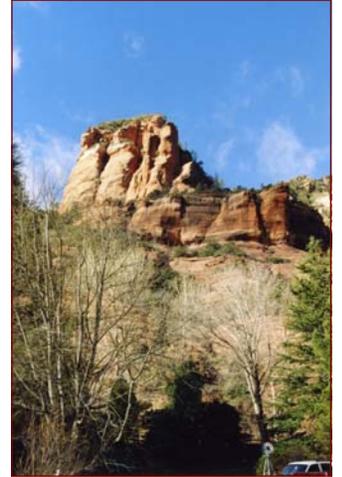
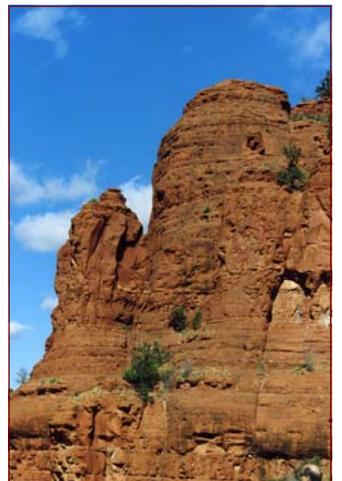


ELECTED OFFICIALS' RETIREMENT PLAN



28th COMPREHENSIVE ANNUAL FINANCIAL REPORT A PENSION TRUST FUND OF THE STATE OF ARIZONA



FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Our Vision, Mission & Values

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.

Elected Officials' Retirement Plan

A Pension Trust Fund of the State of Arizona

Twenty-Eighth Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2009

Prepared by the Staff of PSPRS

Public Safety Personnel Retirement System
3010 E. Camelback Road, Suite 200
Phoenix, AZ 85016
Phone (602)255-5575 Fax (602)255-5572
www.psprs.com

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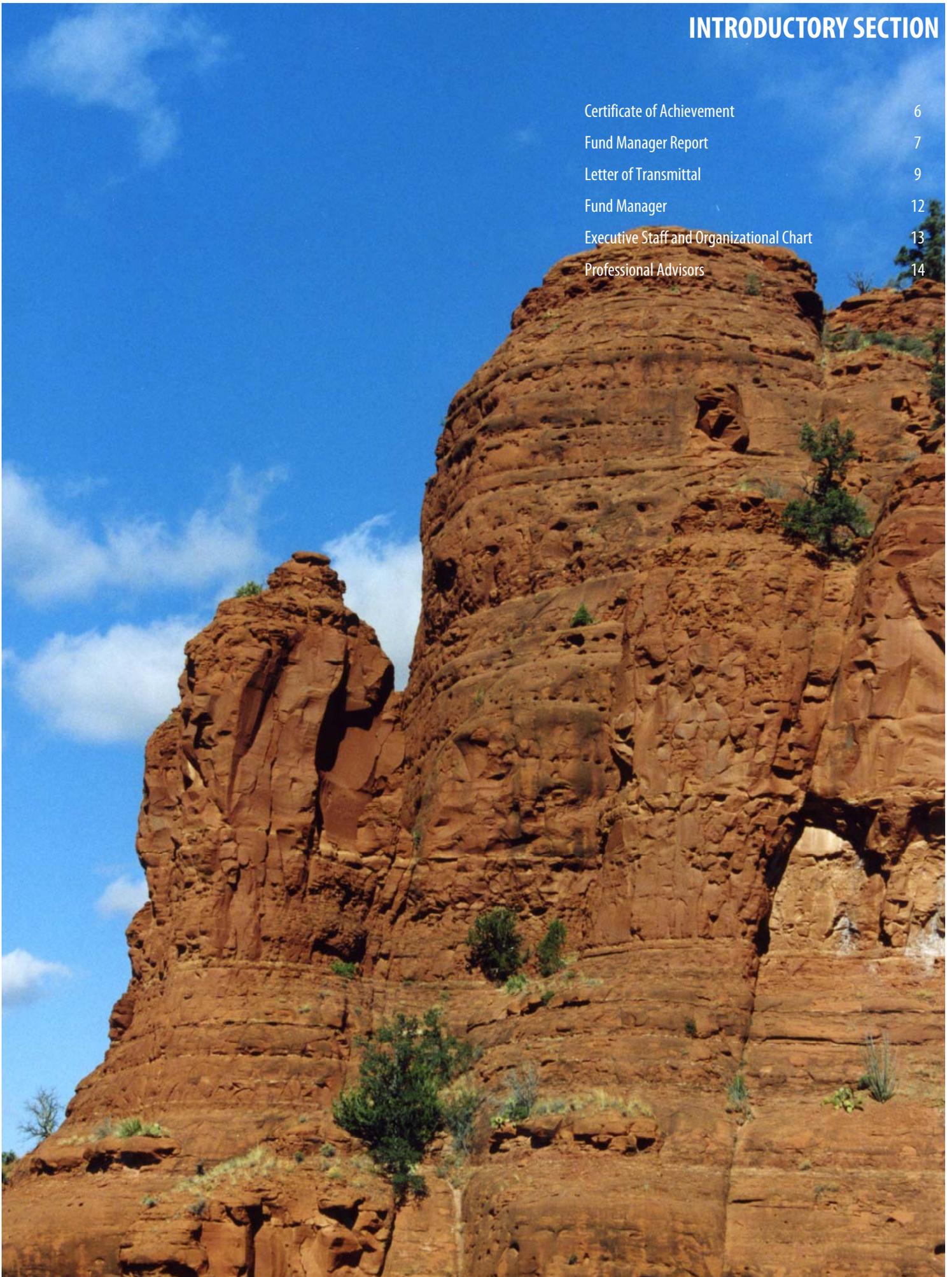
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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Arizona Elected Officials' Retirement Plan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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.



President

Executive Director

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

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Mike Galloway

Fund Manager, Chairman

Brian Tobin

Fund Manager, Vice Chairman

Timothy J. Dunne

Fund Manager, Member

Lori Roediger

Fund Manager, Member

Gregory Ferguson

Fund Manager, Member

James M. Hacking

Administrator

Ryan Parham

Chief Investment Officer

Tracey D. Peterson

Assistant Administrator-COO

December 1, 2009

The Honorable Janice K Brewer
Governor of the State of Arizona
Executive Tower
1700 W. Washington
Phoenix, Arizona 85007

Dear Governor Brewer:

The Fund Manager (i.e., the Plan's governing Board) of the Public Safety Personnel Retirement System (PSPRS) respectfully submits the Twenty-eighth Comprehensive Annual Financial Report (CAFR) for the Elected Officials Retirement Plan (EORP) for the fiscal year ended June 30, 2009 (FY'09), in accordance with the provisions of A.R.S. Section 38-803.

THE EORP PLAN'S FUNDING RATIO

As of fiscal year-end, the financial status of the EORP, as reflected in its funding ratio, decreased from 76.6% at June 30, 2008 to 71.3% at June 30, 2009. This reverses the modest increase in the Plan's financial status that occurred last year and resumes the funding ratio erosion that EORP had been experiencing due to asset value losses and negative rates of return in FY'01 and FY'02.

The Plan's FY'09 experience was unfavorable, primarily because the Plan had negative rates of return on its invested assets both this year and the year before. (For further information on the Plan's net assets and changes in net assets, please refer to the subsequent Management's Discussion and Analysis section of this Comprehensive Annual Financial Report (CAFR) which begins on page 18.)

Because EORP uses a seven year averaging process ("smoothing") to determine its fiscal year-end actuarial value of assets, only one-seventh of any fiscal year's investment gain or loss is reflected in that year's results. The remaining six-sevenths are rolled forward and reflected in the results over the next six fiscal years. That means that only one-seventh of the negative returns that the Plan experienced in FY'08 (-7.59%) and FY'09 (-17.75%) are reflected in the FY'09 results. The remainder of those investment losses will gradually and adversely affect the funding status of EORP over the next several years.

If EORP's funding ratio were calculated using fiscal year-end market value, rather than actuarial value, of assets, the Plan's funded status would be only 50.0%, rather than 71.3%. Moving the funding ratio in a steadily upward direction over the next several years is clearly the principal challenge facing the Fund Manager and it is a challenge made all the more difficult because of the Plan's structural design which includes a "Reserve for Future Benefit Increases" that holds the assets that are used to fund the annual post-retirement benefit adjustment for eligible beneficiaries. Under the current statutory design, whenever the System generates an investment return in excess of 9%, one-half of that excess return is allocated to the Reserve; unfortunately, the assets of the Reserve are not counted in the calculation of EORP's funding ratio, nor in the calculation of the employer contribution requirement.

EMPLOYER CONTRIBUTION RATES

When times were good and the Plan was over-funded, the EORP employers' contribution rate was reasonable. For example, early in the current decade the unsubsidized employer contribution rate that municipalities pay on behalf of their EORP participants was only 7.55% of payroll.

But as the Plan's funding ratio eroded, the employer contribution requirement rose in large year-over-year increments until FY'10 when the rate declined from 28.0% to 26.25%. Based on the Plan's FY'09 results, the unsubsidized employer contribution rate is projected to increase to 29.79%, effective July 1, 2010 (i.e., the beginning of FY'11). The subsidized rate, which is a rate reduced by judicial filing fee revenue and which is paid by the state and counties on behalf of their EORP participants, will increase from the current rate of 14.25% of payroll to 17.42%.

As we move further into the new fiscal year, the Fund Manager and the System's Administrator will consult with representatives of the Plans' constituency groups and the contributing employers to determine whether a consensus exists with respect to any of a variety of options that could be employed to reduce what otherwise will be the subsidized and unsubsidized employer contribution rates scheduled for next July 1st.

INTRODUCTORY SECTION

FISCAL YEAR 2009 INVESTMENT RESULTS

The FY'09 rate of investment return for EORP was -17.75%. As bad as that may be in an absolute sense, it was over 300 basis points better than the weighted composite rate of return benchmark for the Plan (-21.13%). In addition, on a "peer group" basis, the return was good enough to place EORP in the second quartile of the public funds included in the BNY Mellon universe of public funds.

Clearly, the FY'09 investment result was (and will be as that result is factored into the funding ratio/employer contribution rates over the next several years) very damaging to the financial status of the Plan. That the result might have been worse is some comfort. Nevertheless, it must be recognized that the investment result was solely attributable to the downturn in the financial markets, especially the equity and residential real estate markets. It was not the result of active decisions made by those responsible for the management of the Plan's assets.

Because EORP's actual rate of return was less than 9%, no new assets flowed into the Plan's Reserve for Future Benefit Increases. The Reserve's balance, after subtracting the \$11.3 million cost of the post-retirement adjustment that took effect July 1, 2009, was down to \$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.

THE STRATEGY TO IMPROVE THE PLAN'S FUNDING RATIO AND DECREASE EMPLOYER CONTRIBUTION REQUIREMENTS

To improve EORP's funded status and reduce employer contribution rates, the System must generate, on a consistent basis, annual rates of return that meet or exceed the Plan's return expectations. In pursuit of that goal, PSPRS has been, for the last three fiscal years, going through a complete restructuring of the way in which the System manages and invests its assets with a view to dramatically increasing asset allocation diversification and diversification within asset classes.

To increase diversification, the Fund Manager has continued to reduce the Plan's exposure to, and over-weight reliance upon, equity investments while increasing its exposure to domestic and international real estate, private equity and other types of alternative investments such as Infrastructure, Commodities, Timber, and other types of Real Assets, as well as Credit Opportunity and Absolute Return strategies. Simultaneously, the Fund Manager has required that internally-managed, publicly traded securities be outsourced to external portfolio managers and index accounts.

As of the end of FY'09, the System has in place all of the structural elements necessary (i.e., investment staff, policies, consultant expertise, etc.) to attain the desired degree of diversification and thereby, in turn, attain with consistency the System's rate of return expectations.

Looking ahead, Fund Manager expects that:

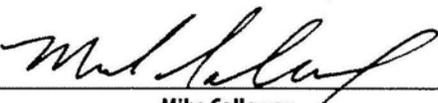
- the investment staff and consultants will continue to source potential investment opportunities that will further the objective of diversification and better position the System for achieving with consistency its rate of return expectations;
- the effort to diversify the System's domestic and international Real Estate exposure will continue and good opportunities to reduce the System's excessive South-west U.S. residential and commercial real estate concentration will be pursued;
- the process of shifting internally-managed securities to external management will continue, concomitant with the effort to reduce the System's allocation to equities while increasing its exposure to Alternatives (that have low or negative correlations to equities) and bring the System's actual asset allocation in line with its asset class targets.

CONCLUSION

As members of the Fund Manager, we intend to continue our commitment to make the changes that are necessary to improve the financial status of EORP, moderate the required contribution of the Plan's participating employers and faithfully serve the interests of the Plan's participants and beneficiaries.

We appreciate having the opportunity to serve the State of Arizona, its political subdivisions and its EORP stakeholders and we look forward to continuing to serve as members of the Fund Manager for this System.

