

# FIRE FIGHTERS' CANCER INSURANCE POLICY PROGRAM

OF THE  
STATE OF ARIZONA

EIGHTH ANNUAL FINANCIAL REPORT

—

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2005

# **FIRE FIGHTERS' CANCER INSURANCE POLICY PROGRAM**

STATE OF ARIZONA

EIGHTH ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2005

This report was prepared by the staff of the FFCI

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

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**James M. Hacking**  
Administrator

**James A. Nielsen**  
Assistant Administrator-CIO

**Tracey D. Peterson**  
Assistant Administrator-COO

December 14, 2005

Firefighter Employers,  
Public Safety Personnel Retirement System  
Fire Local Board Members

Dear Local Board Members and Employers:


The Fund Manager of the Public Safety Personnel Retirement System respectfully submits the Eighth Annual Financial Report of the Fire Fighters' Cancer Insurance Policy Program for the fiscal year ended June 30, 2005.

We are committed to providing the best possible cancer program based upon the contributions received from the employers. In this regard, the cancer program is self-insured, which began July 1, 2000, and the contributions received this fiscal year were invested in stocks and bonds. Effective July 1, 2005, we reduced the required employer contribution to \$135 per active member. Additionally, we directed staff to research the long term effects of continued reductions to the required employer contributions and/or increasing benefits.


For the fiscal year ended June 30, 2005, contributions received from the participating local boards increased 5.14% from \$908,640 to \$955,359. Assets managed increased 24.84% from \$4,736,593 to \$5,913,043. Benefits paid this fiscal year totaled \$111,204.

We sincerely appreciate the opportunity of serving the State of Arizona and its political subdivisions.

Respectfully submitted,

  
Pat Cantelme, Chairman

  
Carter Olson, Member

  
Billy Shields, Member

  
Brian Delfs, Member

  
Fritz Beesmyer, Member

# **FINANCIAL SECTION**

FIRE FIGHTERS' CANCER INSURANCE POLICY PROGRAM

EIGHTH ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2005

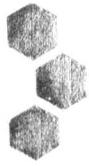
Independent Auditor's Report

Statements of Plan Net Assets

Statements of Changes in Plan Net Assets

Notes to Financial Statements

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 Net Assets Available for Benefits of the **STATE OF ARIZONA FIRE FIGHTERS' CANCER INSURANCE PROGRAM** as of June 30, 2005 and 2004 and the related Statements of Changes in Net Assets Available for Benefits for the years then ended. These financial statements are the responsibility of the Program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits 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 the **STATE OF ARIZONA FIRE FIGHTERS' CANCER INSURANCE PROGRAM** as of June 30, 2005 and 2004, and the changes in its financial position for the years then ended in conformity with generally accepted accounting principles.

*Barrows & Schatza, P.L.C.*

December 12, 2005

**STATE OF ARIZONA  
FIRE FIGHTERS' CANCER INSURANCE POLICY PROGRAM  
STATEMENTS OF PLAN NET ASSETS  
AS OF JUNE 30, 2005 AND 2004**

<b>ASSETS</b>	<u>2005</u>	<u>2004</u>
<b>Cash and Short Term Investments</b>	1,143,210	1,060,416
<b>Receivables</b>		
Retention Receivable	\$ -	\$ -
Insurance Reserves	-	-
Interest and Dividends	11,666	8,926
<b>Total Receivables</b>	<u>11,666</u>	<u>8,926</u>
<b>Investments at Fair value (Note 2):</b>		
U.S. Government Securities	1,075,756	95,239
Corporate Bonds	-	-
Corporate Notes	-	-
Corporate Stocks	3,682,411	3,572,012
Other Investments	-	-
<b>Total Investments</b>	<u>4,758,167</u>	<u>3,667,251</u>
Collateral Held in Trust for Securities on Loan	2,584,255	1,679,676
<b>Total Plan Assets</b>	<u>8,497,298</u>	<u>6,416,269</u>
Liability- Collateral Subject to Return to Borrower	2,584,255	1,679,676
<b>Net Assets Held in Trust for Benefits:</b>	<u>\$ 5,913,043</u>	<u>\$ 4,736,593</u>

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

**STATE OF ARIZONA  
FIRE FIGHTERS' CANCER INSURANCE POLICY PROGRAM  
STATEMENT OF CHANGES IN NET ASSETS  
AVAILABLE FOR BENEFITS  
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
<b>ADDITIONS:</b>		
Contributions		
Employers' Contributions	\$ 955,359	\$ 908,640
Net Appreciation (Depreciation) in Fair Value of Investments (Note 2)	262,252	459,411
Interest	58,375	16,835
Dividends	48,281	34,357
Securities Lending Activities		
Securities Lending Income	\$ 51,269	\$ 16,222
Borrower Rebates	(47,648)	(13,387)
Agents Share of Income	<u>(1,175)</u>	<u>(981)</u>
Net Securities Lending Income (Note 2)	2,446	1,854
Less Investment Expense	<u>(13,299)</u>	<u>(9,699)</u>
Net Investment Income	<u>1,313,414</u>	<u>1,411,398</u>
<b>Total Additions</b>	<u>1,313,414</u>	<u>1,411,398</u>
<b>DEDUCTIONS:</b>		
Insurance Benefits (Note 1)	111,204	118,632
Administrative Expenses	25,760	23,499
<b>Total Deductions</b>	<u>136,964</u>	<u>142,131</u>
<b>Net Increase (Decrease)</b>	1,176,450	1,269,267
<b>Net Assets Held in Trust for Benefits</b>		
<b>Beginning of Year - July 1</b>	<u>4,736,593</u>	<u>3,467,326</u>
<b>End of Year - June 30</b>	<u>\$ 5,913,043</u>	<u>\$ 4,736,593</u>

**STATE OF ARIZONA  
FIRE FIGHTERS' CANCER INSURANCE POLICY PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005 AND 2004**

**NOTE 1 - PLAN DESCRIPTION**

**Organization**

The State of Arizona Fire Fighters' Cancer Insurance Policy Program (FFCI) is a multiple-employer cancer insurance program established by Title 38, Chapter 5, Article 4 of the Arizona Revised Statutes, to provide cancer insurance benefits for active and retired fire fighters of certain state and local governments. The Fund Manager of the State of Arizona Public Safety Personnel Retirement System administers the Program.

The Fund Manager is a five-member board. Beginning August 6, 1999, the Governor began appointing all members, who serve a fixed three-year term. The Fund Manager is responsible for the investment of the Plan's assets, hiring personnel to administer the Program, and the general protection and administration of the Plan.

The Program provides cancer insurance covering active fire fighters of participating employers. Benefits begin upon the fire fighter's date of membership in the system (excluding pre-existing conditions). Retired members remain eligible for coverage for five months for every year of credited service accumulated toward retirement under the PSPRS. A retired member whose eligibility is expiring may continue to remain eligible for coverage if an election is made with the Fund Manager and a predetermined premium is paid.

Effective July 1, 2000, the policy became self-insured. The insurance policy is designed by the program administrators and underwritten by the assets of the fire fighter cancer insurance policy program account established by ARS §38-643. All claims are submitted to PSPRS for adjudication.

The Fund Manager of the PSPRS is also responsible for the investment and general administration of three other statewide retirement plans—the Public Safety Personnel Retirement System, the Elected Officials' Retirement Plan and the Corrections Officer Retirement Plan. The investments and expenses of these plans are held and accounted for separately from those of the FFCI. 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.

**Benefits**

The insurance policy provides benefits to eligible active and retired fire fighters. The program is a supplemental insurance plan for hospitalization, surgery, radiation and chemotherapy and other cancer related illness benefits. There is a first occurrence benefit of \$6,000 and a death benefit of \$1,000. The policy may be cancelled or terminated at any time without notice.

**Contributions**

Participating local boards contribute not more than \$180 each fiscal year for each fire fighter employed at June 30 of the prior fiscal year. Effective July 1, 2005, the Fund Manager set the contribution rate at \$135 for each fire fighter.

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

**Basis of Accounting**

These financial statements are prepared using the accrual basis of accounting.

The program reports assets on a Fair Value Basis in accordance with GASB Statement No. 25. Certain cost information is provided for reference only and to comply with state law.

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



## **Investments**

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

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

Statement No. 40 of the GASB requires government entities to disclose deposit and investment risks related to credit risk, interest rate risk, and foreign currency risk. The FFCIP invests primarily in Federal Agency obligations and domestic equities. As a result, there is limited, if any, credit risk, interest rate risk and foreign currency risk. Substantially all investments are held in the name of the Program by its custodian bank.

