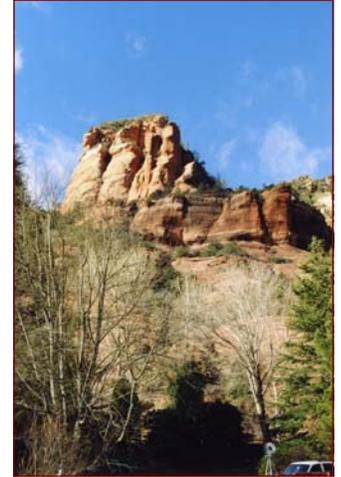
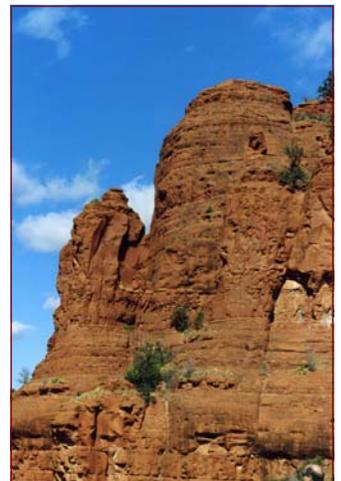


ELECTED OFFICIALS' RETIREMENT PLAN



SUMMARY ANNUAL FINANCIAL REPORT A PENSION TRUST FUND OF THE STATE OF ARIZONA



FOR THE FISCAL YEAR ENDED JUNE 30, 2009



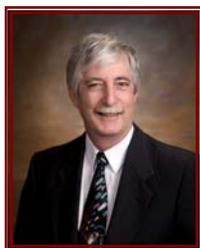
Carter Olson
Chairman

FUND MANAGER HIGHLIGHTS (BOARD AS OF JUNE 30, 2009)

- Carter Olson, Esq., a board member since 2003, was first elected to the position of Chairman at the September 20, 2005, meeting of the Fund Manager and reelected to the position in September, 2006. Carter is the former Pinal County Attorney and is currently a Superior Court Judge in Pinal County.
- Mike Galloway, who was appointed as a member of the Fund Manager in July of 2007, founded Galloway Asset Management, LLC to serve the financial needs of Police Officers and Firefighters. Prior to becoming a financial planner, he served in the United States Marine Corp and is a retired lieutenant from the Mesa AZ Police Department.
- Tim Dunne, a financial advisor with UBS Financial Services in Tucson, was appointed as a member of the Fund Manager in December of 2007. He earned a BS degree in Psychology and taught the emotionally disturbed for over two years in New York. He established a private counseling agency and later changed to the financial services industry upon achieving a securities license.
- Lori Roediger, a graduate of the University of Arizona with a BS in Business Administration was appointed as a member of the Fund Manager in February of 2008. She moved to San Francisco to pursue a career in finance. She became the Senior Investment Officer for the Federal Home Loan Bank and was later hired by JP Morgan where she was the first salesperson to be made a partner in the history of the firm.
- Brian Tobin, who was appointed as a member of the Fund Manager in November of 2008, was hired as a Phoenix Firefighter in 1983. He was elected to the United Phoenix Fire Fighters Association as a trustee in 1987. He has been elected to the Phoenix Fire Fighters Pension Board three times. He became Fire Captain in 1994, Battalion Chief in 2004, and Deputy Chief in 2007.