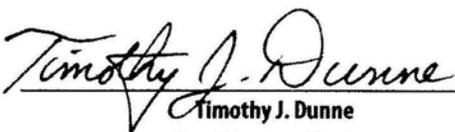
Respectfully submitted,



Mike Galloway
Fund Manager, Chairman



Brian Tobin
Fund Manager, Vice Chairman



Timothy J. Dunne
Fund Manager, Member



Lori Roediger
Fund Manager, Member



Gregory Ferguson
Fund Manager, Member

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

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Gregory Ferguson

Fund Manager, Member

James M. Hacking

Administrator

Ryan Parham

Chief Investment Officer

Tracey D. Peterson

Assistant Administrator-COO

December 1, 2009

The Fund Manager

Public Safety Personnel Retirement System (PSPRS)

3010 E. Camelback Road, Suite 200

Phoenix, Arizona 85016

Fund Manager Members:

Here is the Twenty-eighth Comprehensive Annual Financial Report (CAFR) of the operations and financial condition of the Arizona Elected Officials Retirement Plan (EORP). This report is for the fiscal year ended June 30, 2009. The Plan is a uniform statewide retirement system that provides retirement, disability and survivor benefits, post-retirement adjustments and health insurance subsidies for judges and state, county and local elected officials of participating governmental employer units.

Arizona Revised Statutes Title 38 requires the Fund Manager to transmit to the Governor and the Legislature this annual report within six months of the close of each fiscal year. Incorporated in this report are the audited financial statements, management's discussion and analysis, other financial data from the year ended June 30, 2009, and the independent auditor's report of Heinfeld, Meech & Co. P.C., Certified Public Accountants and auditors for the System. Also included are the actuarial certification statement and the actuarial balance sheet from the June 30, 2009 actuarial valuation prepared by the System's actuary, Gabriel, Roeder, Smith & Co (GRS).

FINANCIAL INFORMATION REPORTING

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

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

The System uses the accrual basis of accounting for both revenues and expenses. Contributions to the System are based on principles of level-cost financing with current service financed as a level percent of payroll on a current basis and prior service amortized as a level percent of payroll over a period of at least twenty but not more than thirty years.

REVENUES

Revenues for the Plan are derived from four sources: member contributions, employer contributions, judicial filing fees and realized and unrealized returns on the invested assets of the Plan. As shown by the Schedule of Revenues by Source included in the Statistical Section later in this report, the Plan had an investment loss of \$61.5 million this fiscal year. That more than offset the positive flow of revenue from member contributions of \$4.4 million, direct employer contributions of \$9.5 million and judicial filing fees of \$8.0 million. Please refer to the Statistical Section for a ten-year history of revenues and expenses.

ADMINISTRATIVE AND INVESTMENT EXPENSES

The EORP's FY'09 administrative and investment-related expenses totaled \$1.6 million, up from \$723.3 thousand the year before. Administrative and investment expenses were approximately 63 basis points of the total assets managed. The increase in costs was the result of the unitizing of assets and changing the structure of our investments from internally managed to externally managed assets. This is still reasonable when compared with other public retirement systems. A dedicated staff and constantly improving internal expertise has enabled management to keep costs relatively low even though assets are being outsourced to external portfolio managers and service needs have escalated due to increasing numbers of participants and beneficiaries.

INTRODUCTORY SECTION

INVESTMENTS

The total rate of return on the EORP assets for the fiscal year was -17.47% on a gross of fees basis (-17.75% on a net of fees basis). This negative return was the result of the sharp decline and volatility in the domestic and international equity and real estate markets. The Investment Section of this Report contains, among other things, graphs depicting the Plan's performance, a detailed summary of the investment portfolio, and commissions paid to investment professionals who provide services to EORP. All Plan investments were held in trust by BNY Mellon, the System's custodian bank.

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").

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 76.8%. 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.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the System for the EORP's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. This was the fourteenth consecutive year that the Plan has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our FY'09 Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for a certificate.

NEW DEVELOPMENTS AND MANAGEMENT INITIATIVES

During this past fiscal year, the PSPRS Fund Manager continued its strategic initiative that will change the way in which the EORP's assets are managed and invested. (See the Fund Manager's transmittal letter to the Governor that begins on page 7). In addition, there were other developments and initiatives that strengthened System governance, increased administrative efficiency and productivity or improved internal controls.

With respect to initiatives that strengthened System governance, the following are noteworthy:

- 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.
- Finally, the System's staff provided legal counsel with the inputs for the filing with the Internal Revenue Service of the documents necessary to begin the compliance review process for assuring the continuation of the tax qualified status of the EORP. To the extent that "qualification defects" were identified in the process, legal counsel expects that these will be remedied through the IRS "Employee Plans Compliance Resolution System (EPCRS).

With respect to initiatives that increased administrative efficiency and productivity or improved internal controls, the following were noteworthy:

- The System hired two new key staff personnel -- a new internal auditor and compliance officer to add to the overall internal controls environment and a new Chief Investment Officer, who will provide the staff leadership to further diversify the System's asset deployments, shift internally managed portfolios of publicly traded securities to external investment management firms and reduce the System's allocations to equities while increasing its exposure to various types of "Alternative Investments."
- The System's multi-year document imaging (i.e., scanning) project moved forward with the expectation that it will be completed during the first half of System FY'10 at which time a new "Work Flow" project will be initiated in accordance with the current Strategic Plan. The new Work Flow project is expected to increase efficiency and productivity by eliminating redundancy and duplication of effort and by making documents and records readily available to staff.
- The PSPRS IT Departments initiated a business continuity and disaster recovery project that is expected to provide the System with comprehensive and redundant data base and network back-up and data storage capacities. PSPRS now has an off-site Data Back-up and Disaster Recovery facility located in Denver, Colorado.
- Finally, the System's IT Program Development Unit implemented an "online" system for the receipt of contributions from participating employers and the IT Network and Communications Unit deployed several new network servers and migrated others to the System's VMWare virtual environment.

NEW INITIATIVES FOR SYSTEM FISCAL YEAR 2010

As we have moved through the first four months of the new fiscal year (FY'09), some new initiatives have been completed; others are underway; and still others are planned.

- The System's IT Program Development Department plans to create the capability for participants to apply for benefits electronically through their local board. The Department will also continue its efforts to automate all forms of benefit payments via ACH transfers and bank-issued Debit Cards.
- The Disaster Recovery/Business Continuity Plan will be finalized and a full disaster recovery test will be conducted.
- Finally, internal audits of all essential processes will be undertaken in order to identify and remedy any deficiencies in the System's controls environment.

SUMMARY

This EORP CAFR is a product of the collective efforts of the staff, under the direction of the System's Fund Manager. It is intended to provide complete and reliable information that will facilitate the management decision process and it serves as a means for determining compliance with the System's governance and investment policies and legal requirements. Copies of this report are provided to the Governor, State Auditor, Legislature and all our member constituency groups. We hope all recipients of this report find it informative and useful.

I would like to take this opportunity to express my gratitude to the members of the Fund Manager, the staff, the System's advisors, and all others who have worked so diligently to assure the continued successful operation of the System. I look forward to the challenge of moving the System 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,



James M. Hacking
Administrator

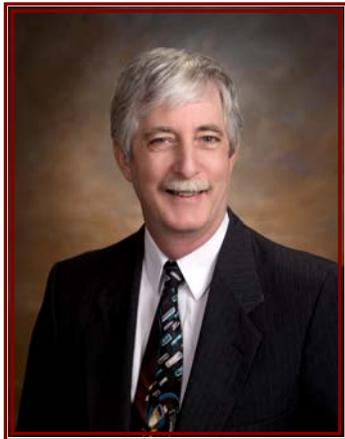
FUND MANAGER
(AS OF JUNE 30, 2009)



Carter Olson
Chairman



Mike Galloway
Vice Chairman



Tim Dunne
Member



Lori Roediger
Member

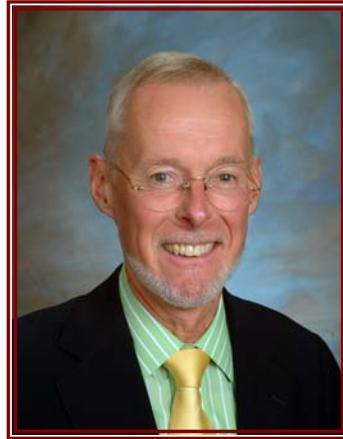


Brian Tobin
Member

EXECUTIVE STAFF AND ORGANIZATIONAL CHART



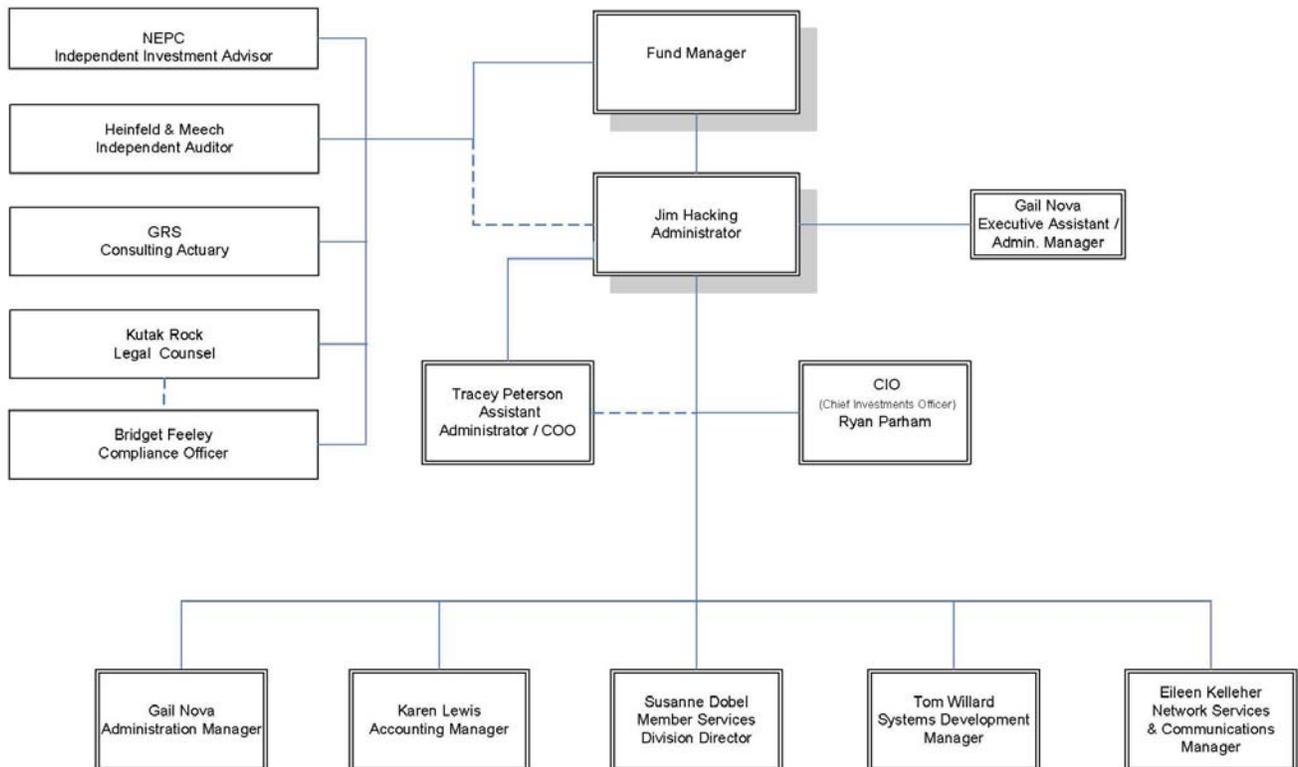
Ryan Parham
Chief Investment Officer



James M. Hacking
Administrator



Tracey D. Peterson
Assistant Administrator
Chief Operations Officer



PROFESSIONAL ADVISORS

Albourne America, LLC

Bank of New York Mellon

Cortex Applied Research, Inc.

Gabriel, Roeder, Smith & Company

Heinfeld Meech & Co., P.C.

HighGround, Inc.

Kutak Rock, LLP

McLagan Partners, Inc.

NEPC, LLC

Public Policy Partners

ORG Portfolio Management, LLC

Step Stone Group, LLC

International Alternative Investment Consultant

Custodian

Governance Advisor

Actuary

Independent Auditors

Legislative Liaison

General Counsel

Human Resource Consultant

Independent Investment Advisor

Legislative Liaison

Real Estate Consultant

Alternative Investment Consultant

A schedule of Administrative Consultant fees may be found in the Financial Section. A schedule of Investment Consultant fees, Brokerage Commissions and Research Expense may be found in the Investment Section.