## **Money Market Account**

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

## **Securities Lending Income**

The Program 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 System requires collateral of at least 102% of the fair value of the loaned U.S. Government or corporate security. Securities on loan are carried at fair value. As of June 30, 2005 and 2004 the fair value of securities on loan was \$2,584,255 (consisting of Stocks-\$1,498,921 and Treasuries and Agencies-\$1,085,334) and \$1,679,676 (consisting of Stocks-\$1,582,991 and Treasuries and Agencies-\$96,685,685) respectively. The Program receives a negotiated fee for its loan activities and is indemnified for broker default by the securities lending agent. The Program participates in a collateral investment pool. All security loans may be terminated on demand by either the lender or the borrower. The total cash collateral investments received for unmatched loans (any loan for which the cash collateral has not been invested for a specific maturity) will have a maximum duration of 233 days. And, at least 20% of total collateral investments shall be invested on an overnight basis. All matched loans shall have matched collateral investments. At June 30, 2005, the weighted average maturity was 20 days for all investments purchased with cash collateral from unmatched loans. The Program has no credit risk because the amounts owed to the borrowers exceed the amounts the borrowers owe to the Program. Under this program, the Plan has not experienced any defaults or losses on these loans. Collateral for securities lending does not require any additional disclosures because it is invested in a securities lending collateral investment pool.

## **Interest Revenue**

The Program received interest on their money market account with the bank as well as interest on their bond portfolio.

## **Benefit Payments**

During the year ended June 30, 2005, the Program paid 7 fire fighters for their first occurrence benefit of \$6,000 each and one death benefit of \$1,000. Additionally, the Program paid 13 fire fighters surgical and hospital benefits.

## **Administrative Expenses**

The Public Safety Personnel Retirement System administers the Program and an allocation of expenses incurred by the System is charged to the Program. The Program is administered in the same building as the System utilizing staff employed by the System. The allocated expenses for the year ending June 30, 2005 totaled \$39,058. The Program is authorized to use up to 10% of total receipts to pay the costs of administering the Program.

**STATE OF ARIZONA  
FIRE FIGHTERS' CANCER INSURANCE POLICY PROGRAM  
SUPPLEMENTAL SCHEDULES OF  
CASH RECEIPTS AND CASH DISBURSEMENTS  
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004**

	2005	2004
<b>RECEIPTS</b>		
Employers' Contributions	\$ 955,359	\$ 908,640
Interest	50,359	17,505
Dividends	53,557	25,924
Securities Lending Income	2,446	1,854
Amounts Transferred from Other		
State-Sponsored Pension Plans	-	-
Maturities and Sales of		
U.S. Government Securities	27,734	123,283
Corporate Bonds	-	-
Corporate Notes	-	-
Other Investments	-	-
Common Stock	1,040,256	481,998
Net Decrease in Money Market Funds	-	1,317,577
<b>Total Receipts</b>	2,129,711	2,876,781
<b>DISBURSEMENTS</b>		
Insurance Benefits	111,204	118,632
Investment and Administrative Expenses	39,058	33,198
Amounts Transferred to Other		
State-Sponsored Pension Plans	-	-
Acquisitions of:		
U.S. Government Securities	1,009,900	-
Corporate Bonds	-	-
Corporate Notes	-	-
Other Investments	-	-
Common Stock	886,755	2,724,951
Net Increase in Money Market Fund	82,794	-
<b>Total Disbursements</b>	2,129,711	2,876,781
<b>INCREASE (DECREASE) IN CASH</b>	-	-
<b>BEGINNING CASH BALANCES--July 1</b>	-	-
<b>ENDING CASH BALANCES--June 30</b>	\$ -	\$ -

# INVESTMENT SECTION

FIRE FIGHTERS' CANCER INSURANCE POLICY PROGRAM

EIGHTH ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2005

Supporting Schedule of Commissions Paid to Brokers

Summary of Changes in Investment Portfolio

Detailed List of Investments Acquired

Detailed List of Sales and Redemptions of Investments

Detailed List of Investments Owned

**STATE OF ARIZONA  
FIREFIGHTERS' CANCER INSURANCE POLICY PROGRAM  
SUPPORTING SCHEDULE OF COMMISSIONS PAID TO BROKERS  
FISCAL YEAR ENDED JUNE 30, 2005**

<u>Broker</u>	<u>Number of Shares Traded</u>	<u>Average Commission</u>	<u>Commissions</u>
BNY Brokerage	1,400	0.050	\$ 70.00
Greenberg Financial Group	6,900	0.048	\$ 329.00
Investors Capital Corporation	2,100	0.050	\$ 105.00
ISI Group, Inc.	4,762	0.049	\$ 234.10
Merrill Lynch	4,450	0.047	\$ 210.50
Morgan Stanley Dean Witter	4,450	0.050	\$ 222.50
Salomon Smith Barney (Phoenix)	3,425	0.050	\$ 171.25
Salomon Smith Barney (Scottsdale)	4,150	0.047	\$ 194.50
Samco Financial Services, Inc.	4,716	0.049	\$ 229.80
Standard & Poor's Securities, Inc.	4,858	0.050	\$ 240.90
U.S. Financial Investments, Inc.	4,080	0.050	\$ 204.00
UBS/Paine Webber	5,402	0.048	\$ 260.10
<b>Total Commissions</b>	<b>50,693</b>	<b>0.049</b>	<b>\$ 2,471.65</b>

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  
FIREFIGHTERS' CANCER INSURANCE POLICY PROGRAM  
SUMMARY OF CHANGES IN INVESTMENT PORTFOLIO  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Description	Percent at Fair Value	Balance June 30, 2004		Acquisitions	Maturities and Sales	(Premium) Discount	Balance June 30, 2005		Percent at Fair Value
		Fair Value	Book Value				Fair Value	Book Value	
U.S. Treasury Obligations	0.0%	-	-	-	-	-	-	-	0.0%
Federal Agency Obligations	2.0%	95,238.97	90,680.60	1,009,900.00	27,733.51	-	1,075,756.46	1,072,847.09	18.2%
<b>Total U.S. Government Securities</b>	<b>2.0%</b>	<b>95,238.97</b>	<b>90,680.60</b>	<b>1,009,900.00</b>	<b>27,733.51</b>	<b>-</b>	<b>1,075,756.46</b>	<b>1,072,847.09</b>	<b>18.2%</b>
Corporate Bonds	0.0%	-	-	-	-	-	-	-	0.0%
<b>Total Bond Portfolio</b>	<b>2.0%</b>	<b>95,238.97</b>	<b>90,680.60</b>	<b>1,009,900.00</b>	<b>27,733.51</b>	<b>-</b>	<b>1,075,756.46</b>	<b>1,072,847.09</b>	<b>18.2%</b>
Corporate Notes	0.0%	-	-	-	-	-	-	-	0.0%
Common Stock	75.6%	3,572,012.16	3,233,256.71	886,754.56	969,185.44	-	3,682,410.95	3,150,825.83	62.4%
Other Investments	0.0%	-	-	-	-	-	-	-	0.0%
Money Market Account	22.4%	1,060,415.54	1,060,415.54	82,794.30	-	-	1,143,209.84	1,143,209.84	19.4%
<b>Total Portfolio</b>	<b>100.0%</b>	<b>4,727,666.67</b>	<b>4,384,352.85</b>	<b>1,979,448.86</b>	<b>996,918.95</b>	<b>-</b>	<b>5,901,377.25</b>	<b>5,366,882.76</b>	<b>100.0%</b>

STATE OF ARIZONA  
 FIREFIGHTERS' CANCER INSURANCE POLICY PROGRAM  
 INVESTMENTS ACQUIRED  
 JULY 1, 2004 THROUGH JUNE 30, 2005

**BONDS ACQUIRED**

Security	Coupon	Maturity	Purchase Price	Par Value	Principal	(Premium) Discount	Accrued Interest	Total Amount	Book Yield
<i>FEDERAL AGENCY OBLIGATIONS</i>									
FREDDIE MAC 5.250	5.250	11/05/12	100.99000	1,000,000.00	1,009,900.00	(9,900.00)	3,645.83	1,013,545.83	5.20%
<b>TOTAL FEDERAL AGENCY OBLIGATIONS</b>				<b>1,000,000.00</b>	<b>1,009,900.00</b>	<b>(9,900.00)</b>	<b>3,645.83</b>	<b>1,013,545.83</b>	<b>5.20%</b>
<b>TOTAL BONDS PURCHASED</b>				<b>1,000,000.00</b>	<b>1,009,900.00</b>	<b>(9,900.00)</b>	<b>3,645.83</b>	<b>1,013,545.83</b>	<b>5.20%</b>

