

ELECTED OFFICIALS' RETIREMENT PLAN

A PENSION TRUST FUND OF THE STATE OF ARIZONA

TWENTIETH COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2001

This report was prepared by the staff of the EORP

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**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
TWENTIETH COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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INTRODUCTORY SECTION

ELECTED OFFICIALS' RETIREMENT PLAN
TWENTIETH COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2001

Fund Managers' Report

Letter of Transmittal

Certificate of Achievement for
Excellence in Financial Reporting

The Retirement Board and
Administrative Organization

Organizational Chart

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

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

1020 East Missouri Avenue
Phoenix, Arizona 85014-2613

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

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

Michael H. Ong, J.D.
Assistant Administrator

September 14, 2001

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

Dear Governor Hull:

The Fund Manager of the Public Safety Personnel Retirement System respectfully submits the Twentieth Comprehensive Annual Financial Report of the Elected Officials' Retirement Plan for the fiscal year ended June 30, 2001.

We are pleased to report that the Plan is in excellent financial and actuarial condition. In fact, the Plan is 141.7% funded, the highest funding on record. This is one of the best funded plans in the country. Listed below are some of the record-breaking highlights for the fiscal year ended June 30, 2001.

Benefits paid to retired Elected Officials and their beneficiaries increased from \$14,347,496 to \$16,802,302. The average employer contribution rate as a percentage of gross payroll decreased from a high of 16.83% for the 1992/93 fiscal year to 8.94% for the 2001/02 fiscal year. The Fair Market Value of the Plan's assets were 11% higher than the book value of the assets.

The 5-year and 10-year total rates of return, which includes realized as well as unrealized gains and losses, for the entire fund was 10.78% and 11.60%, respectively. The 5-year rate of return for the stock portfolio and bond portfolios were 12.43% and 7.79%, respectively. The 10-year rate of return for the stock portfolio and bond portfolios were 13.80% and 8.28%, respectively. The Plan continues to perform well against the market indexes (S&P 500/NYSE stock and Shearson Lehman Government/Corporate bond) on a long-term basis. The net effective yield, which takes into account only realized gains and losses, was 6.19%.

Total administrative and investment expenses increased about 0.2% from \$82,710 to \$82,871. Costs have increased 50% during the past sixteen years. This increase is well below the rate of inflation (66% during this period) even though assets managed have increased 502% and the Plan membership has increased over 90%.

We sincerely appreciate the opportunity of serving the State of Arizona, its political subdivisions, and its elected officials and judges.

Respectfully submitted,

DONALD L. DE MENT/sig

Don De Ment, Chairman

PAT CANTELME/sig

Pat Cantelme, Member

BETSEY BAYLESS/sig

Betsey Bayless, Member

RON SNODGRASS/sig

Ron Snodgrass, Member

WENDY HANCOCK/sig

Wendy Hancock, Member

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

September 14, 2001

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

Gentlemen:

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

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

FINANCIAL INFORMATION

The primary responsibility for the integrity and objectivity of the financial statements and related financial data rests with the management of the Plan. 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 Plan'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 plans should be related to the benefits to be derived. Management believes the Plan's controls provide this appropriate balance.

The Plan uses the accrual basis of accounting for both revenues and expenses. Contributions to the Plan 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 Plan are derived from three sources: member contributions, employer contributions, and investment income. As shown by the Schedule of Revenues by Source included in the Statistical Section later

in this report, the Plan suffered an investment loss this fiscal year that was partly offset by member contributions and employer contributions. Please refer to the Statistical Section for a ten-year history of revenues and expenses.

ADMINISTRATIVE AND INVESTMENT EXPENSES

The 2000/2001 Administrative and Investment Expenses of the Administrative Office increased slightly to \$82,871 compared to \$82,710 for the prior year. This is only 50% higher than the total for fiscal year 1984/1985. This is a compounded annual rate of increase of 2.59% over the last sixteen years. This rate of increase is well below both the rate of inflation and the rate of growth of the Plan. A dedicated staff and constantly improving internal expertise has allowed management to keep costs extremely low for the past sixteen years even though inflation, membership and assets managed have increased substantially during this same period (over 60%, over 90% and nearly 502%, respectively).

INVESTMENTS

Since the Plan is well funded, the management takes a moderately conservative approach to investing. The Plan 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 15.1% U. S. Government Securities, 13.1% Corporate Bonds, 0.9% Corporate Notes, 2.5% Other Investments, 0.1% insured Money Market Funds and 68.3% 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 six of the last ten years and the equity portfolio has outperformed the applicable Index (NYSE until 98/99, then S&P 500) five of the last ten years. The Plan's performance resulted in a net effective yield of 6.19% and a 10-year total rate of return of 11.60%. Graphs depicting the Plan's extraordinary performance since 1987, the year the current Administrator took over the portfolio management, can be found in the Investment Section.

ECONOMIC OUTLOOK

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

ACTUARIAL AND FUNDING INFORMATION

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

There is no single all-encompassing test to measure a retirement plan'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 Plan at June 30, 2001, is 141.7%, which is well ahead of schedule.

The Plan is funded through a member contribution of 7% 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 Plan. State and county employers receive credit for a portion of certain fees collected by the Clerks of the Superior Courts, Courts of Appeals, and the Supreme Court. Currently, these fees are enough to provide all of the state and county employer costs. This is expected to continue through fiscal year 2001/2002 when the city employer rate will be 6.97%.

POST RETIREMENT BENEFIT INCREASES

State law provides for an annual benefit increase for retirees or their survivors. The increases are effective July 1 of each year and based on benefits received on the preceding June 30. The maximum amount of the increase is 4% and contingent upon sufficient excess investment earnings for the fund.

Below is a schedule of the increases in monthly benefits granted since this program began:

July 1, 1990 – 4.0%

July 1, 1991 – 4.0%
July 1, 1992 – 2.0%
July 1, 1993 – 3.5%
July 1, 1994 – 2.0%
July 1, 1995-July 1, 1996-no benefit allowed by law
July 1, 1997 – 1.5%
July 1, 1998 – 1.2%
July 1, 1999 – 4.0%
July 1, 2000 – 4.0%
July 1, 2001 – 4.0%
July 1, 2002 – 4.0%

This is a compounded increase of approximately 40%.

CERTIFICATE OF ACHIEVEMENT

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

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

SUMMARY

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

The results of the valuations indicate that Retirement Plan benefit obligations are being funded as incurred. Favorable economic experience over the last decade has significantly accelerated the funding progress. Current assets are 141.7% of actuarial accrued liability. We believe the assumptions produce a reasonable estimate of costs likely to emerge in the operation of the Retirement Plan.

The Plan has experienced great change during the past sixteen years. The Plan's accrual rate was raised to 4% of pay for each year of credited service. Members can now take normal retirement with twenty years of credited service regardless of age and they can take a reduced early retirement with five or more years of credited service with no age limit. The Plan now provides for disability benefits, survivor benefits for spouses and children, post-retirement increases and health insurance subsidies. Funding has increased to 141.7%. Over just the past sixteen years, membership has grown dramatically and total assets of the Plan have increased more than six times. I am proud to have been a part of the Plan's management team and I look forward to the Plan's continued success in the future.

Respectfully submitted,

JACK M. CROSS/sig

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Elected Officials'
Retirement Plan, Arizona

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

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



Anne Spray Kinney
President

Jeffrey L. Esser
Executive Director

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
THE RETIREMENT BOARD AND ADMINISTRATIVE ORGANIZATION**

THE FUND MANAGER

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

PROFESSIONAL ADVISORS

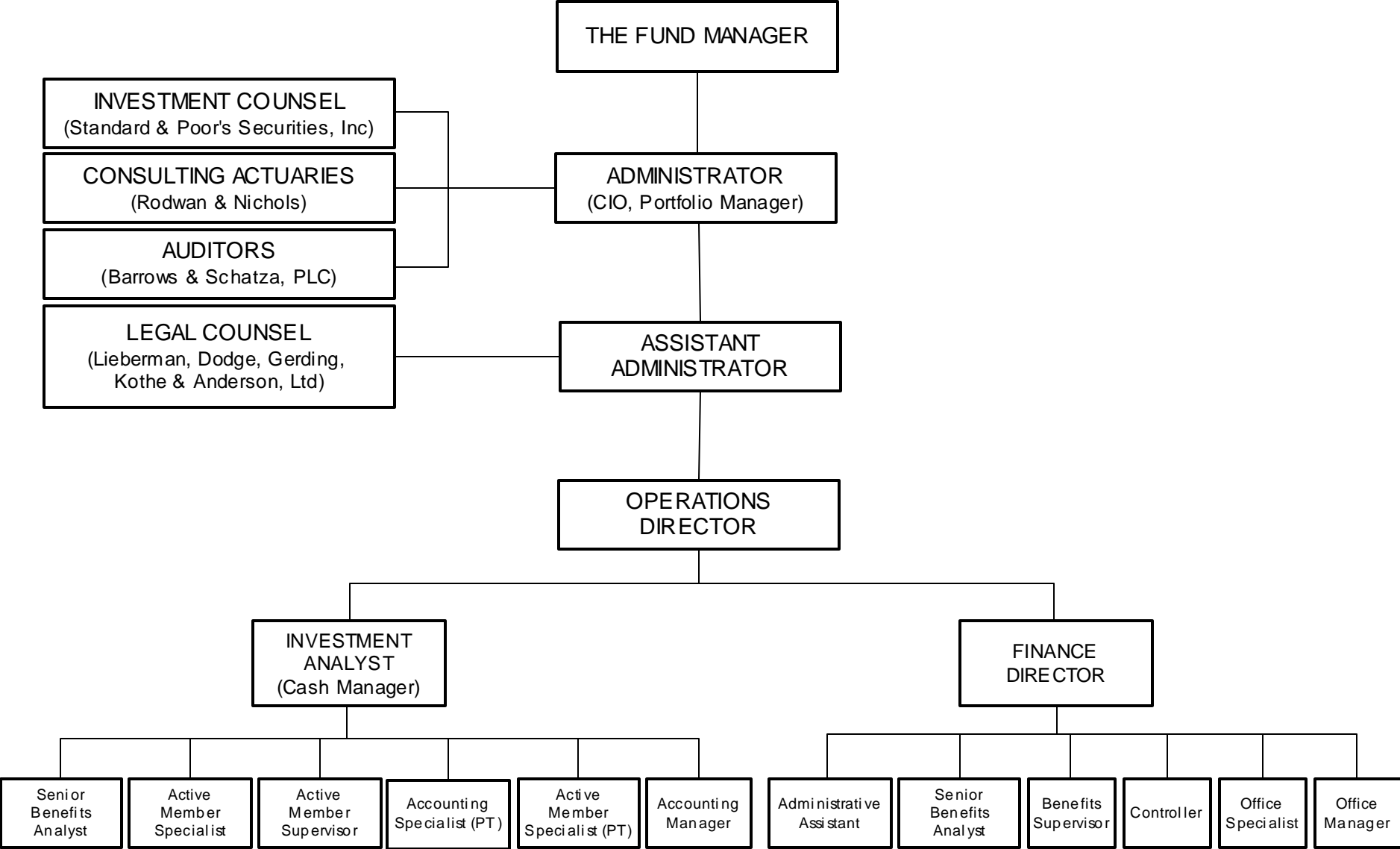
Standard & Poor's Securities, Inc.	Investment Counsel
Rodwan & Nichols	Consulting Actuaries
Barrows & Schatza, P.L.C.	Auditors
Lieberman, Dodge, Gerding, Kothe & Anderson, Ltd.	Legal Counsel

ADMINISTRATIVE STAFF

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

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**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
ORGANIZATIONAL CHART**



FINANCIAL SECTION

ELECTED OFFICIALS' RETIREMENT PLAN
TWENTIETH COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2001

Independent Auditor's Report
Statements of Plan Net Assets
Statements of Changes in Plan 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

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 ELECTED OFFICIALS' RETIREMENT PLAN** as of June 30, 2001 and 2000, and the related statements of changes in system net assets for the years then ended, appearing on pages 14 and 15, respectively. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information, contained on pages 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 26, are not required disclosures under Governmental Accounting Standards Board (GASB) statement No. 25 and are not a required part of the basic financial statements. The accompanying additional information described above has been subjected to the auditing procedures applied in our audit of the 2001 financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

September 7, 2001

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
STATEMENTS OF PLAN NET ASSETS
AS OF JUNE 30, 2001 AND 2000**

	2001		2000	
	Book Cost	See Note 2	Book Cost	See Note 2
ASSETS				
Receivables				
Members' Contributions		\$ 122,223		\$ 97,292
Employers' Contributions		19,087		13,280
Court Fees		288,265		316,480
Interest and Dividends		1,781,636		2,216,053
Total Receivables		<u>2,211,211</u>		<u>2,643,105</u>
Investments at Fair value (Note 2):				
U.S. Government Securities	\$ 46,007,836	48,917,129	\$ 38,309,737	40,488,433
Corporate Bonds	43,552,118	42,384,670	41,428,425	38,024,702
Corporate Notes	2,998,918	2,998,918	2,995,167	2,995,167
Corporate Stocks	190,250,496	221,189,750	192,045,705	310,309,992
Other Investments	8,113,706	8,113,706	6,826,334	6,826,334
Money Market Account	344,072	344,072	956,288	956,288
Total Investments	<u>\$ 291,267,146</u>	<u>323,948,245</u>	<u>\$ 282,561,656</u>	<u>399,600,916</u>
Total Plan Assets		<u>326,159,456</u>		<u>402,244,021</u>
Collateral Held in Trust for Securities on Loan		95,992,400		99,489,225
Liability- Collateral Subject to Return to Borrower		<u>(95,992,400)</u>		<u>(99,489,225)</u>
Net Assets Held in Trust for Pension Benefits		<u>\$ 326,159,456</u>		<u>\$ 402,244,021</u>
Net Asset Reserves				
Refundable Members' Reserve		\$ 24,060,967		\$ 24,038,167
Employers' Reserve		267,662,327		331,297,268
Future Benefit Increase Reserve		34,436,162		46,908,586
Total Net Asset Reserves		<u>\$ 326,159,456</u>		<u>\$ 402,244,021</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
ELECTED OFFICIALS' RETIREMENT PLAN
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000**

	2001	2000
Additions		
Contributions		
Members' Contributions (Notes 1 and 3)	\$ 3,544,290	\$ 4,164,166
Employers' Contributions (Notes 1 and 3)	646,803	540,061
Court Fees	3,509,071	3,586,633
Total Contributions	7,700,164	8,290,860
Net (Depreciation) Appreciation in Fair Value of Investments (Note 2)	(75,726,825)	38,210,656
Interest	7,337,278	7,026,503
Dividends	1,238,447	1,635,012
Securities Lending Activities		
Securities Lending Income	\$ 5,433,400	\$ 4,842,199
Borrower rebates	(5,255,919)	(4,660,976)
Agents Share of Income	(62,114)	(63,424)
Net Securities Lending Income (Note 2)	115,367	117,799
	(67,035,733)	46,989,970
Less Investment Expense	(24,075)	(23,133)
Net Investment Income	(67,059,808)	46,966,837
Amounts Transferred from Other State- Sponsored Pension Plans--Net	269,738	2,083,450
Total Additions	(59,089,906)	57,341,147
Deductions		
Pension and Insurance Benefits (Note 1)	16,802,302	14,347,496
Refunds to Terminated Members (Note 1)	133,561	182,114
Administrative Expenses	58,796	59,577
Total Deductions	16,994,659	14,589,187
Net (Decrease) Increase	(76,084,565)	42,751,960
Net Assets Held In Trust for Pension Benefits		
Beginning of Year - July 1	402,244,021	359,492,061
Ending of Year - June 30	\$ 326,159,456	\$ 402,244,021

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

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001 AND 2000**

NOTE 1 - PLAN DESCRIPTION

Organization

The Elected Officials' Retirement Plan (EORP), a pension trust fund of the State of Arizona, is a cost-sharing multiple-employer public employee retirement plan established by Title 38, Chapter 5, Article 3 of the Arizona Revised Statutes, to provide benefits for elected officials and judges of certain state, county and local governments. The Plan is administered by the Fund Manager of the Public Safety Personnel Retirement System (PSPRS).

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

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

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

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

	<u>2001</u>	<u>2000</u>
Cities	16	16
Counties	15	15
State Agencies	1	1
Total Employers	32	32

All state and county elected officials and judges are members of the Plan. Any city in the State of Arizona may elect to have its' elected officials covered by the EORP. At June 30, 2001 and 2000, statewide EORP membership consisted of:

	<u>2001</u>	<u>2000</u>
Retirees and beneficiaries currently receiving benefits	647	589
Terminated vested employees	165	109
Current employees		
Vested	409	444
Non-vested	328	276
Total Members	1549	1418

EORP provides retirement benefits as well as death and disability benefits. Generally, all benefits vest after five years of credited service. A Summary of Benefits and Plan provisions follows:

SUMMARY OF BENEFITS

Purpose (A.R.S. §38-810.02.B)

To provide a uniform, consistent and equitable statewide program for those eligible elected officials as defined by the Plan.

Eligibility (A.R.S. §38-801 and §38-804.A)

All elected officials are members of the Plan, except that an elected official who is subject to term limits may elect not to participate in the Plan for that specific term of office. An elected official means every elected official of this state, every elected official of each county of this state, every justice of the supreme court, every judge of the court of appeals, every judge

of the superior court, every full-time superior court commissioner, the administrator of the fund manager if the administrator is a natural person and each elected official of an incorporated city or town whose employer has executed a proper joinder agreement for coverage of its elected officials.

Contributions (A.R.S. §38-810.A)

Each member shall contribute 7.00% of salary to the Plan on a pre-tax basis. Each employer shall contribute the following:

For state and county employers, a designated portion of certain fees collected by the Clerks of the Superior Courts, Courts of Appeals and the Supreme Court plus additional contributions as determined by actuarial valuation to ensure proper funding for the Plan, but not less than 2% of salary. (A.R.S. §38-810)

For incorporated city or town employers, a level per cent of salary as determined by actuarial valuation to ensure proper funding for the Plan but not less than 2% of salary. (A.R.S. §38-810)

Credited Service (A.R.S. §38-801, ¶ 3)

Means the number of whole and fractional years of a member's service as an elected official after the elected official's effective date of participation for which member and employer contributions are on deposit with the fund, plus credited service as an elected official transferred to the Plan from another retirement system or plan for public employees of this state, plus service as an elected official before the elected official's effective date of participation which is being funded pursuant to a joinder agreement or which was redeemed pursuant to §38-816.

Average Yearly Salary (A.R.S. §38-801, ¶ 2)

Means the highest average total salary over a period of three consecutive years within the last ten completed years of credited service which was paid to the elected official at the time of death or retirement or at the time the elected official ceases to hold office.

Normal Retirement (No Reduction for Age) (A.R.S. Sections 38-805.A and 38-808.B, ¶ 1)

An elected official may retire upon meeting one of the following age and service requirements:

1. Age sixty-five years, with five or more years of credited service.
2. Age sixty-two years, with ten or more years of credited service.
3. Twenty or more years of credited service regardless of age.

The amount of a normal retirement pension is four percent (4%) of the member's average yearly salary multiplied by the years of the member's credited service. Maximum is eighty percent (80%) of the member's average yearly salary.