Mike Galloway
Vice Chairman



Tim Dunne
Member

FISCAL YEAR HIGHLIGHTS

- The Elected Officials' Retirement Plan (EORP) had a total rate of return of (17.75)% this year. Our equity portfolio had a return of (21.82)%, which outperformed the equity benchmark by 540 basis points. Our fixed income portfolio had a return of (1.82)%, which underperformed the fixed income benchmark by 702 basis points.
- As of the close of the fiscal year 2009, the Future Benefit Increase Reserve was \$3.6 million. Absent a major infusion of new assets, the Reserve balance would only be sufficient to finance a partial post-retirement adjustment as of July 1, 2010, if any.
- Retirement benefits paid totaled \$34.2 million for the current year, compared to \$31.6 for the previous year. This represents a 8.1% increase from the prior year.
- The System retained CORTEX Applied Research to conduct a complete review of the PSPRS Governance Policies; the Fund Manager approved the CORTEX recommended modifications. The System's normal practice is to have its Governance Policies reviewed in their entirety every three years.
- The System's staff, with the assistance of a consultant acting in the role of facilitator, undertook and completed before fiscal year-end a project designed to document all of the policies and procedures in use within the organization. There were well over 300 policies and procedures documented; these will now be subject to systematic audit by the System's new internal auditor and compliance officer in order to identify any deficiencies or weaknesses in our controls environment.
- The System conducted an RFP process to secure a new Investment Consultant and Retained Actuary to serve as advisors to the Fund Manager. New England Pension Consultants (NEPC) was retained for the Investment Consultant role; Gabriel, Roeder, Smith & Co. (GRS) was retained as the new actuary.



Lori Roediger
Member



Brian Tobin
Member

MESSAGE FROM THE ADMINISTRATOR

Dear Members,

I am pleased to present the EORP Summary Annual Financial Report for the fiscal year ended June 30, 2009. This report provides financial information about the Plan's financial status, investment performance, and highlights significant changes that occurred during the year. The information in this report is derived from the Comprehensive Annual Financial Report (CAFR). To view the full CAFR, please refer to the last page of this report.



Jim Hacking
Administrator

ACTUARIAL AND FUNDING INFORMATION

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

The EORP is funded through a statutory participant contribution rate of 7.0% of gross payroll, an employer contribution that is expressed as a level percent of gross payroll and is reset annually, depending on the results of the Plan's actuarial valuation, judicial filing fees and the realized and unrealized returns on the invested assets of the Plan.

The current unsubsidized contribution rate that is paid by participating cities and towns on behalf of their EORP participants is 26.25%. That unsubsidized rate is projected to increase to 29.79% as of July 1, 2010.

The judicial filing fees that the EORP annually receives subsidize the contribution rate that the state and the counties pay with respect to their EORP participants. The current subsidized rate is 14.25% of payroll. That rate is expected to increase to 17.42% next July 1st.

While there is no single all-encompassing test to measure a retirement system's funding progress and current status, the most commonly used measure is the ratio of the actuarial value of assets to actuarial accrued liability, often referred to as the "percent funded." The percent funded for the EORP had been declining for six consecutive fiscal years through FY'07. At that point in time, the Plan's funding ratio was 74.6%. At June 30, 2008, the ratio improved slightly to 76.6%. Now as of June 30, 2009, the EORP funding ratio is down to 71.3%. If the EORP funding ratio were calculated using FY'09 year-end market value of assets, rather than the actuarial value of assets, its funding ratio would only be 50.0%. This means that the effects of the FY'09 -17.75% return will remain with us for the next several years and will adversely affect the Plan's financial status going forward. Hopefully, the System will experience better-than-expected rates of return in future years that will more than offset the negative FY'09 return.

POST RETIREMENT BENEFIT INCREASES

State law provides for an annual benefit increase for EORP retirees (or their survivors) two years after retirement, regardless of age, or when the retiree (or survivor) attains age 55 and has been retired for a year. These increases are limited to a maximum of four percent. A benefit increase schedule can be found in the Statistical Section of this CAFR. These post retirement increases are funded from a portion of the investment returns in excess of 9% that are accumulated in the EORP's Reserve for Future Benefit Increases. These Reserve assets are invested along with all other assets of the Plan. The Reserve balance, after subtracting the \$11.3 million needed to fund the present value of the July 1, 2009 post retirement increase, was only \$3.64 million. Absent a large infusion of new assets into the EORP Reserve, the Reserve's balance would only be sufficient to finance a partial post-retirement adjustment as of July 1, 2010.

ENACTED LEGISLATION

During FY'09 the State Legislature approved, and the Governor signed, an administrative bill that amends the statutes that govern EORP in order to bring the Plan's provisions into compliance with the requirements of the Internal Revenue Code and Regulations and with other relevant federal laws such as the Uniformed Services Employment and Reemployment Rights Act (USERRA) and the Heroes Earnings Assistance and Relief Tax Act (the "HEART Act").

