0	1,764,375
SUPERIOR POLICE DEPARTMENT	153,242	(288)	22,791	(29,467)	146,277
SURPRISE FIRE DEPARTMENT	3,821,858	0	692,707	0	4,514,565
SURPRISE POLICE DEPARTMENT	3,681,180	(69,414)	670,313	0	4,282,080
TEMPE FIRE DEPARTMENT	9,009,216	(428,537)	1,256,930	(378)	9,837,230
TEMPE POLICE DEPARTMENT	16,544,834	(788,805)	2,390,824	(133,829)	18,013,024
THATCHER POLICE DEPARTMENT	293,249	0	47,693	0	340,941
THREE POINTS FIRE DISTRICT	288,205	(41,460)	66,810	0	313,555
TOHONO O'ODHAM NATION FIRE	422,593	23,629	190,956	(11,373)	625,804
TOHONO O'ODHAM NATION POLICE	780,080	84,883	366,862	(17,442)	1,214,382
TOLLESON FIRE DEPARTMENT	1,075,020	0	321,636	0	1,396,656
TOLLESON POLICE DEPARTMENT	875,181	0	131,360	(100,206)	906,336
TOMBSTONE MARSHAL'S DEPARTMENT	121,908	0	15,902	0	137,811
TONOPAH FIRE DISTRICT	80,307	0	23,765	(4,353)	99,719
TOWN OF SUPERIOR (FIRE DEPT)	65,867	0	20,879	0	86,746
TRI-CITY FIRE DISTRICT	308,945	0	76,335	(8,946)	376,334

SCHEDULE OF CHANGES IN REFUNDABLE MEMBER RESERVE BALANCES
 FISCAL YEAR ENDED JUNE 30, 2010

SYSTEM	2009 BALANCES	RESERVE TRANSFERS	CONTRIBUTIONS RECEIVED	WITHDRAWN MEMBERS	2010 BALANCES
TUBAC FIRE DISTRICT	571,770	0	119,034	0	690,804
TUCSON AIRPORT AUTHORITY FIRE DPT	950,594	(148,492)	63,623	0	865,725
TUCSON AIRPORT AUTHORITY POLICE	1,032,950	(28,880)	97,176	0	1,101,246
TUCSON FIRE DEPARTMENT	24,198,826	(851,528)	3,272,864	(4,333)	26,615,828
TUCSON POLICE DEPARTMENT	38,212,758	(3,661,011)	5,762,755	(176,776)	40,137,726
U OF A CAMPUS POLICE DEPARTMENT	1,933,291	(32,319)	259,286	(35,301)	2,124,958
VERDE VALLEY FIRE DISTRICT	849,885	0	136,852	(14,926)	971,812
WELLTON POLICE	105,509	(27,001)	21,848	(1,752)	98,604
WHETSTONE FIRE DISTRICT	55,195	0	17,550	(21,451)	51,294
WICKENBURG FIRE DEPARTMENT	97,208	0	32,078	0	129,287
WICKENBURG POLICE DEPARTMENT	454,400	(12,213)	57,126	(19,695)	479,618
WILLCOX POLICE DEPARTMENT	317,851	0	41,726	0	359,577
WILLIAMS POLICE DEPARTMENT	230,379	3,333	44,382	(26,333)	251,761
WILLIAMSON VALLEY FIRE DISTRICT	77,724	0	22,464	0	100,188
WINSLOW FIRE DEPARTMENT	328,144	0	26,840	0	354,983
WINSLOW POLICE DEPARTMENT	809,039	(9,279)	108,183	0	907,942
WITTMAN FIRE DISTRICT	39,197	0	34,688	0	73,885
YAVAPAI CNTY ATTRNY INVESTIGATORS	0	0	0	0	0
YAVAPAI COUNTY SHERIFF'S DEPT.	4,154,430	(59,495)	545,258	(181,736)	4,458,457
YAVAPAI PRESCOTT TRIBAL POLICE	58,214	0	23,367	0	81,581
YOUNGTOWN POLICE DEPARTMENT	217,123	33,975	40,668	0	291,766
YUMA COUNTY SHERIFF'S DEPARTMENT	2,078,264	24,271	378,479	(38,284)	2,442,730
YUMA FIRE DEPARTMENT	4,896,363	(147,359)	466,376	0	5,215,380
YUMA POLICE DEPARTMENT	5,996,413	(540,962)	779,103	(19,482)	6,215,071
TOTALS	853,566,631	(38,315,059)	112,749,520	(6,329,178)	921,671,914

OPERATING INFORMATION

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

FISCAL YEAR ENDED JUNE 30, 2010

SYSTEM	2009 BALANCES	RESERVE TRANSFERS	CONTRIB RECEIVED	FIRE TAX RECEIVED	PENSION PAYMENTS	SUBSIDY PAYMENTS	DROP PAYMENT	ENHANCED REFUNDS	DIST. OF EARNINGS	2010 BALANCES	UNFUNDED AAL 2009
AK CHIN INDIAN COMM. FIRE DEPT.	1,535,861	221,057	165,628	0	(105,080)	0	0	0	277,680	2,095,146	288,637
AK CHIN INDIAN COMM. POLICE DEPT.	831,811	0	98,483	0	(53,947)	0	0	0	142,244	1,018,590	(18,250)
APACHE COUNTY SHERIFF'S DEPT.	1,947,927	(3,444)	446,218	0	(595,652)	(7,837)	0	0	352,880	2,140,092	5,003,503
APACHE JUNCTION FIRE DISTRICT	7,390,779	(133)	721,814	111,233	(270,983)	(6,277)	0	(17,496)	1,525,726	9,454,662	3,609,650
APACHE JUNCTION POLICE DEPARTMENT	6,428,003	115,048	641,857	0	(1,009,191)	(19,511)	(49,266)	(72,127)	1,101,393	7,136,207	7,822,648
ARIZONA STATE CAPITOL POLICE	1,729,555	0	114,274	0	(125,979)	(7,720)	0	0	319,475	2,029,605	605,944
ARIZONA STATE PARK RANGERS	4,745,194	447,780	316,388	0	(264,747)	(10,380)	(606,777)	(20,744)	882,559	5,489,273	946,893
ASU CAMPUS POLICE	8,842,899	(5,715)	700,885	0	(1,128,409)	(20,396)	0	0	1,431,022	9,820,286	4,524,147
ATTORNEY GENERAL INVESTIGATORS	4,144,008	60,131	211,483	0	(859,930)	(26,930)	(185,454)	0	618,782	3,962,090	5,869,107
AVONDALE FIRE DEPARTMENT	4,749,357	(51,807)	679,154	0	(168,307)	(2,700)	0	(4,892)	1,001,019	6,201,824	1,943,498
AVONDALE POLICE DEPARTMENT	5,850,862	(11,416)	764,438	0	(489,725)	(11,824)	0	(15,001)	1,218,316	7,305,651	4,425,394
AVRA VALLEY FIRE DISTRICT	1,075,683	(24,142)	37,480	7,820	0	0	0	0	206,104	1,302,944	(900,409)
AZ DPT. LIQ. LIC. & CONTROL INVST	2,220,487	58,220	107,454	0	(341,835)	(20,495)	0	0	361,224	2,385,055	2,101,915
BENSON FIRE DEPARTMENT	145,779	0	(1,826)	6,351	0	0	0	0	27,912	178,216	69,306
BENSON POLICE DEPARTMENT	878,194	0	111,980	0	(140,479)	(2,040)	0	(22,692)	162,220	987,183	939,649
BISBEE FIRE DEPARTMENT	1,597,541	1,358	297,910	7,333	(646,319)	(4,559)	0	(31,873)	258,289	1,479,680	5,092,620
BISBEE POLICE DEPARTMENT	1,390,260	103,557	233,368	0	(438,417)	(9,677)	(145,447)	0	234,513	1,368,157	3,169,071
BLACK CANYON FIRE DISTRICT	137,859	0	36,163	4,585	0	0	0	0	34,598	213,205	55,890
BUCKEYE FIRE DEPARTMENT	2,713,876	(1,369)	295,046	111,987	0	0	0	0	662,613	3,782,153	(10,015)
BUCKEYE POLICE DEPARTMENT	4,616,321	(139,008)	415,127	0	(301,290)	(1,800)	0	(15,006)	887,783	5,462,127	1,144,628
BUCKEYE VALLEY FIRE DISTRICT	1,277,863	(7,872)	348,827	29,566	0	0	0	0	311,872	1,960,255	366,333
BUCKSKIN FIRE DISTRICT	951,558	79,250	201,709	0	(269,755)	(3,001)	0	0	167,983	1,127,745	2,073,180
BULLHEAD CITY FIRE DEPARTMENT	11,041,999	42,418	854,453	103,387	(404,751)	(8,560)	0	(35,908)	1,995,235	13,588,272	4,329,618
BULLHEAD CITY POLICE DEPARTMENT	9,924,669	52,765	869,354	0	(766,799)	(18,958)	(259,179)	(87,620)	1,814,846	11,529,078	6,640,276
CAMP VERDE FIRE DISTRICT	1,285,695	(43,354)	200,229	17,443	0	0	0	0	267,909	1,727,921	441,180
CAMP VERDE MARSHAL'S	1,200,502	64,175	125,425	0	(68,003)	0	0	0	234,367	1,556,466	544,342
CASA GRANDE FIRE DEPARTMENT	5,188,770	0	621,049	69,631	(821,656)	(17,520)	0	0	945,081	5,985,356	5,721,604
CASA GRANDE POLICE DEPARTMENT	8,519,095	75,276	1,048,059	0	(1,438,821)	(19,549)	(152,828)	(21,061)	1,500,886	9,511,058	11,177,464
CAVE CREEK MARSHALS	38,565	0	9,627	0	0	0	0	0	9,148	57,339	24,219
CENTRAL ARIZONA COLLEGE POLICE	244,639	0	25,343	0	(37,185)	0	0	0	39,711	272,509	141,114

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES
FISCAL YEAR ENDED JUNE 30, 2010