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Tucson, Arizona 85704
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Fax (520) 742-2718

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying Statement of Plan Net Assets of the Elected Officials Retirement Plan (EORP) as of and for the year ended June 30, 2009, and the related Statement of Changes in Plan Net Assets for the year then ended. These basic financial statements are the responsibility of EORP's management. Our responsibility is to express an opinion on these financial statements based on our audit. The comparative totals as of and for the year ended June 30, 2008, presented in the basic financial statements are included for additional analysis only. Our audit report dated December 12, 2008 expressed an unqualified opinion on those financial statements; however, we have not performed any auditing procedures on this information since the date of our report.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the Elected Officials Retirement Plan, as of June 30, 2009, and the changes in net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2009, on our consideration of the Elected Officials Retirement Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 18 through 21 and the Schedule of Funding Progress and Schedule of Employer Contributions on pages 34 and 35 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise EORP's basic financial statements. The Introductory Section, Supporting Schedules, Other Supplemental Information, Investment Section, Actuarial Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supporting Schedules Information, as listed in the table of contents under the Financial Section, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section, Other Supplemental Information of the Financial Section, Investment Section, Actuarial Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

December 1, 2009

EORP MANAGEMENT DISCUSSION & ANALYSIS

The Elected Officials' Retirement Plan's discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the Plan's financial activity, identify changes in the Plan's financial position and identify any issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, it is intended to be read in conjunction with the Transmittal Letter, Financial Statements and Notes to the Financial Statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2009 are as follows:

- 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 stock index by 540 basis points. Our fixed income portfolio had a return of -1.82%, which underperformed the index by 702 basis points.
- As of the close of the fiscal year 2009, the Future Benefit Increase Reserve was \$3.6 million. Absent a large infusion of new assets into the Reserve, the Reserve's balance would only be sufficient to finance a partial post-retirement adjustment as of July 1, 2010, if any.
- Retirement benefits paid totaled \$35.1 million for the current year, compared to \$32.5 for the previous year. This represents an 8.0% increase from the prior year. The majority of this increase is the result of the cost of post-retirement adjustments paid to the retirees or their survivors of the Plan.

OVERVIEW OF THE FINANCIAL STATEMENTS

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand the Plan as an operating entity. The statements and notes then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and The Statement of Changes in Net Assets

These statements include all assets and liabilities of the Plan using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. These two statements report the Plan's net assets and changes in them. Net assets are the difference between assets and liabilities, one way to measure the financial health, or financial position. Over time, increases or decreases in the net assets are one indicator of the financial health of the Plan.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found immediately following The Statement of Net Assets and The Statement of Changes in Net Assets.

Required Supplemental Information

The basic financial statements are followed by a section of required supplemental information. This section includes the Schedule of Funding Progress and the Schedule of Employer Contributions.

The Schedule of Funding Progress

Shows the ratio of assets as a percentage of the actuarial accrued liability (funding ratio) and the ratio of unfunded actuarial accrued liabilities to member payroll. The trend in these two ratios provides information about the **financial strength** of the Plan. Improvement is indicated when the funding ratio is increasing and the ratio of the unfunded actuarial accrued liability to payroll is decreasing.

The Schedule of Employer Contributions

Shows the Annual Required Contributions by fiscal year. The purpose of this schedule is to provide information about the required contributions of the employers and the extent to which those contributions are being made. The information should assist users in understanding the changes and possible reasons for the changes in the Plan's funding status over time.

Supporting Schedules and Supplemental Information

The Supporting Schedules and Supplemental Information Section include the Supporting Schedule of Changes in Fund Balance Reserves, Supporting Schedule of Payments to Consultants, the Supplemental Schedule of Cash Receipts and Cash Disbursements and the Agency Fund Statement of Changes in Assets and Liabilities. The total columns and information provided on these schedules carry forward to the applicable financial statement.

FINANCIAL ANALYSIS OF THE PLAN

Comparative Statements are included to provide additional analysis of the changes noted on those schedules.

SUMMARY COMPARATIVE STATEMENTS OF PLAN NET ASSETS

	As of 06/30/2009	As of 06/30/2008	Change	% Change
Cash and Short-Term Investments	\$ 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%)

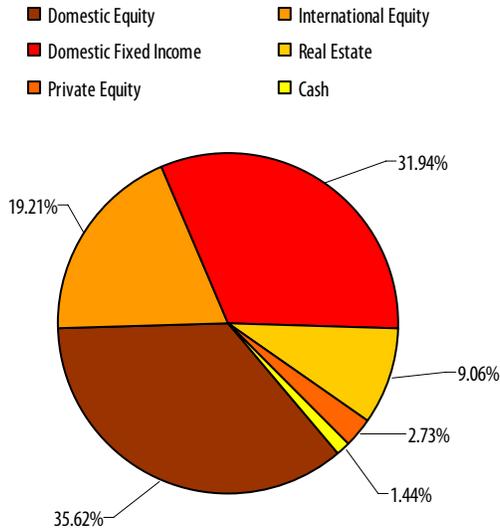
The total net assets held in trust for benefits at June 30, 2009 were \$258.3 million, a 22.20% decrease from \$332.1 million at June 30, 2008. The decrease in net assets is primarily due to less than favorable financial markets during the fiscal year. The decrease in cash and receivables is attributable to normal fluctuations in investment income receivables during the year. EORP is fully deploying cash in other investments vehicles like exchange traded funds, equities, fixed income and private equity. Detailed information regarding the Plan's investment portfolio is included in the investment section of this report. The decrease in security lending collateral is due to normal fluctuations in the lending program. The investment of the collateral fluctuated in a similar manner.

SUMMARY COMPARATIVE STATEMENTS OF CHANGES IN PLAN NET ASSETS

	2009	2008	Change	% Change
ADDITIONS				
Total Contributions	\$ 22,343,167	\$ 16,832,401	\$ 5,510,766	32.74%
Net Investment Income (Loss)	(61,526,963)	(23,150,918)	(38,376,045)	(165.76%)
Transfers and Service Purchases	283,226	573,261	(290,035)	(50.59%)
Total Additions (Reductions)	(38,900,569)	(5,745,256)	(33,155,313)	(577.09%)
DEDUCTIONS				
Benefits	34,178,410	31,607,055	2,571,355	8.14%
Service Transfers and Refunds	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%)
Balance Beginning of Year - July 1	332,065,253	369,840,645	(37,775,392)	(10.21%)
Balance End of Year - June 30	\$ 258,333,105	\$ 332,065,253	\$ (73,732,148)	(22.20%)

Employer and employee contributions increased \$5.5 million due to an increase in the employer contribution rates to 28.00% from 20.21% in the prior year. Also, in 2008 the State Legislature approved the collection of additional court fees to be credited to the fund manager during 2009. For FY 2009, EORP recognized net investment loss of \$61.5 million which compares to a \$23.1 million loss in the previous year. This 165.76% increase in loss was due to the continuing and worsening negative returns in the financial markets during the fiscal year. Deductions from the EORP net assets held in trust for benefits consist primarily of pension, disability, survivor benefits, member refunds and administrative expenses. For FY 2009, these deductions totaled \$34.8 million, an increase of 8.75% from the \$32.0 million paid during FY 2008.

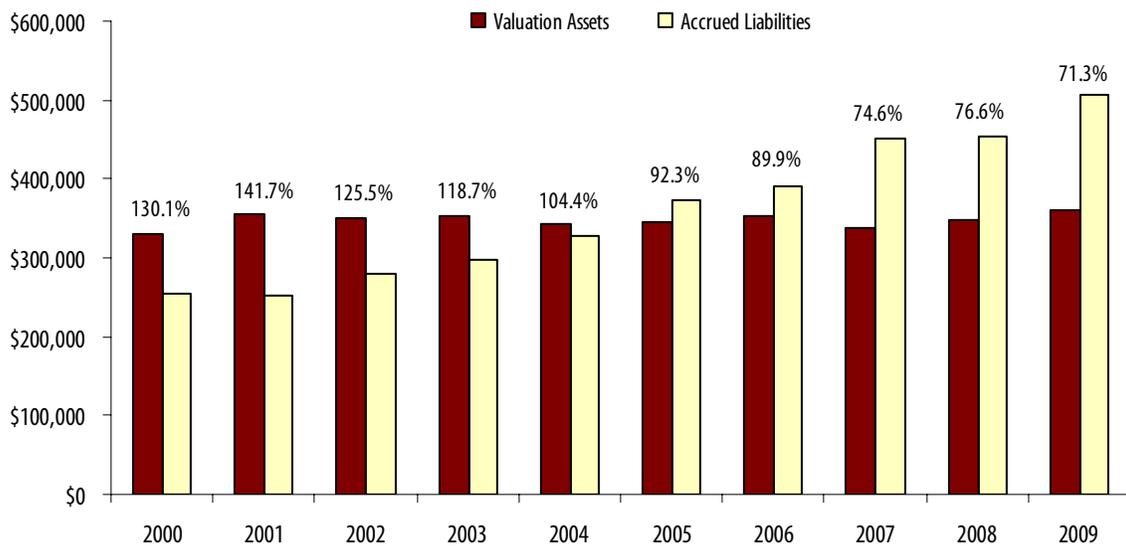
INVESTMENT ACTIVITIES



During 2007 the fund manager adopted a more diversified asset allocation policy that has been deployed over the past two fiscal years. As a result, investment in domestic equities was reduced by 14.25% this past year. However, due to the unfavorable markets the investment total rate of return was -17.75%. At June 30, 2009, EORP held \$141.0 million in equities. The FY 2009 rate of return for EORP equities was -21.82% versus a benchmark rate of return of -27.22%. At June 30, 2009, EORP held \$79.0 million in fixed income securities. The FY 2009 rate of return for EORP fixed income securities was -1.82% versus a benchmark rate of return of 5.20%. The benchmarks for both equities and fixed income securities are representative of the returns that could be expected in a similar investing environment. More detailed information regarding the Plan's investment portfolio can be found in the investment section of this report.

EORP earns additional income by lending investment securities to brokers. This is done on a pooled basis by our custodial bank, BNY Mellon. The brokers provide collateral and generally use the borrowed securities to cover short trades and failed trades.

HISTORICAL TRENDS



Accounting standards require that the “Statement of Plan Assets” reflect investment asset values at fair market value and include only benefits and refunds due to plan members and beneficiaries and accrued investment and administrative expenses as of the reporting date. Information regarding the actuarial funding status of the plan is provided in the “Schedule of Funding Progress.” The asset value stated in the “Schedule of Funding Progress” is the actuarial value of assets as determined by calculating the ratio of the market value to book value of assets over a seven year period. Actuarial valuations of the EORP assets and benefit obligations for the retirement plan are performed annually. The most recent actuarial valuation available is as of June 30, 2009.

At June 30, 2009, the total funded status of the EORP decreased to 71.3% from 76.6% at FYE 2008. This decrease in funded status is related primarily to investment losses in the current fiscal year as well as investment losses from the fiscal year 2002 being fully reflected. The market value smoothing techniques used in this valuation of the System recognize both past and present investment gains and losses. A more detailed discussion of the funding status can be found in the Administrator’s Letter of Transmittal in the Introductory Section of this report.

IMPLEMENTATION OF GASB 43 AND GASB 45

Historically, the contributions, pension benefits, including the health insurance premium subsidy payments, actuarial accrued liabilities and the funded ratio were reported by the system as a single, combined pension benefit. However, beginning in FY ’07, the system was required to implement Government Accounting Standards Board (GASB) Statement No. 43. This statement requires that the system separately report the assets and liabilities associated with the health insurance premium subsidy by discretely presenting the assets and the liabilities separately from the retirement plan.

The System is not statutorily authorized to separately account for the assets, income and/or benefit payments of a supplemental health care benefit. Additionally, the System does not administer the health insurance premium subsidy through a separate health care plan as defined by the Internal Revenue Code §401 (h). As mentioned earlier, the System has always recognized, reported and funded the actuarial accrued liability for the health insurance premium benefit as another form of postemployment benefit, similar to the disability benefit. Assets and liabilities are not discretely presented for the disability benefits or any other benefits provided under the plan.

The characteristics of the plan have resulted in unique and unusual reporting of the benefit under the requirements of GASB Statement No. 43. Complying with this statement has resulted in the following changes to the financial statements and actuarial disclosures for the System’s pension benefits:

- Contributions and benefits paid totaling \$917,286 for the health insurance premium subsidy are not reported on the Statement of Changes in Plan Net Assets with the financial information for the retirement plan. This information is reported separately as an “Agency Fund” (unaudited) and can be found in the Statement of Changes in Assets & Liabilities in the Other Supplemental Information section included in the Financial Section of the report.
- The Schedule of Funding Progress does not include the liability for the health insurance premium subsidy. This will increase the System’s funded ratio. The funded ratio without the health insurance premium subsidy liability is calculated as 73.0%. If the liability associated with the health insurance premium subsidy were to be included, the funded ratio is calculated as 71.3%.
- The Schedule of Employer Contributions includes the annual required employer contributions for the retirement plan plus the difference between the annual required contributions calculated for the health insurance premium subsidy and the benefits paid. For FY ’09, this amounted to a difference of \$438,247 added back to the employer contributions, which gives the “appearance” that the contributions for the retirement plan were over funded and the contributions for the health insurance premium subsidy were under funded. If a portion of the system assets were allocated to both the retirement and health insurance subsidy benefits, the percentage contributed for both benefits would be 100% funded.
- Beginning FY’08, the participating employer groups implemented GASB Statement No. 45. This statement required the participating employers to report the liabilities associated with the health insurance premium subsidy as well as any other supplemental healthcare benefits provided to the retiree under the healthcare plans that they administer (sponsor).