Early Retirement (Reduction for Age) (A.R.S. §38-805.B and §38-808.B, ¶ 1)

An elected official who has five or more years of credited service may retire before meeting the age or service requirement for normal retirement. The amount of an early retirement pension is computed by determining the amount of accrued normal retirement pension and then reducing the amount determined by three-twelfths of one percent for each month early retirement precedes the member's normal retirement age as noted above. The maximum reduction is 30%.

Vested Termination (Deferred Retirement)

An elected official with five or more years of credited service retains entitlement to deferred pension, upon ceasing to be an elected official, if the elected official's accumulated contributions are left on deposit in the retirement plan. The amount of pension is determined in the same manner as a normal or early pension, whichever is applicable.

Disability Retirement (A.R.S. §38-806 and §38-808.B, ¶ 2)

The Fund Manager may retire an elected official who becomes incapacitated for the purpose of performing the duties of the member's office based on a certification by a board of physicians that the member is mentally or physically incapacitated and qualifies for a disability retirement. The amount of pension is eighty percent (80%) of member's average yearly salary if the elected official has ten (10) or more years of credited service or forty percent (40%) of the member's average yearly salary if the elected official has five (5) but less than ten (10) years of credited service or twenty percent (20%) of the member's average yearly salary if the elected official has fewer than five (5) years of credited service.

Survivor Pension (A.R.S. §38-807)

Payable to the eligible beneficiary of a retired member or an active or inactive member who dies before retirement. An eligible beneficiary is a surviving spouse who was married to the retired or active or inactive member for at least two years; or, if there is no eligible spouse, then to a minor child. A surviving spouse's pension terminates upon death. A surviving child's pension terminates upon marriage, adoption or death or upon attainment of age 18 years, unless the child is a full-time student under the age of 23 or the child is under a disability which began before the child attained the age of 23. The amount of a surviving

spouse's pension is three-fourths of the pension being paid the deceased retired elected official or three-fourths of the pension which the member would have received assuming he had retired under a disability. The amount of a surviving child's pension is an equal share of the amount of a surviving spouse's pension.

Death Benefit (A.R.S. §38-807.E)

If a member dies and no pension is payable on account of the member's death, the deceased member's accumulated contributions shall be paid to the beneficiary named by the member.

Termination Refund (A.R.S. §38-804.B)

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 the accumulated contributions, as of the date of termination, less any benefits paid or any amounts owed to the Plan. A member forfeits all membership rights and credited service in the Plan 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 38-810.A
- 6 to 6.9—40% of member contributions deducted from the member's salary pursuant to ARS 38-810.A
- 7 to 7.9—55% of member contributions deducted from the member's salary pursuant to ARS 38-810.A
- 8 to 8.9—70% of member contributions deducted from the member's salary pursuant to ARS 38-810.A
- 9 to 9.9—85% of member contributions deducted from the member's salary pursuant to ARS 38-810.A
- 10 or more—100% of member contributions deducted from the member's salary pursuant to ARS 38-810.A plus interest at 3% if left on deposit after 30 days.

Reemployment And Repayment Of Contributions (A.R.S. §38-804.F)

An elected official who terminates membership in the Plan and takes a refund of his contributions and is later re-employed as an elected official may restore prior service credits, if the elected official signs a written election within ninety days after re-employment to reimburse the Plan within one year after the date of re-employment. The reimbursement will equal the amount previously withdrawn plus interest from the date of withdrawal to the date of repayment at the rate of 9% compounded annually.

Reemployment After Retirement (A.R.S. §38-804.G)

If a retired member subsequently becomes an elected official, contributions shall not be made to the Plan nor additional years of credited service accrued. Additionally, if a retired member becomes an elected official from the same office from which the member retired by reason of election or reelection, the member's pension will be suspended during the term of that office.

Redemption Of Prior Service (A.R.S. §38-816)

Active members who had previous service in this state as an elected official with an employer now covered by the Plan before the effective date of participation and who received a refund of accumulated contributions from the applicable retirement system upon termination or who was not covered by a retirement system or plan during the elected official's prior elected official service may elect to redeem any part of the prior service by paying into the Plan the amounts required in A.R.S. §38-816.B.

Purchase Of Prior Active Military Service (A.R.S. §38-820)

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

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

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

Cola Benefit Increases (A.R.S. §38-818)

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 EORP benefit being received on the preceding June 30 and is contingent upon sufficient excess investment earnings for the fund. To be eligible for the increase the member or survivor must be age 55 or older on July 1 of the current year and was receiving benefits on or before July 31 of the previous year. A member or survivor is also eligible if they were receiving benefits on or before July 31 of the two previous years regardless of age.

Health Insurance Premium Subsidy (A.R.S. §38-817)

For EORP retirees who have elected group health and accident insurance coverage provided and administered by the state or another EORP employer and who had 8 or more years of credited service, the EORP will pay up to the following amounts:

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

Those retired members who had between 5 and 8 years of credited service would receive a proportionate share of the full subsidy.

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

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

State Taxation Of Eorp Benefits (A.R.S. §38-811 and §43-1022)

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

Basis of Accounting

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

By state statute, this Plan is required to provide information in the financial statements used to calculate Net Effective Yield. Net Effective Yield includes only realized gains and losses. The Net Realized Gain used in this calculation totaled \$8,601,335 for FYE 2001 and \$22,652,064 for FYE 2000.

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

Investments

CORP 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." (A.R.S. §38-848.D) In making every investment, the Fund Manager shall exercise the judgment and care under the circumstances then prevailing

which men of ordinary prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income from their funds as well as the probable safety of their capital, provided:

- 1) That not more than seventy 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 that, except for bank stocks and insurance stocks, are either:
 - a) Listed or approved on issuance for listing on an exchange registered under the Securities Exchange Act of 1934, as amended (15 United States Code §78a through §7811);
 - b) Designated or approved on notice of issuance for designation on the national market system of a national securities association registered under the Securities Exchange Act of 1934, as amended (15 United States Code §78a through §7811);
 - c) Listed or approved on issuance for listing on an exchange registered under the laws of this [Arizona] state or any other state; or
 - d) Listed or approved on issuance for listing on an exchange 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 Plan'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 Plan or its agent in the name of the Plan. 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 Plan's name.

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

Money Market Account

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

Securities Lending Income

The Plan is party to a securities lending agreement with a bank. The bank, on behalf of the Plan, enters into agreements with brokers to loan securities and have the same securities returned at a later date. The loans are fully collateralized primarily by cash. Collateral is marked-to-market on a daily basis. Non-cash collateral can be sold only upon borrower default. The Plan requires collateral of at least 102% of the fair value of the loaned U.S. Government or corporate security. Securities on loan are carried at fair value. As of June 30, 2001 and 2000 the fair value of securities on loan was \$91,481,670 (consisting of Stocks-\$47,705,918, Corporate Bonds-\$9,303,338 and Treasuries and Agencies-\$34,472,414) and \$84,893,210(consisting of Stocks-\$53,582,053, Corporate Bonds-\$3,830,000 and Treasuries and Agencies-\$27,481,157), respectively. The Plan receives a negotiated fee for its loan activities and is indemnified for broker default by the securities lending agent. The Plan participates in a collateral investment pool. All security loans can be terminated on demand by either the pool participants or the borrower. All term loans have a matched collateral investment. Cash collateral received for open loans is invested for longer term, however, at least 20% of total collateral investments must be invested on an overnight basis and at least 30% of total collateral investments must be invested with a maturity of 7 days or less. Additionally, no more than 20% of the total collateral investments will be invested in instruments maturing in over 91 days. In lending securities, investments of cash collateral for open loans as of June 30, 2001 are not matched in maturity and have a weighted average maturity of 9 days, 7 days as of June 30, 2000. The Plan has no credit risk under this program and has experienced no default or losses on these loans.

NOTE 3 - CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

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

During the year ended June 30, 2001, contributions totaling \$7,700,164 (\$4,155,874 employer and \$3,544,290 member) were made in accordance with contribution requirements determined by an actuarial valuation of the Plan as of June 30, 1999. The employer contributions consisted of approximately \$7,611,766 for normal cost less (\$3,455,892) for amortization of the assets in excess of the actuarial accrued liability in aggregate. Employer contributions represented 8.94% of covered payroll. [16.49% for normal costs and (7.55)% for amortization of assets in excess of the actuarial accrued liability in aggregate.] Member contributions represented 7.00% of covered payroll and are all attributable to normal costs.

During the year ended June 30, 2000, contributions totaling \$8,290,860 (\$4,126,694 employer and \$4,164,166 member) were made in accordance with contribution requirements determined by an actuarial valuation of the Plan as of June 30, 1998. The employer contributions consisted of \$6,565,562 for normal cost less (\$2,438,868) for amortization of the assets in excess of the actuarial accrued liability in aggregate. Employer contributions represented 10.22% of covered payroll. [16.26% for normal costs and (6.04)% for amortization of assets in excess of the actuarial accrued liability in aggregate.] Member contributions represented 7.00% of covered payroll and are all attributable to normal costs.

NOTE 4 – REQUIRED SCHEDULES

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

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS**

While not any one or two numeric indices can fully describe the financial condition of a retirement plan, 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 plan's condition. Shown below is a Comparative Schedule (\$ in thousands) since legislation was enacted in 1987, 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 Liability (AAL) at 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)
6-30-82	\$ 13,162	\$ 18,357	\$ 5,195	71.7%	\$ 7,444	69.8%
6-30-83	\$ 15,350	\$ 19,013	\$ 3,663	80.7%	\$ 8,087	45.3%
6-30-84	\$ 17,694	\$ 19,694	\$ 2,000	89.8%	\$ 8,113	24.7%
6-30-85 ^{*3}	\$ 49,900	\$ 48,969	\$ (931)	101.9%	\$ 17,691	-5.3%
6-30-86	\$ 58,757	\$ 53,427	\$ (5,330)	110.0%	\$ 17,842	-29.9%
6-30-87 ¹	\$ 65,818	\$ 66,642	\$ 824	98.8%	\$ 20,409	4.0%
6-30-88 ¹	\$ 73,993	\$ 77,908	\$ 3,915	95.0%	\$ 21,444	18.3%
6-30-89 ^{*1}	\$ 84,258	\$ 90,951	\$ 6,693	92.6%	\$ 24,605	27.2%
6-30-90 ^{*1}	\$ 92,421	\$ 100,433	\$ 8,012	92.0%	\$ 25,776	31.1%
6-30-91 ^{*1}	\$ 103,570	\$ 109,650	\$ 6,080	94.5%	\$ 27,838	21.8%
6-30-92 ^{*1}	\$ 115,869	\$ 115,098	\$ (771)	100.7%	\$ 27,777	-2.8%
6-30-93 [*]	\$ 127,984	\$ 127,478	\$ (506)	100.4%	\$ 29,708	-1.7%
6-30-94 ¹	\$ 140,145	\$ 138,322	\$ (1,823)	101.3%	\$ 29,633	-6.2%
6-30-95 ¹	\$ 159,111	\$ 149,366	\$ (9,745)	106.5%	\$ 30,324	-32.1%
6-30-96 [*]	\$ 181,754	\$ 158,126	\$ (23,628)	114.9%	\$ 29,967	-78.8%
6-30-97 [*]	\$ 214,035	\$ 169,593	\$ (44,442)	126.2%	\$ 33,896	-131.1%
6-30-98	\$ 241,884	\$ 199,662	\$ (42,222)	121.1%	\$ 40,441	-104.4%
6-30-99	\$ 283,337	\$ 227,100	\$ (56,237)	124.8%	\$ 43,087	-130.5%
6-30-00	\$ 329,777	\$ 253,478	\$ (76,299)	130.1%	\$ 45,382	-168.1%
6-30-01	\$ 355,768	\$ 250,987	\$ (104,781)	141.7%	\$ 48,669	-215.3%

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

1. Reflects significant Plan amendments or assumption changes.

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 Plan 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 1.5%; and (c) additional projected salary increases ranging from 0.0% to 3.0% per year, depending on age, attributable to seniority/merit.

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ended June 30	Employer Contributions	
	Annual Required Contributions	Percentage Contributed
1990	\$3,048,190	100.0%
1991	\$4,141,666	100.0%
1992	\$4,830,326	100.0%
1993	\$4,941,470	100.0%
1994	\$5,555,890	100.0%
1995	\$5,224,545	100.0%
1996	\$4,886,479	100.0%
1997	\$4,934,939	100.0%
1998	\$3,668,144	100.0%
1999	\$3,941,018	100.0%
2000	\$4,126,694	100.0%
2001	\$4,155,874	100.0%

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
SUPPORTING SCHEDULE OF CHANGES IN FUND BALANCE RESERVES
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000**

	Refundable Members' Reserve	Employers' Reserve	Future Benefit Increase Reserve
Balance - June 30, 1999	\$ 21,505,771	\$ 297,504,295	\$ 40,481,995
Distribution of Revenues and Expenses			
Members' Contributions	4,164,166		
Employers' Contributions		4,126,694	
Earnings on Investments Net of Investment Expenses		46,966,837	
Pension Benefits		(14,347,496)	
Refunds to Terminated Members	(113,028)	(69,086)	
Administrative Expenses		(59,577)	
Distribution of Transfers			
Excess Investment Earnings to be used for Future Benefit Increases		(5,216,866)	5,216,866
Earnings on Excess Investment Earnings Account Assets		(5,343,623)	5,343,623
Amount Utilized by Benefit Increases Granted		4,133,898	(4,133,898)
Net Transfers from Other State-Sponsored Pension Plans	1,091,133	992,317	
Inter-System Transfers -- Member Account Balances Transferred to Employers' Reserve due to Retirement	(2,609,875)	2,609,875	
Balance - June 30, 2000	\$ 24,038,167	\$ 331,297,268	\$ 46,908,586
Distribution of Revenues and Expenses			
Members' Contributions	3,544,290		
Employers' Contributions		4,155,874	
Earnings (Loss) on Investments Net of Investment Expenses		(67,059,808)	
Pension Benefits		(16,802,302)	
Refunds to Terminated Members	(132,118)	(1,443)	
Administrative Expenses		(58,796)	
Distribution of Transfers			
Excess Investment Earnings to be used for Future Benefit Increases		-	-
Earnings (Loss) on Excess Investment Earnings Account Assets		7,953,820	(7,953,820)
Amount Utilized by Benefit Increases Granted		4,518,604	(4,518,604)
Net Transfers from Other State-Sponsored Pension Plans	154,128	115,610	
Inter-System Transfers -- Member Account Balances Transferred to Employers' Reserve due to Retirement	(3,543,500)	3,543,500	
Balance - June 30, 2001	\$ 24,060,967	\$ 267,662,327	\$ 34,436,162

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
SUPPORTING SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES
SUPPORTING SCHEDULE OF PAYMENTS TO CONSULTANTS
FOR THE YEAR ENDED JUNE 30, 2001**

	Administrative	Investment	Total
Accounting and Auditing Services	\$ 3,800	\$ -	\$ 3,800
Actuarial Services	11,140	-	11,140
Contractual Services	1,162	-	1,162
Educational Expenses	1,194	2,161	3,355
Furniture and Equipment	2,165	-	2,165
Occupancy Expenses	2,198	366	2,564
Office Supplies	410	153	563
Payroll Taxes and Fringe Benefits	3,748	2,806	6,554
Postage Expense	1,465	244	1,709
Printing, Publications and Subscriptions	5,100	65	5,165
Professional Services	2,119	353	2,471
Salaries and Wages	23,581	17,657	41,238
Telephone Expense	504	133	637
Travel Expense	211	137	348
	\$ 58,796	\$ 24,075	\$ 82,871

Consultants

Consultants	Fees Paid
Standard & Poor's Securities, Inc. - Investment Counsel	\$ (1)
Gabriel, Roeder, Smith & Company - Consulting Actuaries*	11,140
Barrows & Schatza, P.L.C. - Auditors	3,800
Lieberman, Dodge, Gerding, Kothe & Anderson Ltd. - Legal Counsel	2,471
	\$ 17,411

(1) This service was provided to the Plan without charge by Standard & Poor's Securities, Inc.
The value of their services is approximately \$7,500

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

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
SUPPLEMENTAL SCHEDULE OF
CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
RECEIPTS		
Members' Contributions	\$ 3,525,605	\$ 4,070,172
Employers' Contributions	640,996	617,299
Court Fees	3,537,287	3,566,546
Interest	7,765,749	6,975,970
Dividends	1,248,232	2,403,132
Securities Lending Income	111,529	115,082
Amounts Transferred from Other		
State-Sponsored Pension Plans	419,338	2,125,025
Maturities and Sales of		
U.S. Government Securities	4,033,350	8,318,041
Corporate Bonds	3,029,229	5,116,667
Corporate Notes	728,948,269	396,945,097
Other Investments	1,220,371	1,419,322
Common Stock	67,105,521	81,773,605
Net Decrease in Money Market Funds	612,216	-
Total Receipts	822,197,693	513,445,958
DISBURSEMENTS		
Pension Benefits	16,802,302	14,347,496
Refunds to Terminated Members	133,561	182,114
Investment and Administrative Expenses	89,117	82,710
Amounts Transferred to Other		
State-Sponsored Pension Plans	149,600	41,575
Acquisitions of:		
U.S. Government Securities	11,731,449	10,565,797
Corporate Bonds	5,152,069	5,977,523
Corporate Notes	728,952,021	397,942,457
Other Investments	2,472,635	3,042,075
Common Stock	56,714,937	80,886,399
Net Increase in Money Market Fund	-	377,812
Total Disbursements	822,197,693	513,445,958
DECREASE IN CASH	-	-
BEGINNING CASH BALANCE - July 1	-	-
ENDING CASH BALANCE - June 30	\$ -	\$ -

INVESTMENT SECTION

ELECTED OFFICIALS' RETIREMENT PLAN
TWENTIETH COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2001

Fund Objectives

Investment Performance Data

Supporting Schedule of Commissions Paid to Brokers

Summary of Changes in Investment Portfolio

Detailed List of Investments Acquired

Detailed List of Sales and Redemption of Investments

Detailed List of Investments Owned

FUND OBJECTIVES

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

Adopted this 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

S&P Investment Advisory Services LLC
55 Water Street, 44th Floor
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Standard & Poor's
A Division of The McGraw-Hill Companies 

August 31, 2001

The Fund Manager
State of Arizona
Elected Officials' Retirement Plan
1020 East Missouri Avenue
Phoenix, Arizona 85014

Dear Sirs:

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

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

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

Sincerely,

Kenneth Shea/sig

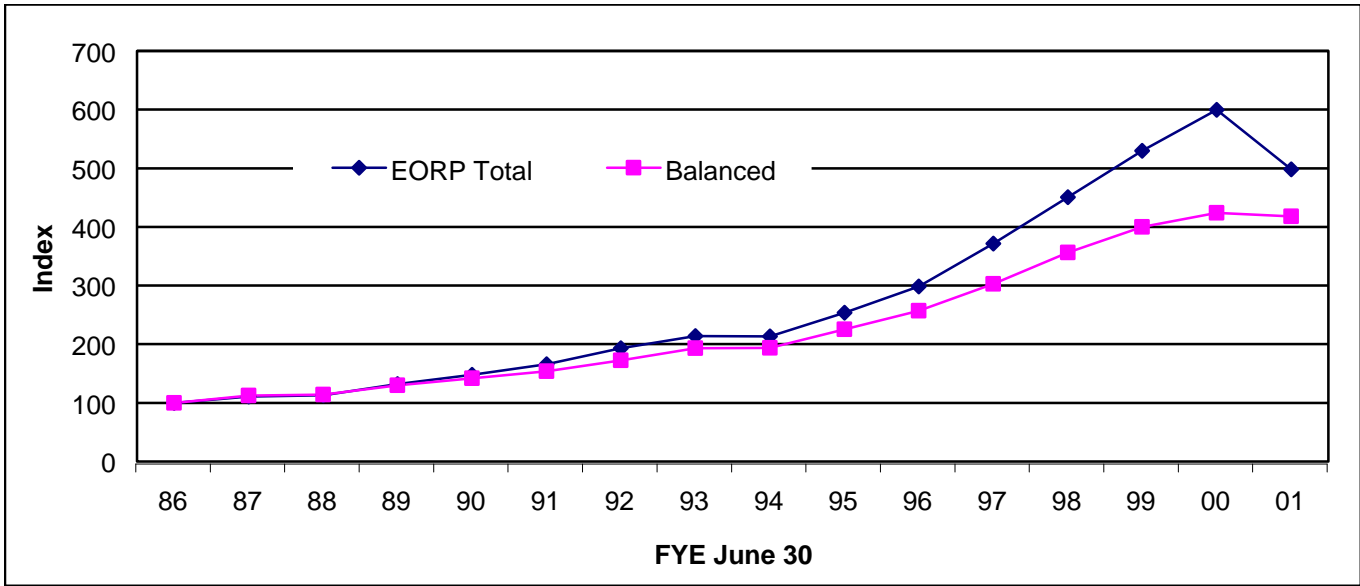
Kenneth Shea
Vice President
Director of Equity Research

KS/rt

Enclosures

tgletters/Arizona 8/01

**Investment Performance Data
Cumulative Return - Total Fund
Elected Officials' Retirement Plan**



FYE	Fair Value	Contribution	Total Return	Balanced Index*
06-30-01	\$ 323,948,245	\$ (8,619,538)	-16.96%	-1.40%
06-30-00	\$ 399,600,916	\$ (3,551,579)	13.20%	6.02%
06-30-99	\$ 356,162,525	\$ (5,775,793)	17.52%	12.23%
06-30-98	\$ 308,491,389	\$ (3,624,820)	21.23%	17.66%
06-30-97	\$ 257,721,510	\$ (2,741,757)	24.58%	17.87%
06-30-96	\$ 209,379,157	\$ (2,779,807)	17.69%	13.98%
06-30-95	\$ 180,418,272	\$ (1,649,899)	18.78%	16.30%
06-30-94	\$ 153,422,862	\$ 54,156	-0.19%	0.25%
06-30-93	\$ 153,665,647	\$ (794,301)	10.70%	12.26%
06-30-92	\$ 139,529,010	\$ 844,693	16.29%	12.12%
06-30-91	\$ 119,192,732	\$ 625,797	12.31%	8.32%
06-30-90	\$ 105,498,890	\$ 420,839	12.25%	9.21%
06-30-89	\$ 93,578,548	\$ 1,095,348	16.61%	13.98%
06-30-88	\$ 79,125,721	\$ 1,018,730	1.80%	1.19%
06-30-87	\$ 76,655,143	\$ 554,007	11.01%	12.61%
06-30-86	\$ 68,508,067			

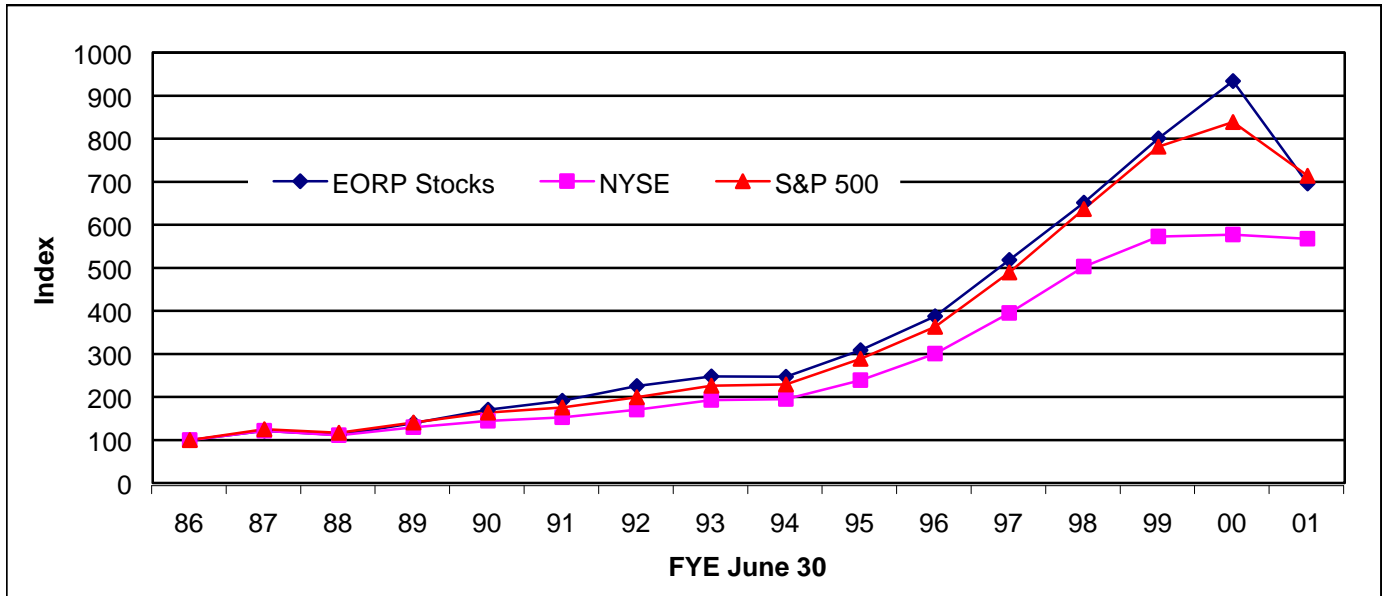
*Balanced Index is 45% NYSE + 45% Lehman Government/Corporate Bond + 10% 91 day T-bill. Beginning FY 98/99, S&P 500 replaces NYSE.

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

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

Annualized Returns		
	Total Fund	Balanced Index
3-year	3.37%	5.47%
5-year	10.78%	10.23%
10-year	11.60%	10.53%

**Investment Performance Data
Cumulative Return - Stocks
Elected Officials' Retirement Plan**

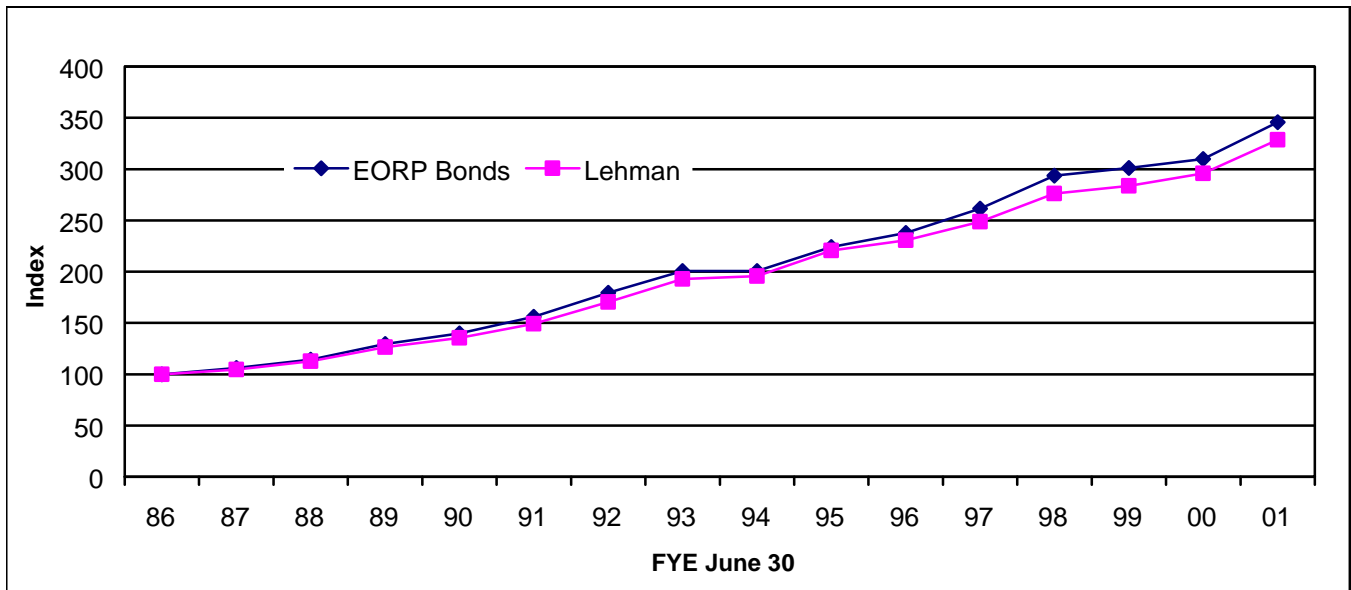


FYE	Fair Value	Contribution	Total Return	NYSE Index*	S&P 500
06-30-01	\$ 221,189,751	\$ (11,629,031)	-25.47%	-1.77%	-14.83%
06-30-00	\$ 310,309,992	\$ (2,522,218)	16.58%	0.84%	7.25%
06-30-99	\$ 268,364,567	\$ (2,803,445)	23.04%	13.86%	22.76%
06-30-98	\$ 219,970,996	\$ 3,973,823	25.63%	27.28%	30.16%
06-30-97	\$ 172,058,639	\$ (1,803,251)	33.72%	31.51%	34.69%
06-30-96	\$ 130,754,134	\$ 2,472,037	25.68%	25.91%	26.00%
06-30-95	\$ 100,984,922	\$ (4,284,646)	24.88%	22.40%	26.06%
06-30-94	\$ 84,956,830	\$ 858,704	-0.41%	1.24%	1.23%
06-30-93	\$ 84,488,875	\$ 9,068,166	9.90%	13.32%	13.52%
06-30-92	\$ 68,365,688	\$ 6,044,772	18.05%	11.59%	13.45%
06-30-91	\$ 52,650,675	\$ 9,161,349	12.21%	5.50%	7.39%
06-30-90	\$ 37,844,300	\$ 5,083,288	22.43%	11.25%	16.44%
06-30-89	\$ 26,506,185	\$ (3,016,405)	24.94%	16.81%	20.54%
06-30-88	\$ 24,034,290	\$ (805,321)	-8.16%	-8.57%	-6.97%
06-30-87	\$ 27,185,325	\$ 4,220,210	21.22%	21.46%	25.08%
06-30-86	\$ 18,284,450				

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

Annualized Returns			
	Total Stocks	NYSE	S&P 500
3-year	2.25%	4.09%	3.89%
5-year	12.43%	13.55%	14.47%
10-year	13.80%	14.05%	15.07%

**Investment Performance Data
Cumulative Return - Bonds, Notes, Other Investments and Money Market
Elected Officials' Retirement Plan**



FYE	Fair Value	Contribution	Total Return	Lehman*
06-30-01	\$ 102,758,495	\$ 3,009,493	11.58%	11.14%
06-30-00	\$ 89,290,924	\$ (1,029,361)	2.97%	4.29%
06-30-99	\$ 87,797,958	\$ (2,972,348)	2.55%	2.69%
06-30-98	\$ 88,520,393	\$ (7,598,643)	12.28%	11.08%
06-30-97	\$ 85,666,634	\$ (938,506)	9.98%	7.75%
06-30-96	\$ 78,625,023	\$ (5,251,844)	6.02%	4.65%
06-30-95	\$ 79,433,350	\$ 2,634,747	11.67%	12.75%
06-30-94	\$ 68,466,032	\$ (804,548)	0.08%	-1.45%
06-30-93	\$ 69,176,772	\$ (9,862,467)	11.75%	13.15%
06-30-92	\$ 71,163,322	\$ (5,200,079)	15.00%	14.17%
06-30-91	\$ 66,542,057	\$ (8,535,552)	11.55%	10.21%
06-30-90	\$ 67,654,590	\$ (4,662,449)	8.05%	7.11%
06-30-89	\$ 67,072,363	\$ 4,111,753	13.40%	12.34%
06-30-88	\$ 55,091,431	\$ 1,824,079	7.61%	7.48%
06-30-87	\$ 49,469,818	\$ (3,666,202)	6.12%	4.68%
06-30-86	\$ 50,223,617			

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

Annualized Returns		
	Total Bonds	Lehman
3-year	5.62%	5.98%
5-year	7.79%	7.34%
10-year	8.28%	7.91%

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
SUPPORTING SCHEDULE OF COMMISSIONS PAID TO BROKERS
FISCAL YEAR ENDED JUNE 30, 2001**

Broker	Number of Shares Traded	Average Commission	Commissions
Covato Lipsitz	109,000	0.050	\$ 5,450.00
Dain Rauscher	55,000	0.036	\$ 2,000.00
ISI Group	110,000	0.050	\$ 5,500.00
J.W.Garrett	106,500	0.050	\$ 5,325.00
Merrill Lynch	300,670	0.033	\$ 9,983.50
Paine Webber	296,500	0.045	\$ 13,375.00
Prudential Securities	232,000	0.026	\$ 6,050.00
Simon Securities	74,000	0.050	\$ 3,700.00
Smith Barney--Phoenix	264,000	0.027	\$ 7,250.00
Smith Barney--Scottsdale	314,000	0.026	\$ 8,050.00
Standard & Poor's Securities	734,169	0.050	\$ 36,708.45
U. S. Securities and Futures	81,000	0.050	\$ 4,050.00
Wells Fargo / Van Kasper	103,000	0.050	\$ 5,150.00
Total Commissions	2,779,839	0.041	\$ 112,591.95

The Plan 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 Plan.

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
SUMMARY OF CHANGES IN INVESTMENT PORTFOLIO
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

Description	Percent at Fair Value	Balance June 30, 2000		Acquisitions	Maturities and Sales	(Premium) Discount	Balance June 30, 2001		Percent at Fair Value
		Fair Value	Book Value				Book Value	Fair Value	
U.S. Treasury Obligations	3.2%	12,847,330.00	10,982,383.00	-	-	(13,932.86)	10,968,450.14	12,767,960.00	3.9%
Federal Agency Obligations	6.9%	27,641,103.12	27,327,354.34	11,731,449.46	4,019,417.40		35,039,386.40	36,149,168.77	11.2%
Total U.S. Government Securities	10.1%	40,488,433.12	38,309,737.34	11,731,449.46	4,019,417.40	(13,932.86)	46,007,836.54	48,917,128.77	15.1%
Corporate Bonds	9.5%	38,024,702.02	41,428,424.94	5,152,069.20	3,017,829.70	(10,546.64)	43,552,117.80	42,384,669.63	13.1%
Total Bond Portfolio	19.6%	78,513,135.14	79,738,162.28	16,883,518.66	7,037,247.10	(24,479.50)	89,559,954.34	91,301,798.40	28.2%
Corporate Notes	0.8%	2,995,166.67	2,995,166.67	728,952,021.06	728,948,269.39	-	2,998,918.34	2,998,918.34	0.9%
Common Stock	77.7%	310,309,991.50	192,075,705.17	56,714,936.82	58,540,146.40	-	190,250,495.59	221,189,750.55	68.3%
Other Investments	1.7%	6,826,334.10	6,826,334.11	2,472,635.02	1,185,263.00	-	8,113,706.13	8,113,706.13	2.5%
Money Market Account	0.2%	956,287.75	956,287.75		612,215.82	-	344,071.93	344,071.93	0.1%
Total Portfolio	100.0%	399,600,915.16	282,591,655.97	805,023,111.56	796,323,141.71	(24,479.50)	291,267,146.33	323,948,245.35	100.0%

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
INVESTMENTS ACQUIRED
JULY 1, 2000 THROUGH JUNE 30, 2001**

BONDS ACQUIRED

Security	Coupon	Maturity	Purchase Price	Par Value	Principal	(Premium) Discount	Accrued Interest	Total Amount	Book Yield
<i>FEDERAL AGENCY OBLIGATIONS</i>									
GNMA Pool #458918	7.000	8/15/2028	98.18750	1,000,000.25	981,875.25	18,125.00	4,277.78	986,153.03	7.13%
GNMA Pool #486761	7.000	12/15/2028	98.03125	1,000,000.02	980,312.52	19,687.50	4,277.77	984,590.29	7.14%
GNMA Pool #530611	6.500	5/15/2031	99.91406	2,000,000.00	1,998,281.25	1,718.75	7,222.22	2,005,503.47	6.51%
GNMA Pool #530631	6.500	6/15/2031	99.55470	3,300,000.00	3,285,305.10	14,694.90	11,320.83	3,296,625.93	6.53%
GNMA Pool #539629	6.500	4/15/2031	99.62500	2,500,249.27	2,490,873.34	9,375.93	9,028.67	2,499,902.01	6.52%
GNMA Pool #548963	6.500	3/15/2031	99.75000	1,999,801.51	1,994,802.00	4,999.51	7,943.66	2,002,745.66	6.52%
TOTAL FEDERAL AGENCY OBLIGATIONS				11,800,051.05	11,731,449.46	68,601.59	44,070.93	11,775,520.39	6.62%
<i>CORPORATE BONDS</i>									
ANTHEM INSURANCE COMPANY	9.125	4/1/2010	91.43900	1,000,000.00	914,390.00	85,610.00	26,107.64	940,497.64	9.98%
AT&T CORPORATES	8.350	1/15/2025	101.50000	500,000.00	507,500.00	(7,500.00)	8,697.92	516,197.92	8.23%
AXA SA	8.600	12/15/2030	108.62500	500,000.00	543,125.00	(43,125.00)	12,541.67	555,666.67	7.92%
GOODRICH CORPORATION	7.100	11/15/2027	90.64700	1,000,000.00	906,470.00	93,530.00	7,297.22	913,767.22	7.83%
GTE CORPORATION	7.900	2/1/2027	97.50100	920,000.00	897,009.20	22,990.80	9,690.67	906,699.87	8.10%
ROCKWELL INTERNATIONAL	6.700	1/15/2028	90.74500	1,000,000.00	907,450.00	92,550.00	27,544.44	934,994.44	7.38%
US WEST COMMUNICATIONS	7.500	6/15/2023	95.22500	500,000.00	476,125.00	23,875.00	11,145.83	487,270.83	7.88%
TOTAL CORPORATE BONDS				5,420,000.00	5,152,069.20	267,930.80	103,025.39	5,255,094.59	8.23%
TOTAL BONDS PURCHASED				17,220,051.05	16,883,518.66	336,532.39	147,096.32	17,030,614.98	7.11%

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
INVESTMENTS ACQUIRED
JULY 1, 2000 THROUGH JUNE 30, 2001
SHORT TERM INVESTMENTS MATURED**