SYSTEM	2009 BALANCES	RESERVE TRANSFERS	CONTRIB RECEIVED	FIRE TAX RECEIVED	PENSION PAYMENTS	SUBSIDY PAYMENTS	DROP PAYMENT	ENHANCED REFUNDS	DIST. OF EARNINGS	2010 BALANCES	UNFUNDED AAL 2009
CENTRAL YAVAPAI FIRE DISTRICT	10,475,073	42,256	898,596	162,234	(851,840)	(22,585)	0	0	1,961,440	12,665,174	8,292,195
CHANDLER FIRE DEPARTMENT	28,349,075	251,431	2,529,805	328,029	(1,638,018)	(57,834)	(857,858)	(48,815)	5,327,383	34,183,197	13,417,047
CHANDLER POLICE DEPARTMENT	39,703,711	378,848	4,652,782	0	(2,801,834)	(86,452)	(503,032)	(83,391)	7,819,697	49,080,329	31,645,477
CHINO VALLEY FIRE DISTRICT	2,504,753	0	286,753	35,000	(31,637)	0	0	0	523,734	3,318,603	1,064,743
CHINO VALLEY POLICE DEPARTMENT	1,920,242	0	163,893	0	(133,276)	(1,750)	0	0	367,160	2,316,270	683,700
CHRISTOPHER-KOHL'S FIRE DISTRICT	38,673	9,897	27,110	4,786	0	0	0	0	16,890	97,356	50,327
CITY OF MARICOPA POLICE	1,357,657	0	180,313	0	0	0	0	0	352,789	1,890,759	485,409
CLARKDALE FIRE DISTRICT	77,225	0	20,577	9,775	0	0	0	0	24,174	131,751	33,315
CLARKDALE POLICE DEPARTMENT	932,494	102,787	51,422	0	(61,432)	(2,007)	0	0	174,090	1,197,354	196,382
CLIFTON FIRE DEPARTMENT	223,047	0	219	985	(53,973)	(1,800)	0	0	26,322	194,799	(3,222)
CLIFTON POLICE DEPARTMENT	341,968	(18,414)	11,223	0	(21,621)	0	0	(11,460)	49,349	351,045	(206,755)
COCHISE COUNTY SHERIFF'S DEPT	7,673,518	205,029	1,124,113	0	(1,744,449)	(41,186)	0	(25,746)	1,307,295	8,498,575	13,103,552
COCONINO COUNTY SHERIFF'S DEPT	7,743,253	54,999	843,946	0	(1,691,515)	(48,925)	(322,730)	(41,652)	1,251,746	7,789,122	13,613,204
COOLIDGE FIRE DEPARTMENT	47,363	0	4,593	15,523	0	0	0	0	12,555	80,034	(29,114)
COOLIDGE POLICE DEPARTMENT	2,350,287	63,951	248,394	0	(285,961)	(8,681)	0	0	431,880	2,799,871	2,187,756
CORONA DE TUCSON FIRE DISTRICT	387,970	(24,151)	127,421	12,530	(36,627)	0	0	0	84,476	551,619	585,851
COTTONWOOD FIRE DEPARTMENT	1,097,678	43,354	166,562	22,356	(66,500)	(3,120)	0	0	242,148	1,502,478	604,610
COTTONWOOD POLICE DEPARTMENT	2,099,408	52,666	341,928	0	(443,031)	(2,736)	(150,389)	(63,006)	373,104	2,207,945	3,586,808
DAISY MOUNTAIN FIRE DISTRICT	4,156,832	0	651,245	127,923	0	0	0	0	1,023,946	5,959,945	735,031
DEPARTMENT OF EMER & MILITARY AFF	3,882,991	102,352	353,078	0	(388,218)	(5,130)	(173,176)	0	689,010	4,460,908	2,278,373
DEPARTMENT OF PUBLIC SAFETY	323,016,791	2,034,381	23,790,339	0	(45,836,802)	(1,361,724)	(6,082,043)	(133,198)	45,162,099	340,589,844	258,293,640
DESERT HILLS FIRE DEPARTMENT	224,936	7,081	59,964	12,749	(26,921)	0	0	0	52,731	330,540	362,681
DIAMOND STAR FIRE DISTRICT (HELLSGATE)	396,099	(5,441)	77,560	0	0	0	0	0	88,263	556,482	324,396
DOUGLAS FIRE DEPARTMENT	3,140,963	0	350,281	9,562	(726,834)	(15,120)	0	(4,154)	485,484	3,240,183	5,005,350
DOUGLAS POLICE DEPARTMENT	4,379,188	50,669	448,358	0	(791,909)	(16,607)	(141,320)	0	716,184	4,644,563	5,329,518
DREXEL HEIGHTS FIRE DISTRICT	6,269,530	49,109	645,674	55,142	(171,865)	(8,425)	(16,396)	(4,721)	1,275,391	8,093,439	2,667,699
EAGAR POLICE DEPARTMENT	880,228	39,245	53,090	0	(92,211)	0	0	(18,323)	153,539	1,015,568	486,893
EL MIRAGE FIRE DEPARTMENT	1,039,851	0	90,441	41,733	(40,838)	0	0	(19,648)	220,228	1,331,767	343,823
EL MIRAGE POLICE DEPARTMENT	2,043,260	77,239	326,474	0	(297,140)	(1,241)	0	(14,584)	448,974	2,582,983	2,226,847
ELOY FIRE DISTRICT	583,764	(1,051)	188,798	16,897	0	0	0	0	139,750	928,157	861,141

OPERATING INFORMATION

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

FISCAL YEAR ENDED JUNE 30, 2010

SYSTEM	2009 BALANCES	RESERVE TRANSFERS	CONTRIB RECEIVED	FIRE TAX RECEIVED	PENSION PAYMENTS	SUBSIDY PAYMENTS	DROP PAYMENT	ENHANCED REFUNDS	DIST. OF EARNINGS	2010 BALANCES	UNFUNDED AAL 2009
ELOY POLICE DEPARTMENT	2,769,738	32,783	226,935	0	(226,347)	(2,400)	(197,351)	(39,434)	490,791	3,054,717	1,024,109
FLAGSTAFF FIRE DEPARTMENT	20,357,758	557,276	1,211,503	149,555	(2,660,390)	(85,486)	(1,006,471)	0	3,232,855	21,756,598	14,818,048
FLAGSTAFF POLICE DEPARTMENT	13,421,620	12,717	1,539,083	0	(2,386,421)	(49,219)	0	0	2,305,322	14,843,102	17,581,158
FLORENCE FIRE DEPARTMENT	515,712	0	71,534	18,602	0	0	0	0	128,069	733,917	(236,173)
FLORENCE POLICE DEPARTMENT	1,625,028	0	155,506	0	(61,738)	(1,200)	0	(32,398)	331,014	2,016,211	(84,805)
FORT MCDOWELL TRIBAL FIRE DEPT.	477,658	(1,611)	30,475	0	0	0	0	(51,740)	93,436	599,958	(181,056)
FORT MCDOWELL TRIBAL POLICE DEPT.	950,084	0	137,640	0	0	0	0	0	213,253	1,249,237	358,773
FORT MOJAVE MESA FIRE DISTRICT	3,102,688	0	640,884	35,504	(241,887)	(12,401)	0	(44,911)	617,149	4,097,027	1,582,000
FORT MOJAVE TRIBAL POLICE DEPT.	461,478	0	133,619	0	0	0	0	(32,911)	105,115	667,302	(94,062)
FREDONIA MARSHALS	244,693	0	8,934	0	0	0	0	0	44,317	297,943	(82,053)
FRY FIRE DISTRICT	4,354,107	(7,607)	537,521	27,037	(712,445)	(26,940)	0	0	726,853	4,898,526	4,886,948
GAME AND FISH DEPARTMENT	22,970,311	194,438	2,585,587	0	(5,165,594)	(157,805)	(217,027)	(34,478)	3,638,302	23,813,734	37,343,693
GILA COUNTY SHERIFF'S DEPARTMENT	3,744,358	11,373	422,009	0	(559,318)	(12,236)	(119,021)	(51,616)	645,027	4,080,576	4,041,390
GILA RIVER FIRE DEPARTMENT	2,485,034	(141,963)	547,193	0	(138,231)	0	0	(102,361)	581,831	3,231,503	1,808,377
GILA RIVER POLICE DEPARTMENT	3,690,021	62,211	555,435	0	(75,694)	0	0	(40,666)	856,789	5,048,097	666,009
GILBERT FIRE DEPARTMENT	9,730,206	0	1,013,416	458,049	(80,312)	(3,120)	0	0	2,304,419	13,422,658	1,623,634
GILBERT POLICE DEPARTMENT	15,662,037	0	2,342,190	0	(1,049,240)	(12,234)	0	0	3,424,651	20,367,404	12,124,362
GLENDALE FIRE DEPARTMENT	40,985,559	380,047	2,683,443	439,830	(3,385,143)	(123,025)	(777,948)	(72,794)	7,138,795	47,268,763	18,888,064
GLENDALE POLICE DEPARTMENT	48,111,647	379,787	5,868,848	0	(6,271,234)	(263,979)	(603,265)	0	8,839,476	56,061,280	52,483,958
GLOBE FIRE DEPARTMENT	1,900,390	0	201,111	7,027	(305,668)	(14,920)	0	0	331,646	2,119,586	2,186,997
GLOBE POLICE DEPARTMENT	1,976,271	(59)	254,889	0	(331,809)	(9,870)	0	0	346,590	2,236,011	2,727,877
GOLDEN SHORES FIRE DISTRICT	278,154	0	30,470	5,446	0	0	0	0	60,327	374,398	(30,087)
GOLDEN VALLEY FIRE DISTRICT	1,344,517	(2,364)	126,692	23,384	(126,916)	(3,600)	0	0	234,334	1,596,048	583,685
GOLDER RANCH FIRE DISTRICT	6,230,915	0	786,307	136,561	(49,806)	(3,600)	0	0	1,351,054	8,451,431	2,384,112
GOODYEAR FIRE DEPARTMENT	4,869,997	54,412	525,734	183,828	(36,238)	(2,340)	0	(65,081)	1,146,232	6,676,544	499,693
GOODYEAR POLICE DEPARTMENT	6,141,290	69,931	841,639	0	(305,318)	(5,569)	(140,442)	(46,995)	1,318,692	7,873,227	3,706,244
GRAHAM COUNTY ATTORNEY INVEST.	37,933	0	0	0	0	0	0	0	5,100	43,034	(52,823)
GRAHAM COUNTY SHERIFF'S DEPT.	900,838	126,403	200,190	0	(108,442)	(3,520)	0	0	215,129	1,330,597	1,475,844
GREEN VALLEY FIRE DISTRICT	4,557,686	112,985	460,638	84,521	(34,555)	(300)	0	(38,024)	904,435	6,047,385	2,084,753
GREENLEE CNTY ATTY INVESTIGATORS	30,051	0	0	0	0	0	0	0	4,041	34,092	(41,846)

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SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES
FISCAL YEAR ENDED JUNE 30, 2010

SYSTEM	2009 BALANCES	RESERVE TRANSFERS	CONTRIB RECEIVED	FIRE TAX RECEIVED	PENSION PAYMENTS	SUBSIDY PAYMENTS	DROP PAYMENT	ENHANCED REFUNDS	DIST. OF EARNINGS	2010 BALANCES	UNFUNDED AAL 2009
GREENLEE COUNTY SHERIFF'S DEPT.	1,562,554	33,099	82,955	0	(116,883)	(1,200)	0	0	262,477	1,823,003	320,542
GROOM CREEK FIRE DISTRICT	101,607	0	30,786	3,982	0	0	0	0	27,524	163,898	27,976
GUADALUPE FIRE DEPARTMENT	231,745	0	59,251	3,682	(40,618)	(1,200)	0	0	65,489	318,349	629,394
HARQUAHALA FIRE DISTRICT	258,572	0	40,501	4,958	0	0	0	0	61,171	365,201	(127,226)
HAYDEN POLICE DEPARTMENT	404,191	184,067	20,720	0	0	0	0	0	80,987	689,964	(444,031)
HEBER-OVERGAARD FIRE DISTRICT	390,132	(600)	77,813	18,266	0	0	0	0	86,050	571,661	(57,123)
HIGHLANDS FIRE DISTRICT	1,398,059	22,383	210,789	22,439	(69,997)	(1,800)	(274,956)	0	262,717	1,569,633	1,089,662
HOLBROOK POLICE DEPARTMENT	1,247,994	29,665	177,065	0	(328,364)	(1,560)	0	(7,734)	213,420	1,330,486	2,349,128
HUALAPAI INDIAN TRIBE POLICE DEPT	218,318	0	59,034	0	0	0	0	0	56,063	333,416	(51,734)
HUALAPAI VALLEY FIRE DISTRICT	1,091,951	126,535	276,710	0	(112,058)	(7,800)	0	(7,867)	249,969	1,617,441	1,498,727
JEROME POLICE DEPARTMENT	86,206	0	12,014	0	0	0	0	0	17,603	115,823	(7,758)
KEARNY POLICE DEPARTMENT	730,570	(393)	8,934	0	(61,093)	(209)	0	0	117,610	795,419	148,767
KINGMAN FIRE DEPARTMENT	6,389,210	(23,229)	575,970	0	(513,746)	(10,460)	(215,942)	0	1,151,170	7,352,975	3,985,800
KINGMAN POLICE DEPARTMENT	5,780,132	0	550,350	0	(684,843)	(10,475)	0	0	1,032,598	6,667,763	4,892,170
LA PAZ COUNTY ATTY. INVESTIGATORS	121,371	0	2,918	0	0	0	0	0	24,524	148,813	24,099
LA PAZ COUNTY SHERIFF'S DEPT.	3,374,893	136,332	380,451	0	(476,911)	(5,977)	(161,278)	0	611,055	3,858,565	3,973,945
LAKE HAVASU CITY FIRE DEPARTMENT	12,953,156	234,418	1,022,307	0	(1,417,715)	(59,880)	(774,911)	(23,285)	2,085,935	14,020,025	9,405,555
LAKE HAVASU CITY POLICE DEPT.	10,341,279	197,780	997,663	0	(1,201,033)	(47,564)	(283,411)	(53,414)	1,865,789	11,817,090	9,012,214
LAKE MOHAVE RANCHOS FIRE DISTRICT	0	0	131,819	0	0	0	0	0	12,224	144,043	0
LAKESIDE FIRE DISTRICT	826,828	0	123,597	19,771	0	0	0	0	193,860	1,164,057	161,736
LINDEN FIRE DISTRICT	247,413	(86,922)	16,901	7,549	0	0	0	0	42,755	227,696	(135,361)
MAMMOTH POLICE DEPARTMENT	113,980	343	21,373	0	(11,287)	0	0	0	28,003	152,412	94,543
MARANA POLICE DEPARTMENT	5,348,317	303,337	582,630	0	(488,047)	(10,979)	(166,972)	(104,313)	1,053,647	6,517,620	3,012,448
MARICOPA CNTY ATTY INVESTIGATORS	2,904,221	0	218,178	0	(644,639)	(8,640)	0	0	422,658	2,891,777	3,303,754
MARICOPA COUNTY PARK RANGERS	439,820	0	0	0	(155,854)	(3,600)	0	0	51,662	332,028	1,117,201
MARICOPA COUNTY SHERIFF'S OFFICE	108,491,783	1,538,528	9,448,994	0	(15,563,463)	(300,271)	(2,042,764)	(77,411)	18,390,272	119,885,669	91,703,566
MARICOPA FIRE DISTRICT	1,817,056	1,051	274,676	63,421	0	0	0	0	451,591	2,607,794	365,767
MAYER FIRE DISTRICT	850,273	76,597	81,064	7,046	(27,350)	0	0	0	175,677	1,163,307	(146,138)
MESA FIRE DEPARTMENT	92,467,260	1,184,444	5,102,302	911,318	(8,252,860)	(364,187)	(3,164,224)	(27,601)	15,589,751	103,446,202	43,335,114
MESA POLICE DEPARTMENT	146,234,348	1,944,839	12,275,544	0	(15,416,023)	(791,470)	(3,601,702)	(40,333)	25,278,983	165,884,186	97,758,034

