

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

THIRTY-FIRST COMPREHENSIVE
ANNUAL FINANCIAL REPORT

—

A PENSION TRUST FUND
OF THE STATE OF ARIZONA

—

FOR THE FISCAL YEAR ENDED
JUNE 30, 1999

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FOR THE FISCAL YEAR ENDED

JUNE 30, 1999

This report was prepared by the staff of the PSPRS

1020 East Missouri Avenue

Phoenix, Arizona 85014

(602) 255-5575

Fax (602) 255-5572

www.psprs.com

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

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INTRODUCTORY SECTION

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
THIRTY-FIRST COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 1999

Fund Managers' Report

Letter of Transmittal

Certificate of Achievement for
Excellence in Financial Reporting

The Retirement Board and
Administrative Organization

Organizational Chart

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

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

1020 East Missouri Avenue
Phoenix, Arizona 85014-2613

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

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

Michael H. Ong, J.D.
Assistant Administrator

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

September 30, 1999

Dear Governor Hull:

The Fund Manager of the Public Safety Personnel Retirement System respectfully submits the Thirty-First Annual Report for the fiscal year ending June 30, 1999, in accordance with the provisions of A.R.S. Section 38-848.

We are pleased to report that the System is in outstanding financial and actuarial condition. For the sixteenth year in a row the System remains more than 97% funded even in the face of improved retirement benefits. In fact, the System is now more than 120% funded. Set forth below are some of the record-breaking highlights of the fiscal year ending June 30, 1999. Total System assets increased from \$4,151,364,074 to \$4,841,649,236, an increase of 16.6%. The fair value of the total System assets was nearly 38% above cost. Benefits paid to retired members and their beneficiaries increased from \$112,374,125 to \$125,873,371. The average employer contribution rate as a percentage of gross payroll decreased from a high of 22.13% for the 1972/73 fiscal year to 5.29% for the 1999/00 fiscal year. This is a direct savings to the taxpayers of approximately \$114 million annually. The investment earnings provided 88% of the total cost of the System. Net investment income for the year totaled \$723,369,908, which was the second best year on record.

The total rate of return, which includes realized as well as unrealized gains and losses, for the total fund was 17.70%. The total rates of return for the stock portfolio and bond portfolios were 24.43% and 2.73% respectively. The fund continues to outperform the market indexes on a short-term and a long-term basis. The net effective yield, which takes into account only realized gains and losses, was 22.68%—the best on record.

Total administrative and investment expenses increased about 5.3% from \$878,120 last year to \$925,090 this year. Costs have increased only 43% during the past fourteen years. This increase is well below the rate of inflation (55% during this period) even though assets managed have increased 572% and the System membership has increased 84%.

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

Respectfully submitted,

DONALD L. De MENT/sig

Donald L. De Ment,
Chairman

CARMEN TORRIE/sig

Carmen Torrie, Member

PATRICK CANTELME/sig

Patrick Cantelme, Member

CAROL SPRINGER/sig

Carol Springer, Member

ROBERT BLENDU/sig

Robert Blendu, Member

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
CORRECTIONS OFFICER RETIREMENT PLAN
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www.psprs.com

Michael H. Ong, J.D.
Assistant Administrator

September 30, 1999

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

Gentlemen:

There is presented herewith the Thirty-First Annual Report of the operations and financial conditions of the Public Safety Personnel Retirement System for the fiscal year ended June 30, 1999. Incorporated in this report are the audited financial statements and other financial data from the June 30, 1999, report of Barrows & Schatza, P.L.C., Certified Public Accountants and auditors for the System. Also included is the Actuarial Certification Statement and the Actuarial Balance Sheet from the June 30, 1999, Actuarial Valuation made by the System's Actuary, Gabriel, Roeder, Smith & Company, Consulting Actuaries.

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

FINANCIAL INFORMATION

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

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

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

REVENUES

Revenues to the System are derived from three sources; member contributions, employer contributions and investment income. As shown by the Schedule of Revenues by Source included with the financial statements later in this report, the investment earnings during the 1998/1999 fiscal year provided 88% of the total funding of the System. Member contributions made up 6% of total revenue, direct employer contributions made up 5% of the total revenues and insurance premium taxes provided 1% of the total revenues. Please refer to the Financial Section for a ten-year history of revenues and expenses.

ADMINISTRATIVE AND INVESTMENT EXPENSES

The 1998/1999 Administrative and Investment Expenses of the Administrative Office totaled \$925,090 compared to \$878,120 for the prior year. This is only 43% higher than the total for fiscal year 1984/1985. This is a compounded annual rate of increase of 2.6% over the last fourteen years. This rate of increase is well below both the rate of inflation and the rate of growth of the System. A dedicated staff and constantly improving internal expertise has allowed management to keep costs nearly flat for the past fourteen years even though inflation, membership and assets managed have increased substantially during this same period (over 55% over 84% and over 572%, respectively).

INVESTMENTS

Since the System is well-funded, the management takes a moderately conservative approach to investing. The System invests primarily in bonds rated A or better and blue-chip common stock. A detailed summary of the investment portfolio and all investment transactions is presented in the Investment Section. At year-end, the investment portfolio was made up of 10.7% U. S. Government Securities, 13.0% Corporate Bonds, 2.2% Other Investments, .9% Corporate Notes, .01% insured Money Market Funds and 73.2% Common Stocks. All investments are held in trust by the Arizona subsidiary of one of the largest banks in the world.

Even with this relatively conservative investment philosophy, the fixed income portfolio has outperformed the Lehman Government Corporate Bond Index in seven of the last ten years. The equity portfolio has also outperformed the appropriate Index in seven of the last ten years. This extraordinary performance resulted in a total rate of return of 17.70% for the 1998/1999 fiscal year. Graphs depicting the fund's extraordinary performance since 1974, the year internal staff took over the portfolio management, can be found in the Investment Section.

ECONOMIC OUTLOOK

The economy seems to be leveling off. It is likely the economy will continue its moderate growth. With interest rates so low, it may be difficult to continue to outperform the System's 9% assumed rate of investment return over the next couple of years.

ACTUARIAL AND FUNDING INFORMATION

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

There is no single all-encompassing test to measure a retirement system's funding progress and current status. A traditional measure is the ratio of assets to unfunded accumulated normal costs, often referred to as the "percent funded." The percent funded for the System at June 30, 1999, is 120.3% which is well ahead of schedule. One hundred and two of the 171 participating units have fully-funded actuarial accrued liabilities.

The System is funded through a member contribution of 7.65% of gross payroll, an employer contribution set by an actuarial valuation expressed as a percent of gross payroll and a distribution of the net earnings of the Fund. While each employer has a different contribution rate, the average for the entire System for the 2000/2001 fiscal year is 5.21% of gross payroll. Of the 171 groups that make up the System, nine will have no employer contribution required and 50 employers will pay less than the 7.65% which the employees pay. In addition, the firefighter groups and the Department of Public Safety receive a percentage of Insurance Premium Tax which underwrites a large portion, if not all, of their employer contributions.

POST RETIREMENT BENEFIT INCREASES

State law provides for an annual benefit increase for retirees or their survivors who are over age fifty-five on the effective day of the increase and for disability retirees regardless of age. These increases are dependent upon the production of excess earnings on a portion of the system's assets and are limited to four percent of the average benefit being paid.

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

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

July 1, 1989 - \$44.95
July 1, 1990 - \$47.83
July 1, 1991 - \$52.35
July 1, 1992 - \$55.13
July 1, 1993 - \$58.69
July 1, 1994 - \$63.94
July 1, 1995 - \$45.00
July 1, 1996 - \$50.00
July 1, 1997 - \$55.00
July 1, 1998 - \$78.36
July 1, 1999 - \$81.95
July 1, 2000 - \$87.37

Cumulative Total - \$838.17

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

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the PSPRS for its comprehensive annual financial report for the fiscal year ended June 30, 1998. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the Government Finance Officers Association.

SUMMARY

The System's Actuary, Gabriel, Roeder, Smith & Company, summarized the results of the latest Actuarial Valuation as of June 30, 1999, as follows:

The results of the valuations indicate that Retirement System benefit obligations are being funded as incurred. Current assets are 120.3% of actuarial accrued liabilities. This is an excellent level of accrued funding and well ahead of schedule. Superior investment returns, over an extended period, have made possible the excellent actuarial condition of the Retirement System, improved benefits for members retiring in the future, cost-of-living increases to retired members and their beneficiaries and substantial reductions in contribution requirements.

The System has experienced great change during the past thirty-one years. The System was created on July 1, 1968 to provide a uniform state-wide retirement system for public safety personnel. The System successfully transitioned from a 25-year/age-55 program to a straight 20-year program. The System now provides for disability benefits, survivor benefits for spouses and children, post-retirement increases and health insurance subsidies. Employer contribution rates have dropped from an average of 22.13% to 5.21%. Funding has increased to 120.3%. Over just the past eleven years, investment income and total assets of the fund have more than tripled. I am proud to have been a part of the Fund's management team and I look forward to the Fund's continued success in the future.

Respectfully submitted,

JACK M. CROSS/sig

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Public Safety Personnel
Retirement System,
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1998

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.



Douglas R. Ellsworth
President

Jeffrey L. Esler
Executive Director

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

THE FUND MANAGER

		<u>Term Expires</u>
Donald L. De Ment Retired City Clerk City of Tucson	Chairman	January 2000
Carmen Torrie Retired Sergeant Department of Public Safety	Member	January 2001
Pat Cantelme Retired Firefighter City of Phoenix	Member	January 2002
Carol Springer State Treasurer State of Arizona	Member	January 2000
Robert Blendu Public Member	Member	January 2002

PROFESSIONAL ADVISORS

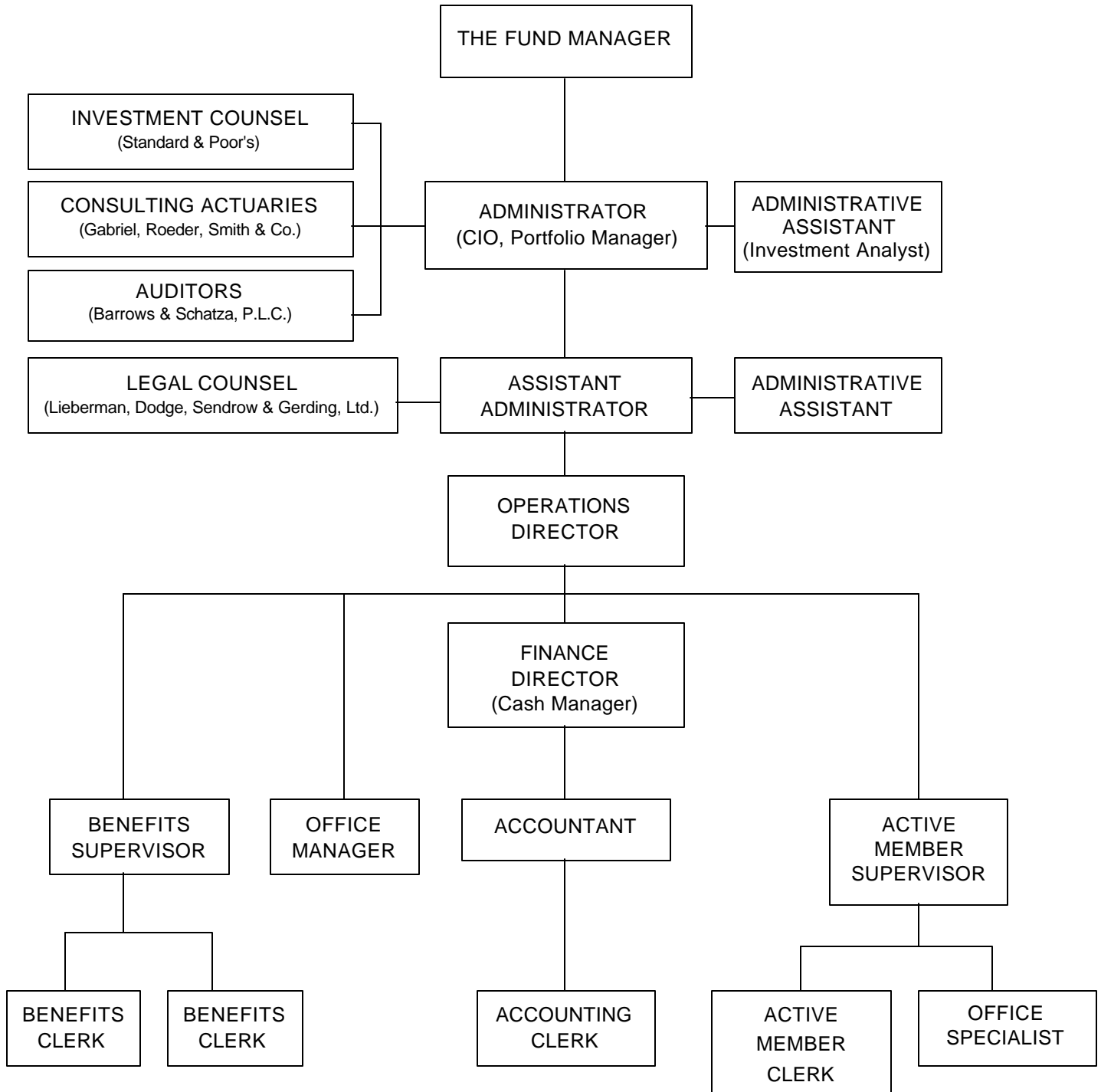
Standard & Poor's	Investment Counsel
Gabriel, Roeder, Smith & Company	Consulting Actuaries
Barrows & Schatza, P.L.C.	Auditors
Lieberman, Dodge, Sendrow & Gerding, Ltd.	Legal Counsel

ADMINISTRATIVE STAFF

Jack M. Cross, C.P.A., C.F.A.	Administrator
Michael H. Ong, J.D.	Assistant Administrator
Donald B. Mineer	Operations Director
William F. Mulholland, C.P.A.	Finance Director
Jared A. Smout	Administrative Assistant
Lori A. Boyle	Office Manager
LaDawn M. Snodgrass	Active Member Supervisor
Sheryl D. Saltsman	Benefits Supervisor
Annette L. Jorgensen	Administrative Assistant
Lisa A. Guerrero	Active Member Clerk
Joann L. Lowey	Accountant
Kathleen A. Mattoon	Office Specialist
Deborah S. Irwin	Accounting Clerk
Lilian L. Leung	Benefits Clerk
Eric T. Ellsworth	Benefits Clerk

1020 East Missouri
Phoenix, Arizona 85014
Telephone (602) 255-5575
Fax (602) 255-5572
www.psprs.com

**STATE OF ARIZONA
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
ORGANIZATIONAL CHART
JUNE 30, 1999**



FINANCIAL SECTION

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
THIRTY-FIRST COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 1999

Independent Auditor's Report
Statements of System Net Assets
Statements of Changes in System Net Assets
Notes to Financial Statements
Schedule of Funding Progress
Schedule of Employer Contributions
Supporting Schedule of Changes in Fund Balance Reserves
Supporting Schedule of Administrative and Investment Expenses
Supporting Schedule of Payments to Consultants
Supplemental Schedule of Cash Receipts and Cash Disbursements
Schedule of Changes in Employers' Reserve – Year Ended June 30, 1999, and Unfunded Accrued Normal Costs at June 30, 1998
Statement of Changes in Refundable Member Reserves Fiscal Year Ended June 30, 1999

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of system net assets of the **STATE OF ARIZONA PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM** as of June 30, 1999 and 1998, and the related, statements of changes in system net assets for the years then ended, appearing on pages 14 and 15, respectively. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of **STATE OF ARIZONA PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM** as of June 30, 1999 and 1998, and the results of its operations and the changes in system net assets for the years then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information, contained on pages 22 and 23, schedule of funding progress and -schedule of employer contributions, are required disclosures under Governmental Accounting Standards Board (GASB) statement No. 25 and are not a required part of the basic financial statements. Also, the accompanying additional information, contained on pages 24 to 37, are not required disclosures under Governmental Accounting Standards Board (GASB) statement No. 25 and are not a required part of the basic financial statements. The accompanying additional information described above has been subjected to the auditing procedures applied in our audit of the 1999 financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

September 3, 1999

**STATE OF ARIZONA
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
STATEMENTS OF SYSTEM NET ASSETS
AS OF JUNE 30, 1999 AND 1998**

	1999		1998	
	Book Cost	See Note 2	Book Cost	See Note 2
ASSETS				
Cash				
Receivables:				
Members' Contributions		\$ 2,042,141		\$ 1,659,013
Employers' Contributions		3,673,829		3,542,635
Interest and Dividends		36,408,657		28,137,005
Total Receivables		<u>42,124,627</u>		<u>33,338,653</u>
Investments at Fair value (Note 2):				
U.S. Government Securities	\$ 482,192,631	512,175,047	\$ 534,741,606	579,256,724
Corporate Bonds	622,219,496	624,438,028	540,375,606	591,569,004
Corporate Notes	43,952,939	43,952,939	20,975,637	20,975,637
Corporate Stocks	2,214,465,197	3,510,963,034	1,686,080,374	2,847,416,225
Other Investments	106,567,349	106,567,349	77,042,472	77,042,472
Money Market Account	935,635	935,635	1,243,996	1,243,996
Total Investments	<u>\$ 3,470,333,247</u>	<u>4,799,032,032</u>	<u>\$ 2,860,459,691</u>	<u>4,117,504,058</u>
Property (Note 2)		492,577		521,363
Total System Assets		<u>4,841,649,236</u>		<u>4,151,364,074</u>
Collateral Held in Trust for Securities on Loan		904,877,819		782,334,055
Liability- Collateral Subject to Return to Borrower		<u>(904,877,819)</u>		<u>(782,334,055)</u>
Net Assets Held in Trust for Pension Benefits:		<u>\$ 4,841,649,236</u>		<u>\$ 4,151,364,074</u>
Net Asset Reserves				
Refundable Members' Reserve		\$ 395,990,517		\$ 368,729,039
Employers' Reserve		3,699,639,034		3,259,806,604
Future Benefit Increase Reserve		746,019,685		522,828,431
Total Net Asset Reserves		<u>\$ 4,841,649,236</u>		<u>\$ 4,151,364,074</u>

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

**STATE OF ARIZONA
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
STATEMENTS OF CHANGES IN SYSTEM NET ASSETS
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998**

	1999	1998
Additions:		
Contributions		
Members' Contributions (Notes 1 and 3)	\$ 51,684,448	\$ 43,094,843
Employers' Contributions (Notes 1 and 3)	44,384,344	45,320,932
Total Contributions	96,068,792	88,415,775
Investment Income:		
Net Appreciation in Fair Value of Investments (Note 2)	588,827,929	610,322,798
Interest	96,590,627	103,719,207
Dividends	37,186,307	36,100,900
Securities Lending Activities		
Securities Lending Income	\$ 44,588,011	\$ 51,079,630
Borrower rebates	(42,948,912)	(49,662,673)
Agents Share of Income	(573,674)	(495,904)
Net Securities Lending Income (Note 2)	1,065,425	921,053
	723,670,288	751,063,958
Less Investment Expense	(300,380)	(270,602)
Net Investment Income	723,369,908	750,793,356
Amounts Transferred from Other State- Sponsored Pension Plans and Service Credits Purchased--Net	668,167	1,000,692
Total Additions	820,106,867	840,209,823
Deductions:		
Pension and Insurance Benefits (Note 1)	125,879,371	112,374,125
Refunds to Terminated Members (Note 1)	3,317,624	3,020,135
Administrative Expenses	624,710	607,518
Total Deductions	129,821,705	116,001,778
Net Increase	690,285,162	724,208,045
Net Assets Held In Trust for Pension Benefits		
Beginning of Year, July 1	4,151,364,074	3,427,156,029
Ending of Year, June 30	\$ 4,841,649,236	\$ 4,151,364,074

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

**STATE OF ARIZONA
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998**

NOTE 1 - PLAN DESCRIPTION

Organization

Public Safety Personnel Retirement System (PSPRS) is an agent multiple-employer public employee retirement system established by Title 38, Chapter 5, Article 4 of the Arizona Revised Statutes, to provide benefits for public safety employees of certain state and local governments. The system is jointly administered by the Fund Manager and 171 Local Boards.

The Fund Manager is a five-member board. Three members are appointed by the Governor and two members are appointed by the state legislature. Beginning August 6, 1999, the Governor will appoint all members. All members serve a fixed three-year term. The Fund Manager is responsible for the investment of the system's assets, setting employer contribution rates in accordance with an actuarial study, adopting a budget, hiring personnel to administer the plan, setting up records, setting up accounts for each member and each Local Board, and the general protection and administration of the system.

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

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

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

At June 30, 1999 and 1998, the number of participating local government employer groups was:

	1999	199
Municipalities	118	114
Counties or County Agencies	19	19
State Agencies	9	9
Special Districts	25	25
Total Employers	171	167

Any state or local government in the State of Arizona may elect to have its paid, full-time eligible employees (generally, fire fighters and police officers) covered by the PSPRS. At June 30, 1999 and 1998, statewide PSPRS membership consisted of:

	1999	1998
Retirees and beneficiaries currently receiving	5,050	4,700
Terminated vested employees	53	46
Current employees		
Vested	9,324	6,301
Non-vested	4,804	7,334
Total Members	19,23	18,381

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

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

SUMMARY OF BENEFITS

Purpose (A.R.S. Section 38-841)

To provide a uniform, consistent and equitable state-wide program for public safety personnel who are regularly assigned hazardous duty in the employ of the State of Arizona, or a political subdivision thereof.

Eligible Groups

- (a) Municipal police officers who are certified peace officers.
- (b) Municipal fire fighters.
- (c) Paid full-time fire fighters employed directly by a fire district organized pursuant to section 48-803 with five or more full-time fire fighters, but not including fire fighters employed by a fire district pursuant to a contract with a corporation.
- (d) State highway patrol officers who are certified peace officers.
- (e) State fire fighters.
- (f) County sheriffs and deputies who are certified peace officers.
- (g) Fish and game wardens who are certified peace officers.
- (h) Police officers who are certified peace officers and fire fighters of a nonprofit corporation operating a public airport pursuant to sections 28-8423 and 28-8424. A police officer shall be designated pursuant to section 28-8426 to aid and supplement state and local law enforcement agencies and a fire fighter's sole duty shall be to perform fire fighting services, including services required by federal regulations.
- (i) Police officers who are certified peace officers and who are appointed by the Arizona board of regents.
- (j) Police officers who are certified peace officers and who are appointed by a community college district governing board.
- (k) State attorney general investigators who are certified peace officers.
- (l) County attorney investigators who are certified peace officers.
- (m) Police officers who are certified peace officers and who are employed by an Indian reservation police agency.
- (n) Fire fighters who are employed by an Indian reservation fire fighting agency.
- (o) Police officers who are certified peace officers and who are appointed by the department of administration.
- (p) Department of Liquor Licenses and Control Investigators who are certified peace officers.
- (q) Arizona Department of agriculture officers who are certified peace officers.

Average Monthly Compensation (A.R.S. Section 38-842.4)

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

Compensation (A.R.S. Section 38-842.7)

For purposes of computing retirement benefits, base salary, overtime pay, shift differential pay and holiday pay paid to an employee on a regular monthly, semimonthly or bi-weekly payroll basis and longevity pay paid to an employee at least every six months for which contributions are made to the System.

Normal Retirement (A.R.S. Section 38-842.20)

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

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

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

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

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

Deferred Retirement (A.R.S. Section 38-846.01)

A member with at least ten years of credited service, who terminates employment, may elect to leave their contributions in the System and receive a deferred retirement allowance, commencing at age sixty-two. Pension is a lifetime monthly annuity, based on twice the amount of the member's contributions. The benefit is forfeited if the member elects a refund of their contributions.

Ordinary Disability Retirement (Not Service Connected) (A.R.S. Sections 38-842.21, 38-845.C, and 38-844.B)
Physical condition: Total and permanent disability preventing performance of a reasonable range of duties within the employee's department, prior to normal retirement date. Mental condition: Total and permanent disability preventing any substantial gainful activity, prior to normal retirement date. Benefit is percentage of normal retirement, based on years of credited service: 25% less than seven years, 50%, seven to fourteen years, 75%, fourteen to twenty years.

Accidental Disability Retirement (Service Connected) (A.R.S. Sections 38-842.1, 38-845.B, and 38-844.B)
Total and permanent disability, incurred in performance of duty, preventing performance of a reasonable range of duties within the employee's job classification. No credited service requirement. The pension is 50% of average monthly compensation or normal pension amount, whichever is greater.

Offset of Accidental or Ordinary Disability Pension (A.R.S. Section 38-844.F)
Before the member's normal retirement date, an accidental or ordinary disability pension will be reduced if the retiree engages in any employment and the income from this employment is greater than the retiree's pension. The reduction is equal to the difference between the retiree's income from employment and the retiree's pension.

Temporary Disability (Service Connected) (A.R.S. Sections 38-844.H, 38-845.D and 38-842.28)
Total and presumably temporary disability, incurred in performance of duty, prior to normal retirement, preventing performance of a reasonable range of duties within the employee's department. No credited service requirement. Monthly pension is one-twelfth of 50% of annual compensation at time of disability. Payments terminate after twelve months or return to work.

Survivor Pension (A.R.S. Section 38-846)
The survivors of members who die in service, or after retirement, are eligible for benefits as follows: No credited service requirement.

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

Child's Pension - One-eighth of pension deceased active member would have been paid for accidental disability retirement (equal shares of two-eighths if more than two children), or, in the case of a retired member, one-eighth of the retired member's pension (equal shares of two-eighths if more than two children). Eligible child must be unmarried, under the age of 18 or under the age of 23, a full-time student, unmarried and a dependent of the surviving spouse or guardian. (A.R.S. Section 38-842.12 and 38-846.E)

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

Termination Refund (A.R.S. Section 38-846.02)
Upon termination of employment, for any reason other than death or retirement, a member shall, within twenty days after filing an application with the Fund Manager, receive a lump-sum payment, equal to his accumulated contributions, as of the date of termination, less any benefits paid or any amounts owed to the System. A member forfeits all membership rights and credited service in the System upon receipt of refund of contributions. If the member has 5 or more years of credited service upon termination they shall receive an additional amount according to the schedule below.

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

Transfer of Contributions (A.R.S. Section 38-853)

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

Re-Employment And Repayment Of Contributions (A.R.S. Section 38-849.C)

Members who terminate and take a refund of their contributions may elect, upon re-employment with the same employer, to recover their prior service, provided that their re-employment is within two years from date of termination, and they sign a written election within ninety days after re-employment to reimburse the Fund within one year.

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

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

Purchase of Prior Active Military Service (A.R.S. section 38-858)

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

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

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

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

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

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

For PSPRS retirees who have group health and accident insurance coverage provided and administered by the state or another PSPRS employer, the PSPRS will pay up to \$82.50 per month for part of the premium for the retirees' individual coverage and up to \$130.00 per month for part of the premium for family health and accident insurance coverage.

State Taxation of PSPRS Benefits (A.R.S. Section 38-852 and Section 43-1022)

Effective tax year commencing January 1, 1989, all PSPRS retirement benefits in excess of \$2,500 annually will be subject to Arizona state tax.

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

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

administrative and investment expenses is allocated to each employer group based on the average relative fund size for each employer group for that year.

The System implemented Statement Number 25 of the Governmental Accounting Standards Board for Fiscal Year End 1997. As such, the System reports assets on a Fair Value Basis. Certain cost information is provided to comply with state law.

By state statute, this system is required to provide information in the financial statements used to calculate Net Effective Yield. Net Effective Yield includes only realized gains and losses. The Net Realized Gains used in this calculation totaled \$517,173,512 for FYE 1999 and \$164,540,618 for FYE 1998.

Investments

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

Statutes enacted by the Arizona Legislature authorize the Fund Manager to make investments in accordance with the "Prudent Man" rule. The Fund Manager is not limited to so-called "Legal Investments for Trustees." In making every investment, the Fund Manager shall exercise the judgement and care under the circumstances then prevailing which men of ordinary prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income from their funds as well as the probable safety of their capital, provided:

- 1) That not more than seventy per cent of the pension fund shall be invested at any given time in corporate stocks, based on cost value of such stocks irrespective of capital appreciation.
- 2) That not more than five per cent of the pension fund shall be invested in securities issued by any one institution, agency or corporation, other than securities issued as direct obligations of and fully guaranteed by the United States Government.
- 3) That not more than five per cent of the voting stock of any one corporation shall be owned.
- 4) That corporate stocks eligible for purchase shall be restricted to stocks which, except for bank stocks and insurance stocks, are either:
 - a) Listed or approved on issuance for listing on an exchange registered under the securities exchange act of 1934, as amended (15 United States Code §§ 78a through 7811)
 - b) Designated or approved on notice of issuance for designation on the national market system of a national securities association registered under the securities exchange act of 1934, as amended (15 United States Code §§ 78a through 7811)
 - c) Listed or approved on issuance for listing on an exchange registered under the laws of this [Arizona] state or any other state.
 - 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 ten per cent of the pension fund shall be invested in foreign equity securities on these exchanges, based on the cost value of the stocks irrespective of capital appreciation.

A.R.S. § 38-848.D

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

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

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

Money Market Account

The money market account is a deposit with an Arizona bank. These deposits are insured by federal depository insurance.

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

Securities Lending Income

The System is party to a securities lending agreement with a bank. The bank, on behalf of the System, enters into agreements with brokers to loan securities and have the same securities returned at a later date. The loans are fully collateralized primarily by cash. Collateral is marked-to-market on a daily basis. Non-cash collateral can be sold only upon borrower default. The System requires collateral of at least 102% of the market value of the loaned U.S. Government or corporate security. Securities on loan are carried at market value. As of June 30, 1999 and 1998 the market value of securities on loan was \$886,759,736 and \$745,981,493, respectively. The System receives a negotiated fee for its loan activities and is indemnified for broker default by the securities lending agent. The System participates in a collateral investment pool. All security loans can be terminated on demand by either the pool participants or the borrower. All term loans have a matched collateral investment. Cash collateral received for open loans is invested for longer term, however, at least 20% of total collateral investments must be invested on an overnight basis and at least 30% of total collateral investments must be invested with a maturity of 7 days or less. Additionally, no more than 20% of the total collateral investments will be invested in instruments maturing in over 91 days. In lending securities, investments of cash collateral for open loans as of June 30, 1999 are not matched in maturity and have a weighted average maturity of 8 days, 16 days as of June 30, 1998. The System has no credit risk under this program and has experienced no default or losses on these loans.

Property

These assets are stated at cost and depreciable assets are depreciated using the straight-line method over the estimated life of the asset. Repairs and maintenance are charged to expense as incurred. Depreciation expense for June 30, 1999 and 1998 was \$28,786 and \$32,786, respectively.

Property consists of the following:

	Estimated Useful	1999	1998
Land		\$	\$
Building	40 years		479,596
Fixtures	3 years		55,459
			693,786
Less Accumulated			172,423
		\$	\$

NOTE 3 - CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

The Retirement System's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities and assets in excess of actuarial accrued liabilities are being amortized as a level percent of payroll over a rolling twenty (20) year period.

During the year ended June 30, 1999, contributions totaling \$96,068,792 (\$44,384,344 employer and \$51,684,448 member) were made in accordance with contribution requirements determined by an actuarial valuation of the System as of June 30, 1997. The employer contributions consisted of \$75,651,665 for normal cost less (\$31,267,321) for amortization of the assets in excess of the actuarial accrued liability in aggregate.

Employer contributions represented 5.82% of covered payroll. [9.92% for normal costs and (4.10)% for amortization of assets in excess of the actuarial accrued liability in aggregate.] Member contributions represented 7.65% of covered payroll and is all attributable to normal costs.

During the year ended June 30, 1998, contributions totaling \$88,415,775 (\$45,320,932 employer and \$43,094,843 member) were made in accordance with contribution requirements determined by an actuarial valuation of the System as of June 30, 1996. The employer contributions consisted of \$70,831,771 for normal

cost less (\$25,510,839) for amortization of the assets in excess of the actuarial accrued liability in aggregate. Employer contributions represented 6.36% of covered payroll. [9.94% for normal costs and (3.58)% for amortization of assets in excess of the actuarial accrued liability in aggregate.] Member contributions represented 7.65% of covered payroll and is all attributable to normal costs.

NOTE 4 – REQUIRED SCHEDULES

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

NOTE 5 – YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the System's operations this year.

The System has completed an inventory of computer systems and other electronic systems that are necessary to conduct the System's operations, which may be affected by the year 2000 issue. These systems have been tested and validated to comply with any problems created by the year 2000 issue. The System has also conducted tests with its bank to insure that the bank is 2000 compliant for direct deposit of pension payments.

The System's testing, as well as its bank's testing, did not indicate any problem with the year 2000 issue. However, until the year 2000, these efforts cannot be judged as to its success.