Page 1 of 3

Description	Cost	Amount of Interest	Maturity Value
AEP CREDIT INC	2,995,693.33	4,306.67	3,000,000.00
AIG FUNDING INC.	1,997,853.05	2,146.95	2,000,000.00
ALLSTATE CORPORATION	999,833.89	166.11	1,000,000.00
ALLTEL CORP	1,997,956.67	2,043.33	2,000,000.00
AMERICAN HOME PRODUCTS	4,995,672.23	4,327.77	5,000,000.00
AMSTEL FUNDING	4,994,010.28	5,989.72	5,000,000.00
AMSTERDAM FUNDING CORP	9,488,764.03	11,235.97	9,500,000.00
ANC RENTAL FUNDING CORP	1,498,118.05	1,881.95	1,500,000.00
ARIESONE METAFOLIO	999,453.33	546.67	1,000,000.00
ARTESIA NORTH AMERICA	998,784.44	1,215.56	1,000,000.00
ASSET ONE SECURITIZATION	1,998,225.56	1,774.44	2,000,000.00
ASSET PORTFOLIO FUNDING	997,468.33	2,531.67	1,000,000.00
ATLANTIS ONE FUNDING	1,499,318.61	681.39	1,500,000.00
AUTOBAHN FUNDING CORP	52,983,448.63	16,551.37	53,000,000.00
BANQUE ET CAISSE D'EPARGNE DE L'ETAT	1,997,448.89	2,551.11	2,000,000.00
BARTON CAPITAL CORP	5,495,075.28	4,924.72	5,500,000.00
BEETHOVEN FUNDING CORPORATION	3,996,931.11	3,068.89	4,000,000.00
BELFORD FUNDING COMPANY LLC	2,498,827.50	1,172.50	2,500,000.00
BELLSOUTH TELEPHONE	998,745.83	1,254.17	1,000,000.00
BOEING CAPITAL CORPORATION	999,777.78	222.22	1,000,000.00
BRADFORD & BINGLEY BUILDING SOCIETY	999,871.39	128.61	1,000,000.00
CARDINAL HEALTH	1,998,945.83	1,054.17	2,000,000.00
CARGILL ASIA PACIFIC LTD	1,999,531.11	468.89	2,000,000.00
CARGILL GLOBAL FUNDING PLC	1,998,928.06	1,071.94	2,000,000.00
CATERPILLAR FINANCIAL SERVICES	999,641.67	358.33	1,000,000.00
CBA(DELAWARE) FINANCE INC	2,999,511.95	488.05	3,000,000.00
CDC COMMERCIAL PAPER PROGRAM	4,999,121.13	878.87	5,000,000.00
CENTENNIAL ENERGY HOLD	1,996,381.39	3,618.61	2,000,000.00
CENTERIOR FUEL	998,010.28	1,989.72	1,000,000.00
CENTRICA PLC	998,180.00	1,820.00	1,000,000.00
CHECK POINT CHARLIE INC.	1,999,768.34	231.66	2,000,000.00
CINTAS EXECUTIVE SERVICES	998,916.67	1,083.33	1,000,000.00
COMPUTER SCIENCE CORPORATION	998,925.00	1,075.00	1,000,000.00
CONCORD MINUTEMAN CAP.	5,499,113.61	886.39	5,500,000.00
CONSOLIDATED EDISON COMPANY	9,997,730.83	2,269.17	10,000,000.00
CONSOLIDATED NATURAL GAS	999,535.83	464.17	1,000,000.00
CONSTELLATION ENERGY	5,994,206.39	5,793.61	6,000,000.00
COOP. ASSN. OF TRACTOR DEALERS	45,987,557.22	12,442.78	46,000,000.00
COUNTRYWIDE HOME LOANS	16,987,650.30	12,349.70	17,000,000.00
CROWN POINT CAPITAL	3,999,192.78	807.22	4,000,000.00
CVS CORPORATION	1,999,015.28	984.72	2,000,000.00
DEALERS CAPITAL ACCEPTANCE	4,999,024.17	975.83	5,000,000.00
DEALERS CAPITAL ACCESS TRUST INC.	56,489,175.27	10,824.73	56,500,000.00
DELAWARE FUNDING CORP	2,997,291.67	2,708.33	3,000,000.00
DIAGEO CAPITAL PLC	2,998,919.17	1,080.83	3,000,000.00
DOW CHEMICAL COMPANY	5,998,775.56	1,224.44	6,000,000.00
DUKE CAPITAL CORP	14,492,499.84	7,500.16	14,500,000.00
DUKE ENERGY CORP	4,499,257.77	742.23	4,500,000.00
EAGLE FUNDING CAPITAL	999,876.39	123.61	1,000,000.00
EATON CORPORATION	3,998,733.34	1,266.66	4,000,000.00
EDISON ASSET SECURITIZATION	999,165.28	834.72	1,000,000.00
EKSPORT FINANS	998,630.00	1,370.00	1,000,000.00

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
INVESTMENTS ACQUIRED
JULY 1, 2000 THROUGH JUNE 30, 2001**

SHORT TERM INVESTMENTS MATURED

Page 2 of 3

Description	Cost	Amount of Interest	Maturity Value
EMINENT FUNDING	3,997,009.44	2,990.56	4,000,000.00
ENTERPRISE FUNDING CORPORATION	999,638.33	361.67	1,000,000.00
ERASMUS CAPITAL CORP	1,998,175.00	1,825.00	2,000,000.00
EXPORT DEVELOPMENT CORP	999,848.61	151.39	1,000,000.00
EXXON PROJECT INVESTMENT	998,775.00	1,225.00	1,000,000.00
EXXONMOBIL AUSTRALIA PROPERTY	12,984,953.60	15,046.40	13,000,000.00
FAIRWAY FINANCE CORP	4,996,696.67	3,303.33	5,000,000.00
FALCON ASSET SECURITIZATION	3,995,245.42	4,754.58	4,000,000.00
FORD MOTOR CREDIT CO.	1,994,407.77	5,592.23	2,000,000.00
FORRESTAL FUNDING MASTER TRUST	999,102.78	897.22	1,000,000.00
FOUR WINDS FUNDING CORP	12,997,844.15	2,155.85	13,000,000.00
FPL FUELS, INC.	2,996,347.50	3,652.50	3,000,000.00
FRANCE TELECOM	2,998,561.94	1,438.06	3,000,000.00
GENERAL MOTORS ACCEPTANCE CORP	998,925.00	1,075.00	1,000,000.00
GIRO FUNDING (US)	1,998,392.77	1,607.23	2,000,000.00
GIRO MULTI-FUNDING U.S. CORP	4,989,271.94	10,728.06	5,000,000.00
GRAND FUNDING CORP	998,734.17	1,265.83	1,000,000.00
GREYHAWK FUNDING LLC	1,999,694.17	305.83	2,000,000.00
HALOGEN CAPITAL COMPANY	1,999,768.06	231.94	2,000,000.00
HANNOVER FUNDING	3,996,160.84	3,839.16	4,000,000.00
HERTZ CORPORATION	998,334.72	1,665.28	1,000,000.00
HOLLAND LIMITED SECURTIZATION	13,988,363.89	11,636.11	14,000,000.00
HOMESIDE LENDING	2,997,491.94	2,508.06	3,000,000.00
HONEYWELL INTERNATIONAL	999,886.94	113.06	1,000,000.00
INDIANA GAS COMPANY	5,495,704.45	4,295.55	5,500,000.00
INTERNATIONAL NEDERLANDEN	998,738.06	1,261.94	1,000,000.00
JOHNSON & JOHNSON	999,284.44	715.56	1,000,000.00
KANSAS CITY POWER & LIGHT	999,812.50	187.50	1,000,000.00
KEYSPAN CORPORATION	4,998,326.40	1,673.60	5,000,000.00
KITTY HAWK FUNDING CORP	2,997,293.61	2,706.39	3,000,000.00
LEXINGTON PARKER CAPITAL CORP.	5,996,566.95	3,433.05	6,000,000.00
LIBERTY MUTUAL CAPITAL	4,496,446.39	3,553.61	4,500,000.00
LIBERTY STREET FUNDING	5,998,074.73	1,925.27	6,000,000.00
LONG LANE MASTER TRUST	999,460.00	540.00	1,000,000.00
LONG LANE MASTER TRUST IV	1,996,758.06	3,241.94	2,000,000.00
MARKET STREET FUNDING	13,493,450.85	6,549.15	13,500,000.00
MARSH USA INC	999,384.72	615.28	1,000,000.00
MERRILL LYNCH & CO, INC.	2,998,597.50	1,402.50	3,000,000.00
METROPOLITAN EDISON COMPANY	1,998,181.95	1,818.05	2,000,000.00
MICHIGAN CONSOLIDATED GAS	999,818.06	181.94	1,000,000.00
MOAT FUNDING	4,497,732.22	2,267.78	4,500,000.00
MONSANTO CORPORATION	1,999,057.22	942.78	2,000,000.00
MONTAUK FUNDING CORP	8,995,985.28	4,014.72	9,000,000.00
NATIONAL GRID USA	1,999,636.95	363.05	2,000,000.00
NEPTUNE FUNDING	8,490,606.51	9,393.49	8,500,000.00
NESS LLC	11,994,229.16	5,770.84	12,000,000.00
NESTLE CAPITAL CORP	5,995,778.05	4,221.95	6,000,000.00
NESTLE HOLDINGS UK PLC	999,460.00	540.00	1,000,000.00
NEW ENGLAND POWER COMPANY	999,283.33	716.67	1,000,000.00
NIKE INC.	999,820.28	179.72	1,000,000.00
OGE ENERGY CORP	999,391.11	608.89	1,000,000.00
OGLE THORPE POWER	1,999,254.44	745.56	2,000,000.00

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
INVESTMENTS ACQUIRED
JULY 1, 2000 THROUGH JUNE 30, 2001**

SHORT TERM INVESTMENTS MATURED

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Description	Cost	Amount of Interest	Maturity Value
OLD LINE FUNDING	999,098.61	901.39	1,000,000.00
ORANGE & ROCKLAND UTILITY	8,998,304.15	1,695.85	9,000,000.00
PARADIGM FUNDING	999,498.89	501.11	1,000,000.00
PENNSYLVANIA ELECTRIC COMPANY	1,998,556.67	1,443.33	2,000,000.00
PREFERRED RECEIVABLES FUNDING CORP	998,051.67	1,948.33	1,000,000.00
QUESTAR CORP	998,988.89	1,011.11	1,000,000.00
QUINCY CAPITAL CORPORATION	999,458.33	541.67	1,000,000.00
RECEIVABLES CAPITAL CORP	999,621.67	378.33	1,000,000.00
REPSOL INTERNATIONAL BV	1,996,834.45	3,165.55	2,000,000.00
REVOLVING COMMITMENT VEHICLE	999,832.50	167.50	1,000,000.00
ROCKWELL INTERNATIONAL	1,999,123.89	876.11	2,000,000.00
SIGMA FINANCE	2,999,281.39	718.61	3,000,000.00
SPECIAL PURPOSE ACCTS. REC.	1,998,113.61	1,886.39	2,000,000.00
STARBIRD FUNDING CORPORATION	13,495,347.63	4,652.37	13,500,000.00
STEAMBOAT FUNDING	1,998,240.28	1,759.72	2,000,000.00
SUNBELT FUNDING CORP	17,487,044.18	12,955.82	17,500,000.00
SUNFLOWERS FUNDING CO	499,075.00	925.00	500,000.00
SWEETWATER CAPITAL	3,499,086.95	913.05	3,500,000.00
THREE CROWNS FUNDING	51,068,432.17	12,567.83	51,081,000.00
THREE RIVERS FUNDING	2,997,842.22	2,157.78	3,000,000.00
THUNDER BAY FUNDING	8,594,538.95	5,461.05	8,600,000.00
TOTAL FINA ELF SA	1,999,732.78	267.22	2,000,000.00
TRANSAMERICA ASSET FUNDING	8,495,966.66	4,033.34	8,500,000.00
TRIBUNE COMPANY	1,994,420.83	5,579.17	2,000,000.00
TRIDENT CAPITAL FINANCE	2,996,548.89	3,451.11	3,000,000.00
TRIGON HEALTHCARE	1,499,468.06	531.94	1,500,000.00
TRIPLE A-1 FUNDING	14,990,794.57	9,205.43	15,000,000.00
TULIP FUNDING	999,672.22	327.78	1,000,000.00
UBS AMERICAS, INC	3,997,195.28	2,804.72	4,000,000.00
UBS FINANCIAL(DELAWARE)	9,997,058.61	2,941.39	10,000,000.00
UNITED HEALTHCARE	2,998,367.22	1,632.78	3,000,000.00
UNITED PARCEL SERVICE	1,498,625.14	1,374.86	1,500,000.00
US CENTRAL CREDIT UNION	999,111.11	888.89	1,000,000.00
USA GROUP SECOND	999,455.83	544.17	1,000,000.00
USAA CAPITAL CORP	998,923.33	1,076.67	1,000,000.00
VECTREN UTILITY HOLDING CORP	2,998,344.73	1,655.27	3,000,000.00
VERMONT AMERICAN CORP	998,920.00	1,080.00	1,000,000.00
VISTAONE METAFOLIO L.L.C.	10,160,191.15	8,808.85	10,169,000.00
WALT DISNEY CO.	999,820.83	179.17	1,000,000.00
WASHINGTON GAS LIGHT COMPANY	3,999,202.77	797.23	4,000,000.00
WESTPAC TRUST NZ	1,999,693.61	306.39	2,000,000.00
WGL HOLDINGS	1,999,001.39	998.61	2,000,000.00
WORLD OMNI VEH. LEASING	6,497,035.01	2,964.99	6,500,000.00
YORKSHIRE BUILDING SOCIETY	3,496,093.06	3,906.94	3,500,000.00
TOTALS	728,948,269.39	401,730.61	729,350,000.00

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
INVESTMENTS ACQUIRED
JULY 1, 2000 THROUGH JUNE 30, 2001**

COMMON STOCK ACQUIRED

Page 1 of 1

Company	No. Shares	Dividend Rate	Annual Income	Book Yield	Average Cost	Book Cost
AES CORPORATION	14,000	-	-	-	50.15	702,056.60
ALLSTATE CORPORATION	13,000	0.76	9,880.00	0.02	36.80	478,400.00
ALLTEL CORPORATION	15,000	1.32	19,800.00	0.03	51.94	779,058.00
AMGEN	15,000	-	-	-	59.97	899,583.00
APACHE CORPORATION	26,000	0.14	3,640.00	0.00	58.16	1,512,124.60
BJ SERVICES COMPANY	55,000	-	-	-	76.15	4,188,241.00
BJ'S WHOLESALE CLUB, INC.	61,000	-	-	-	42.53	2,594,488.39
BROADWING INC.	58,000	0.40	23,200.00	0.02	25.79	1,495,584.30
CHARTER COMMUNICATIONS, INC	15,000	-	-	-	22.22	333,346.50
CITIGROUP, INC.	27,500	0.56	15,400.00	0.01	70.20	1,930,401.08
CONSTELLATION ENERGY GROUP INC	15,000	0.48	7,200.00	0.01	43.80	657,067.50
COVAD COMMUNICATIONS GROUP	30,000	-	-	-	4.40	131,949.00
CYTYC CORPORATION	15,000	-	-	-	61.00	915,000.00
DEVON ENERGY CORPORATION	11,000	0.20	2,200.00	0.00	57.48	632,261.15
EL PASO CORPORATION	15,000	0.85	12,750.00	0.01	63.92	958,812.90
EXXON MOBIL CORP	29,000	1.76	51,040.00	0.02	88.96	2,579,941.30
FLEETBOSTON FINANCIAL CORPORATION	29,000	1.32	38,280.00	0.03	37.81	1,096,357.40
GENENTECH, INC.	15,000	-	-	-	45.05	675,688.50
GUIDANT CORPORATION	14,000	-	-	-	65.29	914,021.20
HELLER FINANCIAL, INC.	11,000	0.40	4,400.00	0.02	26.30	289,263.21
JDS UNIPHASE CORPORATION	81,000	-	-	-	71.33	5,777,980.25
KIMBERLY-CLARK CORPORATION	29,000	1.12	32,480.00	0.02	67.58	1,959,768.65
KINDER MORGAN, INC.	29,000	0.20	5,800.00	0.00	54.07	1,568,085.80
LENNAR CORPORATION	10,000	0.01	100.00	0.00	43.67	436,658.00
MEDTRONIC, INC.	30,000	-	-	-	51.47	1,544,162.40
MOODY'S CORPORATION	15,000	0.04	600.00	0.00	32.97	494,546.40
NABORS INDUSTRIES, INC.	44,000	0.24	10,560.00	0.00	54.57	2,401,155.17
NATIONAL-OILWELL, INC.	26,000	-	-	-	38.42	998,819.20
NOBLE DRILLING CORPORATION	51,000	-	-	-	44.89	2,289,416.04
OXFORD HEALTH PLANS, INC.	15,000	-	-	-	27.64	414,634.50
PHARMACEUTICAL PRODUCT DEVELOPMENT, II	15,000	-	-	-	48.07	721,032.30
QUAKER OATS COMPANY	10,000	-	-	-	71.67	716,678.10
QUALCOMM INCORPORATED	14,000	-	-	-	75.50	1,057,000.00
QUANTA SERVICES, INC.	14,000	-	-	-	33.94	475,131.20
SANTA FE INTERNATIONAL CORPORATION	42,000	0.12	5,040.00	0.00	34.53	1,450,316.80
SCHOLASTIC CORPORATION	19,000	-	-	-	41.59	790,251.30
SEI INVESTMENTS COMPANY	25,000	0.10	2,500.00	0.00	56.80	1,419,972.90
SEITEL, INC	65,000	-	-	-	18.70	1,215,205.57
SOLETRON	27,000	-	-	-	41.84	1,129,745.40
SYMANTEC CORPORATION	20,000	-	-	-	56.58	1,131,560.00
TENET HEALTHCARE CORPORATION	22,000	-	-	-	39.29	864,350.00
TXU CORP	37,000	2.40	88,800.00	0.06	41.10	1,520,844.71
UNITED RENTALS, INC	9,000	-	-	-	21.75	195,732.90
VALERO ENERGY CORPORATION	13,000	0.32	4,160.00	0.01	50.03	650,382.20
VISHAY INTERTECHNOLOGY INC	48,000	-	-	-	22.72	1,090,797.90
WILLIAMS COMPANIES, INC.	15,000	0.60	9,000.00	0.01	42.47	637,063.50
TOTAL COMMON STOCK BOUGHT			346,830.00	0.61%		56,714,936.82

STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
INVESTMENTS ACQUIRED
JULY 1, 2000 THROUGH JUNE 30, 2001
OTHER INVESTMENTS ACQUIRED

Name	Coupon	Maturity	Purchase Price	Book Cost
<i>BRIDGE FINANCIAL</i>				
BRIDGE FINANCIAL-DYNAMITE MTN. RANCH	12.750	04/30/02	100.00	33,710.02
BRIDGE FINANCIAL-LAKE PLEASANT	14.000	09/15/01	100.00	132,000.00
BRIDGE FINANCIAL-LAKE PLEASANT HEIGHTS	12.000	11/11/01	100.00	88,000.00
BRIDGE FINANCIAL-VILLAGE AT HASSAYAMPA	12.000	11/11/01	100.00	101,000.00
TOTAL BRIDGE FINANCIAL ACQUIRED				354,710.02
<i>MISCELLANEOUS</i>				
CENTURY PLAZA HOTEL				960,750.00
NXTV, LLC				121,500.00
PIVOTAL 650, LLC				490,500.00
PIVOTAL PROMONTORY				472,500.00
SPA AT RED CANYON				72,675.00
TOTAL MISCELLANEOUS ACQUIRED				2,117,925.00
TOTAL OTHER INVESTMENTS ACQUIRED				2,472,635.02