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

FISCAL YEAR ENDED JUNE 30, 2010

SYSTEM	2009 BALANCES	RESERVE TRANSFERS	CONTRIB RECEIVED	FIRE TAX RECEIVED	PENSION PAYMENTS	SUBSIDY PAYMENTS	DROP PAYMENT	ENHANCED REFUNDS	DIST. OF EARNINGS	2010 BALANCES	UNFUNDED AAL 2009
MIAMI FIRE DEPARTMENT	250,945	0	0	0	0	0	0	0	33,741	284,686	(349,440)
MIAMI POLICE DEPARTMENT	374,986	30,937	42,291	0	(53,501)	0	0	0	68,055	462,768	314,728
MOHAVE COUNTY SHERIFF'S DEPT.	10,203,085	232,514	885,704	0	(1,087,249)	(25,103)	(97,287)	0	1,793,760	11,905,424	6,931,830
MOHAVE VALLEY FIRE DISTRICT	2,003,391	60,345	151,424	17,199	(16,958)	0	0	(63,972)	404,068	2,555,498	(446,479)
MONTEZUMA RIMROCK FIRE DISTRICT	409,481	0	61,716	10,428	(21,772)	(3,120)	0	0	97,112	553,845	338,230
MOUNT LEMMON FIRE DISTRICT	181,616	0	24,662	2,341	0	0	0	(16,352)	36,675	228,942	(29,222)
NAU CAMPUS POLICE	2,272,396	15	216,552	0	(456,677)	(15,300)	0	0	355,822	2,372,807	2,591,262
NAVAJO COUNTY ATTY'S INVESTIGATOR	146,598	0	0	0	(27,710)	0	0	0	17,848	136,737	112,176
NAVAJO COUNTY SHERIFF'S DEPT.	3,642,688	127,929	429,706	0	(826,359)	(12,224)	0	(51,324)	596,590	3,907,006	4,877,616
NOGALES FIRE DEPARTMENT	3,933,139	48,520	567,279	0	(551,343)	(38,375)	(132,124)	(25,354)	734,821	4,536,562	4,724,488
NOGALES POLICE DEPARTMENT	5,469,577	121,140	620,903	0	(509,866)	(28,740)	(290,296)	(58,494)	993,839	6,318,064	3,915,311
NORTHWEST FIRE DISTRICT	13,452,148	87,354	1,581,656	222,086	(443,996)	(14,135)	(361,498)	0	2,800,433	17,324,049	6,392,391
ORACLE FIRE DISTRICT	48,205	0	31,053	0	0	0	0	0	12,588	91,847	61,990
ORO VALLEY POLICE DEPARTMENT	8,145,136	92,195	891,682	0	(594,900)	(14,260)	(105,408)	0	1,648,098	10,062,544	5,224,151
PAGE FIRE DEPARTMENT	413,392	0	86,252	10,978	(61,534)	(1,800)	0	(13,294)	86,321	520,316	360,912
PAGE POLICE DEPARTMENT	1,942,247	13,291	160,379	0	(218,996)	0	0	(41,604)	332,456	2,187,773	997,784
PARADISE VALLEY POLICE DEPARTMENT	5,438,828	104,277	619,666	0	(1,127,097)	(33,827)	(253,331)	0	902,218	5,650,734	9,349,679
PARKER POLICE DEPARTMENT	1,007,382	(604)	51,384	0	(95,029)	0	0	0	167,751	1,130,885	231,355
PASCUA YAQUI TRIBE FIRE DEPT.	742,385	246	213,914	0	(43,490)	0	0	0	173,202	1,086,257	1,500,771
PASCUA YAQUI TRIBE POLICE DEPT.	746,852	43,080	257,751	0	(40,519)	(5,130)	0	0	224,891	1,226,924	1,505,155
PATAGONIA MARSHALS	307,000	0	1,448	0	(27,815)	0	0	0	44,270	324,903	(74,446)
PAYSON FIRE DEPARTMENT	2,334,620	82,595	233,226	45,761	(217,781)	(15,488)	(45,590)	(38,232)	442,289	2,821,399	1,704,941
PAYSON POLICE DEPARTMENT	3,068,863	80,786	426,869	0	(627,827)	(22,338)	0	0	539,780	3,466,132	5,223,641
PEORIA FIRE DEPARTMENT	16,319,480	22,741	1,127,734	381,995	(762,503)	(63,242)	0	0	3,131,809	20,158,013	6,250,045
PEORIA POLICE DEPARTMENT	21,031,193	339,713	2,053,235	0	(1,905,310)	(17,665)	(62,703)	(94,548)	3,748,062	25,091,977	14,377,584
PHOENIX FIRE DEPARTMENT	400,989,905	5,881,582	28,513,855	3,440,127	(44,390,359)	(1,388,600)	(17,589,160)	0	66,340,553	441,797,903	280,034,638
PHOENIX POLICE DEPARTMENT	690,701,348	8,472,274	64,411,085	0	(85,446,342)	(2,433,457)	(21,702,452)	(371,008)	115,303,715	768,935,162	547,259,779
PICTURE ROCKS FIRE DISTRICT	1,632,600	(9,754)	70,694	8,610	(46,396)	0	0	0	304,472	1,960,226	(283,602)
PIMA COUNTY ATTORNEY INVESTIGATOR	1,202,799	0	82,078	0	(72,197)	(2,640)	0	0	211,608	1,421,648	674,656
PIMA COUNTY COMM. COLLEGE POLICE	2,532,132	423	213,426	0	(295,906)	(2,117)	0	0	434,106	2,882,064	1,623,815

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SYSTEM	2009 BALANCES	RESERVE TRANSFERS	CONTRIB RECEIVED	FIRE TAX RECEIVED	PENSION PAYMENTS	SUBSIDY PAYMENTS	DROP PAYMENT	ENHANCED REFUNDS	DIST. OF EARNINGS	2010 BALANCES	UNFUNDED AAL 2009
PIMA COUNTY SHERIFF'S DEPARTMENT	94,118,881	515,157	8,760,936	0	(12,169,790)	(440,409)	(1,224,943)	(78,182)	14,040,410	103,522,060	77,216,020
PIMA POLICE DEPARTMENT	152,822	2,941	10,049	0	0	0	0	(14,239)	26,751	178,324	(158,047)
PINAL COUNTY SHERIFF'S DEPARTMENT	18,241,845	424,665	2,271,808	0	(2,189,166)	(50,557)	0	(64,017)	3,407,107	22,041,686	14,425,012
PINE-STRAWBERRY FIRE DISTRICT	1,455,016	0	169,015	15,348	(67,520)	0	0	0	291,963	1,863,822	1,287,787
PINETOP FIRE DISTRICT	1,298,862	(11,442)	264,595	26,071	(142,775)	(4,380)	0	0	276,531	1,707,461	1,800,041
PINETOP-LAKESIDE POLICE DEPT.	1,136,022	0	109,807	0	(233,223)	(6,720)	0	0	201,126	1,207,012	1,661,254
PINEWOOD FIRE DISTRICT	708,205	0	135,010	15,176	(138,196)	(4,920)	0	0	130,967	846,242	1,067,153
PRESCOTT FIRE DEPARTMENT	11,072,975	89,548	1,187,079	0	(1,638,821)	(37,754)	(343,309)	0	1,866,156	12,195,874	13,043,926
PRESCOTT POLICE DEPARTMENT	7,873,396	46,426	1,160,160	0	(1,936,839)	(51,958)	0	0	1,363,276	8,454,461	16,119,076
PRESCOTT VALLEY POLICE DEPARTMENT	4,555,086	151,165	533,698	0	(244,032)	(2,672)	(163,528)	0	935,253	5,764,969	2,762,788
QUARTZSITE FIRE DISTRICT	176,065	0	43,526	4,162	0	0	0	0	43,716	267,469	156,275
QUARTZSITE POLICE DEPARTMENT	999,008	0	52,029	0	0	0	0	0	198,616	1,249,653	(286,964)
QUEEN CREEK FIRE DEPARTMENT	301,522	10,853	61,912	66,510	(35,231)	(1,300)	0	0	84,285	488,550	(83,118)
QUEEN VALLEY FIRE DISTRICT	3,261	7,872	21,812	0	0	0	0	0	4,276	37,222	51,856
RINCON VALLEY FIRE DISTRICT	709,935	24,236	174,613	23,413	0	0	0	0	182,083	1,114,280	511,834
RIO RICO FIRE DISTRICT	579,107	(2,608)	131,826	12,545	0	0	0	0	158,564	879,434	173,995
RIO VERDE FIRE DISTRICT	828,853	0	187,485	19,044	0	0	0	0	185,090	1,220,472	661,544
SAFFORD POLICE DEPARTMENT	2,409,952	(126,403)	270,808	0	(383,649)	(10,654)	0	(51,195)	422,324	2,531,184	3,992,693
SAHUARITA POLICE DEPARTMENT	1,756,831	75,763	175,540	0	0	0	0	(5,143)	391,129	2,394,120	(80,479)
SALT RIVER PIMA-MARICOPA FIRE	5,595,130	233,036	909,217	0	(188,293)	0	0	(23,280)	1,194,745	7,720,555	3,399,734
SALT RIVER PIMA-MARICOPA POLICE	4,965,447	34,876	1,005,218	0	(405,204)	(5,160)	0	(54,050)	1,156,703	6,697,830	5,098,020
SAN CARLOS TRIBAL POLICE	398,158	(30,937)	178,177	0	0	0	0	0	86,647	632,046	1,016,233
SAN LUIS FIRE DEPARTMENT	872,955	0	102,601	12,205	0	0	0	0	198,241	1,186,003	(132,618)
SAN LUIS POLICE DEPARTMENT	1,811,808	(90,138)	224,936	0	(156,214)	(436)	0	(20,544)	359,780	2,129,192	756,103
SANTA CRUZ COUNTY SHERIFF'S DEPT.	2,600,000	(18,000)	483,398	0	(470,451)	(6,228)	0	(5,183)	512,951	3,096,487	4,476,326
SCOTTSDALE FIRE DEPARTMENT	10,635,483	19,472	56,536	1,518,212	(28,020)	0	0	0	2,462,192	14,663,876	(4,065,004)
SCOTTSDALE POLICE DEPARTMENT	70,124,761	1,136,908	6,330,804	0	(7,209,869)	(260,169)	(2,422,858)	(167,979)	12,234,945	79,766,544	43,911,400
SEDONA FIRE DISTRICT	6,032,471	230,984	626,900	129,218	(491,922)	(19,717)	(78,809)	0	1,205,427	7,634,551	4,741,641
SEDONA POLICE DEPARTMENT	2,356,949	321	215,437	0	(103,664)	0	0	(14,355)	466,737	2,921,426	929,335
SHOW LOW FIRE DISTRICT	1,112,257	11,442	255,699	0	(37,969)	0	0	0	275,275	1,616,704	324,415