**STATE OF ARIZONA  
FIREFIGHTERS' CANCER INSURANCE POLICY PROGRAM  
INVESTMENTS ACQUIRED  
JULY 1, 2004 THROUGH JUNE 30, 2005**

**COMMON STOCK ACQUIRED**

Page 1 of 2

Company	No. Shares	Dividend Rate	Annual Income	Book Yield	Average Cost	Book Cost
ABERCROMBIE & FITCH	50	0.50	25.00	1.35	37.16	1,858.03
AETNA INC	100	0.04	4.00	0.05	80.57	8,056.88
AFFILIATED COMPUTER SERVICES	200	-	-	-	57.03	11,406.91
AIRGAS INC	100	0.24	24.00	0.96	24.94	2,494.08
ALCAN INC	100	0.60	60.00	1.49	40.14	4,013.94
ALPHARMA INC 'A'	100	-	-	-	18.30	1,829.95
AMERICAN INT'L GROUP	300	0.50	150.00	0.86	58.41	17,523.72
ANSYS INC.	50	-	-	-	31.03	1,551.65
AUTOMATIC DATA PROCESSING	200	0.62	124.00	1.44	42.94	8,587.34
AVAYA INC	300	-	-	-	14.49	4,346.10
BALL CORP	100	0.40	40.00	0.94	42.45	4,245.40
BANK OF AMERICA CORPORATION	200	2.00	400.00	4.51	44.35	8,870.00
BEAR STEARNS COMPANY	350	1.00	350.00	1.15	87.19	30,516.68
BED BATH & BEYOND	500	-	-	-	40.06	20,029.88
BEST BUY CO INC	700	0.44	308.00	0.85	51.73	36,212.19
BIOMET INC	200	1.00	200.00	2.65	37.78	7,555.45
BOEING CO.	100	1.00	100.00	1.66	60.39	6,038.96
BROOKS AUTOMATION INC	100	-	-	-	17.45	1,744.78
BURLINGTON NORTHERN SANTE FE	400	0.68	272.00	1.53	44.59	17,835.64
CACI INTERNATIONAL	50	-	-	-	65.58	3,279.19
CAREMARK RX INC	100	-	-	-	41.75	4,174.93
CARPENTER TECHNOLOGY	50	-	-	-	47.21	2,360.55
CEC ENTERTAINMENT	100	-	-	-	30.80	3,079.93
CENTURY TELEPHONE INC	300	0.24	72.00	0.70	34.19	10,257.89
CHEVRON CORP	500	1.80	900.00	2.57	69.90	34,952.41
CINERGY CORP	300	1.92	576.00	4.53	42.38	12,714.60
CISCO SYSTEMS	200	-	-	-	20.38	4,075.80
CNF INC	400	0.40	160.00	0.83	48.05	19,218.15
COGNEX CORP	100	-	-	-	28.43	2,843.03
COLGATE PALMOLIVE CO	100	1.16	116.00	2.19	52.90	5,289.59
COLONIAL PROPERTY TRUST	50	2.70	135.00	7.33	36.83	1,841.28
COMMERCIAL METALS	50	-	-	-	26.95	1,347.50
CONSTELLATION ENERGY GROUP INC	150	-	-	-	39.75	5,962.50
COOPER COMPANIES	200	0.06	12.00	0.08	76.48	15,295.07
CORN PRODUCTS INTL INC	50	-	-	-	29.89	1,494.65
COVANCE INC	400	-	-	-	43.31	17,322.64
CVS CORP	400	0.29	116.00	0.55	53.20	21,280.37
DELL INC	700	-	-	-	39.27	27,490.96
DEVON ENERGY CORPORATION	300	0.30	90.00	0.46	64.79	19,436.91
DOMINION RESOURCES INC	300	-	-	-	75.15	22,545.00
DOW CHEMICAL	500	1.34	670.00	3.14	42.65	21,322.71
EDO CORPORATION	100	-	-	-	23.93	2,392.86
EDUCATION MANAGEMENT	200	-	-	-	29.93	5,986.60
ENERGEN CORP	50	0.80	40.00	1.34	59.59	2,979.40
EXELON CORP	100	1.60	160.00	3.44	46.55	4,654.86
FEDEX CORPORATION	300	0.32	96.00	0.33	95.94	28,781.00
FISERV INC	500	-	-	-	35.91	17,954.10
FLOWERS FOODS	50	-	-	-	31.00	1,550.22
FMC CORP	200	-	-	-	47.31	9,462.50
FORTUNE BRANDS, INC.	100	1.32	132.00	1.78	74.15	7,415.02
GAMESTOP CORP 'A'	100	-	-	-	21.12	2,111.60
GENENTECH, INC.	100	-	-	-	50.77	5,076.83
GRAINGER (W W) INC	200	0.96	192.00	1.57	61.07	12,213.94
GUITAR CENTER INC	400	-	-	-	51.84	20,735.50

**STATE OF ARIZONA  
FIREFIGHTERS' CANCER INSURANCE POLICY PROGRAM  
INVESTMENTS ACQUIRED  
JULY 1, 2004 THROUGH JUNE 30, 2005**

**COMMON STOCK ACQUIRED**

Page 2 of 2

Company	No. Shares	Dividend Rate	Annual Income	Book Yield	Average Cost	Book Cost
HAEMONETICS CORP.	100	-	-	-	37.29	3,728.61
HILB, ROGAL & HAMILTON	100	-	-	-	33.80	3,380.00
HUMANA INC	200	-	-	-	33.88	6,775.27
HYDRIL	50	-	-	-	44.97	2,248.50
INGERSOLL-RAND 'A'	300	1.00	300.00	1.37	72.80	21,838.74
JO-ANN STORES, INC	50	-	-	-	27.40	1,369.81
JOHNSON & JOHNSON CO	100	1.32	132.00	2.38	55.35	5,534.68
JP MORGAN CHASE & CO	200	1.36	272.00	3.78	35.97	7,194.78
KAYDON CORP	200	-	-	-	29.96	5,992.34
KEITHLEY INSTRUMENTS	50	-	-	-	17.88	894.10
LANCE, INC	100	0.64	64.00	4.19	15.28	1,527.87
LEHMAN BROTHERS HOLDINGS	350	0.80	280.00	0.97	82.49	28,872.45
LINEAR TECHNOLOGY CORP	200	0.40	80.00	1.02	39.05	7,810.00
MAXIM INTEGRATED PRODUCTS INC	100	0.40	40.00	0.91	44.02	4,402.49
MCAFEE INC	200	-	-	-	28.44	5,688.28
NAUTILUS GROUP INC	100	-	-	-	18.81	1,881.18
NEXTEL PARTNERS 'A'	700	-	-	-	17.18	12,028.90
ONEOK INC	100	1.12	112.00	4.86	23.03	2,302.63
PACIFIC SUNWEAR OF CALIFORNIA	300	-	-	-	22.68	6,804.63
PFIZER INC.	200	0.76	152.00	2.35	32.36	6,472.93
PHOTON DYNAMICS	100	-	-	-	19.66	1,965.90
PROCTER & GAMBLE COMPANY	100	1.12	112.00	2.06	54.40	5,439.56
QUALCOMM INCORPORATED	650	0.36	234.00	0.89	40.25	26,162.20
QUANEX CORP	50	0.54	27.00	1.07	50.33	2,516.69
RALCORP HOLDINGS INC	100	-	-	-	34.00	3,400.00
SKYWEST INC	100	0.12	12.00	0.75	16.05	1,604.90
SOUTH FINANCIAL GROUP	50	0.64	32.00	2.01	31.81	1,590.29
SOVRAN SELF STORAGE	50	2.42	121.00	5.93	40.80	2,039.75
SPECTRUM BRANDS INC.	100	-	-	-	26.94	2,694.38
STAPLES, INC.	200	0.25	50.00	0.82	30.34	6,067.14
STEAK N SHAKE	100	-	-	-	19.00	1,900.00
SYSKO CORPORATION	100	0.60	60.00	1.77	33.85	3,385.00
UGI CORP	50	0.68	34.00	1.72	39.55	1,977.50
UNITED NATURAL FOODS	50	-	-	-	26.65	1,332.50
UNITED PARCEL SERVICE	500	1.32	660.00	1.80	73.32	36,658.69
UTI WORLDWIDE INC	100	0.60	60.00	0.86	70.05	7,005.00
VERITY, INC	100	-	-	-	11.71	1,170.60
VERIZON COMMUNICATIONS	300	1.62	486.00	4.36	37.18	11,154.38
WACHOVIA CORP	300	1.84	552.00	3.51	52.38	15,713.03
WELLPOINT INC	250	-	-	-	109.50	27,374.19
WINNEBAGO INDUSTRIES INC	200	0.28	56.00	0.79	35.39	7,078.94
ZIMMER HOLDINGS INC	100	-	-	-	81.58	8,158.06
	<b>19,200</b>		<b>9,452.00</b>		46.19	<b>886,754.56</b>



