

CORRECTIONS OFFICER RETIREMENT PLAN

A PENSION TRUST FUND OF THE STATE OF ARIZONA

THIRTEENTH COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 1999

This report was prepared by the staff of the CORP

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**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
THIRTEENTH COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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INTRODUCTORY SECTION

CORRECTIONS OFFICER RETIREMENT PLAN
THIRTEENTH COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 1999

Fund Managers' Report

Letter of Transmittal

Certificate of Achievement for
Excellence in Financial Reporting

The Retirement Board and
Administrative Organization

Organizational Chart

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

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

1020 East Missouri Avenue
Phoenix, Arizona 85014-2613

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

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

Michael H. Ong, J.D.
Assistant Administrator

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

September 30, 1999

Dear Governor Hull:

The Fund Manager of the Public Safety Personnel Retirement System respectfully submits the Thirteenth Annual Report of the Corrections Officer Retirement Plan for the year ended June 30, 1999. We are pleased to report that the Plan is in excellent financial and actuarial condition. Set forth below are some of the record-breaking highlights for the fiscal year ending June 30, 1999.

The Plan has continued to improve its funding level—even while dramatically improving benefits—including the change to a straight 25-year retirement plan, the addition of a substantial health insurance subsidy and the increase in the accrual rate from 2% of pay per year of credited service to 2.5%. In fact, in just the past ten years, the Plan funding has improved from 69% to over 120%.

During the last year, total plan assets increased from \$571,261,375 to \$696,231,350—an increase of 21.8%. The fair value of the total Plan assets was nearly 34% above cost. Benefits paid to retired Corrections Officers and their beneficiaries for the fiscal year totaled \$8,917,450 compared to \$6,883,596 for the prior year. The net investment income totaled \$102,169,586 the best total on record and well above last year's total of \$99,003,314. The earnings provided 71% of the total cost of the Plan compared to 17% provided by the members and only 12% provided by the employers.

The total rate of return, which includes realized as well as unrealized gains and losses, for the entire fund was 17.60%. The individual rates of return for the stock portfolio and the bond portfolio were 23.69% and 2.26%, respectively. The Plan continues to outperform the market indexes on a short-term and on a long-term basis. The net effective yield, which takes into account only realized gains and losses, was 16.23%.

Total administrative and investment expenses increased about 6% from \$369,377 last year to \$392,683 this year. Costs have increased only 78% during the past twelve years. This increase is incredibly low since the assets managed have increased 916% and the Plan membership has increased 107% during this period.

We sincerely appreciate the opportunity of serving the State and County Corrections Officers.

Respectfully submitted,

DONALD L. DeMENT/sig
Donald L. De Ment, Chairman

CARMEN TORRIE/sig
Carmen Torrie, Member

PATRICK CANTELME/sig
Patrick Cantelme, Member

CAROL SPRINGER/sig
Carol Springer, Member

ROBERT BLENDU/sig
Robert Blendu, Member

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

September 30, 1999

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

Gentlemen:

There is presented, herewith, the Thirteenth Annual Report of the operation of the Corrections Officer Retirement Plan, State of Arizona, for the fiscal year ended June 30, 1999. Incorporated in this report are the audited financial statements from the June 30, 1999, report on examination 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 June 30, 1999, Actuarial Valuation prepared by the Plan's Consulting Actuary, Gabriel, Roeder, Smith & Company, Consulting Actuaries.

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

TRANSFER OF ASSETS

House Bill 2310 was passed by the 37th Legislature during the second regular session of 1986. This bill created the Corrections Officer Retirement Plan, provided for the transfer of assets into the new Plan, made the Fund Manager of the Public Safety Personnel Retirement System responsible for the investment and administration of the Plan and made all of its provisions effective July 1, 1986. The bill required the transfer of member account balances plus the matching employer account balance from the Arizona State Retirement System for all new members of the Plan. The bill did not require the transfer of unallocated investment earnings or employer contributions made on behalf of terminated employees and still on deposit in the Arizona State Retirement System.

This caused the Plan to start at a distinct disadvantage, but through prudent investment over several years, this problem has been overcome.

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 Statement of Revenues by Source included with the financial statements later in this report, the investment earnings totaled a record high of \$102,213,967 during the 1998/1999 fiscal year and provided 71% of the total funding of the Plan. Member contributions made up 17% of total revenue and employer contributions made up 12% of the total revenues. Please refer to the Statistical Section for a ten-year history of revenues and expenses.

ADMINISTRATIVE AND INVESTMENT EXPENSES

The 1998/1999 Administrative and Investment Expenses of the Administrative Office totaled \$392,683 compared to \$369,377 for the prior year. Costs have risen 78% during the past eleven years. This is a compounded annual rate of increase of 5.4% over the last eleven years. This rate of increase is well below the rate of growth of the Plan. A dedicated staff and constantly improving internal expertise has allowed management to keep costs minus inflation very low for the past ten years even though membership and assets managed have increased substantially during this same period (over 107% and over 916%, 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 10.53% U. S. Government Securities, 12.46% Corporate Bonds, 1.01% Corporate Notes, 2.05% Other Investments, .07% insured Money Market Funds and 73.88% 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 nine of the last twelve years and the equity portfolio has outperformed the applicable Index (NYSE until 98/99, S&P 500 thereafter) in nine of the past twelve years. This extraordinary performance resulted in a net effective yield of 16.23% and a total rate of return of 17.60% for the 1998/1999 fiscal year. Graphs depicting the fund's extraordinary performance since 1986, the year internal staff took over the portfolio management, can be found in the Investment Section.

ECONOMIC OUTLOOK

The economy seems to be leveling off. It is likely the economy will continue its moderate growth. With interest rates so low, it may be difficult to continue to outperform the 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, 1999, is 133.5% which is well ahead of schedule. All twelve participating units have fully-funded actuarial accrued liabilities.

The Plan is funded through a member contribution of 8.50% 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. While each employer has a different contribution rate, the average for the entire Plan for the 2000/2001 fiscal year will be 1.88% of gross payroll. Of the 12 groups that make up the Plan, all twelve employers will pay less than the 8.50% which the employees pay.

POST RETIREMENT BENEFIT INCREASES

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

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

July 1, 1993 - \$ 5.00
July 1, 1996 - \$10.00
July 1, 1997 - \$15.00
July 1, 1998 - \$25.00
July 1, 1999 - \$32.41
July 1, 2000 - \$38.96

Cumulative Total - \$126.37

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

CERTIFICATE OF ACHIEVEMENT

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

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

SUMMARY

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

The results of the valuations indicate that Retirement Plan benefit obligations are being funded as incurred. Current assets are 133.5% of actuarial accrued liabilities. This is an excellent level of accrued funding and well ahead of schedule. Superior investment returns, over an extended period, have made possible the excellent actuarial condition of the Retirement Plan, improved benefits for members retiring in the future, cost-of-living increases to retired members and their beneficiaries without substantial increases in contribution requirements.

The Plan has made excellent progress during the past thirteen years. Funding has increased from 69% to 133.5%. Investment and administrative expenses increased less than 78% during the past eleven years while total assets and membership were up 916% and 107% respectively. Employer contribution rates have remained low. All this was accomplished even while improving benefits to members. The service multiplier has been increased from 2% to 2.5%; members can now retire after 25 years of credited service at any age or if the sum of their age and years of credited service equals 80; survivor and disability benefits have been improved and a substantial health insurance subsidy has been added.

I am proud to have been 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., C.F.A.
Administrator

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Corrections Officer
Retirement Plan,
Arizona

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

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



Douglas R. Ellsworth
President

Jeffrey L. Esler
Executive Director

**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
THE RETIREMENT BOARD AND ADMINISTRATIVE ORGANIZATION**

THE FUND MANAGER

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

PROFESSIONAL ADVISORS

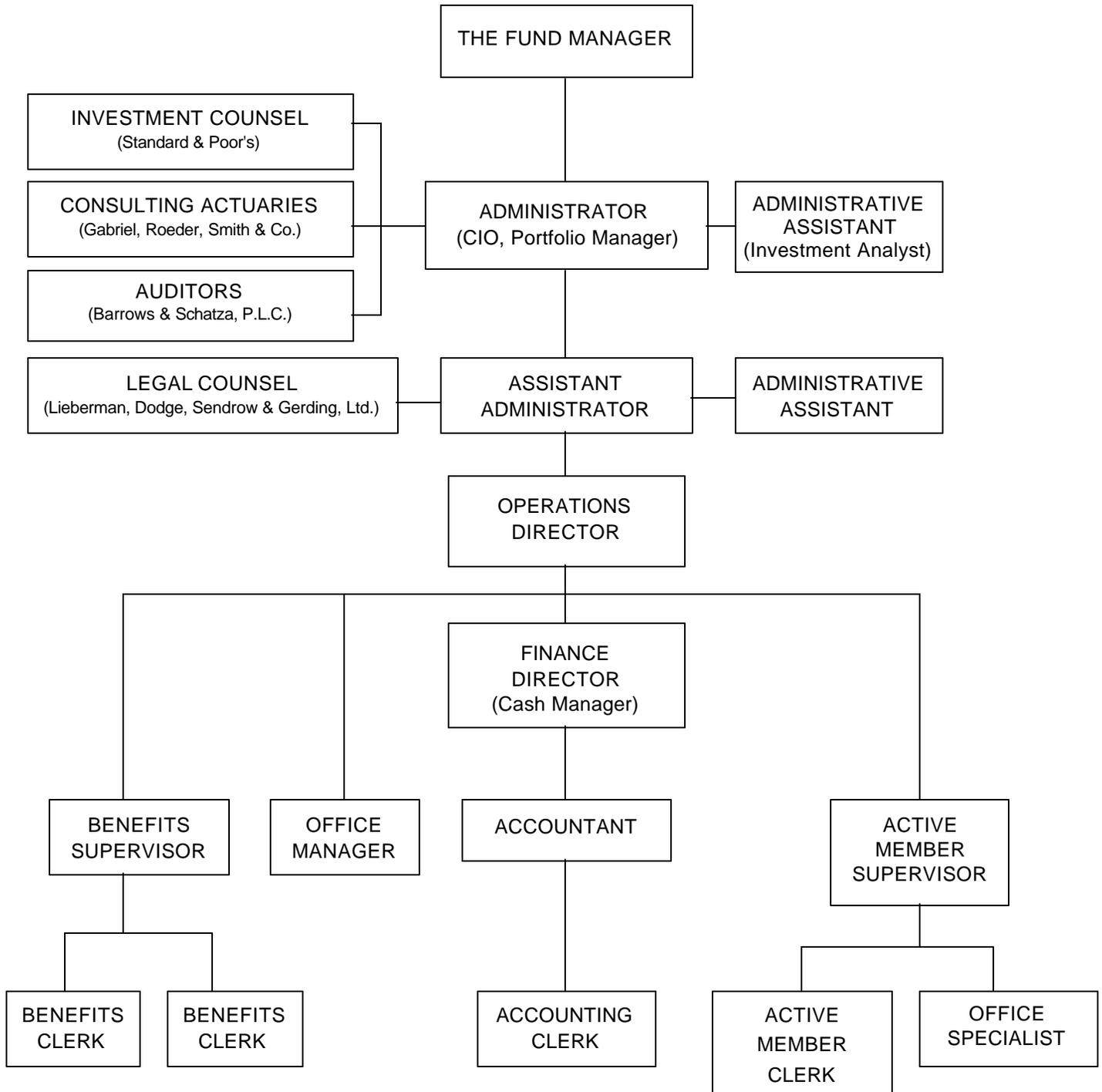
Standard & Poor's	Investment Counsel
Gabriel, Roeder, Smith & Company	Consulting Actuaries
Barrows & Schatza, P.L.C.	Auditors
Lieberman, Dodge, Sendrow & Gerding, Ltd.	Legal Counsel

ADMINISTRATIVE STAFF

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

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**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
ORGANIZATIONAL CHART
JUNE 30, 1999**



FINANCIAL SECTION

CORRECTIONS OFFICER RETIREMENT PLAN
THIRTEENTH COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 1999

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
Schedule of Changes in Employers' Reserve – Year Ended June 30, 1999, and Unfunded Accrued Normal Costs at June 30, 1998
Schedule of Changes in Refundable Member Reserves Fiscal Year Ended June 30, 1999

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of plan net assets of the **STATE OF ARIZONA CORRECTIONS OFFICER RETIREMENT PLAN** as of June 30, 1999 and 1998, and the related, statements of changes in plan net assets for the years then ended, appearing on pages 14 and 15, respectively. These financial statements are the responsibility of the Plan'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 CORRECTIONS OFFICER RETIREMENT PLAN** as of June 30, 1999 and 1998, and the results of its operations and the changes in fund balances 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 supplementary information, contained on pages 24 to 28, are not required disclosures under Governmental Accounting Standards Board (GASB) statement No. 25 and are not a required part of the basic financial statements. The accompanying additional information described above has been subjected to the auditing procedures applied in our audit of the 1999 financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

September 3, 1999

**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
STATEMENTS OF PLAN NET ASSETS
AS OF JUNE 30, 1999 AND 1998**

	1999		1998	
	Book Cost	See Note 2	Book Cost	See Note 2
ASSETS				
Cash				
Receivables:				
Members' Contributions		\$ 990,665		\$ 140,056
Employers' Contributions		692,392		111,434
Interest and Dividends		5,039,543		3,508,699
Total Receivables		<u>6,722,600</u>		<u>3,760,189</u>
Investments at Fair value (Note 2):				
U.S. Government Securities	\$ 68,582,937	72,586,724	\$ 75,803,494	81,952,441
Corporate Bonds	85,756,458	85,886,788	74,423,007	81,671,002
Corporate Notes	6,993,088	6,993,088	1,999,165	1,999,165
Corporate Stocks	337,174,142	509,408,904	262,157,666	393,669,804
Other Investments	14,166,580	14,166,580	7,968,600	7,968,600
Money Market Account	466,666	466,666	240,174	240,174
Total Investments	<u>\$ 513,139,871</u>	<u>689,508,750</u>	<u>\$ 422,592,106</u>	<u>567,501,186</u>
Total Plan Assets		<u>696,231,350</u>		<u>571,261,375</u>
Collateral Held in Trust for Securities on Loan		113,607,093		78,812,175
Liability- Collateral Subject to Return to Borrower		<u>(113,607,093)</u>		<u>(78,812,175)</u>
Net Assets Held in Trust for Pension Benefits:		<u>\$ 696,231,350</u>		<u>\$ 571,261,375</u>
Net Asset Reserves				
Refundable Members' Reserve		\$ 106,390,221		\$ 93,758,470
Employers' Reserve		547,386,717		461,992,484
Future Benefit Increase Reserve		42,454,412		15,510,421
Total Net Asset Reserves		<u>\$ 696,231,350</u>		<u>\$ 571,261,375</u>

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

**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998**

	1999	1998
Additions:		
Contributions		
Members' Contributions (Notes 1 and 3)	\$ 24,408,816	\$ 21,647,490
Employers' Contributions (Notes 1 and 3)	17,109,704	17,063,015
Total Contributions	41,518,520	38,710,505
Investment Income:		
Net Appreciation in Fair Value of Investments (Note 2)	83,922,290	80,371,594
Interest	12,945,589	13,960,434
Dividends	5,196,938	4,580,034
Securities Lending Activities		
Securities Lending Income	6,282,181	\$ 6,709,305
Borrower rebates	(6,052,726)	(6,507,651)
Agents Share of Income	(80,305)	(70,575)
Net Securities Lending Income (Note 2)	149,150	131,079
	102,213,967	99,043,141
Less Investment Expense	(44,381)	(39,827)
Net Investment Income	102,169,586	99,003,314
 Total Additions	 143,688,106	 137,713,819
 Deductions:		
Pension and Insurance Benefits (Note 1)	8,917,450	6,883,596
Refunds to Terminated Members (Note 1)	9,043,573	8,416,350
Administrative Expenses	348,302	329,550
Amounts Transferred to Other State- Sponsored Pension Plans--Net	408,806	460,244
Total Deductions	18,718,131	16,089,740
 Net Increase	 124,969,975	 121,624,079
 Net Assets Held In Trust for Pension Benefits		
 Beginning of Year, July 1	 571,261,375	 449,637,296
 Ending of Year, June 30	 \$ 696,231,350	 \$ 571,261,375

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

**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998**

NOTE 1 - PLAN DESCRIPTION

Organization

The Corrections Officer Retirement Plan (CORP) is an agent multiple-employer public employee retirement system established by Title 38, Chapter 5, Article 6 of the Arizona Revised Statutes, to provide benefits for prison and jail employees of certain state and local governments. The plan is jointly administered by the Fund Manager of the Public Safety Personnel Retirement System (PSPRS) and 12 Local Boards.

The Fund Manager is a five-member board. Three members are appointed by the Governor and two members are appointed by the state legislature. Beginning August 6, 1999, the Governor will appoint all members. All members serve a fixed three-year term. The Fund Manager is responsible for the investment of the 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 and each Local Board, and the general protection and administration of the Plan.

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

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

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

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

	1999	1998
Counties	10	10
State Agencies	2	2
Total Employers	12	12

Any county or city in the State of Arizona may elect to have its eligible employees (generally, prison or jail personnel who have direct inmate contact) covered by the CORP. At June 30, 1999 and 1998, statewide CORP membership consisted of:

	1999	1998
Retirees and beneficiaries currently receiving benefits	825	708
Terminated vested employees	165	109
Current employees		
Vested	3,906	1,938
Non-vested	6,995	7,633
Total Members	11,891	10,388

CORP provides retirement benefits as well as death and disability benefits. Generally, all benefits vest after 10 years of credited service. A summary of benefits and Plan provisions follows:

SUMMARY OF BENEFITS

Eligibility (A.R.S. Section 38-881)

- A. For a county, a county detention officer or a non-uniformed employee of a sheriff's department whose primary duties require direct inmate contact, if the county elects to join the Plan.
- B. For the State Department of Corrections, correctional service officers, state correctional program officers and certain other designated positions within the department which are prescribed by statute.
- C. For the State Department of Juvenile Corrections, youth corrections officers, youth program officers and certain other designated positions within the department which are prescribed by statute.
- D. For a city or town, a city or town detention officer, if the city or town elects to join the Plan.

Credited Service (A.R.S. Section 38-881)

Service in a designated position for which member contributions have been made to the Plan or transferred to the Plan from another retirement system for public employees of this state.

Salary (A.R.S. Section 38-881)

The base salary, base wages, shift differential pay, and holiday pay paid to a member in a designated position for personal services rendered to a participating employer that is paid on a regular monthly, semimonthly or biweekly payroll basis.

Average Monthly Salary (A.R.S. Section 38-881)

One thirty-sixth (1/36) of aggregate salary paid a member during the highest three consecutive years out of the last ten years of service.

Normal Retirement (A.R.S. Section 38-885, Subsection B)

First day of month following completion of twenty-five years of service, a member's sixty-second birthday and completion of ten years of service, or the month where the sum of the member's age and years of credited service equals eighty.

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

2.5 percent of the member's average monthly salary multiplied by the member's credited service to a maximum of thirty (30) years. The amount of a member's pension shall not exceed seventy-five percent (75%) of the member's average monthly salary. (A.R.S. Section 38-885, Subsections C and D)

Accidental Disability Retirement

A physical or mental condition which totally and permanently prevents an employee from performing a reasonable range of duties within the employee's department, was incurred in the performance of the employee's duties and was the result of either physical contact with inmate(s), responding to a confrontational situation with inmate(s), or a job-related motor vehicle accident and was not the result of a physical or mental condition or injury that existed or occurred before the member's date of membership in the Plan.

Eligibility for an accidental disability or a total and permanent disability shall be based on medical evidence and determination by the Local Board. No credited service requirement. The monthly pension is fifty percent (50%) of the member's average monthly salary. The Local Board may require periodic medical re-evaluations until the member reaches age 62. Accidental disability or a total and permanent disability pension terminates if the Local Board finds the retired member no longer meets the requirements for the disability pension. (A.R.S. Section 38-886)

Total and Permanent Disability Retirement

A physical or mental condition which totally and permanently prevents a member from engaging in any gainful employment, is the direct and proximate result of the member's performance of their duty as an employee and is not the result of a physical or mental condition or injury that existed or occurred before the member's date of membership in the Plan.

Eligibility for an accidental disability or a total and permanent disability shall be based on medical evidence and determination by the Local Board. No credited service requirement. The monthly pension is fifty percent (50%) of the member's average monthly salary. The Local Board may require periodic medical re-evaluations until the member reaches age 62. Accidental disability or a total and permanent disability pension terminates if the Local Board finds the retired member no longer meets the requirements for the disability pension. (A.R.S. Section 38-886)

Survivor Pension

The surviving spouse of a member who dies in service or after retirement is eligible for benefits as follows:

Surviving spouse of retired member; Three-fourths of retired member's pension at time of death. Requires two years of marriage at time of death. Terminates on death of surviving spouse. (A.R.S. Section 38-887)

Surviving spouse of a non-retired member; thirty-seven and one-half percent (37.5%) of deceased member's average monthly salary. Requires two years of marriage at time of death. Terminates on death of surviving spouse. (A.R.S. Section 38-888)

Both surviving spouse pensions commence on first day of month following death of member.

Death Benefits (A.R.S. Section 38-904, Subsection B)

1. If an active or inactive member dies and no pension is payable, the member's beneficiary is entitled to receive two times his contributions to the CORP. (A.R.S. Section 38-904, Subsection A)
2. If there is no eligible surviving spouse or if the pension of the surviving spouse is terminated, surviving unmarried children of a deceased retired or active member are entitled to a pension until age 18, or age 23 if a full-time student. A disabled child is also entitled to a pension if the disability began before age 23. The amount of the pension is an equal share of the surviving spouse's pension.

Termination Refund (A.R.S. Section 38-884 C and E)

Upon termination of employment, for any reason other than death or retirement, a member shall, within twenty days after filing an application with the Fund Manager, receive a lump-sum payment, equal to his accumulated contributions, as of the date of termination, less any benefits paid or any amounts owed to the 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 38-891.B
- 6 to 6.9—40% of member contributions deducted from the member's salary pursuant to ARS 38-891.B
- 7 to 7.9—55% of member contributions deducted from the member's salary pursuant to ARS 38-891.B
- 8 to 8.9—70% of member contributions deducted from the member's salary pursuant to ARS 38-891.B
- 9 to 9.9—85% of member contributions deducted from the member's salary pursuant to ARS 38-891.B
- 10 or more—100% of member contributions deducted from the member's salary pursuant to ARS 38-891.B plus interest at 3% after 30 days if left on deposit.

Reemployment and Repayment of Contributions (A.R.S. Section 38-884, Subsection F)

A member who terminates and takes a refund of his contributions may elect, upon reemployment within two years with the same employer in a designated position, to recover his prior credited service if he submits a written election to reinstate the forfeited credited service within 90 days after reemployment and reimburse the Plan within one year. The amount required to reinstate the credited service is the amount previously withdrawn plus compound interest, at the rate of the Plan's net effective yield, from the date of withdrawal to the date of repayment.