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

FISCAL YEAR ENDED JUNE 30, 2010

SYSTEM	2009 BALANCES	RESERVE TRANSFERS	CONTRIB RECEIVED	FIRE TAX RECEIVED	PENSION PAYMENTS	SUBSIDY PAYMENTS	DROP PAYMENT	ENHANCED REFUNDS	DIST. OF EARNINGS	2010 BALANCES	UNFUNDED AAL 2009
SHOW LOW POLICE DEPARTMENT	2,711,830	(13,390)	238,273	0	(259,429)	(6,240)	0	(39,127)	505,025	3,136,942	1,545,768
SIERRA VISTA FIRE DEPARTMENT	7,015,534	130,539	478,527	0	(594,490)	(25,320)	(157,892)	0	1,182,214	8,029,113	3,324,999
SIERRA VISTA POLICE DEPARTMENT	7,911,243	200,768	858,403	0	(1,188,215)	(58,137)	0	0	1,361,837	9,085,900	8,561,058
SNOWFLAKE POLICE DEPARTMENT	839,507	(2,562)	122,059	0	(135,281)	(3,198)	0	0	163,330	983,855	1,108,008
SOMERTON FIRE DEPARTMENT	787,066	0	104,979	0	(58,240)	0	0	0	164,094	997,899	439,918
SOMERTON POLICE DEPARTMENT	1,041,047	73,109	143,244	0	(39,752)	(300)	0	0	221,231	1,438,579	711,135
SONOITA ELGIN FIRE DEPARTMENT	46,940	0	41,096	915	0	0	0	0	14,146	103,096	64,581
SOUTH TUCSON FIRE DEPARTMENT	982,772	(1,982)	75,417	0	(122,366)	(4,320)	0	0	173,437	1,102,957	765,607
SOUTH TUCSON POLICE DEPARTMENT	292,170	342,746	184,698	0	(464,204)	(7,559)	0	0	85,558	433,409	4,625,162
SPRINGVILLE POLICE DEPARTMENT	732,702	66,177	46,983	0	(42,430)	0	0	0	135,431	938,863	43,977
ST. JOHNS POLICE DEPARTMENT	457,635	34,115	57,577	0	(30,228)	0	0	0	88,697	607,796	(59,263)
SUMMIT FIRE DISTRICT	2,122,676	0	252,790	25,410	(31,457)	(1,800)	0	0	463,541	2,831,161	776,806
SUN CITY FIRE DISTRICT	7,599,424	180,224	1,014,719	103,301	(686,251)	(28,920)	(568,658)	0	1,643,263	9,257,102	11,119,878
SUN CITY WEST FIRE DISTRICT	5,324,112	52,764	592,955	103,238	(327,902)	(20,040)	0	0	1,102,325	6,827,452	5,562,581
SUN LAKES FIRE DISTRICT	4,260,369	170,370	429,371	60,334	(228,397)	(6,620)	0	0	827,010	5,512,437	1,481,255
SUPERIOR POLICE DEPARTMENT	521,793	288	31,028	0	(51,576)	0	0	(25,047)	87,249	563,736	123,043
SURPRISE FIRE DEPARTMENT	6,743,431	0	555,900	287,323	(17,319)	0	0	0	1,522,676	9,092,012	2,702,536
SURPRISE POLICE DEPARTMENT	7,206,448	67,690	1,090,661	0	(399,800)	(11,507)	(243,948)	0	1,538,143	9,247,687	5,154,645
TEMPE FIRE DEPARTMENT	43,848,589	436,596	2,513,962	435,579	(4,667,915)	(229,937)	(1,295,309)	0	6,974,081	48,015,645	29,259,622
TEMPE POLICE DEPARTMENT	54,189,873	798,591	6,415,283	0	(8,341,000)	(377,855)	(1,136,247)	(100,550)	9,425,189	60,873,284	65,822,309
THATCHER POLICE DEPARTMENT	1,396,625	0	138,153	0	(219,052)	(2,580)	0	0	224,810	1,537,956	1,306,082
THREE POINTS FIRE DISTRICT	456,957	41,460	81,306	9,467	(14,038)	0	0	0	109,843	684,994	16,698
TOHONO O'ODHAM NATION FIRE	1,408,393	84,683	297,401	0	(6,255)	0	0	0	285,118	2,069,339	700,188
TOHONO O'ODHAM NATION POLICE	6,304,053	17,474	566,685	0	(55,765)	(400)	0	(10,662)	1,016,492	7,837,876	640,078
TOLLESON FIRE DEPARTMENT	1,952,846	0	276,249	21,806	(75,229)	0	0	0	443,723	2,619,394	962,244
TOLLESON POLICE DEPARTMENT	1,981,750	0	256,196	0	(294,062)	(4,200)	0	(50,967)	379,976	2,268,692	2,262,656
TOMBSTONE MARSHAL'S DEPARTMENT	288,863	0	14,405	0	0	0	0	0	57,269	360,538	(238,259)
TONOPAH FIRE DISTRICT	121,317	0	29,008	7,189	0	0	0	0	30,848	188,363	(67,065)
TOWN OF SUPERIOR (FIRE DEPT)	109,311	0	27,204	2,075	0	0	0	0	26,926	165,517	17,236
TRI-CITY FIRE DISTRICT	455,225	0	93,941	2,645	0	46	0	0	113,775	665,633	19,278

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER RESERVE BALANCES AND UNFUNDED ACTUARIAL ACCRUED LIABILITIES
FISCAL YEAR ENDED JUNE 30, 2010

SYSTEM	2009 BALANCES	RESERVE TRANSFERS	CONTRIB RECEIVED	FIRE TAX RECEIVED	PENSION PAYMENTS	SUBSIDY PAYMENTS	DROP PAYMENT	ENHANCED REFUNDS	DIST. OF EARNINGS	2010 BALANCES	UNFUNDED AAL 2009
TUBAC FIRE DISTRICT	1,110,917	0	146,416	20,031	(40,035)	0	0	0	242,751	1,480,081	672,433
TUCSON AIRPORT AUTHORITY FIRE DPT	3,889,338	44,584	247,487	0	(500,281)	(7,695)	(290,105)	0	611,041	3,994,369	3,743,267
TUCSON AIRPORT AUTHORITY POLICE	2,528,134	(43,080)	319,600	0	(597,037)	(6,288)	0	0	461,435	2,662,764	5,189,860
TUCSON FIRE DEPARTMENT	139,928,193	893,753	10,180,440	724,840	(19,791,167)	(838,816)	(2,288,855)	0	21,483,026	150,291,415	122,554,547
TUCSON POLICE DEPARTMENT	222,514,880	3,374,703	17,040,897	0	(29,489,797)	(1,264,248)	(7,704,565)	(150,255)	33,963,083	238,284,698	192,549,940
U OF A CAMPUS POLICE DEPARTMENT	5,282,550	69,499	611,744	0	(730,316)	(30,915)	0	(21,673)	976,275	6,157,163	5,444,017
VERDE VALLEY FIRE DISTRICT	2,129,940	0	156,528	38,241	(77,979)	(2,600)	0	(3,732)	416,283	2,656,682	382,061
WELLTON POLICE	106,965	32,803	32,053	0	(8,066)	0	0	0	31,922	195,677	149,404
WHETSTONE FIRE DISTRICT	24,773	0	28,939	0	0	0	0	(701)	12,388	65,400	36,055
WICKENBURG FIRE DEPARTMENT	160,913	0	31,875	19,072	0	0	0	0	40,288	252,148	68,816
WICKENBURG POLICE DEPARTMENT	946,620	(1,529)	131,428	0	(135,770)	(1,430)	0	0	189,582	1,128,902	1,278,732
WILLCOX POLICE DEPARTMENT	976,239	0	108,058	0	(153,874)	0	0	0	173,725	1,104,148	1,092,341
WILLIAMS POLICE DEPARTMENT	758,298	2,017	73,565	0	(59,592)	0	0	0	135,448	909,736	71,048
WILLIAMSON VALLEY FIRE DISTRICT	139,015	0	23,199	0	0	0	0	0	32,212	194,427	56,078
WINSLOW FIRE DEPARTMENT	3,614,069	0	18,571	5,836	(34,971)	(1,200)	0	0	531,073	4,133,378	(3,302,659)
WINSLOW POLICE DEPARTMENT	2,463,809	(2,760)	213,630	0	(235,088)	(6,000)	0	0	444,677	2,878,268	1,271,673
WITTMAN FIRE DISTRICT	63,852	0	41,710	0	0	0	0	0	18,992	124,554	27,994
YAVAPAI CNTY ATTRNY INVESTIGATORS	180,144	0	0	0	(61,284)	(800)	0	0	20,048	138,107	415,293
YAVAPAI COUNTY SHERIFF'S DEPT.	9,385,553	73,237	1,400,886	0	(1,574,069)	(36,650)	0	(144,963)	1,822,062	10,926,055	13,845,064
YAVAPAI PRESOTT TRIBAL POLICE	126,337	0	39,861	0	0	0	0	0	29,065	195,264	99,755
YOUNGTOWN POLICE DEPARTMENT	682,078	20,781	63,953	0	(85,507)	(556)	0	0	125,833	806,582	329,525
YUMA COUNTY SHERIFF'S DEPARTMENT	7,572,881	17,787	1,004,059	0	(1,222,941)	(16,610)	2,946	(17,754)	1,306,540	8,646,907	7,327,033
YUMA FIRE DEPARTMENT	17,202,060	147,359	1,441,709	115,866	(2,917,003)	(78,995)	(317,353)	0	2,884,614	18,478,258	18,496,864
YUMA POLICE DEPARTMENT	25,074,500	661,986	1,847,772	0	(3,409,980)	(48,544)	(621,908)	0	4,086,822	27,590,648	15,540,315
TOTALS	3,262,134,491	38,830,589	288,786,192	11,920,934	(386,592,925)	(12,496,923)	(82,888,770)	(3,646,261)	548,144,164	3,664,191,489	2,543,953,609