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

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

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

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

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

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

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

Employer Contributions

Year Ended June 30	Annual Required Contributions	Percentage Contributed
1990	\$19,854,866	100%
1991	\$23,984,837	100%
1992	\$28,723,991	100%
1993	\$33,777,972	100%
1994	\$34,120,463	100%
1995	\$32,917,493	100%
1996	\$37,734,258	100%
1997	\$42,760,823	100%
1998	\$38,287,697	100%
1999	\$36,512,536	100%

**STATE OF ARIZONA
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
SUPPORTING SCHEDULE OF CHANGES IN FUND BALANCE RESERVES
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998**

	Refundable Members' Reserve	Employers' Reserve	Future Benefit Increase Reserve
Balance -- June 30, 1997	\$ 344,166,545	\$3,046,418,509	\$ 36,570,975
Distribution of Revenues and Expenses:			
Members' Contributions	43,094,843		
Employers' Contributions		45,320,932	
Earnings on Investments Net of Investment Expenses		750,793,356	
Pension Benefits		(112,374,125)	
Refunds to Terminated Members	(3,020,135)		
Administrative Expenses		(607,518)	
Distribution of Transfers:			
Excess Investment Earnings to be used for Future Benefit Increases		(248,240,392)	248,240,392
Earnings on Excess Investment Earnings Acct Assets		(8,129,728)	8,129,728
Amount Utilized by Benefit Increases Granted		26,935,849	(26,935,849)
Amount Transferred by HB 2496 Second Session 1998		(256,823,185)	256,823,185
Net Transfers from Other State-Sponsored Pension Plans	442,651	558,041	
Inter-System Transfers -- Member Account Balances Transferred to Employers' Reserve due to Retirement	(15,954,865)	15,954,865	
Balance -- June 30, 1998	\$ 368,729,039	\$3,259,806,604	\$522,828,431
Distribution of Revenues and Expenses:			
Members' Contributions	51,684,448		
Employers' Contributions		44,384,344	
Earnings on Investments Net of Investment Expenses		723,369,908	
Pension Benefits		(125,879,371)	
Refunds to Terminated Members	(3,317,624)		
Administrative Expenses		(624,710)	
Distribution of Transfers:			
Excess Investment Earnings to be used for Future Benefit Increases		(172,804,837)	172,804,837
Earnings on Excess Investment Earnings Acct Assets		(92,540,632)	92,540,632
Amount Utilized by Benefit Increases Granted		42,154,215	(42,154,215)
Net Transfers from Other State-Sponsored Pension Plans	220,672	447,495	
Inter-System Transfers -- Member Account Balances Transferred to Employers' Reserve due to Retirement	(21,326,018)	21,326,018	
Balance -- June 30, 1999	<u>\$ 395,990,517</u>	<u>\$3,699,639,034</u>	<u>\$746,019,685</u>

**STATE OF ARIZONA
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
SUPPORTING SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Administrative</u>	<u>Investment</u>	<u>Total</u>
Accounting and Auditing Services	\$ 5,700	\$ -	\$ 5,700
Actuarial Services	107,140	-	107,140
Contractual Services	16,029	7,209	23,238
Education Expenses	8,850	13,071	21,921
Furniture and Equipment	41,284	18,566	59,850
Investment Equipment	-	3,228	3,228
Investment Services	-	1,168	1,168
Occupancy Expenses	26,400	3,957	30,357
Office Supplies	8,213	2,770	10,983
Payroll Taxes and Fringe Benefits	49,532	33,414	82,946
Postage Expense	21,444	3,215	24,659
Printing, Publications and Subscriptions	9,833	859	10,692
Professional Services	23,747	3,560	27,307
Salaries and Wages	297,829	200,913	498,742
Telephone Expense	7,057	1,680	8,737
Travel Expense	1,652	6,770	8,422
	<u>\$ 624,710</u>	<u>\$ 300,380</u>	<u>\$ 925,090</u>

**STATE OF ARIZONA
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
SUPPORTING SCHEDULE OF PAYMENTS TO CONSULTANTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Fees Paid</u>
Standard & Poor's - Investment Counsel	\$ (1)
Gabriel, Roeder, Smith & Company - Consulting Actuaries	107,140
Barrows & Schatza, P.L.C. - Auditors	5,700
Leiberman, Dodge, Sendrow & Gerding, Ltd. - Legal Counsel	27,307
	<u>\$ 140,147</u>

(1) This Service was provided to the System without charge by Standard & Poor's Securities, Inc. The value of these services is approximately \$85,000

**STATE OF ARIZONA
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
SUPPLEMENTAL SCHEDULE OF
CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998**

	1999	1998
RECEIPTS:		
Members' Contributions	\$ 51,301,321	\$ 43,069,035
Employers' Contributions	44,253,149	46,164,681
Interest	95,963,466	101,167,609
Dividends	29,565,836	37,338,120
Securities Lending Income	1,041,405	967,420
Amounts Transferred from Other		
State-Sponsored Pension Plans	760,190	1,185,939
Maturities and Sales of:		
U.S. Government Securities	122,050,543	106,541,523
Corporate Bonds	38,833,460	22,352,651
Corporate Notes	5,601,915,448	2,881,408,996
Other Investments	28,532,903	40,787,587
Common Stock	1,426,399,212	460,014,338
Net Decrease in Money Market Fund	308,361	605,725
Total Receipts:	7,440,925,294	3,741,603,624
DISBURSEMENTS:		
Pension Benefits	125,879,371	112,374,125
Refunds to Terminated Members	3,317,624	3,020,135
Investment and Administrative Expenses	896,304	845,336
Amounts Transferred to Other		
State-Sponsored Pension Plans	92,023	185,247
Acquisitions of:		
U.S. Government Securities	69,559,040	-
Corporate Bonds	119,987,198	153,132,292
Corporate Notes	5,624,892,751	2,863,544,858
Other Investments	57,671,943	42,873,052
Common Stock	1,438,629,040	565,639,528
Property	-	-
Net Increase in Money Market Fund	-	-
Total Disbursements:	7,440,925,294	3,741,614,573
DECREASE IN CASH	-	(10,949)
BEGINNING CASH BALANCES, July 1	-	10,949
ENDING CASH BALANCES, June 30	\$ -	\$ -

STATE OF ARIZONA
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN EMPLOYERS' RESERVE - YEAR ENDED JUNE 30, 1999
AND UNFUNDED ACCRUED NORMAL COSTS AT JUNE 30, 1998

Sys No	System	Balances June 30, 1998	Reserve Transfers	Contributions Received	Insurance Premium Tax Received	Pension Payment	Distribution of Earnings	Balances June 30, 1999	Unfunded Accrued Normal Costs at June 30, 1998
001	Bisbee Fire	2,637,350.46	(32,922.46)	69,196.77	5,631.24	(243,959.62)	640,468.45	3,075,764.84	188,689.00
002	Casa Grande Fire	4,389,263.30	0.00	56,135.75	22,798.66	(307,538.16)	1,085,583.00	5,246,242.55	(329,927.00)
003	Casa Grande Police	6,214,243.35	327,588.59	165,558.11	0.00	(435,482.43)	1,697,118.67	7,969,026.29	78,744.00
004	Chandler Fire	12,321,806.05	(14.66)	268,057.69	211,346.46	(361,166.22)	3,526,674.94	15,966,704.26	(1,441,148.00)
005	Chandler Police	15,319,217.03	91,741.92	782,382.91	0.00	(514,059.42)	4,724,819.57	20,404,102.01	113,998.00
006	Clifton Fire	316,295.01	0.00	0.00	1,326.98	(14,054.76)	77,999.61	381,566.84	(169,744.00)
007	Dept. of Public Safety	336,258,260.87	2,332,253.40	0.00	3,156,988.00	(18,307,089.52)	79,191,374.02	402,631,786.77	(73,850,613.00)
008	Douglas Fire	3,790,036.40	32,142.46	103,104.39	7,880.90	(322,375.02)	962,916.13	4,573,705.26	(7,744.00)
009	Douglas Police	3,635,469.97	24,059.36	70,693.01	0.00	(180,104.04)	976,499.46	4,526,617.76	(363,050.00)
010	Flagstaff Fire	18,199,287.28	45,255.41	0.00	89,836.16	(802,215.92)	4,672,513.57	22,204,676.50	(5,367,239.00)
011	Flagstaff Police	12,546,744.54	259,887.57	213,815.48	0.00	(642,264.86)	3,330,068.49	15,708,251.22	(1,356,372.00)
012	Glendale Fire	27,754,294.15	204,327.40	185,414.74	207,833.07	(974,585.04)	7,377,871.46	34,755,155.78	(7,588,503.00)
013	Glendale Police	32,435,030.37	423,813.34	1,223,168.06	0.00	(1,785,586.21)	9,156,448.38	41,452,873.94	3,452,910.00
014	Globe Fire	2,173,724.56	48,574.91	18,827.40	7,335.80	(188,640.46)	524,862.96	2,584,685.17	(451,726.00)
015	Kingman Fire	2,776,971.86	7,718.19	131,452.20	25,637.67	(161,277.48)	813,725.11	3,594,227.55	520,708.00
016	Maricopa Cnty Sheriff	101,440,366.96	1,529,791.49	1,133,097.23	0.00	(5,948,041.29)	25,646,524.30	123,801,738.69	(20,435,824.00)
017	Mesa Fire	64,549,608.29	385,807.24	308,189.27	427,032.56	(2,172,911.30)	17,213,619.60	80,711,345.66	(14,683,363.00)
018	Mesa Police	92,738,474.84	966,787.04	3,024,400.63	0.00	(4,336,916.82)	24,949,128.98	117,341,874.67	(12,608,457.00)
019	Miami Fire	344,626.12	0.00	0.00	993.49	(42,571.56)	72,725.81	375,773.86	16,789.00
020	Nogales Fire	2,977,599.79	(31,577.59)	105,356.58	19,945.91	(228,294.60)	789,153.70	3,632,183.79	81,549.00
021	Phoenix Fire	333,491,022.42	1,889,353.21	2,569,909.27	1,576,189.29	(15,524,576.00)	85,770,272.91	409,772,171.10	(66,593,604.00)
022	Phoenix Police	600,168,575.26	4,948,511.38	7,931,465.19	0.00	(28,651,486.34)	153,260,392.50	737,657,457.99	(116,649,670.00)
023	Prescott Fire	10,022,260.43	74,443.14	99,741.58	66,684.75	(577,693.20)	2,572,681.90	12,258,118.60	(1,159,725.00)
024	Prescott Police	7,000,140.18	163,095.38	253,553.41	0.00	(573,463.74)	1,902,406.63	8,745,731.86	1,080,981.00
025	Scottsdale Police	46,563,821.70	489,460.33	1,137,231.51	0.00	(1,902,828.50)	12,595,096.05	58,882,781.09	(9,479,880.00)
026	Sierra Vista Fire	3,991,720.75	623,465.65	0.00	32,046.18	(109,135.56)	1,188,512.42	5,726,609.44	(1,271,193.00)
027	Tempe Fire	37,660,090.45	358,083.09	54,359.04	260,325.35	(1,562,209.07)	9,657,768.17	46,428,417.03	(10,115,636.00)
028	Tempe Police	39,626,336.62	352,467.11	975,884.59	0.00	(1,980,036.10)	10,963,852.03	49,938,504.25	(730,517.00)
029	Tucson Fire	141,688,147.78	1,038,325.75	737,686.39	485,251.26	(8,416,718.71)	35,192,881.03	170,725,573.50	(29,190,529.00)
030	Tucson Police	188,313,056.87	2,180,181.98	1,598,689.04	0.00	(9,364,161.95)	47,949,158.78	230,676,924.72	(43,315,937.00)

STATE OF ARIZONA
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN EMPLOYERS' RESERVE - YEAR ENDED JUNE 30, 1999
AND UNFUNDED ACCRUED NORMAL COSTS AT JUNE 30, 1998

Sys No	System	Balances June 30, 1998	Reserve Transfers	Contributions Received	Insurance Premium Tax Received	Pension Payment	Distribution of Earnings	Balances June 30, 1999	Unfunded Accrued Normal Costs at June 30, 1998
031	Winslow Fire	2,201,572.61	0.00	0.00	5,259.52	(50,948.15)	521,788.65	2,677,672.63	(1,624,569.00)
032	Yuma Fire	19,115,264.13	385,973.74	198,590.61	57,789.99	(1,459,887.31)	4,721,581.29	23,019,312.45	(2,351,303.00)
033	Yuma Police	21,438,441.73	173,621.58	300,774.43	0.00	(1,005,831.19)	5,546,774.07	26,453,780.62	(5,660,242.00)
034	Yuma Cnty Sheriff	7,962,717.43	(21,029.09)	158,653.56	0.00	(624,280.81)	1,948,079.16	9,424,140.25	(1,095,056.00)
035	Game & Fish	25,802,259.19	413,827.89	916,678.44	0.00	(1,833,764.59)	6,829,472.75	32,128,473.68	679,607.00
036	Sierra Vista Police	6,024,522.36	(109,896.07)	150,641.42	0.00	(187,550.76)	1,695,298.46	7,573,015.41	(293,274.00)
037	Benson Police	876,674.92	(612.37)	21,735.68	0.00	(28,237.44)	250,755.76	1,120,316.55	(81,363.00)
038	Bisbee Police	1,574,598.80	(4,163.65)	52,131.28	0.00	(152,305.18)	401,461.76	1,871,723.01	219,015.00
039	Pima Cnty Sheriff	83,763,487.00	865,590.96	1,423,563.47	0.00	(4,825,514.85)	20,300,102.83	101,527,229.41	(18,039,365.00)
040	Kingman Police	4,458,036.94	(739.62)	112,566.17	0.00	(290,337.37)	1,173,399.46	5,452,925.58	(29,304.00)
041	A.S.U. Campus PD	7,732,673.87	90,979.89	93,315.27	0.00	(413,624.03)	1,936,813.60	9,440,158.60	(2,182,794.00)
042	Lake Havasu Fire	9,635,143.20	2,726.58	18,530.66	78,499.77	(303,007.58)	2,603,431.25	12,035,323.88	(1,986,561.00)
043	Mohave Cnty Sheriff	7,491,467.53	(58,663.30)	93,549.82	0.00	(316,168.38)	2,002,967.62	9,213,153.29	(1,774,372.00)
044	Bullhead City Fire	5,492,798.21	(6,008.89)	215,505.82	50,120.41	(163,636.44)	1,437,741.00	7,026,520.11	(949,447.00)
045	U of A Campus PD	4,522,525.54	(16,121.53)	75,564.03	0.00	(324,642.46)	1,165,373.06	5,422,698.64	(591,193.00)
046	Cochise Cnty Sheriff	7,497,558.68	116,073.33	211,589.78	0.00	(605,382.48)	1,961,054.11	9,180,893.42	403,461.00
047	Safford Police	1,845,660.41	(9,096.54)	63,251.85	0.00	(124,085.94)	505,113.86	2,280,843.64	266,702.00
049	Drexel Heights Fire	1,910,731.20	(24,586.85)	66,620.40	19,779.60	(16,642.92)	612,977.92	2,568,879.35	(550,898.00)
050	Winslow Police	2,161,621.40	(1,998.62)	0.00	0.00	(112,251.60)	531,550.23	2,578,921.41	(742,072.00)
051	Payson Fire	979,109.23	134,878.03	29,387.72	23,565.60	(30,267.36)	304,010.13	1,440,683.35	(130,131.00)
052	Payson Police	1,786,273.80	(9,972.64)	96,841.03	0.00	(97,931.09)	535,128.17	2,310,339.27	357,076.00
053	Hualapai Valley Fire	331,702.10	(7,718.19)	60,324.37	12,454.20	0.00	136,318.42	533,080.90	(51,882.00)
054	Fry Fire	3,477,895.16	(102,604.44)	80,050.93	15,470.43	(152,080.23)	944,451.60	4,263,183.45	(711,238.00)
055	Fredonia Marshals	70,000.61	0.00	1,570.42	0.00	0.00	26,582.20	98,153.23	(36,643.00)
056	N.A.U. Police Dept	2,923,746.60	163,632.87	31,601.88	0.00	(217,291.65)	737,554.37	3,639,244.07	(662,344.00)
058	South Tucson Fire	1,092,059.61	0.00	8,311.72	2,624.28	(60,367.00)	279,756.03	1,322,384.64	(314,523.00)
059	Avondale Fire	796,856.91	0.00	64,427.00	19,968.89	(17,302.20)	251,136.74	1,115,087.34	(3,740.00)
060	Parker Police	613,469.60	0.00	18,844.78	0.00	(18,698.76)	197,424.16	811,039.78	(138,980.00)
061	Coconino Cnty Sheriff	7,306,258.73	(19,797.28)	184,066.45	0.00	(498,915.14)	1,910,772.11	8,882,384.87	108,036.00
062	Central Yavapai Fire	3,860,985.55	55,786.74	159,927.54	56,839.34	(116,348.04)	1,149,670.44	5,166,861.57	(114,717.00)

STATE OF ARIZONA
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN EMPLOYERS' RESERVE - YEAR ENDED JUNE 30, 1999
AND UNFUNDED ACCRUED NORMAL COSTS AT JUNE 30, 1998

Sys No	System	Balances June 30, 1998	Reserve Transfers	Contributions Received	Insurance Premium Tax Received	Pension Payment	Distribution of Earnings	Balances June 30, 1999	Unfunded Accrued Normal Costs at June 30, 1998
064	Buckskin Fire	943,449.23	0.00	24,817.81	6,788.56	(54,005.88)	254,413.91	1,175,463.63	(155,952.00)
065	Snowflake Police	521,144.75	0.00	35,222.88	0.00	(43,075.68)	160,150.77	673,442.72	186,094.00
066	Cottonwood Police	1,038,355.66	35,359.57	87,975.23	0.00	(101,407.54)	326,293.83	1,386,576.75	589,670.00
067	Lake Havasu Police	5,337,250.51	171,255.27	186,402.88	0.00	(146,916.93)	1,593,360.47	7,141,352.20	(545,097.00)
068	Verde Rural Fire	499,629.15	61,073.75	9,500.36	11,219.85	0.00	163,280.50	744,703.61	(339,320.00)
069	South Tucson Police	971,371.23	(16,758.23)	123,129.31	0.00	(190,947.42)	269,751.59	1,156,546.48	1,209,223.00
070	Apache Junction PD	3,476,259.27	26,919.48	166,308.43	0.00	(127,058.64)	1,068,411.07	4,610,839.61	194,671.00
071	Navajo Cnty Sheriffs	4,408,353.27	8,593.26	70,520.41	0.00	(311,176.32)	1,118,780.29	5,295,070.91	(606,982.00)
072	Mohave Valley Fire	672,754.29	(2,936.02)	24,088.30	6,764.59	0.00	236,150.22	936,821.38	(361,447.00)
073	Peoria Fire	5,266,002.01	1,132.66	232,556.28	109,267.56	(40,949.52)	1,711,437.90	7,279,446.89	(426,560.00)
074	Peoria Police	6,353,851.05	15,715.16	555,721.99	0.00	(230,258.46)	1,956,261.02	8,651,290.76	675,178.00
076	Paradise Valley PD	4,169,835.88	187,336.77	124,037.65	0.00	(183,240.60)	1,196,186.19	5,494,155.89	(112,387.00)
077	Wilcox Police	532,461.47	0.00	31,216.27	0.00	(50,321.96)	149,884.48	663,240.26	153,754.00
078	Show Low Police	1,049,494.87	10,489.90	36,191.54	0.00	(35,201.40)	310,551.46	1,371,526.37	(305,749.00)
079	Eloy Police	806,503.72	(20,478.39)	47,998.07	0.00	(19,571.04)	264,829.74	1,079,282.10	(124,198.00)
080	Nogales Police	3,232,726.68	53,511.82	157,916.56	0.00	(135,588.72)	1,007,274.29	4,315,840.63	(158,726.00)
081	Gilbert Police	4,337,401.24	141,388.15	425,047.23	0.00	(222,015.24)	1,398,766.31	6,080,587.69	701,272.00
083	Clifton Police	209,741.68	0.00	2,693.46	0.00	0.00	64,681.00	277,116.14	(177,916.00)
084	Taylor Police	985.12	0.00	0.00	0.00	0.00	3,690.30	4,675.42	0.00
085	Coolidge Police	1,104,166.79	46,019.46	54,244.52	0.00	(64,335.24)	339,248.83	1,479,344.36	102,167.00
086	Holbrook Police	1,431,114.52	1,998.31	33,209.17	0.00	(70,258.56)	389,577.36	1,785,640.80	(50,295.00)
087	Santa Cruz Police	1,893,090.87	(52,565.66)	122,097.59	0.00	(160,785.15)	518,236.03	2,320,073.68	620,643.00
088	Prescott Valley PD	962,822.50	21,517.46	54,219.27	0.00	(22,842.57)	298,964.39	1,314,681.05	(203,658.00)
089	Eagar Police	266,437.27	0.00	15,107.55	0.00	0.00	89,224.77	370,769.59	(25,822.00)
090	Tolleson Police	1,173,668.85	0.00	42,719.36	0.00	(68,814.96)	323,781.90	1,471,355.15	(98,797.00)
091	Florence Police	633,649.53	114,949.19	4,349.28	0.00	0.00	204,917.00	957,865.00	(412,424.00)
092	Springerville Police	182,372.87	(12,085.38)	5,062.56	0.00	0.00	58,017.02	233,367.07	(121,258.00)
093	El Mirage Police	353,294.07	(4,374.65)	26,958.75	0.00	0.00	114,901.01	490,779.18	(117,869.00)
094	Superior Police	322,889.41	(24,234.26)	10,375.54	0.00	0.00	100,912.15	409,942.84	(227,832.00)
095	San Luis Police	457,095.28	45,354.69	45,416.80	0.00	(8,599.44)	158,225.39	697,492.72	(13,107.00)

STATE OF ARIZONA
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN EMPLOYERS' RESERVE - YEAR ENDED JUNE 30, 1999
AND UNFUNDED ACCRUED NORMAL COSTS AT JUNE 30, 1998

Sys No	System	Balances June 30, 1998	Reserve Transfers	Contributions Received	Insurance Premium Tax Received	Pension Payment	Distribution of Earnings	Balances June 30, 1999	Unfunded Accrued Normal Costs at June 30, 1998
096	Page Police	1,284,622.94	(3,851.23)	18,804.13	0.00	(22,673.76)	393,454.83	1,670,356.91	(370,025.00)
097	Page Fire	297,399.01	52.92	10,023.83	7,456.09	(19,062.44)	73,810.34	369,679.75	(102,071.00)
098	Yavapai Cnty Sheriff	5,312,373.00	20,063.61	319,675.75	0.00	(323,797.13)	1,569,260.21	6,897,575.44	1,008,517.00
099	Guadalupe Police	185,671.72	0.00	0.00	0.00	0.00	44,905.00	230,576.72	(204,808.00)
100	Pima Police	78,801.16	(3,479.96)	0.00	0.00	0.00	26,371.81	101,693.01	(79,827.00)
101	Apache Cty Sheriff	1,573,034.30	59,977.59	42,547.59	0.00	(107,637.66)	457,169.66	2,025,091.48	14,008.00
102	Cottonwood Fire	347,507.64	(72,513.83)	18,177.16	9,208.23	0.00	102,391.49	404,770.69	(41,136.00)
103	LaPaz Cty Sheriff	2,392,154.30	76,037.38	99,582.32	0.00	(119,009.85)	698,903.14	3,147,667.29	216,642.00
104	Pinal Cty Sheriff	11,310,588.21	(16,997.85)	382,027.33	0.00	(566,053.24)	3,042,570.08	14,152,134.53	(2,166,040.00)
105	Clarkdale Police	299,572.68	0.00	18,565.99	0.00	0.00	108,490.79	426,629.46	(25,344.00)
106	Buckeye Police	662,645.16	(1,936.09)	36,901.82	0.00	(13,617.36)	210,839.27	894,832.80	(51,492.00)
107	Marana Marshals	1,687,682.89	115,041.35	100,782.83	0.00	(21,956.55)	561,950.18	2,443,500.70	(338,786.00)
108	Tolleson Fire	579,719.07	(25,190.04)	54,349.68	5,638.89	0.00	190,163.13	804,680.73	(183,192.00)
109	Chino Valley Police	559,056.21	(15,289.78)	23,008.64	0.00	(14,710.68)	169,339.07	721,403.46	(217,815.00)
110	Surprise Police	1,499,173.55	21,389.94	84,375.66	0.00	(14,399.28)	475,350.92	2,065,890.79	(117,031.00)
111	Welton Police	83,875.56	(1,354.97)	3,875.11	0.00	0.00	55,427.55	141,823.25	(12,320.00)
112	Gila Cty Sheriff	2,693,223.83	(15,930.90)	89,513.05	0.00	(133,161.73)	772,452.55	3,406,096.80	(258,322.00)
113	Pinetop-Lakeside	1,070,462.69	1,574.69	36,022.91	0.00	(81,343.20)	278,570.91	1,305,288.00	88,735.00
114	Bullhead City Police	4,202,823.55	88,114.31	221,266.69	0.00	(199,197.95)	1,305,609.38	5,618,615.98	211,520.00
115	Williams Police	465,573.86	(30,572.39)	8,552.50	0.00	0.00	134,265.73	577,819.70	(232,221.00)
116	Miami Police	193,311.76	0.00	17,449.09	0.00	0.00	80,291.49	291,052.34	28,439.00
117	Thatcher Police	687,231.76	26,336.44	17,759.18	0.00	(14,368.99)	216,487.65	933,446.04	(109,473.00)
118	Youngtown Police	474,337.65	(29,756.41)	11,422.34	0.00	(30,522.96)	117,473.29	542,953.91	(118,478.00)
119	D.E.M.A.	1,871,432.18	0.00	61,466.16	0.00	(46,756.62)	592,182.55	2,478,324.27	(295,839.00)
120	Surprise Fire	465,714.67	(31,782.65)	64,619.36	28,380.54	0.00	160,156.73	687,088.65	(30,126.00)
121	Camp Verde Mrshls	607,262.65	30,029.72	19,459.95	0.00	(36,369.91)	176,102.77	796,485.18	(178,945.00)
122	Oro Valley Police	1,697,160.41	8,208.37	174,090.62	0.00	(25,406.04)	598,877.80	2,452,931.16	295,239.00
123	Greenlee Cty Sheriff	806,993.96	(12,404.11)	30,625.77	0.00	0.00	264,545.69	1,089,761.31	(120,159.00)
124	Tucson Air Auth Fire	2,367,084.48	0.00	122,914.50	0.00	(104,980.32)	698,429.76	3,083,448.42	375,712.00
125	Tucson Air Auth Pd	2,126,879.18	44,351.01	139,982.79	0.00	(251,814.64)	573,215.65	2,632,613.99	828,357.00

STATE OF ARIZONA
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SCHEDULE OF CHANGES IN EMPLOYERS' RESERVE - YEAR ENDED JUNE 30, 1999
AND UNFUNDED ACCRUED NORMAL COSTS AT JUNE 30, 1998

Sys No	System	Balances June 30, 1998	Reserve Transfers	Contributions Received	Insurance Premium Tax Received	Pension Payment	Distribution of Earnings	Balances June 30, 1999	Unfunded Accrued Normal Costs at June 30, 1998
126	Wickenburg Police	496,264.39	(12,469.07)	49,500.46	0.00	(63,934.02)	142,902.39	612,264.15	355,704.00
127	El Mirage Fire	95,285.60	(819.21)	14,336.24	4,320.85	0.00	34,423.67	147,547.15	(52,000.00)
128	Patagonia Marshals	4,581.00	1,148.49	4,908.26	0.00	0.00	10,220.95	20,858.70	3,698.00
129	Sedona Police	597,297.61	5,852.99	39,051.25	0.00	0.00	208,958.42	851,160.27	(111,382.00)
130	Mammoth Police	39,017.40	222.03	14,753.61	0.00	(15,641.50)	33,479.90	71,831.44	144,666.00
131	Globe Police	1,251,879.25	38,533.67	93,489.44	0.00	(93,056.14)	392,961.77	1,683,807.99	321,974.00
132	Tombstone Police	139,950.56	(118,184.01)	14,619.00	0.00	0.00	36,478.34	72,863.89	(122,846.00)
133	Golder Ranch Fire	1,053,683.23	(13,762.72)	92,456.19	66,481.00	(33,982.41)	341,829.28	1,506,704.57	101,505.00
134	Fort Mohave Mesa FD	1,172,829.86	50,483.97	128,322.38	13,090.97	(41,347.80)	394,463.05	1,717,842.43	115,993.00
135	Laveen Fire	233,440.04	(20,827.19)	15,809.97	5,801.21	0.00	72,636.17	306,860.20	(132,752.00)
136	Goodyear Fire	334,198.59	0.00	64,567.38	22,913.68	0.00	137,435.15	559,114.80	37,620.00
137	Goodyear Police	1,087,394.82	39,754.65	100,676.87	0.00	(24,764.00)	377,350.17	1,580,412.51	255,723.00
138	Chino Valley Fire	394,827.60	0.00	35,990.06	9,594.77	0.00	131,010.21	571,422.64	50,376.00
139	Avondale Police	1,319,172.76	(69,523.78)	158,233.19	0.00	(56,322.60)	437,628.95	1,789,188.52	385,042.00
140	Graham Cty Sheriff	462,049.07	7,404.40	47,744.39	0.00	(34,758.60)	156,552.44	638,991.70	153,627.00
141	Flowing Wells Fire	43,597.33	0.00	0.00	0.00	0.00	12,369.96	55,967.29	0.00
142	Golden Valley Fire	495,262.43	0.00	37,296.67	6,861.11	0.00	162,403.21	701,823.42	(70,894.00)
143	Daisy Mountain Fire	287,315.51	(34,511.59)	53,695.38	11,606.65	0.00	104,896.95	423,002.90	(58,728.00)
144	Quartsite Marshals	70,101.45	0.00	15,603.04	0.00	0.00	61,752.30	147,456.79	(21,381.00)
145	Picture Rock Fire	300,404.22	0.00	27,422.35	6,072.31	0.00	114,872.91	448,771.79	(65,382.00)
146	Pima College	1,131,356.21	0.00	89,565.45	0.00	0.00	386,432.82	1,607,354.48	199,986.00
147	Northwest Fire	3,492,826.62	(116,064.42)	314,492.69	111,605.28	(52,578.00)	1,071,196.16	4,821,478.33	383,710.00
148	Apache Junction Fire	1,557,779.36	(69,786.97)	257,295.67	32,458.85	(48,406.20)	510,278.07	2,239,618.78	957,019.00
149	Gilbert Fire	1,046,304.64	122,396.38	40,760.61	127,870.92	(16,763.64)	386,143.44	1,706,712.35	(178,123.00)
150	Pine-Strawberry Fire	235,436.26	0.00	27,713.86	11,205.42	0.00	83,549.99	357,905.53	(31,870.00)
151	Attorney Gen Inv	3,357,129.09	23,362.79	109,078.91	0.00	(85,722.36)	1,027,290.20	4,431,138.63	152,575.00
152	Tucson Estate Fire	17,783.50	(3,477.25)	11,939.70	2,283.16	0.00	12,448.62	40,977.73	17,074.00
153	St. Johns Police	(23,147.36)	30,846.61	12,302.27	0.00	0.00	13,876.22	33,877.74	27,496.00
154	Pima Cty Attn Inv	558,498.89	0.00	23,470.55	0.00	0.00	182,598.27	764,567.71	(20,647.00)
155	SunLakes Fire	1,090,721.73	(122,286.99)	90,599.84	30,171.19	(19,708.92)	302,898.29	1,372,395.14	(266,336.00)

STATE OF ARIZONA
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SCHEDULE OF CHANGES IN EMPLOYERS' RESERVE - YEAR ENDED JUNE 30, 1999
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Sys No	System	Balances June 30, 1998	Reserve Transfers	Contributions Received	Insurance Premium Tax Received	Pension Payment	Distribution of Earnings	Balances June 30, 1999	Unfunded Accrued Normal Costs at June 30, 1998
156	Kearny Police	135,034.47	23,250.47	11,427.35	0.00	(20,302.81)	42,046.61	191,456.09	(5,836.00)
157	Greenlee Cty Attn Inv	12,607.51	0.00	1,250.28	0.00	0.00	7,234.65	21,092.44	(8,997.00)
158	Navajo Cty Attn Inv	76,320.88	0.00	1,455.11	0.00	0.00	31,230.18	109,006.17	(13,317.00)
159	Doney Park Rural FD	235,131.59	1,069.04	35,552.16	7,310.80	0.00	80,551.57	359,615.16	51,868.00
160	AZ State Capitol PD	484,223.61	(15,792.83)	63,041.34	0.00	(16,310.16)	150,483.27	665,645.23	(44,760.00)
161	Fountain Hills Mrshl	97,411.30	(10,929.67)	25,602.78	0.00	0.00	42,207.72	154,292.13	(60,344.00)
162	Avra Valley Fire	271,531.64	0.00	27,795.57	4,092.89	0.00	83,870.95	387,291.05	(96,901.00)
163	San Luis Fire	104,816.37	0.00	35,559.27	3,256.85	0.00	45,680.10	189,312.59	89,659.00
164	Az St. Dept. Liquor/Licn	749,436.59	28,036.97	41,219.30	0.00	0.00	256,075.14	1,074,768.00	(168,450.00)
165	Maricopa Cnty Atty Inv	2,251,904.57	125,341.34	64,104.28	0.00	(88,158.20)	678,502.82	3,031,694.81	(26,749.00)
166	Sedona Fire	785,499.84	96,748.62	95,816.59	61,604.51	(54,657.00)	260,118.93	1,245,131.49	793,768.00
167	Guadalupe Fire	29,733.34	(810.64)	13,978.74	0.00	0.00	16,830.08	59,731.52	3,784.00
168	Mayer Fire	63,477.57	1,195.36	13,586.56	1,350.91	0.00	47,234.58	126,844.98	(9,234.00)
169	Somerton Police	142,664.96	(42,381.23)	50,045.97	0.00	0.00	48,451.14	198,780.84	278,345.00
170	Sun City West Fire	1,052,979.36	(22,031.90)	171,110.96	75,396.62	0.00	303,904.70	1,581,359.74	(228,526.00)
171	Somerton Fire	68,246.95	(18,228.33)	31,225.70	1,989.18	0.00	23,279.39	106,512.89	358,082.00
172	Tubac Fire District	67,009.74	72,617.62	44,135.15	4,452.97	0.00	40,393.90	228,609.38	(37,328.00)
173	La Paz Cnty Atty Inv	31,682.37	0.00	5,726.96	0.00	0.00	12,402.03	49,811.36	(42,230.00)
174	Sahuarita Police	5,074.81	10,781.67	13,723.79	0.00	0.00	6,601.65	36,181.92	1,665.00
175	Bowie Fire District	1,139.23	(1,139.23)	0.00	0.00	0.00	387,318.76	387,318.76	52,507.00
176	Florence Fire	0.00	47,305.45	9,939.32	3,372.48	0.00	10,855.33	71,472.58	0.00
177	Sun City Fire	0.00	(41,815.09)	645,573.75	114,462.95	0.00	71,371.42	789,593.03	0.00
178	Hayden Police	0.00	0.00	16,034.88	0.00	0.00	1,916.60	17,951.48	0.00
199	EXCESS EARNINGS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		2,525,590,668.14	21,773,512.99	36,512,536.06	7,871,807.60	(125,879,370.79)	651,090,780.24	3,116,959,934.24	(448,628,699.00)