A retired member who becomes an employee in a designated position subsequent to retirement shall have his pension suspended during his reemployment in a designated position and shall not make contributions to the Plan nor accrue credited service during such re-employment. (A.R.S. Section 38-884, Subsection G)

Transfer Into or Out of Plan (A.R.S. Section 38-901, Subsection B)

A member who changes employment or transfers or is assigned to a non-eligible position, because of a change in duties or otherwise, may elect one of the following options:

1. Leave service credits and contributions on account with CORP.
2. Apply for refund of accumulated member contributions (forfeiting all service credits and membership rights).
3. Transfer all service credits to the Arizona retirement system or plan applicable to the new position pursuant to the requirements for transfer between Arizona state retirement systems.

A member who begins employment with a participating employer in this Plan and who has credited service from a different Arizona state retirement system may transfer or redeem his prior service to this Plan pursuant to the requirements for transfer between Arizona state retirement systems.

Redemption of Prior Service (A.R.S. section 38-884, subsection G)

Active members who previously contributed to the Plan but who refunded their contributions thereby forfeiting credited service under the Plan may redeem some or all of this credited service. The member must pay the actuarial present value of the increase of credited service resulting from the purchase of forfeited time in order to redeem this service.

Purchase of Prior Active Military Service (A.R.S. section 38-907)

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 of Contributions (A.R.S. Section 38-908)

A member who terminates employment with an employer and accepts a position with the same, or another employer participating in the Plan, shall have their credited service transferred to their record with the new employer if they leave their accumulated contributions on deposit with the Fund. The termination of employment does not constitute a break in service; however, the period not employed shall not be considered as credited service.

Transfer Between State Retirement Systems (A.R.S. Section 38-921 and Section 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. 38-905)

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

Health Insurance Premium Subsidy (A.R.S. Section 38-906)

For CORP retirees who have group health and accident insurance coverage provided and administered by the state or another CORP employer, the CORP will pay up to \$95 per month for part of the premium for the retirees' individual coverage and an additional \$80 per month for part of the premium for family health and accident insurance coverage. If the person is eligible for Medicare, the subsidy is \$65. If the dependent is eligible for Medicare, the family subsidy is an additional \$50.

State Taxation of Corp Benefits (A.R.S. Sections 38-896 and Section 43-1022)

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

Contributions (A.R.S. Section 38-891, Subsection A)

Each member shall contribute 8.5% of his salary to the Plan on an after-tax basis by payroll deduction. (A.R.S. Section 38-891, Subsection B). Each employer shall contribute a level percent of compensation as determined by actuarial valuation to ensure proper funding for the Plan.

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

CORP 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 Number 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 Realized Gains used in this calculation totaled \$52,462,490 for FYE 1999 and \$19,685,436 for FYE 1998.

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." In making every investment, the Fund Manager shall exercise the judgement and care under the circumstances then prevailing which men of ordinary prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income from their funds as well as the probable safety of their capital, provided:

- 1) That not more than seventy per cent of the pension fund shall be invested at any given time in corporate stocks, based on cost value of such stocks irrespective of capital appreciation.
- 2) That not more than five per cent of the pension fund shall be invested in securities issued by any one institution, agency or corporation, other than securities issued as direct obligations of and fully guaranteed by the United States Government.
- 3) That not more than five per cent of the voting stock of any one corporation shall be owned.
- 4) That corporate stocks eligible for purchase shall be restricted to stocks which, except for bank stocks and insurance stocks, are either:
 - a) Listed or approved on issuance for listing on an exchange registered under the securities exchange act of 1934, as amended (15 United States Code §§ 78a through 7811)
 - b) Designated or approved on notice of issuance for designation on the national market system of a national securities association registered under the securities exchange act of 1934, as amended (15 United States Code §§ 78a through 7811)
 - c) Listed or approved on issuance for listing on an exchange registered under the laws of this [Arizona] state or any other state.
 - d) Listed or approved on issuance for listing on an exchange of a foreign country with which the United States is maintaining diplomatic relations at the time of purchase, except that no more than ten per cent of the pension fund shall be invested in foreign equity securities on these exchanges, based on the cost value of the stocks irrespective of capital appreciation.

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" are not considered securities for purpose 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 a deposit with an Arizona bank. These deposits are insured by federal depository insurance.

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

Securities Lending Income

The System is party to a securities lending agreement with a bank. The bank, on behalf of the System, enters into agreements with brokers to loan securities and have the same securities returned at a later date. The loans are fully collateralized primarily by cash. Collateral is marked-to-market on a daily basis. Non-cash collateral can be sold only upon borrower default. The System requires collateral of at least 102% of the fair value of the loaned U.S. Government or corporate security. Securities on loan are carried at market value. As of June 30, 1999 and 1998 the fair value of securities on loan was \$110,617,539 and \$75,633,424, respectively. The System receives a negotiated fee for its loan activities and is indemnified for broker default by the securities lending agent. The System participates in a collateral investment pool.

All security loans can be terminated on demand by either the pool participants or the borrower. All term loans have a matched collateral investment. Cash collateral received for open loans is invested for longer term, however, at least 20% of total collateral investments must be invested on an overnight basis and at least 30% of total collateral investments must be invested with a maturity of 7 days or less. Additionally, no more than 20% of the total collateral investments will be invested in instruments maturing in over 91 days. In lending securities, investments of cash collateral for open loans as of June 30, 1999 are not matched in maturity and have a weighted average maturity of 8 days, 16 days as of June 30, 1998. The System has no credit risk under this program and has experienced no default or losses on these loans.

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.

During the year ended June 30, 1999, contributions totaling \$41,518,520 (\$17,109,704 employer and \$24,408,816 member) were made in accordance with contribution requirements determined by an actuarial valuation of the Plan as of June 30, 1997. The employer contributions consisted of \$19,856,412 for normal cost less (\$2,746,708) for amortization of the assets in excess of the actuarial accrued liability in aggregate. Employer contributions represented 5.98% of covered payroll. [6.94% for normal costs and (.96)% for amortization of assets in excess of the actuarial accrued liability in aggregate.] Member contributions represented 8.50% of covered payroll and is all attributable to normal costs.

During the year ended June 30, 1998, contributions totaling \$38,710,505 (\$17,063,015 employer and \$21,647,490 member) were made in accordance with contribution requirements determined by an actuarial valuation of the Plan as of June 30, 1996. The employer contributions consisted of \$18,607,179 for normal cost less (\$1,544,164) for amortization of the assets in excess of the actuarial accrued liability in aggregate. Employer contributions represented 6.63% of covered payroll. [7.23% for normal costs and (.60)% for amortization of assets in excess of the actuarial accrued liability in aggregate.] Member contributions represented 6.65% of covered payroll until July 21, when the rate increased to 8.50% and is all attributable to normal costs.

NOTE 4 – REQUIRED SCHEDULES

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

NOTE 5 – YEAR 2000 ISSUE

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

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

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

**STATE OF ARIZONA
CORRECTIONS OFFICER 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 system, the ratio of unfunded actuarial accrued liabilities to active member payroll is significant. The ratio of unfunded actuarial accrued liabilities to member payroll is a relative index of condition where inflation is present in both items. Observation of the ratio over a period of years gives an indication of funding achievement. The smaller the index, the stronger the system's condition. Shown below is a Comparative Schedule (\$ in thousands) since legislation was enacted in 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 Accrued Liability (AAL) —Entry Age (b)	Unfunded (Excess) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-87	\$ 47,550	\$ 68,932	\$ 21,382	69.0%	\$ 102,910	20.8%
6-30-88	69,842	76,884	7,042	90.8	117,234	6.0
6-30-89 ¹	88,756	99,113	10,357	90.0	134,520	7.7
6-30-90 ¹	108,973	122,578	13,605	88.9	136,693	10.0
6-30-91 ¹	138,901	146,300	7,399	94.9	153,351	4.8
6-30-92	168,553	163,640	(4,913)	103.0	156,257	(3.1)
6-30-93*	198,692	184,299	(14,393)	107.8	166,831	(8.6)
6-30-94 ¹	223,902	221,487	(2,415)	101.1	177,717	(1.4)
6-30-95	265,006	254,189	(10,817)	104.3	198,603	(5.4)
6-30-96*	319,255	290,518	(28,737)	109.9	224,686	(12.8)
6-30-97* ¹	393,904	355,590	(38,314)	110.8	249,203	(15.4)
6-30-98	484,956	410,531	(74,425)	118.1	261,700	(28.4)
6-30-99	\$592,152	\$ 443,676	\$(148,476)	133.5%	\$305,478	(48.6)%

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

1. 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 1.0%, (c) additional projected salary increases ranging from 0.0% to 3.0% per year, depending on age, attributable to seniority/merit.

**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

	Employer Contributions	
Year Ended June 30	Annual Required Contribution	Percentage Contributed
1990	\$8,250,984	100%
1991	\$9,764,220	100%
1992	\$9,492,656	100%
1993	\$10,099,143	100%
1994	\$10,032,668	100%
1995	\$10,565,831	100%
1996	\$14,371,254	100%
1997	\$16,704,445	100%
1998	\$17,063,015	100%
1999	\$17,109,704	100%

**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
SUPPORTING SCHEDULE OF CHANGES IN FUND BALANCE RESERVES
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998**

	<u>Refundable Members' Reserve</u>	<u>Employers' Reserve</u>	<u>Future Benefit Increase Reserve</u>
Balance -- June 30, 1997	\$ 82,948,061	\$ 365,333,159	\$ 1,356,076
Distribution of Revenues and Expenses:			
Members' Contributions	21,647,490		
Employers' Contributions		17,063,015	
Earnings on Investments Net of Investment Expense		99,003,314	
Pension Benefits		(6,883,596)	
Refunds to Terminated Members	(8,416,350)		
Administrative Expenses		(329,550)	
Distribution of Transfers:			
Excess Investment Earnings to be used for Future Benefit Increases		(7,939,027)	7,939,027
Earnings on Excess Investment Earnings Acct Assets		(296,303)	296,303
Amount Utilized by Benefit Increases Granted		1,391,471	(1,391,471)
Amount Transferred by HB 2496 Second Session 1998		(7,310,486)	7,310,486
Net Transfers to Other State-Sponsored Pension Plans	(129,134)	(331,110)	
Inter-System Transfers -- Member Account Balances Transferred to Employers' Reserve due to Retirement	(2,291,597)	2,291,597	
Balance -- June 30, 1998	\$ 93,758,470	\$ 461,992,484	\$ 15,510,421
Distribution of Revenues and Expenses:			
Members' Contributions	24,408,816		
Employers' Contributions		17,109,704	
Earnings on Investments Net of Investment Expense		102,169,586	
Pension Benefits		(8,917,450)	
Refunds to Terminated Members	(9,043,573)		
Administrative Expenses		(348,302)	
Distribution of Transfers:			
Excess Investment Earnings to be used for Future Benefit Increases		(26,583,952)	26,583,952
Earnings on Excess Investment Earnings Acct Assets		(2,729,834)	2,729,834
Amount Utilized by Benefit Increases Granted		2,369,795	(2,369,795)
Net Transfers to Other State-Sponsored Pension Plans	(147,298)	(261,508)	
Inter-System Transfers -- Employer Account Balances Transferred for Refund Interest	1,176,827	(1,176,827)	
Inter-System Transfers net -- Member Account Balances Transferred to Employers' Reserve due to Retirement	(3,763,021)	3,763,021	
Balance -- June 30, 1999	<u>\$106,390,221</u>	<u>\$ 547,386,717</u>	<u>\$ 42,454,412</u>

**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
SUPPORTING SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES
SUPPORTING SCHEDULE OF PAYMENTS TO CONSULTANTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Administrative</u>	<u>Investment</u>	<u>Total</u>
Accounting and Auditing Services	\$ 4,100	\$ -	\$ 4,100
Actuarial Services	35,485	-	35,485
Contractual Services	13,819	1,065	14,884
Educational Expenses	5,193	1,931	7,124
Furniture and Equipment	24,223	2,743	26,966
Investment Equipment	-	477	477
Investment Services	-	173	173
Occupancy Expenses	15,490	585	16,075
Office Supplies	5,012	409	5,421
Payroll Taxes and Fringe Benefits	29,063	4,937	34,000
Postage Expense	12,582	475	13,057
Printing, Publications and Subscriptions	9,542	127	9,669
Professional Services	13,933	526	14,459
Salaries and Wages	174,750	29,685	204,435
Telephone Expense	4,141	248	4,389
Travel Expense	969	1,000	1,969
	<u>\$ 348,302</u>	<u>\$ 44,381</u>	<u>\$ 392,683</u>

	<u>Fees Paid</u>
Standard & Poor's - Investment Counsel	\$ (1)
Gabriel, Roeder, Smith & Company - Consulting Actuaries	35,485
Barrows & Schatza, P.L.C. - Auditors	4,100
Leiberman, Dodge, Sendrow & Gerding, Ltd. - Legal Counsel	14,459
	<u>\$ 54,044</u>

(1) This Service was provided to the Plan without charge by Standard & Poor's Securities, Inc.
The value of these services is approximately \$10,000

**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
SUPPLEMENTAL SCHEDULE OF
CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998**

	1999	1998
RECEIPTS:		
Members' Contributions	\$ 23,558,207	\$ 21,610,999
Employers' Contributions	16,528,746	17,063,062
Interest	12,664,499	13,251,234
Dividends	3,951,738	4,743,476
Securities Lending Income	144,596	147,261
Amounts Transferred from Other		
State-Sponsored Pension Plans	152,695	201,065
Maturities and Sales of:		
U.S. Government Securities	22,117,763	19,487,974
Corporate Bonds	1,526,489	1,542,838
Corporate Notes	920,666,376	828,451,355
Other Investments	3,816,626	848,562
Common Stock	181,828,230	72,791,699
Net Decrease in Money Market Fund	-	775,896
Total Receipts:	1,186,955,965	980,915,421
DISBURSEMENTS:		
Pension Benefits	8,917,450	6,883,596
Refunds to Terminated Members	9,043,573	8,416,350
Investment and Administrative Expenses	392,683	369,377
Amounts Transferred to Other		
State-Sponsored Pension Plans	561,501	661,309
Acquisitions of:		
U.S. Government Securities	14,906,495	-
Corporate Bonds	12,808,581	27,720,954
Corporate Notes	925,660,300	818,495,931
Other Investments	10,012,500	7,817,162
Common Stock	204,426,390	110,556,759
Net Increase in Money Market Fund	226,492	-
Total Disbursements:	1,186,955,965	980,921,438
DECREASE IN CASH	0	(6,017)
BEGINNING CASH BALANCES, July 1	-	6,017
ENDING CASH BALANCES, June 30	\$ 0	\$ -

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

Sys No.	System	Balances June 30, 1998	Reserve Transfers	Contributions Received	Pension Payment	Distribution of Earnings	Balances June 30, 1999	Unfunded Accrued Normal Costs at June 30, 1998
500	Dept. of Corrections	237,572,527.79	1,201,217.33	11,634,241.36	(6,682,663.17)	49,897,474.05	293,622,797.36	(56,071,063.00)
501	D.Y.T.R.	19,323,151.79	270,865.50	1,865,562.81	(416,661.16)	4,454,848.34	25,497,767.28	(1,768,253.00)
505	Maricopa County	46,926,271.37	685,947.90	2,110,870.86	(1,003,924.70)	9,997,905.60	58,717,071.03	(8,807,391.00)
510	Yuma County	3,511,739.07	10,780.78	217,018.18	(16,053.81)	748,873.55	4,472,357.77	(1,569,310.00)
515	Pima County	16,925,776.71	171,596.66	769,061.06	(577,453.84)	3,563,082.80	20,852,063.39	(3,003,531.00)
520	Apache County	316,648.87	(4,639.59)	27,670.98	0.00	71,311.14	410,991.40	(108,989.00)
525	Cochise County	1,900,413.33	(1,740.54)	58,314.68	(63,353.28)	375,544.62	2,269,178.81	(695,835.00)
530	Coconino County	533,733.78	6,154.86	86,954.88	(4,180.64)	127,493.82	750,156.70	(273,479.00)
535	Mohave County	1,879,092.72	(14,654.32)	78,577.26	(48,562.44)	360,730.50	2,255,183.72	(913,680.00)
540	Santa Cruz County	580,705.94	(13,040.92)	22,128.39	0.00	118,725.40	708,518.81	(352,792.00)
545	Navajo County	629,997.33	24,073.54	53,789.73	(13,286.91)	124,113.16	818,686.85	(275,361.00)
550	Yavapai County	2,493,766.22	(11,875.33)	185,513.39	(91,309.62)	521,380.64	3,097,475.30	(585,480.00)
	Future Benefit Increase Reserve	(15,510,421.00)					(42,454,412.00)	
	TOTAL	317,083,403.92	2,324,685.87	17,109,703.58	(8,917,449.57)	70,361,483.62	371,017,836.42	(74,425,164.00)

**STATE OF ARIZONA
CORRECTIONS OFFICERS RETIREMENT PLAN
STATEMENT OF CHANGES IN REFUNDABLE MEMBER RESERVES
FISCAL YEAR ENDED JUNE 30, 1999**

<u>Sys No.</u>	<u>System</u>	<u>Balances June 30, 1998</u>	<u>Reserve Transfers</u>	<u>Contributions Received</u>	<u>Withdrawn Members</u>	<u>June 30, 1999</u>
500	DEPT OF CORRECTIONS	65,594,436.70	(1,874,386.89)	17,030,964.43	(6,375,713.64)	74,375,300.60
501	D.Y.T.R.	6,797,392.23	(253,675.47)	2,322,764.54	(797,409.14)	8,069,072.16
505	MARICOPA COUNTY C.O.R.F	13,473,174.24	(353,625.38)	2,900,050.73	(958,888.48)	15,060,711.11
510	YUMA COUNTY C.O.R.P.	985,586.63	(16,341.58)	362,616.01	(133,538.48)	1,198,322.58
515	PIMA COUNTY C.O.R.P.	4,902,382.99	(202,259.37)	1,039,254.25	(440,002.63)	5,299,375.24
520	APACHE COUNTY C.O.R.P.	106,605.34	(3,863.91)	38,684.18	(5,891.26)	135,534.35
525	COCHISE COUNTY C.O.R.P.	416,597.30	0.00	96,760.66	(19,239.15)	494,118.81
530	COCONINO COUNTY C.O.R.I	181,430.62	(7,515.70)	136,097.68	(46,313.86)	263,698.74
535	MOHAVE COUNTY C.O.R.P.	373,866.75	12,544.23	140,124.79	(137,377.28)	389,158.49
540	SANTA CRUZ COUNTY CORF	153,985.05	(7,514.87)	47,498.12	(29,170.72)	164,797.58
545	NAVAJO COUNT C.O.R.P.	140,933.74	(28,766.04)	73,152.93	(33,740.89)	151,579.74
550	YAVAPAI COUNTY C.O.R.P.	632,078.24	1,913.11	220,847.48	(66,286.98)	788,551.85
	TOTAL	93,758,469.83	(2,733,491.87)	24,408,815.80	(9,043,572.51)	106,390,221.25

INVESTMENT SECTION

CORRECTIONS OFFICER RETIREMENT PLAN
THIRTEENTH COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 1999

Fund Objectives

Investment Performance Data

Supporting Schedule of Commissions Paid to Brokers

Summary of Changes in Investment Portfolio

Detailed List of Investments Acquired

Detailed List of Sales
and Redemption of Investments

Detailed List of Investments Owned

FUND OBJECTIVES

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

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

John A. Cochran/sig

John A. Cochran, Ph.D., Chairman

F. Michael Geddes/sig

F. Michael Geddes, Member

Donald L. De Ment/sig

Donald L. De Ment, Member

Carmen Torrie/sig

Carmen Torrie, Member

Tony West/sig

Tony West, Member

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

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

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

September 8, 1999

The Fund Manager
Corrections Officers' Retirement Plan

Dear Sirs:

The attached charts and tables depict the investment performance for the Corrections Officers' 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 through each month.