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER EARNINGS DISTRIBUTION
FISCAL YEAR ENDED JUNE 30, 2010

SYSTEM	2009 EMPLOYER RESERVE	2010 EMPLOYER RESERVE	2009 MEMBER RESERVE	2010 MEMBER RESERVE	COMBINED RESERVES	MEAN BALANCE	FACTOR	INVESTMENT EARNINGS
AK CHIN INDIAN COMM. FIRE DEPT.	1,535,861	2,095,146	313,165	463,889	4,408,060	2,204,030	0.051%	277,680
AK CHIN INDIAN COMM. POLICE DEPT.	831,811	1,018,590	171,749	235,914	2,258,064	1,129,032	0.026%	142,244
APACHE COUNTY SHERIFF'S DEPT.	1,947,927	2,140,092	740,655	773,145	5,601,819	2,800,909	0.064%	352,880
APACHE JUNCTION FIRE DISTRICT	7,390,779	9,454,662	3,479,336	3,895,497	24,220,274	12,110,137	0.278%	1,525,726
APACHE JUNCTION POLICE DEPARTMENT	6,428,003	7,136,207	1,855,604	2,064,349	17,484,163	8,742,082	0.201%	1,101,393
ARIZONA STATE CAPITOL POLICE	1,729,555	2,029,605	616,835	695,536	5,071,532	2,535,766	0.058%	319,475
ARIZONA STATE PARK RANGERS	4,745,194	5,489,273	2,062,975	1,712,820	14,010,262	7,005,131	0.161%	882,559
ASU CAMPUS POLICE	8,842,899	9,820,286	1,937,718	2,115,990	22,716,893	11,358,447	0.261%	1,431,022
ATTORNEY GENERAL INVESTIGATORS	4,144,008	3,962,090	867,837	848,973	9,822,908	4,911,454	0.113%	618,782
AVONDALE FIRE DEPARTMENT	4,749,357	6,201,824	2,347,634	2,591,959	15,890,773	7,945,386	0.183%	1,001,019
AVONDALE POLICE DEPARTMENT	5,850,862	7,305,651	2,895,724	3,288,034	19,340,271	9,670,135	0.222%	1,218,316
AVRA VALLEY FIRE DISTRICT	1,075,683	1,302,944	406,794	486,396	3,271,816	1,635,908	0.038%	206,104
AZ DPT. LIQ. LIC. & CONTROL INVST	2,220,487	2,385,055	522,132	606,606	5,734,280	2,867,140	0.066%	361,224
BENSON FIRE DEPARTMENT	145,779	178,216	57,006	62,096	443,096	221,548	0.005%	27,912
BENSON POLICE DEPARTMENT	878,194	987,183	341,346	368,450	2,575,173	1,287,587	0.030%	162,220
BISBEE FIRE DEPARTMENT	1,597,541	1,479,680	497,016	525,990	4,100,228	2,050,114	0.047%	258,289
BISBEE POLICE DEPARTMENT	1,390,260	1,368,157	507,767	456,610	3,722,794	1,861,397	0.043%	234,513
BLACK CANYON FIRE DISTRICT	137,859	213,205	85,334	112,824	549,223	274,612	0.006%	34,598
BUCKEYE FIRE DEPARTMENT	2,713,876	3,782,153	1,836,053	2,186,623	10,518,704	5,259,352	0.121%	662,613
BUCKEYE POLICE DEPARTMENT	4,616,321	5,462,127	1,863,684	2,151,053	14,093,185	7,046,593	0.162%	887,783
BUCKEYE VALLEY FIRE DISTRICT	1,277,863	1,960,255	723,065	989,665	4,950,847	2,475,424	0.057%	311,872
BUCKSKIN FIRE DISTRICT	951,558	1,127,745	288,681	298,678	2,666,661	1,333,331	0.031%	167,983
BULLHEAD CITY FIRE DEPARTMENT	11,041,999	13,588,272	3,304,522	3,738,752	31,673,546	15,836,773	0.364%	1,995,235
BULLHEAD CITY POLICE DEPARTMENT	9,924,669	11,529,078	3,590,993	3,765,192	28,809,932	14,404,966	0.331%	1,814,846
CAMP VERDE FIRE DISTRICT	1,285,695	1,727,921	582,030	657,297	4,252,943	2,126,472	0.049%	267,909
CAMP VERDE MARSHAL'S	1,200,502	1,556,466	486,538	476,973	3,720,479	1,860,239	0.043%	234,367
CASA GRANDE FIRE DEPARTMENT	5,188,770	5,985,356	1,751,993	2,076,660	15,002,779	7,501,389	0.172%	945,081
CASA GRANDE POLICE DEPARTMENT	8,519,095	9,511,058	2,764,414	3,031,386	23,825,955	11,912,977	0.274%	1,500,886
CAVE CREEK MARSHALS	38,565	57,339	21,514	27,798	145,216	72,608	0.002%	9,148
CENTRAL ARIZONA COLLEGE POLICE	244,639	272,509	53,034	60,207	630,389	315,195	0.007%	39,711

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER EARNINGS DISTRIBUTION
FISCAL YEAR ENDED JUNE 30, 2010

SYSTEM	2009 EMPLOYER RESERVE	2010 EMPLOYER RESERVE	2009 MEMBER RESERVE	2010 MEMBER RESERVE	COMBINED RESERVES	MEAN BALANCE	FACTOR	INVESTMENT EARNINGS
CENTRAL YAVAPAI FIRE DISTRICT	10,475,073	12,665,174	3,747,398	4,249,415	31,137,061	15,568,530	0.358%	1,961,440
CHANDLER FIRE DEPARTMENT	28,349,075	34,183,197	10,582,528	11,455,224	84,570,023	42,285,012	0.972%	5,327,383
CHANDLER POLICE DEPARTMENT	39,703,711	49,080,329	16,795,764	18,554,685	124,134,489	62,067,245	1.427%	7,819,697
CHINO VALLEY FIRE DISTRICT	2,504,753	3,318,603	1,160,191	1,330,514	8,314,062	4,157,031	0.096%	523,734
CHINO VALLEY POLICE DEPARTMENT	1,920,242	2,316,270	753,495	838,515	5,828,522	2,914,261	0.067%	367,160
CHRISTOPHER-KOHL'S FIRE DISTRICT	38,673	97,356	28,154	103,941	268,124	134,062	0.003%	16,890
CITY OF MARICOPA POLICE	1,357,657	1,890,759	1,054,302	1,297,663	5,600,381	2,800,191	0.064%	352,789
CLARKDALE FIRE DISTRICT	77,225	131,751	70,326	104,451	383,753	191,876	0.004%	24,174
CLARKDALE POLICE DEPARTMENT	932,494	1,197,354	354,690	279,071	2,763,609	1,381,804	0.032%	174,090
CLIFTON FIRE DEPARTMENT	223,047	194,799	0	0	417,846	208,923	0.005%	26,322
CLIFTON POLICE DEPARTMENT	341,968	351,045	56,536	33,850	783,399	391,700	0.009%	49,349
COCHISE COUNTY SHERIFF'S DEPT	7,673,518	8,498,575	2,133,980	2,446,706	20,752,779	10,376,389	0.238%	1,307,295
COCONINO COUNTY SHERIFF'S DEPT	7,743,253	7,789,122	2,120,813	2,217,775	19,870,963	9,935,481	0.228%	1,251,746
COOLIDGE FIRE DEPARTMENT	47,363	80,034	30,008	41,901	199,306	99,653	0.002%	12,555
COOLIDGE POLICE DEPARTMENT	2,350,287	2,799,871	760,250	945,511	6,855,919	3,427,959	0.079%	431,880
CORONA DE TUCSON FIRE DISTRICT	387,970	551,619	173,743	227,693	1,341,025	670,512	0.015%	84,476
COTTONWOOD FIRE DEPARTMENT	1,097,678	1,502,478	548,330	695,512	3,843,997	1,921,999	0.044%	242,148
COTTONWOOD POLICE DEPARTMENT	2,099,408	2,207,945	814,302	801,223	5,922,879	2,961,439	0.068%	373,104
DAISY MOUNTAIN FIRE DISTRICT	4,156,832	5,959,945	2,805,216	3,332,734	16,254,727	8,127,364	0.187%	1,023,946
DEPARTMENT OF EMER & MILITARY AFF	3,882,991	4,460,908	1,275,645	1,318,214	10,937,757	5,468,879	0.126%	689,010
DEPARTMENT OF PUBLIC SAFETY	323,016,791	340,589,844	26,611,841	26,711,385	716,929,861	358,464,930	8.239%	45,162,099
DESERT HILLS FIRE DEPARTMENT	224,936	330,540	107,256	174,343	837,075	418,538	0.010%	52,731
DIAMOND STAR FIRE DISTRICT	396,099	556,482	216,691	231,872	1,401,144	700,572	0.016%	88,263
DOUGLAS FIRE DEPARTMENT	3,140,963	3,240,183	628,918	696,801	7,706,864	3,853,432	0.089%	485,484
DOUGLAS POLICE DEPARTMENT	4,379,188	4,644,563	1,128,812	1,216,558	11,369,121	5,684,561	0.131%	716,184
DREXEL HEIGHTS FIRE DISTRICT	6,269,530	8,093,439	2,764,188	3,119,151	20,246,308	10,123,154	0.233%	1,275,391
EAGAR POLICE DEPARTMENT	880,228	1,015,568	258,543	283,035	2,437,374	1,218,687	0.028%	153,539
EL MIRAGE FIRE DEPARTMENT	1,039,851	1,331,767	514,332	610,081	3,496,031	1,748,016	0.040%	220,228
EL MIRAGE POLICE DEPARTMENT	2,043,260	2,582,983	1,198,812	1,302,228	7,127,284	3,563,642	0.082%	448,974
ELOY FIRE DISTRICT	583,764	928,157	301,563	404,987	2,218,471	1,109,235	0.025%	139,750

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER EARNINGS DISTRIBUTION
FISCAL YEAR ENDED JUNE 30, 2010

SYSTEM	2009 EMPLOYER RESERVE	2010 EMPLOYER RESERVE	2009 MEMBER RESERVE	2010 MEMBER RESERVE	COMBINED RESERVES	MEAN BALANCE	FACTOR	INVESTMENT EARNINGS
ELOY POLICE DEPARTMENT	2,769,738	3,054,717	997,134	969,524	7,791,113	3,895,556	0.090%	490,791
FLAGSTAFF FIRE DEPARTMENT	20,357,758	21,756,598	4,691,444	4,514,452	51,320,252	25,660,126	0.590%	3,232,855
FLAGSTAFF POLICE DEPARTMENT	13,421,620	14,843,102	3,876,853	4,454,470	36,596,045	18,298,023	0.421%	2,305,322
FLORENCE FIRE DEPARTMENT	515,712	733,917	353,729	429,693	2,033,051	1,016,525	0.023%	128,069
FLORENCE POLICE DEPARTMENT	1,625,028	2,016,211	766,302	847,164	5,254,705	2,627,352	0.060%	331,014
FORT MCDOWELL TRIBAL FIRE DEPT.	477,658	599,958	181,116	224,531	1,483,263	741,632	0.017%	93,436
FORT MCDOWELL TRIBAL POLICE DEPT.	950,084	1,249,237	567,342	618,646	3,385,308	1,692,654	0.039%	213,253
FORT MOJAVE MESA FIRE DISTRICT	3,102,688	4,097,027	1,349,575	1,247,703	9,796,992	4,898,496	0.113%	617,149
FORT MOJAVE TRIBAL POLICE DEPT.	461,478	667,302	255,538	284,345	1,668,662	834,331	0.019%	105,115
FREDONIA MARSHALS	244,693	297,943	73,603	87,271	703,510	351,755	0.008%	44,317
FRY FIRE DISTRICT	4,354,107	4,898,526	1,045,885	1,239,978	11,538,495	5,769,248	0.133%	726,853
GAME AND FISH DEPARTMENT	22,970,311	23,813,734	5,338,107	5,634,398	57,756,550	28,878,275	0.664%	3,638,302
GILA COUNTY SHERIFF'S DEPARTMENT	3,744,358	4,080,576	1,199,455	1,215,144	10,239,534	5,119,767	0.118%	645,027
GILA RIVER FIRE DEPARTMENT	2,485,034	3,231,503	1,724,652	1,795,137	9,236,326	4,618,163	0.106%	581,831
GILA RIVER POLICE DEPARTMENT	3,690,021	5,048,097	2,290,082	2,572,973	13,601,174	6,800,587	0.156%	856,789
GILBERT FIRE DEPARTMENT	9,730,206	13,422,658	6,231,836	7,197,006	36,581,706	18,290,853	0.420%	2,304,419
GILBERT POLICE DEPARTMENT	15,662,037	20,367,404	8,536,730	9,798,766	54,364,936	27,182,468	0.625%	3,424,651
GLENDALE FIRE DEPARTMENT	40,985,559	47,268,763	12,085,304	12,985,830	113,325,455	56,662,727	1.302%	7,138,795
GLENDALE POLICE DEPARTMENT	48,111,647	56,061,280	16,994,762	19,155,374	140,323,063	70,161,532	1.613%	8,839,476
GLOBE FIRE DEPARTMENT	1,900,390	2,119,586	585,799	658,977	5,264,752	2,632,376	0.061%	331,646
GLOBE POLICE DEPARTMENT	1,976,271	2,236,011	602,553	687,135	5,501,970	2,750,985	0.063%	346,590
GOLDEN SHORES FIRE DISTRICT	278,154	374,398	136,912	168,200	957,664	478,832	0.011%	60,327
GOLDEN VALLEY FIRE DISTRICT	1,344,517	1,596,048	355,081	424,319	3,719,964	1,859,982	0.043%	234,334
GOLDER RANCH FIRE DISTRICT	6,230,915	8,451,431	3,136,467	3,628,614	21,447,426	10,723,713	0.246%	1,351,054
GOODYEAR FIRE DEPARTMENT	4,869,997	6,676,544	3,132,740	3,516,682	18,195,963	9,097,981	0.209%	1,146,232
GOODYEAR POLICE DEPARTMENT	6,141,290	7,873,227	3,275,660	3,643,514	20,933,691	10,466,846	0.241%	1,318,692
GRAHAM COUNTY ATTORNEY INVEST.	37,933	43,034	0	0	80,967	40,484	0.001%	5,100
GRAHAM COUNTY SHERIFF'S DEPT.	900,838	1,330,597	516,831	666,821	3,415,088	1,707,544	0.039%	215,129
GREEN VALLEY FIRE DISTRICT	4,557,686	6,047,385	1,829,101	1,923,357	14,357,529	7,178,764	0.165%	904,435
GREENLEE CNTY ATTY INVESTIGATORS	30,051	34,092	0	0	64,144	32,072	0.001%	4,041