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**BONDS SOLD**

Security	Coupon	Maturity	Par Value	Sale Price	Accrued Interest	Principal	Amortized Cost	Gain or (Loss)	Amount Due
<i>FEDERAL AGENCY OBLIGATIONS</i>									
GNMA Pool #539629	6.500	4/15/2031	27,837.91	99.62497	-	27,733.51	27,733.51	(0.00)	27,733.51
<b>TOTAL FEDERAL AGENCY OBLIGATIONS</b>			<b>27,837.91</b>		<b>-</b>	<b>27,733.51</b>	<b>27,733.51</b>	<b>(0.00)</b>	<b>27,733.51</b>
<b>TOTAL BONDS SOLD</b>			<b>27,837.91</b>	<b>-</b>	<b>-</b>	<b>27,733.51</b>	<b>27,733.51</b>	<b>(0.00)</b>	<b>27,733.51</b>

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**COMMON STOCK SOLD**

<b>Company</b>	<b>Shares Sold</b>	<b>Sale Price</b>	<b>Amount</b>	<b>Commission + SEC Fee</b>	<b>Net Amount</b>	<b>Book Cost</b>	<b>Gain (Loss) on Sale</b>	<b>% Gain on Sale</b>
ABERCROMBIE & FITCH	50	47.3020	2,365.10	2.56	2,362.54	1,489.54	873.00	58.61%
ABM INDUSTRIES INC	100	19.3517	1,935.17	5.05	1,930.12	1,857.26	72.86	3.92%
ACCREDO HEALTH	100	22.4275	2,242.75	5.06	2,237.69	1,880.00	357.69	19.03%
ADOBE SYSTEMS	200	48.6848	9,736.96	10.24	9,726.72	9,227.50	499.22	5.41%
ADVANCED ENERGY INDUSTRIES	100	8.8032	880.32	3.03	877.29	2,225.00	(1,347.71)	-60.57%
ALLTEL CORPORATION	200	56.4625	11,292.50	10.38	11,282.12	9,716.26	1,565.86	16.12%
ALPHARMA INC 'A'	100	15.9077	1,590.77	4.04	1,586.73	1,829.95	(243.22)	-13.29%
AMERICAN EXPRESS	100	56.3531	5,635.31	5.14	5,630.17	4,710.28	919.89	19.53%
AMERICAN INT'L GROUP	200	56.9419	11,388.38	10.38	11,378.00	11,733.18	(355.18)	-3.03%
AMGEN	200	58.4500	11,690.00	10.44	11,679.56	13,128.88	(1,449.32)	-11.04%
ANALOG DEVICES, INC.	600	37.6092	22,565.52	30.62	22,534.90	25,417.50	(2,882.60)	-11.34%
ANHEUSER BUSCH COMPANY	200	47.2610	9,452.20	10.40	9,441.80	10,352.06	(910.26)	-8.79%
APACHE CORPORATION	782	51.6147	40,362.68	40.34	40,322.34	26,164.16	14,158.18	54.11%
APOLLO GROUP, INC.	100	73.6340	7,363.40	5.18	7,358.22	6,640.53	717.69	10.81%
ARGOSY GAMING CO	100	39.8648	3,986.48	5.10	3,981.38	2,754.99	1,226.39	44.52%
ATMI INC	100	18.3995	1,839.95	5.06	1,834.89	2,132.85	(297.96)	-13.97%
AVAYA INC	300	8.3115	2,493.45	15.11	2,478.34	4,346.10	(1,867.76)	-42.98%
BENCHMARK ELECTRONICS	100	31.7620	3,176.20	5.14	3,171.06	3,838.60	(667.54)	-17.39%
BLACK BOX CORPORATION	50	42.5400	2,127.00	2.55	2,124.45	2,144.84	(20.39)	-0.95%
BOSTON SCIENTIFIC CORPORATION	600	33.3215	19,992.90	30.47	19,962.43	17,191.00	2,771.43	16.12%
BROOKS AUTOMATION INC	100	14.8500	1,485.00	5.07	1,479.93	1,744.78	(264.85)	-15.18%
CANADIAN NATIONAL RAILWAY	200	58.8970	11,779.39	10.34	11,769.05	6,677.50	5,091.55	76.25%
CARDINAL HEALTH INC.	200	43.8365	8,767.30	10.22	8,757.08	11,650.52	(2,893.44)	-24.84%
CARPENTER TECHNOLOGY	150	46.0500	6,907.50	7.67	6,899.83	5,744.35	1,155.48	20.12%
CATERPILLAR INC	100	95.9578	9,595.78	5.32	9,590.46	8,374.95	1,215.51	14.51%
C-COR.net	200	7.4110	1,482.20	10.04	1,472.16	2,270.00	(797.84)	-35.15%
CEC ENTERTAINMENT	100	35.3394	3,533.94	5.09	3,528.85	3,079.93	448.92	14.58%
CHELSEA PROPERTY GROUP	200	66.6298	13,325.95	10.32	13,315.63	7,941.00	5,374.63	67.68%
CHOICEPOINT INCORPORATED	666	39.4282	26,259.16	34.19	26,224.97	23,489.29	2,735.68	11.65%
CISCO SYSTEMS	400	19.7500	7,900.00	20.20	7,879.80	9,802.06	(1,922.26)	-19.61%
COGNEX CORP	100	24.9100	2,491.00	4.06	2,486.94	2,843.03	(356.09)	-12.53%
COLONIAL PROPERTY TRUST	50	39.1482	1,957.41	2.55	1,954.86	1,806.76	148.10	8.20%
COMCAST CORP-SPECIAL CL A	1100	28.8989	31,788.78	55.80	31,732.98	35,091.76	(3,358.78)	-9.57%
COMMERCIAL METALS	50	37.1992	1,859.96	2.57	1,857.39	1,347.50	509.89	37.84%
COMMONWEALTH TELEPHONE ENTERPRISES	100	45.2517	4,525.17	5.11	4,520.06	3,950.00	570.06	14.43%
CONSTELLATION BRANDS	300	36.3379	10,901.36	15.47	10,885.89	6,434.32	4,451.57	69.18%
CORINTHIAN COLLEGES, INC	1600	13.4599	21,535.87	74.55	21,461.32	42,199.92	(20,738.60)	-49.14%
CORN PRODUCTS INTL INC	50	22.4128	1,120.64	2.55	1,118.09	1,494.65	(376.56)	-25.19%
CUNO INC	100	53.2430	5,324.30	5.13	5,319.17	3,292.20	2,026.97	61.57%
D. R. HORTON	500	28.5142	14,257.11	25.36	14,231.75	12,789.13	1,442.62	11.28%
DIAMOND OFFSHORE DRILLING	500	34.5238	17,261.92	25.42	17,236.50	11,702.16	5,534.34	47.29%
DOMINION RESOURCES INC	300	70.1144	21,034.32	15.89	21,018.43	22,545.00	(1,526.57)	-6.77%
DSP GROUP	100	19.1938	1,919.38	5.05	1,914.33	2,714.97	(800.64)	-29.49%
E.I. du PONT de NEMOURS AND CO	200	49.3523	9,870.45	10.37	9,860.08	8,710.00	1,150.08	13.20%
EASTMAN KODAK COMPANY	400	32.4808	12,992.31	20.44	12,971.87	11,955.76	1,016.11	8.50%
EDO CORPORATION	100	27.8121	2,781.21	5.10	2,776.11	2,392.86	383.25	16.02%