SUMMARY

I would like to take this opportunity to express my gratitude to the members of the Fund Manager, the staff, the Plan's advisors, and all others who have worked so diligently to assure the continued successful operation of the Plan. I look forward to the challenge of moving the Plan forward with a program of constructive and comprehensive change that will maintain high quality customer service and restore the EORP to a path of improving financial status.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jim Hacking".

James M. Hacking
Administrator

SUMMARY COMPARATIVE STATEMENTS OF PLAN NET ASSETS

ASSET CATEGORY	YEAR ENDED JUNE 30, 2009	YEAR ENDED JUNE 30, 2008	AMOUNT OF CHANGE	PERCENT CHANGE
Cash and Equivalents	\$ 4,535,563	\$ 5,973,514	\$ (1,437,951)	(24.07%)
Total Receivables	1,807,867	8,727,518	(6,919,651)	(79.29%)
Total Investments	252,903,599	320,660,224	(67,756,625)	(21.13%)
Securities Lending Collateral	39,597,501	61,810,213	(22,212,712)	(35.94%)
Net Capital Assets	263,114	277,681	(14,567)	(5.25%)
Total Plan Assets	299,107,645	397,449,150	(98,341,505)	(24.74%)
Accrued Accounts Payable	630,433	481,965	148,468	30.80%
Investment Purchases Payable	546,607	3,091,720	(2,545,113)	(82.32%)
Securities Lending Collateral	39,597,501	61,810,213	(22,212,712)	(35.94%)
Total Plan Liabilities	40,774,540	65,383,898	(24,609,358)	(37.64%)
Net Assets	\$ 258,333,105	\$ 332,065,253	\$ (73,732,148)	(22.20%)

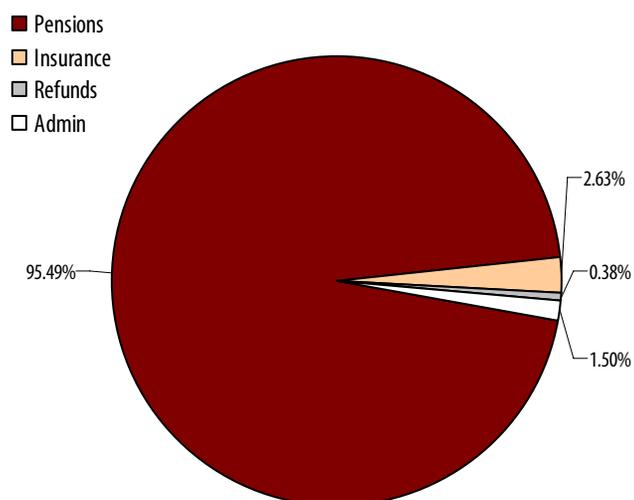
Net Assets are the resources available to pay pension benefits in the future. Net assets decreased \$73,732,148 in fiscal year 2009 due to negative market conditions.