**STATE OF ARIZONA
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
STATEMENT OF CHANGES IN REFUNDABLE MEMBER RESERVES
FISCAL YEAR ENDED JUNE 30, 1999**

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<u>Sys No.</u>	<u>System</u>	<u>Balances June 30, 1998</u>	<u>Reserve Transfers</u>	<u>Contributions Received</u>	<u>Withdrawn Members</u>	<u>June 30, 1999</u>
001	BISBEE POLICE	332,745.91	(79,135.54)	54,643.30	(28,746.20)	279,507.47
002	CASA GRANDE FIRE	498,736.48	0.00	75,348.64	0.00	574,085.12
003	CASA GRANDE POLICE	1,297,149.91	(267,331.37)	172,081.26	0.00	1,201,899.80
004	CHANDLER FIRE	3,024,374.24	14.66	485,908.93	(14,223.87)	3,496,073.96
005	CHANDLER POLICE	4,910,333.12	(50,590.92)	858,735.93	(27,173.68)	5,691,304.45
006	CLIFTON FIRE	34,264.14	0.00	2,307.50	0.00	36,571.64
007	DEPT. OF PUBLIC SAFETY	20,659,045.40	(1,801,781.86)	1,363,203.73	(52,105.36)	20,168,361.91
008	DOUGLAS FIRE	524,089.84	0.00	70,198.87	(2,809.57)	591,479.14
009	DOUGLAS POLICE	691,273.69	(44,523.36)	100,894.09	(1,142.85)	746,501.57
010	FLAGSTAFF FIRE	2,705,193.40	(45,255.41)	286,243.72	0.00	2,946,181.71
011	FLAGSTAFF POLICE	2,268,757.79	(273,874.57)	287,469.16	(52,883.37)	2,229,469.01
012	GLENDALE FIRE	4,855,934.16	(116,907.61)	610,678.48	0.00	5,349,705.03
013	GLENDALE POLICE	7,643,881.90	(296,763.34)	1,054,930.74	(7,929.75)	8,394,119.55
014	GLOBE FIRE	229,759.10	(54,167.91)	37,764.03	(22,828.14)	190,527.08
015	KINGMAN FIRE	773,610.52	5,507.81	97,344.17	(9,550.93)	866,911.57
016	MARICOPA CNTY SHERIFFS	13,413,901.52	(1,553,645.49)	1,927,533.41	(79,743.77)	13,708,045.67
017	MESA FIRE	11,633,015.70	(291,305.05)	1,442,320.34	(50,262.32)	12,733,768.67
018	MESA POLICE	16,743,394.35	(936,597.04)	2,706,998.86	(266,939.57)	18,246,856.60
019	MIAMI FIRE	0.00	0.00	0.00	0.00	0.00
020	NOGALES FIRE	589,708.71	(71,872.41)	100,012.68	(35,328.56)	582,520.42
021	PHOENIX FIRE	48,827,527.74	(1,513,409.21)	5,784,289.74	(76,760.00)	53,021,648.27
022	PHOENIX POLICE	82,108,080.12	(4,909,627.38)	10,684,075.20	(330,849.59)	87,551,678.35
023	PRESCOTT FIRE	1,492,964.05	(74,443.14)	190,691.48	(5,899.75)	1,603,312.64
024	PRESCOTT POLICE	1,454,261.59	(108,833.38)	183,856.06	(29,399.83)	1,499,884.44
025	SCOTTSDALE POLICE	8,822,770.34	(489,376.33)	1,249,940.88	(108,981.18)	9,474,353.71
026	SIERRA VISTA FIRE	803,060.80	219,083.35	118,424.97	0.00	1,140,569.12
027	TEMPE FIRE	5,496,971.17	(445,004.09)	608,060.81	0.00	5,660,027.89
028	TEMPE POLICE	8,664,996.35	(191,513.09)	1,200,221.90	(169,266.99)	9,504,438.17
029	TUCSON FIRE	17,240,467.08	(986,752.75)	1,147,193.24	(40,066.15)	17,360,841.42
030	TUCSON POLICE	26,256,573.63	(2,504,030.00)	3,001,411.65	(201,715.67)	26,552,239.61
031	WINSLOW FIRE	120,572.85	0.00	17,667.44	0.00	138,240.29
032	YUMA FIRE	2,147,240.37	(229,093.74)	345,015.91	0.00	2,263,162.54
033	YUMA POLICE	3,243,233.57	(173,621.58)	446,260.95	(105,098.31)	3,410,774.63
034	YUMA COUNTY SHERIFFS	852,483.44	(12,922.91)	162,900.73	(57,950.77)	944,510.49
035	GAME & FISH	4,565,063.40	(409,245.58)	470,706.19	(14,790.06)	4,611,733.95
036	SIERRA VISTA POLICE	1,404,719.44	(29,079.93)	277,329.25	(5,449.68)	1,647,519.08
037	BENSON POLICE	223,507.47	612.37	30,509.53	(12,674.77)	241,954.60
038	BISBEE POLICE	232,465.21	(2,903.35)	44,621.19	(84.32)	274,098.73
039	PIMA COUNTY SHERIFFS	7,397,912.26	(967,720.96)	734,016.10	(61,869.49)	7,102,337.91
040	KINGMAN POLICE	800,840.27	(86,862.38)	128,385.69	(12,399.40)	829,964.18
041	A.S.U. CAMPUS POLICE	927,584.90	(99,745.89)	149,031.97	(14,832.58)	962,038.40
042	LAKE HAVASU FIRE	1,910,842.08	691.42	183,048.62	0.00	2,094,582.12
043	MOHAVE CNTY SHERIFFS	1,447,283.43	(29,080.70)	241,776.72	(111,127.12)	1,548,852.33
044	BULLHEAD CITY FIRE	799,255.55	(25,580.11)	98,924.31	(24,393.10)	848,206.65
045	U OF A CAMPUS POLICE	703,041.06	(10,553.47)	154,917.55	(8,204.38)	839,200.76
046	COCHISE CNTY SHERIFFS	1,191,008.43	50,969.67	182,280.88	0.00	1,424,258.98
047	SAFFORD POLICE	398,602.41	(5,598.46)	48,078.34	0.00	441,082.29
049	DREXEL HEIGHTS FIRE	761,848.76	(65,265.15)	102,091.04	(6,845.17)	791,829.48
050	WINSLOW POLICE	220,677.28	(1,360.38)	58,023.47	(5,503.22)	271,837.15
051	PAYSON FIRE	251,445.13	21,734.97	46,681.49	0.00	319,861.59
052	PAYSON POLICE	540,667.42	(9,262.36)	83,239.65	0.00	614,644.71
054	FRY FIRE	1,082,386.09	(577,606.56)	139,653.81	(24,829.09)	619,604.25
055	FREDONIA MARSHALS	30,077.01	0.00	3,705.16	0.00	33,782.17
056	N.A.U. POLICE DEPARTMENT	339,234.53	(32,115.87)	59,763.96	(28,864.05)	338,018.57
058	SOUTH TUCSON FIRE	132,800.65	0.00	28,852.49	0.00	161,653.14
059	AVONDALE FIRE	271,387.18	(43.19)	72,156.67	0.00	343,500.66
060	PARKER POLICE	172,332.72	0.00	32,988.99	(11,525.61)	193,796.10

**STATE OF ARIZONA
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
STATEMENT OF CHANGES IN REFUNDABLE MEMBER RESERVES
FISCAL YEAR ENDED JUNE 30, 1999**

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<u>Sys No.</u>	<u>System</u>	<u>Balances June 30, 1998</u>	<u>Reserve Transfers</u>	<u>Contributions Received</u>	<u>Withdrawn Members</u>	<u>June 30, 1999</u>
061	COCONINO CNTY SHERIFFS	1,225,721.45	(7,377.72)	183,826.29	(20,618.65)	1,381,551.37
062	CENTRAL YAVAPAI FIRE	1,165,454.74	(55,786.74)	184,746.07	(9,322.63)	1,285,091.44
064	BUCKSKIN FIRE	190,997.16	0.00	28,979.34	0.00	219,976.50
065	SNOWFLAKE POLICE	158,041.84	0.00	26,186.26	(17,387.55)	166,840.55
066	COTTONWOOD POLICE	332,500.41	(102,827.57)	71,265.80	(11,861.93)	289,076.71
067	LAKE HAVASU POLICE	1,646,218.38	(159,103.27)	214,754.57	(6,550.04)	1,695,319.64
068	VERDE RURAL FIRE DIST.	138,517.08	28,778.25	32,544.93	0.00	199,840.26
069	SOUTH TUCSON POLICE	210,696.24	(6,685.77)	57,629.31	(9,569.51)	252,070.27
070	APACHE JUNCTION POLICE	1,144,124.06	15,637.52	156,105.54	(45,335.78)	1,270,531.34
071	NAVAJO COUNTY SHERIFFS	656,274.63	(36,331.26)	124,018.94	(28,614.69)	715,347.62
072	MOHAVE VALLEY FIRE	195,661.18	(1,774.98)	40,561.31	(4,079.57)	230,367.94
073	PEORIA FIRE	2,044,449.46	4,693.34	308,693.79	0.00	2,357,836.59
074	PEORIA POLICE	1,991,438.00	8,906.84	238,359.55	(3,624.92)	2,235,079.47
076	PARADISE VALLEY POLICE	1,127,092.29	(187,336.77)	200,987.17	(18,630.56)	1,122,112.13
077	WILCOX POLICE	124,812.12	0.00	22,808.37	0.00	147,620.49
078	SHOWLOW POLICE	286,247.41	5,898.10	56,158.54	(28,826.61)	319,477.44
079	ELOY POLICE	309,945.29	(16,316.61)	62,447.20	(19,296.59)	336,779.29
080	NOGALES POLICE	953,688.71	24,285.18	169,196.30	(62,651.71)	1,084,518.48
081	GILBERT POLICE	1,609,693.57	69,083.73	410,257.93	(28,843.56)	2,060,191.67
083	CLIFTON POLICE	54,298.85	0.00	7,688.45	(17,517.38)	44,469.92
085	COOLIDGE POLICE	314,411.87	27,153.54	57,158.73	(19,002.74)	379,721.40
086	HOLBROOK POLICE	270,930.94	1,501.69	42,841.45	(13,831.96)	301,442.12
087	SANTA CRUZ CTY DEPUTIES	475,108.63	(81,646.34)	94,538.81	0.00	488,001.10
088	PRESCOTT VALLEY POLICE	378,997.56	(81,991.26)	79,611.57	(12,834.55)	363,783.32
089	EAGER POLICE	109,492.26	0.00	17,379.61	0.00	126,871.87
090	TOLLESON POLICE	258,396.79	0.00	42,552.42	(60,390.79)	240,558.42
091	FLORENCE POLICE	169,441.22	41,160.81	41,076.74	(23,119.75)	228,559.02
092	SPRINGVILLE POLICE	68,749.55	(5,226.62)	14,781.57	0.00	78,304.50
093	EL MIRAGE POLICE	115,798.70	(3,733.35)	41,126.63	(11,217.29)	141,974.69
094	SUPERIOR POLICE	102,606.49	(11,937.74)	21,163.44	0.00	111,832.19
095	SAN LUIS POLICE	179,337.72	21,779.31	54,714.78	(3,832.60)	251,999.21
096	PAGE POLICE	349,405.75	(3,535.77)	62,817.55	0.00	408,687.53
097	PAGE FIRE	30,432.36	(52.92)	13,934.65	0.00	44,314.09
098	YAVAPAI CNTY SHERIFFS	1,573,368.87	(25,528.61)	293,528.29	(87,818.50)	1,753,550.05
100	PIMA POLICE	4,739.43	(1,867.04)	3,331.64	0.00	6,204.03
101	APACHE CNTY SHERIFFS	386,330.31	(98,721.59)	79,192.18	0.00	366,800.90
102	COTTONWOOD FIRE	133,951.64	(27,780.17)	23,811.22	0.00	129,982.69
103	LA PAZ COUNTY SHERIFFS	680,670.62	(76,137.38)	117,805.36	(50,139.37)	672,199.23
104	PINAL COUNTY SHERIFFS	2,225,378.98	(106,031.37)	337,468.06	(118,791.95)	2,338,023.72
105	CLARKDALE POLICE	136,965.45	0.00	22,227.08	0.00	159,192.53
106	BUCKEYE POLICE	237,343.78	(1,636.91)	40,156.37	0.00	275,863.24
107	MARANNA MARSHALS	603,642.19	44,960.65	121,607.46	(17,448.30)	752,762.00
108	TOLLESON FIRE	244,659.99	(8,475.96)	60,049.96	0.00	296,233.99
109	CHINO VALLEY POLICE	161,422.92	(10,223.22)	37,906.99	0.00	189,106.69
110	SURPRISE POLICE	549,682.97	(40,412.94)	104,610.56	0.00	613,880.59
111	WELTON POLICE	33,624.62	(885.03)	5,075.97	0.00	37,815.56
112	GILA COUNTY SHERIFFS	752,216.18	(27,638.10)	96,581.97	(30,172.44)	790,987.61
113	PINETOP-LAKESIDE POLICE	172,593.01	2,664.19	32,707.64	(211.14)	207,753.70
114	BULLHEAD CITY POLICE	1,528,222.57	(85,051.31)	242,159.21	(3,345.09)	1,681,985.38
115	WILLIAMS POLICE	140,754.14	(19,945.61)	24,421.31	(5,897.81)	139,332.03
116	MIAMI POLICE	110,870.63	0.00	17,519.41	(494.45)	127,895.59
117	THATCHER POLICE	261,865.73	(62,388.44)	24,701.36	0.00	224,178.65
118	YOUNGTOWN	68,407.41	(15,323.59)	14,990.35	0.00	68,074.17
119	D.E.M.A.	649,269.31	0.00	76,892.83	0.00	726,162.14
120	SURPRISE FIRE	207,948.35	(11,699.35)	78,460.36	(35,574.28)	239,135.08
121	CAMP VERDE MARSHALS	141,963.01	(26,153.72)	29,342.17	(10,640.86)	134,510.60
122	ORO VALLEY POLICE	816,366.44	3,979.63	161,248.96	(3,089.56)	978,505.47

**STATE OF ARIZONA
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
STATEMENT OF CHANGES IN REFUNDABLE MEMBER RESERVES
FISCAL YEAR ENDED JUNE 30, 1999**

Page 3 of 4

<u>Sys No.</u>	<u>System</u>	<u>Balances June 30, 1998</u>	<u>Reserve Transfers</u>	<u>Contributions Received</u>	<u>Withdrawn Members</u>	<u>June 30, 1999</u>
123	GREENLEE CTY SHERIFFS	339,116.55	(5,146.89)	37,128.87	(10,117.92)	360,980.61
124	TUCSON AIR.AUTH.FIRE	695,928.33	0.00	66,782.06	0.00	762,710.39
125	TUCSON AIR.AUTH.POLICE	456,981.76	(34,303.01)	76,764.59	(3,311.94)	496,131.40
126	WICKENBURG POLICE	132,038.28	(7,387.13)	26,169.70	(1,802.96)	149,017.89
127	EL MIRAGE FIRE	46,995.57	(614.79)	16,428.12	0.00	62,808.90
128	PATAGONIA MARSHALS	6,215.57	420.51	5,785.70	(6,676.01)	5,745.77
129	SEDONA POLICE	282,601.73	16,126.01	52,045.43	(10,865.80)	339,907.37
130	MAMMOTH POLICE	55,227.69	548.97	9,268.70	(7,772.11)	57,273.25
131	GLOBE POLICE	430,212.53	(49,282.67)	67,726.72	(8,676.96)	439,979.62
132	TOMBSTONE POLICE	89,003.13	(51,905.99)	14,356.18	0.00	51,453.32
133	GOLDER RANCH FIRE DIST.	386,032.50	(6,228.28)	101,123.26	0.00	480,927.48
134	FORT MOHAVE MESA FIRE	465,022.19	(50,483.97)	104,923.81	(818.52)	518,643.51
135	LAVEEN FIRE DIST.	78,125.65	(12,306.81)	25,863.77	0.00	91,682.61
136	GOODYEAR FIRE DEPT.	165,175.43	0.00	62,168.42	0.00	227,343.85
137	GOODYEAR POLICE DEPT.	486,938.89	11,885.35	113,763.03	(11,489.65)	601,097.62
138	CHINO VALLEY FIRE	161,775.93	0.00	32,878.16	0.00	194,654.09
139	AVONDALE POLICE DEPT.	602,653.73	(45,136.22)	142,242.52	(18,250.28)	681,509.75
140	GRAHAM COUNTY SHERIFFS	181,087.71	6,136.60	38,980.03	0.00	226,204.34
141	FLOWING WELLS FIRE DIST.	0.00	0.00	0.00	0.00	0.00
142	GOLDEN VALLEY FIRE DIST.	193,736.27	0.00	39,793.05	(19,123.70)	214,405.62
143	DAISY MOUNTAIN FIRE DIST.	151,980.82	(25,112.51)	61,841.60	0.00	188,709.91
144	QUARTZSITE MARSHALS	43,911.41	0.00	18,827.09	0.00	62,738.50
145	PICTUREROCKS FIRE	109,093.06	0.00	28,033.30	(16,580.46)	120,545.90
146	PIMA COMMUNITY COLLEGE	495,742.07	0.00	90,658.46	(44,751.20)	541,649.33
147	NORTHWEST FIRE	1,088,519.12	(40,548.58)	287,648.26	(4,117.29)	1,331,501.51
148	APACHE JUNCTION FIRE	592,804.65	(19,485.03)	167,529.25	(14,228.00)	726,620.87
053	HUALAPAI VALLEY FIRE	179,653.63	(5,507.81)	56,196.15	(2,479.46)	227,862.51
149	GILBERT FIRE	490,011.14	40,682.86	164,850.33	(33,258.35)	662,285.98
150	PINE-STRAWBERRY FIRE	116,019.15	0.00	45,740.01	0.00	161,759.16
151	ATTORNEY GENERAL	1,143,588.52	3,531.07	126,963.20	(25,824.46)	1,248,258.33
152	TUCSON ESTATES FIRE	21,202.28	(2,367.75)	10,579.01	(12,384.55)	17,028.99
153	ST. JOHNS POLICE	12,431.87	8,854.39	11,284.11	(5,044.56)	27,525.81
154	PIMA CO. ATTORNEY INVEST.	227,239.40	0.00	23,470.55	0.00	250,709.95
155	SUN LAKES FIRE DIST.	289,680.50	(40,783.01)	84,917.66	0.00	333,815.15
156	KEARNY POLICE	60,128.99	(36,389.47)	13,028.01	0.00	36,767.53
157	GREENLEE CO. ATTRNY INV	3,045.68	0.00	2,379.43	0.00	5,425.11
158	NAVAJO CO.ATTORNEY INV.	27,799.78	0.00	2,876.16	0.00	30,675.94
159	DONEY PARK RURAL FIRE	85,174.47	(1,114.04)	29,389.41	0.00	113,449.84
160	AZ STATE CAP. POLICE	156,245.36	(10,619.17)	68,627.53	(6,303.90)	207,949.82
161	FOUNTAIN HILLS MARSHALS	69,518.58	(7,981.33)	29,146.03	0.00	90,683.28
162	AVRA VALLEY FIRE DISTRICT	53,848.86	0.00	30,328.58	(6,311.16)	77,866.28
163	SAN LUIS FIRE	47,994.57	0.00	24,883.35	0.00	72,877.92
164	AZ DEPT OF LIQUOR LICENSE	301,215.69	16,005.03	55,402.76	0.00	372,623.48
165	MARICOPA CNTY ATTY INVES	710,227.84	(57,942.34)	53,478.05	(110.40)	705,653.15
166	SEDONA FIRE DISTRICT	261,152.47	33,647.38	88,982.49	(36,203.18)	347,579.16
167	GUADALUPE FIRE	19,669.55	(590.36)	11,961.57	(1,159.89)	29,880.87
168	MAYER FIRE DISTRICT	29,498.59	1,474.64	15,472.15	(16,978.37)	29,467.01
169	SOMERTON POLICE	65,018.86	(12,185.77)	33,672.28	0.00	86,505.37
170	SUN CITY WEST FIRE DSTRCT	171,024.22	(8,707.79)	203,607.92	(1,768.19)	364,156.16
171	SOMERTON FIRE	25,688.29	(3,375.67)	15,054.54	(4,417.85)	32,949.31
172	TUBAC FIRE DISTRICT	24,421.27	32,598.38	25,389.90	(3,731.64)	78,677.91
173	LA PAZ CNTY ATTY INVSTGTR	18,798.98	0.00	2,888.00	0.00	21,686.98
174	SAHUARITA POLICE	4,679.85	5,895.33	14,245.10	0.00	24,820.28
175	BOWIE FIRE DISTRICT	543.16	(543.16)	1,246.61	(1,246.61)	0.00
176	FLORENCE FIRE	0.00	18,718.98	5,887.70	0.00	24,606.68
177	SUN CITY WEST FIRE DSTRCT	0.00	(82,949.91)	3,259,039.81	(20,185.11)	3,155,904.79
178	HAYDEN POLICE	0.00	0.00	12,607.29	0.00	12,607.29

STATE OF ARIZONA
 PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
 STATEMENT OF CHANGES IN REFUNDABLE MEMBER RESERVES
 FISCAL YEAR ENDED JUNE 30, 1999

<u>Sys No.</u>	<u>System</u>	<u>Balances June 30, 1998</u>	<u>Reserve Transfers</u>	<u>Contributions Received</u>	<u>Withdrawn Members</u>	<u>June 30, 1999</u>
	TOTALS	368,729,039.04	(21,105,345.78)	51,684,447.96	(3,317,623.81)	395,990,517.41

INVESTMENT SECTION

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
THIRTY-FIRST COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 1999

Fund Objectives

Investment Performance Data

Supporting Schedule of Commissions Paid to Brokers

Summary of Changes in Investment Portfolio

Detailed List of Investments Acquired

Detailed List of Sales and Redemption of Investments

Detailed List of Investments Owned

FUND OBJECTIVES

1. The intent of the Public Safety Personnel Retirement System, the Elected Official's Retirement Plan and the Corrections Officer Retirement Plan (herein after referred to as the Plan) is to provide the Plan participants benefits as defined in Title 38, chapter 5, articles 3, 4 and 6 of the Arizona Revised Statutes.
2. The Fund Manager and the Administrator will discharge their duties with respect to the Plan solely in the interest of the Plan participants, beneficiaries and employer sponsors. In making every investment, the Fund Manager shall exercise the judgment and care under the circumstances then prevailing which men of ordinary prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income from their funds as well as the probable safety of their capital, provided these investments are made in conformity with all applicable laws.
3. The intention of the Plan is to maintain the benefit level as stated in Title 38, chapter 5, articles 3, 4 and 6 of the Arizona Revised Statutes and as amended from time to time by the Arizona State Legislature. In order to maintain this benefit level the Plan will annually adjust the employer contribution rate based on the recommendations made by the annual actuarial valuations. The Plan's funding goal is for the Plan assets to be equal to Plan liabilities within any twenty-year period.
4. It is the intent of the Plan to level off or reduce the employer contribution rate to the Plan as well as to provide the opportunity for increased benefits for retirees as the legislature may from time to time enact, through the systematic growth of the investments of the fund.
5. The primary objective of the investment program of the Plan is a reasonable, long-range total rate of return. Inherent in this goal is the preservation and enhancement of capital through effective management of the portfolio in order to take advantage of attractive opportunities various market sectors have to offer.

Adopted this 17th day of June, 1998, by the Fund Manager.

John A. Cochran/sig

John A. Cochran, Ph.D., Chairman

F. Michael Geddes/sig

F. Michael Geddes, Member

Donald L. De Ment/sig

Donald L. De Ment, Member

Carmen Torrie/sig

Carmen Torrie, Member

Tony West/sig

Tony West, Member

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

*Standard & Poor's Investment
Advisory Services, Inc.
55 Water Street
New York, NY 10041
Tel: (212) 438-9546
Fax: (212) 438-9511*

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

September 8, 1999

The Fund Manager
Public Safety Retirement System

Dear Sirs:

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

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

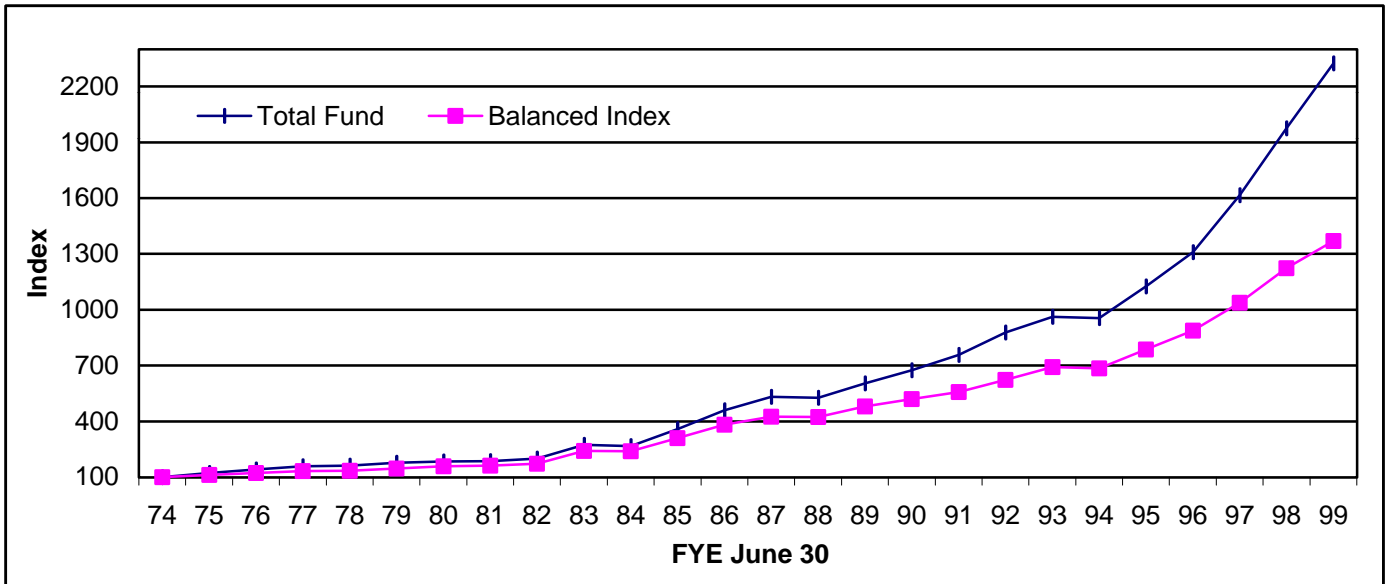
Based on the foregoing, during the past fiscal year, the stock portfolio outperformed the NYSE and S&P 500 indices, while the bond portfolio outperformed the Lehman Government/Corporate Index. The overall fund outperformed two custom benchmarks, each using a bond and stock index invested the same proportion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

Sincerely,

Kenneth Shea/sig

Kenneth Shea
VP - Director of Equity Research

Cumulative Return - Total Fund Public Safety



FYE	Market Value	Contribution	Total Return	Balanced Index*
06-30-99	\$4,799,032,031	(\$7,356,362)	17.70%	11.94%
06-30-98	4,117,504,057	(27,274,561)	22.23%	17.82%
06-30-97	3,393,713,299	(23,461,309)	23.42%	16.85%
06-30-96	2,764,579,315	(13,651,156)	16.43%	12.99%
06-30-95	2,387,258,324	(11,730,534)	17.66%	14.82%
06-30-94	2,040,534,626	(3,736,636)	-0.71%	-1.03%
06-30-93	2,058,778,434	(5,497,735)	9.76%	11.22%
06-30-92	1,880,846,956	9,729,880	15.88%	11.51%
06-30-91	1,614,307,083	10,925,999	12.20%	7.19%
06-30-90	1,428,631,192	7,099,861	11.82%	8.49%
06-30-89	1,270,848,790	19,119,731	14.70%	13.23%
06-30-88	1,089,934,034	15,123,458	-1.10%	-0.33%
06-30-87	1,086,519,311	21,366,628	15.50%	11.20%
06-30-86	921,122,839	17,116,567	28.34%	23.36%
06-30-85	704,031,440	18,162,936	34.17%	29.79%
06-30-84	515,661,673	21,383,722	-2.45%	-1.14%
06-30-83	507,216,188	20,393,414	36.84%	39.76%
06-30-82	354,453,695	23,006,994	7.19%	6.72%

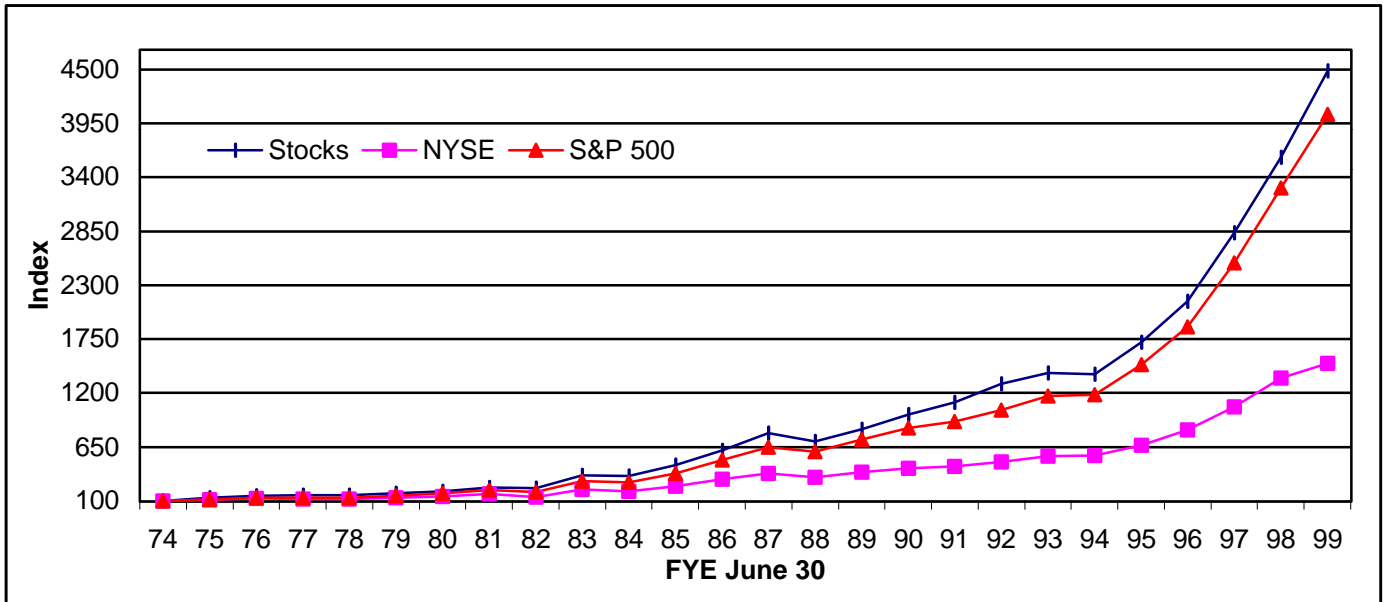
*Balanced Index is 45% NYSE + 45% Lehman Government/Corporate Bond + 10% 91 day T-bill. Beginning FY 98/99, S&P 500 replaces NYSE.