**STATE OF ARIZONA  
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**COMMON STOCK SOLD**

<b>Company</b>	<b>Shares Sold</b>	<b>Sale Price</b>	<b>Amount</b>	<b>Commission + SEC Fee</b>	<b>Net Amount</b>	<b>Book Cost</b>	<b>Gain (Loss) on Sale</b>	<b>% Gain on Sale</b>
EGL INC	100	24.3595	2,435.95	5.09	2,430.86	2,350.00	80.86	3.44%
ELECTRONICS BOUTIQUE HOLDINGS CORP.	500	37.6424	18,821.20	25.64	18,795.56	15,072.09	3,723.47	24.70%
EMC CORP	200	10.5831	2,116.62	10.05	2,106.57	5,561.17	(3,454.60)	-62.12%
EXPRESS SCRIPTS	600	76.1732	45,703.91	31.57	45,672.34	34,842.15	10,830.19	31.08%
FAIR ISAAC & CO	300	25.3315	7,599.45	15.18	7,584.27	9,918.35	(2,334.08)	-23.53%
FEI COMPANY	100	20.6576	2,065.76	5.09	2,060.67	2,740.93	(680.26)	-24.82%
FLEXTRONICS INTERNATIONAL	700	11.9124	8,338.66	26.20	8,312.46	9,953.25	(1,640.79)	-16.48%
FLOWERS FOODS	50	28.5240	1,426.20	2.55	1,423.65	1,550.22	(126.57)	-8.16%
FORWARD AIR CORPORATION	50	39.2518	1,962.59	2.55	1,960.04	1,522.37	437.67	28.75%
GAMESTOP CORP 'A'	100	25.8449	2,584.49	5.11	2,579.38	2,111.60	467.78	22.15%
GENERAL MOTORS CORPORATION	200	32.0964	6,419.28	10.22	6,409.06	9,430.99	(3,021.93)	-32.04%
HAEMONETICS CORP.	100	40.4865	4,048.65	5.13	4,043.52	3,728.61	314.91	8.45%
HARMAN INTERNATIONAL INDUSTRIES	50	103.3820	5,169.10	2.63	5,166.47	3,972.35	1,194.12	30.06%
HELIX TECHNOLOGY	100	14.4667	1,446.67	5.04	1,441.63	1,215.16	226.47	18.64%
HIBBETT SPORTING GOODS	100	19.1220	1,912.20	5.05	1,907.15	2,579.20	(672.05)	-26.06%
HILB, ROGAL & HAMILTON	100	32.9276	3,292.76	5.08	3,287.68	3,380.00	(92.32)	-2.73%
HONEYWELL INTERNATIONAL INC	300	38.7067	11,612.00	15.40	11,596.60	10,747.11	849.49	7.90%
HYDRIL	100	41.1000	4,110.00	5.10	4,104.90	2,785.00	1,319.90	47.39%
IAC / INTERACTIVECORP	700	23.8415	16,689.04	35.46	16,653.58	24,199.14	(7,545.56)	-31.18%
INTEGRA LIFESCIENCES HOLDINGS	100	31.6633	3,166.33	5.14	3,161.19	2,534.00	627.19	24.75%
INTEL CORPORATION	500	21.6556	10,827.79	25.27	10,802.52	14,795.70	(3,993.18)	-26.99%
INTERNATIONAL PAPER COMPANY	200	36.5366	7,307.32	10.25	7,297.07	8,549.26	(1,252.19)	-14.65%
INTRADO INC	100	10.1550	1,015.50	5.03	1,010.47	2,210.38	(1,199.91)	-54.29%
JABIL CIRCUIT	200	19.8275	3,965.49	10.11	3,955.38	5,134.23	(1,178.85)	-22.96%
KAYDON CORP	300	27.0386	8,111.58	15.34	8,096.24	7,876.99	219.25	2.78%
KEITHLEY INSTRUMENTS	50	14.0672	703.36	2.53	700.83	894.10	(193.27)	-21.62%
KINDER MORGAN, INC.	300	64.5486	19,364.58	15.46	19,349.12	16,070.08	3,279.04	20.40%
KULICKE & SOFFA INDUSTRIES	100	5.2916	529.16	5.02	524.14	1,558.00	(1,033.86)	-66.36%
LENNAR CORP Class A	400	42.8281	17,131.23	20.41	17,110.82	14,129.96	2,980.86	21.10%
MERCK & CO.	200	31.9965	6,399.30	10.22	6,389.08	9,492.38	(3,103.30)	-32.69%
METLIFE INC.	100	34.5102	3,451.02	5.09	3,445.93	2,864.16	581.77	20.31%
MOODY'S CORPORATION	500	84.2633	42,131.64	26.42	42,105.22	25,236.15	16,869.07	66.84%
MYLAN LABORATORIES	300	16.1512	4,845.35	15.16	4,830.19	7,145.00	(2,314.81)	-32.40%
NAUTILUS GROUP INC	100	21.7231	2,172.31	5.06	2,167.25	1,881.18	286.07	15.21%
NBTY INC	200	28.2000	5,640.00	10.14	5,629.86	5,339.21	290.65	5.44%
NEXTEL PARTNERS 'A'	200	25.6341	5,126.82	10.22	5,116.60	3,436.83	1,679.77	48.88%
NOBLE CORPORATION	100	38.2864	3,828.64	5.09	3,823.55	3,329.00	494.55	14.86%
P.F. CHANG'S CHINA BISTRO	250	56.1551	14,038.77	12.93	14,025.84	9,835.13	4,190.71	42.61%
PACTIV CORPORATION	200	21.4740	4,294.80	10.18	4,284.62	3,619.73	664.89	18.37%
PANERA BREAD 'A'	50	54.8778	2,743.89	2.60	2,741.29	2,139.30	601.99	28.14%
PAXAR CORP	100	17.6180	1,761.80	5.08	1,756.72	1,390.00	366.72	26.38%
PFIZER INC.	400	27.0600	10,824.00	20.26	10,803.74	13,557.62	(2,753.88)	-20.31%
PHOTON DYNAMICS	150	21.2615	3,189.22	7.58	3,181.64	4,072.90	(891.26)	-21.88%
PLANTRONICS, INC.	200	44.0263	8,805.26	10.22	8,795.04	6,091.37	2,703.67	44.39%
PRAXAIR INC	100	41.3543	4,135.43	5.14	4,130.29	3,542.81	587.48	16.58%
QUIKSILVER, INC	200	22.6750	4,535.00	10.12	4,524.88	3,366.37	1,158.51	34.41%

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**COMMON STOCK SOLD**

<b>Company</b>	<b>Shares Sold</b>	<b>Sale Price</b>	<b>Amount</b>	<b>Commission + SEC Fee</b>	<b>Net Amount</b>	<b>Book Cost</b>	<b>Gain (Loss) on Sale</b>	<b>% Gain on Sale</b>
RARE HOSPITALITY INTERNATIONAL	100	27.4700	2,747.00	5.07	2,741.93	2,540.82	201.11	7.92%
REGIS CORPORATION	100	43.9000	4,390.00	5.11	4,384.89	3,025.97	1,358.92	44.91%
RELIANCE STEEL & ALUMINUM	100	37.5800	3,758.00	5.09	3,752.91	1,553.00	2,199.91	141.66%
RENAL CARE GROUP	75	32.6579	2,449.34	3.81	2,445.53	2,347.49	98.04	4.18%
RYAN'S RESTAURANT GROUP INC	200	13.8105	2,762.10	10.08	2,752.02	3,089.66	(337.64)	-10.93%
SANMINA CORP.	1200	5.4071	6,488.51	31.26	6,457.25	19,352.12	(12,894.87)	-66.63%
SBC COMMUNICATIONS INC.	400	23.5451	9,418.02	20.34	9,397.68	10,376.60	(978.92)	-9.43%
SCHOLASTIC CORPORATION	400	28.8005	11,520.20	20.29	11,499.91	12,823.27	(1,323.36)	-10.32%
SCP POOL CORPORATION	362	32.1681	11,644.84	18.56	11,626.28	5,967.81	5,658.47	94.82%
SCP POOL CORPORATION Fractional Sh			13.38	-	13.38	-	13.38	100.00%
SMITH, A O CORP	50	23.2702	1,163.51	2.53	1,160.98	1,459.12	(298.14)	-20.43%
SMURFIT-STONE CONTAINER CORP	300	12.7220	3,816.60	11.17	3,805.43	4,394.50	(589.07)	-13.40%
STEEL DYNAMICS	100	30.5769	3,057.69	5.08	3,052.61	1,220.00	1,832.61	150.21%
STEWART & STEVENSON SERVICES	100	15.5671	1,556.71	5.04	1,551.67	1,687.89	(136.22)	-8.07%
SYMANTEC CORPORATION	1700	32.2808	54,877.44	86.59	54,790.85	30,404.29	24,386.56	80.21%
T. ROWE PRICE GROUP INC	100	61.2547	6,125.47	5.26	6,120.21	4,240.65	1,879.56	44.32%
TETRA TECH, INC	100	12.8630	1,286.30	5.04	1,281.26	1,783.80	(502.54)	-28.17%
TEXAS INSTRUMENTS	500	20.6822	10,341.12	25.26	10,315.86	12,844.35	(2,528.49)	-19.69%
THE CHILDREN'S PLACE	100	21.6544	2,165.44	5.06	2,160.38	2,373.00	(212.62)	-8.96%
TRACTOR SUPPLY CO.	50	38.7792	1,938.96	2.55	1,936.41	2,077.26	(140.85)	-6.78%
TYCO INTERNATIONAL LTD.	300	32.3231	9,696.93	15.29	9,681.64	8,707.77	973.87	11.18%
TYSON FOODS, INC.	300	21.0041	6,301.24	15.15	6,286.09	4,037.02	2,249.07	55.71%
UNITEDHEALTH GROUP INC	358	78.2942	28,029.34	18.57	28,010.77	21,467.33	6,543.44	30.48%
UNITEDHEALTH GROUP INC Fractional Sh			53.76	-	53.76	-	53.76	100.00%
UNH/OHP MERGER			8,085.00	-	8,085.00	-	8,085.00	100.00%
VIACOM INC.	600	34.4723	20,683.38	30.52	20,652.86	25,573.53	(4,920.67)	-19.24%
VISHAY INTERTECHNOLOGY INC	500	13.4038	6,701.90	23.24	6,678.66	8,592.30	(1,913.64)	-22.27%
VORNADO REALTY TRUST	400	62.4565	24,982.60	20.61	24,961.99	18,235.03	6,726.96	36.89%
WAL-MART STORES	100	52.6000	5,260.00	5.18	5,254.82	5,564.70	(309.88)	-5.57%
WILLIAMS COMPANIES, INC.	400	13.0819	5,232.76	16.14	5,216.62	5,184.41	32.21	0.62%
WINTRUST FINANCIAL	100	52.1510	5,215.10	5.13	5,209.97	4,460.88	749.09	16.79%
YELLOW ROADWAY CORPORATION	100	48.3029	4,830.29	5.21	4,825.08	2,576.96	2,248.12	87.24%
ZALE CORP	100	26.3670	2,636.70	5.07	2,631.63	2,647.50	(15.87)	-0.60%
<b>TOTAL STOCK SOLD</b>	<b>31,493</b>		<b>1,041,804.20</b>	<b>1,547.68</b>	<b>1,040,256.52</b>	<b>969,185.44</b>	<b>71,071.08</b>	<b>7.33%</b>