SUMMARY COMPARATIVE STATEMENTS OF CHANGES IN PLAN NET ASSETS

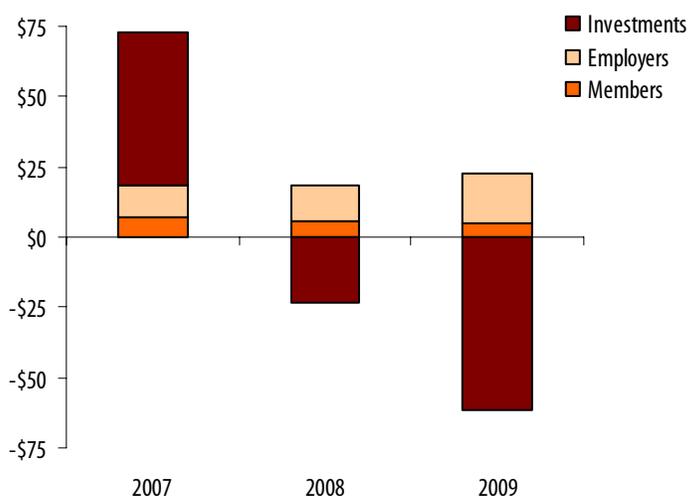
ASSET CATEGORY	YEAR ENDED JUNE 30, 2009	YEAR ENDED JUNE 30, 2008	AMOUNT OF CHANGE	PERCENT CHANGE
Total Contributions	\$ 22,343,167	\$ 16,832,401	\$ 5,510,766	32.74%
Net Investment Income	(61,526,963)	(23,150,918)	(38,376,045)	(165.76%)
Miscellaneous Income	283,226	573,261	(290,035)	(50.59%)
Total Additions	(38,900,569)	(5,745,256)	(33,155,313)	(577.09%)
Benefits	34,178,410	31,607,055	2,571,355	8.14%
Refunds to Terminated Members	131,663	67,792	63,871	94.22%
Administrative Expenses	521,507	355,290	166,217	46.78%
Total Deductions	34,831,579	32,030,137	2,801,442	8.75%
Net Increase (Decrease)	(73,732,148)	(37,775,392)	(35,956,756)	(95.19%)
Beginning of Year Net Assets	332,065,253	369,840,645	(37,775,392)	(10.21%)
End of Year Net Assets	\$ 258,333,105	\$ 332,065,253	\$ (73,732,148)	(22.20%)

Changes in Net Assets summarize the income and expense components of the plan. Net Investment Income decreased 165.76% in fiscal year 2009 due to negative market conditions.

EXPENSES BY TYPE



REVENUES BY SOURCE (in millions)



INVESTMENT PERFORMANCE

NOTES FROM THE CHIEF INVESTMENT OFFICER



Ryan Parham
Chief Investment Officer

2008-2009 THE "MELTDOWN" OF THE GLOBAL FINANCIAL SYSTEM

After the previous "dot com" valuation bubble, the EORP board, staff and consultants began the process of expanding the EORP core investment strategy. That process, which includes moving away from our historical overreliance upon U.S. equities, helped EORP to more reliably weather the tremendous volatility of the 2008-2009 fiscal year. EORP achieved returns which were better than many public funds of similar size, better than most endowments during the year and which exceeded our benchmark by several hundred basis points. Asset allocation changes toward greater diversity helped reduce the volatility we otherwise would have experienced during this global economic shock and recession.

ALTERNATIVE INVESTMENTS

As of year end EORP had deployed capital into almost 50 Alternative investments including exposures in:

US Private Equity	US Venture Capital
US Real Estate	International Real Estate
European Private Equity	Real Assets (Including Timber)
Dislocated Debt	Core Capital Assets
US Infrastructure	European Infrastructure

EXPANDING CAPABILITIES

In addition to expanding and enhancing our due diligence capabilities the System has continued to utilize and expand the services of three specialist external consulting groups: ORG Real Property, Albourne America LLC, and StepStone Group LL. These are in addition to NEPC, the Fund Manager's generalist consultant.

GOALS AND OBJECTIVES

In the coming year the Investment Staff expects to:

- Review our Asset Allocation, utilizing current capital market assumptions reflecting continuing changes in the global economic landscape;
- Continue deployment in Alternatives, including capitalizing on opportunities in the secondary markets;
- Add "alpha" (excess return) seeking strategies to current index-like exposures in public securities, that are attractive on a risk adjusted basis;
- Continue to deploy portions of the remaining, in-house managed, portfolios to external managers so as to capture attractive investment strategies which are difficult or impossible to replicate internally.