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

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

Annualized Returns		
	Total Fund	Balanced Index
3-year	21.09%	15.51%
5-year	19.45%	14.86%

Cumulative Return - Stocks Public Safety

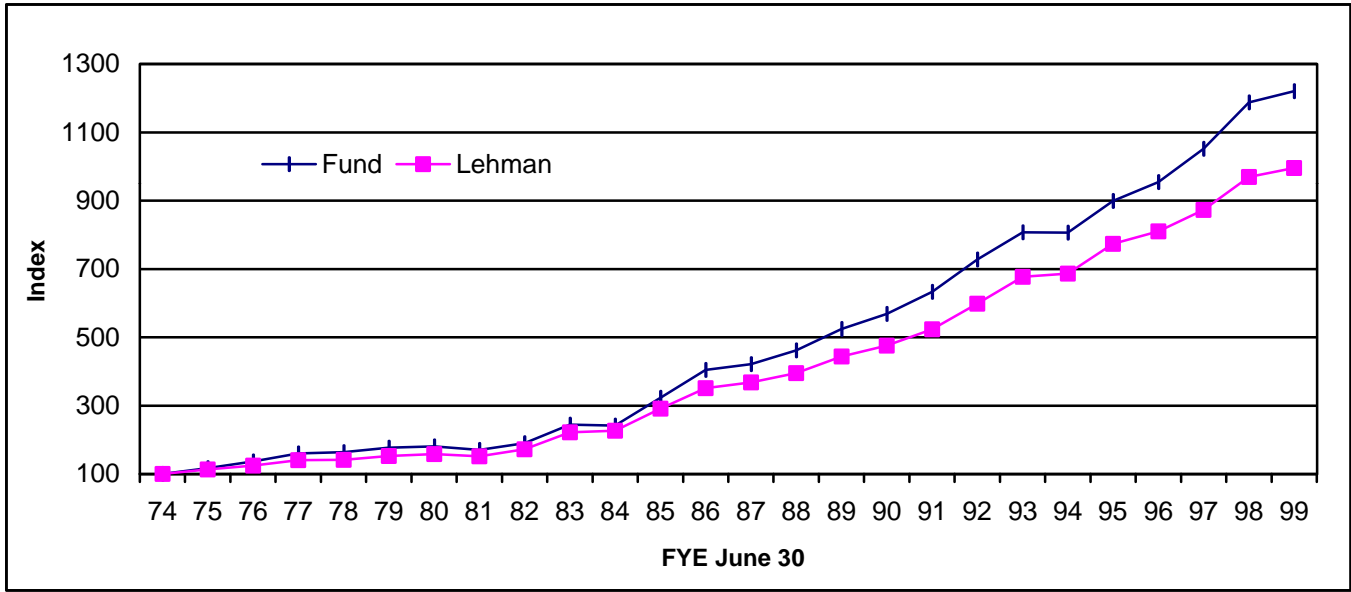


FYE	Market Value	Contribution	Total Return	NYSE Index*	S&P 500
06-30-99	\$3,510,963,034	(\$60,408,007)	24.43%	11.40%	22.76%
06-30-98	2,847,416,226	62,789,349	27.27%	28.48%	34.69%
06-30-97	2,189,785,301	12,444,471	32.48%	28.48%	34.69%
06-30-96	1,646,181,750	72,975,245	24.62%	23.08%	26.00%
06-30-95	1,249,064,319	(73,778,340)	23.49%	19.04%	26.06%
06-30-94	1,079,624,319	17,567,044	-1.17%	1.58%	1.23%
06-30-93	1,076,135,294	20,148,748	8.72%	11.04%	13.52%
06-30-92	924,885,669	27,758,211	17.01%	10.25%	13.45%
06-30-91	765,961,738	100,051,684	12.98%	4.09%	7.39%
06-30-90	586,485,375	38,836,422	17.97%	9.88%	16.44%
06-30-89	463,610,700	(27,032,573)	16.78%	15.17%	20.54%
06-30-88	423,707,612	(94,474,445)	-10.56%	-9.70%	-6.97%
06-30-87	583,885,788	65,257,942	29.10%	18.83%	25.19%
06-30-86	395,006,488	(57,644,263)	32.17%	29.50%	35.83%
06-30-85	347,907,038	(4,655,381)	31.07%	25.72%	30.80%
06-30-84	269,543,480	81,697,323	-2.04%	-9.27%	-4.65%
06-30-83	195,489,212	45,082,539	57.04%	54.57%	60.92%
06-30-82	92,342,163	10,698,054	-3.77%	-17.24%	-11.42%

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

Annualized Returns			
	Total Stocks	NYSE	S&P 500
3-year	28.02%	22.51%	30.59%
5-year	26.42%	21.92%	28.75%

Cumulative Return - Bonds Public Safety



FYE	Market Value	Contribution	Total Return	Lehman*
06-30-99	\$1,288,068,997	\$53,051,645	2.73%	2.69%
06-30-98	1,270,087,831	(90,063,916)	12.97%	11.08%
06-30-97	1,203,927,998	(35,905,780)	10.14%	7.75%
06-30-96	1,118,397,565	(86,626,401)	6.18%	4.65%
06-30-95	1,138,194,005	62,047,807	11.50%	12.75%
06-30-94	960,910,163	(21,303,679)	-0.16%	1.45%
06-30-93	982,643,140	(15,007,410)	10.99%	13.15%
06-30-92	955,961,286	(18,028,331)	14.90%	14.17%
06-30-91	848,345,345	(89,127,685)	11.47%	10.21%
06-30-90	842,145,817	(31,736,561)	8.33%	7.11%
06-30-89	807,238,090	46,152,304	13.55%	12.34%
06-30-88	666,226,422	109,597,902	9.69%	7.48%
06-30-87	502,633,523	(43,891,314)	3.99%	4.68%
06-30-86	526,116,351	74,760,830	25.23%	20.65%
06-30-85	356,124,402	22,818,317	33.86%	28.71%
06-30-84	246,118,193	(60,313,601)	-1.17%	1.79%
06-30-83	311,489,212	(24,689,125)	28.83%	29.14%
06-30-82	362,218,170	12,308,308	11.52%	13.34%

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

Annualized Returns		
	Total Bonds	Lehman
3-year	8.52%	7.12%
5-year	8.64%	7.72%

**STATE OF ARIZONA
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
SUPPORTING SCHEDULE OF COMMISSIONS PAID TO BROKERS
FISCAL YEAR ENDED JUNE 30, 1999**

<u>Broker</u>	<u>Number of Shares Traded</u>	<u>Average Commission</u>	<u>Commissions</u>
Covato Lipsitz	2,992,525	0.050	\$ 149,626
ISI Group	2,990,000	0.050	149,500
J.W.Garrett	6,116,496	0.050	305,850
Merrill Lynch	6,654,500	0.019	125,698
Paine Webber	5,860,500	0.034	198,275
Prudential Securities	6,414,500	0.035	224,750
Smith Barney--Phoenix	6,196,700	0.030	183,210
Smith Barney--Scottsdale	6,241,500	0.028	177,825
Simon Securities	6,550,800	0.050	327,540
Standard & Poor's Securities	<u>7,600,000</u>	0.050	<u>380,000</u>
Total Commissions	<u><u>57,617,521</u></u>	<u>0.039</u>	<u><u>\$ 2,222,274</u></u>

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

**STATE OF ARIZONA
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
SUMMARY OF CHANGES IN INVESTMENT PORTFOLIO
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

Description	Percent at Fair Value	Balance June 30, 1998		Acquisitions	Maturities and Sales	(Premium) Discount	Balance June 30, 1999		Percent at Fair Value
		Fair Value	Book Value				Book Value	Fair Value	
U.S. Treasury Obligations	6.9%	284,184,020.00	257,450,837.00	0.00	35,051,612.00	(1,170,867.00)	221,228,358.00	241,377,390.00	5.0%
Federal Agency Obligations	7.2%	295,072,704.24	277,290,769.19	69,559,039.86	85,885,535.60	0.00	260,964,273.45	270,797,656.86	5.6%
Total U.S. Government Securities	14.1%	579,256,724.24	534,741,606.19	69,559,039.86	120,937,147.60	(1,170,867.00)	482,192,631.45	512,175,046.86	10.7%
Corporate Bonds	14.4%	591,569,003.80	540,375,606.06	119,987,198.01	37,722,018.46	(421,290.00)	622,219,495.61	624,438,027.46	13.0%
Total Bond Portfolio	28.5%	1,170,825,728.04	1,075,117,212.25	189,546,237.87	158,659,166.06	(1,592,157.00)	1,104,412,127.06	1,136,613,074.32	23.7%
Corporate Notes	0.5%	20,975,636.67	20,975,636.67	5,624,892,750.87	5,601,915,448.11	0.00	43,952,939.43	43,952,939.43	0.9%
Common Stock	69.0%	2,847,416,225.63	1,686,080,374.29	1,438,629,039.98	910,244,216.89	0.00	2,214,465,197.38	3,510,963,034.25	73.2%
Other Investments	1.9%	77,042,472.15	77,042,472.15	57,671,942.59	28,147,065.65	0.00	106,567,349.09	106,567,349.09	2.2%
Money Market Account	0.1%	1,243,996.00	1,243,996.00	0.00	308,361.47	0.00	935,634.53	935,634.53	0.0%
Total Portfolio	100.0%	4,117,504,058.49	2,860,459,691.36	7,310,739,971.31	6,699,274,258.18	(1,592,157.00)	3,470,333,247.49	4,799,032,031.62	100.0%

**STATE OF ARIZONA
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
INVESTMENTS ACQUIRED
JULY 1, 1998 THROUGH JUNE 30, 1999
BONDS ACQUIRED**

Security	Coupon	Maturity	Purchase Price	Par Value	Principal	(Premium) Discount	Accrued Interest	Total Amount	Yield
FEDERAL AGENCY OBLIGATIONS									
GNMA POOL #470493	7.000	06/15/29	99.28125	9,999,000.00	9,927,132.20	71,867.80	42,773.50	9,969,905.70	7.05%
GNMA POOL #472997	7.000	06/15/29	99.46875	4,044,316.00	4,022,830.57	21,485.43	17,300.69	4,040,131.26	7.04%
GNMA POOL #482784	7.000	10/15/28	99.28125	8,999,107.47	8,934,426.45	64,681.02	38,496.15	8,972,922.60	7.05%
GNMA POOL #486539	7.000	09/15/28	99.28125	8,999,107.20	8,934,426.18	64,681.02	38,496.15	8,972,922.33	7.05%
GNMA POOL #499876	7.000	06/15/29	99.46875	8,261,615.00	8,217,725.17	43,889.83	35,341.35	8,253,066.52	7.04%
GNMA POOL #500931	7.000	06/15/29	99.46875	6,659,273.00	6,623,895.61	35,377.39	28,486.89	6,652,382.50	7.04%
GNMA POOL #504418	7.000	06/15/29	99.46875	1,034,569.00	1,029,072.85	5,496.15	4,425.66	1,033,498.51	7.04%
GNMA POOL #505728	7.000	06/15/29	99.46875	15,000,227.00	14,920,538.29	79,688.71	64,167.64	14,984,705.93	7.04%
GNMA POOL #510958	7.000	05/15/29	99.28125	6,999,300.00	6,948,992.54	50,307.46	29,941.45	6,978,933.99	7.05%
TOTAL FEDERAL AGENCY OBLIGATIONS				69,996,514.67	69,559,039.86	437,474.81	299,429.48	69,858,469.34	7.04%
CORPORATE BONDS									
FIRST EMPIRE CAPITAL TRUST I	8.277	06/01/27	108.92700	5,000,000.00	5,446,350.00	(446,350.00)	80,470.84	5,526,820.84	7.60%
FIRST EMPIRE CAPITAL TRUST I	8.234	02/01/27	108.52800	8,000,000.00	8,682,240.00	(682,240.00)	38,425.33	8,720,665.33	7.59%
JPM CAPITAL TRUST II	7.950	02/01/27	104.61500	11,000,000.00	11,507,650.00	(507,650.00)	89,879.17	11,597,529.17	7.60%
LEHMAN BROTHERS HOLDINGS INC	8.800	03/01/15	111.91104	5,000,000.00	5,595,551.76	(595,551.76)	194,333.33	5,789,885.09	7.86%
LUMBERMANS MUTUAL CASUALTY CO	8.300	12/01/37	108.43000	12,000,000.00	13,011,600.00	(1,011,600.00)	249,000.00	13,260,600.00	7.65%
PAINE WEBER GROUP INC	7.605	07/17/17	97.37500	10,000,000.00	9,737,500.00	262,500.00	217,587.50	9,955,087.50	7.81%
SECURITY NATIONAL MORTGAGE LOAN	7.870	08/25/30	100.00000	21,604,245.00	21,604,245.00	0.00	0.00	21,604,245.00	7.87%
SECURITY NAT'L MORTGAGE 99-1	8.353	09/25/30	100.00000	7,487,575.00	7,487,575.00	0.00	0.00	7,487,575.00	8.35%
TRANSAMERICA CAPITAL II	7.650	12/01/26	101.73900	7,875,000.00	8,011,946.25	(136,946.25)	266,076.56	8,278,022.81	7.52%
UNION CENTRAL LIFE	8.200	11/01/26	107.89200	9,500,000.00	10,249,740.00	(749,740.00)	19,475.00	10,269,215.00	7.60%
USF&G CAPITAL II, SERIES B	8.470	01/10/27	109.72235	17,000,000.00	18,652,800.00	(1,652,800.00)	262,099.44	18,914,899.44	7.72%
TOTAL CORPORATE BONDS				114,466,820.00	119,987,198.01	(5,520,378.01)	1,417,347.17	121,404,545.18	7.74%
TOTAL BONDS				184,463,334.67	189,546,237.87	(5,082,903.20)	1,716,776.65	191,263,014.52	7.49%

**STATE OF ARIZONA
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
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SHORT TERM INVESTMENTS MATURED

Date Acquired	Description	Interest Rate	Maturity Date	Cost	Amount of Interest	Maturity Value
06/23/98	MERRILL LYNCH & CO,INC.	5.590	07/02/98	15,977,640.00	22,360.00	16,000,000.00
06/29/98	KZH-CNC CORP	6.020	07/02/98	1,998,996.67	1,003.33	2,000,000.00
06/30/98	COOPERATIVE ASSN OF TRA	6.000	07/02/98	2,999,000.00	1,000.00	3,000,000.00
07/01/98	DUKE CAPITAL CORP	6.200	07/02/98	4,999,138.89	861.11	5,000,000.00
07/02/98	MERRILL LYNCH & CO,INC.	5.550	07/08/98	25,975,950.00	24,050.00	26,000,000.00
07/08/98	HERTZ CORP	5.500	07/31/98	9,964,861.11	35,138.89	10,000,000.00
07/08/98	RELIASTAR MORTGAGE CO	5.520	07/14/98	21,580,128.00	19,872.00	21,600,000.00
07/09/98	DISTRIBUTOR FUNDING	5.530	07/15/98	13,987,096.67	12,903.33	14,000,000.00
07/10/98	DUKE CAPITAL CORP	5.480	07/13/98	4,997,716.67	2,283.33	5,000,000.00
07/13/98	BANCA CRT FINANCIAL COR	5.550	07/20/98	14,983,812.50	16,187.50	15,000,000.00
07/14/98	TRIDENT CAPINAL FINANCE	5.520	07/23/98	21,969,640.00	30,360.00	22,000,000.00
07/15/98	HERTZ CORP	5.500	07/20/98	13,989,305.56	10,694.44	14,000,000.00
07/15/98	ATLANTIC RICHFIELD	5.520	07/23/98	13,982,826.67	17,173.33	14,000,000.00
07/20/98	HALIFAX PLC	5.480	07/24/98	19,987,822.23	12,177.77	20,000,000.00
07/20/98	MERRILL LYNCH & CO,INC.	5.500	07/27/98	11,987,166.67	12,833.33	12,000,000.00
07/21/98	FLEET FUNDING CORP	5.480	07/24/98	2,998,630.00	1,370.00	3,000,000.00
07/23/98	HASBRO INC.	5.540	07/28/98	10,821,666.91	8,333.09	10,830,000.00
07/23/98	MERRILL LYNCH & CO,INC.	5.480	07/28/98	24,980,972.22	19,027.78	25,000,000.00
07/24/98	DUKE CAPITAL CORP	5.520	07/27/98	5,350,537.62	2,462.38	5,353,000.00
07/24/98	WEST PENN POWER	5.500	07/27/98	16,992,208.33	7,791.67	17,000,000.00
07/27/98	FORD MOTOR CREDIT CO.	5.520	07/29/98	34,989,266.66	10,733.34	35,000,000.00
07/28/98	HALIFAX PLC	5.610	07/30/98	17,994,390.00	5,610.00	18,000,000.00
07/28/98	EXXON ASSET MANAGEMENT	5.550	07/30/98	18,994,141.67	5,858.33	19,000,000.00
07/29/98	LEXINGTON PARKER CAP.	5.660	07/31/98	14,995,283.33	4,716.67	15,000,000.00
07/29/98	IBM CREDIT CORP	5.570	08/03/98	17,986,075.00	13,925.00	18,000,000.00
07/30/98	GENERAL MOTORS CORP	5.640	08/03/98	11,992,480.00	7,520.00	12,000,000.00
08/11/98	UBS FINANCE(DELAWARE)	5.470	08/12/98	15,997,568.89	2,431.11	16,000,000.00
08/11/98	CONSOLIDATED EDISON CO.	5.500	08/13/98	22,493,125.00	6,875.00	22,500,000.00
08/11/98	EXXON ASSET MANAGEMENT	5.410	08/13/98	5,998,196.67	1,803.33	6,000,000.00
08/17/98	KZH-ING-3	5.810	08/18/98	19,996,772.22	3,227.78	20,000,000.00
08/17/98	FORD MOTOR CREDIT CO.	5.620	08/19/98	19,993,755.56	6,244.44	20,000,000.00
08/17/98	NEW ENGLAND ELECTRIC	5.650	08/21/98	19,987,444.44	12,555.56	20,000,000.00
08/18/98	DISTRIBUTION FUNDING	5.570	08/20/98	16,994,739.44	5,260.56	17,000,000.00
08/18/98	NORWEST CORPORATION	5.500	08/31/98	10,978,152.78	21,847.22	11,000,000.00
08/19/98	EXXON ASSET MANAGEMENT	5.460	08/24/98	7,993,933.34	6,066.66	8,000,000.00
08/20/98	FORD MOTOR CREDIT CO.	5.450	08/25/98	23,981,833.33	18,166.67	24,000,000.00
08/21/98	HOLLAND LIMITED SECURT.	5.510	08/27/98	19,981,633.33	18,366.67	20,000,000.00
08/21/98	DISTRIBUTION FUNDING	5.500	08/27/98	13,987,166.67	12,833.33	14,000,000.00
08/24/98	CASE EQUIP. LOAN TRUST	5.510	08/26/98	9,996,938.89	3,061.11	10,000,000.00
08/25/98	WEST PENN POWER	5.500	08/26/98	8,998,625.00	1,375.00	9,000,000.00
08/25/98	COUNTRYWIDE HOME LOANS	5.500	08/26/98	9,998,472.22	1,527.78	10,000,000.00
08/25/98	NEW ENGLAND ELECTRIC	5.520	08/28/98	8,995,860.00	4,140.00	9,000,000.00
08/26/98	TRIPLE A-1 FUNDING	5.590	08/28/98	1,999,378.89	621.11	2,000,000.00
08/27/98	COUNTRYWIDE HOME LOANS	5.570	08/28/98	14,997,679.17	2,320.83	15,000,000.00
08/27/98	GTE FUNDING, INC.	5.530	08/31/98	9,993,855.56	6,144.44	10,000,000.00
08/27/98	NEW ENGLAND ELECTRIC	5.560	09/01/98	23,383,928.45	18,071.55	23,402,000.00
08/27/98	FORD MOTOR CREDIT CO.	5.500	09/01/98	21,983,194.45	16,805.55	22,000,000.00
08/28/98	AC ACQUISITION HOLDING	5.500	08/31/98	10,994,958.33	5,041.67	11,000,000.00
08/28/98	CAISSE DES DEPOTS	5.580	09/01/98	1,998,760.00	1,240.00	2,000,000.00
09/08/98	MARKET STREET FUNDING	5.600	09/11/98	17,991,600.00	8,400.00	18,000,000.00
09/09/98	MONONGHELA POWER CO	5.740	09/10/98	999,840.56	159.44	1,000,000.00
09/10/98	POTOMAC ELECTRIC POWER	5.530	09/16/98	999,078.33	921.67	1,000,000.00
09/11/98	TRIDENT CAPITAL FINANCE	5.550	09/16/98	19,984,583.33	15,416.67	20,000,000.00
09/15/98	MERRILL LYNCH & CO,INC.	5.560	09/21/98	9,990,733.34	9,266.66	10,000,000.00
09/17/98	GEN. MTRS. ACCEPT. CORP	5.450	09/30/98	4,990,159.72	9,840.28	5,000,000.00
09/17/98	CENTERIOR FUEL	5.550	09/30/98	5,987,975.00	12,025.00	6,000,000.00

**STATE OF ARIZONA
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SHORT TERM INVESTMENTS MATURED

Date Acquired	Description	Interest Rate	Maturity Date	Cost	Amount of Interest	Maturity Value
09/17/98	CARGILL INC.	5.460	09/22/98	15,987,866.67	12,133.33	16,000,000.00
09/21/98	FORD MOTOR CREDIT CO.	5.480	09/24/98	10,994,976.67	5,023.33	11,000,000.00
09/22/98	HALIFAX PLC	5.510	09/25/98	14,993,112.50	6,887.50	15,000,000.00
09/24/98	FORD MOTOR CREDIT CO.	5.320	09/29/98	6,994,827.78	5,172.22	7,000,000.00
09/25/98	MONTAUK FUNDING CORP	5.400	09/28/98	3,998,200.00	1,800.00	4,000,000.00
09/28/98	ENGELHARD CORP	5.500	09/29/98	4,999,236.12	763.88	5,000,000.00
09/28/98	ASSET SECURITIZATION CO	5.600	10/01/98	25,526,082.27	11,917.73	25,538,000.00
09/30/98	MARKET STREET FUNDING	5.550	10/05/98	15,987,666.67	12,333.33	16,000,000.00
10/01/98	CONSOLIDATED EDISON CO.	5.330	10/06/98	24,981,493.06	18,506.94	25,000,000.00
10/01/98	ENGELHARD CORP.	5.600	10/02/98	24,996,111.11	3,888.89	25,000,000.00
10/01/98	TRIDENT CAPITAL FINANCE	5.350	10/06/98	22,982,909.72	17,090.28	23,000,000.00
10/02/98	HALIFAX PLC	5.330	10/07/98	20,984,454.17	15,545.83	21,000,000.00
10/02/98	TRIPLE A-1 FUNDING	5.410	10/06/98	9,899,046.00	5,954.00	9,905,000.00
10/05/98	PHH CORPORATION	5.450	10/13/98	18,976,988.89	23,011.11	19,000,000.00
10/05/98	SUN BELT-DIX, INC.	5.500	10/13/98	11,561,851.56	14,148.44	11,576,000.00
10/06/98	DISTRIBUTION FUNDING	5.530	10/14/98	24,969,277.78	30,722.22	25,000,000.00
10/06/98	LEXINGTON PARKER CAP.	5.530	10/15/98	24,965,437.50	34,562.50	25,000,000.00
10/06/98	PHH CORPORATION	5.550	10/13/98	9,989,208.33	10,791.67	10,000,000.00
10/06/98	TRIDENT CAPITAL FINANCE	5.370	10/30/98	10,960,620.00	39,380.00	11,000,000.00
10/07/98	FOUR WINDS FUNDING CORP	5.330	10/14/98	21,977,199.44	22,800.56	22,000,000.00
10/08/98	BEST FOODS	5.180	10/13/98	3,997,122.22	2,877.78	4,000,000.00
10/13/98	PREFERRED RECEIVABLES	5.350	10/16/98	22,989,745.84	10,254.16	23,000,000.00
10/13/98	PHH CORPORATION	5.530	10/19/98	22,978,801.67	21,198.33	23,000,000.00
10/14/98	DISTRIBUTION FUNDING	5.450	10/20/98	24,977,291.67	22,708.33	25,000,000.00
10/14/98	COOPERATIVE ASSN OF TRA	5.400	10/21/98	13,785,510.00	14,490.00	13,800,000.00
10/14/98	EAGLE FUNDING	5.400	10/20/98	7,992,800.00	7,200.00	8,000,000.00
10/15/98	DUKE CAPITAL CORP	5.650	10/16/98	22,996,390.27	3,609.73	23,000,000.00
10/15/98	TRIDENT CAPITAL FINANCE	5.500	10/20/98	15,987,777.78	12,222.22	16,000,000.00
10/16/98	EDISON ASSET SECURT.	5.200	10/21/98	24,981,944.44	18,055.56	25,000,000.00
10/16/98	MONTAUK FUNDING CORP	5.250	10/23/98	26,972,437.50	27,562.50	27,000,000.00
10/19/98	CAISSE DES DEPOTS	5.060	10/22/98	22,990,301.67	9,698.33	23,000,000.00
10/20/98	ALLIEDSIGNAL INC.	5.450	10/26/98	26,975,475.00	24,525.00	27,000,000.00
10/20/98	REPUBLIC INDUSTRIES	5.200	10/23/98	24,128,539.77	10,460.23	24,139,000.00
10/21/98	CHARTA CORPORATION	5.150	10/26/98	7,994,277.78	5,722.22	8,000,000.00
10/21/98	MERRILL LYNCH & CO, INC.	5.070	10/27/98	23,979,720.00	20,280.00	24,000,000.00
10/21/98	GTE FUNDING INC.	5.060	10/23/98	9,997,188.89	2,811.11	10,000,000.00
10/22/98	FORD MOTOR CREDIT CO.	4.970	10/27/98	22,984,123.61	15,876.39	23,000,000.00
10/23/98	LEXINGTON PARKER CAP.	5.000	10/26/98	21,990,833.33	9,166.67	22,000,000.00
10/23/98	WORLD OMNI VEH. LEASING	5.250	11/02/98	25,962,083.33	37,916.67	26,000,000.00
10/26/98	MERRILL LYNCH & CO, INC.	4.950	10/29/98	27,988,450.00	11,550.00	28,000,000.00
10/26/98	THAMES ASSET GLOBAL SEC	5.120	10/30/98	27,984,071.11	15,928.89	28,000,000.00
10/27/98	MOAT	5.320	11/02/98	26,976,060.00	23,940.00	27,000,000.00
10/27/98	REPUBLIC INDUSTRIES	5.250	11/02/98	19,982,500.00	17,500.00	20,000,000.00
10/29/98	COMMERZBANK U.S FINANCE	5.280	11/02/98	27,983,573.33	16,426.67	28,000,000.00
10/30/98	AMSTERDAM FUNDING CORP	5.680	11/03/98	22,000,106.72	13,893.28	22,014,000.00
10/30/98	COOPERATIVE ASSN OF TRA	5.600	11/03/98	6,995,644.44	4,355.56	7,000,000.00
11/02/98	CINCINNATI BELL INC.	5.550	11/05/98	13,314,839.04	6,160.96	13,321,000.00
11/02/98	COUNTRYWIDE HOME LOANS	5.550	11/05/98	27,987,050.00	12,950.00	28,000,000.00
11/02/98	DUKE CAPITAL CORP	5.600	11/03/98	29,995,333.33	4,666.67	30,000,000.00
11/02/98	FORD MOTOR CREDIT CO.	5.390	11/06/98	29,982,033.33	17,966.67	30,000,000.00
11/03/98	HALIFAX PLC	5.380	11/05/98	26,991,930.00	8,070.00	27,000,000.00
11/03/98	WORLD OMNI VEH. LEASING	5.420	11/09/98	29,972,900.00	27,100.00	30,000,000.00
11/04/98	HERTZ CORP	5.190	11/09/98	3,997,116.67	2,883.33	4,000,000.00
11/05/98	MERRILL LYNCH & CO, INC.	5.050	11/10/98	27,980,361.12	19,638.88	28,000,000.00
11/05/98	EXXON ASSET MANAGEMENT	5.020	11/09/98	24,986,055.56	13,944.44	25,000,000.00
11/05/98	GILLETTE CO.	5.030	11/06/98	14,997,904.17	2,095.83	15,000,000.00

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SHORT TERM INVESTMENTS MATURED

Date Acquired	Description	Interest Rate	Maturity Date	Cost	Amount of Interest	Maturity Value
11/06/98	ENTERPRISE FUNDING CORP	5.200	11/30/98	10,961,866.67	38,133.33	11,000,000.00
11/06/98	LUCENT TECHNOLOGIES	5.000	11/12/98	18,984,166.67	15,833.33	19,000,000.00
11/06/98	WMC FINANCE LIMITED	5.200	11/13/98	14,984,833.33	15,166.67	15,000,000.00
11/09/98	TRIDENT CAPITAL FINANCE	5.150	11/16/98	30,968,956.94	31,043.06	31,000,000.00
11/09/98	USAA CAPITAL CORP	5.090	11/13/98	29,983,033.33	16,966.67	30,000,000.00
11/10/98	HERTZ CORP	5.150	11/17/98	8,990,987.50	9,012.50	9,000,000.00
11/12/98	HALIFAX PLC	5.180	11/17/98	18,986,330.56	13,669.44	19,000,000.00
11/13/98	DUKE CAPITAL CORP	5.300	11/20/98	24,974,236.11	25,763.89	25,000,000.00
11/13/98	HOLLAND LIMITED SECURT.	5.250	11/19/98	19,982,500.00	17,500.00	20,000,000.00
11/16/98	MARKET STREET FUNDING	5.670	11/19/98	24,988,187.50	11,812.50	25,000,000.00
11/16/98	TRIPLE A-1 FUNDING	5.660	11/20/98	21,986,164.44	13,835.56	22,000,000.00
11/17/98	CONSOLIDATED COAL CO.	5.620	11/23/98	20,980,330.00	19,670.00	21,000,000.00
11/17/98	QUINCY CAPITAL CORP	5.240	11/23/98	6,993,886.67	6,113.33	7,000,000.00
11/19/98	EAGLE FUNDING	5.020	12/03/98	13,972,668.89	27,331.11	14,000,000.00
11/19/98	FLORIDA POWER CORP	4.740	11/24/98	14,290,585.83	9,414.17	14,300,000.00
11/19/98	NEPTUNE FUNDING	5.050	12/01/98	19,966,333.33	33,666.67	20,000,000.00
11/20/98	DUKE CAPITAL CORP	4.500	11/24/98	24,987,500.00	12,500.00	25,000,000.00
11/20/98	EXXON ASSET MANAGEMENT	4.500	11/25/98	23,985,000.00	15,000.00	24,000,000.00
11/23/98	COOPERATIVE ASSN OF TRA	4.650	11/24/98	27,996,383.33	3,616.67	28,000,000.00
11/24/98	CONSOLIDATED COAL CO.	5.350	12/01/98	27,970,872.22	29,127.78	28,000,000.00
11/24/98	DUKE CAPITAL CORP	4.980	12/03/98	16,978,835.00	21,165.00	17,000,000.00
11/25/98	AMSTERDAM FUNDING CORP	5.020	12/02/98	23,976,573.33	23,426.67	24,000,000.00
11/30/98	ENGELHARD CORP	5.500	12/01/98	1,999,694.45	305.55	2,000,000.00
12/01/98	HALIFAX PLC	4.880	12/04/98	26,989,020.00	10,980.00	27,000,000.00
12/01/98	EXXON ASSET MANAGEMENT	4.870	12/07/98	26,978,085.00	21,915.00	27,000,000.00
12/02/98	GEN. MTRS. ACCEPT. CORP	4.790	12/08/98	23,980,840.00	19,160.00	24,000,000.00
12/03/98	ENGELHARD CORP	4.700	12/04/98	13,998,172.22	1,827.78	14,000,000.00
12/03/98	HOLLAND LIMITED SECURT.	4.850	12/10/98	16,983,968.06	16,031.94	17,000,000.00
12/04/98	FORD MOTOR CREDIT CO.	4.630	12/09/98	11,992,283.34	7,716.66	12,000,000.00
12/04/98	FORD MOTOR CREDIT CO.	4.680	12/11/98	15,985,440.00	14,560.00	16,000,000.00
12/07/98	DAIMLER-BENZ N. AMERICA	4.720	12/10/98	23,990,560.00	9,440.00	24,000,000.00
12/07/98	FORD MOTOR CREDIT CO.	4.700	12/10/98	11,995,300.00	4,700.00	12,000,000.00
12/08/98	FORD MOTOR CREDIT CO.	4.690	12/11/98	11,995,310.00	4,690.00	12,000,000.00
12/08/98	HALIFAX PLC	4.730	12/14/98	25,979,503.34	20,496.66	26,000,000.00
12/10/98	GEN. MTRS. ACCEPT. CORP	4.750	12/15/98	27,981,527.78	18,472.22	28,000,000.00
12/10/98	RECEIVABLES CAPIT. CORP	4.790	12/16/98	27,977,646.67	22,353.33	28,000,000.00
12/10/98	WORLD OMNI VEH. LEASING	4.800	12/18/98	22,975,466.67	24,533.33	23,000,000.00
12/11/98	ALLIEDSIGNAL INC.	5.000	12/15/98	18,989,444.45	10,555.55	19,000,000.00
12/11/98	BARTON CAPITAL CORP	4.900	12/16/98	13,990,472.22	9,527.78	14,000,000.00
12/14/98	HALIFAX PLC	5.160	12/17/98	25,988,820.00	11,180.00	26,000,000.00
12/15/98	TRIPLE A-1 FUNDING	5.340	12/18/98	11,994,660.00	5,340.00	12,000,000.00
12/16/98	WORLD OMNI VEH. LEASING	4.920	12/18/98	24,993,166.67	6,833.33	25,000,000.00
12/17/98	TRIPLE A-1 FUNDING	4.890	12/23/98	18,984,515.00	15,485.00	19,000,000.00
12/18/98	AMSTERDAM FUNDING CORP	4.850	12/28/98	21,908,444.64	29,555.36	21,938,000.00
12/18/98	FORD MOTOR CREDIT CO.	4.770	12/23/98	26,982,112.50	17,887.50	27,000,000.00
12/21/98	TRIPLE A-1 FUNDING	4.910	12/28/98	999,045.28	954.72	1,000,000.00
12/23/98	FORD MOTOR CREDIT CO.	4.780	12/31/98	18,979,817.78	20,182.22	19,000,000.00
12/23/98	G.E. CAPITAL CORP	4.820	12/31/98	30,209,607.46	32,392.54	30,242,000.00
12/28/98	FORD MOTOR CREDIT CO.	5.020	12/30/98	13,996,095.56	3,904.44	14,000,000.00
12/28/98	WINDMILL FUNDING CORP	5.050	12/29/98	8,998,737.50	1,262.50	9,000,000.00
12/31/98	COOPERATIVE ASSN OF TRA	5.200	01/07/99	5,993,933.33	6,066.67	6,000,000.00
12/31/98	DUKE CAPITAL CORP	5.300	01/06/99	29,973,500.00	26,500.00	30,000,000.00
12/31/98	LUCENT TECHNOLOGIES	4.950	01/06/99	24,145,063.88	19,936.12	24,165,000.00
12/31/98	MDU RESOURCES GROUP	5.350	01/07/99	10,988,556.94	11,443.06	11,000,000.00
12/31/98	THREE RIVERS FUNDING	5.200	01/07/99	32,966,633.33	33,366.67	33,000,000.00
01/04/99	CONSOLIDATED COAL CO.	5.200	01/08/99	15,291,160.00	8,840.00	15,300,000.00