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

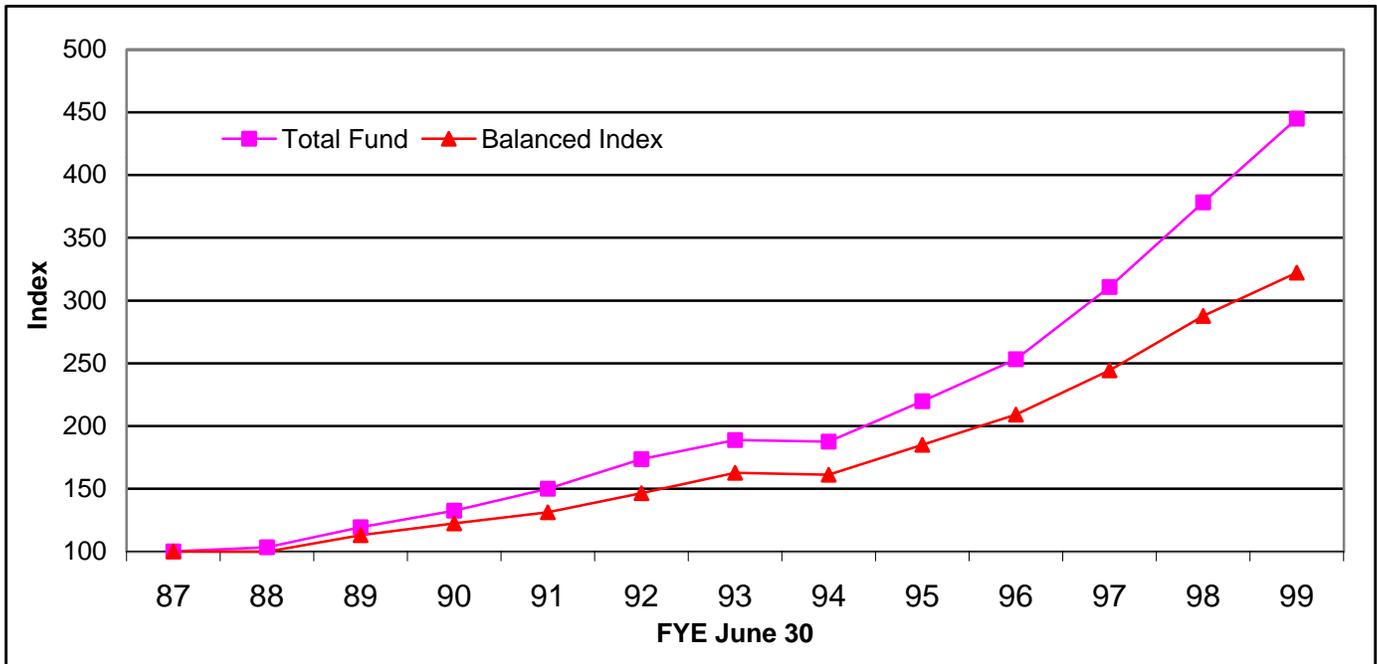
Based on the foregoing, during the past fiscal year, the stock portfolio outperformed the NYSE and S&P 500 indices, while the bond portfolio underperformed the Lehman Government/Corporate Index. The overall fund outperformed two custom benchmarks, each using a bond and stock index invested the same proportion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

Sincerely,

Kenneth Shea/sig

Kenneth Shea
VP - Director of Equity Research

Cumulative Return - Total Fund Corrections Officers



FYE	Fair Value	Contribution	Total Return	Balanced Index*
06-30-99	\$689,508,750	(\$174,542)	17.60%	11.94%
06-30-98	567,501,186	22,005,313	21.70%	17.82%
06-30-97	446,443,126	21,485,918	22.73%	16.85%
06-30-96	344,052,534	17,199,563	15.30%	12.99%
06-30-95	282,566,544	13,323,271	17.11%	14.82%
06-30-94	228,725,251	12,344,638	-0.70%	-1.03%
06-30-93	218,076,361	14,234,677	8.80%	11.22%
06-30-92	186,696,553	14,047,050	15.68%	11.51%
06-30-91	148,567,837	18,448,295	13.23%	7.19%
06-30-90	113,343,482	12,540,673	11.24%	8.49%
06-30-89	90,034,663	11,245,876	15.21%	13.23%
06-30-88	67,462,178	17,014,108	3.40%	-0.33%
06-30-87	48,123,723			

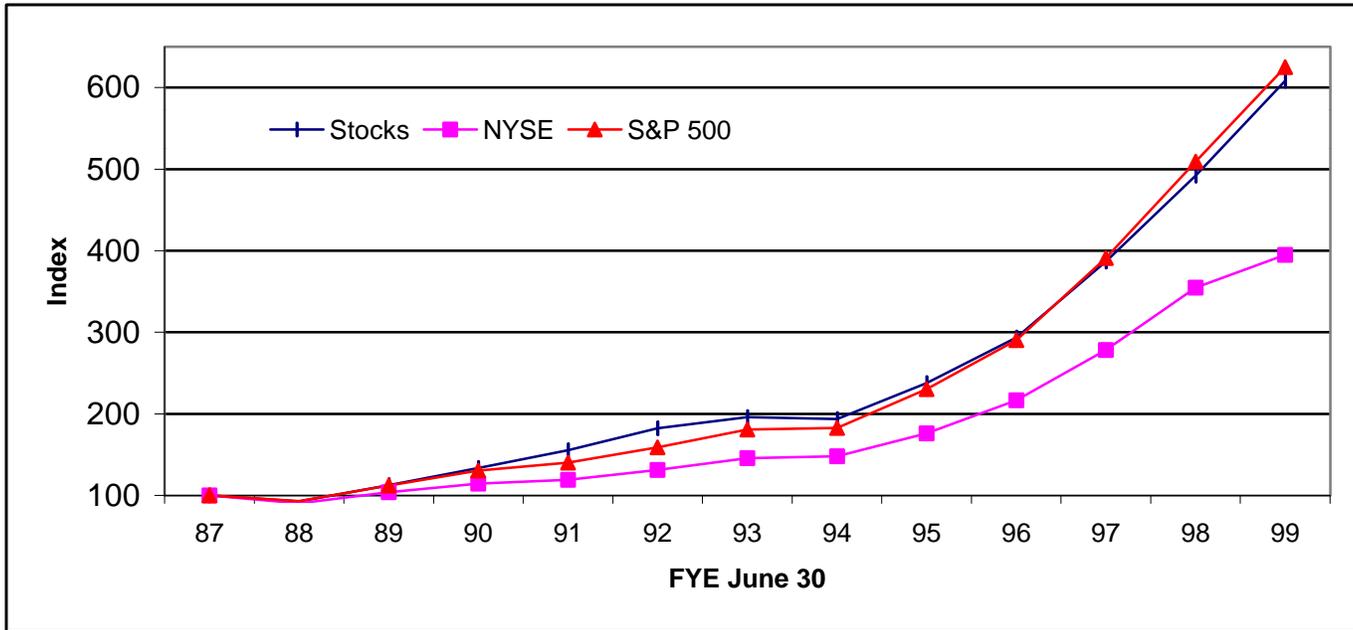
*Balanced Index is 45% NYSE + 45% Lehman Government/Corporate Bond + 10% 91 day T-bill. Beginning FY 98/99, S&P 500 replaces NYSE.

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	20.65%	15.51%
5-year	18.85%	14.86%

Cumulative Return - Stocks Corrections Officers

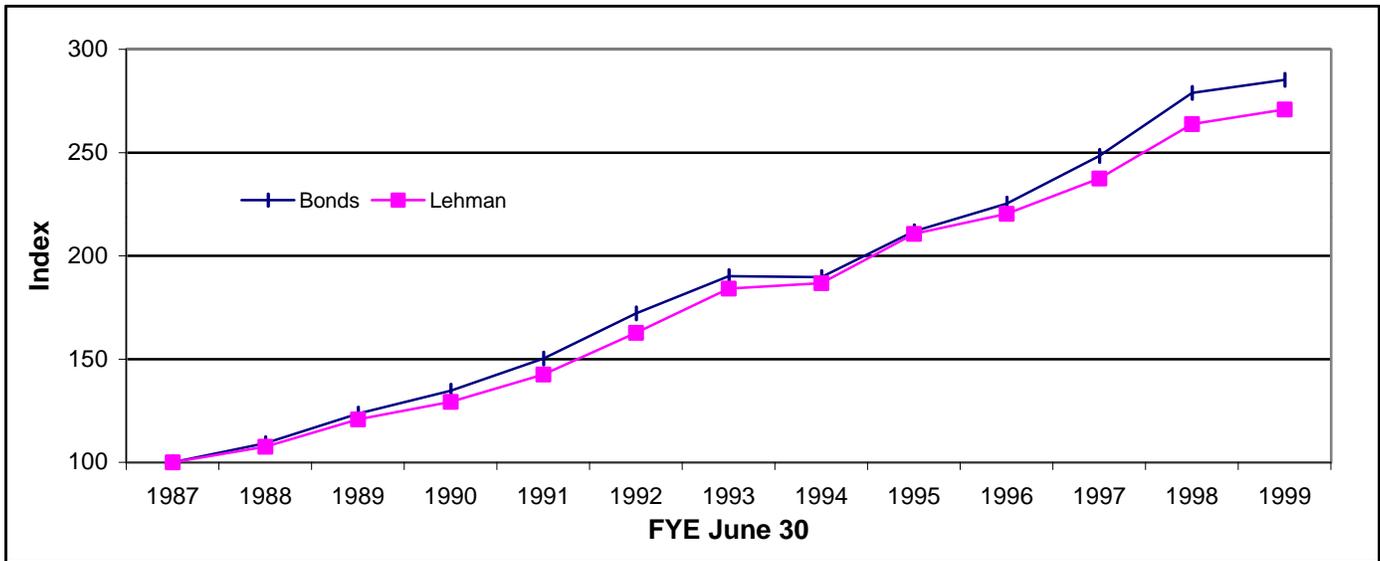


FYE	Fair Value	Contribution	Total Return	NYSE Index	S&P 500
06-30-99	\$509,408,904	(\$10,789,923)	23.69%	11.40%	22.76%
06-30-98	393,669,809	33,176,239	27.23%	27.35%	30.16%
06-30-97	282,295,331	24,625,056	31.78%	28.48%	34.69%
06-30-96	192,410,171	199,911,739	23.35%	23.08%	26.00%
06-30-95	136,792,031	(8,954,375)	22.83%	19.04%	26.06%
06-30-94	120,009,219	9,254,903	-1.14%	1.58%	1.23%
06-30-93	112,232,875	35,940,119	7.37%	11.04%	13.52%
06-30-92	88,979,250	19,472,103	17.41%	10.25%	13.45%
06-30-91	58,385,625	13,099,368	16.48%	4.09%	7.39%
06-30-90	38,044,750	12,336,990	18.39%	9.88%	16.44%
06-30-89	21,228,125	(430,650)	21.75%	15.17%	20.54%
06-30-88	17,925,000	4,678,349	-7.46%	-9.70%	-6.97%
06-30-87	14,739,500				

*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	27.52%	22.15%	29.11%
5-year	25.73%	21.71%	27.87%

Cumulative Return - Bonds Corrections Officers



FYE	Fair Value	Contribution	Total Return	Lehman*
06-30-99	\$180,099,846	\$10,615,381	2.26%	2.69%
06-30-98	173,831,382	(11,170,926)	12.28%	11.08%
06-30-97	164,147,795	(3,139,138)	10.31%	7.75%
06-30-96	151,642,363	(2,712,176)	6.26%	4.65%
06-30-95	145,774,513	22,277,646	11.71%	12.75%
06-30-94	108,716,032	3,089,735	-0.21%	-1.45%
06-30-93	105,843,386	(7,458,392)	10.46%	13.15%
06-30-92	97,717,303	(5,425,053)	14.54%	14.17%
06-30-91	90,182,212	(5,348,927)	11.54%	10.21%
06-30-90	75,298,732	203,683	9.02%	7.11%
06-30-89	68,806,538	11,676,526	13.18%	12.34%
06-30-88	49,537,189	12,335,759	9.18%	7.48%
06-30-87	33,384,223			

*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 fair value of more than \$2 trillion.

Annualized Returns		
	Total Bonds	Lehman
3-year	8.20%	7.12%
5-year	8.50%	7.72%

**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
SUPPORTING SCHEDULE OF COMMISSIONS PAID TO BROKERS
FISCAL YEAR ENDED JUNE 30, 1999**

<u>Broker</u>	<u>Number of Shares Traded</u>	<u>Average Commission</u>	<u>Commissions</u>
Covato Lipsitz	340,859	0.050	\$ 17,043
ISI Group Inc.	340,500	0.050	17,025
J.W.Garrett	807,000	0.050	40,400
Merrill Lynch	821,000	0.018	14,550
Paine Webber	791,500	0.031	24,600
Prudential Securities	916,500	0.032	29,075
Smith Barney--Phoenix	858,000	0.027	23,550
Smith Barney--Scottsdale	829,100	0.028	23,025
Simon Securities	912,505	0.050	45,625
Standard & Poor's Securities	938,000	0.050	47,150
Total Commissions	<u>7,554,964</u>	<u>0.037</u>	<u>\$ 282,043</u>

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 net of commissions for the Plan.

**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
SUMMARY OF CHANGES IN INVESTMENT PORTFOLIO
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

Description	Percent at Fair Value	Balance June 30, 1998 Fair Value	Book Value	Acquisitions	Maturities and Sales	(Premium) Discount	Balance June 30, 1999 Book Value	Fair Value	Percent at Fair Value
U.S. Treasury Obligations	4.60%	26,085,160.00	23,085,562.00	0.00	5,009,290.00	(35,610.00)	18,040,662.00	20,284,060.00	2.94%
Federal Agency Obligations	9.84%	55,867,281.14	52,717,932.46	14,906,495.24	17,082,153.09	0.00	50,542,274.61	52,302,663.76	7.59%
Total U.S. Government Securities	14.44%	81,952,441.14	75,803,494.46	14,906,495.24	22,091,443.09	(35,610.00)	68,582,936.61	72,586,723.76	10.53%
Corporate Bonds	14.39%	81,671,001.95	74,423,006.59	12,808,580.70	1,397,645.94	(77,483.00)	85,756,458.35	85,886,788.12	12.46%
Total Bond Portfolio	28.83%	163,623,443.09	150,226,501.05	27,715,075.94	23,489,089.03	(113,093.00)	154,339,394.96	158,473,511.88	22.98%
Corporate Notes	0.35%	1,999,165.00	1,999,165.00	925,660,299.54	920,666,376.20	0.00	6,993,088.34	6,993,088.34	1.01%
Common Stock	69.38%	393,669,803.94	262,157,666.37	204,426,390.13	129,409,915.01	0.00	337,174,141.49	509,408,904.00	73.88%
Other Investments	1.40%	7,968,599.87	7,968,599.87	10,012,500.00	3,814,520.43	0.00	14,166,579.44	14,166,579.44	2.05%
Money Market Account	0.04%	240,174.00	240,174.00	226,492.41	0.00	0.00	466,666.41	466,666.41	0.07%
Total Portfolio	100.0%	567,501,185.90	422,592,106.29	1,168,040,758.02	1,077,379,900.67	(113,093.00)	513,139,870.64	689,508,750.07	100.00%

**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
INVESTMENTS ACQUIRED
JULY 1, 1998 THROUGH JUNE 30, 1999**

BONDS ACQUIRED

Security	Coupon	Maturity	Purchase Price	Par Value	Principal	(Premium) Discount	Accrued Interest	Total Amount	Yield
FEDERAL AGENCY OBLIGATIONS									
GNMA POOL #499876	7.000	06/15/29	99.46875	8,000,000.00	7,957,500.00	42,500.00	34,222.22	7,991,722.22	7.04%
GNMA POOL #499905	7.000	05/15/29	99.28125	5,999,402.76	5,956,282.02	43,120.74	25,664.10	5,981,946.12	7.05%
GNMA POOL #510958	7.000	05/15/29	99.28125	999,900.00	992,713.22	7,186.78	4,277.35	996,990.57	7.05%
TOTAL FEDERAL AGENCY OBLIGATIONS				14,999,302.76	14,906,495.24	92,807.52	64,163.67	14,970,658.91	7.04%
CORPORATE BONDS									
FIRST EMPIRE CAPITAL TRUST I	8.234	02/01/27	108.52800	2,000,000.00	2,170,560.00	(170,560.00)	9,606.33	2,180,166.33	7.59%
JPM CAPITAL TRUST II	7.950	02/01/27	104.61500	4,000,000.00	4,184,600.00	(184,600.00)	32,683.33	4,217,283.33	7.60%
LEHMAN BROTHERS HOLDINGS INC	8.800	03/01/15	111.91104	2,000,000.00	2,238,220.70	(238,220.70)	77,733.33	2,315,954.03	7.86%
SECURITY NATIONAL MORTGAGE LOAN	7.870	08/25/30	100.00000	2,000,000.00	2,000,000.00	0.00	0.00	2,000,000.00	7.87%
USF&G CAPITAL II, SERIES B	8.470	01/10/27	110.76000	2,000,000.00	2,215,200.00	(215,200.00)	15,057.78	2,230,257.78	7.65%
TOTAL CORPORATE BONDS				12,000,000.00	12,808,580.70	(808,580.70)	135,080.77	12,943,661.47	7.69%
TOTAL BONDS PURCHASED				26,999,302.76	27,715,075.94	(715,773.18)	199,244.44	27,914,320.38	7.34%

**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
INVESTMENTS ACQUIRED
JULY 1, 1998 THROUGH JUNE 30, 1999
SHORT TERM INVESTMENTS MATURED**

Page 1 of 6

Date Acquired	Description	Interest Rate	Maturity Date	Cost	Amount of Interest	Maturity Value
06/29/98	KZH-CNC CORP	6.020	07/02/98	999,498.33	501.67	1,000,000.00
07/02/98	MERRILL LYNCH & CO,INC.	5.550	07/08/98	1,998,150.00	1,850.00	2,000,000.00
07/08/98	HERTZ CORP	5.500	07/31/98	996,486.11	3,513.89	1,000,000.00
07/08/98	RELIASTAR MORTGAGE CO	5.520	07/14/98	2,997,240.00	2,760.00	3,000,000.00
07/09/98	DISTRIBUTOR FUNDING	5.530	07/15/98	999,078.33	921.67	1,000,000.00
07/13/98	BANCA CRT FINANCIAL COR	5.550	07/20/98	1,997,841.67	2,158.33	2,000,000.00
07/14/98	TRIDENT CAPITAL FINANCE	5.520	07/23/98	2,995,860.00	4,140.00	3,000,000.00
07/15/98	HERTZ CORP	5.500	07/20/98	999,236.11	763.89	1,000,000.00
07/15/98	ATLANTIC RICHFIELD	5.520	07/23/98	1,997,546.66	2,453.34	2,000,000.00
07/20/98	HALIFAX PLC	5.480	07/24/98	1,998,782.22	1,217.78	2,000,000.00
07/21/98	FLEET FUNDING CORP	5.480	07/24/98	999,543.33	456.67	1,000,000.00
07/23/98	HASBRO INC.	5.540	07/28/98	2,997,691.67	2,308.33	3,000,000.00
07/23/98	MERRILL LYNCH & CO,INC.	5.480	07/28/98	1,998,477.78	1,522.22	2,000,000.00
07/24/98	DUKE CAPITAL CORP	5.520	07/27/98	2,998,620.00	1,380.00	3,000,000.00
07/27/98	FORD MOTOR CREDIT CO.	5.520	07/29/98	2,999,080.00	920.00	3,000,000.00
07/28/98	HALIFAX PLC	5.610	07/30/98	2,999,065.00	935.00	3,000,000.00
07/28/98	EXXON ASSET MANAGEMENT	5.550	07/30/98	1,999,383.33	616.67	2,000,000.00
07/29/98	LEXINGTON PARKER CAP.	5.660	07/31/98	1,260,603.49	396.51	1,261,000.00
07/30/98	GENERAL MOTORS CORP	5.640	08/03/98	2,998,120.00	1,880.00	3,000,000.00
07/31/98	THUNDER BAY FUNDING INC	5.670	08/03/98	999,527.50	472.50	1,000,000.00
08/11/98	UBS FINANCE(DELAWARE)	5.470	08/12/98	1,999,696.11	303.89	2,000,000.00
08/11/98	CONSOLIDATED EDISON CO.	5.500	08/13/98	3,998,777.78	1,222.22	4,000,000.00
08/17/98	KZH-ING-3	5.810	08/18/98	2,999,515.84	484.16	3,000,000.00
08/17/98	FORD MOTOR CREDIT CO.	5.620	08/19/98	2,999,063.33	936.67	3,000,000.00
08/17/98	NEW ENGLAND ELECTRIC	5.650	08/21/98	2,998,116.67	1,883.33	3,000,000.00
08/18/98	DISTRIBUTION FUNDING	5.570	08/20/98	1,999,381.11	618.89	2,000,000.00
08/18/98	NORWEST CORPORATION	5.500	08/31/98	998,013.89	1,986.11	1,000,000.00
08/19/98	EXXON ASSET MANAGEMENT	5.460	08/24/98	1,998,483.33	1,516.67	2,000,000.00
08/21/98	DISTRIBUTION FUNDING	5.500	08/27/98	2,997,250.00	2,750.00	3,000,000.00
08/25/98	NEW ENGLAND ELECTRIC	5.520	08/28/98	999,540.00	460.00	1,000,000.00
08/26/98	TRIPLE A-1 FUNDING	5.590	08/28/98	999,689.44	310.56	1,000,000.00
08/27/98	COUNTRYWIDE HOME LOANS	5.570	08/28/98	1,999,690.55	309.45	2,000,000.00
08/27/98	NEW ENGLAND ELECTRIC	5.560	09/01/98	1,998,455.56	1,544.44	2,000,000.00
08/27/98	FORD MOTOR CREDIT CO.	5.500	09/01/98	1,998,472.22	1,527.78	2,000,000.00
08/28/98	AC ACQUISITION HOLDING	5.500	08/31/98	999,541.67	458.33	1,000,000.00
08/28/98	CAISSE DES DEPOTS	5.580	09/01/98	999,380.00	620.00	1,000,000.00
09/09/98	MONONGHELA POWER CO	5.740	09/10/98	1,999,681.11	318.89	2,000,000.00
09/10/98	POTOMAC ELECTRIC POWER	5.530	09/16/98	1,998,156.67	1,843.33	2,000,000.00
09/15/98	MERRILL LYNCH & CO,INC.	5.560	09/21/98	999,073.33	926.67	1,000,000.00
09/17/98	CENTERIOR FUEL	5.550	09/30/98	997,995.84	2,004.16	1,000,000.00
09/17/98	CARGILL INC.	5.460	09/22/98	1,998,483.33	1,516.67	2,000,000.00
09/21/98	FORD MOTOR CREDIT CO.	5.480	09/24/98	1,999,086.67	913.33	2,000,000.00
09/22/98	HALIFAX PLC	5.510	09/25/98	1,999,081.67	918.33	2,000,000.00
09/24/98	FORD MOTOR CREDIT CO.	5.320	09/29/98	999,261.11	738.89	1,000,000.00
09/25/98	MONTAUK FUNDING CORP	5.400	09/28/98	999,550.00	450.00	1,000,000.00
09/28/98	ENGELHARD CORP	5.500	09/29/98	3,999,388.88	611.12	4,000,000.00
09/30/98	MARKET STREET FUNDING	5.550	10/05/98	2,997,687.50	2,312.50	3,000,000.00
10/01/98	TRIDENT CAPITAL FINANCE	5.350	10/06/98	1,998,513.89	1,486.11	2,000,000.00
10/05/98	SUN BELT-DIX, INC.	5.500	10/13/98	3,995,111.10	4,888.90	4,000,000.00
10/06/98	LEXINGTON PARKER CAP.	5.530	10/15/98	998,617.50	1,382.50	1,000,000.00
10/06/98	TRIDENT CAPITAL FINANCE	5.370	10/30/98	996,420.00	3,580.00	1,000,000.00
10/08/98	BEST FOODS	5.180	10/13/98	1,998,561.11	1,438.89	2,000,000.00