The management of the System maintains that the reporting described above has limitations and decreases the reporting transparency of the health insurance premium subsidy. Management will continue to evaluate options to enhance the reporting of the health insurance premium subsidy benefit payments, employer contributions, and actuarial required disclosures.

REQUEST FOR INFORMATION

This report is designed to provide a general overview of the Elected Officials’ Retirement Plan’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Elected Officials’ Retirement Plan, 3010 E. Camelback Road, Suite 200, Phoenix, AZ 85016.

STATEMENT OF PLAN NET ASSETS
JUNE 30, 2009 WITH COMPARATIVE TOTALS FOR 2008

	JUNE 30, 2009	JUNE 30, 2008
ASSETS		
Cash and Short-Term Investments	\$ 4,535,563	\$ 5,973,514
RECEIVABLES		
Member Contributions	161,060	153,357
Employer Contributions	334,034	287,763
Court Fees	832,747	361,979
Interest and Dividends	445,121	1,231,288
Investment Sales	-	6,681,095
Other	34,905	12,036
Total Receivables	1,807,867	8,727,518
INVESTMENTS AT FAIR VALUE (NOTES 2 AND 3)		
U.S. Government Securities	12,746,519	40,292,400
Corporate Bonds	66,211,483	39,793,718
Corporate Stocks	140,997,116	215,778,095
Alternative Investments	32,948,481	24,796,011
Total Investments	252,903,599	320,660,224
Securities Lending Collateral	39,597,501	61,810,213
CAPITAL ASSETS (NOTE 4)		
Land	33,145	33,145
Building	233,969	233,969
Furniture, Fixtures & Equipment	52,135	51,335
Total Capital Assets	319,249	318,449
Accumulated Depreciation	(56,134)	(40,768)
Net Capital Assets	263,114	277,681
TOTAL PLAN ASSETS	299,107,645	397,449,150
LIABILITIES		
Accrued Accounts Payable	630,433	481,965
Investment Purchases Payable	546,607	3,091,720
Securities Lending Collateral	39,597,501	61,810,213
Total Plan Liabilities	40,774,540	65,383,898
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 258,333,105	\$ 332,065,253
NET ASSET RESERVES		
Refundable Members' Reserve	42,072,605	41,963,744
Employers' Reserve	212,622,829	271,917,091
Future Benefit Increase Reserve	3,637,670	18,184,418
Total Net Asset Reserves	\$ 258,333,105	\$ 332,065,253

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

STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED 2009 WITH COMPARATIVE TOTALS FOR 2008

	2009	2008
ADDITIONS		
Contributions		
Members' Contributions (NOTES 2,5)	\$ 4,436,652	\$ 4,355,999
Employers' Contributions (NOTES 2,5)	9,528,861	7,275,780
Court Fees	8,000,231	4,155,348
Members' Service Purchase	377,424	1,045,274
Total Contributions	22,343,167	16,832,401
INVESTMENT INCOME		
Net Appreciation (Depreciation) in Fair Value of Investments (NOTES 2,3)	(67,630,322)	(36,152,328)
Interest	1,384,484	7,696,271
Dividends	5,271,959	5,346,698
Securities Lending Income (NOTE 3)	748,175	2,378,622
Borrower Rebates	(138,107)	(1,978,867)
Agents Share of Income	(91,508)	(73,272)
Net Securities Lending Income	518,560	326,483
Total Investment Income (Loss)	(60,455,317)	(22,782,876)
Less Investment Expense	(1,071,646)	(368,042)
Net Investment Income (Loss)	(61,526,963)	(23,150,918)
Transfers Into System & Service Purchases	283,226	573,261
Total Additions (Reductions)	(38,900,569)	(5,745,256)
DEDUCTIONS		
Pension Benefits (NOTE 2)	34,178,410	31,607,055
Refunds To Terminated Members (NOTE 2)	131,663	63,958
Administrative Expenses	521,507	355,290
Transfers Out of System	-	3,834
Total Deductions	34,831,579	32,030,137
NET INCREASE (DECREASE)	(73,732,148)	(37,775,392)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
Beginning of Year, July 1	332,065,253	369,840,645
End of Year, June 30	\$ 258,333,105	\$ 332,065,253

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

EORP NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: PLAN DESCRIPTION

ORGANIZATION

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

The Fund Manager is a five member board. Effective August 6, 1999, it became the Governor’s responsibility to appoint all members of the Fund Manager, who serve a fixed three-year term. The Fund Manager is responsible for the investment of the Plan’s assets, setting employer contribution rates in accordance with an actuarial study, adopting a budget, hiring personnel to administer the Plan, setting up records, setting up accounts for each member, paying benefits and the general protection and administration of the System. Senate Bill 1378, which was enacted August 12, 2005, requires substantial investment experience for the member of the Fund Manager that represents the state as an employer and the public member of the Fund Manager.

The addition or deletion of eligible groups does not require the approval of the other participating employers. The Fund Manager approves new eligible groups for participation. The EORP is reported as a component unit of the State of Arizona.

The Fund Manager of the EORP is also responsible for the investment and general administration of two other statewide retirement plans-the Corrections Officer Retirement Plan and the Public Safety Personnel Retirement System. The investments and expenses of these plans were held and accounted for separately from those of the EORP until September 1, 2008. Arizona Revised Statutes Section 38-848 was amended by Laws 2008, Ch. 286, § 22 to authorize the Fund Manager to commingle the assets of the fund and the assets of all other plans entrusted to its management. Accordingly, the assets of these plans have been unitized but all receipts and earnings are credited and charges of payments are made to the appropriate employer, system or plan.

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, 2009 and 2008, the number of participating local government employer groups was:

GROUP	2009	2008
Cities and Towns	21	21
Counties	15	15
State Agencies	1	1
Total Employers	37	37

All state and county elected officials and judges are members of the Plan. Any city or town in the state of Arizona may elect to have its’ elected officials covered by EORP. At June 30, 2009 and 2008, statewide EORP membership consisted of:

MEMEBERSHIP TYPE	RETIREMENT PLAN		INSURANCE SUBSIDY	
	2009	2008	2009	2008
Retirees	905	872	505	474
Terminated Vested	119	88	0	0
Current Vested	512	539	0	0
Current Non-Vested	345	285	0	0
Total Members	1,881	1,784	505	474

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

SUMMARY OF BENEFITS

PURPOSE (A.R.S. §38-810.02.B)

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

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

All elected officials are members of the Plan, except that an elected official who is subject to term limits may elect not to participate in the Plan for that specific term of office. An elected official means every elected official of this state, every elected official of each county of this state, every justice of the supreme court, every judge of the court of appeals, every judge of the superior court, every full-time superior court commissioner, the administrator of the fund manager if the administrator is a natural person and each elected official of an incorporated city or town whose employer has executed a proper joinder agreement for coverage of its elected officials.

CONTRIBUTIONS (A.R.S. §38-810.A)

Each member shall contribute 7% of salary to the Plan on a pre-tax basis. Each employer shall contribute the following:

For state and county employers, a designated portion of certain fees collected by the Clerks of the Superior Courts, Courts of Appeals and the Supreme Court plus additional contributions as determined by actuarial valuation to ensure proper funding for the Plan, but not less than 10% of salary.

For incorporated city or town employers, a level per cent of salary as determined by actuarial valuation to ensure proper funding for the Plan but not less than 10% of salary.

CREDITED SERVICE (A.R.S. §38-801.6)

Means the number of whole and fractional years of a member's service as an elected official after the elected official's effective date of participation for which member and employer contributions are on deposit with the fund, plus credited service transferred to the Plan from another retirement system or plan for public employees of this state, plus service as an elected official before the elected official's effective date of participation that is being funded pursuant to a joinder agreement pursuant to section 38-810, subsection C and section 38-815 or service that was redeemed pursuant to §38-816.

AVERAGE ANNUAL SALARY (A.R.S. §38-801.5)

Means the highest average total salary over a period of three consecutive years within the last 10 completed years of credited service as an elected official that was paid to the elected official at the time of death or retirement or at the time the elected official ceases to hold office. If an employee does not have three consecutive years of credited service as an elected official, the considered period is the employee's last consecutive period of employment with a plan employer immediately before retirement.

NORMAL RETIREMENT (NO REDUCTION FOR AGE) (A.R.S. §§ 38-805.A, 38-808.B.1, and 38-808.C)

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

1. Age 65 years, with 5 or more years of credited service.
2. Age 62 years, with 10 or more years of credited service.
3. Twenty or more years of credited service regardless of age.

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

Notwithstanding any other provision of this plan, beginning January 1, 1987 payment of benefits to a member shall commence no later than April 1 of the calendar year following the later of:

1. The calendar year in which the member attains seventy and one half years of age.
2. The date the member terminates employment.

EARLY RETIREMENT (REDUCTION FOR AGE) (A.R.S. §38-805.B and §38-808.B.1)

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

VESTED TERMINATION (DEFERRED RETIREMENT)

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

DISABILITY RETIREMENT (A.R.S. §38-806 and §38-808.B.2)

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

SURVIVOR PENSION (A.R.S. §38-807)

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

FINANCIAL SECTION

DEATH BENEFIT (A.R.S. §38-807.E)

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

TERMINATION REFUND (A.R.S. §38-804.B)

Upon termination of employment for any reason other than death or retirement, a member shall, within 20 days after filing an application with the Fund Manager, receive a lump-sum payment, equal to the accumulated contributions, as of the date of termination, less any benefits paid or any amounts owed to the Plan. A member forfeits all membership rights and credited service in the Plan upon receipt of refund of contributions. If the member has 5 or more years of credited service upon termination they shall receive an additional amount according to the schedule below:

5 to 5.9—25% of member contributions deducted from the member's salary pursuant to ARS 38-810.A

6 to 6.9—40% of member contributions deducted from the member's salary pursuant to ARS 38-810.A

7 to 7.9—55% of member contributions deducted from the member's salary pursuant to ARS 38-810.A

8 to 8.9—70% of member contributions deducted from the member's salary pursuant to ARS 38-810.A

9 to 9.9—85% of member contributions deducted from the member's salary pursuant to ARS 38-810.A

10 or more—100% of member contributions deducted from the member's salary pursuant to ARS 38-810.A plus interest at 3% if left on deposit after 30 days.

REEMPLOYMENT AND REPAYMENT OF CONTRIBUTIONS (A.R.S. §38-804.F)

An elected official who terminates membership in the Plan and takes a refund of his contributions and is later re-employed as an elected official may restore prior service credits, if the elected official signs a written election within 90 days after re-employment to reimburse the Plan within one year after the date of re-employment. The reimbursement will equal the amount previously withdrawn plus interest from the date of withdrawal to the date of repayment at the rate of 9% compounded annually.

REEMPLOYMENT AFTER RETIREMENT (A.R.S. §38-804.G and H)

If a retired member subsequently becomes an elected official, contributions shall not be made to the Plan nor shall additional years of credited service accrue. Additionally, if a retired member, by reason of election or reelection, becomes an elected official of the same office from which the member retired within a time period that is less than one full term for that office, the member shall not receive a pension until the member ceases to hold the same office.

REDEMPTION OF PRIOR SERVICE (A.R.S. §38-816) (Use Form E2)

Active members who had previous service in this state as an elected official with an employer now covered by the Plan before the effective date of participation and who received a refund of accumulated contributions from the applicable retirement system upon termination or who were not covered by a retirement system or plan during the elected official's prior elected official service may elect to redeem any part of the prior service by paying into the Plan the amounts required in A.R.S. § 38-816.B. In addition, active members can also elect to redeem prior employment they may have had with the U.S. Government, a state of the U.S. or a political subdivision of a state of the U.S. A member electing to redeem service pursuant to this section may pay for service being redeemed in the form of a lump sum payment to the plan, a trustee-to-trustee transfer or a direct rollover of an eligible distribution from a plan described in section 402(c)(8)(B) (iii), (iv), (v) or (vi) of the internal revenue code or a rollover of an eligible distribution from an individual retirement account or annuity described in section 408(a) or (b) of the internal revenue code.

PURCHASE OF PRIOR ACTIVE MILITARY SERVICE (A.R.S. §38-820) (Use Form 18)

A member may purchase up to four years of prior active military time even if the member will receive a military pension. The member must pay the actuarial present value of the increase of credited service resulting from this purchase.

TRANSFER BETWEEN STATE RETIREMENT SYSTEMS (A.R.S. §38-921 and §38-922) (Use Form U-2)

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 actuarial present value of the credited service into their current Arizona retirement system or plan to the extent funded on a market value basis as of the most recent actuarial valuation 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 to the extent funded on a market value basis as of the most recent actuarial valuation.