INVESTMENT RETURNS

	1 YEAR	3 YEAR	5 YEAR
Total Fund	(17.75)%	(3.83)%	1.01%
Rank*	58	76	88
Benchmark**	(21.13)%	5.05%	(1.18)%
Rank*	83	96	100
Median Public Fund	(16.6)%	(2.3)%	2.4%
PEER COMPARISON			
ASRS***	(18.1)%	(3.8)%	1.2%
COPERS****	(20.43)%	(4.20)%	0.85%

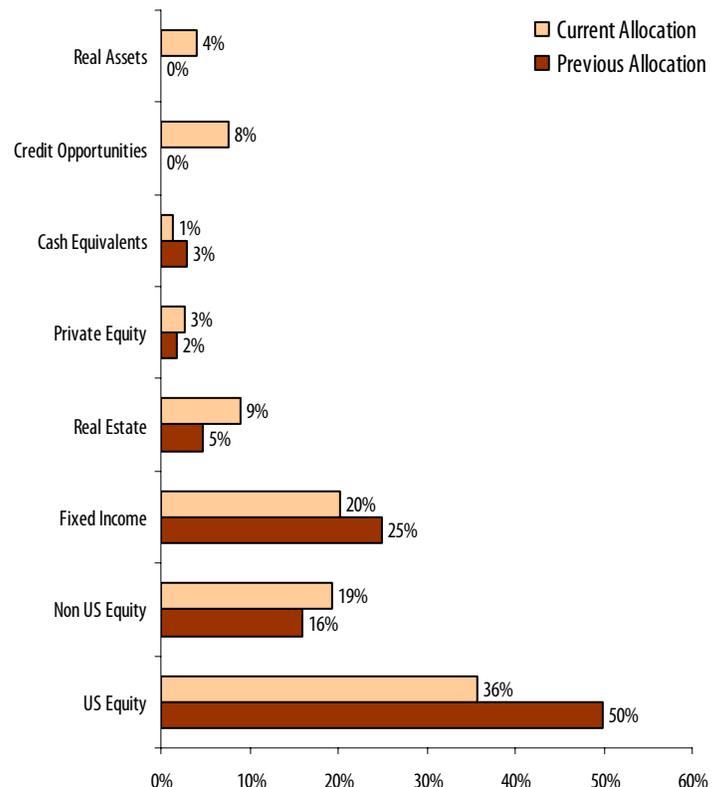
* Rank and Median Fund returns are obtained from a universe of public funds provided by Mellon Analytical Services (Rank 1 = Best, Rank 100 = Worst)

** Benchmark 07/01/08-03/31/09: 46% Wilshire 500, 21% MSCI World Ex-US, 20% Lehman Gov/Credit, 6% NCREIF NPI, 6% Wilshire 5000+300bps, and 1% 91-Day Treasury Bill. Benchmark 04/01/09-06/30/09: 30% Russell 3000, 20% MSCI World Ex-US, 20% BC Capital Aggregate, 8% NCREIF NPI, 8% Russell 3000+100bps, 8% ML US High Yield BB-B Rated Constrained, 5% CPI+200bps, and 1% 91-Day Treasury Bill.