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10/13/98	PREFERRED RECEIVABLES	5.350	10/16/98	2,998,662.50	1,337.50	3,000,000.00
10/13/98	PHH CORPORATION	5.530	10/19/98	2,997,235.00	2,765.00	3,000,000.00
10/15/98	DUKE CAPITAL CORP	5.650	10/16/98	1,999,686.11	313.89	2,000,000.00
10/16/98	EDISON ASSET SECURT.	5.200	10/21/98	2,997,833.33	2,166.67	3,000,000.00
10/16/98	MONTAUK FUNDING CORP	5.250	10/23/98	2,996,937.50	3,062.50	3,000,000.00
10/19/98	CAISSE DES DEPOTS	5.060	10/22/98	2,998,735.00	1,265.00	3,000,000.00
10/20/98	ALLIEDSIGNAL INC.	5.450	10/26/98	999,091.67	908.33	1,000,000.00
10/21/98	CHARTA CORPORATION	5.150	10/26/98	2,997,854.17	2,145.83	3,000,000.00
10/22/98	FORD MOTOR CREDIT CO.	4.970	10/27/98	2,997,929.17	2,070.83	3,000,000.00
10/26/98	MERRILL LYNCH & CO,INC.	4.950	10/29/98	1,999,175.00	825.00	2,000,000.00
10/26/98	THAMES ASSET GLOBAL SEC	5.120	10/30/98	1,998,862.22	1,137.78	2,000,000.00
10/27/98	MOAT	5.320	11/02/98	2,997,340.00	2,660.00	3,000,000.00
10/29/98	COMMERZBANK U.S FINANCE	5.280	11/02/98	1,998,826.67	1,173.33	2,000,000.00
10/30/98	AMSTERDAM FUNDING CORP	5.680	11/03/98	1,998,737.78	1,262.22	2,000,000.00
11/02/98	CINCINNATI BELL INC.	5.550	11/05/98	2,998,612.50	1,387.50	3,000,000.00
11/02/98	COUNTRYWIDE HOME LOANS	5.550	11/05/98	1,999,075.00	925.00	2,000,000.00
11/03/98	HALIFAX PLC	5.380	11/05/98	999,701.11	298.89	1,000,000.00
11/04/98	HERTZ CORP	5.190	11/09/98	1,998,558.33	1,441.67	2,000,000.00
11/05/98	MERRILL LYNCH & CO,INC.	5.050	11/10/98	2,997,895.83	2,104.17	3,000,000.00
11/05/98	EXXON ASSET MANAGEMENT	5.020	11/09/98	1,998,884.44	1,115.56	2,000,000.00
11/06/98	ENTERPRISE FUNDING CORP	5.200	11/30/98	996,533.33	3,466.67	1,000,000.00
11/09/98	USAA CAPITAL CORP	5.090	11/13/98	3,997,737.78	2,262.22	4,000,000.00
11/10/98	HERTZ CORP	5.150	11/17/98	2,996,995.83	3,004.17	3,000,000.00
11/12/98	HALIFAX PLC	5.180	11/17/98	1,998,561.11	1,438.89	2,000,000.00
11/13/98	DUKE CAPITAL CORP	5.300	11/20/98	3,995,877.78	4,122.22	4,000,000.00
11/16/98	MARKET STREET FUNDING	5.670	11/19/98	2,998,582.50	1,417.50	3,000,000.00
11/17/98	CONSOLIDATED COAL CO.	5.620	11/23/98	2,997,190.00	2,810.00	3,000,000.00
11/17/98	QUINCY CAPITAL CORP	5.240	11/23/98	1,998,253.33	1,746.67	2,000,000.00
11/19/98	EAGLE FUNDING	5.020	12/03/98	1,996,095.55	3,904.45	2,000,000.00
11/19/98	NEPTUNE FUNDING	5.050	12/01/98	1,996,633.33	3,366.67	2,000,000.00
11/20/98	DUKE CAPITAL CORP	4.500	11/24/98	1,999,000.00	1,000.00	2,000,000.00
11/20/98	EXXON ASSET MANAGEMENT	4.500	11/25/98	2,998,125.00	1,875.00	3,000,000.00
11/23/98	COOPERATIVE ASSN OF TRA	4.650	11/24/98	4,999,354.17	645.83	5,000,000.00
11/24/98	CONSOLIDATED COAL CO.	5.350	12/01/98	1,997,919.44	2,080.56	2,000,000.00
11/24/98	DUKE CAPITAL CORP	4.980	12/03/98	1,997,510.00	2,490.00	2,000,000.00
11/25/98	AMSTERDAM FUNDING CORP	5.020	12/02/98	2,997,071.67	2,928.33	3,000,000.00
11/30/98	ENGELHARD CORP	5.500	12/01/98	999,847.22	152.78	1,000,000.00
12/01/98	HALIFAX PLC	4.880	12/04/98	1,999,186.67	813.33	2,000,000.00
12/01/98	EXXON ASSET MANAGEMENT	4.870	12/07/98	2,997,565.00	2,435.00	3,000,000.00
12/02/98	GEN. MTRS. ACCEPT. CORP	4.790	12/08/98	2,997,605.00	2,395.00	3,000,000.00
12/03/98	ENGELHARD CORP	4.700	12/04/98	1,999,738.89	261.11	2,000,000.00
12/03/98	HOLLAND LIMITED SECURT.	4.850	12/10/98	1,998,113.89	1,886.11	2,000,000.00
12/04/98	FORD MOTOR CREDIT CO.	4.630	12/09/98	1,998,713.89	1,286.11	2,000,000.00
12/04/98	FORD MOTOR CREDIT CO.	4.680	12/11/98	2,997,270.00	2,730.00	3,000,000.00
12/07/98	DAIMLER-BENZ N. AMERICA	4.720	12/10/98	2,998,820.00	1,180.00	3,000,000.00
12/08/98	FORD MOTOR CREDIT CO.	4.690	12/11/98	1,999,218.33	781.67	2,000,000.00
12/08/98	HALIFAX PLC	4.730	12/14/98	2,997,635.00	2,365.00	3,000,000.00
12/10/98	GEN. MTRS. ACCEPT. CORP	4.750	12/15/98	2,998,020.83	1,979.17	3,000,000.00
12/10/98	RECEIVABLES CAPIT. CORP	4.790	12/16/98	2,997,605.00	2,395.00	3,000,000.00
12/10/98	WORLD OMNI VEH. LEASING	4.800	12/18/98	2,996,800.00	3,200.00	3,000,000.00
12/11/98	ALLIEDSIGNAL INC.	5.000	12/15/98	2,998,333.33	1,666.67	3,000,000.00
12/11/98	BARTON CAPITAL CORP	4.900	12/16/98	1,998,638.89	1,361.11	2,000,000.00

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12/14/98	HALIFAX PLC	5.160	12/17/98	2,998,710.00	1,290.00	3,000,000.00
12/16/98	ENGELHARD CORP	4.930	12/17/98	2,999,589.17	410.83	3,000,000.00
12/16/98	WORLD OMNI VEH. LEASING	4.920	12/18/98	3,998,906.67	1,093.33	4,000,000.00
12/17/98	TRIPLE A-1 FUNDING	4.890	12/23/98	3,996,740.00	3,260.00	4,000,000.00
12/18/98	AMSTERDAM FUNDING CORP	4.850	12/28/98	1,997,305.55	2,694.45	2,000,000.00
12/18/98	FORD MOTOR CREDIT CO.	4.770	12/23/98	1,998,675.00	1,325.00	2,000,000.00
12/21/98	TRIPLE A-1 FUNDING	4.910	12/28/98	999,045.28	954.72	1,000,000.00
12/23/98	FORD MOTOR CREDIT CO.	4.780	12/31/98	1,997,875.55	2,124.45	2,000,000.00
12/23/98	G.E. CAPITAL CORP	4.820	12/31/98	3,995,715.55	4,284.45	4,000,000.00
12/28/98	WINDMILL FUNDING CORP	5.050	12/29/98	2,999,579.17	420.83	3,000,000.00
12/31/98	COOPERATIVE ASSN OF TRA	5.200	01/07/99	2,996,966.67	3,033.33	3,000,000.00
12/31/98	DUKE CAPITAL CORP	5.300	01/06/99	3,996,466.67	3,533.33	4,000,000.00
12/31/98	LUCENT TECHNOLOGIES	4.950	01/06/99	3,996,700.00	3,300.00	4,000,000.00
12/31/98	MDU RESOURCES GROUP	5.350	01/07/99	3,995,838.89	4,161.11	4,000,000.00
12/31/98	THREE RIVERS FUNDING	5.200	01/07/99	3,995,955.56	4,044.44	4,000,000.00
01/04/99	GTE FUNDING INC.	4.940	01/08/99	2,998,353.34	1,646.66	3,000,000.00
01/06/99	COUNTRYWIDE HOME LOANS	4.930	01/29/99	996,850.28	3,149.72	1,000,000.00
01/06/99	DUKE CAPITAL CORP	4.650	01/11/99	3,997,416.67	2,583.33	4,000,000.00
01/06/99	GEN. MTRS. ACCEPT. CORP	4.700	01/13/99	2,997,258.33	2,741.67	3,000,000.00
01/07/99	JOHN HANCOCK CAPITAL CO	4.700	01/14/99	2,997,258.33	2,741.67	3,000,000.00
01/07/99	HOLLAND LIMITED SECURT.	4.680	01/14/99	2,997,270.00	2,730.00	3,000,000.00
01/08/99	TRIPLE A-1 FUNDING	4.680	01/14/99	1,998,440.00	1,560.00	2,000,000.00
01/11/99	COMMONWEALTH BANK AUST.	5.020	01/14/99	3,998,326.67	1,673.33	4,000,000.00
01/13/99	REPUBLIC INDUSTRIES	5.050	01/19/99	1,998,316.67	1,683.33	2,000,000.00
01/14/99	HOLLAND LIMITED SECURT.	4.910	01/21/99	3,996,181.11	3,818.89	4,000,000.00
01/14/99	LEXINGTON PARKER CAP.	4.950	01/19/99	3,997,250.00	2,750.00	4,000,000.00
01/14/99	TRIDENT CAPITAL FINANCE	4.900	01/20/99	3,996,733.33	3,266.67	4,000,000.00
01/15/99	COUNTRYWIDE HOME LOANS	4.890	01/21/99	1,998,370.00	1,630.00	2,000,000.00
01/15/99	THREE RIVERS FUNDING	4.900	01/21/99	2,997,550.00	2,450.00	3,000,000.00
01/19/99	CONSOLIDATION COAL CO.	4.990	01/25/99	2,997,505.00	2,495.00	3,000,000.00
01/19/99	REPUBLIC INDUSTRIES	4.800	01/22/99	3,998,400.00	1,600.00	4,000,000.00
01/20/99	TRIPLE A-1 FUNDING	4.760	01/26/99	3,996,826.66	3,173.34	4,000,000.00
01/21/99	HOLLAND LIMITED SECURT.	4.780	01/28/99	1,998,141.11	1,858.89	2,000,000.00
01/21/99	MARSH & MCLENNAN	4.700	01/27/99	3,996,866.67	3,133.33	4,000,000.00
01/21/99	COOPERATIVE ASSN OF TRA	4.750	01/28/99	2,997,229.17	2,770.83	3,000,000.00
01/22/99	REPUBLIC INDUSTRIES	4.770	01/28/99	3,996,820.00	3,180.00	4,000,000.00
01/27/99	COOPERATIVE ASSN OF TRA	4.900	02/02/99	3,996,733.33	3,266.67	4,000,000.00
01/27/99	DUKE CAPITAL CORP	4.900	02/02/99	3,996,733.33	3,266.67	4,000,000.00
01/27/99	GTE CORP	4.890	02/01/99	3,997,283.33	2,716.67	4,000,000.00
01/27/99	TRIPLE A-1 FUNDING	4.880	01/29/99	3,998,915.56	1,084.44	4,000,000.00
01/27/99	VULCAN MATERIALS CO.	4.870	02/01/99	3,997,294.44	2,705.56	4,000,000.00
01/28/99	CONCORD MINUTEMAN CAP.	4.870	02/02/99	2,997,970.83	2,029.17	3,000,000.00
02/01/99	FALCON ASSET SECURT.	4.840	02/03/99	1,999,462.22	537.78	2,000,000.00
02/02/99	AMSTERDAM FUNDING CORP	4.830	02/08/99	3,996,780.00	3,220.00	4,000,000.00
02/02/99	BRITISH GAS CAPITAL	4.840	02/05/99	3,998,386.66	1,613.34	4,000,000.00
02/02/99	COUNTRYWIDE HOME LOANS	4.770	02/04/99	3,998,940.00	1,060.00	4,000,000.00
02/02/99	INTREPID FUNDING MASTER	4.860	02/26/99	1,993,520.00	6,480.00	2,000,000.00
02/03/99	EXXON ASSET MANAGEMENT	4.650	02/08/99	3,997,416.67	2,583.33	4,000,000.00
02/04/99	REPUBLIC INDUSTRIES	4.800	02/10/99	3,996,800.00	3,200.00	4,000,000.00
02/05/99	DUKE CAPITAL CORP	4.720	02/09/99	3,997,902.22	2,097.78	4,000,000.00
02/08/99	FORD MOTOR CREDIT CO.	4.800	02/11/99	3,998,400.00	1,600.00	4,000,000.00
02/08/99	MARKET STREET FUNDING	4.850	02/12/99	4,997,305.56	2,694.44	5,000,000.00

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02/09/99	G.E. CAPITAL CORP	4.800	02/11/99	3,998,933.33	1,066.67	4,000,000.00
02/10/99	HOLLAND LIMITED SECURT.	4.840	02/11/99	3,999,462.22	537.78	4,000,000.00
02/10/99	REPUBLIC INDUSTRIES	4.870	02/17/99	3,996,212.22	3,787.78	4,000,000.00
02/11/99	AMSTERDAM FUNDING CORP	4.850	02/19/99	3,995,688.89	4,311.11	4,000,000.00
02/11/99	BLOCK FINANCIAL CORP	4.800	02/19/99	3,995,733.33	4,266.67	4,000,000.00
02/11/99	HOLLAND LIMITED SECURT.	4.880	02/18/99	3,996,204.44	3,795.56	4,000,000.00
02/11/99	PENNSYLVANIA ELECTRIC	4.800	02/18/99	2,997,200.00	2,800.00	3,000,000.00
02/12/99	DISTRIBUTION FUNDING	4.820	02/19/99	2,997,188.33	2,811.67	3,000,000.00
02/16/99	REPUBLIC INDUSTRIES	4.900	02/19/99	1,999,183.34	816.66	2,000,000.00
02/17/99	DUKE ENERGY CORP	4.730	02/22/99	4,996,715.28	3,284.72	5,000,000.00
02/18/99	HOLLAND LIMITED SECURT.	4.830	02/25/99	2,997,182.50	2,817.50	3,000,000.00
02/18/99	REPUBLIC INDUSTRIES	4.800	02/23/99	3,997,333.34	2,666.66	4,000,000.00
02/19/99	ENGELHARD CORP	4.700	02/22/99	3,998,433.33	1,566.67	4,000,000.00
02/19/99	HOLLAND LIMITED SECURT.	4.680	02/22/99	2,998,830.00	1,170.00	3,000,000.00
02/19/99	KITTY HAWK FUNDING	4.740	02/23/99	3,997,893.33	2,106.67	4,000,000.00
02/22/99	DUKE CAPITAL CORP	4.820	02/23/99	2,999,598.34	401.66	3,000,000.00
02/22/99	HOLLAND LIMITED SECURT.	4.830	02/23/99	1,999,731.67	268.33	2,000,000.00
02/23/99	CINCINNATI BELL INC.	4.850	03/01/99	1,998,383.33	1,616.67	2,000,000.00
02/23/99	FALCON ASSET SECURT.	4.860	03/01/99	3,996,760.00	3,240.00	4,000,000.00
02/23/99	LIBERTY STREET FUNDING	4.850	03/02/99	3,996,227.78	3,772.22	4,000,000.00
02/23/99	REPUBLIC INDUSTRIES	4.830	02/26/99	3,998,390.00	1,610.00	4,000,000.00
02/25/99	ENGELHARD CORP	4.870	02/26/99	2,999,594.17	405.83	3,000,000.00
02/26/99	FORD MOTOR CREDIT CO.	4.800	03/02/99	1,998,933.33	1,066.67	2,000,000.00
02/26/99	KITTY HAWK FUNDING	4.860	03/01/99	3,998,380.00	1,620.00	4,000,000.00
03/01/99	BARTON CAPITAL CORP	4.950	03/03/99	3,998,900.00	1,100.00	4,000,000.00
03/01/99	DUKE CAPITAL CORP	5.050	03/02/99	2,999,579.17	420.83	3,000,000.00
03/01/99	ENGELHARD CORP	5.050	03/02/99	2,999,579.17	420.83	3,000,000.00
03/02/99	GILLETTE CO.	4.830	03/03/99	3,999,463.33	536.67	4,000,000.00
03/02/99	EXPORT DEVELOPMENT CORP	4.800	03/03/99	3,999,466.67	533.33	4,000,000.00
03/02/99	ATLANTIS ONE FUNDING	4.860	03/03/99	1,999,730.00	270.00	2,000,000.00
03/03/99	AMERTECH CORP	4.800	03/31/99	1,992,533.33	7,466.67	2,000,000.00
03/03/99	ENGELHARD CORP	4.850	03/04/99	3,999,461.11	538.89	4,000,000.00
03/03/99	DUKE CAPITAL CORP	4.820	03/08/99	3,997,322.22	2,677.78	4,000,000.00
03/03/99	METROPOLITAN EDISON	4.850	03/05/99	3,998,922.22	1,077.78	4,000,000.00
03/04/99	HERTZ CORP	4.730	03/09/99	3,997,372.22	2,627.78	4,000,000.00
03/05/99	FAIRWAY FINANCE CORP	4.720	03/09/99	3,997,902.22	2,097.78	4,000,000.00
03/08/99	HOLLAND LIMITED SECURT.	4.860	03/11/99	1,999,190.00	810.00	2,000,000.00
03/09/99	ENGELHARD CORP	4.820	03/10/99	3,999,464.45	535.55	4,000,000.00
03/09/99	GTE CORP	4.870	03/15/99	1,998,376.67	1,623.33	2,000,000.00
03/09/99	JOHNSON & JOHNSON	4.770	03/15/99	3,996,820.00	3,180.00	4,000,000.00
03/09/99	QUINCY CAPITAL CORP	4.760	03/11/99	3,998,942.22	1,057.78	4,000,000.00
03/10/99	DISTRIBUTION FUNDING	4.880	03/12/99	3,998,915.56	1,084.44	4,000,000.00
03/11/99	EXXON ASSET MANAGEMENT	4.780	03/16/99	1,998,672.22	1,327.78	2,000,000.00
03/11/99	QUINCY CAPITAL CORP	4.840	03/16/99	3,997,311.11	2,688.89	4,000,000.00
03/12/99	EAGLE FUNDING	4.820	03/17/99	2,997,991.66	2,008.34	3,000,000.00
03/15/99	CIBA SPECIALTY CHEMICAL	4.880	03/19/99	2,998,373.33	1,626.67	3,000,000.00
03/15/99	USAA CAPITAL CORP	4.910	03/18/99	4,997,954.17	2,045.83	5,000,000.00
03/16/99	CIBA SPECIALTY CHEMICAL	4.800	03/19/99	1,999,200.00	800.00	2,000,000.00
03/16/99	DISTRIBUTION FUNDING	4.780	03/19/99	3,998,406.66	1,593.34	4,000,000.00
03/17/99	ALLSTATE CORP	4.780	03/23/99	2,997,610.00	2,390.00	3,000,000.00
03/18/99	MERRILL LYNCH & CO,INC.	4.730	03/23/99	4,996,715.28	3,284.72	5,000,000.00
03/19/99	CENTENNIAL ENERGY HOLD.	4.750	03/22/99	3,998,416.67	1,583.33	4,000,000.00

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Date Acquired	Description	Interest Rate	Maturity Date	Cost	Amount of Interest	Maturity Value
03/19/99	HOLLAND LIMITED SECURT.	4.750	03/22/99	4,998,020.84	1,979.16	5,000,000.00
03/22/99	EATON CORPORATION	4.850	03/25/99	4,997,979.16	2,020.84	5,000,000.00
03/22/99	HOLLAND LIMITED SECURT.	4.830	03/25/99	3,998,390.00	1,610.00	4,000,000.00
03/23/99	ENGELHARD CORP	4.800	03/24/99	3,999,466.67	533.33	4,000,000.00
03/23/99	TRIPLE A-1 FUNDING	4.760	03/25/99	3,998,942.22	1,057.78	4,000,000.00
03/24/99	CAISSE DES DEPOTS	4.880	03/25/99	4,999,322.22	677.78	5,000,000.00
03/25/99	ASSET PORTFOLIO FUNDING	4.910	04/01/99	4,995,226.39	4,773.61	5,000,000.00
03/25/99	FRONTIER FUNDING	4.900	04/01/99	3,996,188.89	3,811.11	4,000,000.00
03/25/99	HALIFAX PLC	4.700	03/30/99	3,997,388.90	2,611.10	4,000,000.00
03/25/99	HOLLAND LIMITED SECURT.	4.930	04/01/99	4,995,206.94	4,793.06	5,000,000.00
03/31/99	BANK OF AUSTRIA CP,INC.	4.950	04/05/99	4,996,562.50	3,437.50	5,000,000.00
04/01/99	CAISSE DES DEPOTS	5.180	04/05/99	3,997,697.78	2,302.22	4,000,000.00
04/01/99	COOPERATIVE ASSN OF TRA	4.900	04/30/99	1,992,105.55	7,894.45	2,000,000.00
04/01/99	DUKE CAPITAL CORP	5.170	04/05/99	3,997,702.22	2,297.78	4,000,000.00
04/01/99	MARSH & MCLENNAN	5.020	04/07/99	4,995,816.66	4,183.34	5,000,000.00
04/05/99	EXXON PROJECT INVEST.	4.840	04/08/99	3,998,386.67	1,613.33	4,000,000.00
04/05/99	TRIPLE A-1 FUNDING	4.890	04/08/99	4,997,962.50	2,037.50	5,000,000.00
04/05/99	UNITED PARCEL SERVICE	4.850	04/09/99	3,997,844.44	2,155.56	4,000,000.00
04/06/99	COOPERATIVE ASSN OF TRA	4.800	04/09/99	1,999,200.00	800.00	2,000,000.00
04/07/99	CENTAURI (CC USA)	4.760	04/08/99	4,999,338.89	661.11	5,000,000.00
04/08/99	DORADA FINANCE	4.760	04/09/99	4,999,338.88	661.12	5,000,000.00
04/08/99	EXXON ASSET MANAGEMENT	4.650	04/12/99	2,998,450.00	1,550.00	3,000,000.00
04/08/99	HOLLAND LIMITED SECURT.	4.780	04/09/99	4,999,336.11	663.89	5,000,000.00
04/09/99	ENTERPRISE FUNDING CORP	4.700	04/14/99	3,997,388.89	2,611.11	4,000,000.00
04/09/99	HOLLAND LIMITED SECURT.	4.710	04/12/99	3,998,430.00	1,570.00	4,000,000.00
04/09/99	MERRILL LYNCH & CO,INC.	4.650	04/13/99	3,997,933.34	2,066.66	4,000,000.00
04/09/99	TRIPLE A-1 FINDING	4.710	04/14/99	3,997,383.33	2,616.67	4,000,000.00
04/12/99	DONNELLEY & SONS	4.750	04/15/99	2,998,812.50	1,187.50	3,000,000.00
04/12/99	FALCON ASSET SECURT.	4.750	04/15/99	2,998,812.50	1,187.50	3,000,000.00
04/13/99	HOLLAND LIMITED SECURT.	4.710	04/14/99	1,999,738.33	261.67	2,000,000.00
04/14/99	FORD MOTOR CREDIT CO.	4.730	04/16/99	3,998,948.89	1,051.11	4,000,000.00
04/14/99	GENERAL MOTORS ACCEPT.	4.770	04/16/99	3,998,940.00	1,060.00	4,000,000.00
04/14/99	MERRILL LYNCH & CO,INC.	4.770	04/19/99	1,998,675.00	1,325.00	2,000,000.00
04/15/99	BANK OF AUSTRIA	4.850	04/19/99	3,997,844.45	2,155.55	4,000,000.00
04/15/99	MERRILL LYNCH & CO,INC.	4.800	04/19/99	2,998,400.00	1,600.00	3,000,000.00
04/15/99	MOBIL CREDIT FINANCE	4.780	04/20/99	2,998,008.33	1,991.67	3,000,000.00
04/19/99	FORD MOTOR CREDIT CO.	4.690	04/22/99	4,998,045.83	1,954.17	5,000,000.00
04/19/99	MERRILL LYNCH & CO,INC.	4.650	04/21/99	2,999,225.00	775.00	3,000,000.00
04/20/99	ENTERPRISE FUNDING CORP	4.680	04/23/99	3,998,440.00	1,560.00	4,000,000.00
04/20/99	UNITED TECHNOLOGIES	4.700	04/23/99	1,999,216.67	783.33	2,000,000.00
04/22/99	MERRILL LYNCH & CO,INC.	4.620	04/23/99	999,871.67	128.33	1,000,000.00
04/23/99	FORD MOTOR CREDIT CO.	4.590	04/28/99	1,998,725.00	1,275.00	2,000,000.00
04/23/99	GEN. MTRS. ACCEPT. CORP	4.590	04/29/99	3,996,940.00	3,060.00	4,000,000.00
04/29/99	EXXON PROJECT INVEST.	4.830	05/05/99	1,998,390.00	1,610.00	2,000,000.00
04/29/99	LEXINGTON PARKER CAP.	4.870	05/04/99	4,996,618.06	3,381.94	5,000,000.00
04/29/99	MERRILL LYNCH & CO,INC.	4.850	05/05/99	4,995,958.34	4,041.66	5,000,000.00
04/29/99	NATIONAL AUSTRALIA	4.840	05/04/99	3,997,311.11	2,688.89	4,000,000.00
04/29/99	TRIPLE A-1 FUNDING	4.850	05/04/99	4,996,631.95	3,368.05	5,000,000.00
04/30/99	COOPERATIVE ASSN OF TRA	4.850	05/28/99	996,227.77	3,772.23	1,000,000.00
05/03/99	DUKE CAPITAL CORP	5.050	05/04/99	999,859.72	140.28	1,000,000.00
05/04/99	INTERN'L LEASE FINANCE	4.820	05/06/99	4,998,661.11	1,338.89	5,000,000.00
05/04/99	EXXON PROJECT INVEST.	4.810	05/07/99	4,997,995.84	2,004.16	5,000,000.00