COLA BENEFIT INCREASES (A.R.S. §38-818)

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

HEALTH INSURANCE PREMIUM SUBSIDY (A.R.S. §38-817)

For EORP retirees who have elected group health and accident insurance coverage provided and administered by the state or another EORP employer and who had eight or more years of credited service, the EORP will pay up to the following amounts. Those retired members who had between five and eight years of credited service will receive a proportionate share of the subsidies:

SINGLE		FAMILY		
Not Medicare Eligible	Medicare Eligible	All Not Medicare Eligible	All Medicare Eligible	One With Medicare
\$150.00	\$100.00	\$260.00	\$170.00	\$215.00

Through June 30, 2009, a retiree or survivor who is eligible for Medicare and who lives in a non-service area receives up to the following amounts in addition to the subsidy listed above after they have paid an out-of-pocket expense as set forth below. A non-service area is defined as an area in this state where the state retiree group insurance program or employer's retiree health insurance program does not provide or administer a health maintenance organization (HMO) for which the member or survivor is eligible. The subsidy consists of up to the following amounts:

SINGLE	FAMILY	
Medicare Eligible	Retired Member & one dependent Medicare Eligible	Only Retired Member Medicare Eligible
\$170.00 After \$100.00 out of pocket	\$350.00 After \$200.00 out of pocket	\$470.00 After \$400.00 out of pocket

STATE TAXATION OF EORP BENEFITS (A.R.S. §38-811 and §43-1022)

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

DOMESTIC RELATIONS ORDER; PROCEDURES AND PAYMENTS (A.R.S. § 38-822)

When a member has a divorce decree that splits pension benefits or refunds, EORP requires a Plan-approved Domestic Relations Order (DRO). This statute details the basic requirements and sets forth a procedure for providing a certified copy of a DRO to EORP.

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

BASIS OF ACCOUNTING

EORP financial statements are prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Pension and Health Insurance subsidy benefits are recognized when due and payable in accordance with the terms of the Plan. 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, fixtures and equipment purchases costing \$10,000 or more, when acquired, are capitalized at cost. Improvements, which increase the useful life of the property, are also capitalized. Investment income net of administrative and investment expenses are allocated to each employer group based on the average relative fund size for each employer group for that year.

By state statute, the Plan is required to provide information in the financial statements used to calculate Net Effective Yield. Net Effective Yield includes only realized gains and losses. The Net Realized Gains (Losses) used in this calculation totaled \$(43,310,081) for FYE 2009 and \$38,051,909 for FYE 2008. This calculation is independent of the calculation of the change in the fair value of investments and may include unrealized amounts from prior periods.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets held in trust for pension benefits at June 30, 2009. Actual results could differ from those estimates.

NOTE 3: CASH AND INVESTMENTS

CASH

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Plan's deposits may not be returned. The deposits are held in two financial institutions with a balance of up to \$100,000 (temporarily increased to \$250,000 per depositor October 3, 2008, through December 31, 2009) insured by the Federal Deposit Insurance Corporation (FDIC). The Plan mitigates custodial credit risk for deposits by requiring the financial institutions to pledge securities from an acceptable list in an amount at least equal to 102% of the aggregate amount of the deposits on a daily basis.

In addition to the FDIC insurance coverage on the operating and money market accounts of EORP, Wells Fargo pledged the following securities to EORP, Public Safety Personnel Retirement System, and the Corrections Officer Retirement Plan on June 30, 2009, as collateral:

\$14,565,609	FNIONP	878442	6.50%	Maturity Date	05/01/36
8,775,290	FNCL	896548	6.00%	Maturity Date	07/01/36
4,395,962	FNCL	896548	6.00%	Maturity Date	07/01/36

All monies shall be secured by the depository in which they are deposited and held to the same extent and in the same manner as required by the general depository law of the state. Cash balances represent both operating and cash accounts held by the bank and investment cash on deposit with the investment custodian. Formerly all accounts were held at Wells Fargo Bank. A new custodian bank for investments only (BNY Mellon) was retained in August 2007 (effective October 1, 2007). All deposits are carried at cost plus accrued interest. The following table is a schedule of the aggregate book and bank balances of all cash accounts as of June 30, 2009:

	REPORTED AMOUNT	BANK BALANCE
Pension Trust Fund	\$ 4,237,889	\$ 4,237,889
Operating Fund	297,674	297,674
Total Deposits	\$ 4,535,563	\$ 4,535,563

INVESTMENTS

EORP investments are reported at Fair Value. 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 fixed-income broker/dealers. Directed real estate and venture capital investments are reported at fair value using appraisals to estimate the fair value. Appraisals will be performed every three years on a rolling schedule unless circumstances warrant otherwise. 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 judgment and care under the circumstances then prevailing which men of ordinary prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income from their funds as well as the probable safety of their capital, provided:

- 1) That not more than eighty percent of the combined assets of the system or other plans that the fund manager manages 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 percent of the combined assets of the system other plans that the fund manager manages shall be invested in corporate stock issued by any one corporation, other than corporate stock issued by corporations chartered by the United States government or corporate stock issued by a bank or insurance company.
- 3) That not more than five percent of the voting stock of any one corporation shall be owned by the system and other plans that the fund manager administers, except that this limitation does not apply to membership interests in limited liability companies.
- 4) That corporate stocks and exchange traded funds eligible for purchase shall be restricted to stocks and exchange traded funds that, except for bank stocks, insurance stocks and membership interests in limited liability companies, 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 A, Act of 1934, as amended (15 United States Code §78a through §7811);
 - C) Listed or approved on issuance for listing on an exchange registered under the laws of this [Arizona] state or any other state; or
 - D) Listed or approved on issuance for listing on an exchange registered of a foreign country with which the United States is maintaining diplomatic relations at the time of purchase, except that no more than twenty per cent of the combined assets of the system and other plans that the fund manager manages shall be invested in foreign equity securities, based on the cost value of the stocks irrespective of capital appreciation;
 - E) An exchange traded fund that is recommended by the chief investment officer of the system, that is registered under the investment company act of 1940 (15 United States Code Section 80a-1 through 80a-64) and that is both traded on a public exchange and based on a publicly recognized index.

A.R.S. § 38-848.B as amended in 2008 authorized the Fund Manager to commingle the assets of all the plans entrusted to its management, subject to the crediting of receipts and earnings and charging of payments to the appropriate employer, system or plan. As a result, the various assets of the Public Safety Retirement System, Elected Officials' Retirement Plan, and the Corrections Officer Retirement Plan were unitized beginning September 1, 2008 into the PSPRS Trust. Investments for each fund are allocated daily via a constant dollar unitization methodology. Realized and unrealized gains are allocated monthly using the same methodology. At June 30, 2009, the fair market value of the PSPRS Trust and the allocation for each system and plan was as follows:

PLAN	UNITIZED	PERCENT
PSPRS	\$4,082,266,086	77.08%
CORP	958,074,887	18.07%
EORP	255,479,477	4.85%
TRUST TOTAL	\$5,295,820,450	100.00%

A small portion of the assets (cash and real estate) remain outside the comingled funds, representing less than 2 basis points of the total.

CUSTODIAL CREDIT RISK

Custodial Credit Risk is the risk that EORP will not be able (a) to recover deposits if the depository financial institution fails or (b) to recover the value of the investment or collateral securities that are in the possession of an outside party if the counterpart to the investment or deposit transaction fails. As of June 30, 2009, EORP has no fund or deposits that were not covered by depository insurance or collateralized with securities held by our banks' trust department or agent. Nor does EORP have any investments that are not registered in the name of EORP, or the PSPRS Trust and are either held by the counterpart or the counterpart's trust department or agent.

CREDIT RISK

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the Plan. As of June 30, 2009, the Plan's fixed income assets that were not government guaranteed represented 83.9% of the fixed income portfolio.

Each portfolio is managed in accordance with investment guidelines that are specific as to permissible credit quality ranges, exposure levels within individual quality tiers, and the average credit quality of the overall portfolios. According to those guidelines, the fixed income portfolio must have a minimum weighted average quality rating of A3/A-. Fixed income securities must have a minimum quality rating of Baa3/BBB- at the time of purchase. The portion of the bond portfolio in securities rated Baa3/BBB- through Baa1/BBB+ must be 20% or less of the fair value of the fixed income portfolio. Included in the fixed income portfolio are cash equivalents or commercial paper.

Commercial Paper must have a minimum quality rating of A-1/P-1 at the time of purchase.

Investments in derivatives are limited to collateralized mortgage obligations (CMO), collateralized bond obligations (CBO), collateralized debt obligations (CDO), and asset-backed securities (ABS).

In preparing this report, collateral for securities lending has been excluded because it is invested in a securities lending collateral investment pool.

The following tables summarize the Plan's fixed income portfolio exposure levels and credit qualities.

**AVERAGE CREDIT QUALITY AND EXPOSURE LEVELS OF NON-GOVERNMENT
GUARANTEED SECURITIES**

FIXED SECURITY TYPE	FAIR VALUE JUNE 30, 2009	% OF ALL FIXED INCOME ASSETS	WEIGHTED AVG. CREDIT
Corporate Bonds	\$ 63,425,902	80.3%	A
Mortgages	728,498	0.9%	A
CBO	2,002,830	2.5%	BB
CDO	54,254	0.1%	A
Total	\$ 66,211,484	83.9%	

RATINGS DISPERSION DETAIL

CREDIT RATING LEVEL	CORPORATE BONDS	MORTGAGES	CBO	CDO
AAA	\$ 21,364,257	\$ 173,762	\$ 0	\$ 0
AA	2,633,287	246,548	0	0
A	10,042,315	96,872	1,128,172	54,233
BBB	9,565,734	0	603,976	0
Below BBB	19,820,309	211,316	270,681	21
Total	\$ 63,425,902	\$ 728,498	\$ 2,002,829	\$ 54,254

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. Other than bonds used as direct obligations of and fully guaranteed by the U.S. Government, not more than 5% of the Fund or its fixed income portfolio at fair value shall be invested in bonds issued by any one institution, agency or corporation.

FINANCIAL SECTION

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. This risk is managed within the portfolio using segmented time distributions. It is widely used in the management of fixed income portfolios in that it quantifies the risk of interest rate changes. The Plan does invest in fixed income securities with floating rates that contain coupon adjustment mechanisms in a rising interest rate environment.

The following tables quantify, to the fullest extent possible, the interest rate risk of the Plan's fixed income assets.

SEGMENTED TIME DISTRIBUTION BY SECURITY TYPE (INCLUDING GOVERNMENT GUARANTEED SECURITIES)						
FIXED INCOME SECURITY	<1	1-5	6-10	11-15	16-20	>20
Corporate	\$ 0	\$ 2,759,023	\$ 14,759,541	\$ 3,366,908	\$ 9,302,932	\$ 33,965,995
Agencies	0	801,968	3,370,734	631,779	5,744,203	2,197,835
CBO	0	603,976	596,891	0	250,041	551,922
CDO	0	0	54,233	0	0	21
Total	\$ 0	\$ 4,164,967	\$ 18,781,399	\$ 3,998,687	\$ 15,297,176	\$ 36,715,773

CALLABLE BONDS BY SECURITY TYPE (INCLUDING GOVERNMENT GUARANTEED SECURITIES)		
FIXED INCOME SECURITY TYPE	FAIR VALUE JUNE 30, 2009	% OF ALL FIXED INCOME ASSETS
Corporate	\$ 533,148	0.81%
Agencies	0	0.00%
Total	\$ 533,148	0.81%

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that changes in the foreign exchange rate will adversely impact the fair value of an investment. The PSPRS is allowed to invest part of its assets in foreign investments. According to Arizona state statutes, no more than twenty per cent of the combined assets of the system and other plans that the fund manager manages shall be invested in foreign securities.

The following table shows the System's exposure to foreign currency risk (U. S. dollars):

FOREIGN CURRENCY RISK (IN THOUSANDS)				
CURRENCY TYPE	FIXED INCOME	PRIVATE EQUITY	REAL ESTATE	TOTAL
Euro Currency Unit	\$ 1,683	\$ 638	\$ 33	\$ 2,354
British Pound Sterling	0	0	161	161
Total	\$ 1,683	\$ 638	\$ 194	\$ 2,515

SECURITY LENDING PROGRAM

The Plan is party to a securities lending agreement with a bank. The bank, on behalf of the Plan, enters into agreements with brokers to loan securities and have the same securities returned at a later date. The loans are fully collateralized primarily by cash. Collateral is marked-to-market on a daily basis. Non-cash collateral can be sold only upon borrower default. The Plan requires collateral of at least 102% of the fair value of the loaned U.S. Government or corporate security. Securities on loan are carried at fair value.

As of June 30, 2009 the fair value of securities on loan was \$38,842,156 and the collateral was \$39,597,501. The Plan receives a negotiated fee for its loan activities and is indemnified for broker default by the securities lending agent.

The Plan participates in a collateral investment pool. All security loans may be terminated on demand by either the lender or the borrower. All matched loans shall have matched collateral investments.