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Date Acquired	Description	Interest Rate	Maturity Date	Cost	Amount of Interest	Maturity Value
01/04/99	GTE FUNDING INC.	4.940	01/08/99	20,988,473.33	11,526.67	21,000,000.00
01/05/99	G.E. CAPITAL CORP	4.900	01/08/99	4,997,958.33	2,041.67	5,000,000.00
01/06/99	COUNTRYWIDE HOME LOANS	4.930	01/29/99	10,965,353.05	34,646.95	11,000,000.00
01/06/99	DUKE CAPITAL CORP	4.650	01/11/99	30,979,979.17	20,020.83	31,000,000.00
01/06/99	GEN. MTRS. ACCEPT. CORP	4.700	01/13/99	10,989,947.23	10,052.77	11,000,000.00
01/07/99	JOHN HANCOCK CAPITAL CO	4.700	01/14/99	15,985,377.78	14,622.22	16,000,000.00
01/08/99	ENTERPRISE FUNDING CORP	4.680	01/14/99	19,984,400.00	15,600.00	20,000,000.00
01/08/99	TRIPLE A-1 FUNDING	4.680	01/14/99	18,847,287.64	14,712.36	18,862,000.00
01/11/99	COMMONWEALTH BANK AUST.	5.020	01/14/99	12,994,561.67	5,438.33	13,000,000.00
01/11/99	DUKE CAPITAL CORP	5.070	01/12/99	3,999,436.67	563.33	4,000,000.00
01/13/99	REPUBLIC INDUSTRIES	5.050	01/19/99	2,997,475.00	2,525.00	3,000,000.00
01/14/99	HOLLAND LIMITED SECURT.	4.910	01/21/99	17,982,815.00	17,185.00	18,000,000.00
01/14/99	LEXINGTON PARKER CAP.	4.950	01/19/99	27,980,750.00	19,250.00	28,000,000.00
01/14/99	TRIDENT CAPITAL FINANCE	4.900	01/20/99	19,983,666.67	16,333.33	20,000,000.00
01/15/99	THREE RIVERS FUNDING	4.900	01/21/99	19,983,666.67	16,333.33	20,000,000.00
01/19/99	REPUBLIC INDUSTRIES	4.800	01/22/99	30,987,600.00	12,400.00	31,000,000.00
01/19/99	CONSOLIDATION COAL CO.	4.990	01/25/99	15,986,693.33	13,306.67	16,000,000.00
01/20/99	PREFERRED RECEIVABLES	4.750	01/26/99	13,988,916.67	11,083.33	14,000,000.00
01/20/99	TRIPLE A-1 FUNDING	4.760	01/26/99	5,749,435.16	4,564.84	5,754,000.00
01/21/99	HOLLAND LIMITED SECURT.	4.780	01/28/99	18,959,361.93	17,638.07	18,977,000.00
01/21/99	MARSH & MCLENNAN	4.700	01/27/99	19,984,333.33	15,666.67	20,000,000.00
01/22/99	REPUBLIC INDUSTRIES	4.770	01/28/99	30,975,355.00	24,645.00	31,000,000.00
01/27/99	VULCAN MATERIALS CO.	4.870	02/01/99	15,989,177.78	10,822.22	16,000,000.00
01/27/99	GTE CORP	4.890	02/01/99	29,979,625.00	20,375.00	30,000,000.00
01/27/99	TRIPLE A-1 FUNDING	4.880	01/29/99	24,993,222.22	6,777.78	25,000,000.00
01/28/99	CONCORD MINUTEMAN CAP.	4.870	02/02/99	14,989,854.17	10,145.83	15,000,000.00
01/29/99	LEXINGTON PARKER CAP.	4.870	02/02/99	1,998,917.78	1,082.22	2,000,000.00
02/01/99	FALCON ASSET SECURT.	4.840	02/03/99	17,995,160.00	4,840.00	18,000,000.00
02/02/99	COUNTRYWIDE HOME LOANS	4.770	02/04/99	16,995,495.00	4,505.00	17,000,000.00
02/02/99	INTREPID FUNDING MASTER	4.860	02/26/99	10,964,360.00	35,640.00	11,000,000.00
02/03/99	DUKE CAPITAL CORP	4.650	02/05/99	14,996,125.00	3,875.00	15,000,000.00
02/03/99	EXXON ASSET MANAGEMENT	4.650	02/08/99	27,981,916.67	18,083.33	28,000,000.00
02/04/99	REPUBLIC INDUSTRIES	4.800	02/10/99	13,988,800.00	11,200.00	14,000,000.00
02/05/99	DUKE CAPITAL CORP	4.720	02/09/99	12,993,182.22	6,817.78	13,000,000.00
02/08/99	MARKET STREET FUNDING	4.850	02/12/99	25,985,988.89	14,011.11	26,000,000.00
02/09/99	G.E. CAPITAL CORP	4.800	02/11/99	6,998,133.34	1,866.66	7,000,000.00
02/10/99	HOLLAND LIMITED SECURT.	4.840	02/11/99	21,997,042.22	2,957.78	22,000,000.00
02/10/99	REPUBLIC INDUSTRIES	4.870	02/17/99	29,971,591.67	28,408.33	30,000,000.00
02/11/99	HOLLAND LIMITED SECURT.	4.880	02/18/99	26,974,380.00	25,620.00	27,000,000.00
02/12/99	DISTRIBUTION FUNDING	4.820	02/19/99	16,984,067.23	15,932.77	17,000,000.00
02/16/99	REPUBLIC INDUSTRIES	4.900	02/19/99	11,995,100.00	4,900.00	12,000,000.00
02/17/99	BLOCK FINANCIAL CORP	4.800	02/19/99	28,992,266.67	7,733.33	29,000,000.00
02/17/99	DUKE ENERGY CORP	4.730	02/22/99	18,987,518.05	12,481.95	19,000,000.00
02/18/99	REPUBLIC INDUSTRIES	4.800	02/23/99	24,983,333.33	16,666.67	25,000,000.00
02/19/99	ENGELHARD CORP	4.700	02/22/99	28,988,641.67	11,358.33	29,000,000.00
02/19/99	HOLLAND LIMITED SECURT.	4.680	02/22/99	10,995,710.00	4,290.00	11,000,000.00
02/19/99	KITTY HAWK FUNDING	4.740	02/23/99	17,990,520.00	9,480.00	18,000,000.00
02/22/99	DUKE CAPITAL CORP	4.820	02/23/99	8,998,795.00	1,205.00	9,000,000.00
02/23/99	FALCON ASSET SECURT.	4.860	03/01/99	24,979,750.00	20,250.00	25,000,000.00
02/23/99	REPUBLIC INDUSTRIES	4.900	02/25/99	24,989,937.50	6,659.72	24,996,597.22
02/25/99	ENGELHARD CORP	4.870	02/26/99	12,998,241.39	1,758.61	13,000,000.00
02/26/99	KITTY HAWK FUNDING	4.860	03/01/99	3,998,380.00	1,620.00	4,000,000.00
03/01/99	BARTON CAPITAL CORP	4.950	03/03/99	16,995,325.00	4,675.00	17,000,000.00
03/01/99	ENGELHARD CORP	5.050	03/02/99	11,998,316.67	1,683.33	12,000,000.00
03/02/99	EXPORT DEVELOPMENT CORP	4.800	03/03/99	1,999,733.33	266.67	2,000,000.00
03/03/99	AMERITECH CORP	4.800	03/31/99	10,958,933.33	41,066.67	11,000,000.00

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SHORT TERM INVESTMENTS MATURED

Date Acquired	Description	Interest Rate	Maturity Date	Cost	Amount of Interest	Maturity Value
03/03/99	ENGELHARD CORP	4.850	03/04/99	7,998,922.22	1,077.78	8,000,000.00
03/04/99	HERTZ CORP	4.730	03/09/99	8,994,087.50	5,912.50	9,000,000.00
03/08/99	HOLLAND LIMITED SECURT.	4.860	03/11/99	7,996,760.00	3,240.00	8,000,000.00
03/09/99	ENGELHARD CORP	4.820	03/10/99	19,997,322.22	2,677.78	20,000,000.00
03/09/99	QUINCY CAPITAL CORP	4.760	03/11/99	16,995,504.45	4,495.55	17,000,000.00
03/10/99	DISTRIBUTION FUNDING	4.880	03/12/99	14,879,964.78	4,035.22	14,884,000.00
03/10/99	EAGLE FUNDING	4.870	03/12/99	8,997,565.00	2,435.00	9,000,000.00
03/11/99	EXXON ASSET MANAGEMENT	4.780	03/16/99	19,986,722.22	13,277.78	20,000,000.00
03/11/99	QUINCY CAPITAL CORP	4.840	03/16/99	4,833,748.46	3,251.54	4,837,000.00
03/12/99	CARGILL GLOBAL FUNDING	4.800	03/17/99	17,988,000.00	12,000.00	18,000,000.00
03/12/99	EAGLE FUNDING	4.820	03/17/99	5,751,147.35	3,852.65	5,755,000.00
03/15/99	USAA CAPITAL CORP	4.910	03/18/99	8,906,354.32	3,645.68	8,910,000.00
03/16/99	CIBA SPECIALTY CHEMICAL	4.800	03/19/99	25,989,600.00	10,400.00	26,000,000.00
03/17/99	ALLSTATE CORP	4.780	03/23/99	23,980,880.00	19,120.00	24,000,000.00
03/18/99	MERRILL LYNCH & CO,INC.	4.730	03/23/99	8,994,087.50	5,912.50	9,000,000.00
03/19/99	CENTENNIAL ENERGY HOLD.	4.750	03/22/99	2,998,812.50	1,187.50	3,000,000.00
03/19/99	HOLLAND LIMITED SECURT.	4.750	03/22/99	23,990,500.00	9,500.00	24,000,000.00
03/22/99	EATON CORPORATION	4.850	03/25/99	25,989,491.67	10,508.33	26,000,000.00
03/23/99	ENGELHARD CORP	4.800	03/24/99	25,996,533.33	3,466.67	26,000,000.00
03/23/99	TRIPLE A-1 FUNDING	4.760	03/25/99	7,997,884.45	2,115.55	8,000,000.00
03/24/99	CAISSE DES DEPOTS	4.880	03/25/99	25,996,475.56	3,524.44	26,000,000.00
03/25/99	HALIFAX PLC	4.700	03/30/99	28,981,069.44	18,930.56	29,000,000.00
03/25/99	HOLLAND LIMITED SECURT.	4.930	04/01/99	28,972,200.28	27,799.72	29,000,000.00
03/31/99	BANK OF AUSTRIA CP,INC.	4.950	04/05/99	31,978,000.00	22,000.00	32,000,000.00
04/01/99	COOPERATIVE ASSN OF TRA	4.900	04/30/99	10,956,580.56	43,419.44	11,000,000.00
04/01/99	MARSH & MCLENNAN	5.020	04/07/99	22,980,756.67	19,243.33	23,000,000.00
04/05/99	TRIPLE A-1 FUNDING	4.890	04/08/99	31,986,960.00	13,040.00	32,000,000.00
04/06/99	COOPERATIVE ASSN OF TRA	4.800	04/09/99	2,199,120.00	880.00	2,200,000.00
04/07/99	CENTAURI (CC USA)	4.760	04/08/99	3,999,471.11	528.89	4,000,000.00
04/08/99	DORADA FINANCE	4.760	04/09/99	27,996,297.78	3,702.22	28,000,000.00
04/09/99	ENTERPRISE FUNDING CORP	4.700	04/14/99	20,986,291.67	13,708.33	21,000,000.00
04/09/99	TRIPLE A-1 FUNDING	4.710	04/14/99	10,049,421.70	6,578.30	10,056,000.00
04/13/99	HOLLAND LIMITED SECURT.	4.710	04/14/99	1,999,738.33	261.67	2,000,000.00
04/14/99	FORD MOTOR CREDIT CO.	4.730	04/16/99	32,991,328.33	8,671.67	33,000,000.00
04/15/99	BANK OF AUSTRIA	4.850	04/19/99	13,422,762.72	7,237.28	13,430,000.00
04/15/99	MERRILL LYNCH & CO,INC.	4.800	04/19/99	26,985,600.00	14,400.00	27,000,000.00
04/19/99	FORD MOTOR CREDIT CO.	4.690	04/22/99	24,990,229.17	9,770.83	25,000,000.00
04/20/99	ENTERPRISE FUNDING CORP	4.680	04/23/99	8,996,490.00	3,510.00	9,000,000.00
04/21/99	ALLMERICA FINANCIAL	4.630	04/23/99	16,595,730.11	4,269.89	16,600,000.00
04/21/99	FORD MOTOR CREDIT CO.	4.630	04/23/99	8,997,685.00	2,315.00	9,000,000.00
04/22/99	MERRILL LYNCH & CO,INC.	4.620	04/23/99	32,995,765.00	4,235.00	33,000,000.00
04/23/99	FORD MOTOR CREDIT CO.	4.590	04/28/99	31,979,600.00	20,400.00	32,000,000.00
04/23/99	GEN. MTRS. ACCEPT. CORP	4.590	04/29/99	34,973,225.00	26,775.00	35,000,000.00
04/29/99	EXXON PROJECT INVEST.	4.830	05/05/99	22,981,485.00	18,515.00	23,000,000.00
04/29/99	LEXINGTON PARKER CAP.	4.870	05/04/99	28,980,384.72	19,615.28	29,000,000.00
04/29/99	MERRILL LYNCH & CO,INC.	4.850	05/05/99	28,976,558.33	23,441.67	29,000,000.00
04/29/99	NATIONAL AUSTRALIA	4.840	05/04/99	28,980,505.55	19,494.45	29,000,000.00
04/29/99	TRIPLE A-1 FUNDING	4.850	05/04/99	24,340,592.85	16,407.15	24,357,000.00
04/30/99	COOPERATIVE ASSN OF TRA	4.850	05/28/99	10,958,505.56	41,494.44	11,000,000.00
04/30/99	CENETNNIAL ENERGY HOLD	4.950	05/04/99	1,998,900.00	1,100.00	2,000,000.00
05/03/99	DUKE CAPITAL CORP	5.050	05/04/99	2,999,579.17	420.83	3,000,000.00
05/04/99	INTERN'L LEASE FINANCE	4.820	05/06/99	29,991,966.67	8,033.33	30,000,000.00
05/04/99	EXXON PROJECT INVEST.	4.810	05/07/99	29,987,975.00	12,025.00	30,000,000.00
05/04/99	FORD MOTOR CREDIT CO.	4.800	05/07/99	27,988,800.00	11,200.00	28,000,000.00
05/05/99	CARGILL GLOBAL FUNDING	4.750	05/10/99	19,986,805.55	13,194.45	20,000,000.00
05/05/99	GEN. MTRS. ACCEPT. CORP	4.730	05/11/99	31,974,773.33	25,226.67	32,000,000.00

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SHORT TERM INVESTMENTS MATURED

Date Acquired	Description	Interest Rate	Maturity Date	Cost	Amount of Interest	Maturity Value
05/06/99	LIBERTY MUTUAL CAPITAL	4.700	05/10/99	10,994,255.55	5,744.45	11,000,000.00
05/07/99	CONCORD MINUTEMAN CAP.	4.720	05/12/99	23,979,269.94	15,730.06	23,995,000.00
05/07/99	KITTY HAWK FUNDING	4.700	05/11/99	9,994,777.78	5,222.22	10,000,000.00
05/07/99	SOMERSET RAILROAD CORP	4.680	05/10/99	17,992,980.00	7,020.00	18,000,000.00
05/10/99	MERRILL LYNCH & CO,INC.	4.720	05/13/99	10,995,673.33	4,326.67	11,000,000.00
05/11/99	TRIPLE A-1 FUNDING	4.690	05/14/99	33,986,711.67	13,288.33	34,000,000.00
05/11/99	UNITED PARCEL SERVICE	4.620	05/13/99	17,245,572.50	4,427.50	17,250,000.00
05/12/99	GENERAL MILLS INC.	4.670	05/18/99	12,989,881.67	10,118.33	13,000,000.00
05/12/99	GEN. MTRS. ACCEPT. CORP	4.720	05/17/99	6,874,490.43	4,509.57	6,879,000.00
05/12/99	COUNTRYWIDE HOME LOANS	4.710	05/17/99	13,103,422.57	8,577.43	13,112,000.00
05/14/99	TOYS R US	4.820	05/19/99	33,477,573.61	22,426.39	33,500,000.00
05/17/99	MONTAUK FUNDING CORP	5.130	05/18/99	13,998,005.00	1,995.00	14,000,000.00
05/17/99	UNITED PARCEL SERVICE	5.050	05/20/99	28,987,795.83	12,204.17	29,000,000.00
05/19/99	CENTENNIAL ENERGY HOLD.	4.800	05/20/99	999,866.67	133.33	1,000,000.00
05/20/99	EAGLE FUNDING	4.770	05/25/99	17,988,075.00	11,925.00	18,000,000.00
05/21/99	DUKE CAPITAL CORP	4.680	05/25/99	5,996,880.00	3,120.00	6,000,000.00
05/24/99	COUNTRYWIDE HOME LOANS	4.810	05/26/99	1,999,465.56	534.44	2,000,000.00
05/24/99	GTE CORP	4.810	05/27/99	8,996,392.50	3,607.50	9,000,000.00
05/25/99	EAGLE FUNDING	4.720	05/28/99	30,987,806.67	12,193.33	31,000,000.00
05/27/99	UNITED AIRLINES FIRST	4.900	06/02/99	5,995,100.00	4,900.00	6,000,000.00
05/28/99	CONSOLIDATED EDISON CO.	4.920	06/03/99	15,986,880.00	13,120.00	16,000,000.00
05/28/99	EAGLE FUNDING	4.950	06/03/99	6,296,800.85	5,199.15	6,302,000.00
05/28/99	UNITED PARCEL SERVICE	4.900	06/04/99	13,986,661.11	13,338.89	14,000,000.00
06/01/99	UNITED AIRLINES FIRST	5.100	06/03/99	1,999,433.33	566.67	2,000,000.00
06/02/99	EAGLE FUNDING	4.870	06/30/99	8,965,910.00	34,090.00	9,000,000.00
06/03/99	CIBA SPECIALTY CHEMICAL	4.810	06/08/99	9,143,887.29	6,112.71	9,150,000.00
06/03/99	MARSH & MCLENNAN	4.780	06/09/99	11,990,440.00	9,560.00	12,000,000.00
06/03/99	PG&E CORPORATION	4.800	06/30/99	1,992,800.00	7,200.00	2,000,000.00
06/07/99	GTE CORP	4.860	06/10/99	12,994,735.00	5,265.00	13,000,000.00
06/08/99	EXXON PROJECT INVEST.	4.770	06/23/99	8,982,112.50	17,887.50	9,000,000.00
06/09/99	ALLMERICA FINANCIAL	4.680	06/11/99	4,998,700.00	1,300.00	5,000,000.00
06/09/99	BANK AUSTRIA COMMERCIAL	4.790	06/23/99	25,951,567.78	48,432.22	26,000,000.00
06/09/99	FORD MOTOR CREDIT CO.	4.700	06/14/99	14,990,208.33	9,791.67	15,000,000.00
06/10/99	COOPERATIVE ASSN OF TRA	4.820	06/11/99	19,997,322.22	2,677.78	20,000,000.00
06/11/99	POTOMAC ELECTRIC POWER	4.800	06/17/99	19,984,000.00	16,000.00	20,000,000.00
06/14/99	LUCENT TECHNOLOGIES	4.870	06/17/99	8,996,347.50	3,652.50	9,000,000.00
06/15/99	TRIPLE A-1 FUNDING	4.890	06/18/99	8,996,332.50	3,667.50	9,000,000.00
06/16/99	ALLSTATE CORP	4.760	06/21/99	2,063,634.80	1,365.20	2,065,000.00
06/17/99	FORD MOTOR CREDIT CO.	4.630	06/21/99	28,985,081.11	14,918.89	29,000,000.00
06/18/99	WINDMILL FUNDING CORP	4.720	06/23/99	7,994,755.56	5,244.44	8,000,000.00
06/21/99	WORLD OMNI VEH. LEASING	4.770	06/23/99	30,991,785.00	8,215.00	31,000,000.00
06/22/99	CINCINNATI BELL INC.	4.770	06/23/99	3,999,470.00	530.00	4,000,000.00
06/23/99	WORLD OMNI VEH. LEASING	4.800	06/28/99	21,985,333.33	14,666.67	22,000,000.00
06/24/99	HOLLAND LIMITED SECURT.	4.760	06/25/99	22,996,958.89	3,041.11	23,000,000.00
	TOTALS			5,601,915,448.11	3,879,149.11	5,605,794,597.22

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COMMON STOCK ACQUIRED

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Company	No. Shares	Dividend Rate	Annual Income	Book Yield	Average Cost	Book Cost
3COM CORPORATION	162,000	0.00	0.00	0.00%	29.19	4,728,037.60
AIRBORNE FREIGHT CORP	150,000	0.16	24,000.00	0.60%	26.61	3,990,750.00
AIRTOUCH COMMUNICATIONS	400,000	0.16	64,000.00	0.27%	58.94	23,576,202.20
ALASKA AIR GROUP	190,000	0.00	0.00	0.00%	37.35	7,097,014.30
ALLTEL CORPORATION	150,000	1.22	183,000.00	1.85%	65.83	9,873,949.80
AMERICA ONLINE	255,000	0.00	0.00	0.00%	141.92	36,188,666.30
AMERICAN EXPRESS	335,000	0.92	308,200.00	0.86%	106.57	35,701,456.26
AMGEN	615,000	0.00	0.00	0.00%	75.20	46,244,928.50
APPLIED MATERIALS	700,000	0.00	0.00	0.00%	36.35	25,448,127.00
AT&T CORP	850,000	0.88	748,000.00	1.46%	60.22	51,187,692.00
BANK OF AMERICA CORP	200,000	1.80	360,000.00	2.63%	68.37	13,673,020.00
BANK OF NEW YORK	200,000	0.56	112,000.00	1.47%	38.10	7,620,989.42
BANK ONE CORPORATION	850,500	1.68	1,428,840.00	7.30%	23.02	19,581,868.00
BIOGEN INC	500,000	0.00	0.00	0.00%	95.03	47,516,038.50
BRISTOL-MYERS SQUIBB CO.	350,000	0.88	308,000.00	0.80%	110.25	38,588,627.80
CABLEVISION SYSTEMS CORP	1,086,000	0.00	0.00	0.00%	60.02	65,179,298.13
CMS ENERGY	150,000	1.32	198,000.00	2.72%	48.55	7,282,500.00
COMCAST CORP.	1,500,000	0.00	0.00	0.00%	53.06	79,591,215.30
COMPUWARE CORPORATION	690,000	0.00	0.00	0.00%	69.35	47,854,527.70
CONTINENTAL AIRLINES	550,000	0.00	0.00	0.00%	51.40	28,270,140.50
COSTCO COMPANIES, INC.	995,000	0.00	0.00	0.00%	68.14	67,800,861.00
DANA CORP	500,000	1.24	620,000.00	3.00%	41.30	20,650,994.19
DAYTON HUDSON	640,000	0.40	256,000.00	0.72%	55.71	35,654,484.60
DUKE ENERGY	120,000	2.20	264,000.00	3.66%	60.05	7,206,000.00
EMC CORP	273,000	0.00	0.00	0.00%	69.64	19,011,604.20
ERICSSON	200,000	0.00	0.00	0.00%	27.36	5,472,500.00
EXPRESS SCRIPTS	75,000	0.00	0.00	0.00%	76.47	5,734,941.84
FIRST UNION CORP	150,000	1.88	282,000.00	3.53%	53.32	7,998,195.00
FOX ENTERTAINMENT GRP, INC	435,000	0.00	0.00	0.00%	27.84	12,109,436.98
FURNITURE BRANDS INTL	400,000	0.00	0.00	0.00%	25.66	10,264,366.73
GENERAL NUTRITION COMPANIES	1,180,000	0.00	0.00	0.00%	14.19	16,740,125.30
IMS HEALTH, INC.	790,000	0.08	63,200.00	0.19%	42.08	33,241,110.91
JABIL CIRCUIT	488,500	0.00	0.00	0.00%	50.13	24,487,672.61
JOHNSON CONTROLS	150,000	1.00	150,000.00	1.57%	63.49	9,523,917.59
LEXMARK INTERNATIONAL GROUP	130,000	0.00	0.00	0.00%	100.53	13,069,004.00
MBNA CORP	350,000	0.28	98,000.00	1.01%	27.80	9,729,265.00
MICROSOFT CORPORATION	915,000	0.00	0.00	0.00%	104.52	95,633,133.80
MOBIL OIL COMPANY	150,000	2.28	342,000.00	2.21%	103.16	15,474,720.00
NEWS CORPORATION	125,000	0.07	8,750.00	0.25%	27.59	3,448,975.00
NOKIA CORPORATION	295,000	0.37	109,150.00	0.34%	108.25	31,934,690.64
NORTH FORK BANCORPORATION	360,000	0.60	216,000.00	2.80%	21.46	7,725,407.40
OFFICEMAX INC.	1,950,000	0.00	0.00	0.00%	12.14	23,674,937.22
PARAMETRIC TECHNOLOGY	300,000	0.00	0.00	0.00%	14.94	4,480,520.00
PFIZER INC.	46,000	0.88	40,480.00	0.80%	110.06	5,062,875.00
PROCTER & GAMBLE COMPANY	43,000	1.16	49,880.00	1.46%	79.56	3,421,187.50
PROFFITT'S, INC.	300,000	1.16	348,000.00	3.61%	32.11	9,631,650.00
SAFEWAY INC	550,000	0.00	0.00	0.00%	43.07	23,687,843.30
SAKS INCORPORATED	450,000	0.00	0.00	0.00%	32.94	14,820,874.60

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Company	No. Shares	Dividend Rate	Annual Income	Book Yield	Average Cost	Book Cost
SBC COMMUNICATIONS INC.	525,000	0.98	514,500.00	1.82%	53.94	28,321,030.00
SCHOLASTIC CORPORATION	180,000	0.00	0.00	0.00%	56.71	10,208,129.25
SEALED AIR	150,000	0.00	0.00	0.00%	62.96	9,444,135.00
SOLUTIA INC.	300,000	0.04	12,000.00	0.21%	19.15	5,745,238.48
STARBUCKS CORP.	100,000	0.00	0.00	0.00%	40.12	4,011,538.00
STERLING SOFTWARE	395,000	0.00	0.00	0.00%	24.90	9,835,199.33
TEXACO INC.	580,000	1.80	1,044,000.00	2.82%	63.74	36,967,101.00
TEXAS UTILITIES	150,000	2.30	345,000.00	4.89%	47.01	7,052,085.00
TRAVELERS GROUP INC	300,000	2.30	690,000.00	3.80%	60.55	18,164,850.00
TYCO INTERNATIONAL LTD.	350,000	0.10	35,000.00	0.14%	70.05	24,517,765.00
UNIVISION COMMUNICATIONS	285,000	0.00	0.00	0.00%	34.97	9,966,495.20
WALGREEN COMPANY	70,000	0.13	9,100.00	0.29%	45.15	3,160,625.00
WAL-MART STORES	362,000	0.20	72,400.00	0.28%	72.13	26,111,075.60
WARNER-LAMBERT	420,000	0.80	336,000.00	1.07%	74.68	31,366,621.85
WORLDCOM INC.	500,000	0.00	0.00	0.00%	53.30	26,651,993.50
XIRCOM, INC.	850,000	0.00	0.00	0.00%	33.22	28,241,027.80
ZEBRA TECHNOLOGIES A	700,000	0.00	0.00	0.00%	31.40	21,977,786.25
TOTAL COMMON STOCK BOUGHT			9,639,500.00	0.67%		1,438,629,039.98

STATE OF ARIZONA
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
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OTHER INVESTMENTS ACQUIRED

Name	Coupon	Maturity	Purchase Price	Book Cost
BRIDGE FINANCIAL				
BRIDGE FINANCIAL--15 E. MONROE	12.500	01/05/00	100.00	1,184,000.00
BRIDGE FINANCIAL--69TH & BELL	12.750	10/07/99	100.00	1,600,000.00
BRIDGE FINANCIAL--DESERT MIRAGE GC	11.500	09/09/00	100.00	1,248,000.00
BRIDGE FINANCIAL--GRAND INN	12.500	09/25/00	100.00	1,600,000.00
BRIDGE FINANCIAL--HAWTHORN SUITES	12.500	05/11/00	100.00	2,560,000.00
BRIDGE FINANCIAL--MONTESA HOMES	13.000	05/23/00	100.00	640,000.00
BRIDGE FINANCIAL--SAN TAN RANCH	12.000	07/29/99	100.00	3,088,000.00
BRIDGE FINANCIAL--SCOTTSDALE LINKS	11.500	03/21/01	100.00	1,232,000.00
BRIDGE FINANCIAL--SHEA MEDICAL PLAZA	12.000	05/28/99	100.00	2,240,000.00
TOTAL BRIDGE FINANCIAL ACQUIRED				15,392,000.00
MISCELLANEOUS				
CRYSTAL GARDENS PROPERTIES, LLC	10.000	4/20/00	100.00	2,264,515.62
DESERT TROON PROPERTIES,LLC-SUMMIT PRJCT	10.000	6/24/07	100.00	2,000,000.00
DESERT TROON,LLC			100.00	12,160,000.00
JYH NEVADA, INC.	10.000	3/30/10	100.00	7,426.97
PIVOTAL X,LLC			100.00	22,428,000.00
PIVOTAL X,LLC-SPA AT RED CANYON			100.00	3,420,000.00
TOTAL MISCELLANEOUS ACQUIRED				42,279,942.59
TOTAL OTHER INVESTMENTS ACQUIRED				57,671,942.59

**STATE OF ARIZONA
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SALES AND REDEMPTIONS OF INVESTMENTS
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BONDS SOLD