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Date Acquired	Description	Interest Rate	Maturity Date	Cost	Amount of Interest	Maturity Value
05/04/99	FORD MOTOR CREDIT CO.	4.800	05/07/99	4,998,000.00	2,000.00	5,000,000.00
05/04/99	CARGILL GLOBAL FUNDING	4.750	05/10/99	1,998,416.67	1,583.33	2,000,000.00
05/05/99	CARGILL GLOBAL FUNDING	4.750	05/10/99	2,998,020.83	1,979.17	3,000,000.00
05/05/99	GEN. MTRS. ACCEPT. CORP	4.730	05/11/99	3,996,846.67	3,153.33	4,000,000.00
05/06/99	LIBERTY MUTUAL CAPITAL	4.700	05/10/99	999,477.78	522.22	1,000,000.00
05/07/99	CONCORD MINUTEMAN CAP.	4.720	05/12/99	3,997,377.78	2,622.22	4,000,000.00
05/07/99	SOMERSET RAILROAD CORP	4.680	05/10/99	3,998,440.00	1,560.00	4,000,000.00
05/10/99	MERRILL LYNCH & CO,INC.	4.720	05/13/99	3,998,426.67	1,573.33	4,000,000.00
05/10/99	TRIPLE A-1 FUNDING	4.740	05/13/99	1,999,210.00	790.00	2,000,000.00
05/11/99	TRIPLE A-1 FUNDING	4.690	05/14/99	3,998,436.66	1,563.34	4,000,000.00
05/11/99	UNITED PARCEL SERVICE	4.620	05/13/99	1,999,486.66	513.34	2,000,000.00
05/12/99	COUNTRYWIDE HOME LOANS	4.710	05/17/99	1,998,691.67	1,308.33	2,000,000.00
05/12/99	GEN. MTRS. ACCEPT. CORP	4.720	05/17/99	3,997,377.78	2,622.22	4,000,000.00
05/13/99	YORKSHIRE BUILD. SOC.	4.780	05/18/99	2,998,008.33	1,991.67	3,000,000.00
05/14/99	TOYS R US	4.820	05/19/99	3,997,322.22	2,677.78	4,000,000.00
05/17/99	GREYHAWK FUNDING LLC	4.900	05/19/99	1,999,455.56	544.44	2,000,000.00
05/17/99	TRIDENT CAPITAL FINANCE	5.060	05/20/99	3,998,313.33	1,686.67	4,000,000.00
05/17/99	UNITED PARCEL SERVICE	5.050	05/20/99	4,997,895.84	2,104.16	5,000,000.00
05/20/99	EAGLE FUNDING	4.770	05/25/99	3,997,350.00	2,650.00	4,000,000.00
05/20/99	METROPOLITAN EDISON	4.800	05/25/99	2,998,000.00	2,000.00	3,000,000.00
05/21/99	DUKE CAPITAL CORP	4.680	05/25/99	999,480.00	520.00	1,000,000.00
05/25/99	ATLANTIS ONE FUNDING	4.700	05/27/99	999,738.89	261.11	1,000,000.00
05/25/99	EAGLE FUNDING	4.720	05/28/99	3,998,426.66	1,573.34	4,000,000.00
05/25/99	ENTERPRISE FUNDING CORP	4.700	05/28/99	3,998,433.33	1,566.67	4,000,000.00
05/28/99	CONCOLIDATED EDISON CO.	4.920	06/03/99	3,996,720.00	3,280.00	4,000,000.00
05/28/99	EAGLE FUNDING	4.950	06/03/99	3,996,700.00	3,300.00	4,000,000.00
06/02/99	EAGLE FUNDING	4.870	06/30/99	1,992,424.44	7,575.56	2,000,000.00
06/03/99	CIBA SPECIALTY CHEMICAL	4.810	06/08/99	3,997,327.78	2,672.22	4,000,000.00
06/03/99	TRANSAMERICA ASSET	4.820	06/08/99	3,997,322.22	2,677.78	4,000,000.00
06/08/99	EXXON PROJECT INVEST.	4.770	06/23/99	7,984,100.00	15,900.00	8,000,000.00
06/09/99	FORD MOTOR CREDIT CO.	4.700	06/14/99	4,996,736.12	3,263.88	5,000,000.00
06/14/99	LUCENT TECHNOLOGIES	4.870	06/17/99	4,997,970.83	2,029.17	5,000,000.00
06/15/99	TRIPLE A-1 FUNDING	4.890	06/18/99	1,999,185.00	815.00	2,000,000.00
06/17/99	FORD MOTOR CREDIT CO.	4.630	06/21/99	3,997,942.22	2,057.78	4,000,000.00
06/17/99	MERRILL LYNCH & CO,INC.	4.720	06/22/99	2,998,033.33	1,966.67	3,000,000.00
06/18/99	WINDMILL FUNDING CORP	4.720	06/23/99	999,344.44	655.56	1,000,000.00
06/21/99	WORLD OMNI VEH. LEASING	4.770	06/23/99	3,998,940.00	1,060.00	4,000,000.00
06/22/99	CINCINNATI BELL INC.	4.770	06/23/99	3,999,470.00	530.00	4,000,000.00
06/23/99	WORLD OMNI VEH. LEASING	4.800	06/28/99	4,996,666.67	3,333.33	5,000,000.00
06/24/99	HOLLAND LIMITED SECURT.	4.760	06/25/99	1,999,735.55	264.45	2,000,000.00
	TOTALS			920,666,376.20	594,623.80	921,261,000.00

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Company	No. Shares	Dividend Rate	Annual Income	Book Yield	Average Cost	Book Cost
3COM CORPORATION	16,000	0.00	0.00	0.00%	30.02	480,286.40
ABBOTT LABORATORIES	8,000	0.68	5,440.00	1.39%	49.06	392,500.00
AIRBORNE FREIGHT CORP	30,000	0.16	4,800.00	0.53%	30.03	901,002.00
AIRTOUCH COMMUNICATIONS	30,000	0.00	0.00	0.00%	60.68	1,820,481.00
ALASKA AIR GROUP	17,000	0.00	0.00	0.00%	38.06	646,952.00
ALLTEL CORPORATION	21,000	1.22	25,620.00	1.85%	65.82	1,382,264.10
AMERICA ONLINE	37,000	0.00	0.00	0.00%	141.97	5,253,072.10
AMERICAN EXPRESS	55,000	0.92	50,600.00	0.86%	107.24	5,898,127.00
AMGEN	92,000	0.00	0.00	0.00%	71.49	6,576,817.00
APPLIED MATERIALS	85,000	0.00	0.00	0.00%	35.92	3,052,952.00
AT&T CORP	123,000	0.88	108,240.00	1.44%	61.30	7,540,497.50
BANK OF AMERICA CORP	28,000	1.80	50,400.00	2.63%	68.37	1,914,222.80
BANK OF NEW YORK	20,000	0.56	11,200.00	1.45%	38.53	770,650.00
BANK ONE CORPORATION	124,100	1.68	208,488.00	5.70%	29.45	3,655,320.14
BESTFOODS	80,000	0.98	78,400.00	1.76%	55.63	4,450,000.00
BIOGEN INC	71,000	0.00	0.00	0.00%	94.84	6,733,633.40
BRISTOL-MYERS SQUIBB CO.	39,000	0.88	34,320.00	0.80%	110.21	4,298,220.00
CABLEVISION SYSTEMS CORP	150,000	0.00	0.00	0.00%	57.41	8,611,743.00
CMS ENERGY	15,000	1.32	19,800.00	2.72%	48.55	728,250.00
COMCAST CORP.	212,000	0.00	0.00	0.00%	54.03	11,453,995.00
COMPUWARE CORPORATION	94,000	0.00	0.00	0.00%	70.11	6,590,360.20
CONTINENTAL AIRLINES	75,000	0.00	0.00	0.00%	52.54	3,940,424.50
COSTCO COMPANIES, INC.	140,000	0.00	0.00	0.00%	68.12	9,536,146.20
CVS CORP	61,000	0.24	14,640.00	0.55%	43.88	2,676,675.00
DANA CORP	75,000	1.24	93,000.00	2.95%	42.07	3,154,956.05
DAYTON HUDSON	87,000	0.40	34,800.00	0.71%	56.62	4,925,876.50
DUKE ENERGY	12,000	2.20	26,400.00	3.66%	60.05	720,600.00
EMC CORP	20,000	0.00	0.00	0.00%	61.00	1,220,061.00
ERICSSON	15,000	0.00	0.00	0.00%	27.36	410,437.50
EXPRESS SCRIPTS	9,000	0.00	0.00	0.00%	75.74	681,624.51
FIRST UNION CORP	20,000	1.88	37,600.00	3.53%	53.32	1,066,426.00
FOX ENTERTAINMENT GROUP, INC	44,000	0.00	0.00	0.00%	27.11	1,193,056.80
FURNITURE BRANDS INTL	42,000	0.00	0.00	0.00%	26.08	1,095,473.60
GENERAL NUTRITION COMPANIES	156,000	0.00	0.00	0.00%	13.45	2,098,886.60
HOME DEPOT	17,000	0.12	2,040.00	0.19%	63.16	1,073,687.50
IMS HEALTH, INC.	100,500	0.08	8,040.00	0.19%	42.80	4,301,434.00
IBM	5,000	0.48	2,400.00	0.28%	170.38	851,875.00
JABIL CIRCUIT	74,000	0.00	0.00	0.00%	47.62	3,523,858.60
JOHNSON CONTROLS	22,000	1.00	22,000.00	1.57%	63.53	1,397,663.28
LEXMARK INTERNATIONAL GROUP	16,000	0.00	0.00	0.00%	100.52	1,608,300.80
LILLY ELI	3,000	0.92	2,760.00	1.12%	82.13	246,375.00
MBNA CORP	57,500	0.28	16,100.00	0.99%	28.34	1,629,551.50
MERCK & CO.	23,000	1.08	24,840.00	0.84%	129.10	2,969,398.90
MICROSOFT CORPORATION	152,000	0.00	0.00	0.00%	102.38	15,562,367.50
MOBIL CORPORATION	22,000	2.28	50,160.00	2.21%	103.16	2,269,625.60
NEWS CORPORATION	23,000	0.07	1,610.00	0.22%	31.14	716,213.20
NOKIA CORPORATION	41,000	0.37	15,170.00	0.36%	103.53	4,244,709.30
NORTH FORK BANCORPORATION	32,000	0.60	19,200.00	2.81%	21.36	683,376.60

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Company	No. Shares	Dividend Rate	Annual Income	Book Yield	Average Cost	Book Cost
OFFICEMAX INC.	240,000	0.00	0.00	0.00%	11.34	2,722,687.00
PARAMETRIC TECHNOLOGY	40,000	0.00	0.00	0.00%	14.38	575,368.00
PPG INDUSTRIES	16,000	1.52	24,320.00	2.60%	58.40	934,375.00
PROFFITT'S, INC.	25,000	1.52	38,000.00	4.86%	31.31	782,631.50
SAFEWAY INC	98,000	0.00	0.00	0.00%	42.96	4,210,347.20
SAKS INCORPORATED	55,000	0.00	0.00	0.00%	30.48	1,676,421.50
SBC COMMUNICATIONS INC.	72,500	0.98	71,050.00	1.82%	53.93	3,909,953.50
SCHERING-PLOUGH CORP	2,000	0.50	1,000.00	0.95%	52.50	105,000.00
SCHOLASTIC CORPORATION	18,000	0.00	0.00	0.00%	56.75	1,021,500.00
SEALED AIR	22,000	0.00	0.00	0.00%	62.60	1,377,299.00
SOLUTIA INC.	60,000	0.04	2,400.00	0.21%	19.13	1,147,634.00
STARBUCKS CORP.	12,500	0.00	0.00	0.00%	39.92	499,038.75
TEXACO INC	75,000	1.80	135,000.00	2.79%	64.61	4,845,420.50
TEXAS UTILITIES	15,000	2.30	34,500.00	4.89%	47.01	705,208.50
TRAVELERS GROUP INC	40,000	2.30	92,000.00	3.80%	60.55	2,421,980.00
TYCO INTERNATIONAL LTD.	38,000	0.10	3,800.00	0.15%	68.23	2,592,810.00
UNIVISION COMMUNICATIONS	35,000	0.00	0.00	0.00%	36.75	1,286,104.40
WAL-MART STORES	50,000	0.20	10,000.00	0.27%	72.85	3,642,643.80
WARNER-LAMBERT	40,000	0.80	32,000.00	1.05%	76.24	3,049,739.00
WORLDCOM INC.	55,000	0.00	0.00	0.00%	53.08	2,919,176.00
XIRCOM, INC.	120,000	0.00	0.00	0.00%	34.62	4,154,020.50
ZEBRA TECHNOLOGIES	100,000	0.00	0.00	0.00%	28.97	2,896,605.30
TOTAL COMMON STOCK BOUGHT			1,412,138.00	0.69%		204,426,390.13

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OTHER INVESTMENTS ACQUIRED

Name	Coupon	Maturity	Purchase Price	Book Cost
BRIDGE FINANCIAL				
BRIDGE FINANCIAL--15 E. MONROE	12.500	01/05/00	100.00	222,000.00
BRIDGE FINANCIAL--69TH & BELL	12.750	10/07/99	100.00	300,000.00
BRIDGE FINANCIAL--DESERT MIRAGE GC	11.500	09/09/00	100.00	234,000.00
BRIDGE FINANCIAL--GRAND INN	12.500	09/25/00	100.00	300,000.00
BRIDGE FINANCIAL--HAWTHORN SUITES	12.500	05/11/00	100.00	480,000.00
BRIDGE FINANCIAL--MONTEAS HOMES	13.000	05/23/00	100.00	120,000.00
BRIDGE FINANCIAL--SAN TAN RANCH	12.000	07/29/99	100.00	579,000.00
BRIDGE FINANCIAL--SCOTTSDALE LINKS	11.500	03/21/01	100.00	231,000.00
BRIDGE FINANCIAL--SHEA MEDICAL PLAZA	12.000	05/28/99	100.00	420,000.00
TOTAL BRIDGE FINANCIAL ACQUIRED				2,886,000.00
MISCELLANEOUS				
DESERT TROON,LLC		L.L.C.	100.00	2,280,000.00
PIVOTAL X,LLC		L.L.C.	100.00	4,205,250.00
PIVOTAL X,LLC-SPA AT RED CANYON		L.L.C.	100.00	641,250.00
TOTAL MISCELLANEOUS ACQUIRED				7,126,500.00
TOTAL OTHER INVESTMENTS ACQUIRED				10,012,500.00

**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
SALES AND REDEMPTION OF INVESTMENTS
JULY 1, 1998 THROUGH JUNE 30, 1999**

BONDS SOLD

Security	Coupon	Maturity	Par Value	Sale Price	Accrued Interest	Principal	Amortized Cost	Gain or (Loss)	Amount Due
<i>U.S. TREASURY OBLIGATIONS</i>									
U.S. TREASURY NOTE	5.125	12/31/98	1,000,000.00	100.00000	8,913.04	1,000,000.00	1,000,516.00	(516.00)	1,008,913.04
U.S. TREASURY NOTE	5.125	12/31/98	2,000,000.00	100.00000	51,250.00	2,000,000.00	2,001,032.00	(1,032.00)	2,051,250.00
U.S. TREASURY NOTE	6.375	01/15/99	2,000,000.00	100.00000	63,750.00	2,000,000.00	2,007,742.00	(7,742.00)	2,063,750.00
TOTAL U.S. TREASURY OBLIGATIONS			5,000,000.00		123,913.04	5,000,000.00	5,009,290.00	(9,290.00)	5,123,913.04
<i>CORPORATE BONDS</i>									
AMERICAN SAVINGS MORTGAGE CORP	8.450	05/25/08	316,936.17	100.00000	61,629.03	316,936.17	313,175.78	3,760.39	378,565.20
AUTO BOND RECEIVABLES TRUST	6.400	04/15/99	84,470.16	100.00000	9,227.46	84,470.16	84,470.16	0.00	93,697.62
CAJUN ELECTRIC CO-OP UTILITY	9.520	03/15/19	1,000,000.00	104.76000	6,875.00	1,047,600.00	1,000,000.00	47,600.00	1,054,475.00
TOTAL CORPORATE BONDS			1,401,406.33		77,731.49	1,449,006.33	1,397,645.94	51,360.39	1,526,737.82
TOTAL BONDS SOLD			6,401,406.33		201,644.53	6,449,006.33	6,406,935.94	42,070.39	6,650,650.86

**STATE OF ARIZONA
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SALE AND REDEMPTION OF INVESTMENTS
JULY 1, 1998 THROUGH JUNE 30, 1999**

COMMON STOCK SOLD

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Company	Shares Sold	Sale Price	Amount	Commission + SEC Fee	Net Amount	Book Cost	Gain (Loss) on Sale	% Gain on Sale
3COM CORPORATION	94,000	23.30	2,190,432.10	73.03	2,190,359.07	3,726,231.80	-1,535,872.73	-41.22%
ADAPTEC, INC	55,000	13.52	743,465.00	24.79	743,440.21	2,307,500.50	-1,564,060.29	-67.78%
ALLSTATE CORP	70,000	42.22	2,955,380.00	3,598.52	2,951,781.48	1,992,704.74	959,076.74	48.13%
AMERICAN HOME PROD	108,000	54.31	5,865,546.50	5,595.54	5,859,950.96	1,797,958.14	4,061,992.82	225.92%
AMERICAN INT'L GROUP	33,500	97.77	3,275,233.00	1,784.19	3,273,448.81	2,038,819.94	1,234,628.87	60.56%
AMP INC	12,775	44.50	568,487.50	0	568,487.50	508,842.81	59,644.69	11.72%
AUTOLIV, INC.	17,000	32.75	556,750.00	868.56	555,881.44	482,036.04	73,845.40	15.32%
AUTO DATA PROCESS	30,000	42.87	1,285,967.50	1,542.88	1,284,424.62	502,173.00	782,251.62	155.77%
BANC ONE CORP	64,505	45.18	2,914,079.77	3,322.39	2,910,757.38	2,184,458.85	726,298.53	33.25%
BELL ATLANTIC	70,000	42.00	2,940,095.20	3,598.02	2,936,497.18	1,969,326.33	967,170.85	49.11%
BESTFOODS	65,000	52.27	3,397,594.00	3,363.26	3,394,230.74	2,515,249.31	878,981.43	34.95%
BOEING CO.	103,000	36.88	3,798,234.90	5,276.62	3,792,958.28	4,890,552.00	-1,097,593.72	-22.44%
CORN PRODUCTS INT'L	10,000	32.63	326,250.00	510.88	325,739.12	128,717.11	197,022.01	153.07%
DIAMOND OFFSHR DRILL	60,000	22.17	1,330,254.00	3,044.35	1,327,209.65	2,622,387.00	-1,295,177.35	-49.39%
DISNEY CO. (WALT)	132,000	34.38	4,538,378.80	6,751.31	4,531,627.49	2,706,715.00	1,824,912.49	67.42%
ELECTRONIC DATA SYS	53,000	39.90	2,114,503.60	2,720.50	2,111,783.10	1,830,559.26	281,223.84	15.36%
EMERSON ELECTRIC	25,000	61.67	1,541,827.50	1,301.40	1,540,526.10	1,090,177.08	450,349.02	41.31%
ERICSSON	175,000	25.40	4,444,988.00	148.19	4,444,839.81	3,604,578.67	840,261.14	23.31%
FEDERATED DEPT STORES	60,000	43.88	2,632,746.00	3,087.76	2,629,658.24	3,076,971.00	-447,312.76	-14.54%
FIRST CHICAGO NBD CORP	55,000	28.72	1,579,820.14	0	1,579,820.14	1,579,820.14	0	0.00%
GANNETT COMPANY	10,000	67.56	675,579.00	522.52	675,056.48	272,097.50	402,958.98	148.09%
GENERAL MOTORS CO	37,000	72.04	2,665,445.70	1,938.86	2,663,506.84	2,264,910.91	398,595.93	17.60%
GLOBAL MARINE	110,000	8.63	948,923.00	5,531.65	943,391.35	2,689,807.50	-1,746,416.15	-64.93%
HEWLETT PACKARD	70,000	69.35	4,854,162.00	3,661.81	4,850,500.19	3,320,000.00	1,530,500.19	46.10%
ILLINOIS TOOL WORKS	15,000	68.00	1,020,000.00	784	1,019,216.00	372,339.19	646,876.81	173.73%
INTERSTATE BAKERIES	90,000	22.68	2,040,912.50	4,568.05	2,036,344.45	3,058,044.50	-1,021,700.05	-33.41%
JOHNSON & JOHNSON CO	120,000	87.11	10,453,734.65	6,348.49	10,447,386.16	6,948,526.97	3,498,859.19	50.35%
KIMBERLY-CLARK CORP	55,000	45.66	2,511,565.00	2,833.74	2,508,731.26	1,291,101.79	1,217,629.47	94.31%
LILLY ELI	81,000	75.13	6,085,135.80	4,252.85	6,080,882.95	4,161,943.84	1,918,939.11	46.11%
LOEWEN GROUP	78,000	15.43	1,203,562.05	3,940.13	1,199,621.92	2,114,379.80	-914,757.88	-43.26%
MARSH & MCLENNAN COS	105,000	61.09	6,414,355.60	5,463.84	6,408,891.76	2,934,672.22	3,474,219.54	118.39%
MCDONALDS CORP	150,000	51.94	7,790,977.50	7,759.73	7,783,217.77	4,154,556.01	3,628,661.76	87.34%
MERCK & CO.	77,000	98.78	7,605,860.80	4,103.56	7,601,757.24	4,249,695.43	3,352,061.81	78.88%
MOBIL CORPORATION	82,000	84.08	6,894,156.40	4,329.83	6,889,826.57	4,810,292.64	2,079,533.93	43.23%
MORTON INTL CORP	95,000	35.87	3,407,622.00	4,863.61	3,402,758.39	2,334,136.80	1,068,621.59	45.78%