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER EARNINGS DISTRIBUTION
FISCAL YEAR ENDED JUNE 30, 2010

SYSTEM	2009 EMPLOYER RESERVE	2010 EMPLOYER RESERVE	2009 MEMBER RESERVE	2010 MEMBER RESERVE	COMBINED RESERVES	MEAN BALANCE	FACTOR	INVESTMENT EARNINGS
GREENLEE COUNTY SHERIFF'S DEPT.	1,562,554	1,823,003	366,022	415,144	4,166,722	2,083,361	0.048%	262,477
GROOM CREEK FIRE DISTRICT	101,607	163,898	70,414	101,006	436,926	218,463	0.005%	27,524
GUADALUPE FIRE DEPARTMENT	231,745	318,349	229,866	259,645	1,039,605	519,803	0.012%	65,489
HARQUAHALA FIRE DISTRICT	258,572	365,201	150,844	196,442	971,058	485,529	0.011%	61,171
HAYDEN POLICE DEPARTMENT	404,191	689,964	75,411	116,066	1,285,632	642,816	0.015%	80,987
HEBER-OVERGAARD FIRE DISTRICT	390,132	571,661	189,507	214,709	1,366,008	683,004	0.016%	86,050
HIGHLANDS FIRE DISTRICT	1,398,059	1,569,633	553,895	648,937	4,170,525	2,085,262	0.048%	262,717
HOLBROOK POLICE DEPARTMENT	1,247,994	1,330,486	369,623	439,850	3,387,953	1,693,977	0.039%	213,420
HUALAPAI INDIAN TRIBE POLICE DEPT	218,318	333,416	142,712	195,537	889,984	444,992	0.010%	56,063
HUALAPAI VALLEY FIRE DISTRICT	1,091,951	1,617,441	550,354	708,409	3,968,155	1,984,078	0.046%	249,969
JEROME POLICE DEPARTMENT	86,206	115,823	35,358	42,057	279,445	139,723	0.003%	17,603
KEARNY POLICE DEPARTMENT	730,570	795,419	164,287	176,740	1,867,016	933,508	0.021%	117,610
KINGMAN FIRE DEPARTMENT	6,389,210	7,352,975	2,235,270	2,296,902	18,274,357	9,137,178	0.210%	1,151,170
KINGMAN POLICE DEPARTMENT	5,780,132	6,667,763	1,868,390	2,075,785	16,392,071	8,196,035	0.188%	1,032,598
LA PAZ COUNTY ATTY. INVESTIGATORS	121,371	148,813	57,358	61,769	389,312	194,656	0.004%	24,524
LA PAZ COUNTY SHERIFF'S DEPT.	3,374,893	3,858,565	1,221,109	1,245,683	9,700,250	4,850,125	0.111%	611,055
LAKE HAVASU CITY FIRE DEPARTMENT	12,953,156	14,020,025	3,067,141	3,073,040	33,113,362	16,556,681	0.381%	2,085,935
LAKE HAVASU CITY POLICE DEPT.	10,341,279	11,817,090	3,633,420	3,826,855	29,618,643	14,809,322	0.340%	1,865,789
LAKE MOHAVE RANCHOS FIRE DISTRICT	0	144,043	0	50,009	194,052	97,026	0.002%	12,224
LAKESIDE FIRE DISTRICT	826,828	1,164,057	490,459	596,112	3,077,455	1,538,728	0.035%	193,860
LINDEN FIRE DISTRICT	247,413	227,696	94,301	109,300	678,710	339,355	0.008%	42,755
MAMMOTH POLICE DEPARTMENT	113,980	152,412	82,296	95,848	444,536	222,268	0.005%	28,003
MARANA POLICE DEPARTMENT	5,348,317	6,517,620	2,492,982	2,367,296	16,726,216	8,363,108	0.192%	1,053,647
MARICOPA CNTY ATTY INVESTIGATORS	2,904,221	2,891,777	428,650	484,875	6,709,523	3,354,761	0.077%	422,658
MARICOPA COUNTY PARK RANGERS	439,820	332,028	24,132	24,132	820,113	410,057	0.009%	51,662
MARICOPA COUNTY SHERIFF'S OFFICE	108,491,783	119,885,669	30,785,115	32,775,482	291,938,049	145,969,025	3.355%	18,380,272
MARICOPA FIRE DISTRICT	1,817,056	2,607,794	1,182,028	1,561,939	7,168,816	3,584,408	0.082%	451,591
MAYER FIRE DISTRICT	850,273	1,163,307	389,902	385,314	2,788,796	1,394,398	0.032%	175,677
MESA FIRE DEPARTMENT	92,467,260	103,446,202	25,304,418	26,263,036	247,480,916	123,740,458	2.844%	15,589,751
MESA POLICE DEPARTMENT	146,234,348	165,884,186	43,292,153	45,882,832	401,293,520	200,646,760	4.612%	25,278,983

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER EARNINGS DISTRIBUTION
FISCAL YEAR ENDED JUNE 30, 2010

SYSTEM	2009 EMPLOYER RESERVE	2010 EMPLOYER RESERVE	2009 MEMBER RESERVE	2010 MEMBER RESERVE	COMBINED RESERVES	MEAN BALANCE	FACTOR	INVESTMENT EARNINGS
MIAMI FIRE DEPARTMENT	250,945	284,686	0	0	535,631	267,815	0.006%	33,741
MIAMI POLICE DEPARTMENT	374,986	462,768	113,924	128,662	1,080,341	540,170	0.012%	68,055
MOHAVE COUNTY SHERIFF'S DEPT.	10,203,085	11,905,424	3,117,461	3,249,233	28,475,203	14,237,602	0.327%	1,793,760
MOHAVE VALLEY FIRE DISTRICT	2,003,391	2,555,498	918,334	937,198	6,414,422	3,207,211	0.074%	404,068
MONTEZUMA RIMROCK FIRE DISTRICT	409,481	553,845	269,307	308,977	1,541,610	770,805	0.018%	97,112
MOUNT LEMMON FIRE DISTRICT	181,616	228,942	87,937	83,710	582,205	291,103	0.007%	36,675
NAU CAMPUS POLICE	2,272,396	2,372,807	473,975	529,352	5,648,531	2,824,265	0.065%	355,822
NAVAJO COUNTY ATTY'S INVESTIGATOR	146,598	136,737	0	0	283,335	141,668	0.003%	17,848
NAVAJO COUNTY SHERIFF'S DEPT.	3,642,688	3,907,006	1,027,160	893,762	9,470,616	4,735,308	0.109%	596,590
NOGALES FIRE DEPARTMENT	3,933,139	4,536,562	1,543,638	1,651,648	11,664,987	5,832,493	0.134%	734,821
NOGALES POLICE DEPARTMENT	5,469,577	6,318,064	1,934,274	2,054,867	15,776,782	7,888,391	0.181%	993,839
NORTHWEST FIRE DISTRICT	13,452,148	17,324,049	6,397,316	7,282,222	44,455,734	22,227,867	0.511%	2,800,433
ORACLE FIRE DISTRICT	48,205	91,847	22,853	36,930	199,835	99,917	0.002%	12,588
ORO VALLEY POLICE DEPARTMENT	8,145,136	10,062,544	3,805,957	4,149,250	26,162,887	13,081,443	0.301%	1,648,098
PAGE FIRE DEPARTMENT	413,392	520,316	199,650	236,953	1,370,311	685,156	0.016%	86,321
PAGE POLICE DEPARTMENT	1,942,247	2,187,773	542,562	605,017	5,277,600	2,638,800	0.061%	332,456
PARADISE VALLEY POLICE DEPARTMENT	5,438,828	5,650,734	1,582,246	1,650,532	14,322,340	7,161,170	0.165%	902,218
PARKER POLICE DEPARTMENT	1,007,382	1,130,885	246,602	278,113	2,662,981	1,331,491	0.031%	167,751
PASCUA YAQUI TRIBE FIRE DEPT.	742,385	1,086,257	412,422	508,450	2,749,513	1,374,757	0.032%	173,202
PASCUA YAQUI TRIBE POLICE DEPT.	746,852	1,226,924	718,581	877,699	3,570,056	1,785,028	0.041%	224,891
PATAGONIA MARSHALS	307,000	324,903	34,328	36,543	702,773	351,387	0.008%	44,270
PAYSON FIRE DEPARTMENT	2,334,620	2,821,399	941,546	923,593	7,021,158	3,510,579	0.081%	442,289
PAYSON POLICE DEPARTMENT	3,068,863	3,466,132	995,769	1,038,017	8,568,781	4,284,391	0.098%	539,780
PEORIA FIRE DEPARTMENT	16,319,480	20,158,013	6,210,356	7,028,334	49,716,182	24,858,091	0.571%	3,131,809
PEORIA POLICE DEPARTMENT	21,031,193	25,091,977	6,288,560	7,087,229	59,498,959	29,749,479	0.684%	3,748,062
PHOENIX FIRE DEPARTMENT	400,989,905	441,797,903	102,796,857	107,544,491	1,053,129,155	526,564,578	12.103%	66,340,553
PHOENIX POLICE DEPARTMENT	690,701,348	768,935,162	178,236,110	192,526,716	1,830,399,336	915,199,668	21.035%	115,303,715
PICTURE ROCKS FIRE DISTRICT	1,632,600	1,960,226	595,776	644,775	4,833,376	2,416,688	0.056%	304,472
PIMA COUNTY ATTORNEY INVESTIGATOR	1,202,799	1,421,648	361,054	373,696	3,359,197	1,679,599	0.039%	211,608
PIMA COUNTY COMM. COLLEGE POLICE	2,532,132	2,882,064	692,775	784,288	6,891,259	3,445,629	0.079%	434,106