Security	Coupon	Maturity	Par Value	Sale Price	Accrued Interest	Principal	Amortized Cost	Gain or (Loss)	Amount Due
<i>U.S. TREASURY OBLIGATIONS</i>									
U.S. TREASURY NOTE	5.125	12/31/98	25,000,000.00	99.97656	434,510.87	24,994,140.63	25,012,900.00	(18,759.37)	25,428,651.50
U.S. TREASURY NOTE	6.375	01/15/99	10,000,000.00	100.00000	318,750.00	10,000,000.00	10,038,712.00	(38,712.00)	10,318,750.00
TOTAL U.S. TREASURY OBLIGATIONS			35,000,000.00		753,260.87	34,994,140.63	35,051,612.00	(57,471.37)	35,747,401.50
<i>CORPORATE BONDS</i>									
AUTO BOND RECEIVABLE TRUST	7.100	06/15/21	16,299.30	100.00000	8,810.70	16,299.30	16,299.30	0.00	25,110.00
AUTO BOND RECEIVABLES TRUST	6.400	04/15/99	84,470.16	100.00000	9,227.46	84,470.16	84,470.16	0.00	93,697.62
BELL TELEPHONE OF PENNSYLVANIA	7.500	05/01/13	1,000,000.00	102.04000	36,458.00	1,020,400.00	952,481.00	67,919.00	1,056,858.00
CAJUN ELEC CO-OP TRUST	9.520	03/15/19	11,500,000.00	104.76000	79,062.50	12,047,400.00	11,412,600.00	634,800.00	12,126,462.50
MICHIGAN BELL TELEPHONE CO.	7.750	06/01/11	2,000,000.00	101.63000	9,472.20	2,032,600.00	1,952,266.00	80,334.00	2,042,072.20
OHIO BELL TELEPHONE COMPANY	7.875	10/01/13	1,000,000.00	101.99000	17,937.50	1,019,900.00	987,045.00	32,855.00	1,037,837.50
PAINÉ WEBBER GROUP INC	7.000	03/01/00	10,000,000.00	100.75000	200,277.78	10,075,000.00	9,993,453.00	81,547.00	10,275,277.78
SECURITY PACIFIC CORP.	9.750	05/15/99	1,000,000.00	100.00000	48,750.00	1,000,000.00	999,672.00	328.00	1,048,750.00
SOUTHERN COMPANY CAPITAL TRUST	8.190	02/01/37	10,000,000.00	106.10800	154,700.00	10,610,800.00	10,823,732.00	(212,932.00)	10,765,500.00
TUCSON ELECTRIC POWER COMPANY	7.650	05/01/03	500,000.00	101.06000	12,962.50	505,300.00	500,000.00	5,300.00	518,262.50
TOTAL CORPORATE BONDS			37,100,769.46		577,658.64	38,412,169.46	37,722,018.46	690,151.00	38,989,828.10
TOTAL BONDS SOLD			72,100,769.46		1,330,919.51	73,406,310.09	72,773,630.46	632,679.63	74,737,229.60

**STATE OF ARIZONA
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COMMON STOCK SOLD

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Company	Shares Sold	Sale Price	Amount	Commission + SEC Fee	Net Amount	Book Cost	Gain (Loss) on Sale	% Gain on Sale
3COM CORPORATION	552,000	23.67	13,065,990.30	435.55	13,065,554.75	21,242,911.60	(8,177,356.85)	-38.49%
ABBOTT LABS	55,000	49.08	2,699,592.50	2,839.99	2,696,752.51	773,459.48	1,923,293.03	248.66%
ADAPTEC, INC	300,000	13.76	4,128,838.80	137.65	4,128,701.15	13,528,086.00	(9,399,384.85)	-69.48%
ALLSTATE CORP	350,000	42.41	14,842,039.20	17,994.76	14,824,044.44	6,507,733.40	8,316,311.04	127.79%
AMERICAN HOME PROD	1,440,000	53.15	76,543,053.02	74,551.49	76,468,501.53	21,577,888.89	54,890,612.64	254.38%
AMERICAN INT'L GROUP	440,000	98.24	43,226,785.00	23,440.91	43,203,344.09	13,675,563.18	29,527,780.91	215.92%
AMP INC.	76,650	44.50	3,410,925.00	0.00	3,410,925.00	3,041,664.58	369,260.42	12.14%
AUTOLIV, INC.	119,000	32.91	3,916,187.50	6,080.55	3,910,106.95	3,373,508.39	536,598.56	15.91%
AUTO. DATA PROCESSING	400,000	42.66	17,063,493.50	20,568.81	17,042,924.69	5,801,569.12	11,241,355.57	193.76%
BANC ONE CORPORATION	510,000	45.49	23,201,145.00	26,273.39	23,174,871.61	13,938,817.45	9,236,054.16	66.26%
BELL ATLANTIC CORP.	500,000	42.00	21,001,086.20	25,700.05	20,975,386.15	13,837,912.10	7,137,474.05	51.58%
BESTFOODS	500,000	52.73	26,365,005.25	21,211.97	26,343,793.28	12,044,001.87	14,299,791.41	118.73%
BOEING CO.	790,000	37.53	29,647,154.90	40,488.28	29,606,666.62	37,590,996.00	(7,984,329.38)	-21.24%
CORN PRODUCTS INT'L INC.	150,000	32.63	4,894,125.00	7,663.15	4,886,461.85	2,136,604.18	2,749,857.67	128.70%
CVS CORP	160,000	43.92	7,027,500.00	0.00	7,027,500.00	3,075,262.05	3,952,237.95	128.52%
DIAMOND OFFSHORE DRILL	300,000	22.73	6,817,932.75	15,227.29	6,802,705.46	13,112,207.60	(6,309,502.14)	-48.12%
DISNEY CO. (WALT)	1,050,000	34.36	36,074,039.25	53,702.54	36,020,336.71	20,964,825.00	15,055,511.71	71.81%
ELECTRONIC DATA SYS	470,000	39.49	18,561,990.22	24,118.75	18,537,871.47	15,666,271.74	2,871,599.73	18.33%
EMERSON ELECTRIC	350,000	61.67	21,585,585.00	18,219.54	21,567,365.46	14,675,949.42	6,891,416.04	46.96%
ERICSSON	1,100,000	25.84	28,428,777.50	947.66	28,427,829.84	23,393,105.00	5,034,724.84	21.52%
FEDERATED DEPT STORES	300,000	43.84	13,153,042.00	15,438.45	13,137,603.55	15,384,315.40	(2,246,711.85)	-14.60%
FIRST CHICAGO NBD CORP	525,000	37.30	19,581,868.00	0.00	19,581,868.00	19,581,868.00	0.00	0.00%
GANNETT CO.	150,000	67.59	10,138,947.54	7,837.98	10,131,109.56	3,882,801.34	6,248,308.22	160.92%
GEN MOTORS CO, INC	325,000	72.03	23,410,822.50	17,030.38	23,393,792.12	19,885,314.30	3,508,477.82	17.64%
GTE	350,000	54.13	18,946,609.50	18,131.58	18,928,477.92	10,246,198.46	8,682,279.46	84.74%
GLOBAL MARINE	600,000	8.60	5,158,120.00	30,171.95	5,127,948.05	15,037,191.00	(9,909,242.95)	-65.90%
HEWLETT PACKARD	500,000	71.79	35,894,446.80	26,196.49	35,868,250.31	24,416,295.00	11,451,955.31	46.90%
ILLINOIS TOOL WORKS	375,000	62.75	23,532,949.78	19,534.46	23,513,415.32	9,863,863.40	13,649,551.92	138.38%
IBM	35,000	171.00	5,985,000.00	1,949.50	5,983,050.50	1,708,706.55	4,274,343.95	250.15%
INTERSTATE BAKERIES	450,000	22.54	10,141,130.40	22,838.07	10,118,292.33	15,277,410.00	(5,159,117.67)	-33.77%
JOHNSON & JOHNSON CO	700,000	87.54	61,277,467.72	37,042.61	61,240,425.11	43,279,292.87	17,961,132.24	41.50%
KIMBERLY-CLARK CORP	500,000	44.81	22,404,395.00	25,746.83	22,378,648.17	14,268,341.43	8,110,306.74	56.84%
LILLY ELI	615,000	75.00	46,125,304.30	32,287.54	46,093,016.76	28,177,595.42	17,915,421.34	63.58%
LOEWEN GROUP	390,000	16.27	6,345,602.61	19,711.57	6,325,891.04	10,556,555.91	(4,230,664.87)	-40.08%
MARSH & MCLENNAN COS	1,350,000	58.15	78,496,207.60	70,116.63	78,426,090.97	37,958,638.70	40,467,452.27	106.61%
MCDONALDS CORP	1,100,000	53.11	58,416,415.09	56,947.25	58,359,467.84	28,516,361.55	29,843,106.29	104.65%

**STATE OF ARIZONA
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
SALES AND REDEMPTIONS OF INVESTMENTS
JULY 1, 1998 THROUGH JUNE 30, 1999**

COMMON STOCK SOLD

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Company	Shares Sold	Sale Price	Amount	Commission + SEC Fee	Net Amount	Book Cost	Gain (Loss) on Sale	% Gain on Sale
MERCK & CO.	560,000	90.97	50,943,483.35	29,698.15	50,913,785.20	17,890,462.19	33,023,323.01	184.59%
MOBIL OIL COMPANY	505,000	86.92	43,894,533.40	26,713.17	43,867,820.23	26,079,813.91	17,788,006.32	68.21%
MORTON INT'L CORP	700,000	35.87	25,105,731.00	35,836.87	25,069,894.13	17,195,111.25	7,874,782.88	45.80%
MOTOROLA, INC.	225,000	53.85	12,117,321.13	11,653.93	12,105,667.20	10,225,074.61	1,880,592.59	18.39%
NATIONAL CITY CORP	600,000	69.78	41,868,740.54	31,395.68	41,837,344.86	18,071,503.02	23,765,841.84	131.51%
NORTHROP GRUMMAN	85,000	61.66	5,241,056.36	4,424.71	5,236,631.65	9,665,851.50	(4,429,219.85)	-45.82%
ORTHOLOGIC CORP	141,724	3.59	509,279.91	7,103.23	502,176.68	920,385.65	(418,208.97)	-45.44%
PACIFIC CENT FINANCIAL	1,125,000	20.40	22,946,249.13	57,014.99	22,889,234.14	17,206,443.74	5,682,790.40	33.03%
PARAMETRIC TECH	750,000	15.53	11,651,111.20	388.41	11,650,722.79	18,551,027.00	(6,900,304.21)	-37.20%
PEPSICO INC.	900,000	35.74	32,164,116.93	46,072.18	32,118,044.75	18,613,565.25	13,504,479.50	72.55%
PILGRIM AMERICA CAP	47,572	20.94	996,038.75	2,411.81	993,626.94	297,803.85	695,823.09	233.65%
PNC BANK CORPORATION	600,000	53.57	32,141,075.23	31,071.41	32,110,003.82	14,263,293.75	17,846,710.07	125.12%
PROCTER & GAMBLE CO	493,000	92.39	45,547,839.10	26,168.28	45,521,670.82	29,648,869.52	15,872,801.30	53.54%
QUANTUM CORPORATION	500,000	16.99	8,493,412.00	283.14	8,493,128.86	14,944,508.00	(6,451,379.14)	-43.17%
QUORUM HEALTH GROUP	408,000	10.22	4,169,079.00	138.99	4,168,940.01	10,184,518.80	(6,015,578.79)	-59.07%
RAYTHEON CORPORATION	20,725	56.31	1,167,076.56	1,075.16	1,166,001.40	70,724.20	1,095,277.20	1548.66%
ROYAL DUTCH PETRO	710,000	49.39	35,067,663.80	36,668.94	35,030,994.86	20,313,599.24	14,717,395.62	72.45%
SARA LEE CORP.	1,600,000	28.02	44,839,786.15	81,494.71	44,758,291.44	23,326,178.43	21,432,113.01	91.88%
SCHERING-PLOUGH CORP	625,000	95.78	59,860,589.77	33,245.40	59,827,344.37	15,680,831.32	44,146,513.05	281.53%
SCHLUMBERGER LTD.	660,000	49.80	32,868,603.00	34,095.64	32,834,507.36	20,153,574.37	12,680,932.99	62.92%
STERLING SOFTWARE	400,000	19.78	7,911,055.37	20,263.71	7,890,791.66	8,227,161.34	(336,369.68)	-4.09%
UNION PACIFIC CORP	375,000	41.13	15,422,963.59	19,264.11	15,403,699.48	15,705,609.06	(301,909.58)	-1.92%
UNION PAC RESOURCES	40,800	10.00	408,000.00	2,053.60	405,946.40	982,981.11	(577,034.71)	-58.70%
WALGREEN COMPANY	893,200	39.22	35,030,576.26	45,827.72	34,984,748.54	8,649,403.00	26,335,345.54	304.48%
WARNER-LAMBERT	220,000	72.28	15,900,733.44	11,530.04	15,889,203.40	15,376,836.40	512,367.00	3.33%
TOTAL STOCK SOLD	31,062,671		1,427,775,689.70	1,376,477.60	1,426,399,212.10	910,244,216.89	516,154,995.21	56.71%

STATE OF ARIZONA
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
SALES AND REDEMPTIONS OF INVESTMENTS
JULY 1, 1998 THROUGH JUNE 30, 1999

OTHER INVESTMENTS SOLD

Name	Coupon	Maturity	Sale Price	Book Cost
SBA LOANS				
ALL UNLIMITED--SBA	9.750	05/01/09	100.00	29,044.59
ASAYO HOLDINGS, LTD.--SBA	9.500	07/01/10	100.00	30,219.50
DECO TURTLE L.P.	9.625	03/15/15	100.00	13,334.18
EQUITY PARTNERSHIP	9.250	03/31/08	100.00	94,493.58
JYH NEVADA, INC.	10.000	03/30/10	100.00	675,175.91
NIARKOS--SBA	10.000	05/01/14	100.00	15,810.31
TOTAL SBA SOLD				858,078.07
BRIDGE FINANCIAL				
BRIDGE FINANCIAL--AMBASSADOR INN OF PHX	13.000	03/09/98	100.00	1,664,000.00
BRIDGE FINANCIAL--BELL LOAN	13.000	07/22/99	100.00	1,644,800.00
BRIDGE FINANCIAL--CRYSTAL SPRINGS	12.750	08/17/99	100.00	23,200.00
BRIDGE FINANCIAL--GREENFIELD LAKES GO	12.750	10/31/99	100.00	1,120,000.00
BRIDGE FINANCIAL--HOLIDAY INN III	12.625	07/07/98	100.00	5,024,000.00
BRIDGE FINANCIAL--MONTESA HOMES	13.000	05/23/00	100.00	640,000.00
BRIDGE FINANCIAL--PIONEER INDUST. PARK	15.000	05/24/99	100.00	919,624.80
BRIDGE FINANCIAL--SAN TAN RANCH	12.000	07/29/99	100.00	3,088,000.00
BRIDGE FINANCIAL--TARGET STORE SITE	12.625	04/01/99	100.00	1,440,000.00
BRIDGE FINANCIAL--UNITED HOMES	12.500	03/26/99	100.00	1,651,200.00
BRIDGE FINANCIAL--WHITE PEAK LAND	14.000	06/19/99	100.00	2,432,000.00
TOTAL BRIDGE FINANCIAL SOLD				19,646,824.80
MISCELLANEOUS				
CRYSTAL GARDENS PROPERTIES, LLC	10.000	04/20/00	100.00	1,813,089.36
PEBBLECREEK PROPERTIES L.P.	10.000	02/19/02	100.00	205,926.19
PIVOTAL X,LLC			100.00	560,000.00
TALLEY PROPERTIES	12.000	12/01/01	100.00	5,016,250.00
WALKER COTTON SEED, INC.	14.000	12/20/06	100.00	46,897.23
TOTAL MISCELLANEOUS SOLD				7,642,162.78
TOTAL OTHER INVESTMENTS SOLD				28,147,065.65

**STATE OF ARIZONA
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
INVESTMENTS OWNED
JUNE 30, 1999**

BOND PORTFOLIO

Par Value	Security	Coupon	Maturity	Book Cost	Book Price	Current Price	Current Value	Gain or (Loss)	Annual Income	Book Yield	YTM
U.S. TREASURY OBLIGATIONS											
13,000,000.00	U.S. TREASURY BOND	11.750	02/15/01	13,226,432.00	101.74178	109.56200	14,243,060.00	1,016,628.00	1,527,500.00	11.55	10.720
3,000,000.00	U.S. TREASURY BOND	13.125	05/15/01	2,994,061.00	99.80203	113.25000	3,397,500.00	403,439.00	393,750.00	13.15	11.590
6,500,000.00	U.S. TREASURY BOND	9.375	02/15/06	6,534,261.00	100.52709	118.51600	7,703,540.00	1,169,279.00	609,375.00	9.33	7.910
10,000,000.00	U.S. TREASURY BOND	9.125	05/15/09	9,996,608.00	99.96608	112.75000	11,275,000.00	1,278,392.00	912,500.00	9.13	8.090
10,000,000.00	U.S. TREASURY BOND	10.375	11/15/09	9,931,696.00	99.31696	119.43700	11,943,700.00	2,012,004.00	1,037,500.00	10.45	8.690
2,000,000.00	U.S. TREASURY BOND	11.750	02/15/10	1,981,847.00	99.09235	126.67200	2,533,440.00	551,593.00	235,000.00	11.86	9.280
15,000,000.00	U.S. TREASURY BOND	10.000	05/15/10	15,036,204.00	100.24136	119.12500	17,868,750.00	2,832,546.00	1,500,000.00	9.98	8.390
5,000,000.00	U.S. TREASURY BOND	12.750	11/15/10	4,935,089.00	98.70178	134.81200	6,740,600.00	1,805,511.00	637,500.00	12.92	9.460
10,000,000.00	U.S. TREASURY BOND	7.500	11/15/16	9,586,171.00	95.86171	112.70300	11,270,300.00	1,684,129.00	750,000.00	7.82	6.650
10,000,000.00	U.S. TREASURY BOND	9.125	05/15/18	10,000,000.00	100.00000	131.07800	13,107,800.00	3,107,800.00	912,500.00	9.13	6.960
10,000,000.00	U.S. TREASURY BOND	8.125	08/15/19	10,009,175.00	100.09175	120.78100	12,078,100.00	2,068,925.00	812,500.00	8.12	6.730
10,000,000.00	U.S. TREASURY BOND	8.000	11/15/21	10,000,000.00	100.00000	120.57800	12,057,800.00	2,057,800.00	800,000.00	8.00	6.630
10,000,000.00	U.S. TREASURY NOTE	6.375	07/15/99	10,000,090.00	100.00090	100.09400	10,009,400.00	9,310.00	637,500.00	6.37	6.370
10,000,000.00	U.S. TREASURY NOTE	6.000	10/15/99	10,012,945.00	100.12945	100.29700	10,029,700.00	16,755.00	600,000.00	5.99	5.980
45,000,000.00	U.S. TREASURY NOTE	5.500	04/15/00	45,060,922.00	100.13538	100.17200	45,077,400.00	16,478.00	2,475,000.00	5.49	5.490
15,000,000.00	U.S. TREASURY NOTE	7.750	02/15/01	15,504,011.00	103.36007	103.48400	15,522,600.00	18,589.00	1,162,500.00	7.50	7.490
15,000,000.00	U.S. TREASURY NOTE	7.875	08/15/01	15,662,742.00	104.41828	104.56200	15,684,300.00	21,558.00	1,181,250.00	7.54	7.530
20,000,000.00	U.S. TREASURY NOTE	7.500	11/15/01	20,756,104.00	103.78052	104.17200	20,834,400.00	78,296.00	1,500,000.00	7.23	7.200
219,500,000.00	TOTAL U.S. TREASURY OBLIGATIONS			221,228,358.00	100.78741		241,377,390.00	20,149,032.00	17,684,375.00	8.0%	7.3%
FEDERAL AGENCY OBLIGATIONS											
629,728.38	GNMA POOL #153415	9.000	04/15/16	600,996.99	0.95000	106.49900	670,654.43	69,657.44	56,675.55	9.43	8.450
430,567.77	GNMA POOL #154058	9.000	06/15/16	417,106.08	0.97000	106.49900	458,550.37	41,444.29	38,751.10	9.29	8.450
288,614.10	GNMA POOL #155684	9.000	05/15/16	266,900.41	0.92000	106.46400	307,270.12	40,369.71	25,975.27	9.73	8.450
35,809.65	GNMA POOL #155939	9.000	08/15/16	33,115.52	0.92000	106.49900	38,136.92	5,021.40	3,222.87	9.73	8.450
381,784.13	GNMA POOL #156462	9.000	07/15/16	369,862.10	0.97000	106.49900	406,596.28	36,734.18	34,360.57	9.29	8.450
814,159.23	GNMA POOL #159801	9.000	09/15/19	791,769.81	0.97000	106.68700	868,602.06	76,832.25	73,274.33	9.25	8.440
297,422.61	GNMA POOL #160350	9.000	05/15/16	290,730.59	0.98000	106.44600	316,594.47	25,863.88	26,768.03	9.21	8.450
407,125.39	GNMA POOL #161638	9.000	09/15/16	377,731.37	0.93000	106.48200	433,515.26	55,783.89	36,641.29	9.70	8.450
659,795.29	GNMA POOL #161682	9.000	07/15/16	656,290.08	0.99000	106.49900	702,675.39	46,385.31	59,381.58	9.05	8.450
244,830.15	GNMA POOL #161684	9.000	07/15/16	239,168.46	0.98000	106.49900	260,741.66	21,573.20	22,034.71	9.21	8.450
60,416.44	GNMA POOL #162599	9.000	06/15/16	56,942.50	0.94000	106.87400	64,569.47	7,626.97	5,437.48	9.55	8.420
486,589.25	GNMA POOL #164468	9.000	12/15/16	449,980.99	0.92000	106.48200	518,129.97	68,148.98	43,793.03	9.73	8.450

**STATE OF ARIZONA
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
INVESTMENTS OWNED
JUNE 30, 1999**

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BOND PORTFOLIO

Par Value	Security	Coupon	Maturity	Book Cost	Book Price	Current Price	Current Value	Gain or (Loss)	Annual Income	Book Yield	YTM
955,555.21	GNMA POOL #164501	9.000	08/15/16	934,402.99	0.98000	106.49900	1,017,656.74	83,253.75	85,999.97	9.20	8.450
2,762,278.69	GNMA POOL #164681	9.000	10/15/16	2,697,537.88	0.98000	106.49900	2,941,799.18	244,261.30	248,605.08	9.22	8.450
507,570.97	GNMA POOL #164924	9.000	09/15/16	469,384.18	0.92000	106.49900	540,558.01	71,173.83	45,681.39	9.73	8.450
608,173.71	GNMA POOL #165172	9.000	06/15/16	562,418.14	0.92000	106.49900	647,698.92	85,280.78	54,735.63	9.73	8.450
446,473.95	GNMA POOL #168283	9.000	08/15/16	423,319.12	0.95000	106.48200	475,414.39	52,095.27	40,182.66	9.49	8.450
283,195.37	GNMA POOL #172800	9.000	08/15/16	272,310.05	0.96000	106.49900	301,600.24	29,290.19	25,487.58	9.36	8.450
1,560,716.46	GNMA POOL #173847	9.000	09/15/16	1,539,744.37	0.99000	106.49900	1,662,147.42	122,403.05	140,464.48	9.12	8.450
533,912.08	GNMA POOL #174829	9.000	09/15/16	526,737.68	0.99000	106.49900	568,611.03	41,873.35	48,052.09	9.12	8.450
92,044.65	GNMA POOL #175236	9.000	10/15/16	91,124.22	0.99000	106.48200	98,010.98	6,886.76	8,284.02	9.09	8.450
17,012.31	GNMA POOL #175243	9.000	11/15/16	16,055.37	0.94000	106.87400	18,181.74	2,126.37	1,531.11	9.54	8.420
1,095,420.90	GNMA POOL #178234	9.000	11/15/16	1,012,923.90	0.92000	106.49900	1,166,612.30	153,688.40	98,587.88	9.73	8.450
545,129.00	GNMA POOL #182491	9.000	12/15/16	532,863.61	0.98000	106.49900	580,556.93	47,693.32	49,061.61	9.21	8.450
151,042.14	GNMA POOL #182914	9.000	10/15/16	149,531.72	0.99000	106.49900	160,858.37	11,326.65	13,593.79	9.09	8.450
426,251.05	GNMA POOL #183553	9.000	08/15/17	416,660.39	0.98000	106.81200	455,287.27	38,626.88	38,362.59	9.21	8.430
497,978.98	GNMA POOL #183715	9.000	11/15/16	483,506.51	0.97000	106.49900	530,342.63	46,836.12	44,818.11	9.27	8.450
1,618,844.39	GNMA POOL #183733	9.000	01/15/17	1,496,925.28	0.92000	106.49900	1,724,053.09	227,127.81	145,696.00	9.73	8.450
130,859.47	GNMA POOL #184707	9.000	12/15/16	126,729.23	0.97000	106.49900	139,364.03	12,634.80	11,777.35	9.29	8.450
283,094.99	GNMA POOL #185639	9.000	11/15/16	275,663.76	0.97000	106.49900	301,493.33	25,829.57	25,478.55	9.24	8.450
863,396.00	GNMA POOL #187705	9.000	01/15/17	836,145.07	0.97000	106.81200	922,210.54	86,065.47	77,705.64	9.29	8.430
389,366.42	GNMA POOL #188192	9.000	05/15/17	377,198.76	0.97000	106.49900	414,671.34	37,472.58	35,042.98	9.29	8.450
1,044,258.23	GNMA POOL #190921	9.000	12/15/16	1,015,377.98	0.97000	106.87400	1,116,040.54	100,662.56	93,983.24	9.26	8.420
63,345.36	GNMA POOL #191487	9.000	01/15/17	61,801.34	0.98000	106.81200	67,660.45	5,859.11	5,701.08	9.22	8.430
552,826.95	GNMA POOL #191648	9.000	05/15/17	524,149.01	0.95000	106.81200	590,485.52	66,336.51	49,754.43	9.49	8.430
547,013.16	GNMA POOL #191943	9.000	07/15/18	518,465.90	0.95000	106.74900	583,931.08	65,465.18	49,231.18	9.50	8.430
676,702.75	GNMA POOL #194468	9.000	12/15/16	655,555.66	0.97000	106.49900	720,681.66	65,126.00	60,903.25	9.29	8.450
78,010.89	GNMA POOL #198466	9.000	02/15/17	76,109.36	0.98000	106.49900	83,080.82	6,971.46	7,020.98	9.22	8.450
52,945.86	GNMA POOL #204136	9.000	05/15/17	51,969.63	0.98000	106.49900	56,386.81	4,417.18	4,765.13	9.17	8.450
440,690.51	GNMA POOL #206683	9.000	04/15/20	420,859.44	0.96000	106.59300	469,745.24	48,885.80	39,662.15	9.42	8.440
453,241.91	GNMA POOL #208638	9.000	05/15/17	429,730.38	0.95000	106.81200	484,116.75	54,386.37	40,791.77	9.49	8.430
532,146.95	GNMA POOL #210798	9.000	07/15/18	490,406.65	0.92000	106.74900	568,061.55	77,654.90	47,893.23	9.77	8.430
317,346.98	GNMA POOL #216520	9.000	05/15/17	300,884.59	0.95000	106.49900	337,971.36	37,086.77	28,561.23	9.49	8.450
425,708.20	GNMA POOL #221494	9.000	07/15/17	395,110.44	0.93000	106.81200	454,707.44	59,597.00	38,313.74	9.70	8.430
1,507,945.21	GNMA POOL #221509	9.000	12/15/16	1,462,706.87	0.97000	106.49900	1,605,946.57	143,239.70	135,715.07	9.28	8.450
335,431.69	GNMA POOL #223273	9.000	04/15/18	317,087.78	0.95000	106.74900	358,069.97	40,982.19	30,188.85	9.52	8.430
440,711.08	GNMA POOL #223282	9.000	05/15/18	421,398.40	0.96000	106.49900	469,352.89	47,954.49	39,664.00	9.41	8.450
253,920.04	GNMA POOL #223307	9.000	04/15/18	242,890.49	0.96000	106.74900	271,057.10	28,166.61	22,852.80	9.41	8.430

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112,357.03	GNMA POOL #225586	9.000	05/15/18	105,896.51	0.94000	106.74900	119,940.01	14,043.50	10,112.13	9.55	8.430
232,719.36	GNMA POOL #226614	10.000	11/15/17	231,264.89	0.99000	106.65700	248,211.49	16,946.60	23,271.94	10.06	9.380
69,850.34	GNMA POOL #228184	9.000	05/15/18	65,833.98	0.94000	106.74900	74,564.54	8,730.56	6,286.53	9.55	8.430
424,557.31	GNMA POOL #228233	9.000	05/15/18	384,357.05	0.91000	106.74900	453,210.68	68,853.63	38,210.16	9.94	8.430
912,373.88	GNMA POOL #229731	9.000	07/15/17	846,796.98	0.93000	106.81200	974,524.79	127,727.81	82,113.65	9.70	8.430
595,836.17	GNMA POOL #232531	9.000	10/15/17	582,429.85	0.98000	106.81200	636,424.53	53,994.68	53,625.26	9.21	8.430
404,300.01	GNMA POOL #234450	9.000	04/15/18	388,759.77	0.96000	106.74900	431,586.22	42,826.45	36,387.00	9.36	8.430
121,905.03	GNMA POOL #235308	10.000	10/15/17	121,143.13	0.99000	106.59300	129,942.23	8,799.10	12,190.50	10.06	9.380
285,244.82	GNMA POOL #236041	10.000	11/15/17	282,035.81	0.99000	106.65700	304,233.57	22,197.76	28,524.48	10.11	9.380
32,347.41	GNMA POOL #236835	10.000	11/15/17	32,217.73	1.00000	106.71300	34,518.89	2,301.16	3,234.74	10.04	9.370
187,673.10	GNMA POOL #236936	9.000	04/15/18	176,764.59	0.94000	106.74900	200,339.16	23,574.57	16,890.58	9.56	8.430
440,127.50	GNMA POOL #236937	9.000	04/15/18	419,909.16	0.95000	106.74900	469,831.70	49,922.54	39,611.48	9.43	8.430
123,459.60	GNMA POOL #236939	9.000	04/15/18	116,360.70	0.94000	106.74900	131,791.89	15,431.19	11,111.36	9.55	8.430
501,772.21	GNMA POOL #237138	10.000	10/15/17	498,636.12	0.99000	106.65700	535,175.19	36,539.07	50,177.22	10.06	9.380
95,289.81	GNMA POOL #237195	9.000	06/15/18	88,113.32	0.92000	106.74900	101,720.92	13,607.60	8,576.08	9.73	8.430
34,553.27	GNMA POOL #238133	9.000	04/15/18	33,084.78	0.96000	106.74900	36,885.27	3,800.49	3,109.79	9.40	8.430
848,143.96	GNMA POOL #247506	9.000	01/15/20	826,145.22	0.97000	106.59300	904,062.09	77,916.87	76,332.96	9.24	8.440
785,130.93	GNMA POOL #249621	9.000	05/15/18	728,454.26	0.93000	106.74900	838,119.42	109,665.16	70,661.78	9.70	8.430
445,823.46	GNMA POOL #252052	9.000	06/15/18	421,442.48	0.95000	106.74900	475,912.09	54,469.61	40,124.11	9.52	8.430
603,687.77	GNMA POOL #252055	9.000	06/15/18	556,335.99	0.92000	106.74900	644,430.66	88,094.67	54,331.90	9.77	8.430
292,199.87	GNMA POOL #256372	9.000	10/15/19	285,990.62	0.98000	106.68700	311,739.28	25,748.66	26,297.99	9.20	8.440
337,975.06	GNMA POOL #257869	9.000	09/15/19	326,990.84	0.97000	106.68700	360,575.45	33,584.61	30,417.76	9.30	8.440
96,982.65	GNMA POOL #260334	9.000	09/15/18	89,224.04	0.92000	106.74900	103,528.01	14,303.97	8,728.44	9.78	8.430
262,664.01	GNMA POOL #266545	9.000	01/15/19	243,702.94	0.93000	106.68700	280,228.35	36,525.41	23,639.76	9.70	8.440
390,108.74	GNMA POOL #271090	9.000	10/15/19	381,818.92	0.98000	106.68700	416,195.31	34,376.39	35,109.79	9.20	8.440
635,917.14	GNMA POOL #271897	9.000	09/15/19	616,839.59	0.97000	106.68700	678,440.92	61,601.33	57,232.54	9.28	8.440
424,724.31	GNMA POOL #273548	9.000	09/15/19	411,053.50	0.97000	106.68700	453,125.62	42,072.12	38,225.19	9.30	8.440
1,311,981.48	GNMA POOL #274140	9.000	09/15/19	1,270,162.06	0.97000	106.68700	1,399,713.68	129,551.62	118,078.33	9.30	8.440
417,178.31	GNMA POOL #277907	9.000	11/15/19	414,049.52	0.99000	106.68700	445,075.02	31,025.50	37,546.05	9.07	8.440
391,406.20	GNMA POOL #282815	9.000	11/15/19	388,042.59	0.99000	106.68700	417,579.53	29,536.94	35,226.56	9.08	8.440
337,840.18	GNMA POOL #284420	9.000	02/15/20	324,326.56	0.96000	106.59300	360,113.98	35,787.42	30,405.62	9.38	8.440
632,583.76	GNMA POOL #285101	9.000	04/15/20	599,373.15	0.95000	106.59300	674,290.01	74,916.86	56,932.54	9.50	8.440
333,792.31	GNMA POOL #285593	9.000	02/15/20	322,944.04	0.97000	106.59300	355,799.24	32,855.20	30,041.31	9.30	8.440
208,319.66	GNMA POOL #285654	9.000	05/15/20	197,382.89	0.95000	106.59300	222,054.18	24,671.29	18,748.77	9.50	8.440
948,565.45	GNMA POOL #286371	9.000	02/15/20	906,472.78	0.96000	106.59300	1,011,104.37	104,631.59	85,370.89	9.42	8.440
656,308.68	GNMA POOL #286427	9.000	04/15/20	626,774.77	0.95000	106.59300	699,579.11	72,804.34	59,067.78	9.42	8.440