**STATE OF ARIZONA
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COMMON STOCK SOLD

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Company	Shares Sold	Sale Price	Amount	Commission + SEC Fee	Net Amount	Book Cost	Gain (Loss) on Sale	% Gain on Sale
MOTOROLA, INC.	30,000	53.97	1,618,990.50	1,553.97	1,617,436.53	1,650,078.53	-32,642.00	-1.98%
NATIONAL CITY CORP	95,000	69.92	6,641,928.04	4,971.41	6,636,956.63	2,862,510.10	3,774,446.53	131.86%
NORTHROP GRUMMAN	12,000	61.81	741,775.20	624.73	741,150.47	1,364,590.80	-623,440.33	-45.69%
PACIFIC CENTURY FINAN	180,000	19.84	3,571,710.50	9,119.09	3,562,591.41	2,639,771.00	922,820.41	34.96%
PARAMETRIC TECH	130,000	14.75	1,917,402.50	63.93	1,917,338.57	3,408,693.00	-1,491,354.43	-43.75%
PEPSICO	101,000	36.16	3,652,064.35	5,171.76	3,646,892.59	2,296,192.97	1,350,699.62	58.82%
PFIZER INC.	36,000	110.06	3,962,250.00	0	3,962,250.00	1,441,149.66	2,521,100.34	174.94%
PNC BANK CORPORATION	80,000	53.50	4,280,218.00	4,142.69	4,276,075.31	1,880,874.98	2,395,200.33	127.35%
PROCTER & GAMBLE CO.	98,000	89.87	8,807,069.50	4,245.85	8,802,823.65	5,331,598.56	3,471,225.09	65.11%
QUANTUM CORPORATION	70,000	17.09	1,196,372.75	39.9	1,196,332.85	2,007,912.00	-811,579.15	-40.42%
QUORUM HEALTH GROUP	71,600	10.19	729,514.49	24.33	729,490.16	1,787,164.56	-1,057,674.40	-59.18%
RAYTHEON CORP	2,359	56.31	132,841.19	122.38	132,718.81	8,055.39	124,663.42	1547.58%
ROYAL DUTCH PETRO	80,000	49.01	3,920,831.00	4,130.71	3,916,700.29	3,510,000.00	406,700.29	11.59%
SARA LEE CORP.	220,000	27.05	5,950,909.50	11,198.38	5,939,711.12	3,168,059.32	2,771,651.80	87.49%
SCHERING-PLOUGH CORP	64,000	96.45	6,172,820.00	3,405.79	6,169,414.21	1,686,426.66	4,482,987.55	265.83%
SCHLUMBERGER	80,000	49.77	3,981,216.50	4,132.72	3,977,083.78	2,499,333.34	1,477,750.44	59.13%
STERLING SOFTWARE	42,000	19.79	831,245.40	2,127.72	829,117.68	755,663.30	73,454.38	9.72%
UNION PACIFIC CORP	30,000	40.88	1,226,250.00	1,540.88	1,224,709.12	1,103,200.63	121,508.49	11.01%
WALGREEN COMPANY	173,000	40.03	6,925,689.40	6,823.21	6,918,866.19	1,423,980.49	5,494,885.70	385.88%
WARNER-LAMBERT	30,000	72.25	2,167,632.00	1,572.26	2,166,059.74	2,052,375.90	113,683.84	5.54%
TOTAL STOCK SOLD	4,092,739		182,000,756.33	172,526.57	181,828,229.76	129,409,915.01	52,418,314.75	40.51%

STATE OF ARIZONA
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JULY 1, 1998 THROUGH JUNE 30, 1999

OTHER INVESTMENTS SOLD

Name	Coupon	Maturity	Sale Price	Book Cost
<i>BRIDGE FINANCIAL</i>				
BRIDGE FINANCIAL--AMBASSADOR INN OF PHX	13.000	03/09/98	100.00	312,000.00
BRIDGE FINANCIAL--BELL LOAN	13.000	07/22/99	100.00	308,400.00
BRIDGE FINANCIAL--CRYSTAL SPRINGS	12.750	08/17/99	100.00	4,350.00
BRIDGE FINANCIAL--GREENFIELD LAKES GOLF	12.750	10/31/99	100.00	210,000.00
BRIDGE FINANCIAL--HOLIDAY INN III	12.625	07/07/98	100.00	942,000.00
BRIDGE FINANCIAL--MONTEAS HOMES	13.000	05/23/00	100.00	120,000.00
BRIDGE FINANCIAL--PIONEER INDUST. PARK	15.000	05/24/99	100.00	172,429.66
BRIDGE FINANCIAL--SAN TAN RANCH	12.000	07/29/99	100.00	579,000.00
BRIDGE FINANCIAL--TARGET STORE SITE	12.625	04/01/99	100.00	270,000.00
BRIDGE FINANCIAL--UNITED HOMES	12.500	03/26/99	100.00	309,600.00
BRIDGE FINANCIAL--WHITE PEAK LAND	14.000	06/19/99	100.00	456,000.00
TOTAL BRIDGE FINANCIAL SOLD				3,683,779.66
<i>MISCELLANEOUS</i>				
PEBBLECREEK PROPERTIES L.P.	10.000	02/19/02	100.00	25,740.77
PIVOTAL X,LLC			100.00	105,000.00
TOTAL MISCELLANEOUS SOLD				130,740.77
TOTAL OTHER INVESTMENTS				3,814,520.43

**STATE OF ARIZONA
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INVESTMENTS OWNED
JUNE 30, 1999**

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BOND PORTFOLIO

Par Value	Security	Coupon	Maturity	Book Cost	Book Price	Current Price	Current Value	Gain or (Loss)	Annual Income	Book Yield	YTM
U.S. TREASURY OBLIGATIONS											
4,000,000.00	U.S. TREASURY BOND	9.125	05/15/09	4,002,190.00	100.05475	112.75000	4,510,000.00	507,810.00	365,000.00	9.12	8.09
1,000,000.00	U.S. TREASURY BOND	7.500	11/15/16	958,619.00	95.86190	112.70300	1,127,030.00	168,411.00	75,000.00	7.82	6.65
3,000,000.00	U.S. TREASURY BOND	9.125	05/15/18	3,000,000.00	100.00000	131.07800	3,932,340.00	932,340.00	273,750.00	9.13	6.97
2,000,000.00	U.S. TREASURY BOND	8.125	08/15/19	2,001,836.00	100.09180	120.78100	2,415,620.00	413,784.00	162,500.00	8.12	6.73
1,000,000.00	U.S. TREASURY BOND	8.000	11/15/21	1,000,000.00	100.00000	120.57800	1,205,780.00	205,780.00	80,000.00	8.00	6.63
1,000,000.00	U.S. TREASURY NOTE	6.000	10/15/99	1,001,295.00	100.12950	100.29700	1,002,970.00	1,675.00	60,000.00	5.99	5.98
4,000,000.00	U.S. TREASURY NOTE	5.500	04/15/00	4,001,112.00	100.02780	100.17200	4,006,880.00	5,768.00	220,000.00	5.50	5.49
2,000,000.00	U.S. TREASURY NOTE	7.500	11/15/01	2,075,610.00	103.78050	104.17200	2,083,440.00	7,830.00	150,000.00	7.23	7.20
18,000,000.00	TOTAL U.S. TREASURY OBLIGATIONS			18,040,662.00	100.22590		20,284,060.00	2,243,398.00	1,386,250.00	7.7%	6.8%
FEDERAL AGENCY OBLIGATIONS											
50,938.57	GNMA POOL #136472	9.000	04/15/16	48,932.83	0.96000	106.46400	54,231.24	5,298.41	4,584.47	9.37	8.45
66,499.91	GNMA POOL #148586	9.000	04/15/16	63,881.46	0.96000	106.49900	70,821.74	6,940.28	5,984.99	9.37	8.45
62,150.64	GNMA POOL #152344	9.000	04/15/16	57,605.88	0.93000	106.49900	66,189.81	8,583.93	5,593.56	9.71	8.45
760,024.53	GNMA POOL #173878	9.000	08/15/16	751,949.25	0.99000	106.48200	809,289.32	57,340.07	68,402.21	9.10	8.45
446,686.44	GNMA POOL #174481	9.000	07/15/16	432,587.88	0.97000	106.49900	475,716.59	43,128.71	40,201.78	9.29	8.45
742,079.10	GNMA POOL #176431	9.000	08/15/16	718,425.33	0.97000	106.49900	790,306.82	71,881.49	66,787.12	9.30	8.45
537,297.27	GNMA POOL #184656	9.000	12/15/16	520,338.84	0.97000	106.49900	572,216.22	51,877.38	48,356.75	9.29	8.45
423,923.62	GNMA POOL #185289	9.000	09/15/19	412,530.63	0.97000	106.68700	452,271.39	39,740.76	38,153.13	9.25	8.44
54,839.79	GNMA POOL #186088	9.000	08/15/17	53,537.35	0.98000	106.48200	58,394.51	4,857.16	4,935.58	9.22	8.45
187,480.97	GNMA POOL #190095	9.000	12/15/16	177,931.17	0.95000	106.87400	200,368.41	22,437.24	16,873.29	9.48	8.42
256,075.22	GNMA POOL #202505	9.000	10/15/19	250,393.54	0.98000	106.68700	273,198.97	22,805.43	23,046.77	9.20	8.44
471,869.89	GNMA POOL #217956	10.000	11/15/17	466,578.76	0.99000	106.65700	503,282.27	36,703.51	47,186.99	10.11	9.38
33,330.57	GNMA POOL #225662	9.000	01/15/19	30,789.09	0.92000	106.68700	35,559.39	4,770.30	2,999.75	9.74	8.44
218,532.34	GNMA POOL #226529	9.000	06/15/18	201,118.07	0.92000	106.74900	233,281.09	32,163.02	19,667.91	9.78	8.43
52,977.17	GNMA POOL #232237	9.000	01/15/20	51,569.98	0.97000	106.59300	56,469.95	4,899.97	4,767.95	9.25	8.44
64,626.85	GNMA POOL #234937	9.000	03/15/18	59,699.08	0.92000	106.49900	68,826.95	9,127.87	5,816.42	9.74	8.45
419,027.30	GNMA POOL #238600	10.000	11/15/17	416,277.44	0.99000	106.65700	446,921.95	30,644.51	41,902.73	10.07	9.38
51,332.76	GNMA POOL #238840	9.000	05/15/18	47,579.08	0.93000	106.74900	54,797.21	7,218.13	4,619.95	9.71	8.43
88,386.11	GNMA POOL #248951	9.000	05/15/18	83,524.89	0.95000	106.74900	94,351.29	10,826.40	7,954.75	9.52	8.43
120,567.22	GNMA POOL #252056	9.000	06/15/18	117,176.29	0.97000	106.74900	128,704.30	11,528.01	10,851.05	9.26	8.43
434,544.84	GNMA POOL #256195	9.000	08/15/18	411,188.10	0.95000	106.74900	463,872.27	52,684.17	39,109.04	9.51	8.43
158,425.10	GNMA POOL #263385	9.000	11/15/18	151,469.26	0.96000	106.74900	169,117.21	17,647.95	14,258.26	9.41	8.43

**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
INVESTMENTS OWNED
JUNE 30, 1999**

BOND PORTFOLIO

Par Value	Security	Coupon	Maturity	Book Cost	Book Price	Current Price	Current Value	Gain or (Loss)	Annual Income	Book Yield	YTM
48,172.75	GNMA POOL #274245	9.000	04/15/19	44,333.99	0.92000	106.68700	51,394.06	7,060.07	4,335.55	9.78	8.44
41,392.43	GNMA POOL #277836	9.000	09/15/19	38,805.41	0.94000	106.68700	44,160.34	5,354.93	3,725.32	9.60	8.44
190,211.06	GNMA POOL #285597	9.000	03/15/20	181,532.75	0.95000	106.59300	202,751.68	21,218.93	17,119.00	9.43	8.44
317,456.33	GNMA POOL #285803	9.000	03/15/20	303,270.02	0.96000	106.59300	338,386.23	35,116.21	28,571.07	9.42	8.44
54,100.80	GNMA POOL #298952	9.000	04/15/21	54,100.80	1.00000	106.49900	57,616.81	3,516.01	4,869.07	9.00	8.45
75,097.71	GNMA POOL #303324	9.000	04/15/21	75,097.71	1.00000	106.49900	79,978.31	4,880.60	6,758.79	9.00	8.45
85,596.53	GNMA POOL #304625	9.000	03/15/21	85,569.80	1.00000	106.49900	91,159.45	5,589.65	7,703.69	9.00	8.45
265,392.97	GNMA POOL #305187	9.000	06/15/21	265,310.00	1.00000	106.49900	282,640.86	17,330.86	23,885.37	9.00	8.45
1,514,687.26	GNMA POOL #330725	8.000	07/15/22	1,504,747.14	0.99000	103.09300	1,561,536.54	56,789.40	121,174.98	8.05	7.76
3,244,518.61	GNMA POOL #375887	7.000	05/15/24	3,035,652.69	0.94000	98.96900	3,211,067.62	175,414.93	227,116.30	7.48	7.07
1,629,371.12	GNMA POOL #377589	7.500	08/15/25	1,624,788.50	1.00000	100.96800	1,645,143.43	20,354.93	122,202.83	7.52	7.43
1,396,334.21	GNMA POOL #386038	7.000	06/15/24	1,310,590.54	0.94000	98.96900	1,381,938.00	71,347.46	97,743.39	7.46	7.07
1,313,564.12	GNMA POOL #389845	8.000	09/15/24	1,290,166.27	0.98000	102.93700	1,352,143.50	61,977.23	105,085.13	8.15	7.77
2,284,981.46	GNMA POOL #398831	8.000	08/15/26	2,281,411.16	1.00000	102.84300	2,349,943.48	68,532.32	182,798.52	8.01	7.78
1,309,207.85	GNMA POOL #403979	8.500	10/15/24	1,286,910.25	0.98000	104.78100	1,371,801.08	84,890.83	111,282.67	8.65	8.11
1,280,234.70	GNMA POOL #421711	7.500	04/15/26	1,278,634.41	1.00000	100.93700	1,292,230.50	13,596.09	96,017.60	7.51	7.43
1,886,408.68	GNMA POOL #427556	7.500	03/15/26	1,880,808.53	1.00000	100.93700	1,904,084.33	23,275.80	141,480.65	7.52	7.43
3,774,201.63	GNMA POOL #432701	8.000	06/15/26	3,774,201.63	1.00000	102.84300	3,881,502.18	107,300.55	301,936.13	8.00	7.78
768,012.24	GNMA POOL #439645	8.000	09/15/26	767,532.23	1.00000	102.84300	789,846.83	22,314.60	61,440.98	8.01	7.78
8,000,000.00	GNMA POOL #499876	7.000	06/15/29	7,957,500.00	0.99000	100.00000	8,000,000.00	42,500.00	560,000.00	7.04	7.00
5,999,402.76	GNMA POOL #499905	7.000	05/15/29	5,956,282.02	0.99000	100.00000	5,999,402.76	43,120.74	419,958.19	7.05	7.00
999,900.00	GNMA POOL #510958	7.000	05/15/29	992,713.22	0.99000	100.00000	999,900.00	7,186.78	69,993.00	7.05	7.00
5,848,507.18	GNMA POOL #780076	8.000	02/15/25	5,747,528.84	0.98000	102.93700	6,020,277.84	272,749.00	467,880.57	8.14	7.77
3,280,727.70	GNMA POOL #780220	7.500	08/15/25	3,279,702.50	1.00000	101.06200	3,315,569.03	35,866.53	246,054.58	7.50	7.42
51,309,096.31	TOTAL FEDERAL AGENCY OBLIGATIONS			50,542,274.61	98.50549		52,302,663.76	1,760,389.15	3,951,187.83	7.8%	7.6%
CORPORATE BONDS											
2,500,000.00	AGL CAPITAL TRUST	8.170	06/01/37	2,548,062.50	101.92250	107.27700	2,681,925.00	133,862.50	204,250.00	8.02	7.62
564,126.23	AMERICAN SAVINGS MORTGAGE CORP	8.450	05/25/08	558,107.95	98.93317	103.32900	582,905.99	24,798.04	47,668.67	8.54	8.18
1,530,000.00	AMERICAN UNITED LIFE INS CO	7.750	03/30/26	1,488,123.00	97.26294	98.80900	1,511,777.70	23,654.70	118,575.00	7.97	7.84
8,000,000.00	ANTHEM INSURANCE COMPANY INC	9.000	04/01/27	8,600,066.00	107.50083	99.41400	7,953,120.00	(646,946.00)	720,000.00	8.37	9.05
116,514.95	AUTO BOND RECEIVABLES TRUST	6.400	04/15/99	116,514.95	100.00000	100.01200	116,528.93	13.98	7,456.96	6.40	6.40
2,000,000.00	BANKERS TRUST CORP 144A	8.090	12/01/26	2,000,000.00	100.00000	98.88400	1,977,680.00	(22,320.00)	161,800.00	8.09	8.18
1,500,000.00	COUNTRYWIDE CAPITAL I	8.000	12/15/26	1,500,000.00	100.00000	94.33900	1,415,085.00	(84,915.00)	120,000.00	8.00	8.48

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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
1,000,000.00	DISCOVER CREDIT	9.100	04/13/12	1,000,000.00	100.00000	115.55900	1,155,590.00	155,590.00	91,000.00	9.10	7.87
5,250,000.00	FARMERS INSURANCE EXCHANGE	8.625	05/01/24	4,870,832.00	92.77775	108.57700	5,700,292.50	829,460.50	452,812.50	9.30	7.94
2,000,000.00	FIRST EMPIRE CAPITAL TRUST I	8.234	02/01/27	2,168,272.00	108.41360	96.36400	1,927,280.00	(240,992.00)	164,680.00	7.59	8.54
3,000,000.00	FIRST HAWAIIAN CAPITAL TRUST	8.343	07/01/27	3,177,734.00	105.92447	97.34400	2,920,320.00	(257,414.00)	250,290.00	7.88	8.57
1,000,000.00	FORD CAPITAL BV	10.125	11/15/00	1,003,742.00	100.37420	104.95000	1,049,500.00	45,758.00	101,250.00	10.09	9.65
1,000,000.00	FORD MOTOR COMPANY	9.500	09/15/11	999,499.00	99.94990	118.49000	1,184,900.00	185,401.00	95,000.00	9.50	8.02
1,000,000.00	FUND AMERICA ENTERPRISE	7.750	02/01/03	1,005,434.00	100.54340	102.09100	1,020,910.00	15,476.00	77,500.00	7.71	7.59
2,500,000.00	GENERAL AMERICAN LIFE INS	7.625	01/15/24	2,198,616.00	87.94464	96.11900	2,402,975.00	204,359.00	190,625.00	8.67	7.93
1,000,000.00	GOLDMAN SACHS GROUP INC.	8.000	03/01/13	996,470.00	99.64700	106.81300	1,068,130.00	71,660.00	80,000.00	8.03	7.49
3,000,000.00	J HANCOCK MUTUAL LIFE INS CO	7.375	02/15/24	2,811,136.00	93.70453	101.09300	3,032,790.00	221,654.00	221,250.00	7.87	7.30
4,000,000.00	JPM CAPITAL TRUST II	7.950	02/01/27	4,182,402.00	104.56005	99.57100	3,982,840.00	(199,562.00)	318,000.00	7.60	7.98
1,000,000.00	LEHMAN BROS HOLDINGS, INC.	8.750	05/15/02	1,018,577.00	101.85770	104.75600	1,047,560.00	28,983.00	87,500.00	8.59	8.35
1,000,000.00	LEHMAN BROTHERS HOLDINGS INC	8.500	05/01/07	1,045,915.00	104.59150	107.33400	1,073,340.00	27,425.00	85,000.00	8.13	7.92
2,000,000.00	LEHMAN BROTHERS HOLDINGS INC	8.800	03/01/15	2,232,048.70	111.60244	107.20000	2,144,000.00	(88,048.70)	176,000.00	7.89	8.21
6,000,000.00	LUMBERMANS MUTUAL CASUALTY CO	9.150	07/01/26	6,928,506.00	115.47510	108.41800	6,505,080.00	(423,426.00)	549,000.00	7.92	8.44
1,000,000.00	MERRILL LYNCH & COMPANY	8.000	06/01/07	1,000,000.00	100.00000	106.82500	1,068,250.00	68,250.00	80,000.00	8.00	7.49
3,000,000.00	NATIONWIDE MUTUAL INS CO	7.500	02/15/24	2,867,410.00	95.58033	95.31000	2,859,300.00	(8,110.00)	225,000.00	7.85	7.87
2,000,000.00	OHIO NATIONAL LIFE INSURANCE	8.500	05/15/26	1,995,916.00	99.79580	106.80100	2,136,020.00	140,104.00	170,000.00	8.52	7.96
1,000,000.00	PAINE WEBBER GROUP INC.	7.000	03/01/00	999,738.00	99.97380	100.50700	1,005,070.00	5,332.00	70,000.00	7.00	6.96
2,000,000.00	PMI CAPITAL	8.309	02/01/27	2,064,620.00	103.23100	97.10000	1,942,000.00	(122,620.00)	166,180.00	8.05	8.56
1,000,000.00	POTOMAC CAPITAL INV CORP	7.100	03/09/00	1,000,000.00	100.00000	101.12600	1,011,260.00	11,260.00	71,000.00	7.10	7.02
2,000,000.00	PRINCIPAL MUTUAL LIFE INS CO	7.875	03/01/24	1,901,784.00	95.08920	105.10900	2,102,180.00	200,396.00	157,500.00	8.28	7.49
3,000,000.00	PRUDENTIAL INSUR CO OF AMERICA	8.300	07/01/25	2,938,619.00	97.95397	110.58000	3,317,400.00	378,781.00	249,000.00	8.47	7.51
3,500,000.00	SAFECO CAPITAL TRUST	8.072	07/15/37	3,523,376.00	100.66789	94.86100	3,320,135.00	(203,241.00)	282,520.00	8.02	8.51
1,000,000.00	SALOMON INC.	7.125	08/01/99	1,000,629.00	100.06290	100.12400	1,001,240.00	611.00	71,250.00	7.12	7.12
1,000,000.00	SEARS ROEBUCK & CO.	9.375	11/01/11	1,000,000.00	100.00000	114.02200	1,140,220.00	140,220.00	93,750.00	9.38	8.22
2,000,000.00	SECURITY MUTUAL LIFE NEW YORK	9.375	12/15/16	2,238,789.00	111.93945	108.26000	2,165,200.00	(73,589.00)	187,500.00	8.38	8.66
2,000,000.00	SECURITY NATIONAL MORTGAGE LOAN	7.870	08/25/30	2,000,000.00	100.00000	101.23800	2,024,760.00	24,760.00	157,400.00	7.87	7.77
1,000,000.00	SOUTHERN COMPANY CAPITAL TRUST	8.190	02/01/37	1,080,238.00	108.02380	100.71700	1,007,170.00	(73,068.00)	81,900.00	7.58	8.13
2,000,000.00	UNION CENTRAL LIFE	8.200	11/01/26	2,024,640.00	101.23200	101.80600	2,036,120.00	11,480.00	164,000.00	8.10	8.05
2,000,000.00	USF&G CAPITAL II, SERIES B	8.470	01/10/27	2,212,309.00	110.61545	98.80000	1,976,000.00	(236,309.00)	169,400.00	7.66	8.57
3,275,000.00	XEROX CAPITAL TRUST I CAP SEC.	8.000	07/01/27	3,458,332.25	105.59793	101.37200	3,319,933.00	(138,399.25)	262,000.00	7.58	7.89
83,735,641.18	TOTAL CORPORATE BONDS			85,756,458.35	102.41333		85,886,788.12	130,329.77	6,978,058.13	8.1%	8.1%
153,044,737.49	BOND PORTFOLIO TOTALS			154,339,394.96	100.84593		158,473,511.88	4,134,116.92	12,315,495.96	8.0%	7.8%