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
SALES AND REDEMPTION OF INVESTMENTS
JULY 1, 2000 THROUGH JUNE 30, 2001**

BONDS SOLD

Security	Coupon	Maturity	Par Value	Sale Price	Accrued Interest	Principal	Amortized Cost	Gain or (Loss)	Amount Due
FEDERAL AGENCY OBLIGATIONS									
Detailed information for the redemptions of Federal Agency Obligations are too lengthy to include in this report; therefore, only totals are given.									
TOTAL FEDERAL AGENCY OBLIGATIONS							4,019,417.40		
CORPORATE BONDS									
FUND AMERICA ENTERPRISES	7.750	02/01/03	1,000,000.00	100.39	16,361.00	1,041,520.00	1,003,918.00	37,602.00	1,020,279.00
LEHMAN BROTHERS HOLDINGS	8.500	05/01/07	1,000,000.00	104.01	16,055.56	1,073,400.00	1,040,054.00	33,346.00	1,056,109.56
PACIFIC GAS & ELECTRIC	7.250	03/01/26	1,000,000.00	96.71	21,750.00	897,000.00	967,095.00	(70,095.00)	988,845.00
SECURITY NATIONAL MORTGAGE	7.870	08/25/30	6,762.70	100.00	-	6,762.70	6,762.70	-	6,762.70
TOTAL CORPORATE BONDS			3,006,762.70		54,166.56	3,018,682.70	3,017,829.70	853.00	3,071,996.26
TOTAL BONDS SOLD			3,006,762.70		54,166.56	3,018,682.70	7,037,247.10	853.00	3,071,996.26

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
SALES AND REDEMPTION OF INVESTMENTS
JULY 1, 2000 THROUGH JUNE 30, 2001**

COMMON STOCK SOLD

Page 1 of 2

Company	Shares Sold	Sale Price	Amount	Commission + SEC Fee	Net Amount	Book Cost	Gain (Loss) on Sale	% Gain on Sale
ABBOTT LABORATORIES	11,000	49.12	540,289.20	568.01	539,721.19	124,887.12	414,834.07	332.17%
AMERICA ONLINE	42,000	53.52	2,248,003.60	2,174.95	2,245,828.65	1,612,158.51	633,670.14	39.31%
AMERICAN EXPRESS	45,000	44.05	1,982,085.62	2,316.08	1,979,769.54	1,573,290.60	406,478.94	25.84%
AMERICAN INTERNATIONAL GROUP	1		43.37	-	43.37	-	43.37	0.00%
AMGEN	15,000	70.51	1,057,692.00	35.26	1,057,656.74	582,110.63	475,546.11	81.69%
AOL TIME WARNER	55,500	43.49	2,413,886.05	2,855.48	2,411,030.57	2,547,826.48	(136,795.91)	-5.37%
APPLIED MATERIALS	12,000	69.48	833,814.00	27.80	833,786.20	210,270.00	623,516.20	296.53%
AT&T CORP	40,000	30.96	1,238,540.00	2,041.30	1,236,498.70	1,600,177.08	(363,678.38)	-22.73%
BANK OF AMERICA CORPORATION	37,000	49.60	1,835,223.23	1,911.20	1,833,312.03	2,272,442.00	(439,129.97)	-19.32%
BESTFOODS	15,000	69.50	1,042,500.00	784.75	1,041,715.25	384,054.10	657,661.15	171.24%
BP AMOCO PLC	59,280	51.32	3,042,320.23	3,065.43	3,039,254.80	3,236,127.60	(196,872.80)	-6.08%
BRISTOL-MYERS SQUIBB CO.	64,000	54.67	3,499,112.30	3,316.66	3,495,795.64	3,521,700.21	(25,904.57)	-0.74%
CITIGROUP	1	18.74	18.74	-	18.74	-	18.74	0.00%
COMPUTER ASSOCIATES INTL. INC	28,170	24.05	677,428.50	1,431.09	675,997.41	919,953.87	(243,956.46)	-26.52%
COSTCO WHOLESALE CORP	133,000	36.15	4,807,372.60	160.32	4,807,212.28	4,551,468.70	255,743.58	5.62%
ECHOSTAR COMMUNICATIONS 'A'	52,000	27.51	1,430,751.31	1,147.73	1,429,603.58	2,474,643.34	(1,045,039.76)	-42.23%
EMC CORP	34,000	87.49	2,974,495.50	1,799.16	2,972,696.34	392,363.66	2,580,332.68	657.64%
GENENTECH, INC.	14,000	62.57	875,959.00	729.20	875,229.80	951,494.60	(76,264.80)	-8.02%
HOME DEPOT	15,000	44.87	673,030.50	772.44	672,258.06	152,966.71	519,291.35	339.48%
IBP, INC.	90,000	25.65	2,308,926.76	4,577.00	2,304,349.76	1,473,135.10	831,214.66	56.42%
IMS HEALTH, INC.	26,000	17.51	455,185.00	1,315.20	453,869.80	814,847.58	(360,977.78)	-44.30%
INTEL CORPORATION	12,000	64.70	776,396.40	25.88	776,370.52	259,979.54	516,390.98	198.63%
JABIL CIRCUIT	16,000	28.61	457,772.80	815.26	456,957.54	366,321.54	90,636.00	24.74%
MCDATA CORP CLASS A	5,889	26.52	156,192.18	299.66	155,892.52	40,435.82	115,456.70	285.53%
MCDATA CORP CLASS A	1	2.92	2.92	-	2.92	0.72	2.20	305.56%
MEDTRONIC, INC.	74,000	44.22	3,272,130.54	3,809.10	3,268,321.44	3,687,615.50	(419,294.06)	-11.37%
MICROSOFT CORPORATION	36,000	56.66	2,039,921.06	918.03	2,039,003.03	2,833,831.50	(794,828.47)	-28.05%
NOKIA CORPORATION	30,000	43.35	1,300,647.00	1,543.36	1,299,103.64	539,387.72	759,715.92	140.85%
NORTEL NETWORKS CORP	101,000	14.81	1,495,521.15	5,099.89	1,490,421.26	1,591,637.12	(101,215.86)	-6.36%
PFIZER INC.	45,000	43.25	1,946,470.20	2,314.90	1,944,155.30	1,085,019.10	859,136.20	79.18%
PPG INDUSTRIES	22,000	38.43	845,490.20	1,128.20	844,362.00	579,162.84	265,199.16	45.79%
QUAKER OATS COMPANY	10,000	97.00	970,042.00	532.34	969,509.66	716,678.10	252,831.56	35.28%
QUALCOMM INCORPORATED	14,000	62.26	871,603.60	29.06	871,574.54	1,057,000.00	(185,425.46)	-17.54%
RAINBOW MEDIA GROUP	27,000	22.94	619,306.74	1,370.66	617,936.08	430,320.63	187,615.45	43.60%
ROPER INDUSTRIES, INC.	25,000	28.12	702,938.16	1,273.46	701,664.70	889,224.50	(187,559.80)	-21.09%
SANMINA CORP.	26,000	47.51	1,235,199.69	41.19	1,235,158.50	841,641.04	393,517.46	46.76%
SBC COMMUNICATIONS INC.	37,000	42.24	1,562,824.30	1,902.10	1,560,922.20	1,992,446.60	(431,524.40)	-21.66%
SCHERING-PLOUGH CORP	35,000	37.82	1,323,598.90	1,794.13	1,321,804.77	597,413.25	724,391.52	121.25%

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
SALES AND REDEMPTION OF INVESTMENTS
JULY 1, 2000 THROUGH JUNE 30, 2001**

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
SUN MICROSYSTEMS, INC	45,000	15.93	716,730.00	1,523.90	715,206.10	1,858,396.74	(1,143,190.64)	-61.51%
TARGET CORP	26,000	38.60	1,003,685.80	1,333.46	1,002,352.34	747,378.38	254,973.96	34.12%
TEXACO INC.	47,000	68.97	3,241,359.76	2,458.06	3,238,901.70	3,018,441.50	220,460.20	7.30%
UNIVISION COMMUNICATIONS	24,000	88.39	2,121,437.60	1,270.74	2,120,166.86	734,916.80	1,385,250.06	188.49%
VERIZON COMMUNICATIONS	30,500	43.78	1,335,312.37	1,569.53	1,333,742.84	769,182.69	564,560.15	73.40%
VODAFONE GROUP PLC	29,000	35.11	1,018,187.60	1,483.95	1,016,703.65	602,515.39	414,188.26	68.74%
WALGREEN COMPANY	11,000	31.58	347,423.20	561.59	346,861.61	49,424.13	297,437.48	601.81%
WILLIAMS COMMUNICATIONS GROUP	1	2.31	2.31	-	2.31	2.31	-	0.00%
XIRCOM, INC.	66,000	25.00	1,650,000.00	-	1,650,000.00	2,275,185.00	(625,185.00)	-27.48%
ZEBRA TECHNOLOGIES A	55,000	40.43	2,223,448.30	674.14	2,222,774.16	1,580,670.05	642,104.11	40.62%
TOTAL STOCK SOLD	1,637,343		67,170,322.29	64,801.65	67,105,520.64	58,540,146.40	8,565,374.24	14.63%

STATE OF ARIZONA
 ELECTED OFFICIALS' RETIREMENT PLAN
 SALES AND REDEMPTION OF INVESTMENTS
 JULY 1, 2000 THROUGH JUNE 30, 2001

OTHER INVESTMENTS SOLD

Name	Coupon	Maturity	Sale Price	Book Cost
<i>BRIDGE FINANCIAL</i>				
BRIDGE FINANCIAL-DESERT MIRAGE GC	11.500	12/10/00	100.00	78,000.00
BRIDGE FINANCIAL-HAWTHORN SUITES	12.500	07/11/01	100.00	160,000.00
BRIDGE FINANCIAL-LAKE PLEASANT	14.000	09/15/01	100.00	632,000.00
BRIDGE FINANCIAL-LAKE PLEASANT HEIGHTS	12.000	11/11/01	100.00	88,000.00
BRIDGE FINANCIAL-SUN VALLEY II (SPURLOCK)	13.125	09/17/99	100.00	114,200.00
BRIDGE FINANCIAL-VILLAGE AT HASSAYAMPA	12.000	11/11/01	100.00	113,063.00
TOTAL BRIDGE FINANCIAL SOLD				1,185,263.00
TOTAL OTHER INVESTMENTS SOLD				1,185,263.00

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
INVESTMENTS OWNED
JUNE 30, 2001**

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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
U.S. TREASURY OBLIGATIONS											
5,000,000.00	U.S. TREASURY BOND	14.250	02/15/02	4,999,815.24	99.99630	106.29700	5,314,850.00	315,034.76	712,500.00	14.25	0.00
1,000,000.00	U.S. TREASURY BOND	7.500	11/15/16	963,392.68	96.33927	116.50000	1,165,000.00	201,607.32	75,000.00	7.78	5.87
2,000,000.00	U.S. TREASURY BOND	9.125	05/15/18	2,000,000.00	100.00000	134.56200	2,691,240.00	691,240.00	182,500.00	9.13	5.88
1,000,000.00	U.S. TREASURY BOND	9.000	11/15/18	1,000,000.00	100.00000	133.76600	1,337,660.00	337,660.00	90,000.00	9.00	5.88
1,000,000.00	U.S. TREASURY BOND	8.000	11/15/21	1,000,000.00	100.00000	124.56200	1,245,620.00	245,620.00	80,000.00	8.00	5.92
1,000,000.00	U.S. TREASURY NOTE	7.500	11/15/01	1,005,242.22	100.52422	101.35900	1,013,590.00	8,347.78	75,000.00	7.46	0.00
11,000,000.00	TOTAL U.S. TREASURY OBLIGATIONS			10,968,450.14	99.71318		12,767,960.00	1,799,509.86	1,215,000.00	11.08	
FEDERAL AGENCY OBLIGATIONS											
5,655.99	GNMA Pool #007766	8.500	02/15/06	1,780.51	31.48008	104.25800	5,896.82	4,116.31	480.76	27.00	6.63
45,998.69	GNMA Pool #143093	9.000	06/15/16	44,604.34	96.96872	107.65600	49,520.35	4,916.01	4,139.88	9.28	7.77
25,430.88	GNMA Pool #148408	9.000	05/15/16	24,429.53	96.06246	108.12400	27,496.88	3,067.35	2,288.78	9.37	7.69
105,845.77	GNMA Pool #157733	9.000	05/15/16	98,105.80	92.68750	108.12400	114,444.68	16,338.88	9,526.12	9.71	7.69
449,916.20	GNMA Pool #158992	9.000	06/15/16	447,526.00	99.46875	108.12400	486,467.39	38,941.39	40,492.46	9.05	7.69
131,801.36	GNMA Pool #163336	9.000	07/15/16	127,806.18	96.96879	108.12400	142,508.90	14,702.72	11,862.12	9.28	7.70
163,981.69	GNMA Pool #165863	9.000	08/15/16	156,781.86	95.60937	108.12400	177,303.56	20,521.70	14,758.35	9.41	7.70
55,283.91	GNMA Pool #168530	9.000	08/15/16	54,022.68	97.71863	108.12400	59,775.17	5,752.49	4,975.55	9.21	7.70
101,990.74	GNMA Pool #181945	9.000	04/15/20	97,433.01	95.53123	107.12400	109,256.56	11,823.55	9,179.17	9.42	8.02
49,715.26	GNMA Pool #182127	9.000	11/15/16	48,534.80	97.62556	108.12400	53,754.13	5,219.33	4,474.37	9.22	7.72
209,793.21	GNMA Pool #207671	9.000	07/15/18	198,516.83	94.62500	108.12400	226,836.81	28,319.98	18,881.39	9.51	7.81
58,292.59	GNMA Pool #208705	9.000	05/15/20	54,649.34	93.75006	107.12400	62,445.35	7,796.01	5,246.33	9.60	8.02
36,971.70	GNMA Pool #227210	9.000	09/15/17	35,088.44	94.90621	108.12400	39,975.28	4,886.84	3,327.45	9.48	7.77
103,933.62	GNMA Pool #229798	9.000	10/15/17	101,465.21	97.62501	108.12400	112,377.19	10,911.98	9,354.03	9.22	7.77
49,071.46	GNMA Pool #230557	9.000	04/15/18	46,916.90	95.60934	108.12400	53,058.03	6,141.13	4,416.43	9.41	7.80
32,480.65	GNMA Pool #234695	10.000	12/15/17	32,338.57	99.56257	111.00000	36,053.52	3,714.95	3,248.07	10.04	8.33
113,806.98	GNMA Pool #235280	9.000	04/15/18	107,191.95	94.18750	108.12400	123,052.66	15,860.71	10,242.63	9.56	7.80
45,454.62	GNMA Pool #247096	9.000	05/15/18	42,954.63	94.50003	108.12400	49,147.35	6,192.72	4,090.92	9.52	7.80
70,992.50	GNMA Pool #247310	9.000	04/15/18	68,197.09	96.06239	108.12400	76,759.93	8,562.84	6,389.33	9.37	7.80
57,725.98	GNMA Pool #250933	9.000	06/15/18	56,102.46	97.18754	108.12400	62,415.64	6,313.18	5,195.34	9.26	7.81
49,849.88	GNMA Pool #251643	9.000	04/15/18	48,447.85	97.18750	108.12400	53,899.68	5,451.83	4,486.49	9.26	7.80
41,520.83	GNMA Pool #252138	9.000	10/15/18	39,697.80	95.60936	108.12400	44,893.98	5,196.18	3,736.87	9.41	7.82
62,528.60	GNMA Pool #252306	9.000	04/15/18	57,760.79	92.37499	108.12400	67,608.42	9,847.63	5,627.57	9.74	7.80
108,379.82	GNMA Pool #252538	9.000	05/15/18	105,331.66	97.18752	108.12400	117,184.60	11,852.94	9,754.18	9.26	7.80
30,783.39	GNMA Pool #255161	9.000	03/15/19	28,320.70	91.99994	108.12400	33,284.23	4,963.53	2,770.51	9.78	7.84