The total cash collateral investments received for unmatched loans (any loan for which the cash collateral has not been invested for a specific maturity) will have a maximum effective duration of 233 days. And, at least 20% of total collateral investments shall be invested on an overnight basis. At June 30, 2009, the weighted average maturity was 33 days for all investments purchased with cash collateral from unmatched loans. The Plan has no credit risk because the amounts owed to the borrowers exceed the amounts the borrowers owe to the Plan.

Prior to the current fiscal year, under this program, the Plan has not experienced any defaults or losses on these loans. However, in November 2008 EORP was informed that due to recent market events one or more securities lending collateral vehicles that held assets have been impaired. This potential liability will be realized upon settlement of the recovery process or if there becomes a liquidity issue with the collateral pool. A liability of \$546,607 has been recorded as the Plan's share.

ASSET CLASS	OUT ON LOAN	TOTAL AVAILABLE TO LOAN	% OF AVAILABLE TO LOAN
Equities	\$ 28,380,352	\$ 140,997,116	20%
Agencies	0	4,204,649	0%
Treasuries	5,615,589	8,541,870	66%
Exchange Traded	4,846,215	66,211,483	7%
Totals	\$ 38,842,156	\$ 219,955,118	18%

NOTE 4: CAPITAL ASSETS

These assets are stated at cost, and depreciable assets are depreciated using the straight-line method over the estimated life of the asset. Repairs and maintenance are charged to expense as incurred. Depreciation expense for June 30, 2009 was \$15,366.

The following table is a schedule of the capital asset account balances as of June 30, 2009, and June 30, 2008, and changes to those account balances during the year ended June 30, 2009.

SCHEDULE OF CAPITAL ASSET ACCOUNT BALANCES

	LAND	BUILDING AND IMPROVEMENTS	FURNITURE, FIXTURES AND EQUIPMENT	TOTAL CAPITAL ASSETS
CAPITAL ASSETS				
Balance June 30, 2008	\$ 33,145	\$ 233,969	\$ 51,335	\$ 318,449
Additions	0	0	800	800
Deletions	0	0	0	0
Balance June 30, 2009	33,145	233,969	52,135	319,249
ACCUMULATED DEPRECIATION				
Balance June 30, 2008	0	(16,194)	(24,574)	(40,768)
Additions	0	(6,271)	(9,095)	(15,366)
Deletions	0	0	0	0
Balance June 30, 2009	0	(22,465)	(33,669)	(56,134)
Net Capital Assets	\$ 33,145	\$ 211,504	\$ 18,466	\$ 263,115

NOTE 5: CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

The Retirement System's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using Projected Unit Credit Actuarial cost method. Unfunded actuarial accrued liabilities and assets in excess of actuarial accrued liabilities are being amortized as a level percent of payroll over a closed thirty (30) year period. Beginning July 1, 2006, the minimum employer contribution rate increased from 5% to 10%.

During the year ended June 30, 2009, contributions totaling \$23,800,315 (\$11,363,432 employer, \$8,000,231 court fees and \$4,436,652 member) were made in accordance with contribution requirements determined by an actuarial valuation of the System as of June 30, 2007. The employer contributions including court fees consisted of approximately \$12,766,192 for normal cost plus \$6,597,471 for amortization of the unfunded actuarial accrued liability in aggregate. Employer contributions including court fees represented 28.00% of covered payroll [18.46% for normal costs and 9.54% for amortization of the unfunded actuarial accrued liability in aggregate]. Member contributions represented 7.00% of covered payroll and are attributable to normal costs.

NOTE 6: OTHER BENEFITS

The PSPRS adopted a supplemental defined contribution plan for all contributing members of an eligible group. An eligible group is defined as the employees of the Fund Manager, PSPRS, the EORP and the Corrections Officer Retirement Plan. The employees of any of these eligible groups must make an election to participate within two years after the employee first meets the eligibility requirements to participate in the plan. The election to participate is irrevocable and continues for the remainder of the employee’s employment with the employer. If an employee elects to participate, the employee must contribute at least 1% of the employee’s gross compensation. The IRS maintains that the Employers designate the amounts contributed by each employee. All amounts contributed are subject to the discretion and control of the Employer. Employee contributions and earnings to the plan are immediately vested. Employer contributions, if any, are vested based on the following schedule:

Less than one year of service	0%
One year but less than two	20%
Two years but less than three	40%
Three years but less than four	60%
Four years but less than five	80%
Five years or more	100%

PSPRS administers the supplemental defined contribution plan through Nationwide Retirement Solutions. All contributions are sent directly to the third party administrator from the participating employer groups.

NOTE 7: HEALTH INSURANCE PREMIUM SUBSIDY-AGENCY FUND

The plan description, summary of significant accounting policies, investment policies and contributions required for the health insurance subsidy are the same as the retirement plan and can be found under Notes 1, 2 and 5. The health insurance premium subsidy provided by A.R.S. §38-817 consists of a fixed dollar amount set by statute and paid by the Plan on behalf of eligible retired members. The subsidized health benefits are provided and administered by the Arizona State Retirement System, Arizona Department of Administration or the participating employer of the retired member. According to Governmental Accounting Standards Board (GASB) Statement No. 43, the health insurance subsidy paid by the Plan represents other post employment benefits. The Plan does not administer a separate healthcare plan as defined under IRC §401(h) or an equivalent arrangement. In addition, the Plan is not statutorily authorized to maintain a separate account for the health insurance subsidy assets and benefit payments. Therefore, in accordance with GASB No. 43, the healthcare subsidy is reported as an agency fund. All assets of the Plan are available to pay both pension benefits and health insurance subsidy. The pension benefits and health insurance subsidy are funded through employer contributions based on an annual actuarial valuation. Contributions are separately accounted for by employer but are not segregated by contribution type.

Contributions in excess of the health benefit subsidy payments are reported in the retirement plan. Therefore, no accumulated assets or liabilities to participating employers are reported in the agency fund. For FY '09, contributions collected for the health insurance subsidy amounted to \$1,355,533 and the health benefit subsidy payments were \$917,286. The excess contributions of \$438,247 were added to the retirement plan for reporting purposes. Effective FY '08, each participating employer is required by GASB Statement No. 45 to disclose additional information with regard to funding policy, the employer’s annual OPEB cost and contributions made, the funded status and funding progress of the employer’s individual plan and actuarial methods and assumptions used.

NOTE 8: PLAN TERMINATION

EORP and its related plans are administered in accordance with Arizona statutes. These statutes do provide for termination of the plans under A.R.S. 41-3016.18. The plans are scheduled to terminate on July 1, 2016.

NOTE 9: CONTINGENCIES

Some of our real estate partners in the investments categorized as “other investments” have obtained third party financing, which is secured by real property. The Plan has entered into Capital Call Agreements with regards to these third party financing arrangements. The Capital Call Agreements, in the unlikely event of default, limit the Plan to the amount of the defaulted payment or the original terms of the investment approved by the Fund Manager, whichever is less. In management’s opinion, any realized loss due to current economic conditions will not have a material effect on the financial statements.

As stated in Note 3 – Cash and Investments (under the Security Lending Program Heading), the System was notified in November 2008 of a situation involving one or more security lending collateral vehicles that held assets which have been impaired as a result of recent market events. An estimate of the unrealized loss is approximately 11.3 million dollars for all three plans and has been recorded as a liability. Management estimates that it may take as long as two years to finalize the settlement.

NOTE 10: FUNDING STATUS AND PROGRESS

The Plan's funded status as of the most recent valuation data is as follows (in thousands):

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (A)	ACTUARIAL ACCRUED LIABILITY (B)	UNFUNDED AAL(UAAL) (B-A)	FUNDED RATIO (A/B)	ANNUAL COVERED PAYROLL (C)	UAAL AS A % OF COVERED PAYROLL ((B-A)/C)
06/30/09	360,950	494,437	133,486	73.0%	67,777	197.0%

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The actuarial methods and assumptions used for the pension benefits are as follows:

Valuation Date:	June 30, 2009
Actuarial Cost Method	Projected Unit Credit
Amortization Method:	Level Percent of Payroll, Closed
Remaining Amortization Period:	27 years closed for unfunded accrued actuarial liability, 20 years open for excess
Asset Valuation Method:	7-Year Smoothed Market Value
Investment Rate of Return:	8.5%
Projected Salary Increases:	5.00% which includes inflation at 5.00%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and the actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations reflect a long-term perspective. Consistent with this perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The actuarial calculations are based on the benefits provided under the terms of the Plan in effect at the time of each valuation. These benefits are described in Note 1 under "Summary of Benefits".

NOTE 11: REQUIRED SCHEDULES

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

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF FUNDING PROGRESS
(IN THOUSANDS)

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (A)	ACTUARIAL ACCRUED LIABILITY (AAL) AT ENTRY AGE (B)	UNFUNDED AAL (EXCESS) (UAAL) (B-A)	FUNDED RATIO (A/B)	COVERED PAYROLL (C)	UAAL AS A PERCENTAGE OF COVERED PAYROLL ((B-A)/C)
06-30-00	329,777	253,478	(76,299)	130.1%	45,382	(168.1)%
06-30-01	355,768	250,987	(104,781)	141.7%	48,669	(215.3)%
06-30-02	351,349	279,947	(71,402)	125.5%	48,729	(146.5)%
06-30-03	353,463	297,891	(55,572)	118.7%	49,351	(112.6)%
06-30-04	343,376	328,921	(14,455)	104.4%	50,624	(28.6)%
06-30-05	344,604	373,341	28,737	92.3%	53,449	53.8%
06-30-06	351,701	391,403	39,702	89.9%	54,696	72.6%
06-30-07	336,717	438,229	101,512	76.8%	61,308	165.6%
06-30-08	348,013	441,886	93,873	78.8%	62,184	151.0%
06-30-09	360,950	494,437	133,486	73.0%	67,777	196.9%

* Entry Age Normal Cost method through 6-30-04. Projected Unit Credit method from 6-30-06 to the present.

* Beginning 6-30-07, funded ratio calculation does not include AAL for the health insurance premium subsidy. If the AAL for the health insurance premium subsidy were included, the funded ratio would be 74.6% for 6-30-07 and 76.6% for 6-30-08 and 71.3% for 6-30-09.

* See Notes to the Schedules of Required Supplementary Information.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

EMPLOYER CONTRIBUTIONS

FISCAL YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTIONS	PERCENTAGE CONTRIBUTED
2000	\$3,851,940	100.00%
2001	\$3,163,111	100.00%
2002	\$3,656,604	100.00%
2003	\$3,755,629	100.00%
2004	\$6,976,772	100.00%
2005	\$6,809,136	100.00%
2006	\$11,479,967	100.00%
2007	\$10,057,915	107.10%
2008	\$11,431,128	104.30%
2009	\$17,529,092	102.60%

* Total Employer Contributions received during FY'07 were \$10,908,830. GASB reporting requires discretely reporting the health insurance subsidy separately from the retirement plan. As a result, the annual required contributions for the health insurance subsidy were calculated to be \$1,523,119. The benefits paid for the health insurance subsidy were \$850,915. The difference between the calculated annual required contributions and the benefits paid of \$672,204 were then added back to the annual required contributions for the retirement plan. This required calculation resulted in a percent contributed of 107.1% for the retirement plan.

* Total Employer Contributions received during FY'08 were \$12,343,051. GASB reporting requires discretely reporting the health insurance subsidy separately from the retirement plan. As a result, the annual required contributions for the health insurance subsidy were calculated to be \$1,380,478. The benefits paid for the health insurance subsidy were \$917,923. The difference between the calculated annual required contributions and the benefits paid of \$468,555 were then added back to the annual required contributions for the retirement plan. This required calculation resulted in a percent contributed of 104.3% for the retirement plan.

* Total Employer Contributions received during FY'09 were \$18,446,377. GASB reporting requires discretely reporting the health insurance subsidy separately from the retirement plan. As a result, the annual required contributions for the health insurance subsidy were calculated to be \$1,355,533. The benefits paid for the health insurance subsidy were \$917,286. The difference between the calculated annual required contributions and the benefits paid of \$438,247 were then added back to the annual required contributions for the retirement plan. This required calculation resulted in a percent contributed of 102.6% for the retirement plan.

* See Notes to the Schedules of Required Supplementary Information.

REQUIRED SUPPLEMENTAL INFORMATION**NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION****ACTUARIAL METHODS AND ASSUMPTIONS FOR VALUATIONS PERFORMED JUNE 30, 2009**

The projected unit credit actuarial cost method of valuation is used in determining liabilities and normal cost. Differences in the past between assumed experience and actual experience (actuarial gains and losses) become part of actuarial accrued liabilities. Unfunded actuarial accrued liabilities are amortized to produce payments (principal and interest), which are expressed as a percent of payroll. An open 20-year amortization period for excess and a closed 27-year amortization period were used for the June 30, 2009 valuations. The actuarial value of assets is based on a method that fully recognizes expected investment returns and averages unanticipated market return over a 7-year period. The investment return rate assumption used is 8.5% per year, compounded annually (net of investment expenses). Projected salary increase assumptions are based on 5.0% which include a price inflation assumption of 5.0% per year.