STATE OF ARIZONA
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JUNE 30, 1999
CORPORATE NOTES

Date Acquired	Description	Interest Rate	Maturity Date	Cost	Amount of Interest	Maturity Value
06/25/99	UBS FINANCIAL(DELAWARE)	5.200	07/02/99	1,997,977.78	2,022.22	2,000,000.00
06/28/99	ATLANTIS ONE FUNDING	5.320	07/06/99	3,995,271.11	4,728.89	4,000,000.00
06/30/99	MONTAUK FUNDING CORP	5.780	07/01/99	999,839.45	160.55	1,000,000.00
TOTALS				6,993,088.34	6,911.66	7,000,000.00

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COMMON STOCK PORTFOLIO

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Shares	Description	Div Rate	Book Cost per Share	Book Cost	Market Price	Market Value	Annual Income	Gain or (Loss) Amount
208,000	ABBOTT LABORATORIES	0.68	29.6401	6,165,149.92	45.3750	9,438,000.00	141,440.00	3,272,850.08
60,000	AIRBORNE FREIGHT CORP	0.16	33.0995	1,985,967.80	27.6875	1,661,250.00	9,600.00	(324,717.80)
17,000	ALASKA AIR GROUP	0.00	38.0560	646,952.00	41.7500	709,750.00	0.00	62,798.00
130,000	ALLSTATE CORPORATION	0.60	28.4672	3,700,737.37	35.8750	4,663,750.00	78,000.00	963,012.63
21,000	ALLTEL CORPORATION	1.22	65.8221	1,382,264.10	71.5000	1,501,500.00	25,620.00	119,235.90
74,000	AMERICA ONLINE	0.00	70.9875	5,253,072.10	110.0000	8,140,000.00	0.00	2,886,927.90
85,000	AMERICAN EXPRESS	0.92	105.6280	8,978,377.00	130.1250	11,060,625.00	78,200.00	2,082,248.00
94,000	AMERICAN INT'L GROUP	0.24	60.8603	5,720,867.89	117.2500	11,021,500.00	22,560.00	5,300,632.11
92,000	AMGEN	0.00	71.4871	6,576,817.00	60.8750	5,600,500.00	0.00	(976,317.00)
115,000	APPLIED MATERIALS	0.00	35.0629	4,032,236.00	73.8750	8,495,625.00	0.00	4,463,389.00
184,500	AT&T CORP	0.88	40.8699	7,540,497.50	55.8125	10,297,406.25	162,360.00	2,756,908.75
170,000	AUTOMATIC DATA PROCESSING	0.31	16.7391	2,845,647.00	44.0000	7,480,000.00	52,700.00	4,634,353.00
28,000	BANK OF AMERICA CORPORATION	1.80	68.3651	1,914,222.80	73.3125	2,052,750.00	50,400.00	138,527.20
20,000	BANK OF NEW YORK	0.56	38.5325	770,650.00	36.6875	733,750.00	11,200.00	(36,900.00)
151,100	BANK ONE CORPORATION	1.68	30.2427	4,569,673.89	59.5625	8,999,893.75	253,848.00	4,430,219.86
95,000	BESTFOODS	0.98	38.6961	3,676,133.58	49.5000	4,702,500.00	93,100.00	1,026,366.42
142,000	BIOGEN INC	0.00	47.4200	6,733,633.40	64.3125	9,132,375.00	0.00	2,398,741.60
138,000	BRISTOL-MYERS SQUIBB CO.	0.88	54.8949	7,575,492.00	70.4375	9,720,375.00	121,440.00	2,144,883.00
165,000	CABLEVISION SYSTEMS CORP	0.00	52.1924	8,611,743.00	70.0000	11,550,000.00	0.00	2,938,257.00
54,000	CHASE MANHATTAN CORP	1.64	35.2807	1,905,155.10	86.5000	4,671,000.00	88,560.00	2,765,844.90
277,500	CISCO SYSTEMS	0.00	17.3611	4,817,693.75	64.4375	17,881,406.25	0.00	13,063,712.50
60,000	CITIGROUP, INC.	0.56	40.3663	2,421,980.00	47.5000	2,850,000.00	33,600.00	428,020.00
15,000	CMS ENERGY	1.32	48.5500	728,250.00	41.8750	628,125.00	19,800.00	(100,125.00)
30,000	COCA-COLA CO	0.64	78.2375	2,347,125.00	62.0000	1,860,000.00	19,200.00	(487,125.00)
352,000	COMCAST CORP.	0.00	32.5398	11,453,995.00	38.4375	13,530,000.00	0.00	2,076,005.00
188,000	COMPUWARE CORPORATION	0.00	35.0551	6,590,360.20	31.8125	5,980,750.00	0.00	(609,610.20)
75,000	CONTINENTAL AIRLINES	0.00	52.5390	3,940,424.50	37.6250	2,821,875.00	0.00	(1,118,549.50)
140,000	COSTCO COMPANIES, INC.	0.00	68.1153	9,536,146.20	80.0625	11,208,750.00	0.00	1,672,603.80
211,000	CVS CORP	0.24	26.0004	5,486,091.35	50.7500	10,708,250.00	50,640.00	5,222,158.65
75,000	DANA CORP	1.24	42.0661	3,154,956.05	46.0625	3,454,687.50	93,000.00	299,731.45
87,000	DAYTON HUDSON	0.40	56.6193	4,925,876.50	65.0000	5,655,000.00	34,800.00	729,123.50
12,000	DUKE ENERGY	2.20	60.0500	720,600.00	54.4375	653,250.00	26,400.00	(67,350.00)
67,000	ELECTRONIC DATA SYSTEMS	0.60	34.5389	2,314,103.20	56.6250	3,793,875.00	40,200.00	1,479,771.80
200,000	EMC CORP	0.00	19.0880	3,817,608.00	55.0000	11,000,000.00	0.00	7,182,392.00
95,000	EMERSON ELECTRIC	1.30	43.6071	4,142,672.92	62.9375	5,979,062.50	123,500.00	1,836,389.58

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COMMON STOCK PORTFOLIO

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Shares	Description	Div Rate	Book Cost per Share	Book Cost	Market Price	Market Value	Annual Income	Gain or (Loss) Amount
110,000	ENRON CORPORATION	1.00	37.6606	4,142,668.00	81.7500	8,992,500.00	110,000.00	4,849,832.00
66,000	EXPRESS SCRIPTS	0.00	30.4367	2,008,824.51	60.1875	3,972,375.00	0.00	1,963,550.49
30,000	FIRST DATA CORP	0.08	33.0336	991,008.00	48.9375	1,468,125.00	2,400.00	477,117.00
40,000	FIRST UNION CORP	1.88	51.5877	2,063,507.17	47.1250	1,885,000.00	75,200.00	(178,507.17)
44,000	FOX ENTERTAINMENT GRP, INC. A	0.00	27.1149	1,193,056.80	26.9375	1,185,250.00	0.00	(7,806.80)
60,000	FPL GROUP	2.08	38.1756	2,290,537.50	54.6250	3,277,500.00	124,800.00	986,962.50
42,000	FURNITURE BRANDS INTERNATIONAL	0.00	26.0827	1,095,473.60	27.8750	1,170,750.00	0.00	75,276.40
256,000	GENERAL NUTRITION COMPANIES	0.00	20.6068	5,275,335.60	23.3125	5,968,000.00	0.00	692,664.40
43,000	GTE CORP	1.88	44.1750	1,899,525.00	75.5000	3,246,500.00	80,840.00	1,346,975.00
209,000	HOME DEPOT	0.12	19.3467	4,043,454.50	64.4375	13,467,437.50	25,080.00	9,423,983.00
75,000	ILLINOIS TOOL WORKS	0.60	24.8226	1,861,695.97	81.7500	6,131,250.00	45,000.00	4,269,554.03
123,000	IMS HEALTH, INC.	0.08	34.9710	4,301,434.00	31.2500	3,843,750.00	9,840.00	(457,684.00)
240,000	INTEL CORPORATION	0.12	42.6856	10,244,548.00	59.5000	14,280,000.00	28,800.00	4,035,452.00
130,000	INTERNATIONAL BUSINESS MACH.	0.48	33.0573	4,297,447.90	129.2500	16,802,500.00	62,400.00	12,505,052.10
85,000	JABIL CIRCUIT	0.00	41.4572	3,523,858.60	45.1250	3,835,625.00	0.00	311,766.40
22,000	JOHNSON CONTROLS	1.00	63.5301	1,397,663.28	69.3125	1,524,875.00	22,000.00	127,211.72
55,000	KIMBERLY-CLARK CORPORATION	1.04	23.4746	1,291,101.78	57.0000	3,135,000.00	57,200.00	1,843,898.22
32,000	LEXMARK INTERNATIONAL GROUP	0.00	50.2594	1,608,300.80	65.5000	2,096,000.00	0.00	487,699.20
23,000	LILLY ELI	0.92	51.3820	1,181,786.52	71.6250	1,647,375.00	21,160.00	465,588.48
22,000	LUCENT TECHNOLOGIES INC.	0.08	11.2835	248,237.31	67.4375	1,483,625.00	1,760.00	1,235,387.69
190,000	MBNA CORP	0.28	12.8953	2,450,107.06	30.6250	5,818,750.00	53,200.00	3,368,642.94
115,000	MCI WORLDCOM INC.	0.00	48.2609	5,550,002.00	86.0625	9,897,187.50	0.00	4,347,185.50
103,000	MERCK & CO.	1.08	43.8113	4,512,563.19	73.6250	7,583,375.00	111,240.00	3,070,811.81
199,000	MICROSOFT CORPORATION	0.00	78.2029	15,562,367.50	90.1875	17,947,312.50	0.00	2,384,945.00
52,000	MOBIL CORPORATION	2.28	77.4902	4,029,488.76	98.7500	5,135,000.00	118,560.00	1,105,511.24
188,000	NEWS CORPORATION	0.07	22.6797	4,263,785.70	35.3125	6,638,750.00	13,160.00	2,374,964.30
59,000	NOKIA CORPORATION	0.37	71.9442	4,244,709.30	91.5625	5,402,187.50	21,830.00	1,157,478.20
90,000	NORTEL NETWORKS CORP	0.30	63.0354	5,673,184.10	86.8125	7,813,125.00	27,000.00	2,139,940.90
32,000	NORTH FORK BANCORPORATION	0.60	21.3555	683,376.60	21.3750	684,000.00	19,200.00	623.40
450,000	OFFICEMAX INC.	0.00	13.7744	6,198,469.00	12.0000	5,400,000.00	0.00	(798,469.00)
60,000	PFIZER INC.	0.88	40.0319	2,401,916.09	109.0000	6,540,000.00	52,800.00	4,138,083.91
50,000	PITNEY BOWES, INC.	1.02	20.3050	1,015,250.00	64.2500	3,212,500.00	51,000.00	2,197,250.00
71,000	PPG INDUSTRIES	1.52	54.4489	3,865,875.00	59.0625	4,193,437.50	107,920.00	327,562.50
220,000	SAFEWAY INC	0.00	33.7077	7,415,701.60	49.5000	10,890,000.00	0.00	3,474,298.40
170,000	SAKS INCORPORATED	0.00	34.6156	5,884,657.00	28.8750	4,908,750.00	0.00	(975,907.00)

**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
INVESTMENTS OWNED AS OF JUNE 30, 1998**

COMMON STOCK PORTFOLIO

Page 3 of 3

Shares	Description	Div Rate	Book Cost per Share	Book Cost	Market Price	Market Value	Annual Income	Gain or (Loss) Amount
72,500	SBC COMMUNICATIONS INC.	0.98	53.9304	3,909,953.50	58.0000	4,205,000.00	71,050.00	295,046.50
184,000	SCHERING-PLOUGH CORP	0.52	13.6027	2,502,887.92	52.5000	9,660,000.00	95,680.00	7,157,112.08
58,000	SCHOLASTIC CORPORATION	0.00	45.1155	2,616,698.00	50.6250	2,936,250.00	0.00	319,552.00
22,000	SEALED AIR	0.00	62.6045	1,377,299.00	64.8750	1,427,250.00	0.00	49,951.00
60,000	SOLUTIA INC.	0.04	19.1272	1,147,634.00	21.3125	1,278,750.00	2,400.00	131,116.00
55,000	STARBUCKS CORP.	0.00	18.3765	1,010,709.15	37.5625	2,065,937.50	0.00	1,055,228.35
90,000	STERLING SOFTWARE	0.00	17.9920	1,619,278.50	26.4375	2,379,375.00	0.00	760,096.50
75,000	TEXACO INC	1.80	64.6056	4,845,420.50	62.3750	4,678,125.00	135,000.00	(167,295.50)
15,000	TEXAS UTILITIES	2.30	47.0139	705,208.50	41.4375	621,562.50	34,500.00	(83,646.00)
103,479	TYCO INTERNATIONAL LTD.	0.10	58.6310	6,067,081.19	94.7500	9,804,635.25	10,347.90	3,737,554.06
35,000	UNIVISION COMMUNICATIONS	0.00	36.7458	1,286,104.40	65.0000	2,275,000.00	0.00	988,895.60
75,000	VODAFONE AIRTOUCH PLC	1.04	103.1295	7,734,711.00	197.0000	14,775,000.00	78,000.00	7,040,289.00
217,000	WALGREEN COMPANY	0.13	5.4144	1,174,919.27	29.3750	6,374,375.00	28,210.00	5,199,455.73
73,000	WAL-MART STORES	0.20	49.8992	3,642,643.80	48.2500	3,522,250.00	14,600.00	(120,393.80)
70,000	WARNER-LAMBERT	0.80	68.4125	4,788,877.10	69.1250	4,838,750.00	56,000.00	49,872.90
120,000	XIRCOM, INC.	0.00	34.6168	4,154,020.50	30.0625	3,607,500.00	0.00	(546,520.50)
100,000	ZEBRA TECHNOLOGIES	0.00	28.9661	2,896,605.30	38.4375	3,843,750.00	0.00	947,144.70
	TOTALS			337,174,141.49		509,408,904.00	3,398,345.90	172,234,762.51

**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
INVESTMENTS OWNED
JUNE 30, 1999**

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	01/05/00	222,000.00	222,000.00	0.00	27,750.00	12.5%
BRIDGE FINANCIAL--69TH & BELL	12.750	10/07/99	300,000.00	300,000.00	0.00	38,250.00	12.8%
BRIDGE FINANCIAL--BEAVERCREEK G.C.	13.000	08/04/99	126,000.00	126,000.00	0.00	16,380.00	13.0%
BRIDGE FINANCIAL--CRYSTAL SPRINGS	12.750	08/17/99	196,050.00	196,050.00	0.00	24,996.38	12.8%
BRIDGE FINANCIAL--DESERT MIRAGE GC	11.500	09/09/00	234,000.00	234,000.00	0.00	26,910.00	11.5%
BRIDGE FINANCIAL--GRAND INN	12.500	09/25/00	300,000.00	300,000.00	0.00	37,500.00	12.5%
BRIDGE FINANCIAL--HAWTHORN SUITES	12.500	05/08/00	480,000.00	480,000.00	0.00	60,000.00	12.5%
BRIDGE FINANCIAL--HILTON HOTEL LAND	13.000	10/20/99	164,400.00	164,400.00	0.00	21,372.00	13.0%
BRIDGE FINANCIAL--LAKE PLEASANT	14.000	10/26/99	1,500,000.00	1,500,000.00	0.00	210,000.00	14.0%
BRIDGE FINANCIAL--PECOS & COOPER	12.875	10/05/99	192,000.00	192,000.00	0.00	24,720.00	12.9%
BRIDGE FINANCIAL--PIONEER INDUST. PARK	15.000	05/24/99	223,570.34	223,570.34	0.00	33,535.55	15.0%
BRIDGE FINANCIAL--SCOTTSDALE LINKS	11.500	03/21/01	231,000.00	231,000.00	0.00	26,565.00	11.5%
BRIDGE FINANCIAL--SHEA MEDICAL PLAZA	12.000	12/01/99	600,000.00	600,000.00	0.00	72,000.00	12.0%
BRIDGE FINANCIAL--STETSON HILLS	14.000	10/16/99	320,400.00	320,400.00	0.00	44,856.00	14.0%
BRIDGE FINANCIAL--SUN VALLEY II	13.125	09/17/99	342,600.00	342,600.00	0.00	44,966.25	13.1%
TOTAL BRIDGE FINANCIAL LOANS			5,432,020.34	5,432,020.34	0.00	709,801.18	13.1%
MISCELLANEOUS							
PEBBLECREEK PROPERTIES L.P.	10.000	02/19/02	663,059.10	663,059.10	0.00	66,305.91	10.0%
TOTAL MISCELLANEOUS			663,059.10	663,059.10	0.00	66,305.91	10.0%
TOTAL BEFORE L.L.C.			6,095,079.44	6,095,079.44	0.00	776,107.09	12.7%
L.L.C.							
DESERT TROON,LLC			2,280,000.00	2,280,000.00	0.00	0.00	0.0%
PIVOTAL X,LLC			5,791,500.00	5,791,500.00	0.00	0.00	0.0%
TOTAL L.L.C.			8,071,500.00	8,071,500.00	0.00	0.00	0.0%
TOTAL OTHER INVESTMENTS			14,166,579.44	14,166,579.44	0.00	776,107.09	5.5%

ACTUARIAL SECTION

CORRECTIONS OFFICER RETIREMENT PLAN
THIRTEENTH COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 1999

Actuarial Certification Statement

Actuarial Balance Sheet – All Employees

Summary of Valuation Methods and Assumptions

Solvency Test

Summary of Active Member Data

Summary of Inactive Member Data

Schedule of Retirants and Beneficiaries

Schedule of Experience Gain / (Loss)



September 29, 1999

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

Attention: Jack Cross, Administrator

We hereby certify that the June 30, 1999 annual actuarial valuation of the Arizona Corrections Officer Retirement Plan, determining the June 30, 1999 actuarial assets and liabilities, and the relationship between actuarial and statutory contribution rates were made in accordance with generally recognized actuarial methods.

Actuarial assets are computed on a smoothed market basis which spreads differences between actual and assumed investment return over a four year period. The data, submitted by the Administrator, was checked for completeness and year to year consistency but was not otherwise audited. The data was used by the actuary to generate all of the schedules in the actuarial section of the CAFR and the Schedule of Funding Progress in the Financial Section.

It is our opinion that the actuarial information contained in the valuation report is complete and accurate, being based on risk experience assumptions which are in the aggregate related to the experience of the Plan and are our best estimate of an anticipated future experience. The actuarial assumptions were adopted by the Fund Manager based on the recommendation of the Plan's actuary. A complete experience analysis is performed every 5 years, most recently for the 5 year period ending June 30, 1998. The assumptions and methods conform to the parameters established in Governmental Accounting Standards Board Statement 25. Actuarial gains (losses) are amortized as level percents of payroll over 20 years.

The results of the valuations indicate that the contribution rates are funding the obligations of the Plan as incurred on a level percent of payroll basis. Actuarial accrued liabilities are fully covered by accrued assets as of June 30, 1999.

Respectfully submitted,

Sandra W. Rodwan/sig

Sandra W. Rodwan
Member, American Academy of Actuaries

SWR:ct
Enclosure

**Corrections Officer Retirement Plan
Actuarial Balance Sheet June 30, 1999**

Actuarial Assets

Accrued assets		
Member accumulated contributions	\$106,390,221	
Employer and benefit payment reserves	455,926,660	
Funding value adjustments	<u>72,289,335</u>	
Total accrued assets*		\$634,606,216
Prospective assets (computed value)		
Member contributions	188,078,907	
Employer normal costs	103,491,477	
Employer unfunded actuarial accrued liability	<u>(148,475,805)</u>	
Total prospective assets		<u>143,094,579</u>
Total Actuarial Assets		<u>\$777,700,795</u>

* Includes \$ 42,454,412 reserve for payment of ad hoc pension increases. The net funding value of assets is \$592,151,804.

Actuarial Present Values (Liability)

Pensions in payment status		
Service pensions	\$67,777,400	
Disability pensions	6,749,030	
Survivor pensions	14,988,283	
Health insurance	<u>5,600,865</u>	
Total benefit values		\$95,115,578
Prospective pension payments for future retirements		579,683,187
Prospective health insurance payments for future retirements		22,057,616
Prospective refunds of members contributions		38,390,002
Reserve for ad hoc pension increases		<u>42,454,412</u>
Total Actuarial Present Values (Liability)		<u>\$777,700,795</u>

Summary of Plan Provisions

See Note 1 in the Notes to the Financial Statements.

Summary of Valuation Methods

Normal cost contributions were computed as follows:

1. Service pensions (including potential survivors pensions). 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).
2. Disability and pre-retirement survivor pensions. Same as service pensions.
3. Post-retirement health insurance subsidy. Same as service pensions. No increase was assumed in the flat dollar amounts of subsidy.

Actuarial accrued liability was computed and financed as follows:

1. Retirants and beneficiaries. The discounted value of pensions likely to be paid retired members and their potential survivors 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 (net of expenses) 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.

This assumption, adopted by the Fund Manager, as recommended by the Plan's actuary, is used to discount the value of future payments, and was first used for the June 30, 1987 annual valuation.

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. This assumption, adopted by the Fund Manager, as recommended by the Plan's actuary, was first used for the June 30, 1987 annual valuation.

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

No increase was assumed in the flat dollar amounts of post-retirement health insurance subsidies.

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	Deaths per 1,000		Single Life Retirement Values			
			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	5,879	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 is used to measure the probabilities of members dying before retirement and the probabilities of each pension payment being made after retirement.

This table, adopted by the Fund Manager, as recommended by the Plan's actuary, 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
45	25%
46	25
47	25
48	25
49	25
50	25
51	25
52	25
53	25
54	25
55	25
56	25
57	25
58	25
59	25
60	30
61	30
62	40
63	40
64	40
65	100

Active members are eligible to retire at any age with 25 years of service, at age 62 with 10 years of service or when the sum of age and service equals at least 80.