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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
67,542.13	GNMA Pool #262845	9.000	03/15/20	64,439.37	95.40619	107.12400	72,353.83	7,914.46	6,078.79	9.43	8.01
71,716.40	GNMA Pool #305689	9.000	04/15/21	71,716.40	100.00000	107.24900	76,915.12	5,198.72	6,454.48	9.00	8.03
770,789.34	GNMA Pool #377589	7.500	08/15/25	768,621.46	99.71875	102.68700	791,500.45	22,878.99	57,809.20	7.52	7.20
557,683.30	GNMA Pool #390014	7.000	06/15/24	523,438.04	93.85937	101.37500	565,351.45	41,913.41	39,037.83	7.46	6.84
2,157,198.51	GNMA Pool #391992	7.000	03/15/24	2,018,328.89	93.56250	101.37500	2,186,859.99	168,531.10	151,003.90	7.48	6.84
647,927.27	GNMA Pool #398831	8.000	08/15/26	646,914.88	99.84375	103.71800	672,017.21	25,102.33	51,834.18	8.01	7.58
288,239.82	GNMA Pool #403979	8.500	10/15/24	283,330.73	98.29687	105.25000	303,372.41	20,041.68	24,500.38	8.65	7.87
422,754.55	GNMA Pool #406811	7.500	01/15/26	422,226.14	99.87501	102.68700	434,113.96	11,887.82	31,706.59	7.51	7.20
974,164.25	GNMA Pool #427558	7.500	04/15/26	971,272.20	99.70313	102.65600	1,000,038.05	28,765.85	73,062.32	7.52	7.20
594,227.41	GNMA Pool #432701	8.000	06/15/26	594,227.41	100.00000	103.71800	616,320.79	22,093.38	47,538.19	8.00	7.58
1,776,331.28	GNMA Pool #434237	6.000	03/15/29	1,645,049.28	92.60937	96.78100	1,719,151.18	74,101.90	106,579.88	6.48	6.32
228,186.50	GNMA Pool #439645	8.000	09/15/26	228,043.91	99.93751	103.71800	236,670.47	8,626.56	18,254.92	8.01	7.58
1,805,513.68	GNMA Pool #441619	7.500	11/15/29	1,798,460.89	99.60937	102.53100	1,851,211.23	52,750.34	135,413.53	7.53	7.24
863,759.46	GNMA Pool #458918	7.000	08/15/28	848,103.82	98.18750	100.90600	871,585.12	23,481.30	60,463.16	7.13	6.91
1,729,431.07	GNMA Pool #472997	7.000	06/15/29	1,720,243.45	99.46875	100.87500	1,744,563.59	24,320.14	121,060.17	7.04	6.91
783,557.92	GNMA Pool #486761	7.000	12/15/28	768,131.62	98.03125	101.00700	791,448.35	23,316.73	54,849.05	7.14	6.90
2,646,560.59	GNMA Pool #499907	7.000	05/15/29	2,536,976.44	95.85937	100.95600	2,671,861.71	134,885.27	185,259.24	7.30	6.90
2,559,324.30	GNMA Pool #507496	7.000	06/15/29	2,480,944.99	96.93750	100.87500	2,581,718.39	100,773.40	179,152.70	7.22	6.91
2,418,647.14	GNMA Pool #510958	7.000	05/15/29	2,401,263.11	99.28125	100.87500	2,439,810.30	38,547.19	169,305.30	7.05	6.91
882,512.99	GNMA Pool #513367	7.000	08/15/29	845,006.17	95.75000	100.95600	890,949.81	45,943.64	61,775.91	7.31	6.90
1,997,794.84	GNMA Pool #530611	6.500	05/15/31	1,996,077.99	99.91406	98.90600	1,975,938.96	(20,139.03)	129,856.66	6.51	6.61
3,300,000.00	GNMA Pool #530631	6.500	06/15/31	3,285,305.10	99.55470	98.90600	3,263,898.00	(21,407.10)	214,500.00	6.53	6.61
2,497,403.29	GNMA Pool #539629	6.500	04/15/31	2,488,038.03	99.62500	98.90600	2,470,081.70	(17,956.33)	162,331.21	6.52	6.61
1,996,165.39	GNMA Pool #548963	6.500	03/15/31	1,991,174.97	99.75000	98.90600	1,974,327.34	(16,847.63)	129,750.75	6.52	6.61
1,518,520.71	GNMA Pool #780220	7.500	08/15/25	1,518,046.18	99.96875	102.84300	1,561,692.25	43,646.07	113,889.05	7.50	7.18
35,763,158.46	TOTAL FEDERAL AGENCY OBLIGATIONS			35,039,386.40	97.97621		36,149,168.77	1,109,782.37	2,530,412.51	7.22	
CORPORATE BONDS											
1,000,000.00	AGL CAPITAL TRUST	8.170	06/01/37	1,018,209.80	101.82098	92.84400	928,440.00	(89,769.80)	81,700.00	8.02	8.83
1,500,000.00	AMERICAN UNITED LIFE INS CO	7.750	03/30/26	1,420,727.72	94.71518	88.47300	1,327,095.00	(93,632.72)	116,250.00	8.18	8.91
1,000,000.00	ANTHEM INSURANCE COMPANY	9.125	04/01/10	923,246.24	92.32462	100.15600	1,001,560.00	78,313.76	91,250.00	9.88	9.10
2,750,000.00	ANTHEM INSURANCE COMPANY INC	9.000	04/01/27	2,913,493.16	105.94521	92.42400	2,541,660.00	(371,833.16)	247,500.00	8.49	9.81
500,000.00	AT&T CORPORATES	8.350	01/15/25	507,395.12	101.47902	101.36000	506,800.00	(595.12)	41,750.00	8.23	8.22
58,257.49	AUTO BOND RECEIVABLE TRUST	6.400	04/15/01	58,257.49	100.00000	99.87500	58,184.67	(72.82)	3,728.48	6.40	0.00
500,000.00	AXA SA	8.600	12/15/30	542,641.46	108.52829	109.85310	549,265.50	6,624.04	43,000.00	7.92	7.75
1,000,000.00	BANC ONE CORP	8.000	04/29/27	1,026,202.40	102.62024	107.56700	1,075,670.00	49,467.60	80,000.00	7.80	7.34

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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	Book YTM
1,000,000.00	BANKERS TRUST CORP 144A	8.090	12/01/26	1,000,000.00	100.00000	99.72400	997,240.00	(2,760.00)	80,900.00	8.09	8.12
1,000,000.00	FARMERS INSURANCE EXCHANGE	8.625	05/01/24	925,425.96	92.54260	102.15300	1,021,530.00	96,104.04	86,250.00	9.32	8.41
1,000,000.00	FIRST HAWAIIAN CAPITAL TRUST	8.343	07/01/27	1,055,006.56	105.50066	98.20900	982,090.00	(72,916.56)	83,430.00	7.91	8.52
500,000.00	FIRST UNION CAPITAL II	7.950	11/15/29	451,463.17	90.29263	101.48100	507,405.00	55,941.83	39,750.00	8.80	7.82
1,000,000.00	FORD MOTOR COMPANY	9.500	09/15/11	999,581.40	99.95814	116.20500	1,162,050.00	162,468.60	95,000.00	9.50	7.20
1,000,000.00	GENERAL AMERICAN LIFE INSURANCE CC	7.625	01/15/24	889,288.98	88.92890	99.84300	998,430.00	109,141.02	76,250.00	8.57	7.64
1,000,000.00	GOODRICH CORPORATION	7.100	11/15/27	906,765.05	90.67651	89.47900	894,790.00	(11,975.05)	71,000.00	7.83	8.07
920,000.00	GTE CORPORATION	7.900	02/01/27	897,736.80	97.58009	100.89200	928,206.40	30,469.60	72,680.00	8.10	7.82
500,000.00	HUNTINGTON BANKS SUB NTS	6.600	06/15/18	455,860.92	91.17218	90.66000	453,300.00	(2,560.92)	33,000.00	7.24	7.59
2,000,000.00	JOHN HANCOCK MUTUAL LIFE INS CO	7.375	02/15/24	1,881,833.83	94.09169	100.16000	2,003,200.00	121,366.17	147,500.00	7.84	7.36
1,000,000.00	JPM CAPITAL TRUST II	7.950	02/01/27	1,042,289.60	104.22896	102.00000	1,020,000.00	(22,289.60)	79,500.00	7.63	7.77
2,000,000.00	KEY CORP CAPITAL III	7.750	07/15/29	1,907,899.34	95.39497	95.95000	1,919,000.00	11,100.66	155,000.00	8.12	8.12
1,000,000.00	LEHMAN BROTHERS HOLDINGS INC	8.750	05/15/02	1,005,192.14	100.51921	103.53000	1,035,300.00	30,107.86	87,500.00	8.70	5.09
1,000,000.00	LEHMAN BROTHERS HOLDINGS INC	8.800	03/01/15	1,101,170.19	110.11702	112.76900	1,127,690.00	26,519.81	88,000.00	7.99	7.30
3,000,000.00	LUMBERMANS MUTUAL CASUALTY CO	9.150	07/01/26	3,429,808.12	114.32694	90.89800	2,726,940.00	(702,868.12)	274,500.00	8.00	10.16
1,000,000.00	MERRILL LYNCH & COMPANY	8.000	06/01/07	1,000,000.00	100.00000	108.53900	1,085,390.00	85,390.00	80,000.00	8.00	6.27
2,000,000.00	NATIONWIDE MUTUAL INS CO	7.500	02/15/24	1,899,391.42	94.96957	90.85200	1,817,040.00	(82,351.42)	150,000.00	7.90	8.41
1,000,000.00	OHIO NATIONAL LIFE INSURANCE	8.500	05/15/26	998,110.32	99.81103	96.88200	968,820.00	(29,290.32)	85,000.00	8.52	8.81
815,000.00	OKLAHOMA GAS & ELECTRIC	6.500	04/15/28	680,664.34	83.51710	85.85800	699,742.70	19,078.36	52,975.00	7.78	7.76
1,000,000.00	PMI CAPITAL	8.309	02/01/27	1,029,964.96	102.99650	94.89400	948,940.00	(81,024.96)	83,090.00	8.07	8.82
1,000,000.00	PRINCIPAL MUTUAL LIFE INSURANCE CO	7.875	03/01/24	954,880.88	95.48809	95.57200	955,720.00	839.12	78,750.00	8.25	8.31
1,000,000.00	ROCKWELL INTERNATIONAL	6.700	01/15/28	907,740.13	90.77401	90.65200	906,520.00	(1,220.13)	67,000.00	7.38	7.52
1,500,000.00	SAFECO CAPITAL TRUST	8.072	07/15/37	1,509,490.81	100.63272	83.19100	1,247,865.00	(261,625.81)	121,080.00	8.02	9.77
1,000,000.00	SEARS ROEBUCK & CO.	9.375	11/01/11	1,000,000.00	100.00000	114.46100	1,144,610.00	144,610.00	93,750.00	9.38	7.37
1,000,000.00	SECURITY MUTUAL LIFE NEW YORK	9.375	12/15/16	1,105,681.72	110.56817	102.40000	1,024,000.00	(81,681.72)	93,750.00	8.48	9.08
1,000,000.00	SECURITY NATIONAL MORTGAGE 99-1	8.353	09/25/30	1,000,000.00	100.00000	103.30400	1,033,040.00	33,040.00	83,530.00	8.35	8.06
993,237.30	SECURITY NATIONAL MORTGAGE LOAN	7.870	08/25/30	993,237.30	100.00000	103.13400	1,024,365.36	31,128.06	78,167.78	7.87	7.60
1,000,000.00	SOUTHERN COMPANY CAPITAL TRUST	8.190	02/01/37	1,075,963.16	107.59632	94.43100	944,310.00	(131,653.16)	81,900.00	7.61	8.70
500,000.00	TYCO INTERNATIONAL GROUP	6.875	01/15/29	451,273.24	90.25465	93.03000	465,150.00	13,876.76	34,375.00	7.62	7.48
1,000,000.00	UNION CENTRAL LIFE	8.200	11/01/26	1,011,400.44	101.14004	87.08600	870,860.00	(140,540.44)	82,000.00	8.11	9.56
500,000.00	US WEST COMMUNICATIONS	7.500	06/15/23	476,395.27	95.27905	93.22600	466,130.00	(10,265.27)	37,500.00	7.87	8.17
1,000,000.00	USF&G CAPITAL II, SERIES B	8.470	01/10/27	1,098,428.36	109.84284	101.63200	1,016,320.00	(82,108.36)	84,700.00	7.71	8.32
43,536,494.79	TOTAL CORPORATE BONDS			43,552,117.80	100.03588		42,384,669.63	(1,167,448.17)	3,563,006.25	8.18	
90,299,653.25	BOND PORTFOLIO TOTALS			89,559,954.34	99.18084		91,301,798.40	1,741,844.06	7,308,418.76	8.16	

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CORPORATE NOTES

Date Acquired	Description	Interest Rate	Maturity Date	Cost	Amount of Interest	Maturity Value
06/29/01	NEPTUNE FUNDING	4.350	07/02/01	999,637.50	362.50	1,000,000.00
06/29/01	BELFORD FUNDING COMPANY LLC	4.330	07/02/01	999,639.17	360.83	1,000,000.00
06/29/01	DEALERS CAPITAL ACCEPTANCE	4.300	07/02/01	999,641.67	358.33	1,000,000.00
TOTALS				2,998,918.34	1,081.66	3,000,000.00

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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
74,000	ABBOTT LABORATORIES	0.84	11.3534	840,149.75	48.0000	3,552,000.00	62,160.00	2,711,850.25
52,000	ADOBE SYSTEMS	0.05	34.2924	1,783,207.10	47.0000	2,444,000.00	2,600.00	660,792.90
14,000	AES CORPORATION	-	50.1469	702,056.60	43.0500	602,700.00	-	(99,356.60)
63,000	ALLSTATE CORPORATION	0.76	22.2783	1,403,533.34	43.9900	2,771,370.00	47,880.00	1,367,836.66
48,000	ALLTEL CORPORATION	1.32	64.6388	3,102,660.60	61.2600	2,940,480.00	63,360.00	(162,180.60)
90,000	AMERICAN EXPRESS	0.32	34.9620	3,146,581.20	38.8000	3,492,000.00	28,800.00	345,418.80
36,000	AMERICAN GENERAL CORPORATION	0.96	38.6488	1,391,355.00	46.4500	1,672,200.00	34,560.00	280,845.00
94,921	AMERICAN INT'L GROUP	0.15	13.9528	1,324,417.50	85.0100	8,069,234.21	14,048.31	6,744,816.71
108,000	AMGEN	-	38.8074	4,191,196.57	60.6800	6,553,440.00	-	2,362,243.43
48,000	ANALOG DEVICES, INC.	-	77.9262	3,740,455.90	43.2500	2,076,000.00	-	(1,664,455.90)
78,000	APACHE CORPORATION	0.14	53.2943	4,156,953.00	50.7500	3,958,500.00	10,920.00	(198,453.00)
108,000	APPLIED MATERIALS	-	17.5225	1,892,430.00	49.1000	5,302,800.00	-	3,410,370.00
64,000	BIOGEN INC	-	49.4445	3,164,445.24	54.3600	3,479,040.00	-	314,594.76
110,000	BJ SERVICES COMPANY	-	38.0749	4,188,241.00	29.0000	3,190,000.00	-	(998,241.00)
74,000	BJ'S WHOLESALE CLUB, INC.	-	40.5154	2,998,138.39	53.2600	3,941,240.00	-	943,101.61
58,000	BROADWING INC.	0.40	25.7859	1,495,584.30	24.4500	1,418,100.00	23,200.00	(77,484.30)
82,000	CABLEVISION SYSTEMS CORP	-	44.9040	3,682,129.50	58.5000	4,797,000.00	-	1,114,870.50
15,000	CHARTER COMMUNICATIONS, INC	-	22.2231	333,346.50	23.3500	350,250.00	-	16,903.50
259,000	CISCO SYSTEMS	-	8.6715	2,245,925.21	18.2000	4,713,800.00	-	2,467,874.79
138,833	CITIGROUP, INC.	0.56	43.1824	5,995,141.68	52.8400	7,335,935.72	77,746.48	1,340,794.04
143,000	COMCAST CORP.	-	32.4440	4,639,486.28	43.4000	6,206,200.00	-	1,566,713.72
15,000	CONSTELLATION ENERGY GROUP INC	0.48	43.8045	657,067.50	42.6000	639,000.00	7,200.00	(18,067.50)
45,000	CORNING INCORPORATED	0.24	69.4718	3,126,229.40	16.7100	751,950.00	10,800.00	(2,374,279.40)
185,500	COVAD COMMUNICATIONS GROUP	-	42.1745	7,823,364.85	1.0100	187,355.00	-	(7,636,009.85)
108,000	CYTYC CORPORATION	-	16.7000	1,803,602.40	23.0500	2,489,400.00	-	685,797.60
11,000	DEVON ENERGY CORPORATION	0.20	57.4783	632,261.15	52.5000	577,500.00	2,200.00	(54,761.15)
29,000	ECHOSTAR COMMUNICATIONS 'A'	-	47.5893	1,380,089.56	32.4200	940,180.00	-	(439,909.56)
29,000	EL PASO CORPORATION	0.85	58.0657	1,683,906.50	52.5400	1,523,660.00	24,650.00	(160,246.50)
160,000	EMC CORP	-	11.2874	1,805,980.70	29.2500	4,680,000.00	-	2,874,019.30
80,000	ENRON CORPORATION	0.50	18.0744	1,445,951.00	49.1000	3,928,000.00	40,000.00	2,482,049.00
100,000	EXPRESS SCRIPTS	-	19.9878	1,998,775.96	55.0300	5,503,000.00	-	3,504,224.04
65,964	EXXON MOBIL CORP	1.76	62.8559	4,146,224.99	87.3500	5,761,955.40	116,096.64	1,615,730.41
29,000	FLEETBOSTON FINANCIAL CORPORATION	1.32	37.8054	1,096,357.40	39.4500	1,144,050.00	38,280.00	47,692.60
15,000	GENENTECH, INC.	-	45.0459	675,688.50	55.1000	826,500.00	-	150,811.50
14,000	GUIDANT CORPORATION	-	65.2872	914,021.20	36.0000	504,000.00	-	(410,021.20)
11,000	HELLER FINANCIAL, INC.	0.40	26.2967	289,263.21	40.0000	440,000.00	4,400.00	150,736.79
123,000	HOME DEPOT	0.16	10.1978	1,254,327.01	46.5500	5,725,650.00	19,680.00	4,471,322.99

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
INVESTMENTS OWNED
JUNE 30, 2001**

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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
172,000	INTEL CORPORATION	0.08	21.6650	3,726,373.44	29.2500	5,031,000.00	13,760.00	1,304,626.56
70,000	INTERNATIONAL BUSINESS MACH.	0.56	28.7280	2,010,960.44	113.0000	7,910,000.00	39,200.00	5,899,039.56
74,000	JABIL CIRCUIT	-	22.8951	1,694,237.13	30.8600	2,283,640.00	-	589,402.87
81,000	JDS UNIPHASE CORPORATION	-	71.3331	5,777,980.25	12.5000	1,012,500.00	-	(4,765,480.25)
60,000	JP MORGAN CHASE & CO	1.36	52.0203	3,121,220.00	44.6000	2,676,000.00	81,600.00	(445,220.00)
44,000	KIMBERLY-CLARK CORPORATION	1.12	52.0765	2,291,364.27	55.9000	2,459,600.00	49,280.00	168,235.73
29,000	KINDER MORGAN, INC.	0.20	54.0719	1,568,085.80	50.2500	1,457,250.00	5,800.00	(110,835.80)
10,000	LENNAR CORPORATION	0.01	43.6658	436,658.00	41.7000	417,000.00	100.00	(19,658.00)
58,000	LEXMARK INTERNATIONAL GROUP	-	74.3478	4,312,170.20	67.2500	3,900,500.00	-	(411,670.20)
97,000	LSI LOGIC	-	37.8078	3,667,355.00	18.8000	1,823,600.00	-	(1,843,755.00)
108,750	MBNA CORP	0.36	8.7407	950,549.11	33.0000	3,588,750.00	39,150.00	2,638,200.89
4,180	MCI Group	-	32.0057	133,783.82	16.1000	67,298.00	-	(66,485.82)
27,000	MEDIMMUNE, INC.	-	58.2863	1,573,731.00	47.2000	1,274,400.00	-	(299,331.00)
74,000	MICROSOFT CORPORATION	-	78.7175	5,825,098.10	73.0000	5,402,000.00	-	(423,098.10)
15,000	MOODY'S CORPORATION	0.04	32.9698	494,546.40	33.5000	502,500.00	600.00	7,953.60
44,000	NABORS INDUSTRIES, INC.	0.24	54.5717	2,401,155.17	37.2000	1,636,800.00	10,560.00	(764,355.17)
26,000	NATIONAL-OILWELL, INC.	-	38.4161	998,819.20	26.8000	696,800.00	-	(302,019.20)
76,000	NEWS CORPORATION	0.06	21.6933	1,648,692.35	37.1500	2,823,400.00	4,286.40	1,174,707.65
51,000	NOBLE DRILLING CORPORATION	-	44.8905	2,289,416.04	32.7500	1,670,250.00	-	(619,166.04)
87,000	NOKIA CORPORATION	0.21	17.9796	1,564,224.38	22.1900	1,930,530.00	18,348.30	366,305.62
19,000	NORTEL NETWORKS CORP	0.15	15.7588	299,416.88	9.0300	171,570.00	2,857.60	(127,846.88)
185,000	OFFICEMAX INC.	-	13.7523	2,544,169.95	3.6900	682,650.00	-	(1,861,519.95)
15,000	OXFORD HEALTH PLANS, INC.	-	27.6423	414,634.50	28.6000	429,000.00	-	14,365.50
71,500	PFIZER INC.	0.58	24.1115	1,723,974.79	40.0500	2,863,575.00	41,265.80	1,139,600.21
30,000	PHARMACEUTICAL PRODUCT DEVELOPMENT	-	24.0344	721,032.30	30.5100	915,300.00	-	194,267.70
66,000	PLANTRONICS, INC.	-	27.6455	1,824,606.20	23.1500	1,527,900.00	-	(296,706.20)
14,000	QUANTA SERVICES, INC.	-	33.9379	475,131.20	22.0400	308,560.00	-	(166,571.20)
14,000	RAINBOW MEDIA GROUP	-	15.9378	223,129.22	25.8000	361,200.00	-	138,070.78
120,000	SAFEWAY INC	-	32.1511	3,858,130.50	48.0000	5,760,000.00	-	1,901,869.50
164,000	SANMINA CORP.	-	26.3013	4,313,410.36	23.4100	3,839,240.00	-	(474,170.36)
42,000	SANTA FE INTERNATIONAL CORPORATION	0.12	34.5314	1,450,316.80	29.8600	1,254,120.00	5,040.00	(196,196.80)
35,000	SCHERING-PLOUGH CORP	1.28	17.0690	597,413.25	36.2400	1,268,400.00	44,800.00	670,986.75
83,000	SCHOLASTIC CORPORATION	-	26.1145	2,167,501.80	45.0000	3,735,000.00	-	1,567,498.20
36,000	SEI INVESTMENTS COMPANY	0.10	39.4437	1,419,972.90	47.4000	1,706,400.00	3,600.00	286,427.10
65,000	SEITEL, INC	-	18.6955	1,215,205.57	13.1000	851,500.00	-	(363,705.57)
89,000	SOLETRON	-	42.7172	3,801,831.20	18.3000	1,628,700.00	-	(2,173,131.20)
29,000	SUN MICROSYSTEMS, INC	-	41.2977	1,197,633.46	15.7200	455,880.00	-	(741,753.46)