Actuarial valuations are prepared annually as of June 30 for each participating employer. To facilitate budgetary planning needs, employer contribution requirements are provided for each participating employer's fiscal year that commences after the following fiscal year end. For example, the contribution requirements for fiscal year 2009 were determined by actuarial valuations as of June 30, 2007.

SUPPORTING SCHEDULES INFORMATION

SCHEDULE OF CHANGES IN RESERVE BALANCES
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	REFUNDABLE MEMBERS' RESERVE	EMPLOYERS' RESERVE	FUTURE BENEFIT INCREASE RESERVE
BALANCE AS OF JUNE 30, 2007	\$ 39,760,374	\$ 299,252,390	\$ 30,827,881
DISTRIBUTION OF REVENUES AND EXPENSES			
Members' Contributions	4,355,999		
Employers' Contributions		12,343,051	
Earnings (Loss) on Investments Net of Investment Expenses		(23,150,918)	
Pension and Insurance Benefits		(32,518,978)	
Refunds to Terminated Members	(63,958)	-	
Administrative Expenses		(355,290)	
DISTRIBUTION OF TRANSFERS			
Excess Investment Earnings to be used for Future Benefit Increases			
Earnings (Loss) on Excess Investment Earnings Account Assets		2,340,761	(2,340,761)
Amount Utilized by Benefit Increases Granted		10,302,702	(10,302,702)
Net Transfers In (Out) and Purchase of Service Credits	1,045,274		
Inter-System Transfers Member Accounts	229,876	339,552	
Balances Transferred to Employers' Reserve due to Retirement	(3,363,821)	3,363,821	
BALANCE AS OF JUNE 30, 2008	\$ 41,963,744	\$ 271,917,091	\$ 18,184,418
DISTRIBUTION OF REVENUES AND EXPENSES			
Members' Contributions	4,436,652		
Employers' Contributions		18,446,377	
Earnings (Loss) on Investments Net of Investment Expenses		(61,526,963)	
Pension and Insurance Benefits		(35,095,696)	
Refunds to Terminated Members	(119,830)	(11,834)	
Administrative Expenses		(521,507)	
DISTRIBUTION OF TRANSFERS			
Excess Investment Earnings to be used for Future Benefit Increases			
Earnings (Loss) on Excess Investment Earnings Account Assets		3,227,552	(3,227,552)
Amount Utilized by Benefit Increases Granted		11,319,196	(11,319,196)
Net Transfers In (Out) and Purchase of Service Credits	501,740	158,912	
Inter-System Transfers Member Accounts			
Balances Transferred to Employers' Reserve due to Retirement	(4,709,700)	4,709,700	
BALANCE AS OF JUNE 30, 2009	\$ 42,072,605	\$ 212,622,829	\$ 3,637,670

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
RECEIPTS		
Members' Contributions	\$ 4,428,949	\$ 4,309,130
Employers' Contributions	10,364,971	8,070,876
Court Fees	7,529,463	4,157,756
Interest	1,647,901	8,234,329
Dividends	5,794,696	4,939,955
Real Estate Income (Net)	12,050	1,190,112
Securities Lending Income	518,560	359,718
Transfer In	283,226	600,232
Service Purchase	377,424	1,045,274
Maturities and Sales of:		
U.S. Government Securities	111,463,950	29,904,500
Corporate Bonds	66,019,947	9,790,266
Corporate Notes	0	11,588,779
Other Investments	30,997,805	6,500,483
Common Stock	379,789,615	118,888,802
Total Receipts	619,228,558	209,580,212
DISBURSEMENTS		
Pension Benefits	35,095,696	32,518,978
Refunds to Terminated Members	131,663	63,958
Investment and Administrative Expenses	520,070	226,373
Transfer Out	0	30,805
Acquisitions of:		
U.S. Government Securities	83,357,472	33,222,528
Corporate Bonds	100,624,847	18,546,699
Other Investments	43,378,393	15,324,136
Common Stock	357,558,369	103,959,090
Total Disbursements	620,666,509	203,892,567
INCREASE (DECREASE) IN CASH	(1,437,952)	5,687,645
BEGINNING CASH BALANCE - July 1	5,973,514	285,869
ENDING CASH BALANCE - June 30	\$ 4,535,563	\$ 5,973,514

SUPPORTING SCHEDULES INFORMATION

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED JUNE 30, 2009

	ADMINISTRATIVE	INVESTMENT	TOTAL
Accounting and Auditing Services	\$ 5,466	\$ 0	\$ 5,466
Actuarial Services	15,740	0	15,740
Building Expenses	0	0	0
Communications	1,779	0	1,779
Computer Related Expense	9,969	839	10,808
Contractual Services	6,475	0	6,475
Depreciation Expense	15,366	0	15,366
Fund Manager Initiatives	4,380	0	4,380
Furniture and Equipment	41	78	119
Investment Services	0	910,048	910,048
Legal Services	47,912	76,684	124,596
Local Board Training	48	0	48
Supplies & Service	2,809	0	2,809
Payroll Taxes and Fringe Benefits	28,484	39,725	68,209
Postage Expenses	4,307	0	4,307
Professional Services	215,387	14,210	229,597
Printing & Publications	2,599	0	2,599
Salaries and Wages	158,128	26,478	184,606
Travel Expenses	847	2,606	3,453
Training Expenses	1,770	978	2,748
Total	\$ 521,507	\$ 1,071,646	\$ 1,593,153

SCHEDULE OF CONSULTANT EXPENSES

FOR THE YEAR ENDED JUNE 30, 2009

CONSULTANT	FEES PAID
Albourne America, LLC	\$ 10,593
Bridget E. Feeley, Inc.	4,740
Cortex Applied Research, Inc.	1,153
Cushman & Wakefield of Arizona, Inc.	2,311
Ernst & Young LLP	11,504
Heinfeld Meech & Co., PC	5,727
Highground, Inc.	4,045
Interactive Data	2,868
Kutak Rock, LLP	124,596
Light Stone Solutions, LLC	11,120
McLagan Partners, Inc.	1,445
Mellon Global Securities	3,793
ORG Portfolio Management	17,396
Peak Performance Consulting	571
Public Policy Partners	4,623
Rodwan Consulting Group	7,067
Wells Fargo Bank	3,199
Total	\$ 216,750

**HEALTH INSURANCE PREMIUM SUBSIDY
AGENCY FUND
STATEMENT OF CHANGES IN ASSETS & LIABILITIES
FOR YEAR ENDED JUNE 30, 2009**

HEALTH INSURANCE PREMIUM SUBSIDY	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE
ASSETS				
Cash	\$ 0	\$ 917,286	\$ 917,286	\$ 0
Total Assets	\$ 0	\$ 917,286	\$ 917,286	\$ 0
LIABILITIES				
Benefits Payable	\$ 0	\$ 917,286	\$ 917,286	\$ 0
Total Liabilities	\$ 0	\$ 917,286	\$ 917,286	\$ 0

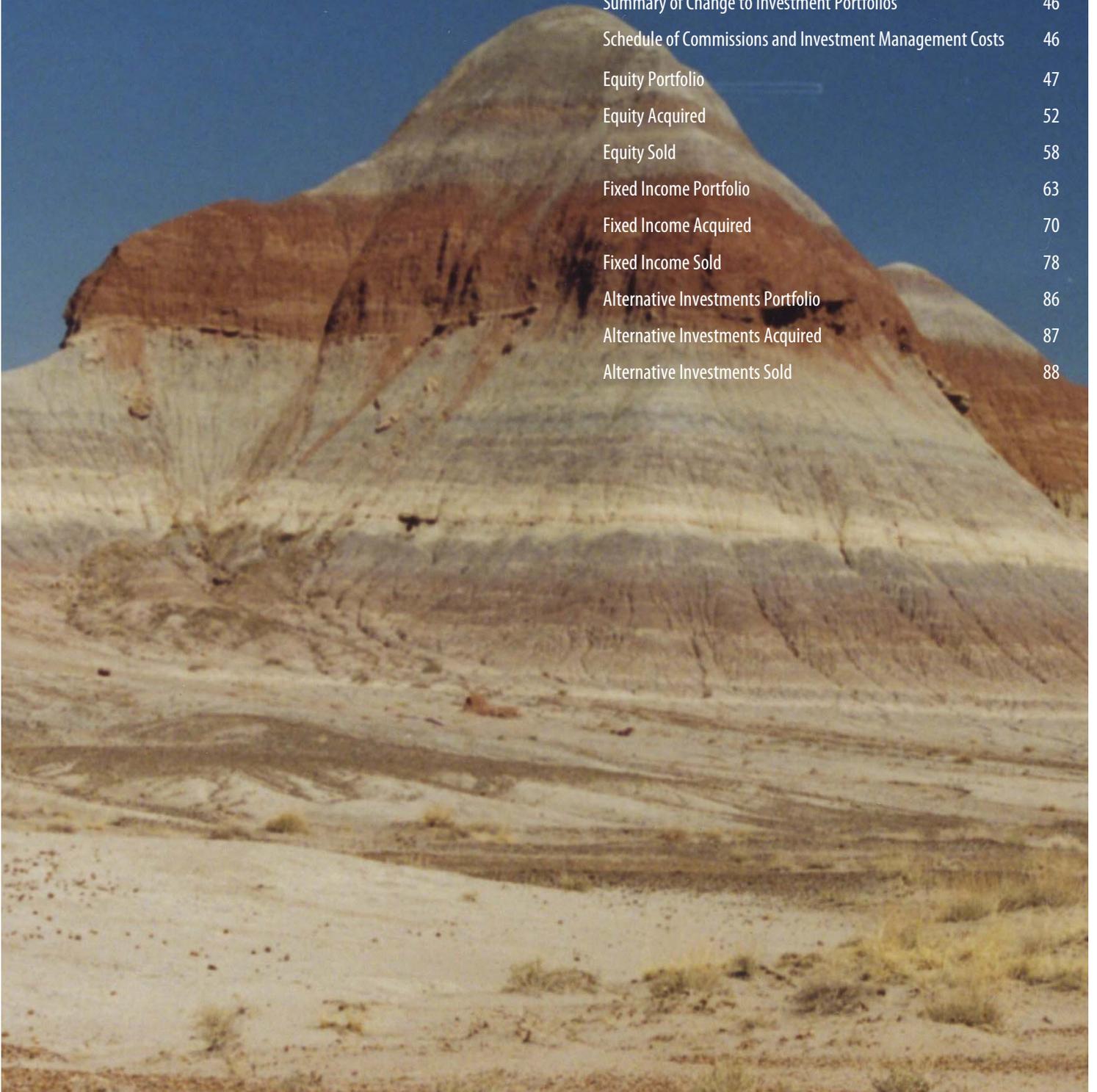
**HEALTH INSURANCE PREMIUM SUBSIDY
AGENCY FUND
STATEMENT OF FUNDING PROGRESS
(IN THOUSANDS)**

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (A)	ACTUARIAL ACCRUED LIABILITY (B)	UNFUNDED AAL(UAAL) (B-A)	FUNDED RATIO (A/B)	ANNUAL COVERED PAYROLL (C)	UAAL AS A % OF COVERED PAYROLL ((B-A)/C)
06/30/07	\$ 0	\$ 13,070	\$ 13,070	0.0%	\$ 61,308	21.3%
06/30/08	\$ 0	\$ 12,454	\$ 12,454	0.0%	\$ 62,184	20.0%
06/30/09	\$ 0	\$ 11,754	\$ 11,754	0.0%	\$ 67,777	17.3%

* GASB reporting requires discreetly reporting the health insurance premium subsidy separately from the retirement plan. As a result, the funded ratio for the retirement plan does not include this portion for the health insurance premium subsidy. If you include the actuarial accrued liabilities for the health insurance premium subsidy with the retirement plan, the funded ratio for 2007, 2008 and 2009 would be 74.6%, 76.6% and 71.3% respectively.