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

Summary of Valuation Assumptions (continued)

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

These rates were first used for the June 30, 1995 valuations. Rates do not apply to members eligible to retire and do not include separation on account of death. This assumption, adopted by the Fund Manager, as recommended by the Plan's actuary, measures the probabilities of members remaining in employment.

Sample Ages	Years of Service	Percent of Active Members	
		Separating Within the Year	Becoming Disabled Within the Year
ALL	0	30.00%	(all years of service)
	1	25.0	
	2	20.0	
	3	15.0	
	4	12.0	
25	5 & Over	7.0	0.08%
30		7.0	0.10
35		7.0	0.12
40		6.0	0.25
45		6.0	0.33
50		5.5	0.40
55		5.0	0.47
60		5.0	.50

**STATE OF ARIZONA
CORRECTIONS OFFICER 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)
	6-30-87	\$ 21,780	\$ 982		\$ 46,170	\$ 47,550	100%
6-30-88	\$ 29,173	\$ 3,062	\$ 44,649	\$ 69,842	100%	100%	84.2%
6-30-89	\$ 33,509	\$ 5,473	\$ 60,131	\$ 88,756	100%	100%	82.8%
6-30-90	\$ 38,021	\$ 7,177	\$ 77,380	\$108,973	100%	100%	82.4%
6-30-91	\$ 45,827	\$ 11,457	\$ 89,016	\$138,901	100%	100%	91.7%
6-30-92	\$ 51,610	\$ 16,527	\$ 95,503	\$168,553	100%	100%	100.0%
6-30-93	\$ 57,143	\$ 21,924	\$105,232	\$198,692	100%	100%	100.0%
6-30-94	\$ 62,219	\$ 26,556	\$133,072	\$223,847	100%	100%	100.0%
6-30-95	\$ 67,694	\$ 34,141	\$152,354	\$265,006	100%	100%	100.0%
6-30-96	\$ 74,927	\$ 41,777	\$173,814	\$319,255	100%	100%	100.0%
6-30-97	\$ 82,948	\$ 52,028	\$220,614	\$393,904	100%	100%	100.0%
6-30-98	\$ 93,758	\$ 66,343	\$250,430	\$484,956	100%	100%	100.0%
6-30-99	\$ 106,390	\$ 95,116	\$242,170	\$592,152	100%	100%	100.0%

See notes on page 22.

**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
SUMMARY OF ACTIVE MEMBER DATA**

ACTIVE MEMBERSHIP

As of June 30, 1999, there were 10,901 active members in the Plan, broken down by attained age and years of service as follows:

SUMMARY OF ACTIVE MEMBERS

Attained Age	Years of Service to Valuation Date							T O T A L S	
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 Plus	No.	Valuation Payroll
Under 20	16							16	\$363,311
20 - 24	1,012							1,012	23,565,256
25 - 29	1,982	181	3					2,166	53,603,599
30 - 34	1,204	405	99					1,708	44,683,304
35 - 39	875	350	285	45				1,555	43,549,798
40 - 44	671	273	257	121	31	1		1,354	40,094,155
45 - 49	509	227	201	116	65	7		1,125	35,377,049
50 - 54	406	202	199	112	59	10	3	991	31,915,141
55 - 59	231	120	153	78	37	7		626	20,753,172
60 - 64	68	62	89	59	14	1	1	294	9,663,607
65 - 69	18	9	8	7	1			43	1,580,035
70 & Over	3	2	3		2		1	11	329,519
Totals	6,995	1,831	1,297	538	209	26	5	10,901	\$305,477,946

Listed below is a Comparative Schedule of the changes in active members since 6-30-87

COMPARATIVE SCHEDULE

Fiscal Year Ended	Participating Units	Active Members	Total Payroll (+000)	A V E R A G E			
				Age(yrs)	Service(yrs)	Pay	Percentage Increase in Average Pay
6-30-87	11	4,936	\$ 102,910	38.0	3.5	\$20,849	- %
6-30-88	11	5,702	117,234	37.6	3.4	20,560	(1.4)
6-30-89	11	6,246	134,520	37.4	4.0	21,537	4.8
6-30-90	11	6,478	136,693	37.8	4.4	21,101	(2.0)
6-30-91	11	6,867	153,351	38.0	4.6	22,332	5.8
6-30-92	11	7,091	156,257	38.1	5.0	22,036	(1.3)
6-30-93	12	7,550	166,831	38.2	5.2	22,097	0.3
6-30-94	12	7,828	177,717	38.3	5.3	22,703	2.7
6-30-95	12	8,365	198,603	38.2	5.3	23,742	4.6
6-30-96	12	8,945	224,686	38.0	5.2	25,119	5.8
6-30-97	12	9,728	249,203	38.1	5.3	25,617	2.0
6-30-98	12	9,571	261,700	38.2	5.5	27,343	6.7
6-30-99	12	10,901	\$ 305,478	37.8	5.2	\$28,023	2.5%

**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
SUMMARY OF INACTIVE MEMBER DATA**

INACTIVE MEMBERS

As of June 30, 1999, there were 606 inactive members in the Plan who had not withdrawn their accumulated contributions. It is assumed that these inactive members are waiting to meet the age requirements for service retirement. They are broken down by attained age and years of service as follows:

SUMMARY OF INACTIVE MEMBERS

Attained Age	Years of Service to Valuation Date						Totals
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 29	30 Plus	
Under 20							
20 - 24	54						54
25 - 29	96	1					97
30 - 34	76	6	5				87
35 - 39	40	9	6				55
40 - 44	48	13	9	3			73
45 - 49	49	11	11	3			74
50 - 54	39	10	11	4	2		66
55 - 59	18	7	25	6	1		57
60 & Over	21	5	13	4			43
Totals	441	62	80	20	3		606

**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
SCHEDULE OF RETIRANTS AND BENEFICIARIES**

Valuation Date	Number Removed From roles	Number added to roles	Total	Annual Pensions	Percent Increase	Average Pension
6-30-92	2	70	226	\$1,631,420	41.5%	\$7,219
6-30-93	5	74	295	\$2,203,198	35.0%	\$7,468
6-30-94	4	65	356	\$2,710,269	23.0%	\$7,613
6-30-95	8	87	435	\$3,456,705	27.5%	\$7,946
6-30-96	12	81	504	\$4,274,602	23.7%	\$8,481
6-30-97	12	106	598	\$5,305,705	24.1%	\$8,872
6-30-98	15	125	708	\$6,884,614	29.8%	\$9,724
6-30-99	21	138	825	\$9,642,797	40.1%	\$11,688

**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
SCHEDULE OF EXPERIENCE GAIN/(LOSS)
YEAR ENDED JUNE 30,1999**

DERIVATION

(1) UAAL* at start of year	\$(74,425,164)
(2) Normal cost for year	37,004,425
(3) Funding Method Contribution	32,346,159
(4) Interest accrued on (1), (2) and (3)	(6,493,158)
(5) Expected UAAL before changes [(1)+(2)-(3)+(4)]	(76,260,057)
(6) Effect of assumption changes	(37,087,266)
(7) Effect of cost method changes	0
(8) Effect of benefit changes – COLA	2,369,795
– Others	20,779,941
(9) Expected UAAL after changes	(90,197,587)
(10) Actual UAAL	(148,475,805)
(11) Gain/(Loss) (9)-(10)	\$58,278,218
(12) As % of AAL** at beginning of year	14.2%

* *Unfunded actuarial accrued liability*

** *Actuarial accrued liability*

Aggregate experience of the Plan was significantly more favorable than expected based on assumptions concerning long-term expected experience. Investment income was the primary source of favorable experience. The decrease in the employer contribution rates and the increase in the funded ratio reflect the experience gain.

STATISTICAL SECTION

CORRECTIONS OFFICER RETIREMENT PLAN
THIRTEENTH COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 1999

Schedule of Revenues by Source and Expenses by Type

Schedule of Benefit Expenses by Type

Summary of Retired Member and Survivor Data

Summary of Benefit Increases

Participating Employers

Summary of Growth of the System

Earnings Distribution – Fiscal Year Ended June 30, 1999

**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
SCHEDULE OF REVENUES BY SOURCE AND EXPENSES BY TYPE**

REVENUES

Fiscal Year	Member** Contributions	Employer		Investment Income***	Total
		Contributions*	% of Annual Covered Payroll		
1990	\$8,275,274 34%	\$8,250,984 34%	6.00%	\$7,969,987 32%	\$24,496,245 100%
1991	\$10,114,753 33%	\$9,764,220 31%	6.35%	\$11,171,749 36%	\$31,050,722 100%
1992	\$10,230,782 30%	\$9,492,656 27%	6.16%	\$15,081,978 43%	\$34,805,416 100%
1993	\$10,864,248 30%	\$10,099,143 27%	6.22%	\$15,833,256 43%	\$36,796,647 100%
1994	\$11,466,654 34%	\$10,032,668 29%	5.83%	\$12,564,499 37%	\$34,063,821 100%
1995	\$12,759,059 27%	\$10,565,831 23%	5.54%	\$23,730,177 50%	\$47,055,067 100%
1996	\$14,456,281 20%	\$14,371,254 19%	6.66%	\$44,278,955 61%	\$73,106,490 100%
1997	\$16,052,492 14%	\$16,704,445 15%	6.93%	\$80,887,005 71%	\$113,643,942 100%
1998	\$21,647,490 16%	\$17,063,015 12%	6.63%	\$99,043,141 72%	\$137,753,646 100%
1999	\$24,808,816 17%	\$17,109,704 12%	5.98%	\$102,213,967 71%	\$144,132,487 100%

EXPENSES

Fiscal Year	Benefits	Admin & Invest Expenses	Refunds	Total
1990	\$696,749 17%	\$216,133 5%	\$3,275,538 78%	\$4,188,420 100%
1991	\$1,139,878 26%	\$223,242 5%	\$3,008,355 69%	\$4,371,475 100%
1992	\$1,693,034 32%	\$243,730 5%	\$3,287,556 63%	\$5,224,320 100%
1993	\$2,292,052 35%	\$252,855 4%	\$4,008,570 61%	\$6,553,477 100%
1994	\$2,834,598 35%	\$245,568 3%	\$5,024,767 62%	\$8,104,933 100%
1995	\$3,390,108 36%	\$285,989 3%	\$5,779,554 61%	\$9,455,651 100%
1996	\$4,312,487 41%	\$324,397 3%	\$5,979,772 56%	\$10,616,656 100%
1997	\$5,280,996 42%	\$338,165 3%	\$6,918,704 55%	\$12,537,865 100%
1998	\$6,883,596 44%	\$369,377 2%	\$8,416,350 54%	\$15,669,323 100%
1999	\$8,917,450 49%	\$392,683 2%	\$9,043,573 49%	\$18,353,706 100%

NOTE: * Contributions were made in accordance with actuarially determined contribution requirements.

** The member contribution rate is 6.65% of covered payroll, 8.5% after 7/21/98.

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

**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
SCHEDULE OF BENEFIT EXPENSES BY TYPE**

<u>Fiscal Year</u>	<u>Normal Benefits</u>	<u>Disability Benefits</u>	<u>Survivor Benefits</u>	<u>Insurance Benefits</u>	<u>Totals</u>
1988	\$ 158,461 69%	\$4,382 2%	\$65,620 29%	-	\$228,463 100%
1989	\$314,249 68%	\$19,611 4%	\$132,143 28%	-	\$466,003 100%
1990	\$455,345 65%	\$31,387 5%	\$210,017 30%	-	\$696,749 100%
1991	\$685,114 60%	\$44,941 4%	\$347,457 31%	\$62,366 5%	\$1,139,878 100%
1992	\$1,031,785 61%	\$55,783 3%	\$479,846 28%	\$125,620 8%	\$1,693,034 100%
1993	\$1,390,554 61%	\$77,305 3%	\$661,349 29%	\$162,844 7%	\$2,292,052 100%
1994	\$1,727,201 61%	\$165,818 6%	\$745,568 26%	\$196,011 7%	\$2,834,598 100%
1995	\$2,182,356 64%	\$220,204 7%	\$747,598 22%	\$239,950 7%	\$3,390,108 100%
1996	\$2,831,205 66%	\$273,769 6%	\$915,429 21%	\$292,084 7%	\$4,312,487 100%
1997	\$3,561,512 67%	353,098 7%	1,014,073 19%	352,313 7%	5,280,996 100%
1998	\$4,713,170 68%	\$481,804 7%	\$1,223,055 18%	\$465,567 7%	\$6,883,596 100%
1999	\$5,957,350 67%	\$614,275 7%	1,801,580 20%	\$544,245 6%	\$8,917,450 100%

**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
SUMMARY OF RETIRED MEMBER AND SURVIVOR DATA**

The following statement presents an analysis of the benefit changes that have taken place during the past ten years. The number of retired members and the amount of annual pensions have increased at compounded annual rates of 18.3% and 28.9%, respectively over the last five years.

COMPARATIVE SCHEDULE

<u>Year Ended</u>	<u>Retired</u>				<u>Annual Pensions</u>	<u>Average Pension</u>	<u>Ratio of Active to Retired</u>
	<u>Normal</u>	<u>Disability</u>	<u>Survivors</u>	<u>Totals</u>			
6-30-87	10		5	15	\$ 103,522	\$ 6,901	329:1
6-30-88	34		14	48	325,835	6,788	119:1
6-30-89	61		24	85	571,541	6,724	73:1
6-30-90	78	4	33	115	765,738	6,659	56:1
6-30-91	111	5	42	158	1,152,673	7,295	43:1
6-30-92	163	5	58	226	1,631,420	7,219	31:1
6-30-93	214	9	72	295	2,203,198	7,468	25:1
6-30-94	255	17	84	356	2,710,269	7,613	22:1
6-30-95	312	23	100	435	3,456,750	7,946	19:1
6-30-96	365	24	115	504	4,274,602	8,481	18:1
6-30-97	430	32	136	598	5,305,705	8,872	16:1
6-30-98	516	42	150	708	6,884,614	9,724	13:1
6-30-99	599	49	177	825	\$9,642,797	\$11,688	13:1

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

SUMMARIES OF RETIRED MEMBERS AND SURVIVORS - JUNE 30, 1999

<u>Pensions Being Paid</u>		<u>Number</u>	<u>Annual Pensions</u>	<u>Average Pensions</u>
Retired Members	- Service Pensions	599	\$7,383,740	\$12,326
	- Disability Pensions	49	653,964	13,340
	TOTALS	648	\$8,037,704	\$12,404
Survivors of Members	- Spouses	166	\$1,540,632	\$9,281
	- Children with Guardians	11	64,461	5,860
	TOTALS	177	\$1,605,093	\$9,068
TOTAL PENSIONS BEING PAID		825	\$9,642,797	\$11,688

	<u>Average Age (yrs)</u>	<u>Average Service (yrs)</u>	<u>Average Age At Retirement (yrs)</u>
Service retired members:	65.7	14.8	61.3
Disability retired members:	50.5	8.7	47.0
Spouse beneficiaries:	53.8	8.6	47.9

**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
SUMMARY OF BENEFIT INCREASES**

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

BENEFIT INCREASE SCHEDULE

Fiscal Year Ended	Excess Yield per Statute ¹	Excess Earnings Assets ²	Excess Earnings	Monthly Benefit Increase Fundable	Maximum per Statutory 4% Cap	Lesser of Two - Increase Awarded
6-30-91	.50%	\$ 11,456,784	<u>\$ 57,284</u>			
	Amount available:	7-1-92 increase	\$ 57,284	None	\$ 24.64	None
		Investment earnings on balance	5,322			
	Amount utilized:	7-1-92 increase	0			
6-30-92	.29%	\$16,527,313	<u>\$ 47,929</u>			
	Amount available:	7-1-93 increase	\$ 110,535	\$ 5.00	\$ 24.06	\$ 5.00
		Investment earnings on balance	9,992			
	Amount utilized:	7-1-93 increase	(93,840)			
6-30-93	.04%	\$ 21,923,868	<u>\$ 8,770</u>			
	Amount available:	7-1-94 increase	\$ 35,457	None	\$ 24.89	None
		Investment earnings on balance	2,177			
	Amount utilized:	7-1-94 increase	0			
6-30-94	.00%	\$ 26,556,396	<u>0</u>			
	Amount available:	7-1-95 increase	\$ 37,634	None	\$ 25.38	None
		Investment earnings on balance	3,880			
	Amount utilized:	7-1-95 increase	0			
6-30-95	1.31%	\$34,140,660	<u>\$ 447,241</u>			
	Amount available:	7-1-96 increase	\$ 488,755	\$ 10.00	\$ 26.49	\$ 10.00
		Investment earnings on balance	53,519			
	Amount utilized:	7-1-96 increase	(397,082)			
6-30-96	1.95%	\$38,930,508	<u>\$ 759,145</u>			
	Amount available:	7-1-97 increase	\$ 904,337	\$ 15.00	\$ 28.27	\$ 15.00
		Investment earnings on balance	100,562			
	Amount utilized:	7-1-97 increase	(674,496)			
6-30-97	2.12%	\$48,380,789	<u>\$1,025,673</u>			
	Amount available:	7-1-98 increase	\$1,356,076	\$25.00	\$29.57	\$25.00
		Investment earnings on balance	296,303			
	Amount utilized:	7-1-98 increase	(1,391,471)			
		Amount Transferred by HB 2496	7,310,486			
6-30-98	12.85%	\$61,782,309	<u>7,939,027</u>			
	Amount available:	7-1-99 increase	\$15,510,421	\$125.00	\$32.41	\$32.41
		Investment earnings on balance	2,729,834			
	Amount utilized:	7-1-99 increase	(2,369,795)			
6-30-99	8.60%	\$309,115,721	<u>26,583,952</u>			
	Amount available:	7-1-00 increase	\$42,454,412	\$550.00	\$38.96	\$38.96

1. Net effective yield less actuarial yield per statute of 9%. Beginning 6/30/98, total return less actuarial yield per statute of 9%.
2. Amount equal to retired reserves until 6-30-98 when the assets to be used was changed to one-half of the average net total assets as published in the annual report.

**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
PARTICIPATING EMPLOYERS**

APACHE COUNTY
COCHISE COUNTY
COCONINO COUNTY
DEPT OF CORRECTIONS
DEPT OF JUVENILE CORRECTIONS
MARICOPA COUNTY
MOHAVE COUNTY
NAVAJO COUNTY
PIMA COUNTY
SANTA CRUZ COUNTY
YAVAPAI COUNTY
YUMA COUNTY

**STATE OF ARIZONA
CORRECTIONS OFFICER RETIREMENT PLAN
SUMMARY OF GROWTH OF THE SYSTEM**

Listed below is a table setting forth the growth of the Plan in some of the major areas since it was started July 1, 1986.

<u>Fiscal Year</u>	<u>Total Assets at Book</u>	<u>Realized Investment Earnings</u>	<u>Assumed Actuarial Yield</u>	<u>Net Effective Yield⁵</u>	<u>Average Employer Cost</u>
Assets Transferred	\$ 35,898,096				
6-30-87	47,550,266	\$ 2,591,092	9.00%	12.57%	6.00%
6-30-88	69,842,267	4,829,032	9.00	8.69	6.00
6-30-89	88,759,811	6,981,352	9.00	9.27	6.00
6-30-89	88,759,811	6,981,352	9.00	9.27	6.00
6-30-90	109,000,881	7,969,987	9.00	8.44	6.00 ¹
6-30-91	138,958,392	11,171,749	9.00	9.50	6.35 ²
6-30-92	168,663,770	15,081,978	9.00	10.35	6.16 ^{2,3}
6-30-93	198,727,336	15,833,256	9.00	9.04	6.22
6-30-94	223,939,998	12,564,499	9.00	6.14	5.83
6-30-95	261,475,094	23,730,177	9.00	10.31	5.54
6-30-96	309,150,409	29,543,144	9.00	10.95	6.66 ²
6-30-97	365,414,374	35,445,750	9.00	11.12	6.93 ⁴
6-30-98	426,352,295	38,356,983	9.00	10.21	6.63
6-30-99	\$ 519,862,471	\$70,754,167	9.00%	16.23%	5.98% ²

1. Before changes in benefit provisions
2. After changes in benefit provisions
3. Pursuant to 1990 legislation, the employer contribution rates are determined individually in the annual actuarial valuation rather than fixed by statute as a single rate.
4. After changes in benefit provisions and assumptions
5. A detailed Schedule of Revenues by Source and Expenses by Type can be found in the Statistical Section.

**STATE OF ARIZONA
CORRECTIONS OFFICERS RETIREMENT PLAN
EARNINGS DISTRIBUTION - FISCAL YEAR ENDED JUNE 30, 1999**

<u>Sys No.</u>	<u>System</u>	<u>Employer Reserve 6/30/98</u>	<u>Employer Reserve 6/30/99</u>	<u>Member Reserve 6/30/98</u>	<u>Member Reserve 6/30/99</u>	<u>Combined Reserves</u>	<u>Mean Balance</u>	<u>Factor</u>	<u>Investment Earnings</u>
500	Dept. of Corrections	204,516,333.02	243,725,323.31	65,594,433.70	74,375,300.60	588,211,390.63	294,105,695.32	70.9159%	49,897,474.05
501	D.Y.T.R.	16,606,151.45	21,042,918.94	6,797,392.23	8,069,072.16	52,515,534.78	26,257,767.39	6.3314%	4,454,848.34
505	Maricopa County	40,606,261.05	48,719,165.43	13,473,174.24	15,060,711.11	117,859,311.83	58,929,655.92	14.2093%	9,997,905.60
510	Yuma County	2,920,627.64	3,723,484.22	985,586.63	1,198,322.58	8,828,021.07	4,414,010.54	1.0643%	748,873.55
515	Pima County	14,512,307.01	17,288,980.59	4,902,382.99	5,299,375.24	42,003,045.83	21,001,522.92	5.0640%	3,563,082.80
520	Apache County	258,824.30	339,680.26	106,605.34	135,534.35	840,644.25	420,322.13	0.1013%	71,311.14
525	Cochise County	1,622,719.91	1,893,634.19	416,597.30	494,118.81	4,427,070.21	2,213,535.11	0.5337%	375,544.62
530	Coconino County	435,155.89	622,662.88	181,430.62	263,698.74	1,502,948.13	751,474.07	0.1812%	127,493.82
535	Mohave County	1,594,957.04	1,894,453.22	373,866.75	389,158.49	4,252,435.50	2,126,217.75	0.5127%	360,730.50
540	Santa Cruz County	491,006.52	589,793.41	153,985.05	164,797.58	1,399,582.56	699,791.28	0.1687%	118,725.40
545	Navajo County	476,008.40	694,573.69	140,933.74	151,579.74	1,463,095.57	731,547.79	0.1764%	124,113.16
550	Yavapai County	2,149,518.70	2,576,094.66	632,078.24	788,551.85	6,146,243.45	3,073,121.73	0.7410%	521,380.64
TOTAL		286,189,870.93	343,110,764.80	93,758,466.83	106,390,221.25	829,449,323.81	414,724,661.91	100.00%	70,361,483.62

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