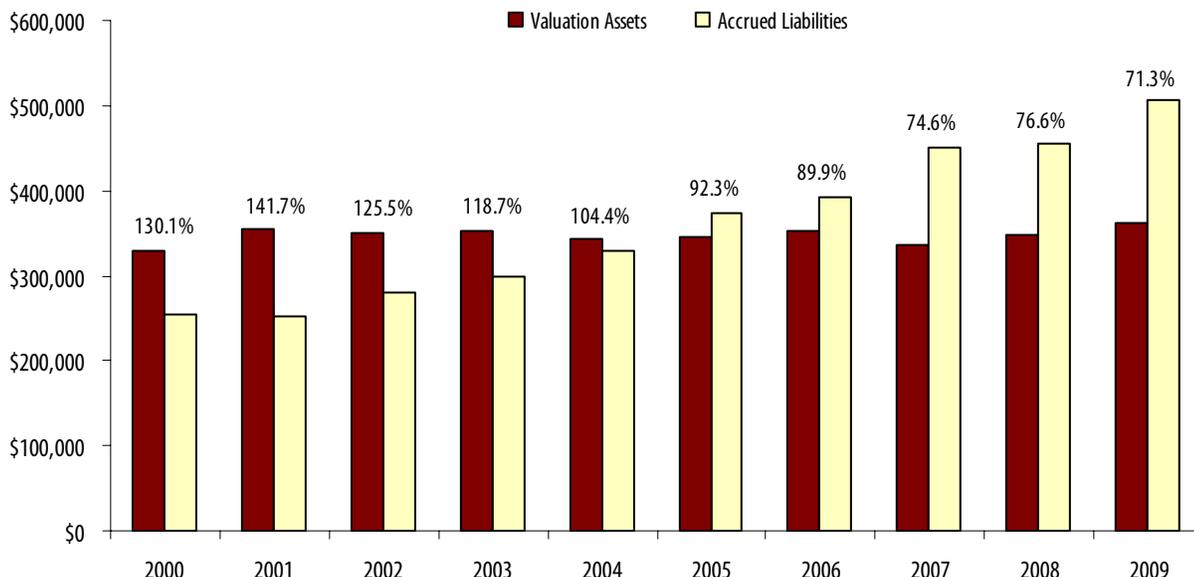
*** Arizona State Retirement System

**** City Of Phoenix Employees Retirement System

ASSET ALLOCATION



**FUNDING PROGRESS
(IN THOUSANDS)**



SUMMARY OF EXPERIENCE GAIN (LOSS)

CATEGORY	2009	2008	2007	2006	2005
UAAL Start of Year	106,327,161	114,582,583	39,702,483	16,153,749	(14,454,659)
Normal Cost	16,496,846	11,317,429	13,546,764	12,834,061	15,525,435
Funding Method Contributions	(21,965,744)	(17,744,324)	(16,955,955)	(15,291,146)	(12,284,333)
Interest Accrual	8,805,381	9,466,397	3,229,820	1,268,642	(1,122,984)
Expected UAAL Before Changes	109,663,644	117,622,085	39,648,224	14,965,306	(12,336,541)
Change From Amendments	None	None	None	None	None
Change From Assumption Revision	7,605,457	None	27,734,802	12,582,745	10,205,338
Expected UAAL After Changes	117,269,101	117,622,085	67,383,026	27,548,051	(2,131,203)
Actual UAAL	145,240,148	106,327,161	114,582,583	39,702,483	16,153,749
Gain (Loss)	(27,971,047)	11,294,924	(47,199,557)	(12,154,432)	(18,284,952)
Percent of Actuarial Accrued Liability	(8.04%)	2.50%	(12.10%)	(3.40%)	(5.60%)

According to this schedule the Unfunded Actuarial Liability increased by \$27,971,047 during fiscal year 2009.

HISTORICAL TRENDS (+000)

FISCAL YR ENDED	VALUATION ASSETS	UNFUNDED LIABILITIES	ACCRUED LIABILITIES	FUNDED RATIO	EMPLOYER RATE (AVG)	EMPLOYEE RATE
2000	329,777	(76,299)	253,478	130.1%	10.22%	7.00%
2001	355,768	(104,781)	250,987	141.7%	8.94%	7.00%
2002	351,349	(71,402)	279,947	125.5%	6.97%	7.00%
2003	353,463	(55,572)	297,891	118.7%	7.55%	7.00%
2004	343,376	(14,455)	328,921	104.4%	13.49%	7.00%
2005	344,604	28,737	373,341	92.3%	14.54%	7.00%
2006	351,701	39,702	391,403	89.9%	20.54%	7.00%
2007	336,717	114,582	451,299	74.6%	18.55%	7.00%
2008	348,013	106,327	454,341	76.6%	20.21%	7.00%
2009	360,950	145,240	506,190	71.3%	28.00%	7.00%

As the funding ratio of the plan has declined, the aggregate employer contribution rate has escalated. The employer rate is set in accordance with the results of the annual actuarial valuation. The employee rate is fixed by statute.