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SCHEDULE OF CHANGES IN EMPLOYER EARNINGS DISTRIBUTION
FISCAL YEAR ENDED JUNE 30, 2010

SYSTEM	2009 EMPLOYER RESERVE	2010 EMPLOYER RESERVE	2009 MEMBER RESERVE	2010 MEMBER RESERVE	COMBINED RESERVES	MEAN BALANCE	FACTOR	INVESTMENT EARNINGS
PIMA COUNTY SHERIFF'S DEPARTMENT	94,118,881	103,522,060	12,180,404	13,064,427	222,885,772	111,442,886	2.561%	14,040,410
PIMA POLICE DEPARTMENT	152,822	178,324	47,111	46,401	424,657	212,329	0.005%	26,751
PINAL COUNTY SHERIFF'S DEPARTMENT	18,241,845	22,041,686	6,605,098	7,197,794	54,086,423	27,043,212	0.622%	3,407,107
PINE-STRAWBERRY FIRE DISTRICT	1,455,016	1,863,822	615,907	700,054	4,634,799	2,317,400	0.053%	291,963
PINETOP FIRE DISTRICT	1,298,862	1,707,461	645,729	737,757	4,389,809	2,194,905	0.050%	276,531
PINETOP-LAKESIDE POLICE DEPT.	1,136,022	1,207,012	400,069	449,686	3,192,789	1,596,394	0.037%	201,126
PINEWOOD FIRE DISTRICT	708,205	846,242	230,588	294,012	2,079,047	1,039,523	0.024%	130,967
PRESCOTT FIRE DEPARTMENT	11,072,975	12,195,874	3,073,244	3,282,378	29,624,470	14,812,235	0.340%	1,866,156
PRESCOTT POLICE DEPARTMENT	7,873,396	8,454,461	2,510,881	2,802,716	21,641,454	10,820,727	0.249%	1,363,276
PRESCOTT VALLEY POLICE DEPARTMENT	4,555,086	5,764,969	2,191,210	2,335,490	14,846,755	7,423,377	0.171%	935,253
QUARTZSITE FIRE DISTRICT	176,065	267,469	109,826	140,616	693,977	346,988	0.008%	43,716
QUARTZSITE POLICE DEPARTMENT	999,008	1,249,653	395,265	509,022	3,152,948	1,576,474	0.036%	198,616
QUEEN CREEK FIRE DEPARTMENT	301,522	488,550	200,616	347,302	1,337,990	668,995	0.015%	84,285
QUEEN VALLEY FIRE DISTRICT	3,261	37,222	1,701	25,702	67,886	33,943	0.001%	4,276
RINCON VALLEY FIRE DISTRICT	709,935	1,114,280	465,522	600,758	2,890,495	1,445,248	0.033%	182,083
RIO RICO FIRE DISTRICT	579,107	879,434	479,508	579,093	2,517,142	1,258,571	0.029%	158,564
RIO VERDE FIRE DISTRICT	828,853	1,220,472	404,685	484,221	2,938,231	1,469,116	0.034%	185,090
SAFFORD POLICE DEPARTMENT	2,409,952	2,531,184	892,228	870,858	6,704,222	3,352,111	0.077%	422,324
SAHUARITA POLICE DEPARTMENT	1,756,831	2,394,120	950,415	1,107,639	6,209,005	3,104,503	0.071%	391,129
SALT RIVER PIMA-MARICOPA FIRE	5,595,130	7,720,555	2,720,999	2,929,399	18,966,083	9,483,042	0.218%	1,194,745
SALT RIVER PIMA-MARICOPA POLICE	4,965,447	6,697,830	3,120,369	3,578,539	18,362,185	9,181,092	0.211%	1,156,703
SAN CARLOS TRIBAL POLICE	398,158	632,046	131,523	213,766	1,375,493	687,747	0.016%	86,647
SAN LUIS FIRE DEPARTMENT	872,955	1,186,003	505,645	582,390	3,146,993	1,573,497	0.036%	198,241
SAN LUIS POLICE DEPARTMENT	1,811,808	2,129,192	847,535	922,822	5,711,356	2,855,678	0.066%	359,780
SANTA CRUZ COUNTY SHERIFF'S DEPT.	2,600,000	3,096,487	1,153,639	1,292,767	8,142,893	4,071,446	0.094%	512,951
SCOTTSDALE FIRE DEPARTMENT	10,635,483	14,663,876	6,248,408	7,538,528	39,086,295	19,543,147	0.449%	2,462,192
SCOTTSDALE POLICE DEPARTMENT	70,124,761	79,766,544	21,531,901	22,801,552	194,224,757	97,112,379	2.232%	12,234,945
SEDONA FIRE DISTRICT	6,032,471	7,634,551	2,639,126	2,829,516	19,135,664	9,567,832	0.220%	1,205,427
SEDONA POLICE DEPARTMENT	2,356,949	2,921,426	1,019,935	1,110,957	7,409,267	3,704,633	0.085%	466,737
SHOW LOW FIRE DISTRICT	1,112,257	1,616,704	721,186	919,739	4,369,886	2,184,943	0.050%	275,275

OPERATING INFORMATION

SCHEDULE OF CHANGES IN EMPLOYER EARNINGS DISTRIBUTION
FISCAL YEAR ENDED JUNE 30, 2010

SYSTEM	2009 EMPLOYER RESERVE	2010 EMPLOYER RESERVE	2009 MEMBER RESERVE	2010 MEMBER RESERVE	COMBINED RESERVES	MEAN BALANCE	FACTOR	INVESTMENT EARNINGS
SHOW LOW POLICE DEPARTMENT	2,711,830	3,136,942	1,049,097	1,119,193	8,017,061	4,008,531	0.092%	505,025
SIERRA VISTA FIRE DEPARTMENT	7,015,534	8,029,113	1,810,742	1,911,781	18,767,171	9,383,585	0.216%	1,182,214
SIERRA VISTA POLICE DEPARTMENT	7,911,243	9,085,900	2,207,312	2,414,148	21,618,602	10,809,301	0.248%	1,361,837
SNOWFLAKE POLICE DEPARTMENT	839,507	983,855	361,601	407,831	2,592,795	1,296,398	0.030%	163,330
SOMERTON FIRE DEPARTMENT	787,066	997,899	379,305	440,656	2,604,926	1,302,463	0.030%	164,094
SOMERTON POLICE DEPARTMENT	1,041,047	1,438,579	500,287	532,034	3,511,947	1,755,974	0.040%	221,231
SONOITA ELGIN FIRE DEPARTMENT	46,940	103,096	26,725	47,809	224,570	112,285	0.003%	14,146
SOUTH TUCSON FIRE DEPARTMENT	982,772	1,102,957	321,826	345,687	2,753,242	1,376,621	0.032%	173,437
SOUTH TUCSON POLICE DEPARTMENT	292,170	433,409	330,707	301,918	1,358,203	679,102	0.016%	85,558
SPRINGVILLE POLICE DEPARTMENT	732,702	938,863	259,532	218,818	2,149,915	1,074,958	0.025%	135,431
ST. JOHNS POLICE DEPARTMENT	457,635	607,796	140,078	202,519	1,408,028	704,014	0.016%	88,697
SUMMIT FIRE DISTRICT	2,122,676	2,831,161	1,073,769	1,330,919	7,358,524	3,679,262	0.085%	463,541
SUN CITY FIRE DISTRICT	7,599,424	9,257,102	4,525,703	4,703,893	26,086,122	13,043,061	0.300%	1,643,263
SUN CITY WEST FIRE DISTRICT	5,324,112	6,827,452	2,546,075	2,801,319	17,498,959	8,749,479	0.201%	1,102,325
SUN LAKES FIRE DISTRICT	4,260,369	5,512,437	1,591,271	1,764,375	13,128,452	6,564,226	0.151%	827,010
SUPERIOR POLICE DEPARTMENT	521,793	563,736	153,242	146,277	1,385,048	692,524	0.016%	87,249
SURPRISE FIRE DEPARTMENT	6,743,431	9,092,012	3,821,858	4,514,565	24,171,865	12,085,933	0.278%	1,522,676
SURPRISE POLICE DEPARTMENT	7,206,448	9,247,687	3,681,180	4,282,080	24,417,395	12,208,697	0.281%	1,538,143
TEMPE FIRE DEPARTMENT	43,848,589	48,015,645	9,009,216	9,837,230	110,710,680	55,355,340	1.272%	6,974,081
TEMPE POLICE DEPARTMENT	54,189,873	60,873,284	16,544,834	18,013,024	149,621,015	74,810,507	1.719%	9,425,189
THATCHER POLICE DEPARTMENT	1,396,625	1,537,956	293,249	340,941	3,568,772	1,784,386	0.041%	224,810
THREE POINTS FIRE DISTRICT	456,957	684,994	288,205	313,555	1,743,711	871,856	0.020%	109,843
TOHONO O'ODHAM NATION FIRE	1,408,393	2,069,339	422,593	625,804	4,526,129	2,263,065	0.052%	285,118
TOHONO O'ODHAM NATION POLICE	6,304,053	7,837,876	780,080	1,214,382	16,136,391	8,068,196	0.185%	1,016,492
TOLLESON FIRE DEPARTMENT	1,952,846	2,619,394	1,075,020	1,396,656	7,043,915	3,521,958	0.081%	443,723
TOLLESON POLICE DEPARTMENT	1,981,750	2,268,692	875,181	906,336	6,031,959	3,015,979	0.069%	379,976
TOMBSTONE MARSHAL'S DEPARTMENT	288,863	360,538	121,908	137,811	909,120	454,560	0.010%	57,269
TONOPAH FIRE DISTRICT	121,317	188,363	80,307	99,719	489,706	244,853	0.006%	30,848
TOWN OF SUPERIOR (FIRE DEPT)	109,311	165,517	65,867	86,746	427,441	213,721	0.005%	26,926
TRI-CITY FIRE DISTRICT	455,225	665,633	308,945	376,334	1,806,138	903,069	0.021%	113,775