STATE OF ARIZONA  
 FIRE FIGHTERS' CANCER INSURANCE POLICY PROGRAM  
 INVESTMENTS OWNED  
 JUNE 30, 2005

BOND PORTFOLIO

Par Value	Security	Coupon	Maturity	Book Cost	Book Price	Current Price	Current Value	Gain or (Loss)	Annual Income	Book Yield	YTM	Duration
<i>FEDERAL AGENCY OBLIGATIONS</i>												
1,000,000.00	FREDDIE MAC	5.250	11/05/2012	1,009,900.00	100.9900	100.9690	1,009,690.00	(210.00)	52,500.00	5.20	5.09	5.99
63,184.01	GNMA Pool #539629	6.500	04/15/2031	62,947.09	99.6250	104.5620	66,066.46	3,119.37	4,106.96	6.52	3.92	9.79
<b>1,063,184.01</b>	<b>TOTAL FEDERAL AGENCY OBLIGATIONS</b>			<b>1,072,847.09</b>			<b>1,075,756.46</b>	<b>2,909.37</b>	<b>56,606.96</b>	<b>5.28</b>	<b>5.02</b>	<b>6.20</b>
<b>1,063,184.01</b>	<b>BOND PORTFOLIO TOTALS</b>			<b>1,072,847.09</b>			<b>1,075,756.46</b>	<b>2,909.37</b>	<b>56,606.96</b>	<b>5.28</b>	<b>5.02</b>	<b>6.20</b>

**STATE OF ARIZONA  
FIRE FIGHTERS' CANCER INSURANCE POLICY PROGRAM  
INVESTMENTS OWNED  
JUNE 30, 2005**

**COMMON STOCK PORTFOLIO**

<b>Shares</b>	<b>Description</b>	<b>Div Rate</b>	<b>Book Cost per Share</b>	<b>Book Cost</b>	<b>Market Price</b>	<b>Market Value</b>	<b>Annual Income</b>	<b>Gain or (Loss) Amount</b>
1,100	ABBOTT LABORATORIES	1.10	41.38	45,513.76	49.01	53,911.00	1,210.00	8,397.24
300	ABERCROMBIE & FITCH	0.50	29.79	8,937.24	68.70	20,610.00	150.00	11,672.76
600	ADOBE SYSTEMS	0.05	23.07	13,841.25	28.61	17,166.00	30.00	3,324.75
400	AETNA INC	0.04	40.33	16,130.83	82.82	33,128.00	16.00	16,997.17
300	AFFILIATED COMPUTER SERVICES	0.00	54.27	16,279.54	51.10	15,330.00	-	(949.54)
100	AIRGAS INC	0.24	24.94	2,494.08	24.67	2,467.00	24.00	(27.08)
300	ALBERTO CULVER CO	0.46	37.61	11,283.48	43.33	12,999.00	138.00	1,715.52
100	ALCAN INC	0.60	40.14	4,013.94	30.00	3,000.00	60.00	(1,013.94)
1,200	ALLSTATE CORPORATION	1.28	37.52	45,021.16	59.75	71,700.00	1,536.00	26,678.84
700	ALLTEL CORPORATION	1.52	48.58	34,006.91	62.28	43,596.00	1,064.00	9,589.09
200	AMBAC FINANCIAL GROUP INC	0.50	58.29	11,657.20	69.76	13,952.00	100.00	2,294.80
800	AMERICA WEST AIRLINES	0.00	14.30	11,436.32	6.00	4,800.00	-	(6,636.32)
600	AMERICAN EXPRESS	0.48	47.10	28,261.66	53.23	31,938.00	288.00	3,676.34
700	AMERICAN INT'L GROUP	0.50	57.89	40,524.54	58.10	40,670.00	350.00	145.46
600	AMERICAN STANDARD COMPANY INC	0.60	26.65	15,989.07	41.92	25,152.00	360.00	9,162.93
1,200	AMGEN	0.00	65.64	78,773.22	60.46	72,552.00	-	(6,221.22)
200	AMSOUTH BANCORPORATION	1.00	21.32	4,264.02	26.00	5,200.00	200.00	935.98
200	ANALOG DEVICES, INC.	0.40	42.36	8,472.50	37.31	7,462.00	80.00	(1,010.50)
300	ANHEUSER BUSCH COMPANY	0.98	51.76	15,528.09	45.75	13,725.00	294.00	(1,803.09)
50	ANSYS INC.	0.00	31.03	1,551.65	35.64	1,782.00	-	230.35
700	APACHE CORPORATION	0.32	33.46	23,420.61	64.60	45,220.00	224.00	21,799.39
200	APOLLO GROUP, INC.	0.00	66.41	13,281.07	78.22	15,644.00	-	2,362.93
500	AT&T CORP	0.95	19.68	9,839.25	19.04	9,520.00	475.00	(319.25)
600	AUTOMATIC DATA PROCESSING	0.62	39.80	23,881.84	41.97	25,182.00	372.00	1,300.16
100	AUTOZONE INC	0.00	87.45	8,745.02	92.46	9,246.00	-	500.98
100	BALL CORP	0.40	42.45	4,245.40	35.96	3,596.00	40.00	(649.40)
1,200	BANK OF AMERICA CORPORATION	2.00	39.26	47,112.02	45.61	54,732.00	2,400.00	7,619.98
350	BEAR STEARNS COMPANY	1.00	87.19	30,516.68	103.94	36,379.00	350.00	5,862.32
500	BED BATH & BEYOND	0.00	40.06	20,029.88	41.78	20,890.00	-	860.12
700	BEST BUY CO INC	0.44	51.73	36,212.19	68.55	47,985.00	308.00	11,772.81
200	BIOMET INC	1.00	37.78	7,555.45	34.63	6,926.00	200.00	(629.45)
300	BJ SERVICES COMPANY	0.32	34.81	10,441.84	52.48	15,744.00	96.00	5,302.16
300	BOEING CO.	1.00	44.61	13,383.42	66.00	19,800.00	300.00	6,416.58
400	BURLINGTON NORTHERN SANTE FE	0.68	44.59	17,835.64	47.08	18,832.00	272.00	996.36
50	CACI INTERNATIONAL	0.00	65.58	3,279.19	63.16	3,158.00	-	(121.19)
400	CANADIAN NATIONAL RAILWAY	0.03	33.39	13,354.99	57.65	23,060.00	12.00	9,705.01
100	CAPITAL AUTOMOTIVE REIT	1.75	28.92	2,892.00	38.16	3,816.00	175.00	924.00