STATISTICAL DATA

ACTIVE MEMBER DATA

FISCAL YEAR ENDED	ACTIVE MEMEBERS	PAYROLL +000	AGE (YEARS)	SERVICE (YEARS)	AVG. PAY	INCREASE IN AVG. PAY
2000	720	\$45,382	53.0	8.0	\$63,031	3.7%
2001	737	\$48,669	52.4	7.2	\$66,037	4.8%
2002	738	\$48,729	52.9	7.0	\$66,028	0.0%
2003	751	\$49,351	53.0	7.6	\$65,714	(0.5%)
2004	767	\$50,624	53.5	8.0	\$66,003	0.4%
2005	781	\$53,450	53.8	7.8	\$68,436	3.7%
2006	800	\$54,696	54.3	8.3	\$68,370	(0.1%)
2007	813	\$61,308	54.4	8.3	\$75,409	10.3%
2008	824	\$62,184	54.6	8.4	\$75,474	0.1%
2009	857	\$67,777	54.6	8.1	\$79,086	4.8%



Tracey Peterson
Assistant Administrator
Chief Operations Officer

Active membership increased 4.0% during fiscal year 2009.

RETIRED MEMBER AND SURVIVOR DATA

FISCAL YEAR ENDED	NORMAL	DISABILITY	SURVIVORS	TOTALS	ANNUAL PENSIONS	AVERAGE PENSION	RATIO OF ACTIVE TO RETIRED
2000	444	15	130	589	15,096,774	25,631	1.2 to 1
2001	495	16	136	647	17,729,482	27,403	1.1 to 1
2002	500	18	141	659	19,606,416	29,752	1.1 to 1
2003	546	19	144	709	22,308,359	31,465	1.1 to 1
2004	565	20	145	730	23,854,186	32,677	1.1 to 1
2005	600	18	151	769	26,112,301	33,956	1.0 to 1
2006	615	19	163	797	28,044,340	35,187	1.0 to 1
2007	651	20	155	826	30,380,250	36,780	1.0 to 1
2008	688	16	168	872	32,850,340	37,672	0.9 to 1
2009	708	15	182	905	36,262,571	40,069	0.9 to 1

SUMMARY OF BENEFIT INCREASES

FISCAL YEAR ENDED	EXCESS YIELD PER STATUTE	EXCESS EARNINGS	RESERVE UTILIZED	EXCESS EARNINGS AVAILABLE	BENEFIT INCREASE 4% CAP
2000	4.20%	5,216,866	(4,133,898)	46,908,586	4.00%
2001	-	-	(4,518,604)	34,436,162	4.00%
2002	-	-	(5,801,777)	23,400,088	4.00%
2003	-	-	(6,375,994)	18,591,900	4.00%
2004	6.02%	12,292,877	(5,958,472)	27,718,251	4.00%
2005	0.56%	1,271,696	(8,027,464)	23,611,516	4.00%
2006	-	-	(8,946,622)	16,523,120	4.00%
2007	8.01%	20,886,734	(9,392,556)	30,827,881	4.00%
2008	-	-	(10,302,702)	18,184,418	4.00%
2009	-	-	(11,319,196)	3,637,670	*

Benefit increases are dependent upon an available balance in the Plan's excess earnings reserve. Excess earnings are accrued when the investment return is greater than 9.0%.

* Absent a large infusion of new assets into the Reserve, the balance would only be sufficient to finance a partial benefit increase for July 1, 2010, if any.

VISION

- Invest, secure and manage responsibly the retirement funds of its members in accordance with all legal, investment and financial requirements and in a manner consistent with the quality to which its members have become accustomed.

MISSION

- To be a low cost, highly personalized quality service provider of funds management and benefit services.
- To manage long-term investments with the goal of consistently outperforming over time the composite weighted market return benchmark net of all investment related costs so as to assure the financial integrity of the funds and the security of the benefits these funds provide.

VALUES

- Do what is best for our members and financial health and integrity of the System.
- Be proactive.
- Committed to high quality, uniform, sustainable service.
- Innovative and cost effective in Plan administration and services.
- Use best practices in HR management.

This booklet provides a summary of the data contained in the EORP Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. The booklet does not contain all the information and schedules necessary to be in conformance with Generally Accepted Accounting Principles (GAAP). However, the CAFR is produced in conformity with GAAP and can be obtained by visiting our website at www.psprs.com.

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

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