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
INVESTMENTS OWNED
JUNE 30, 2001**

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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
79,000	SYMANTEC CORPORATION	-	50.3688	3,979,131.40	43.6900	3,451,510.00	-	(527,621.40)
40,000	T. ROWE PRICE GROUP INC	0.60	39.5794	1,583,176.90	37.3900	1,495,600.00	24,000.00	(87,576.90)
72,000	TARGET CORP	0.22	28.7453	2,069,663.22	34.6000	2,491,200.00	15,840.00	421,536.78
22,000	TENET HEALTHCARE CORPORATION	-	39.2886	864,350.00	51.6000	1,135,200.00	-	270,850.00
37,000	TXU CORP	2.40	41.1039	1,520,844.71	48.1900	1,783,030.00	88,800.00	262,185.29
145,480	TYCO INTERNATIONAL LTD.	0.05	32.2399	4,690,260.12	54.5100	7,930,114.80	7,274.00	3,239,854.68
9,000	UNITED RENTALS, INC	-	21.7481	195,732.90	25.9500	233,550.00	-	37,817.10
13,000	VALERO ENERGY CORPORATION	0.32	50.0294	650,382.20	36.7800	478,140.00	4,160.00	(172,242.20)
58,000	VISHAY INTERTECHNOLOGY INC	-	26.8656	1,558,201.90	23.0000	1,334,000.00	-	(224,201.90)
149,000	VODAFONE GROUP PLC	0.23	20.7764	3,095,682.56	22.3500	3,330,150.00	33,999.12	234,467.44
33,000	WALGREEN COMPANY	0.14	4.4931	148,272.39	34.4600	1,137,180.00	4,620.00	988,907.61
52,000	WAL-MART STORES	0.28	54.1842	2,817,577.20	48.8000	2,537,600.00	14,560.00	(279,977.20)
36,186	WILLIAMS COMMUNICATIONS GROUP	-	4.2768	154,760.93	2.9700	107,472.42	-	(47,288.51)
44,000	WILLIAMS COMPANIES, INC.	0.60	39.3771	1,732,593.36	32.9500	1,449,800.00	26,400.00	(282,793.36)
104,500	WORLDCOM INC.	-	31.6305	3,305,388.83	14.2000	1,483,900.00	-	(1,821,488.83)
COMMON STOCK PORTFOLIO TOTALS				190,250,495.59		221,189,750.55	1,208,482.64	30,939,254.96

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
INVESTMENTS OWNED
JUNE 30, 2001**

OTHER INVESTMENTS PORTFOLIO

Security	Coupon	Maturity	Book Cost	Current Value	Gain or Loss	Annual Income	Book Yield
BRIDGE FINANCIAL LOANS							
BRIDGE FINANCIAL--15 E. Monroe	12.500	01/05/01	61,500.00	61,500.00	-	7,687.50	12.5%
BRIDGE FINANCIAL--Beaver Creek G.C.	13.000	08/03/01	46,000.00	46,000.00	-	5,980.00	13.0%
BRIDGE FINANCIAL--Dynamite Ranch II	12.750	04/30/02	108,910.03	108,910.03	-	13,886.03	12.8%
BRIDGE FINANCIAL--Grand Inn	12.500	09/25/00	100,000.00	100,000.00	-	12,500.00	12.5%
BRIDGE FINANCIAL--Villages at Hassayampa	12.000	11/11/01	19,937.00	19,937.00	-	2,392.44	12.0%
TOTAL BRIDGE FINANCIAL LOANS			336,347.03	336,347.03	-	42,445.97	12.6%
MISCELLANEOUS							
PEBBLECREEK PROPERTIES	10.00	2/19/2002	263,059.10	263,059.10	-	26,305.91	10.0%
TOTAL MISCELLANEOUS			263,059.10	263,059.10	-	26,305.91	10.0%
TOTAL BEFORE LLC			599,406.13	599,406.13	-	68,751.88	11.5%
LLC							
Desert Troon, LLC			2,000,000.00	2,000,000.00			
Pivotal X, LLC			5,514,300.00	5,514,300.00			
TOTAL LLC			7,514,300.00	7,514,300.00			
TOTAL OTHER INVESTMENTS			8,113,706.13	8,113,706.13			

ACTUARIAL SECTION

ELECTED OFFICIALS' RETIREMENT PLAN
TWENTIETH COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2001

Actuarial Certification Statement

Aggregate Actuarial Balance Sheet, June 30, 2001

Summary of Valuation Methods and Assumptions

Solvency Test

Summary of Active Member Data

Summary of Inactive Member Data

Schedule of Retirants and Beneficiaries

Schedule of Experience Gain / (Loss)



September 5, 2001

The Fund Manager
Arizona Elected Officials' Retirement Plan
1020 East Missouri
Phoenix, Arizona 85014-2613

Attention: Jack Cross, Administrator

The purpose of the annual actuarial valuations of the Arizona Elected Officials' Retirement Plan is to determine the liabilities and funding requirements. We certify that the June 30, 2001 annual actuarial valuations were made in accordance with recognized actuarial methods.

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

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

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

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

Respectfully submitted,

Sandra Rodwan/sig

Sandra W. Rodwan
Member, American Academy of Actuaries

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**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
AGGREGATE ACTUARIAL BALANCE SHEET**

Actuarial Assets

Accrued Assets			
Member Accumulated contributions	\$	24,060,967	
Employer and benefit payment reserves		303,853,552	
Funding value adjustment		62,289,395	
Total accrued assets*		<u>62,289,395</u>	\$ 390,203,914
Prospective assets (computed value)			
Member contributions	\$	25,223,900	
Employer normal costs		66,242,680	
Employer unfunded actuarial accrued liability		(104,780,547)	
Total prospective assets		<u>(104,780,547)</u>	\$ (13,313,967)
Total Actuarial Assets			<u>\$ 376,889,947</u>

**Includes \$34,436,162 reserve for payment of ad-hoc pension increases. The net funding value of assets is \$355,767,752.*

Actuarial Present Values (Liability)

Pensions in payment status			
Service pensions	\$	120,085,689	
Disability pensions		6,284,773	
Survivor pensions		21,531,437	
Health insurance		3,688,438	
Total Benefit values		<u>3,688,438</u>	\$ 151,590,337
Prospective pension payments (future retirements)			184,436,741
Prospective health insurance payments (future retirements)			5,643,075
Prospective refunds of member contributions			783,632
Reserve for future pension increases			<u>\$ 34,436,162</u>
Total Actuarial Present Values (Liability)			<u>\$ 376,889,947</u>

SUMMARY OF PLAN PROVISIONS

See Note 1 in the Notes to 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) Retirees and beneficiaries. The discounted value of pensions likely to be paid retired members and their potential survivors was computed using the investment return and mortality assumptions. The computed amount was fully funded by applicable accrued assets.
- (2) Active members and former members. The actuarial accrued liability associated with service rendered prior to the valuation date was computed using the investment return, mortality and other factors outlined on the following pages. Applicable accrued assets exceeded the computed actuarial accrued liability. The difference, including actuarial gains (losses), was amortized as a level percent of payroll over an open period of 20 years and applied as a credit to the computed employer normal cost.

SUMMARY OF VALUATION ASSUMPTIONS

The rate of investment return used was 9.0 percent a year, compounded annually. 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 Plan's actuary, were first used for the June 30, 1989 annual valuation.

This assumption is used to discount the value of future payments.

The rates of salary increase used are in accordance with the following table. The assumption is used to project current salaries to those upon which pension amounts will be based. These components, adopted by the Fund Manager, as recommended by the Plan's actuary, were first used for the June 30, 1989 annual valuation.

Sample Ages	Percent Increase in Salary During Following Year		
	Inflation	Other	Total
20	5.50%	1.5%	7.00%
25	5.50%	1.5%	7.00%
30	5.50%	1.5%	7.00%
35	5.50%	1.5%	7.00%
40	5.50%	1.5%	7.00%
45	5.50%	1.5%	7.00%
50	5.50%	1.5%	7.00%
55	5.50%	1.5%	7.00%
60	5.50%	1.5%	7.00%
65	5.50%	1.5%	7.00%

SUMMARY OF VALUATION ASSUMPTIONS (continued)

The mortality table used was the 1971 Group Annuity Mortality Table Projected to 2000 (Male), female ages set back 6 years.

Sample Ages	Single Life Retirement Values					
	Deaths per 1,000		Present Value of \$100 Monthly for Life		Future Life Expectancy (years)	
	Men	Women	Men	Women	Men	Women
20	0.4	0.3			56.86	62.72
25	0.5	0.4			51.98	57.83
30	0.7	0.5			47.12	52.95
35	0.9	0.6			42.29	48.09
40	1.4	0.9	\$12,930	\$13,272	37.51	43.25
45	2.4	1.2	12,522	12,997	32.80	38.46
50	4.4	2.1	11,997	12,613	28.28	33.73
55	7.1	3.9	11,342	12,112	23.98	29.17
60	10.9	6.5	10,513	11,485	19.90	24.82
65	17.7	9.9	9,490	10,694	16.09	20.70
70	30.7	15.9	8,326	9,710	12.69	16.82
75	48.4	27.4	7,124	8,564	9.82	13.32
80	78.7	44.6	5,880	7,371	7.39	10.36
85	120.6	71.4	4,791	6,120	5.57	7.83
90	171.3	111.7	3,864	4,994	4.19	5.89

This assumption, adopted by the Fund Manager, as recommended by the Plan's actuary, is used to measure the probabilities of members dying before retirement and the probabilities of each pension payment being made after retirement and was first used for the June 30, 1999 annual valuation.

SUMMARY OF VALUATION ASSUMPTIONS (continued)

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

Age	Percent of Active Members Retiring During Next Year
40-49	8%
50-54	8%
55-59	5%
60	15%
61	10%
62	25%
63	15%
64	10%
65	20%
66	20%
67	20%
68	20%
69	20%
70	100%

Active members are eligible to retire early at any age with 5 years of service, or normally at any age with 20 years of service, at 60 with 25 years of service, at age 62 with 10 years of service, or age 65 with 5 years of service. The probability of retiring during each future year is 20% for those members who become eligible for normal retirement via the any age with 20 years of service eligibility condition. Pensions were assumed to be decreased 3/12 of 1% for each month age at early retirement precedes normal retirement age, with a maximum reduction of 30%.

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

SUMMARY OF VALUATION ASSUMPTIONS (continued)

The rates of separation for active membership were as follows:

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

Sample Ages	Years of Service	Percent of Active Members Separating within Next Year	Percent of Active Members Becoming Disabled within Next Year (all years of service)
ALL	0	8.0%	
	1	8.0%	
	2	8.0%	
	3	8.0%	
	4	8.0%	
25	5 & Over	6.0%	0.04%
30		6.0%	0.04%
35		6.0%	0.04%
40		6.0%	0.10%
45		6.0%	0.13%
50		6.0%	0.25%
55		6.0%	0.45%
60		6.0%	0.71%

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
SOLVENCY TEST**

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

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

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

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

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)
6-30-85 ^{*3}	\$ 5,583	\$ 16,396	\$ 26,990	\$ 49,900	100.0%	100.0%	100.0%
6-30-86	\$ 6,268	\$ 19,653	\$ 27,506	\$ 58,757	100.0%	100.0%	100.0%
6-30-87 ¹	\$ 6,866	\$ 23,660	\$ 36,116	\$ 65,856	100.0%	100.0%	83.8%
6-30-88 ¹	\$ 8,258	\$ 25,046	\$ 44,604	\$ 73,993	100.0%	100.0%	91.2%
6-30-89 ^{*1}	\$ 9,120	\$ 34,565	\$ 47,266	\$ 84,316	100.0%	100.0%	86.0%
6-30-90 ^{*1}	\$ 10,772	\$ 38,246	\$ 51,415	\$ 92,748	100.0%	100.0%	85.1%
6-30-91 ^{*1}	\$ 11,876	\$ 44,222	\$ 53,552	\$ 103,570	100.0%	100.0%	88.6%
6-30-92 ^{*1}	\$ 13,232	\$ 47,775	\$ 54,091	\$ 115,869	100.0%	100.0%	100.0%
6-30-93 [*]	\$ 13,308	\$ 61,992	\$ 52,178	\$ 127,984	100.0%	100.0%	100.0%
6-30-94 ¹	\$ 14,978	\$ 63,403	\$ 59,941	\$ 140,145	100.0%	100.0%	100.0%
6-30-95 ¹	\$ 15,731	\$ 73,797	\$ 59,838	\$ 159,111	100.0%	100.0%	100.0%
6-30-96 [*]	\$ 16,931	\$ 78,507	\$ 62,688	\$ 181,754	100.0%	100.0%	100.0%
6-30-97 [*]	\$ 17,979	\$ 86,361	\$ 65,253	\$ 214,035	100.0%	100.0%	100.0%
6-30-98	\$ 20,703	\$ 91,187	\$ 87,772	\$ 241,885	100.0%	100.0%	100.0%
6-30-99	\$ 21,506	\$ 109,582	\$ 96,013	\$ 283,337	100.0%	100.0%	100.0%
6-30-00	\$ 24,038	\$ 126,895	\$ 102,545	\$ 329,777	100.0%	100.0%	100.0%
6-30-01	\$ 24,061	\$ 151,590	\$ 75,336	\$ 355,768	100.0%	100.0%	100.0%

See notes on page 22.

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
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 there were 737 active members in the Plan as of June 30, 2001, compared to 720 for the prior year.

Attained Age	Years of Service to Valuation Date							Totals	
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 Plus	No.	Valuation Payroll
20 - 24	1	1						2	\$ 50,300
25 - 29	5							5	\$ 82,800
30 - 34	11	3						14	\$ 365,426
35 - 39	24	7	4					35	\$ 2,194,524
40 - 44	41	23	8	3				75	\$ 4,933,541
45 - 49	65	53	22	9	1			150	\$ 10,920,267
50 - 54	62	48	33	22	7	2	1	175	\$ 12,933,061
55 - 59	38	36	28	12	8	3		125	\$ 9,166,234
60 - 69	44	36	19	21	12	3		135	\$ 7,510,471
70 - 79	6	3	5	2	1	2		19	\$ 502,860
80+	1					1		2	\$ 9,980
Totals	298	210	119	69	29	11	1	737	\$ 48,669,464

Listed below is a Comparative Schedule of the changes in active members since 6-30-82:

COMPARATIVE SCHEDULE

Fiscal Year Ended	Active Members	Total Payroll (+000)	Averages*			
			Age (years)	Service (years)	Pay	Increase in Avg Pay
6-30-82	379	\$ 7,444	51.4	7.8	\$19,641	
6-30-83	372	\$ 8,087	51.0	6.6	\$21,739	10.7%
6-30-84	372	\$ 8,113	52.0	7.2	\$21,809	0.3%
** 6-30-85	525	\$ 17,691	51.0	7.5	\$33,697	54.5%
6-30-86	517	\$ 17,842	51.3	7.9	\$34,511	2.4%
6-30-87	526	\$ 20,409	51.2	7.7	\$38,800	12.4%
*** 6-30-88	583	\$ 21,444	52.1	7.6	\$36,782	-5.2%
6-30-89	596	\$ 24,605	52.5	7.6	\$41,284	12.2%
6-30-90	624	\$ 25,776	52.0	8.0	\$41,308	0.1%
6-30-91	671	\$ 27,838	51.6	7.6	\$41,487	0.4%
6-30-92	658	\$ 27,777	52.2	8.1	\$42,214	1.8%
6-30-93	713	\$ 29,708	51.8	7.2	\$41,666	-1.3%
6-30-94	710	\$ 29,633	52.2	7.8	\$41,737	0.2%
6-30-95	725	\$ 30,324	51.7	7.5	\$41,826	0.2%
6-30-96	684	\$ 29,967	52.7	7.8	\$43,811	4.7%
6-30-97	726	\$ 33,896	51.8	7.5	\$46,689	6.6%
6-30-98	713	\$ 40,441	52.4	7.9	\$56,719	21.5%
6-30-99	709	\$ 43,087	52.6	7.7	\$60,772	7.1%
6-30-00	720	\$ 45,382	53.0	8.0	\$63,031	3.7%
6-30-01	737	\$ 48,669	52.4	7.2	\$66,037	4.8%

* Group averages are not used in the actuarial computations but are computed and shown because of their general interest.