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311,851.09	GNMA POOL #287851	9.000	04/14/20	299,378.71	0.96000	106.59300	332,411.43	33,032.72	28,066.60	9.37	8.440
373,203.05	GNMA POOL #290000	9.000	04/15/20	373,203.05	1.00000	106.59300	397,808.33	24,605.28	33,588.27	9.00	8.440
352,514.25	GNMA POOL #290057	9.000	06/15/20	352,514.25	1.00000	106.59300	375,755.51	23,241.26	31,726.28	9.00	8.440
285,652.79	GNMA POOL #291136	9.000	05/15/20	268,335.10	0.94000	106.59300	304,485.88	36,150.78	25,708.75	9.58	8.440
336,599.16	GNMA POOL #295076	9.000	12/15/20	336,493.95	1.00000	106.59300	358,791.14	22,297.19	30,293.92	9.00	8.440
446,462.51	GNMA POOL #297590	9.000	03/15/21	446,323.01	1.00000	106.49900	475,478.11	29,155.10	40,181.63	9.00	8.450
135,390.07	GNMA POOL #298952	9.000	04/15/21	135,390.07	1.00000	106.49900	144,189.07	8,799.00	12,185.11	9.00	8.450
1,004,789.84	GNMA POOL #319521	8.000	02/15/22	998,195.92	0.99000	103.09300	1,035,867.99	37,672.07	80,383.19	8.05	7.760
11,704,883.78	GNMA POOL #337419	7.000	06/15/23	10,986,130.93	0.94000	99.03100	11,591,463.46	605,332.53	819,341.86	7.46	7.070
4,204,989.91	GNMA POOL #345731	8.000	05/15/24	4,177,394.67	0.99000	102.93700	4,328,490.46	151,095.79	336,399.19	8.05	7.770
1,460,222.71	GNMA POOL #348865	8.000	06/15/23	1,450,640.01	0.99000	102.90600	1,502,656.78	52,016.77	116,817.82	8.05	7.770
1,696,141.43	GNMA POOL #352219	8.000	04/15/23	1,685,010.49	0.99000	102.90600	1,745,431.30	60,420.81	135,691.31	8.05	7.770
6,695,489.96	GNMA POOL #352964	7.000	05/15/24	6,264,467.79	0.94000	98.96900	6,626,459.46	361,991.67	468,684.30	7.48	7.070
9,612,064.39	GNMA POOL #366756	7.000	03/15/24	8,993,287.78	0.94000	98.96900	9,512,964.01	519,676.23	672,844.51	7.48	7.070
5,501,023.33	GNMA POOL #371734	7.000	04/15/24	5,146,894.94	0.94000	98.96900	5,444,307.78	297,412.84	385,071.63	7.48	7.070
13,676,519.92	GNMA POOL #377589	7.500	08/15/25	13,638,054.71	1.00000	100.96800	13,808,908.63	170,853.92	1,025,738.99	7.52	7.430
3,314,313.20	GNMA POOL #386030	7.000	05/15/24	3,100,954.31	0.94000	98.96900	3,280,142.63	179,188.32	232,001.92	7.48	7.070
3,554,876.86	GNMA POOL #398831	8.000	08/15/26	3,549,322.36	1.00000	102.84300	3,655,942.01	106,619.65	284,390.15	8.01	7.780
2,651,579.71	GNMA POOL #402544	7.500	04/15/26	2,643,707.93	1.00000	100.93700	2,676,425.01	32,717.08	198,868.48	7.52	7.430
5,236,832.73	GNMA POOL #403979	8.500	10/15/24	5,147,642.83	0.98000	104.78100	5,487,205.70	339,562.87	445,130.78	8.65	8.110
6,576,820.25	GNMA POOL #405618	7.500	04/15/26	6,568,599.21	1.00000	100.93700	6,638,445.06	69,845.85	493,261.52	7.51	7.430
3,129,475.32	GNMA POOL #417666	7.500	08/15/25	3,120,184.62	1.00000	100.96800	3,159,768.64	39,584.02	234,710.65	7.52	7.430
3,200,585.64	GNMA POOL #421711	7.500	04/15/26	3,196,584.89	1.00000	100.93700	3,230,575.13	33,990.24	240,043.92	7.51	7.430
3,124,738.25	GNMA POOL #429356	7.500	03/15/26	3,115,461.76	1.00000	100.93700	3,154,017.05	38,555.29	234,355.37	7.52	7.430
1,749,058.24	GNMA POOL #430384	8.000	08/15/26	1,746,325.35	1.00000	102.84300	1,798,783.97	52,458.62	139,924.66	8.01	7.780
4,717,753.05	GNMA POOL #432701	8.000	06/15/26	4,717,753.05	1.00000	102.84300	4,851,878.77	134,125.72	377,420.24	8.00	7.780
1,316,214.01	GNMA POOL #438772	8.000	08/15/26	1,314,157.42	1.00000	102.84300	1,353,633.97	39,476.55	105,297.12	8.01	7.780
2,071,212.37	GNMA POOL #438778	8.000	08/15/26	2,067,976.10	1.00000	102.84300	2,130,096.94	62,120.84	165,696.99	8.01	7.780
5,760,091.73	GNMA POOL #439645	8.000	09/15/26	5,756,491.66	1.00000	102.84300	5,923,851.14	167,359.48	460,807.34	8.01	7.780
9,999,000.00	GNMA POOL #470493	7.000	06/15/29	9,927,132.20	0.99000	100.00000	9,999,000.00	71,867.80	699,930.00	7.05	7.000
4,044,316.00	GNMA POOL #472997	7.000	06/15/29	4,022,830.57	0.99000	100.00000	4,044,316.00	21,485.43	283,102.12	7.04	7.000
8,999,107.47	GNMA POOL #482784	7.000	10/15/28	8,934,426.45	0.99000	100.00000	8,999,107.47	64,681.02	629,937.52	7.05	7.000
8,999,107.20	GNMA POOL #486539	7.000	09/15/28	8,934,426.18	0.99000	98.65600	8,878,159.20	(56,266.98)	629,937.50	7.05	7.100
8,261,615.00	GNMA POOL #499876	7.000	06/15/29	8,217,725.17	0.99000	100.00000	8,261,615.00	43,889.83	578,313.05	7.04	7.000
6,659,273.00	GNMA POOL #500931	7.000	06/15/29	6,623,895.61	0.99000	100.00000	6,659,273.00	35,377.39	466,149.11	7.04	7.000
1,034,569.00	GNMA POOL #504418	7.000	06/15/29	1,029,072.85	0.99000	100.00000	1,034,569.00	5,496.15	72,419.83	7.04	7.000

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15,000,227.00	GNMA POOL #505728	7.000	06/15/29	14,920,538.29	0.99000	100.00000	15,000,227.00	79,688.71	1,050,015.89	7.04	7.000
6,999,300.00	GNMA POOL #510958	7.000	05/15/29	6,948,992.54	0.99000	100.00000	6,999,300.00	50,307.46	489,951.00	7.05	7.000
23,393,987.54	GNMA POOL #780076	8.000	02/15/25	22,990,074.83	0.98000	102.93700	24,081,068.95	1,090,994.12	1,871,519.00	8.14	7.770
27,339,413.28	GNMA POOL #780220	7.500	08/15/25	27,330,869.71	1.00000	101.06200	27,629,757.85	298,888.14	2,050,456.00	7.50	7.420
266,094,370.72	TOTAL FEDERAL AGENCY OBLIGATIONS			260,964,273.45	98.07208		270,797,656.86	9,833,383.41	20,392,782.94	7.8%	7.5%
CORPORATE BONDS											
10,500,000.00	AGL CAPITAL TRUST	8.170	06/01/37	10,701,864.50	101.92252	107.27700	11,264,085.00	562,220.50	857,850.00	8.02	7.620
16,000,000.00	AMERICAN UNITED LIFE INS CO	7.750	03/30/26	15,225,345.00	95.15841	98.80900	15,809,440.00	584,095.00	1,240,000.00	8.14	7.840
34,000,000.00	ANTHEM INSURANCE COMPANY	9.000	04/01/27	35,754,379.00	105.15994	99.41400	33,800,760.00	(1,953,619.00)	3,060,000.00	8.56	9.050
163,007.57	AUTO BOND RECEIVABLE	7.100	06/15/21	163,007.57	100.00000	99.99800	163,004.31	(3.26)	11,573.54	7.10	7.100
116,514.95	AUTO BOND RECEIVABLE	6.400	04/15/99	116,514.95	100.00000	100.01200	116,528.93	13.98	7,456.96	6.40	6.400
10,000,000.00	BANKERS TRUST	7.750	12/01/26	9,729,725.00	97.29725	96.77900	9,677,900.00	(51,825.00)	775,000.00	7.97	8.010
12,000,000.00	BANKERS TRUST CORP 144A	8.090	12/01/26	12,000,000.00	100.00000	98.88400	11,866,080.00	(133,920.00)	970,800.00	8.09	8.180
10,000,000.00	BEAR STEARNS COS INC	8.750	03/15/04	10,374,635.00	103.74635	107.48700	10,748,700.00	374,065.00	875,000.00	8.43	8.140
5,500,000.00	CAROLINA POWER & LIGHT CO	7.500	03/01/23	5,478,244.00	99.60444	95.10300	5,230,665.00	(247,579.00)	412,500.00	7.53	7.890
10,500,000.00	COUNTRYWIDE CAPITAL I	8.000	12/15/26	10,500,000.00	100.00000	94.33900	9,905,595.00	(594,405.00)	840,000.00	8.00	8.480
5,000,000.00	DISCOVER CREDIT	9.100	04/13/12	5,000,000.00	100.00000	115.55900	5,777,950.00	777,950.00	455,000.00	9.10	7.870
19,000,000.00	FARMERS INSUR EXCHANGE	8.625	05/01/24	17,528,811.00	92.25690	108.57700	20,629,630.00	3,100,819.00	1,638,750.00	9.35	7.940
8,000,000.00	FIRST EMPIRE CAPITAL TRUST I	8.234	02/01/27	8,673,089.00	108.41361	96.36400	7,709,120.00	(963,969.00)	658,720.00	7.59	8.540
10,000,000.00	FIRST EMPIRE CAPITAL TRUST I	8.277	06/01/27	10,556,665.00	105.56665	97.83800	9,783,800.00	(772,865.00)	827,700.00	7.84	8.460
14,000,000.00	FIRST HAWAIIAN CAP TRUST	8.343	07/01/27	14,829,426.00	105.92447	97.34400	13,628,160.00	(1,201,266.00)	1,168,020.00	7.88	8.570
5,568,750.00	FIRSTPLUS HOME IMPROVEMEN	8.300	02/20/22	5,558,138.58	99.80945	104.38900	5,813,162.44	255,023.86	462,206.25	8.32	7.950
5,000,000.00	FORD CAPITAL BV	10.125	11/15/00	5,018,709.00	100.37418	104.95000	5,247,500.00	228,791.00	506,250.00	10.09	9.650
5,000,000.00	FORD MOTOR COMPANY	9.500	09/15/11	4,997,497.00	99.94994	118.49000	5,924,500.00	927,003.00	475,000.00	9.50	8.020
10,000,000.00	FUND AMERICA ENTERPRISES	7.750	02/01/03	10,054,336.00	100.54336	102.09100	10,209,100.00	154,764.00	775,000.00	7.71	7.590
17,000,000.00	GENERAL AMERICAN LIFE INS	7.625	01/15/24	14,944,793.00	87.91055	96.11900	16,340,230.00	1,395,437.00	1,296,250.00	8.67	7.930
10,000,000.00	GOLDMAN SACHS GROUP INC.	8.000	03/01/13	9,964,707.00	99.64707	106.81300	10,681,300.00	716,593.00	800,000.00	8.03	7.490
5,000,000.00	ICI WILMINGTON INC.	8.750	05/01/01	5,083,887.00	101.67774	104.01500	5,200,750.00	116,863.00	437,500.00	8.61	8.410
15,000,000.00	J HANCOCK MUTUAL LIFE INS	7.375	02/15/24	14,031,196.00	93.54131	101.09300	15,163,950.00	1,132,754.00	1,106,250.00	7.88	7.300
11,000,000.00	JPM CAPITAL TRUST II	7.950	02/01/27	11,501,607.00	104.56006	99.57100	10,952,810.00	(548,797.00)	874,500.00	7.60	7.980
10,000,000.00	LEHMAN BROS HOLDINGS, INC.	8.750	05/15/02	10,185,774.00	101.85774	104.75600	10,475,600.00	289,826.00	875,000.00	8.59	8.350
5,000,000.00	LEHMAN BROS HOLDINGS INC	8.500	05/01/07	5,229,572.00	104.59144	107.33400	5,366,700.00	137,128.00	425,000.00	8.13	7.920
5,000,000.00	LEHMAN BROS HOLDINGS INC	8.800	03/01/15	5,580,122.76	111.60246	107.20000	5,360,000.00	(220,122.76)	440,000.00	7.89	8.210

**STATE OF ARIZONA
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BOND PORTFOLIO

Par Value	Security	Coupon	Maturity	Book Cost	Book Price	Current Price	Current Value	Gain or (Loss)	Annual Income	Book Yield	YTM
28,000,000.00	LUMBERMANS MUT CASUALTY	9.150	07/01/26	31,877,036.00	113.84656	108.41800	30,357,040.00	(1,519,996.00)	2,562,000.00	8.04	8.440
12,000,000.00	LUMBERMANS MUT CASUALTY	8.300	12/01/37	12,989,827.00	108.24856	96.80800	11,616,960.00	(1,372,867.00)	996,000.00	7.67	8.570
10,000,000.00	MERRILL LYNCH & COMPANY	8.000	06/01/07	10,000,000.00	100.00000	106.82500	10,682,500.00	682,500.00	800,000.00	8.00	7.490
25,315,000.00	NATIONWIDE MUTUAL INS CO	7.500	02/15/24	24,325,631.00	96.09177	95.31000	24,127,726.50	(197,904.50)	1,898,625.00	7.81	7.870
15,000,000.00	NEW ENGLAND MUT LIFE INSUR	7.875	02/15/24	14,822,860.00	98.81907	103.76500	15,564,750.00	741,890.00	1,181,250.00	7.97	7.590
14,000,000.00	OHIO NATIONAL LIFE INSUR	8.500	05/15/26	14,264,242.00	101.88744	106.80100	14,952,140.00	687,898.00	1,190,000.00	8.34	7.960
5,000,000.00	PACIFIC GAS & ELECTRIC CO.	7.250	03/01/26	4,829,063.00	96.58126	94.56000	4,728,000.00	(101,063.00)	362,500.00	7.51	7.670
10,000,000.00	PACIFIC MUTUAL LIFE INSUR	7.900	12/30/23	9,894,004.00	98.94004	105.24500	10,524,500.00	630,496.00	790,000.00	7.98	7.510
10,000,000.00	PAINE WEBER GROUP INC	7.605	07/17/17	9,738,707.00	97.38707	98.10500	9,810,500.00	71,793.00	760,500.00	7.81	7.750
17,000,000.00	PMI CAPITAL	8.309	02/01/27	17,549,278.00	103.23105	97.10000	16,507,000.00	(1,042,278.00)	1,412,530.00	8.05	8.560
10,000,000.00	POTOMAC CAPITAL INV CORP	7.100	03/09/00	10,000,000.00	100.00000	101.12600	10,112,600.00	112,600.00	710,000.00	7.10	7.020
23,200,000.00	PRINCIPAL MUTUAL LIFE INS CO	7.875	03/01/24	22,692,446.00	97.81227	105.10900	24,385,288.00	1,692,842.00	1,827,000.00	8.05	7.490
10,000,000.00	PRUDENTIAL FUNDING	6.750	09/15/23	8,386,589.00	83.86589	90.31500	9,031,500.00	644,911.00	675,000.00	8.05	7.470
16,000,000.00	PRUDENTIAL INSUR OF AMERIC,	8.300	07/01/25	15,670,498.00	97.94061	110.58000	17,692,800.00	2,022,302.00	1,328,000.00	8.47	7.510
21,825,000.00	SAFECO CAPITAL TRUST	8.072	07/15/37	21,970,008.00	100.66441	94.86100	20,703,413.25	(1,266,594.75)	1,761,714.00	8.02	8.510
6,000,000.00	SALOMON INC.	7.125	08/01/99	6,003,776.00	100.06293	100.12400	6,007,440.00	3,664.00	427,500.00	7.12	7.120
5,000,000.00	SEARS ROEBUCK & CO.	9.375	11/01/11	5,000,000.00	100.00000	114.02200	5,701,100.00	701,100.00	468,750.00	9.38	8.220
12,000,000.00	SECURITY MUTUAL LIFE NY	9.375	12/15/16	13,432,737.00	111.93948	108.26000	12,991,200.00	(441,537.00)	1,125,000.00	8.38	8.660
21,604,245.00	SECURITY NATNL MORT LOAN	7.870	08/25/30	21,604,245.00	100.00000	101.23800	21,871,705.55	267,460.55	1,700,254.08	7.87	7.770
7,487,575.00	SECURITY NATNL MORT 99-1	8.353	09/25/30	7,487,575.00	100.00000	98.70100	7,390,311.40	(97,263.60)	625,437.14	8.35	8.460
15,000,000.00	SOUTHERN CO CAPITAL TRUST	8.190	02/01/37	16,203,574.00	108.02383	100.71700	15,107,550.00	(1,096,024.00)	1,228,500.00	7.58	8.130
1,108,000.00	TENNESSEE VALLEY AUTH	8.625	11/15/29	1,010,941.00	91.24016	106.70100	1,182,247.08	171,306.08	95,565.00	9.45	8.080
7,875,000.00	TRANSAMERICA CAPITAL II	7.650	12/01/26	8,008,695.25	101.69772	99.64400	7,846,965.00	(161,730.25)	602,437.50	7.52	7.680
11,500,000.00	UNION CENTRAL LIFE	8.200	11/01/26	12,257,430.00	106.58635	101.80600	11,707,690.00	(549,740.00)	943,000.00	7.69	8.050
17,000,000.00	USF&G CAPITAL II, SERIES B	8.470	01/10/27	18,634,578.00	109.61516	98.80000	16,796,000.00	(1,838,578.00)	1,439,900.00	7.73	8.570
14,000,000.00	XEROX CAP TRUST I CAP SEC.	8.000	07/01/27	14,783,710.00	105.59793	101.37200	14,192,080.00	(591,630.00)	1,120,000.00	7.58	7.890
614,263,092.52	TOTAL CORPORATE BONDS			622,219,495.61	101.29528		624,438,027.46	2,218,531.85	50,302,789.47	8.1%	8.1%
1,099,857,463.24	BOND PORTFOLIO TOTALS			1,104,412,127.06	100.41411		1,136,613,074.32	32,200,947.26	88,379,947.41	8.0%	7.8%

STATE OF ARIZONA
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CORPORATE NOTES

Date Acquired	Description	Interest Rate	Maturity Date	Cost	Amount of Interest	Maturity Value
06/25/99	UBS FINANCIAL(DELAWARE)	5.200	07/02/99	22,976,744.44	23,255.56	23,000,000.00
06/28/99	ATLANTIS ONE FUNDING	5.320	07/06/99	19,976,355.55	23,644.45	20,000,000.00
06/30/99	MONTAUK FUNDING CORP	5.780	07/01/99	999,839.44	160.56	1,000,000.00
	TOTALS			43,952,939.43	47,060.57	44,000,000.00

**STATE OF ARIZONA
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COMMON STOCK PORTFOLIO

Shares	Description	Div Rate	Book Cost per Share	Book Cost	Market Price	Market Value	Annual Income	Gain or (Loss) Amount
1,465,000	ABBOTT LABORATORIES	0.68	14.063	20,602,148.04	45.3750	66,474,375.00	996,200.00	45,872,227.00
300,000	AIRBORNE FREIGHT CORP	0.16	31.288	9,386,351.20	27.6875	8,306,250.00	48,000.00	(1,080,101.00)
190,000	ALASKA AIR GROUP	0.00	37.353	7,097,014.30	41.7500	7,932,500.00	0.00	835,486.00
900,000	ALLSTATE CORPORATION	0.60	18.594	16,734,171.60	35.8750	32,287,500.00	540,000.00	15,553,328.00
150,000	ALLTEL CORPORATION	1.22	65.826	9,873,949.80	71.5000	10,725,000.00	183,000.00	851,050.00
510,000	AMERICA ONLINE	0.00	70.958	36,188,666.30	110.0000	56,100,000.00	0.00	19,911,334.00
485,000	AMERICAN EXPRESS	0.92	105.366	51,102,706.26	130.1250	63,110,625.00	446,200.00	12,007,919.00
670,000	AMERICAN INT'L GROUP	0.24	31.081	20,824,153.01	117.2500	78,557,500.00	160,800.00	57,733,347.00
655,000	AMGEN	0.00	70.603	46,244,928.50	60.8750	39,873,125.00	0.00	(6,371,804.00)
850,000	APPLIED MATERIALS	0.00	35.702	30,347,005.50	73.8750	62,793,750.00	0.00	32,446,745.00
1,275,000	AT&T CORP	0.88	40.147	51,187,692.00	55.8125	71,160,937.50	1,122,000.00	19,973,246.00
1,200,000	AUTOMATIC DATA PROCESSING	0.31	14.504	17,404,707.38	44.0000	52,800,000.00	372,000.00	35,395,293.00
200,000	BANK OF AMERICA CORPORATION	1.80	68.365	13,673,020.00	73.3125	14,662,500.00	360,000.00	989,480.00
200,000	BANK OF NEW YORK	0.56	38.105	7,620,989.42	36.6875	7,337,500.00	112,000.00	(283,489.00)
1,066,500	BANK ONE CORPORATION	1.68	23.896	25,485,367.15	59.5625	63,523,406.25	1,791,720.00	38,038,039.00
700,000	BESTFOODS	0.98	24.088	16,861,602.62	49.5000	34,650,000.00	686,000.00	17,788,397.00
1,000,000	BIOGEN INC	0.00	47.516	47,516,038.50	64.3125	64,312,500.00	0.00	16,796,462.00
1,000,000	BRISTOL-MYERS SQUIBB CO.	0.88	55.052	55,052,141.95	70.4375	70,437,500.00	880,000.00	15,385,358.00
1,236,000	CABLEVISION SYSTEMS CORP	0.00	52.734	65,179,298.13	70.0000	86,520,000.00	0.00	21,340,702.00
500,000	CHASE MANHATTAN CORP	1.64	38.926	19,462,875.00	86.5000	43,250,000.00	820,000.00	23,787,125.00
1,800,000	CISCO SYSTEMS	0.00	17.304	31,146,427.50	64.4375	115,987,500.00	0.00	84,841,073.00
450,000	CITIGROUP, INC.	0.56	40.366	18,164,850.00	47.5000	21,375,000.00	252,000.00	3,210,150.00
150,000	CMS ENERGY	1.32	48.550	7,282,500.00	41.8750	6,281,250.00	198,000.00	(1,001,250.00)
150,000	COCA-COLA CO	0.64	78.316	11,747,343.75	62.0000	9,300,000.00	96,000.00	(2,447,344.00)
2,500,000	COMCAST CORP.	0.00	31.836	79,591,215.30	38.4375	96,093,750.00	0.00	16,502,535.00
1,380,000	COMPUWARE CORPORATION	0.00	34.677	47,854,527.70	31.8125	43,901,250.00	0.00	(3,953,278.00)
550,000	CONTINENTAL AIRLINES	0.00	51.400	28,270,140.50	37.6250	20,693,750.00	0.00	(7,576,391.00)
995,000	COSTCO COMPANIES, INC.	0.00	68.142	67,800,861.00	80.0625	79,662,187.50	0.00	11,861,327.00
1,440,000	CVS CORP	0.24	19.220	27,677,358.52	50.7500	73,080,000.00	345,600.00	45,402,641.00
500,000	DANA CORP	1.24	41.302	20,650,994.19	46.0625	23,031,250.00	620,000.00	2,380,256.00
640,000	DAYTON HUDSON	0.40	55.710	35,654,484.60	65.0000	41,600,000.00	256,000.00	5,945,515.00
120,000	DUKE ENERGY	2.20	60.050	7,206,000.00	54.4375	6,532,500.00	264,000.00	(673,500.00)
530,000	ELECTRONIC DATA SYSTEMS	0.60	33.332	17,666,221.31	56.6250	30,011,250.00	318,000.00	12,345,029.00
1,446,000	EMC CORP	0.00	23.158	33,486,781.20	55.0000	79,530,000.00	0.00	46,043,219.00

**STATE OF ARIZONA
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COMMON STOCK PORTFOLIO

Shares	Description	Div Rate	Book Cost per Share	Book Cost	Market Price	Market Value	Annual Income	Gain or (Loss) Amount
650,000	EMERSON ELECTRIC	1.30	41.931	27,255,334.66	62.9375	40,909,375.00	845,000.00	13,654,040.00
500,000	ENRON CORPORATION	1.00	36.490	18,244,900.92	81.7500	40,875,000.00	500,000.00	22,630,099.00
385,000	EXPRESS SCRIPTS	0.00	32.903	12,667,755.24	60.1875	23,172,187.50	0.00	10,504,432.00
150,000	FIRST DATA CORP	0.08	33.034	4,955,171.55	48.9375	7,340,625.00	12,000.00	2,385,453.00
300,000	FIRST UNION CORP	1.88	51.558	15,467,415.00	47.1250	14,137,500.00	564,000.00	(1,329,915.00)
435,000	FOX ENTERTAINMENT GRP, INC. A	0.00	27.838	12,109,436.98	26.9375	11,717,812.50	0.00	(391,624.00)
500,000	FPL GROUP, INC.	2.08	33.605	16,802,594.85	54.6250	27,312,500.00	1,040,000.00	10,509,905.00
400,000	FURNITURE BRANDS INTERNATIONAL	0.00	25.661	10,264,366.73	27.8750	11,150,000.00	0.00	885,633.00
1,630,000	GENERAL NUTRITION COMPANIES	0.00	19.369	31,571,421.10	23.3125	37,999,375.00	0.00	6,427,954.00
300,000	GENERAL TEL & ELECTRONICS	1.88	29.275	8,782,455.81	75.5000	22,650,000.00	564,000.00	13,867,544.00
1,470,000	HOME DEPOT	0.12	15.341	22,550,835.00	64.4375	94,723,125.00	176,400.00	72,172,290.00
525,000	ILLINOIS TOOL WORKS	0.60	26.304	13,809,408.75	81.7500	42,918,750.00	315,000.00	29,109,341.00
940,000	IMS HEALTH, INC.	0.08	35.363	33,241,110.91	31.2500	29,375,000.00	75,200.00	(3,866,111.00)
1,300,000	INTEL CORPORATION	0.12	42.849	55,703,184.00	59.5000	77,350,000.00	156,000.00	21,646,816.00
930,000	INTERNATIONAL BUSINESS MACH.	0.48	24.410	22,701,387.00	129.2500	120,202,500.00	446,400.00	97,501,113.00
600,000	JABIL CIRCUIT	0.00	40.813	24,487,672.61	45.1250	27,075,000.00	0.00	2,587,327.00
150,000	JOHNSON CONTROLS	1.00	63.493	9,523,917.59	69.3125	10,396,875.00	150,000.00	872,957.00
400,000	KIMBERLY-CLARK CORPORATION	1.04	28.537	11,414,673.15	57.0000	22,800,000.00	416,000.00	11,385,327.00
260,000	LEXMARK INTERNATIONAL GROUP	0.00	50.265	13,069,004.00	65.5000	17,030,000.00	0.00	3,960,996.00
165,000	LILLY ELI	0.92	45.817	7,559,842.68	71.6250	11,818,125.00	151,800.00	4,258,282.00
216,000	LUCENT TECHNOLOGIES INC.	0.08	11.735	2,534,752.15	67.4375	14,566,500.00	17,280.00	12,031,748.00
1,450,000	MBNA CORP	0.28	11.984	17,376,765.00	30.6250	44,406,250.00	406,000.00	27,029,485.00
800,000	MCI WORLDCOM INC.	0.00	49.794	39,834,997.50	86.0625	68,850,000.00	0.00	29,015,003.00
680,000	MERCK & CO.	1.08	27.954	19,008,616.10	73.6250	50,065,000.00	734,400.00	31,056,384.00
1,255,000	MICROSOFT CORPORATION	0.00	76.202	95,633,133.80	90.1875	113,185,312.50	0.00	17,552,179.00
375,000	MOBIL OIL COMPANY	2.28	72.252	27,094,439.08	98.7500	37,031,250.00	855,000.00	9,936,811.00
1,125,000	NEWS CORPORATION	0.07	21.768	24,489,305.64	35.3125	39,726,562.50	78,750.00	15,237,257.00
440,000	NOKIA CORPORATION	0.37	72.579	31,934,690.64	91.5625	40,287,500.00	162,800.00	8,352,809.00
450,000	NORTEL NETWORKS CORP	0.30	63.096	28,393,061.94	86.8125	39,065,625.00	135,000.00	10,672,563.00
360,000	NORTH FORK BANCORPORATION	0.60	21.459	7,725,407.40	21.3750	7,695,000.00	216,000.00	(30,407.00)
3,000,000	OFFICEMAX INC.	0.00	13.687	41,061,837.31	12.0000	36,000,000.00	0.00	(5,061,837.00)
286,000	PFIZER INC.	0.88	71.540	20,460,375.00	109.0000	31,174,000.00	251,680.00	10,713,625.00
350,000	PITNEY BOWES, INC.	1.02	20.444	7,155,569.06	64.2500	22,487,500.00	357,000.00	15,331,931.00
450,000	PPG INDUSTRIES	1.52	25.948	11,676,638.12	59.0625	26,578,125.00	684,000.00	14,901,487.00

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COMMON STOCK PORTFOLIO

Shares	Description	Div Rate	Book Cost per Share	Book Cost	Market Price	Market Value	Annual Income	Gain or (Loss) Amount
1,500,000	SAFEWAY INC	0.00	31.975	47,962,146.44	49.5000	74,250,000.00	0.00	26,287,854.00
1,200,000	SAKS INCORPORATED	0.00	34.627	41,552,145.07	28.8750	34,650,000.00	0.00	(6,902,145.00)
525,000	SBC COMMUNICATIONS INC.	0.98	53.945	28,321,030.00	58.0000	30,450,000.00	514,500.00	2,128,970.00
1,300,000	SCHERING-PLOUGH CORP	0.52	12.545	16,308,064.58	52.5000	68,250,000.00	676,000.00	51,941,935.00
460,000	SCHOLASTIC CORPORATION	0.00	44.422	20,434,338.00	50.6250	23,287,500.00	0.00	2,853,162.00
150,000	SEALED AIR	0.00	62.961	9,444,135.00	64.8750	9,731,250.00	0.00	287,115.00
300,000	SOLUTIA INC.	0.04	19.151	5,745,238.48	21.3125	6,393,750.00	12,000.00	648,512.00
400,000	STARBUCKS CORP.	0.00	18.603	7,441,346.41	37.5625	15,025,000.00	0.00	7,583,654.00
655,000	STERLING SOFTWARE	0.00	20.568	13,471,976.72	26.4375	17,316,562.50	0.00	3,844,586.00
580,000	TEXACO INC.	1.80	63.736	36,967,101.00	62.3750	36,177,500.00	1,044,000.00	(789,601.00)
150,000	TEXAS UTILITIES	2.30	47.014	7,052,085.00	41.4375	6,215,625.00	345,000.00	(836,460.00)
742,878	TYCO INTERNATIONAL LTD.	0.10	60.960	45,285,607.92	94.7500	70,387,690.50	74,288.00	25,102,083.00
285,000	UNIVISION COMMUNICATIONS	0.00	34.970	9,966,495.20	65.0000	18,525,000.00	0.00	8,558,505.00
500,000	VODAFONE AIRTOUCH PLC	1.04	107.574	53,786,998.86	197.0000	98,500,000.00	520,000.00	44,713,001.00
1,550,000	WALGREEN COMPANY	0.13	6.996	10,843,234.10	29.3750	45,531,250.00	201,500.00	34,688,016.00
524,000	WAL-MART STORES	0.20	49.830	26,111,075.60	48.2500	25,283,000.00	104,800.00	(828,076.00)
500,000	WARNER-LAMBERT	0.80	69.895	34,947,355.45	69.1250	34,562,500.00	400,000.00	(384,855.00)
850,000	XIRCOM, INC.	0.00	33.225	28,241,027.80	30.0625	25,553,125.00	0.00	(2,687,903.00)
700,000	ZEBRA TECHNOLOGIES A	0.00	31.397	21,977,786.25	38.4375	26,906,250.00	0.00	4,928,464.00
TOTALS				2,214,465,197.38		3,510,963,034.25	24,069,318.00	1,296,497,840.00

STATE OF ARIZONA
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
INVESTMENTS OWNED
JUNE 30, 1999