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<b>Shares</b>	<b>Description</b>	<b>Div Rate</b>	<b>Book Cost per Share</b>	<b>Book Cost</b>	<b>Market Price</b>	<b>Market Value</b>	<b>Annual Income</b>	<b>Gain or (Loss) Amount</b>
100	CAREMARK RX INC	0.00	41.75	4,174.93	44.52	4,452.00	-	277.07
300	CENTURY TELEPHONE INC	0.24	34.19	10,257.89	34.63	10,389.00	72.00	131.11
100	CEPHALON INC	0.00	46.26	4,626.00	39.80	3,980.00	-	(646.00)
700	CHEVRON CORP	1.80	49.93	34,952.41	55.92	39,144.00	1,260.00	4,191.59
300	CINERGY CORP	1.92	42.38	12,714.60	44.82	13,446.00	576.00	731.40
2,600	CISCO SYSTEMS	0.00	24.51	63,713.39	19.08	49,608.00	-	(14,105.39)
2,200	CITIGROUP, INC.	1.76	46.22	101,677.65	46.23	101,706.00	3,872.00	28.35
200	CLARCOR INC	0.26	21.52	4,304.94	29.25	5,850.00	52.00	1,545.06
400	CNF INC	0.40	48.05	19,218.15	44.90	17,960.00	160.00	(1,258.15)
500	COCA-COLA CO	1.12	45.22	22,608.65	41.75	20,875.00	560.00	(1,733.65)
100	COHERENT, INC.	0.00	30.55	3,055.00	36.01	3,601.00	-	546.00
100	COLGATE PALMOLIVE CO	1.16	52.90	5,289.59	49.91	4,991.00	116.00	(298.59)
50	COLONIAL PROPERTY TRUST	2.70	36.83	1,841.28	44.00	2,200.00	135.00	358.72
800	COMCAST CORP-SPECIAL CL A	0.00	31.90	25,521.26	29.95	23,960.00	-	(1,561.26)
400	COMMERCE BANCORP, INC.	0.44	22.35	8,941.72	30.31	12,124.00	176.00	3,182.28
1,000	CONSTELLATION BRANDS	0.00	16.09	16,085.78	29.50	29,500.00	-	13,414.22
350	CONSTELLATION ENERGY GROUP INC	1.34	37.67	13,184.50	57.69	20,191.50	469.00	7,007.00
250	COOPER COMPANIES	0.06	71.89	17,972.47	60.86	15,215.00	15.00	(2,757.47)
400	COVANCE INC	0.00	43.31	17,322.64	44.87	17,948.00	-	625.36
100	CULLEN/FROST BANKERS	1.20	30.69	3,068.52	47.65	4,765.00	120.00	1,696.48
800	CVS CORP	0.29	26.60	21,280.37	29.07	23,256.00	232.00	1,975.63
600	D. R. HORTON	0.36	19.18	11,510.21	37.61	22,566.00	216.00	11,055.79
600	DEAN FOODS	0.00	29.85	17,910.63	35.24	21,144.00	-	3,233.37
700	DELL INC	0.00	39.27	27,490.96	39.46	27,622.00	-	131.04
500	DEVON ENERGY CORPORATION	0.30	38.87	19,436.91	50.68	25,340.00	150.00	5,903.09
500	DOW CHEMICAL	1.34	42.65	21,322.71	44.53	22,265.00	670.00	942.29
200	EDUCATION MANAGEMENT	0.00	29.93	5,986.60	33.73	6,746.00	-	759.40
800	EMC CORP	0.00	27.81	22,244.68	13.71	10,968.00	-	(11,276.68)
100	ENERGEN CORP	0.80	29.79	2,979.40	35.05	3,505.00	80.00	525.60
100	EXELON CORP	1.60	46.55	4,654.86	51.33	5,133.00	160.00	478.14
800	EXPRESS SCRIPTS	0.00	29.04	23,228.10	49.98	39,984.00	-	16,755.90
2,100	EXXON MOBIL CORP	1.16	39.57	83,106.40	57.47	120,687.00	2,436.00	37,580.60
500	FEDEX CORPORATION	0.32	83.18	41,589.00	81.01	40,505.00	160.00	(1,084.00)
500	FISERV INC	0.00	35.91	17,954.10	42.89	21,445.00	-	3,490.90
1,900	FLEXTRONICS INTERNATIONAL	0.00	14.22	27,015.96	13.21	25,099.00	-	(1,916.96)
200	FMC CORP	0.00	47.31	9,462.50	56.14	11,228.00	-	1,765.50
500	FORTUNE BRANDS, INC.	1.32	62.33	31,166.15	88.80	44,400.00	660.00	13,233.85

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400	FRANKLIN RESOURCES INC	0.40	51.23	20,493.01	76.98	30,792.00	160.00	10,298.99
200	GANNETT COMPANY	1.08	74.43	14,886.81	71.13	14,226.00	216.00	(660.81)
300	GENENTECH, INC.	0.00	43.87	13,161.83	80.28	24,084.00	-	10,922.17
500	GENZYME CORPORATION	0.00	49.10	24,548.83	60.09	30,045.00	-	5,496.17
800	GILEAD SCIENCES, INC	0.00	22.94	18,353.30	43.99	35,192.00	-	16,838.70
600	GLOBALSANTAFE CORP	0.60	25.48	15,287.83	40.80	24,480.00	360.00	9,192.17
200	GRAINGER (W W) INC	0.96	61.07	12,213.94	54.79	10,958.00	192.00	(1,255.94)
450	GUITAR CENTER INC	0.00	50.32	22,642.19	58.37	26,266.50	-	3,624.31
800	HARTFORD FINANCIAL SERVICES GROUP	1.16	52.32	41,858.39	74.78	59,824.00	928.00	17,965.61
100	HOLOGIC INC	0.00	15.44	1,543.90	39.75	3,975.00	-	2,431.10
1,000	HOME DEPOT	0.40	35.31	35,312.95	38.90	38,900.00	400.00	3,587.05
100	HUDSON UNITED BANCORP	1.48	31.09	3,109.40	36.10	3,610.00	148.00	500.60
200	HUMANA INC	0.00	33.88	6,775.27	39.74	7,948.00	-	1,172.73
50	HYDRIL	0.00	44.97	2,248.50	54.35	2,717.50	-	469.00
300	INGERSOLL-RAND 'A'	1.00	72.80	21,838.74	71.35	21,405.00	300.00	(433.74)
1,500	INTEL CORPORATION	0.32	29.59	44,387.09	26.02	39,030.00	480.00	(5,357.09)
700	INTERNATIONAL BUSINESS MACH.	0.80	87.23	61,059.31	74.20	51,940.00	560.00	(9,119.31)
700	JABIL CIRCUIT	0.00	25.67	17,969.77	30.73	21,511.00	-	3,541.23
400	JACOBS ENGINEERING GROUP INC.	0.00	46.79	18,714.44	56.26	22,504.00	-	3,789.56
50	JO-ANN STORES, INC	0.00	27.40	1,369.81	26.39	1,319.50	-	(50.31)
900	JOHNSON & JOHNSON CO	1.32	51.66	46,492.41	65.00	58,500.00	1,188.00	12,007.59
500	JP MORGAN CHASE & CO	1.36	38.45	19,223.91	35.32	17,660.00	680.00	(1,563.91)
100	LANCE, INC	0.64	15.28	1,527.87	17.21	1,721.00	64.00	193.13
1,200	LANDSTAR SYSTEMS, INC	0.00	13.65	16,382.20	30.18	36,216.00	-	19,833.80
350	LEHMAN BROTHERS HOLDINGS	0.80	82.49	28,872.45	99.28	34,748.00	280.00	5,875.55
500	LENNAR CORP Class A	0.55	35.32	17,662.47	63.45	31,725.00	275.00	14,062.53
300	LEXMARK INTERNATIONAL GROUP	0.00	63.07	18,921.00	64.83	19,449.00	-	528.00
200	LINEAR TECHNOLOGY CORP	0.40	39.05	7,810.00	36.69	7,338.00	80.00	(472.00)
100	MANITOWOC COMPANY INC.	0.07	19.50	1,949.79	41.02	4,102.00	7.00	2,152.21
100	MAXIM INTEGRATED PRODUCTS INC	0.40	44.02	4,402.49	38.22	3,822.00	40.00	(580.49)
2,850	MBNA CORP	0.56	23.27	66,311.02	26.16	74,556.00	1,596.00	8,244.98
200	MCAFEE INC	0.00	28.44	5,688.28	26.18	5,236.00	-	(452.28)
200	MEDTRONIC, INC.	0.39	47.58	9,515.76	51.79	10,358.00	78.00	842.24
450	MICROCHIP TECHNOLOGY INC.	0.38	25.23	11,354.35	29.62	13,329.00	171.00	1,974.65
3,400	MICROSOFT CORPORATION	0.32	27.09	92,090.17	24.84	84,456.00	1,088.00	(7,634.17)
600	NABORS INDUSTRIES, LTD	0.00	42.74	25,644.37	60.62	36,372.00	-	10,727.63
300	NATIONAL CITY CORP	1.48	30.34	9,103.43	34.12	10,236.00	444.00	1,132.57