SCHEDULE OF CHANGES IN EMPLOYER EARNINGS DISTRIBUTION
FISCAL YEAR ENDED JUNE 30, 2010

SYSTEM	2009 EMPLOYER RESERVE	2010 EMPLOYER RESERVE	2009 MEMBER RESERVE	2010 MEMBER RESERVE	COMBINED RESERVES	MEAN BALANCE	FACTOR	INVESTMENT EARNINGS
TUBAC FIRE DISTRICT	1,110,917	1,480,081	571,770	690,804	3,853,572	1,926,786	0.044%	242,751
TUCSON AIRPORT AUTHORITY FIRE DPT	3,889,338	3,994,369	950,594	865,725	9,700,025	4,850,013	0.111%	611,041
TUCSON AIRPORT AUTHORITY POLICE	2,528,134	2,662,764	1,032,950	1,101,246	7,325,094	3,662,547	0.084%	461,435
TUCSON FIRE DEPARTMENT	139,928,193	150,291,415	24,198,826	26,615,828	341,034,262	170,517,131	3.919%	21,483,026
TUCSON POLICE DEPARTMENT	222,514,880	238,284,698	38,212,758	40,137,726	539,150,062	269,575,031	6.196%	33,963,083
U OF A CAMPUS POLICE DEPARTMENT	5,282,550	6,157,163	1,933,291	2,124,958	15,497,962	7,748,981	0.178%	976,275
VERDE VALLEY FIRE DISTRICT	2,129,940	2,656,682	849,885	971,812	6,608,319	3,304,159	0.076%	416,283
WELLTON POLICE	106,965	195,677	105,509	98,604	506,755	253,377	0.006%	31,922
WHETSTONE FIRE DISTRICT	24,773	65,400	55,195	51,294	196,662	98,331	0.002%	12,388
WICKENBURG FIRE DEPARTMENT	160,913	252,148	97,208	129,287	639,556	319,778	0.007%	40,288
WICKENBURG POLICE DEPARTMENT	946,620	1,128,902	454,400	479,618	3,009,541	1,504,770	0.035%	189,582
WILLCOX POLICE DEPARTMENT	976,239	1,104,148	317,851	359,577	2,757,815	1,378,908	0.032%	173,725
WILLIAMS POLICE DEPARTMENT	758,298	909,736	230,379	251,761	2,150,175	1,075,088	0.025%	135,448
WILLIAMSON VALLEY FIRE DISTRICT	139,015	194,427	77,724	100,188	511,354	255,677	0.006%	32,212
WINSLOW FIRE DEPARTMENT	3,614,069	4,133,378	328,144	354,983	8,430,573	4,215,287	0.097%	531,073
WINSLOW POLICE DEPARTMENT	2,463,809	2,878,268	809,039	907,942	7,059,059	3,529,530	0.081%	444,677
WITTMAN FIRE DISTRICT	63,852	124,554	39,197	73,885	301,488	150,744	0.003%	18,992
YAVAPAI CNTY ATTRNY INVESTIGATORS	180,144	138,107	0	0	318,251	159,126	0.004%	20,048
YAVAPAI COUNTY SHERIFF'S DEPT.	9,385,553	10,926,055	4,154,430	4,458,457	28,924,495	14,462,247	0.332%	1,822,062
YAVAPAI PRESSCOTT TRIBAL POLICE	126,337	195,264	58,214	81,581	461,395	230,698	0.005%	29,065
YOUNGTOWN POLICE DEPARTMENT	682,078	806,582	217,123	291,766	1,997,549	998,775	0.023%	125,833
YUMA COUNTY SHERIFF'S DEPARTMENT	7,572,881	8,646,907	2,078,264	2,442,730	20,740,782	10,370,391	0.238%	1,306,540
YUMA FIRE DEPARTMENT	17,202,060	18,478,258	4,896,363	5,215,380	45,792,061	22,896,031	0.526%	2,884,614
YUMA POLICE DEPARTMENT	25,074,500	27,590,648	5,996,413	6,215,071	64,876,632	32,438,316	0.746%	4,086,822
TOTALS	3,262,134,491	3,664,191,489	853,566,631	921,671,914	8,701,564,525	4,350,782,262	100.000%	548,144,164

OPERATING INFORMATION

AK CHIN INDIAN COMM. FIRE DEPT.
 AK CHIN INDIAN COMM. POLICE DEPT.
 APACHE COUNTY SHERIFF'S DEPT.
 APACHE JUNCTION FIRE DISTRICT
 APACHE JUNCTION POLICE DEPARTMENT
 ARIZONA STATE CAPITOL POLICE
 ARIZONA STATE PARK RANGERS
 ASU CAMPUS POLICE
 ATTORNEY GENERAL INVESTIGATORS
 AVONDALE FIRE DEPARTMENT
 AVONDALE POLICE DEPARTMENT
 AVRA VALLEY FIRE DISTRICT
 AZ DPT. LIQ. LIC. & CONTROL INVST
 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 DEPARTMENT
 CAMP VERDE FIRE DISTRICT
 CAMP VERDE MARSHAL'S
 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'S FIRE DISTRICT
 CITY OF MARICOPA POLICE
 CLARKDALE FIRE DISTRICT
 CLARKDALE POLICE DEPARTMENT

PARTICIPATING EMPLOYERS

CLIFTON FIRE DEPARTMENT
 CLIFTON POLICE DEPARTMENT
 COCHISE COUNTY SHERIFF'S DEPT
 COCONINO COUNTY SHERIFF'S DEPT
 COOLIDGE FIRE DEPARTMENT
 COOLIDGE POLICE DEPARTMENT
 CORONA DE TUCSON FIRE DISTRICT
 COTTONWOOD FIRE DEPARTMENT
 COTTONWOOD POLICE DEPARTMENT
 DAISY MOUNTAIN FIRE DISTRICT
 DEPARTMENT OF EMER & MILITARY AFF
 DEPARTMENT OF PUBLIC SAFETY
 DESERT HILLS FIRE DEPARTMENT
 DIAMOND STAR FIRE DISTRICT (HELLSGATE)
 DOUGLAS FIRE DEPARTMENT
 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 DEPT.
 FORT MCDOWELL TRIBAL POLICE DEPT.
 FORT MOJAVE MESA FIRE DISTRICT
 FORT MOJAVE TRIBAL POLICE DEPT.
 FREDONIA MARSHALS
 FRY FIRE DISTRICT
 GAME AND FISH DEPARTMENT
 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 INVEST.
 GRAHAM COUNTY SHERIFF'S DEPT.
 GREEN VALLEY FIRE DISTRICT
 GREENLEE CNTY ATTY INVESTIGATORS
 GREENLEE COUNTY SHERIFF'S DEPT.
 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 DEPT
 HUALAPAI VALLEY FIRE DISTRICT
 JEROME POLICE DEPARTMENT
 KEARNY POLICE DEPARTMENT
 KINGMAN FIRE DEPARTMENT
 KINGMAN POLICE DEPARTMENT
 LA PAZ COUNTY ATTY. INVESTIGATORS
 LA PAZ COUNTY SHERIFF'S DEPT.
 LAKE HAVASU CITY FIRE DEPARTMENT
 LAKE HAVASU CITY POLICE DEPT.
 LAKE MOHAVE RANCHOS FIRE DISTRICT
 LAKESIDE FIRE DISTRICT
 LINDEN FIRE DISTRICT
 MAMMOTH POLICE DEPARTMENT
 MARANA POLICE DEPARTMENT
 MARICOPA CNTY ATTY INVESTIGATORS
 MARICOPA COUNTY PARK RANGERS
 MARICOPA COUNTY SHERIFF'S OFFICE
 MARICOPA FIRE DISTRICT

OPERATING INFORMATION

PARTICIPATING EMPLOYERS

MAYER FIRE DISTRICT
 MESA FIRE DEPARTMENT
 MESA POLICE DEPARTMENT
 MIAMI FIRE DEPARTMENT
 MIAMI POLICE DEPARTMENT
 MOHAVE COUNTY SHERIFF'S DEPT.
 MOHAVE VALLEY FIRE DISTRICT
 MONTEZUMA RIMROCK FIRE DISTRICT
 MOUNT LEMMON FIRE DISTRICT
 NAU CAMPUS POLICE
 NAVAJO COUNTY ATTY'S INVESTIGATOR
 NAVAJO COUNTY SHERIFF'S DEPT.
 NOGALES FIRE DEPARTMENT
 NOGALES POLICE DEPARTMENT
 NORTHWEST FIRE DISTRICT
 ORACLE FIRE DISTRICT
 ORO VALLEY POLICE DEPARTMENT
 PAGE FIRE DEPARTMENT
 PAGE POLICE DEPARTMENT
 PARADISE VALLEY POLICE DEPARTMENT
 PARKER POLICE DEPARTMENT
 PASCUA YAQUI TRIBE FIRE DEPT.
 PASCUA YAQUI TRIBE POLICE DEPT.
 PATAGONIA MARSHALS
 PAYSON FIRE DEPARTMENT
 PAYSON POLICE DEPARTMENT
 PEORIA FIRE DEPARTMENT
 PEORIA POLICE DEPARTMENT
 PHOENIX FIRE DEPARTMENT
 PHOENIX POLICE DEPARTMENT
 PICTURE ROCKS FIRE DISTRICT
 PIMA COUNTY ATTORNEY INVESTIGATOR
 PIMA COUNTY COMM. COLLEGE POLICE
 PIMA COUNTY SHERIFF'S DEPARTMENT
 PIMA POLICE DEPARTMENT
 PINAL COUNTY SHERIFF'S DEPARTMENT
 PINE-STRAWBERRY FIRE DISTRICT
 PINETOP FIRE DISTRICT
 PINETOP-LAKESIDE POLICE DEPT.

PINEWOOD FIRE DISTRICT
 PRESCOTT FIRE DEPARTMENT
 PRESCOTT POLICE DEPARTMENT
 PRESCOTT VALLEY POLICE DEPARTMENT
 QUARTZSITE FIRE DISTRICT
 QUARTZSITE POLICE DEPARTMENT
 QUEEN CREEK FIRE DEPARTMENT
 QUEEN VALLEY FIRE DISTRICT
 RINCON VALLEY FIRE DISTRICT
 RIO RICO FIRE DISTRICT
 RIO VERDE FIRE DISTRICT
 SAFFORD POLICE DEPARTMENT
 SAHUARITA POLICE DEPARTMENT
 SALT RIVER PIMA-MARICOPA FIRE
 SALT RIVER PIMA-MARICOPA POLICE
 SAN CARLOS TRIBAL POLICE
 SAN LUIS FIRE DEPARTMENT
 SAN LUIS POLICE DEPARTMENT
 SANTA CRUZ COUNTY SHERIFF'S DEPT.
 SCOTTSDALE FIRE DEPARTMENT
 SCOTTSDALE POLICE DEPARTMENT
 SEDONA FIRE DISTRICT
 SEDONA POLICE DEPARTMENT
 SHOW LOW FIRE DISTRICT
 SHOW LOW POLICE DEPARTMENT
 SIERRA VISTA FIRE DEPARTMENT
 SIERRA VISTA POLICE DEPARTMENT
 SNOWFLAKE POLICE DEPARTMENT
 SOMERTON FIRE DEPARTMENT
 SOMERTON POLICE DEPARTMENT
 SONOITA ELGIN FIRE DEPARTMENT
 SOUTH TUCSON FIRE DEPARTMENT
 SOUTH TUCSON POLICE DEPARTMENT
 SPRINGVILLE POLICE DEPARTMENT
 ST. JOHNS POLICE DEPARTMENT
 SUMMIT FIRE DISTRICT
 SUN CITY FIRE DISTRICT
 SUN CITY WEST FIRE DISTRICT
 SUN LAKES FIRE DISTRICT

SUPERIOR POLICE DEPARTMENT
 SURPRISE FIRE DEPARTMENT
 SURPRISE POLICE DEPARTMENT
 TEMPE FIRE DEPARTMENT
 TEMPE POLICE DEPARTMENT
 THATCHER POLICE DEPARTMENT
 THREE POINTS FIRE DISTRICT
 TOHONO O'ODHAM NATION FIRE
 TOHONO O'ODHAM NATION POLICE
 TOLLESON FIRE DEPARTMENT
 TOLLESON POLICE DEPARTMENT
 TOMBSTONE MARSHAL'S DEPARTMENT
 TONOPAH FIRE DISTRICT
 TOWN OF SUPERIOR (FIRE DEPT)
 TRI-CITY FIRE DISTRICT
 TUBAC FIRE DISTRICT
 TUCSON AIRPORT AUTHORITY FIRE DPT
 TUCSON AIRPORT AUTHORITY POLICE
 TUCSON FIRE DEPARTMENT
 TUCSON POLICE DEPARTMENT
 U OF A CAMPUS POLICE DEPARTMENT
 VERDE VALLEY FIRE DISTRICT
 WELLTON POLICE
 WHETSTONE FIRE DISTRICT
 WICKENBURG FIRE DEPARTMENT
 WICKENBURG POLICE DEPARTMENT
 WILLCOX POLICE DEPARTMENT
 WILLIAMS POLICE DEPARTMENT
 WILLIAMSON VALLEY FIRE DISTRICT
 WINSLOW FIRE DEPARTMENT
 WINSLOW POLICE DEPARTMENT
 WITTMAN FIRE DISTRICT
 YAVAPAI CNTY ATTRNY INVESTIGATORS
 YAVAPAI COUNTY SHERIFF'S DEPT.
 YAVAPAI PRESCOTT TRIBAL POLICE
 YOUNGTOWN POLICE DEPARTMENT
 YUMA COUNTY SHERIFF'S DEPARTMENT
 YUMA FIRE DEPARTMENT
 YUMA POLICE DEPARTMENT

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