** Reflects the 1985 amendment consolidating the Judges' Retirement System and the Elected Officials' Retirement Plan.

*** Includes participating municipalities pursuant to a 1987 amendment beginning with the June 30, 1988,

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
SUMMARY OF INACTIVE MEMBER DATA
SCHEDULE OF RETIRANTS AND BENEFICIARIES**

As of June 30, 2001, there were 165 inactive members in the Plan who had not withdrawn their accumulated member contributions. It is assumed that these inactive members are waiting to meet the age requirements for service retirement. They are broken down by attained age and years of service as follows:

INACTIVE MEMBERS

Attained Age	Years of Service to Valuation Date					Totals
	0 - 4	5 - 9	10 - 14	15 - 19	20+	
20 - 29	1					1
30 - 39	8	5	1			14
40 - 44	10	8	1			19
45 - 49	15	11	3	1		30
50 - 54	9	18	8	4		39
55 - 59	8	16	7	2		33
60 - 69	9	12	4		1	26
70+	1		1		1	3
Totals	61	70	25	7	2	165

RETIRANTS AND BENEFICIARIES

Valuation Date	Number Removed From Roles	Number Added to Roles	Totals	Annual Pensions	Percent Increase	Average Pension
06/30/92	17	27	375	\$ 5,980,662	8.1%	\$ 15,948
06/30/93	19	65	421	\$ 7,541,157	26.1%	\$ 17,912
06/30/94	19	31	433	\$ 7,936,942	5.2%	\$ 18,330
06/30/95	19	52	466	\$ 9,005,617	13.5%	\$ 19,325
06/30/96	23	29	472	\$ 9,567,636	6.2%	\$ 20,270
06/30/97	22	46	496	\$ 10,442,249	9.1%	\$ 21,053
06/30/98	20	37	513	\$ 11,143,500	6.7%	\$ 21,722
06/30/99	20	54	547	\$ 13,122,722	17.8%	\$ 23,990
06/30/00	21	63	589	\$ 15,096,774	15.0%	\$ 25,631
06/30/01	26	84	647	\$ 17,729,482	17.4%	\$ 27,403

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
SCHEDULE OF EXPERIENCE GAIN/(LOSS)
YEAR ENDED JUNE 30, 2001**

DERIVATION

(1) UAAL* at start of year	\$	(76,299,108)
(2) Normal cost for year		10,750,948
(3) Funding Method Contribution		(7,700,164)
(4) Interest accrued on (1), (2) and (3)		(6,729,634)
(5) Expected UAAL before changes		(79,977,958)
[(1)+(2)-(3)+(4)]		
(6) Effect of assumption changes***		3,800,000
(7) Effect of cost method changes		None
(8) Expected UAAL after changes		(76,177,958)
(9) Actual UAAL		(104,780,547)
(10) Gain/(Loss) (9)-(10)	\$	28,602,589
(11) As % of AAL** at beginning of year		11.3%

* Unfunded actuarial accrued liability

** Actuarial accrued liability

*** Estimated

Actual experience of the Retirement Plan during the year ended June 30, 2001 was more favorable than expected based upon long-term assumptions generating an experience gain of \$28,602,589. The primary sources of the gain were greater than assumed investment return, fewer than assumed retirements and more active member terminations than assumed. The increase in the funded ratio and the decrease in the computed contribution rate reflect the combined experience.

STATISTICAL SECTION

ELECTED OFFICIALS' RETIREMENT PLAN
TWENTIETH COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2001

Schedule of Revenues by Source and Expenses by Type

Schedule of Benefit Expenses by Type

Summary of Retired Member and Survivor Data

Summary of Benefit Increases

Participating Employers

Summary of Growth of the Plan

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
SCHEDULE OF REVENUES BY SOURCE AND EXPENSES BY TYPE**

<u>REVENUES</u>					
Fiscal Year	Member* Contributions	Employer Contributions	Percent of Annual Covered Payroll	Net Investment Income**	Total
1992	\$2,098,087 11%	\$4,830,326 25%	16.83%	\$12,081,541 64%	\$19,009,954 100%
1993	\$2,237,986 11%	\$4,941,470 26%	16.55%	\$12,082,441 63%	\$19,261,897 100%
1994	\$2,184,269 12%	\$5,555,890 30%	15.62%	\$10,926,793 58%	\$18,666,952 100%
1995	\$2,237,578 13%	\$5,224,545 31%	16.01%	\$9,446,871 56%	\$16,908,994 100%
1996	\$2,358,224 6%	\$4,886,479 13%	15.76%	\$31,728,664 81%	\$38,973,367 100%
1997	\$2,579,869 5%	\$4,934,939 8%	14.76%	\$51,065,604 87%	\$58,580,412 100%
1998	\$3,294,906 5%	\$3,668,144 6%	12.64%	\$54,378,360 89%	\$61,341,410 100%
1999	\$2,970,123 5%	\$3,941,018 6%	8.90%	\$53,424,808 89%	\$60,335,949 100%
2000	\$4,164,166 8%	\$4,126,694 7%	10.22%	\$46,966,837 85%	\$55,257,697 100%
2001	\$3,544,290 -6%	\$4,155,875 -7%	8.94%	(\$67,059,808) 113%	(\$59,359,642) 100%

<u>EXPENSES</u>				
FYE	Benefits	Administrative Expenses***	Refunds	Total
1992	\$5,937,268 97%	\$61,108 1%	\$117,753 2%	\$6,116,129 100%
1993	\$6,986,604 94%	\$66,053 1%	\$346,352 5%	\$7,399,009 100%
1994	\$7,877,312 98%	\$65,965 1%	\$62,396 1%	\$8,005,673 100%
1995	\$8,718,621 97%	\$73,903 1%	\$197,465 2%	\$8,989,989 100%
1996	\$9,448,702 98%	\$52,053 1%	\$105,309 1%	\$9,606,064 100%
1997	\$10,177,471 98%	\$50,643 0%	\$193,296 2%	\$10,421,410 100%
1998	\$10,963,879 99%	\$59,967 1%	\$30,960 0%	\$11,054,806 100%
1999	\$11,991,654 98%	\$60,307 0%	\$168,690 2%	\$12,220,651 100%
2000	\$14,347,496 98%	\$59,577 0%	\$182,114 2%	\$14,589,187 100%
2001	\$16,802,302 99%	\$58,796 0%	\$133,561 1%	\$16,994,660 100%

NOTE: *The member contribution rate is 7% of covered payroll.

**Prior to fiscal year 1996, Investment Income included only realized gains and losses. See Note 2.

***Prior to fiscal year 1996, Investment Expenses were not broken out from Administrative and Investment Expenses. However, for the fiscal years 1996, 1997, 1998, 1999, 2000 and 2001, Investment Expenses were \$22,642, \$22,269, \$19,556, \$22,122, \$23,133 and \$27,164, respectively. These amounts are now shown net in Investment Income as opposed to inclusion with Administrative Expenses as in prior reports.

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
SCHEDULE OF BENEFIT EXPENSES BY TYPE**

Fiscal Year	Normal Benefits	Disability Benefits	Survivor Benefits	Insurance Benefits	Totals
1987	\$2,176,893 78%	\$199,226 7%	\$404,621 15%	-	\$2,780,740 100%
1988	\$2,409,666 79%	\$227,055 7%	\$436,170 14%	-	\$3,072,891 100%
1989	\$2,958,726 80%	\$253,715 7%	\$482,157 13%	-	\$3,694,598 100%
1990	\$3,727,158 81%	\$282,133 6%	\$557,753 12%	\$10,369 1%	\$4,577,413 100%
1991	\$4,148,012 80%	\$350,850 7%	\$607,950 11%	\$90,400 2%	\$5,197,212 100%
1992	\$4,825,146 81%	\$318,524 6%	\$668,752 11%	\$124,846 2%	\$5,937,268 100%
1993	\$5,756,503 82%	\$326,01 85%	\$762,516 11%	\$141,567 2%	\$6,986,604 100%
1994	\$6,399,006 81%	\$443,818 6%	\$878,193 11%	\$156,295 2%	\$7,877,312 100%
1995	\$6,947,365 80%	\$523,623 6%	\$1,081,329 12%	\$166,304 2%	\$8,718,621 100%
1996	\$7,526,049 80%	\$597,617 6%	\$1,154,800 12%	\$170,236 2%	\$9,448,702 100%
1997	\$8,074,010 80%	\$546,535 5%	\$1,350,387 13%	\$206,539 2%	\$10,177,471 100%
1998	\$8,593,838 78%	\$625,855 6%	\$1,516,198 14%	\$227,988 2%	\$10,963,879 100%
1999	\$9,265,167 77%	\$698,545 6%	\$1,786,989 15%	\$240,953 2%	\$11,991,654 100%
2000	\$10,966,775 76%	\$657,755 5%	\$2,459,882 17%	\$263,084 2%	\$14,347,496 100%
2001	\$13,051,530 78%	\$752,464 4%	\$2,680,089 16%	\$318,219 2%	\$16,802,302 100%

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
SUMMARY OF RETIRED MEMBER AND SURVIVOR DATA**

The following summary presents an analysis of the benefit changes that have taken place during the past 15 years. The number of retired members and the amount of annual pensions has increased at compounded annual rates of 6.5% and 13.1% over the last five years.

COMPARATIVE SCHEDULE

Year Ended June 30	Retired			Annual Pensions	Average Pension	Ratio of Active to Retired
	Normal	Disability	Survivors Totals			
1982	150		9	\$ 844,914	\$ 5,314	2.4 to 1
1983	168		13	\$ 1,011,021	\$ 5,586	2.1 to 1
1984	175		14	\$ 1,120,441	\$ 5,928	2.0 to 1
1985	196	4	47	\$ 2,142,900	\$ 8,676	2.1 to 1
1986	206	5	51	\$ 2,564,083	\$ 9,787	2.0 to 1
1987	225	6	50	\$ 3,056,235	\$ 10,876	1.9 to 1
1988	232	7	52	\$ 3,238,986	\$ 11,131	2.0 to 1
1989	267	9	56	\$ 4,236,583	\$ 12,761	1.8 to 1
1990	272	10	61	\$ 4,830,530	\$ 14,083	1.8 to 1
1991	293	10	62	\$ 5,532,233	\$ 15,157	1.8 to 1
1992	301	8	66	\$ 5,980,662	\$ 15,948	1.8 to 1
1993	342	10	69	\$ 7,541,157	\$ 17,912	1.7 to 1
1994	346	12	75	\$ 7,936,942	\$ 18,330	1.6 to 1
1995	368	16	82	\$ 9,005,617	\$ 19,325	1.6 to 1
1996	368	15	89	\$ 9,567,636	\$ 20,270	1.4 to 1
1997	382	13	101	\$ 10,442,249	\$ 21,053	1.5 to 1
1998	386	18	109	\$ 11,143,500	\$ 21,722	1.4 to 1
1999	408	16	123	\$ 13,122,722	\$ 23,990	1.3 to 1
2000	444	15	130	\$ 15,096,774	\$ 25,631	1.2 to 1
2001	495	16	136	\$ 17,729,482	\$ 27,403	1.1 to 1

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

SUMMARY OF RETIRED MEMBERS AND SURVIVORS - JUNE 30, 2001

Pensions Being Paid	Number	Annual Pensions	Average Pensions
Retired Members - Service Pensions	495	\$ 14,138,296	\$ 28,562
- Disability Pensions	16	\$ 741,794	\$ 46,362
Totals	511	\$ 14,880,090	\$ 29,120
Survivors of Members - Spouses	135	\$ 2,821,176	\$ 20,898
- Children with Guardians*	1	\$ 28,216	\$ 28,216
Totals	136	\$ 2,849,392	\$ 20,951
Total Pensions Being Paid	647	\$ 17,729,482	\$ 27,403

*Does not include pensions payable to children whose parent is being paid a survivor pension

	Average Age	Average Service (yrs)	Average Age at Retirement (yrs)
Normal retired members	70.3	14.8	62.3
Disability retired members	65.5	11.7	57.8
Spouse beneficiaries	73.5	13.1	59.3

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
SUMMARY OF BENEFIT INCREASES**

State law provides for an annual benefit increase for retirees or their survivors who are over age sixty-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 Plan and are limited to four percent of the average benefit being paid to retirees and their survivors. This program expired after the July 1,1994 increase. The following schedule summarizes the statutorily-designed process of calculating the monthly benefit increases effective each July 1st and the increases granted:

BENEFIT INCREASE SCHEDULE

Fiscal Year Ended	Excess Yield per Statute*	Excess Earnings Assets**	Excess Earnings	Monthly Benefit Increase Fundable	Maximum per Statutory 4% Cap***	Lesser of Two Increase Awarded
06/30/89	3.62%	\$ 34,564,836	<u>\$ 1,251,247</u>			
		Investment earnings on balance	118,118			
		Amount utilized: 7-1-90 increase	(888,720)	5.0%	4.0%	4.0%
06/30/90	0.44%	\$ 38,245,692	<u>\$ 168,281</u>			
		Amount available: 7-1-91 increase	648,926	4.0%	4.0%	4.0%
		Investment earnings on balance	75,275			
		Amount utilized: 7-1-91 increase	(1,143,432)			
06/30/91	2.60%	\$ 44,222,354	<u>\$ 1,149,781</u>			
		Amount available: 7-1-92 increase	730,550	2.0%	4.0%	2.0%
		Investment earnings on balance	83,502			
		Amount utilized: 7-1-92 increase	(610,536)			
06/30/92	2.43%	\$ 47,775,043	<u>\$ 1,160,934</u>			
		Amount available: 7-1-93 increase	1,364,450	3.5%	4.0%	3.5%
		Investment earnings on balance	140,675			
		Amount utilized: 7-1-93 increase	(1,167,612)			
06/30/93	1.31%	\$ 60,856,776	<u>\$ 797,224</u>			
		Amount available: 7-1-94 increase	1,134,737	2.0%	4.0%	2.0%
		Investment earnings on balance	95,999			
		Amount utilized: 7-1-94 increase	(868,428)			

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
SUMMARY OF BENEFIT INCREASES**

During the 1996 legislative session, House Bill 2483 was passed and approved by the Governor on April 17, 1996. This bill reinstated this program but with two new limits. The first limit is a 3% maximum. The second limit is 1/2 of the percentage change in the all items component of the Consumer Price Index for all urban consumers as published by the United States Department of Labor, Bureau of Labor Statistics, for the calendar year preceding the year for which the increase is being computed. This bill also lowered the age requirement to 55. There were no excess earnings in fiscal year 1994/1995 so the first increase was based on excess earnings for fiscal year 1995/1996 and was effective in July of 1997. Below is a schedule showing the calculation process.

BENEFIT INCREASE SCHEDULE

Fiscal Year Ended	Excess Yield per Statute*	Excess Earnings Assets**	Excess Earnings	Monthly Benefit Increase Fundable	Maximum per Statutory 4% Cap***	Lesser of Two Increase Awarded
06/30/96	1.75%	\$ 77,021,628	<u>\$ 1,347,878</u>			
	Amount available:	7-1-97 increase	1,347,878	1.5%	1.7%	1.5%
06/30/97	3.97%	\$ 84,334,344	<u>\$ 3,348,073</u>			
	Investment earnings on balance		174,820			
	Amount utilized:	7-1-97 increase	(1,040,868)			
	Amount available:	7-1-98 increase	3,829,903	4.5%	1.2%	1.2%
06/30/98	12.23%	\$ 88,885,855	<u>\$ 10,870,740</u>			
	Investment earnings on balance		813,088			
	Amount utilized:	7-1-98 increase	(888,283)			
	Amount Transferred by HB 2496		15,136,519			
	Amount available:	7-1-99 increase	29,761,967	34.5%	4.0%	4.0%
06/30/99	8.52%	\$ 107,153,382	<u>\$ 9,129,468</u>			
	Investment earnings on balance		5,214,297			
	Amount utilized:	7-1-99 increase	(3,623,737)			
	Amount available:	7-1-00 increase	40,481,995	38.5%	4.0%	4.0%
06/30/00	4.20%	\$ 124,211,100	<u>\$ 5,216,866</u>			
	Investment earnings on balance		5,343,623			
	Amount utilized:	7-1-00 increase	(4,133,898)			
	Amount available:	7-1-01 increase	46,908,586	37.5%	4.0%	4.0%
06/30/01	0.00%	\$ -	<u>\$ -</u>			
	Investment earnings on balance		(7,953,820)			
	Amount utilized:	7-1-01 increase	(4,518,604)			
	Amount available:	7-1-02 increase	34,436,162	23.0%	4.0%	4.0%

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

** Amount equal to retired reserves.

***Prior to 7/1/99, maximum was the lower of 3% or 1/2 of CPI.

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
PARTICIPATING EMPLOYERS**

STATE OF ARIZONA
APACHE COUNTY
COCHISE COUNTY
COCONINO COUNTY
GILA COUNTY
GRAHAM COUNTY
GREENLEE COUNTY
LA PAZ COUNTY
MARICOPA COUNTY
MOHAVE COUNTY
NAVAJO COUNTY
PIMA COUNTY
PINAL COUNTY
SANTA CRUZ COUNTY
YAVAPAI COUNTY
YUMA COUNTY

CITY OF APACHE JUNCTION
CITY OF AVONDALE
CITY OF CHANDLER
CITY OF FLAGSTAFF
CITY OF GLENDALE
CITY OF GLOBE
CITY OF MESA
CITY OF PEORIA
CITY OF PHOENIX
CITY OF SCOTTSDALE
CITY OF SOUTH TUCSON
CITY OF TEMPE
CITY OF TOLLESON
CITY OF TUCSON
CITY OF YUMA
TOWN OF THATCHER

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
SUMMARY OF GROWTH OF THE PLAN**

FUND ASSETS, EARNINGS AND INVESTMENT YIELD

Listed below is a table setting forth the growth of the Plan in some of the major areas since it was started July 1, 1981.

Fiscal Year	Total Assets at Book	Realized Earnings from Investments	Assumed Actuarial Yield	Net Effective Yield
Assets				
Transferred	\$ 10,990,215	\$ 838,550	7.50%	8.20%
1981-82	\$ 13,161,720	\$ 1,588,590	8.50%	13.96%
1982-83	\$ 15,349,948	\$ 1,749,184	8.50%	13.09%
1983-84	\$ 17,694,262	\$ 2,049,062	9.00%	13.23%
1984-85 ¹	\$ 49,900,086	\$ 5,987,944	9.00%	14.02%
1985-86	\$ 58,757,374	\$ 7,724,090	9.00%	15.32%
1986-87 ²	\$ 65,818,230	\$ 6,419,259	9.00%	10.87%
1987-88 ³	\$ 73,993,374	\$ 7,031,174	9.00%	10.60%
1988-89 ⁴	\$ 84,315,654	\$ 9,391,304	9.00%	12.62%
1989-90 ⁵	\$ 92,748,274	\$ 7,980,677	9.00%	9.44%
1990-91 ⁶	\$ 104,300,471	\$ 10,845,435	9.00%	11.60%
1991-92 ⁷	\$ 117,233,179	\$ 12,081,541	9.00%	11.54%
1992-93	\$ 129,118,529	\$ 12,082,441	9.00%	10.31%
1993-94	\$ 140,145,022	\$ 10,926,793	9.00%	8.46%
1994-95	\$ 148,159,074	\$ 9,446,871	9.00%	6.77%
1995-96	\$ 161,523,416	\$ 15,800,154	9.00%	10.75%
1996-97	\$ 179,812,810	\$ 20,807,444	9.00%	12.97%
1997-98	\$ 209,247,828	\$ 32,818,266	9.00%	18.41%
1998-99	\$ 258,049,796	\$ 54,086,027	9.00%	26.15%
1999-00	\$ 285,234,761	\$ 31,431,378	9.00%	12.27%
2000-01	\$ 293,478,357	\$ 17,402,311	9.00%	6.19%

1. Reflects the 1985 amendment consolidating the Judges' Retirement Plan and the Elected Officials' Retirement Plan.

2. Reflects the 1987 amendment which increased the formula factor to 4% from 3-1/3%.

3. Reflects the 1988 amendment which bases the reduction for early retirement on the normal retirement age rather than age 65 and provided a 3% cost-of-living increase for retired members and survivors.

4. Reflects changes in the estimates of future experience (actuarial assumptions) and the 1989 amendment which provided a 3% increase in the pensions of retired members and survivors.

5. Includes the 1990 amendment which provides a subsidy for post-retirement health insurance, and a 3% increase in pensions with effective dates between September 15, 1989, and September 15, 1990.

6. Includes the 1991 amendment which provides a 3% increase in pensions with effective dates between September 15, 1990, and September 15, 1991, and the 1991 amendment increasing benefits for future duty-related deaths.

7. Includes the 1992 amendment which provides a 3% increase in pensions with effective dates between September 15, 1991, and October 31, 1992.