OTHER INVESTMENTS PORTFOLIO

Security	Coupon	Maturity	Book Cost	Current Value	Gain or Loss	Annual Income	Book Yield
SBA LOANS							
ALL UNLIMITED--SBA	9.750	05/01/09	512,227.74	512,227.74	0.00	49,942.20	9.8%
ASAYO HOLDINGS, LTD.--SBA	9.500	07/01/10	538,549.21	538,549.21	0.00	51,162.17	9.5%
DECO TURTLE L.P.	9.625	03/15/15	526,367.05	526,367.05	0.00	50,662.83	9.6%
EQUITY PARTNERSHIP	9.250	03/31/08	1,358,371.19	1,358,371.19	0.00	125,649.34	9.3%
NIARKOS--SBA	10.000	05/01/14	576,893.00	576,893.00	0.00	57,689.30	10.0%
TOTAL SBA LOANS			3,512,408.19	3,512,408.19	0.00	335,105.84	9.5%
BRIDGE FINANCIAL LOANS							
BRIDGE FINANCIAL--15 E. MONROE	12.500	01/05/00	1,184,000.00	1,184,000.00	0.00	148,000.00	12.5%
BRIDGE FINANCIAL--69TH & BELL	12.750	10/07/99	1,600,000.00	1,600,000.00	0.00	204,000.00	12.8%
BRIDGE FINANCIAL--BEAVER CREEK G.C.	13.000	08/04/99	672,000.00	672,000.00	0.00	87,360.00	13.0%
BRIDGE FINANCIAL--CRYSTAL SPRINGS	12.750	08/17/99	1,045,600.00	1,045,600.00	0.00	133,314.00	12.8%
BRIDGE FINANCIAL--DESERT MIRAGE GC	11.500	09/09/00	1,248,000.00	1,248,000.00	0.00	143,520.00	11.5%
BRIDGE FINANCIAL--GRAND INN	12.500	09/25/00	1,600,000.00	1,600,000.00	0.00	200,000.00	12.5%
BRIDGE FINANCIAL--HAWTHORN SUITES	12.500	05/08/00	2,560,000.00	2,560,000.00	0.00	320,000.00	12.5%
BRIDGE FINANCIAL--HILTON HOTEL LAND	13.000	10/20/99	876,800.00	876,800.00	0.00	113,984.00	13.0%
BRIDGE FINANCIAL--LAKE PLEASANT	14.000	10/26/99	8,000,000.00	8,000,000.00	0.00	1,120,000.00	14.0%
BRIDGE FINANCIAL--PECOS & COOPER	12.875	10/05/99	1,024,000.00	1,024,000.00	0.00	131,840.00	12.9%
BRIDGE FINANCIAL--PIONEER INDUST. PARK	15.000	05/24/99	1,192,375.20	1,192,375.20	0.00	178,856.28	15.0%
BRIDGE FINANCIAL--SCOTTSDALE LINKS	11.500	03/21/01	1,232,000.00	1,232,000.00	0.00	141,680.00	11.5%
BRIDGE FINANCIAL--SHEA MEDICAL PLAZA	12.000	12/01/99	3,200,000.00	3,200,000.00	0.00	384,000.00	12.0%
BRIDGE FINANCIAL--STETSON HILLS	14.000	10/16/99	1,708,800.00	1,708,800.00	0.00	239,232.00	14.0%
BRIDGE FINANCIAL--SUN VALLEY II (SPUR	13.125	09/17/99	1,827,200.00	1,827,200.00	0.00	239,820.00	13.1%
TOTAL BRIDGE FINANCIAL LOANS			28,970,775.20	28,970,775.20	0.00	3,785,606.28	13.1%
MISCELLANEOUS							
ARIZONA GROWTH PARTNERS, L.P.	0.000	06/30/23	1,000.00	1,000.00	0.00	0.00	0.0%
DESERT TROON PROPERTIES	10.000	03/01/03	11,000,000.00	11,000,000.00	0.00	1,100,000.00	10.0%
PEBBLECREEK PROPERTIES L.P.	10.000	02/19/02	5,304,472.79	5,304,472.79	0.00	530,447.28	10.0%
TALLEY PROPERTIES	12.000	12/01/01	1,868,750.00	1,868,750.00	0.00	224,250.00	12.0%
WALKER COTTON SEED, INC.	14.000	12/20/06	56,738.17	56,738.17	0.00	7,943.34	14.0%
TOTAL MISCELLANEOUS			18,230,960.96	18,230,960.96	0.00	1,862,640.62	10.2%
TOTAL BEFORE L.L.C.			50,714,144.35	50,714,144.35	0.00	5,983,352.75	11.8%
L.L.C.							
CRYSTAL GARDENS PROPERTIES, LLC	10.000	04/20/00	6,805,204.74	6,805,204.74	0.00	680,520.47	10.0%
DESERT TROON PROPERTIES,LLC-SUMMIT PRJCT	10.000	06/24/07	6,000,000.00	6,000,000.00	0.00	600,000.00	10.0%
DESERT TROON,LLC			12,160,000.00	12,160,000.00	0.00	0.00	0.0%
PIVOTAL X,LLC			30,888,000.00	30,888,000.00	0.00	0.00	0.0%
TOTAL L.L.C.			55,853,204.74	55,853,204.74	0.00	1,280,520.47	2.3%
TOTAL OTHER INVESTMENTS			106,567,349.09	106,567,349.09	0.00	7,263,873.22	6.8%

ACTUARIAL SECTION

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
THIRTY-FIRST COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 1999

Actuarial Certification Statement

Actuarial Balance Sheet – All Employees

Summary of Valuation Methods and Assumptions

Solvency Test

Summary of Active Member Data

Schedule of Retirants and Beneficiaries

Schedule of Experience Gain / (Loss)



September 22, 1999

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

Attention: Jack Cross, Administrator

We certify that the June 30, 1999 annual actuarial valuation of the Arizona Public Safety Personnel Retirement System, determining the June 30, 1999 actuarial assets and liabilities for participating groups, were made in accordance with recognized actuarial methods.

The data, submitted by the Administrator, was checked for completeness and year to year consistency but was not otherwise audited. The data was used by the actuary to generate all of the schedules in the actuarial section of the CAFR, and the Schedule of Funding Progress in the Financial Section.

Actuarial assets are computed on a smoothed market basis which spreads differences between actual and assumed investment return over a four year period.

We believe the actuarial assumptions, which are related to the experience of the System, provide a reasonable measure of liabilities and contribution requirements of the System. The actuarial assumptions were adopted by the Fund Manager based on the recommendations of the System's actuary. A complete experience analysis is performed every 5 years, the most recent 5 year period ended June 30, 1998. The assumptions and methods conform to the parameters established in Governmental Accounting Standards Board Statement 25. Actuarial gains (losses) are amortized as level percents of payroll over 20 years.

The results of the valuations indicate that the obligations of the System are being funded as incurred. Actuarial accrued liabilities are 120.3% funded, which is a superior achievement realized well ahead of schedule. The excellent current actuarial condition is primarily attributable to superior investment returns over an extended period.

Respectfully submitted,

Sandra W. Rodwan/sig

Sandra W. Rodwan
Member, American Academy of Actuaries

SWR:md
Enclosure

**Arizona Public Safety Personnel Retirement System
Actuarial Balance Sheet as of June 30, 1999**

Actuarial Assets

Accrued assets		
Member accumulated contributions	\$ 395,990,517	
Employer and benefit payment reserves	3,116,959,934	
Funding value adjustment	<u>942,320,094</u>	
Total accrued assets*		\$4,455,270,545
Prospective assets (computed value)		
Member contributions	521,194,442	
Employer normal costs	735,110,958	
Employer unfunded actuarial accrued liability	<u>(627,048,889)</u>	
Total prospective assets		<u>629,256,511</u>
Total Actuarial Assets		<u>\$5,084,527,056</u>

* Includes \$746,019,685 reserve for payment of ad hoc pension increases. The net funding value of assets is \$3,709,250,860.

Actuarial Present Values (Liability)

Pensions in payment status		
Service pensions	\$1,023,304,444	
Disability pensions	163,312,534	
Survivor pensions	100,451,859	
Health insurance	<u>41,259,155</u>	
Total benefit values		\$1,328,327,992
Prospective pension payments for future retirements		2,942,252,878
Prospective health insurance payments for future retirements		62,646,437
Prospective refunds of members contributions		5,280,064
Reserve for ad hoc pension increases		<u>746,019,685</u>
Total Actuarial Present Value of Benefits (Liability)		<u>\$5,084,527,056</u>

SUMMARY OF PLAN PROVISIONS

See Note 1 in the Notes to the Financial Statements.

SUMMARY OF VALUATION METHODS

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

Normal cost contributions were computed as follows:

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

Actuarial accrued liability was computed and financed as follows:

- (1) Retirants and beneficiaries. The discounted value of pensions likely to be paid retired members and their potential survivors were computed using the investment return and mortality assumptions. The computed amount was reduced by applicable valuation assets and the unfunded amount, if any, was amortized over an open period of 20 years from July 1, 1999.
- (2) Active members and former members. The actuarial accrued liability associated with service rendered prior to the valuation date, including experience gains and losses, was computed using the investment return, mortality and other factors outlined on the following pages. The computed amount was reduced by applicable valuation assets and the unfunded amount, if any, was amortized over an open period of 20 years from July 1, 1999. If valuation assets exceed the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit toward the computed normal cost.

SUMMARY OF VALUATION ASSUMPTIONS

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

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

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

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

SUMMARY OF VALUATION ASSUMPTIONS (continued)

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

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

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

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

Sample Ages	Deaths per 1,000		Single Life Retirement Values								
			Non-Disability Table		Disability Table		Non-Disability Table		Disability Table		
			Present Value of \$100 Monthly for Life		Present Value of \$100 Monthly for Life		Future Life Expectancy (years)		Future Life Expectancy (years)		
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	
20	0.4	0.3						56.86	62.72	55.98	61.84
25	0.5	0.4						51.98	57.83	51.12	56.96
30	0.7	0.5						47.12	52.95	43.27	52.09
35	0.9	0.6						42.29	48.09	41.46	47.24
40	1.4	0.9	\$12930	\$13,272	\$12,861	\$13,225		37.51	43.25	36.69	42.42
45	2.4	1.2	12,522	12,997	12,430	12,933		32.80	38.46	32.01	37.64
50	4.4	2.1	11,997	12,613	11,879	12,526		28.28	33.73	27.53	32.93
55	7.1	3.9	11,342	12,112	11,199	11,999		23.98	29.17	23.28	28.40
60	10.9	6.5	10,513	11,485	10,346	11,347		19.90	24.82	19.27	24.11
65	17.7	9.9	9,490	10,694	9,308	10,532		16.09	20.70	15.55	20.05
70	30.7	15.9	8,326	9,710	8,145	9,530		12.69	16.82	12.25	16.27
75	48.4	27.4	7,124	8,564	6,963	8,382		9.82	13.32	9.49	12.87
80	78.7	44.6	5,879	7,371	5,748	7,206		7.39	10.36	7.17	10.02
85	120.6	71.4	4,791	6,120	4,696	5,983		5.57	7.83	5.43	7.59
90	171.3	111.7	3,864	4,994	3,796	4,893		4.19	5.89	4.10	5.74

SUMMARY OF VALUATION ASSUMPTIONS (continued)

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

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

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

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

SUMMARY OF VALUATION ASSUMPTIONS (continued)

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

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

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

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

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

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

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

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

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

Valuation Date	Aggregate Accrued Liabilities For			Valuation Assets Available for Benefits (2)	Portion Of Accrued Liabilities Covered by Net Assets Available for Benefits		
	(1) Active Member Contributions	(2) Retirants And Beneficiaries	(3) Active Members (Employer Financed Portion)		(1)	(2)	(3)
	6-30-83 ¹	\$ 90,348	\$ 150,042		\$ 316,842	\$ 519,155	100%
6-30-84*	101,786	180,804	334,779	599,945	100	100	94.8
6-30-85*	115,671	214,203	376,905	693,159	100	100	96.4
6-30-86*	130,489	248,134	423,415	816,882	100	100	100.0
6-30-87* ¹	149,457	276,817	488,815	919,931	100	100	100.0
6-30-88*	169,445	306,598	550,208	1,037,988	100	100	100.0
6-30-89* ¹	188,660	360,069	607,773	1,164,003	100	100	100.0
6-30-90*	206,052	419,548	697,181	1,297,562	100	100	96.4
6-30-91*	227,287	471,289	772,202	1,432,023	100	100	95.0
6-30-92*	246,692	553,619	805,579	1,595,739	100	100	98.7
6-30-93*	256,431	688,360	813,955	1,769,345	100	100	100.0
6-30-94	276,375	763,017	892,654	1,945,166	100	100	100.0
6-30-95	297,619	858,965	961,149	2,181,351	100	100	100.0
6-30-96	321,660	948,959	1,057,657	2,487,953	100	100	100.0
6-30-97	344,167	1,045,721	1,143,547	2,915,173	100	100	100.0
6-30-98	368,729	1,140,194	1,235,075	3,192,627	100	100	100.0
6-30-99	\$395,991	\$1,328,328	\$1,357,883	\$3,709,251	100	100%	100.0%

See notes on page 22.

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

Listed below is a summary of Active Members by age group, years of service and annual compensation. The summary points out that 1,915 active members were eligible for retirement on June 30, 1999, compared to 1,811 for the prior year.

SUMMARY OF ACTIVE MEMBERS

Attained Age	YEARS OF SERVICE TO VALUATION DATE							T O T A L S	
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 Plus	No.	Valuation Payroll
20 - 24	396	1						397	\$ 12,911,875
25 - 29	1,948	275						2,223	83,638,552
30 - 34	1,478	1,119	311					2,908	124,868,020
35 - 39	620	855	1,112	324	1			2,912	141,998,319
40 - 44	226	360	636	896	285	2		2,405	128,855,085
45 - 49	90	152	332	459	611	193	1	1,838	105,814,945
50 - 54	37	75	128	216	284	285	39	1,064	62,278,504
55 - 59	7	18	52	58	53	78	46	312	17,933,506
60 - 69	2		12	18	14	7	15	68	3,818,441
70							1	1	67,149
Totals	4,804	2,855	2,583	1,971	1,248	565	102	14,128	\$ 682,184,396

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

COMPARATIVE SCHEDULE

Fiscal Year Ended	Participating Units	Active Members	Total Payroll (+000)	A V E R A G E			
				Age	Service	Pay	Percentage Increase in Average Pay
6-30-78	57	6,554	\$ 109,359	34.1 yrs	7.9 yrs	\$16,686	10.0%
6-30-79	64	6,842	125,667	34.2	8.0	18,367	10.1
6-30-80	71	7,264	144,371	34.1	7.9	19,875	8.2
6-30-81	83	7,559	165,055	34.3	8.1	21,836	9.9
6-30-82	91	7,750	185,650	34.7	8.3	23,955	9.7
6-30-83	101	7,835	199,736	35.0	8.6	25,493	6.4
6-30-84	107	8,039	217,163	35.1	8.8	27,014	6.0
6-30-85	106	8,536	244,094	35.2	8.7	28,596	5.9
6-30-86	110	8,774	268,511	35.5	8.9	30,603	7.0
6-30-87	113	9,331	299,559	35.7	9.0	32,104	4.9
6-30-88	115	9,600	321,750	36.1	9.4	33,516	4.6
6-30-89	123	9,858	345,743	36.4	9.7	35,072	4.6
6-30-90	130	10,125	371,950	36.6	9.8	36,736	4.7
6-30-91	135	10,612	402,687	36.8	10.0	37,946	3.3
6-30-92	137	10,686	415,471	37.2	11.3	38,880	2.5
6-30-93	145	10,872	425,811	37.3	10.3	39,166	0.7
6-30-94	150	11,303	451,022	37.4	10.4	39,903	1.9
6-30-95	155	11,971	496,063	37.4	10.3	41,439	3.8
6-30-96	162	12,477	541,231	37.6	10.3	43,378	4.7
6-30-97	162	13,109	579,341	37.6	10.3	44,194	(0.2)
6-30-98	169	13,635	625,222	37.8	10.3	45,854	3.8
6-30-99	171	14,128	\$682,184	37.8 yrs	10.3 yrs	\$48,286	5.3%

**STATE OF ARIZONA
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
SCHEDULE OF RETIRANTS AND BENEFICIARIES**

<u>Valuation Date</u>	<u>Number Removed From roles</u>	<u>Number added to roles</u>	<u>Total</u>	<u>Annual Pensions</u>	<u>Percent Increase</u>	<u>Average Pension</u>
6-30-92			3,184	\$56,057,423	14.2%	\$17,606
6-30-93			3,674	\$69,708,702	24.4%	\$19,182
6-30-94	30	141	3,785	\$77,548,220	11.2%	\$20,707
6-30-95	61	275	3,999	\$85,544,670	10.3%	\$21,608
6-30-96	67	318	4,250	\$94,897,897	10.9%	\$22,541
6-30-97	81	311	4,480	\$104,374,026	10.0%	\$23,508
6-30-98	75	335	4,740	\$115,542,977	10.7%	\$24,584
6-30-99	73	423	5,090	\$132,364,761	14.6%	\$26,211

**STATE OF ARIZONA
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
SCHEDULE OF EXPERIENCE GAIN/(LOSS)
YEAR ENDED JUNE 30,1999**

	Year Ended June 30			
	(\$ Thousands)			
	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
(1) UAAL at start of year	\$(448,629)	\$(381,738)	\$(159,677)	\$(63,618)
(2) Normal cost	+118,768	+109,851	+101,391	+93,141
(3) Funding method contributions	-96,069	-88,416	-80,755	-83,261
(4) Interest accrual	-39,355	-33,392	-15,280	-5,291
(5) Expected UAAL before changes	(465,285)	(393,695)	(154,321)	(59,029)
(6) Change from amendments	88,894	none	none	none
(7) Change from assumption revision	(12,974)	none	none	none
(8) Expected UAAL after changes	(389,365)	(393,695)	(154,321)	(59,029)
(9) Actual UAAL	(627,049)	(448,629)	(381,738)	(159,677)
(10) Gain(+)/Loss(-) (8)-(9)	+237,684	+54,934*	+227,417	+100,648
(11) Percent of actuarial accrued liability	8.7%	2.2%	9.0%	4.3%

**Includes effect of the change in the computation of excess earnings credited to the future benefit increase reserve to total return rather than net effective yield.*

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

The overall experience of the Retirement System during the year ended June 30, 1999 was favorable, generating an experience gain of \$238 million (approximately 8.7% of the actuarial accrued liability). The gain was primarily the result of recognized investment income in excess of the long-term assumed rate and salary increases which were less than assumed.

STATISTICAL SECTION

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
THIRTY-FIRST COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 1999

Schedule of Revenues by Source and Expenses by Type

Schedule of Benefit Expenses by Type

Summary of Retired Member and Survivor Data

Summary of Benefit Increases

Participating Employers

Summary of Growth of the System

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

REVENUES

Fiscal Year	Member ** Contributions	Employer Contributions*			Investment Income***	Total
		Direct Payments	Insurance Premium Tax	Percent of Annual Covered Payroll		
1990	\$28,049,530 16%	\$19,854,866 11%	\$6,885,751 4%	6.72%	\$123,321,968 69%	\$178,111,115 100%
1991	\$30,392,870 16%	\$23,984,837 12%	\$3,860,423 2%	7.01%	\$134,468,900 70%	\$192,707,030 100%
1992	\$30,487,894 14%	\$28,723,991 13%	\$7,089,585 3%	8.10%	\$158,382,801 70%	\$224,684,271 100%
1993	\$30,982,571 13%	\$33,777,972 14%	\$7,554,072 3%	8.73%	\$173,241,734 70%	\$245,556,349 100%
1994	\$33,393,715 14%	\$34,120,463 14%	\$7,077,413 3%	8.16%	\$167,558,270 69%	\$242,149,861 100%
1995	\$35,341,047 13%	\$32,917,493 12%	\$7,538,453 3%	7.66%	\$199,847,112 72%	\$275,644,105 100%
1996	\$39,500,494 13%	\$37,734,258 12%	\$8,635,684 3%	7.85%	\$390,992,147 72%	\$312,162,637 100%
1997	\$39,788,668 6%	\$42,760,823 6%	\$9,709,146 1%	8.11%	\$644,440,774 87%	\$736,699,411 100%
1998	\$43,094,843 5%	\$38,287,697 5%	\$7,033,235 1%	6.36%	\$751,063,958 89%	\$839,479,733 100%
1999	\$51,684,448 6%	\$36,512,536 5%	\$7,871,808 1%	5.82%	\$723,670,288 88%	\$819,739,080 100%

EXPENSES

Fiscal Year	Benefits	Admin & Invest Expenses	Refunds	Total
1990	\$42,024,981 93%	\$681,396 2%	\$2,378,899 5%	\$45,085,276 100%
1991	\$47,753,834 95%	\$732,495 1%	\$1,975,573 4%	\$50,461,902 100%
1992	\$54,068,104 95%	\$682,652 1%	\$1,956,319 4%	\$56,707,075 100%
1993	\$65,787,637 96%	\$747,779 1%	\$2,006,416 3%	\$68,541,832 100%
1994	\$74,512,008 96%	\$764,719 1%	\$2,107,933 3%	\$77,384,660 100%
1995	\$83,992,275 97%	\$801,898 1%	\$2,172,524 2%	\$86,966,697 100%
1996	\$92,851,755 97%	\$839,944 1%	\$2,251,458 2%	\$95,943,157 100%
1997	\$102,404,128 96%	\$864,850 1%	\$2,866,764 3%	\$106,135,742 100%
1998	\$112,374,125 97%	\$878,120 1%	\$3,020,135 2%	\$116,272,380 100%
1999	\$125,879,371 97%	\$925,090 1%	\$3,317,624 2%	\$130,119,085 100%

NOTE: *Contributions were made in accordance with actuarially determined contribution requirements. The Employer contributions reported above are equal to the annual required contributions.
 **The member contribution rate was 8% until fiscal year 1992 when it was reduced to 7.65% of covered payroll. Some employers have elected to pick up part of the member contributions.
 ***Prior to fiscal year 1996, Investment income includes only realized gains and losses. See note 2.

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

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

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

The following statement presents an analysis of the benefit changes that have taken place during the past ten years. The number of retired members and the amount of annual pensions has increased at compounded annual rates of 6.2% and 11.3% over the last five years.

COMPARATIVE SCHEDULE

<u>Year Ended</u>	<u>Retired</u>				<u>Annual Pensions</u>	<u>Average Pension</u>	<u>Ratio of Active to Retired</u>
	<u>Normal</u>	<u>Disability</u>	<u>Survivors</u>	<u>Totals</u>			
6-30-86	1,513	248	335	2,096	\$25,526,417	\$12,179	4.2 to 1
6-30-87	1,612	258	350	2,220	28,531,465	12,852	4.2 to 1
6-30-88	1,709	264	371	2,344	31,608,067	13,485	4.1 to 1
6-30-89	1,839	280	410	2,529	36,286,530	14,348	3.9 to 1
6-30-90	2,003	322	446	2,771	43,514,479	15,704	3.7 to 1
6-30-91	2,134	349	486	2,969	49,103,054	16,539	3.6 to 1
6-30-92	2,314	363	507	3,184	56,057,423	17,606	3.4 to 1
6-30-93	2,697	417	520	3,634	69,708,702	19,182	3.0 to 1
6-30-94	2,756	436	553	3,745	77,548,220	20,707	3.0 to 1
6-30-95	2,914	471	574	3,959	85,544,676	21,608	3.0 to 1
6-30-96	3,082	527	601	4,210	94,897,897	22,541	3.0 to 1
6-30-97	3,240	573	627	4,440	104,374,026	23,508	3.0 to 1
6-30-98	3,415	626	659	4,700	115,542,977	24,584	2.9 to 1
6-30-99	3,655	694	701	5,050	\$132,364,761	\$26,211	2.8 to 1

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

SUMMARIES OF RETIRED MEMBERS AND SURVIVORS - JUNE 30, 1999

<u>Pensions Being Paid</u>		<u>Number</u>	<u>Annual Pensions</u>	<u>Average Pensions</u>
Retired Members	- Service Pensions	3,655	\$104,580,168	\$28,613
	- Disability Pensions	694	15,878,994	22,880
	TOTALS	4,349	\$120,459,162	\$27,698
Survivors of Members	- Spouses	671	\$11,632,489	\$17,336
	- Children with Guardians	30	273,110	9,104
	TOTALS	701	\$11,905,599	\$16,984
	TOTAL PENSIONS BEING PAID	5,050	\$132,364,761	\$26,211

	<u>Average Age (yrs)</u>	<u>Average Service (yrs)</u>	<u>Average Age at Retirement (yrs)</u>
Normal retired members:	59.4	22.85	49.5
Disability retired members:	52.1	13.9	42.9
Spouse beneficiaries:	63.6	17.1	44.4

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

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

BENEFIT INCREASE SCHEDULE

<u>Fiscal Year Ended</u>	<u>Excess Yield per Statute*</u>	<u>Excess Earnings Assets***</u>	<u>Excess Earnings</u>	<u>Monthly Benefit Increase Fundable</u>	<u>Maximum per Statutory 4% Cap</u>	<u>Lesser of Two - Increase Awarded</u>
6-30-85	2.85%	\$214,202,673	\$ 6,104,776			
		Investment earnings on balance	902,896**			
		Amount utilized: 7-1-86 increase	(4,482,398)	\$ 50.00	\$ 36.17	\$ 36.17
6-30-86	5.79%	\$248,133,744	<u>\$ 14,366,944</u>			
		Amount available: 7-1-87 increase	\$ 16,892,218	\$ 120.00**	\$ 38.59	\$ 38.59
		Investment earnings on balance	1,859,833			
		Amount utilized: 7-1-87 increase	(5,185,664)			
6-30-87	2.01%	\$276,817,044	<u>\$ 5,564,023</u>			
		Amount available: 7-1-88 increase	\$19,130,410	\$ 110.00**	\$ 42.84	\$ 42.84
		Investment earnings on balance	2,027,823			
		Amount utilized: 7-1-88 increase	(6,319,400)			
6-30-88	1.60%	\$306,597,600	<u>\$ 4,905,562</u>			
		Amount available: 7-1-89 increase	\$ 19,744,395	\$ 95.00**	\$ 44.95	\$ 44.95
		Investment earnings on balance	1,986,286			
		Amount utilized: 7-1-89 increase	(7,236,088)			
6-30-89	1.06%	\$360,069,033	<u>\$ 3,816,732</u>			
		Amount available: 7-1-90 increase	\$18,311,325	\$ 55.00**	\$ 47.83	\$ 47.83
		Investment earnings on balance	1,919,027			
		Amount utilized: 7-1-90 increase	(7,635,888)			
6-30-90	1.48%	\$430,743,103	<u>\$ 6,374,998</u>			
		Amount available: 7-1-91 increase	\$ 18,969,462	\$ 75.00**	\$ 52.35	\$ 52.35
		Investment earnings on balance	1,940,576			
		Amount utilized: 7-1-91 increase	(10,212,948)			
6-30-91	1.23%	\$484,159,254	<u>\$ 5,955,159</u>			
		Amount available: 7-1-92 increase	\$ 16,652,249	\$ 70.00	\$ 55.13	\$ 55.13
		Investment earnings on balance	1,815,095			
		Amount utilized: 7-1-92 increase	(11,984,957)			
6-30-92	1.90%	\$757,998,498	<u>\$ 14,401,971</u>			
		Amount available: 7-1-93 increase	\$ 20,884,358	\$ 80.00	\$ 58.69	\$ 58.69
		Investment earnings on balance	2,234,626			
		Amount utilized: 7-1-93 increase	(13,063,068)			

SUMMARY OF BENEFIT INCREASES (Continued)

<u>Fiscal Year Ended</u>	<u>Excess Yield per Statute*</u>	<u>Excess Earnings Assets***</u>	<u>Excess Earnings</u>	<u>Monthly Benefit Increase Fundable</u>	<u>Maximum per Statutory 4% Cap</u>	<u>Lesser of Two - Increase Awarded</u>
6-30-93	1.70%	\$842,142,928	<u>\$ 14,316,430</u>			
	Amount available:	7-1-94 increase	\$ 24,372,346	\$ 90.00	\$ 63.94	\$ 63.94
		Investment earnings on balance	2,278,814			
	Amount utilized:	7-1-94 increase	(15,878,424)			
6-30-94	.35%	\$926,038,066	<u>\$ 3,241,133</u>			
	Amount available:	7-1-95 increase	\$ 14,013,869	\$ 45.00	\$69.02	\$ 45.00
		Investment earnings on balance	1,433,619			
	Amount utilized:	7-1-95 increase	(12,092,280)			
6-30-95	1.23%	\$1,019,971,216	<u>\$ 12,545,646</u>			
	Amount available:	7-1-96 increase	\$15,900,854	\$ 50.00	\$72.03	\$ 50.00
		Investment earnings on balance	1,677,540			
	Amount utilized:	7-1-96 increase	(15,055,224)			
6-30-96	1.55%	\$1,121,106,488	<u>\$ 17,377,151</u>			
	Amount available:	7-1-97 increase	\$ 19,900,321	\$ 55.00	\$ 75.14	\$ 55.00
		Investment earnings on balance	2,202,966			
	Amount utilized:	7-1-97 increase	(17,529,672)			
6-30-97	2.07%	\$1,545,766,186	<u>31,997,360</u>			
	Amount available:	7-1-98 increase	36,570,975	\$80.00	\$78.36	\$78.36
		Investment earnings on balance	8,129,728			
	Amount utilized:	7-1-98 increase	(26,935,849)			
	Prior Excess Earnings Transferred per HB 2496		256,823,185			
6-30-98	13.23%	\$1,876,344,607	<u>\$248,240,392</u>			
	Amount available:	7-1-99 increase	\$522,828,431	\$1,335.00	\$81.95	\$81.95
		Investment earnings on balance	92,540,632			
	Amount utilized:	7-1-99 increase	(42,154,215)			
6-30-99	8.70%	\$1,986,262,497	<u>\$172,804,837</u>			
	Amount available:	7-1-00 increase	\$746,019,685	\$1,375.00	\$87.37	\$87.37

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

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

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

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

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

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

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

Surprise Fire
Surprise Police
Tempe Fire
Tempe Police
Thatcher Police
Tolleson Fire
Tolleson Police
Tombstone Police
Tubac Fire District
Tucson Airport Authority Fire
Tucson Airport Authority Police
Tucson Estates Fire
Tucson Fire
Tucson Police
University of Arizona Campus Police
Verde Rural Fire District
Welton Police
Wickenburg Police
Wilcox Police
Williams Police
Winslow Fire
Winslow Police
Yavapai County Sheriffs
Youngtown Police
Yuma County Sheriffs
Yuma Fire
Yuma Police

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

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

<u>Fiscal Year</u>	<u>Total Assets at Book</u>	<u>Realized Earnings from Investments</u>	<u>Assumed Actuarial Yield</u>	<u>Net Effective Yield⁵</u>	<u>Average Employer Cost</u>
1968-69	\$ 38,892,316	\$ 2,034,246	5.50%	5.93%	—
1969-70	45,368,608	2,199,532	5.50	5.33	14.49%
1970-71	53,436,024	2,762,000	5.50	5.66	15.28
1971-72	65,047,747	4,242,551	5.50	7.33	15.58
1972-73 ¹	84,362,537	5,297,962	5.50	7.30	22.13
1973-74	107,645,740	7,505,558	5.50	8.07	21.62
1974-75	135,240,197	9,206,170	5.50	7.85	20.79
1975-76 ²	166,054,317	11,453,347	6.50	7.87	20.24
1976-77 ²	198,469,142	13,563,347	6.50	7.70	16.37
1977-78 ²	234,790,742	16,463,161	6.50	8.07	15.34
1978-79 ²	276,477,938	20,545,314	7.00	8.36	15.62
1979-80	323,768,207	26,648,270	7.50	9.23	13.46
1980-81 ²	380,187,981	33,507,824	7.50	10.02	12.28
1981-82	446,521,727	42,444,841	8.50	10.85	11.86
1982-83 ³	519,164,091	50,436,554	8.50	11.05	10.61
1983-84 ²	599,947,817	57,911,781	9.00	10.94	10.10
1984-85 ²	693,159,911	72,204,630	9.00	11.85	9.16
1985-86 ²	816,881,983	103,855,044	9.00	14.79	7.87
1986-87 ²	930,734,209	91,102,340	9.00	11.01	7.67
1987-88	1,048,036,360	99,543,634	9.00	10.60	6.67
1988-89 ³	1,172,200,963	106,249,997	9.00	10.06	7.18
1989-90	1,305,872,179	123,320,968	9.00	10.48	6.72
1990-91 ³	1,448,675,091	134,468,900	9.00	10.23	7.01
1991-92 ⁴	1,616,623,400	158,382,801	9.00	10.90	8.10
1992-93	1,793,717,029	173,241,734	9.00	10.70	8.73
1993-94	1,959,179,925	167,558,270	9.00	9.35	8.16
1994-95	2,148,732,676	199,847,113	9.00	10.23	7.66
1995-96	2,367,494,985	226,292,201	9.00	10.55	7.85
1996-97	2,615,893,843	261,392,961	9.00	11.07	8.11
1997-98	2,894,319,707	305,281,778	9.00	11.73	6.36
1998-99	3,512,950,451	652,015,871	9.00	22.68	5.82
1999-00					5.29

1. Plan was changed from 25 years and age 55 to 20 years at any age.
2. One-time cost-of-living adjustments for retired members and survivors, effective July 1 were included in this valuation. Future increases for retirees and their survivors over age fifty-five are dependent upon excess earnings created by the Fund.
3. Significant benefit changes were enacted by the 1983 Legislature, the 1987 Legislature and the 1989 Legislature, respectively.
4. Employer contribution rate reflects the greatly-increased utilization of health insurance subsidies enacted by the 1988 and 1989 Legislature.
5. A detailed Schedule of Revenues by Source and Expenses by Type can be found in the Statistical Section.