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400	NEXTEL COMMUNICATIONS	0.00	24.73	9,891.33	32.31	12,924.00	-	3,032.67
500	NEXTEL PARTNERS 'A'	0.00	17.18	8,592.07	25.17	12,585.00	-	3,992.93
1,000	NOKIA CORPORATION	0.36	15.52	15,524.49	16.64	16,640.00	360.00	1,115.51
400	OMNICOM GROUP	0.90	82.96	33,183.98	79.86	31,944.00	360.00	(1,239.98)
100	ONEOK INC	1.12	23.03	2,302.63	32.65	3,265.00	112.00	962.37
350	P.F. CHANG'S CHINA BISTRO	0.00	39.34	13,769.18	58.98	20,643.00	-	6,873.82
450	PACIFIC SUNWEAR OF CALIFORNIA	0.00	19.65	8,840.68	22.99	10,345.50	-	1,504.82
1,000	PEPSICO INC.	1.04	46.25	46,253.18	53.93	53,930.00	1,040.00	7,676.82
1,700	PFIZER INC.	0.76	33.89	57,619.91	27.58	46,886.00	1,292.00	(10,733.91)
500	PLANTRONICS, INC.	0.20	30.46	15,228.44	36.36	18,180.00	100.00	2,951.56
300	PRAXAIR INC	0.72	35.43	10,628.42	46.60	13,980.00	216.00	3,351.58
1,100	PROCTER & GAMBLE COMPANY	1.12	46.62	51,286.52	52.75	58,025.00	1,232.00	6,738.48
650	QUALCOMM INCORPORATED	0.36	40.25	26,162.20	33.01	21,456.50	234.00	(4,705.70)
50	QUANEX CORP	0.54	50.33	2,516.69	53.01	2,650.50	27.00	133.81
800	QUIKSILVER, INC	0.00	8.42	6,732.74	15.98	12,784.00	-	6,051.26
100	RALCORP HOLDINGS INC	0.00	34.00	3,400.00	41.15	4,115.00	-	715.00
100	RESMED INC	0.00	30.08	3,008.10	65.99	6,599.00	-	3,590.90
100	RESPIRONICS INC	0.00	25.70	2,570.00	36.11	3,611.00	-	1,041.00
200	SCHOLASTIC CORPORATION	0.00	32.06	6,411.63	38.55	7,710.00	-	1,298.37
100	SCOTTS CO'A'	0.00	53.05	5,305.00	71.21	7,121.00	-	1,816.00
1,400	SCP POOL CORPORATION	0.09	16.49	23,079.95	35.09	49,126.00	126.00	26,046.05
200	SEALED AIR	0.00	50.84	10,167.57	49.79	9,958.00	-	(209.57)
800	SEI INVESTMENTS COMPANY	0.22	39.62	31,698.75	37.35	29,880.00	176.00	(1,818.75)
400	SEMPRA ENERGY	1.16	32.26	12,903.94	41.31	16,524.00	464.00	3,620.06
100	SKYWEST INC	0.12	16.05	1,604.90	18.18	1,818.00	12.00	213.10
50	SOUTH FINANCIAL GROUP	0.64	31.81	1,590.29	28.42	1,421.00	32.00	(169.29)
50	SOVRAN SELF STORAGE	2.42	40.80	2,039.75	45.46	2,273.00	121.00	233.25
100	SPECTRUM BRANDS INC.	0.00	26.94	2,694.38	33.00	3,300.00	-	605.62
1,800	ST. JUDE MEDICAL	0.00	25.49	45,875.29	43.61	78,498.00	-	32,622.71
750	STAPLES, INC.	0.25	18.02	13,515.16	21.29	15,967.50	187.50	2,452.34
200	STEAK N SHAKE	0.00	18.28	3,655.00	18.62	3,724.00	-	69.00
1,300	SYMANTEC CORPORATION	0.00	13.22	17,185.02	21.74	28,262.00	-	11,076.98
800	SYSKO CORPORATION	0.60	31.85	25,483.29	36.19	28,952.00	480.00	3,468.71
500	T. ROWE PRICE GROUP INC	0.92	42.41	21,203.25	62.60	31,300.00	460.00	10,096.75
900	TEXAS INSTRUMENTS	0.10	25.69	23,119.85	28.07	25,263.00	90.00	2,143.15
120	TREEHOUSE FOODS INC	0.00	-	-	28.51	3,421.20	-	3,421.20
1,400	TYCO INTERNATIONAL LTD.	0.40	29.03	40,636.23	29.20	40,880.00	560.00	243.77

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INVESTMENTS OWNED  
JUNE 30, 2005**

**COMMON STOCK PORTFOLIO**

<b>Shares</b>	<b>Description</b>	<b>Div Rate</b>	<b>Book Cost per Share</b>	<b>Book Cost</b>	<b>Market Price</b>	<b>Market Value</b>	<b>Annual Income</b>	<b>Gain or (Loss) Amount</b>
100	UGI CORP	0.68	19.78	1,977.50	27.90	2,790.00	68.00	812.50
50	UNITED NATURAL FOODS	0.00	26.65	1,332.50	30.37	1,518.50	-	186.00
500	UNITED PARCEL SERVICE	1.32	73.32	36,658.69	69.16	34,580.00	660.00	(2,078.69)
50	URS CORP	0.00	29.70	1,485.10	37.35	1,867.50	-	382.40
100	UTI WORLDWIDE INC	0.60	70.05	7,005.00	69.62	6,962.00	60.00	(43.00)
100	VERITY, INC	0.00	11.71	1,170.60	8.77	877.00	-	(293.60)
300	VERIZON COMMUNICATIONS	1.62	37.18	11,154.38	34.55	10,365.00	486.00	(789.38)
500	VISHAY INTERTECHNOLOGY INC	0.00	17.18	8,592.28	11.87	5,935.00	-	(2,657.28)
400	VODAFONE GROUP	0.79	34.49	13,795.00	24.32	9,728.00	316.00	(4,067.00)
400	VORNADO REALTY TRUST	3.04	45.59	18,235.02	80.40	32,160.00	1,216.00	13,924.98
500	WACHOVIA CORP	1.84	49.95	24,973.03	49.60	24,800.00	920.00	(173.03)
800	WALGREEN COMPANY	0.21	34.41	27,524.23	45.99	36,792.00	168.00	9,267.77
1,400	WAL-MART STORES	0.60	55.65	77,905.73	48.20	67,480.00	840.00	(10,425.73)
75	WASTE CONNECTIONS	0.00	24.78	1,858.46	37.29	2,796.75	-	938.29
100	WATTS WATER TECHNOLOGIES 'A'	0.32	16.40	1,639.95	33.49	3,349.00	32.00	1,709.05
100	WEBEX COMMUNICATIONS	0.00	24.38	2,437.81	26.41	2,641.00	-	203.19
500	WELLPOINT INC	0.00	54.75	27,374.19	69.64	34,820.00	-	7,445.81
400	WILLIAMS COMPANIES, INC.	0.20	12.96	5,184.41	19.00	7,600.00	80.00	2,415.59
200	WINNEBAGO INDUSTRIES INC	0.28	35.39	7,078.94	32.75	6,550.00	56.00	(528.94)
100	ZIMMER HOLDINGS INC	0.00	81.58	8,158.06	76.17	7,617.00	-	(541.06)
<b>COMMON STOCK PORTFOLIO TOTALS</b>				<b>3,150,825.83</b>		<b>3,682,410.95</b>	<b>45,789.50</b>	<b>531,585.12</b>