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**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
CORRECTIONS OFFICER RETIREMENT PLAN
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Fund Manager, Member

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Fund Manager, Member

Gregory Ferguson

Fund Manager, Member

James M. Hacking

Administrator

Ryan Parham

Chief Investment Officer

Tracey D. Peterson

Assistant Administrator-COO

November 10, 2009

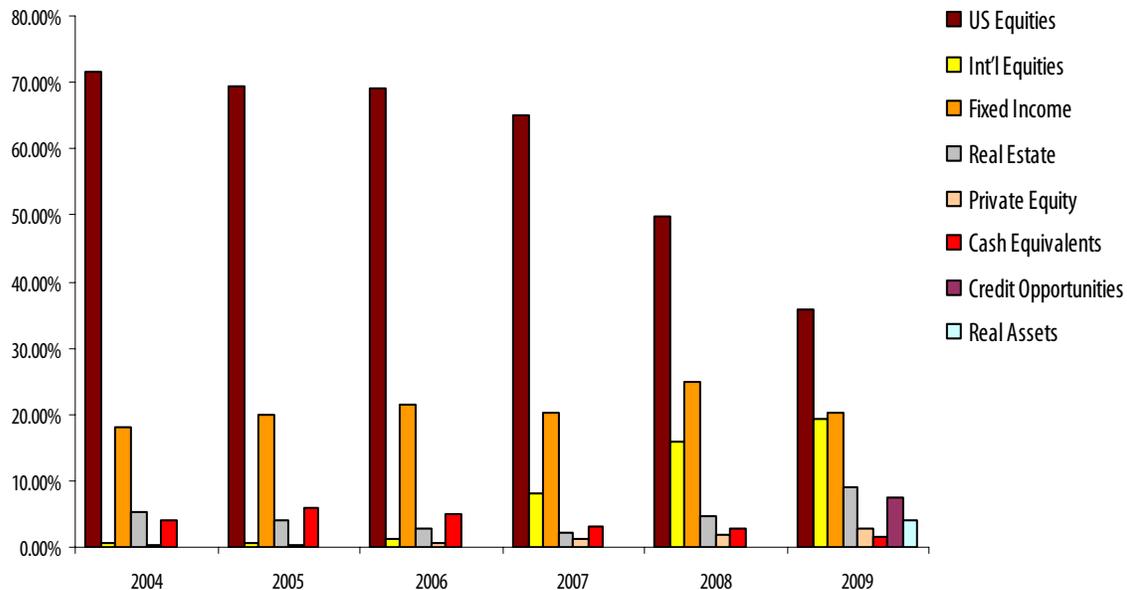
Dear Members:

On behalf of the entire EORP investment team, I am honored to present the *Investment Section* of the *EORP Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2009. Data used in the *Investment Section* has been generated by internal staff after review of, and reference to, data generated by the EORP custodian bank, BNY-Mellon.

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

After the previous "dot com" valuation bubble, the EORP Fund Manager (i.e., the System's governing 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 FY'09. EORP achieved returns which were better than many public funds of similar size and better than most endowments during the year. Moreover, the return exceeded the System's benchmark return by over three hundred basis points. Asset allocation changes that increased diversity helped reduce the volatility we otherwise would have experienced during this global economic shock and recession.

Asset allocations as of June 30, 2009 and the previous five years are as follows:



ALTERNATIVE INVESTMENTS

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

- US Private Equity
- US Real Estate
- European Private Equity
- Dislocated Debt
- US Infrastructure
- US Venture Capital
- International Real Estate
- Real Assets (Including Timber)
- Core Capital Assets
- 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 LLC. In addition, the Fund Manager has New England Pension Consultants (NEPC) as its generalist consultant.

PERFORMANCE

EORP returned -17.75% (net of fees) for FY'09. This negative return outperformed the EORP benchmark return of -21.13% by 338 basis points. This outperformance was primarily the result of active management decisions in asset allocation and securities selections during the year.

GOALS AND OBJECTIVES

During FY'10, the System's 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.

CONCLUSION

While certainly not immune from Global Economic Distress, the EORP portfolio is better positioned to withstand similar shocks than it has been in the past. Increased exposure to diverse sources of income will help to produce our expected asset growth with greater consistency and with lower volatility over longer time horizons.

In closing, I would like to thank the EORP Fund Manager members, who are the ultimate fiduciaries for this System, for their willingness to maintain a governance structure that facilitates the pursuit of excellence in all that we do. To the System's participants and beneficiaries, I commit that our sole purpose will be to persevere to ensure that the retirement benefits promised are secure.

Respectfully Submitted,



Ryan P. Parham
Chief Investment Officer

INVESTMENT SECTION

FUND INVESTMENT OBJECTIVES

The objective of the Fund is to ensure the integrity of the Elected Officials' Retirement Plan, Public Safety Personnel Retirement Plan and the Corrections Officer Retirement Plan in order to adequately fund benefit levels for members 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 Legislature. To achieve the objective, the Fund will do the following:

- Maintain a goal for the Fund's assets to be equal to the Fund's liabilities within a twenty year period.
- Annually adjust the employer contribution rates based on the recommendations made by the annual actuarial evaluations.
- Determine a reasonable contribution rate necessary to fund benefits approved by the legislature and then reduce the variation in the employer contribution rate over time to the Fund.
- Preserve and enhance the capital of the Fund through effective management of the portfolio in order to take advantage of attractive opportunities various markets and market sectors have to offer.
- Provide the opportunity for increased benefits for retirees as the legislature may from time to time enact through systematic growth of the investment fund.

Consistent with the Fund objectives, the primary investment objective of the Fund is to maximize long-term real (after inflation) investment returns recognizing established risk (volatility) parameters and the need to preserve capital by:

- Deriving a reasonable asset allocation model that attempts to fully achieve the primary investment objective, over the long term;
- Consistent with these policies and the direction of the Fund Manager, strategically allocating within asset classes and investment styles in order to enhance investment returns. This strategic allocation must at all times be within ranges set forth in these Policies;
- Regularly reviewing the status of investments;
- Regularly assessing the need to adjust the mix, type and composition of the investment classes within the allocation ranges.

The possibility of short-term declines in the market value of the Fund or the Fund's assets is a recognized consequence of achieving potentially higher long-term investment returns.

The time horizon for evaluating total fund investment performance shall be long-term.

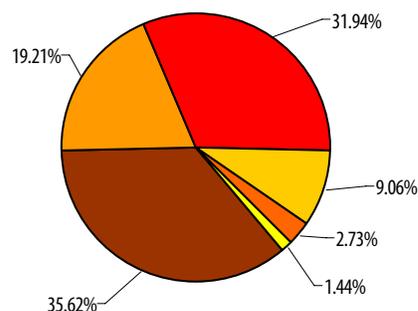
ANNUALIZED RATES OF RETURN

	1 YEAR	3 YEAR	5 YEAR	10 YEAR	20 YEAR
EORP Total Fund *	-17.75%	-3.83%	1.01%	0.26%	7.34%
Balanced Index	-21.13%	-5.05%	-1.18%	0.84%	6.22%
EORP Domestic Equity *	-21.82%	-6.09%	-0.75%	-2.54%	7.75%
S&P 500 Index	-27.22%	-7.92%	-2.05%	-2.13%	6.96%
EORP Fixed Income *	-1.82%	2.78%	3.66%	5.73%	7.26%
Fixed Income Index	5.20%	6.15%	4.78%	5.94%	7.02%

* Time weighted rate of return based on the market rate of return. (Net of fees)

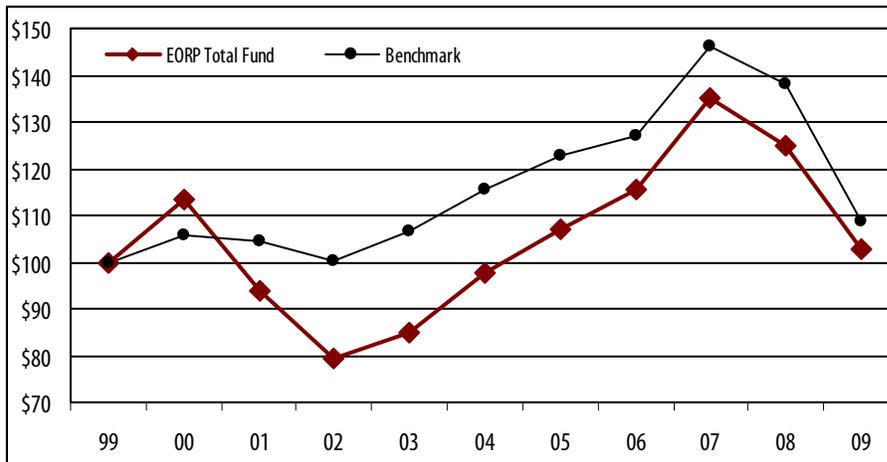
ASSET ALLOCATION JUNE 30, 2009

- Domestic Equity
- International Equity
- Domestic Fixed Income
- Real Estate
- Private Equity
- Cash

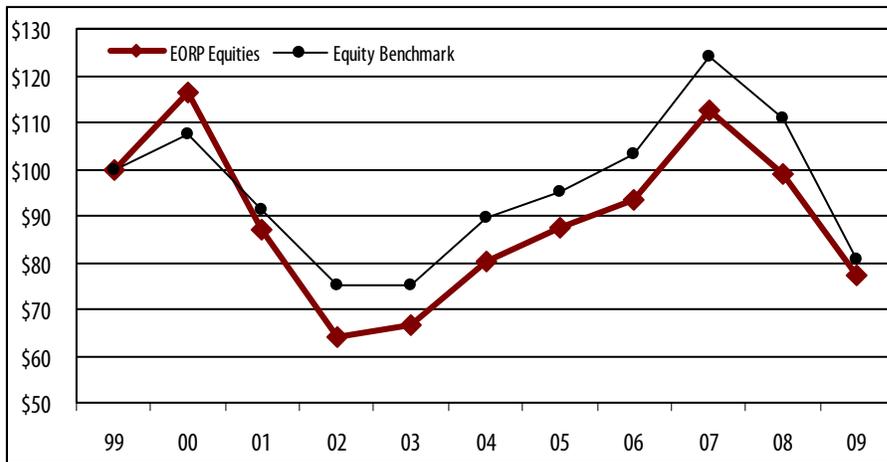


TEN YEAR CUMULATIVE RETURN, BENCHMARK AND INDICIES

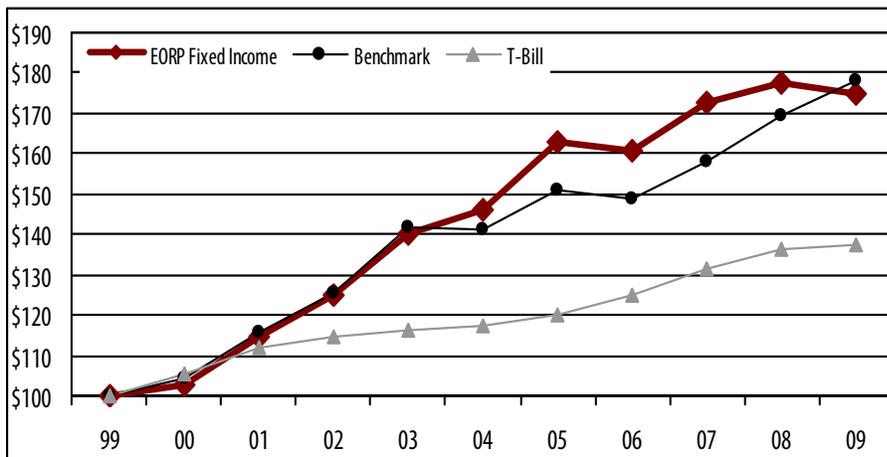
TOTAL FUND



EQUITIES



FIXED



INCOME

INVESTMENT SECTION
EQUITY PORTFOLIO TOP 10 HOLDINGS
 JUNE 30, 2009

Shares	Description	Fair Value
262,265	ISHARES TR MSCI EAFE INDEX FD	\$ 12,014,358
452,637	VANGUARD INDEX FDS EXTD MKT	11,868,147
198,041	ETF VANGUARD TOTAL STOCK	9,163,359
359,083	VANGUARD INTL EQUITY INDEX FDS	7,709,507
883,470	VANGUARD STAR FD INSTL	6,970,582
181,629	ISHARES TR MSCI EMERGING MKTS	5,853,909
107,108	ETF VANGUARD PACIFIC ETF	4,952,661
50,171	EXXON MOBIL CORP	3,507,459
153,619	ISHARES MSCI CDA INDEX FD	3,290,518
71,083	VANGUARD INTL EQUITY INDEX FD	2,552,577

FIXED INCOME PORTFOLIO TOP 10 HOLDINGS
 JUNE 30, 2009

Shares	Description	Fair Value
1,609,768	BGI CORE ACTIVE BOND FUND	\$ 29,683,967
63,575	ISHARES TR IBOX \$ HIGH YIELD	5,067,597
3,890,218	GS CREDIT OPPS FUND 2008	3,890,218
2,701,131	BLACKROCK MORTGAGE INVESTORS	2,701,131
2,447,706	US TREAS-CPI INFLAT	2,401,812
1,691,496	PSPRS-APOLLO EUR NPL	2,372,577
2,033,139	HIGHLAND CLO	2,033,139
1,876,632	PSPRS PNMAC MORTGOPP	1,876,632
1,917,982	US TREAS-CPI INFLATION INDEX	1,863,445
43,244	SPDR SER TR LEHMAN HIGH YIELD	1,521,762

SUMMARY OF CHANGES IN INVESTMENT PORTFOLIO
 YEAR ENDED JUNE 30, 2009

DESCRIPTION	JUNE 30, 2008 BALANCE				JUNE 30, 2009 BALANCE			
	PERCENT AT FAIR VALUE	FAIR VALUE	BOOK VALUE	ACQUIRED	MATURED AND SOLD	FAIR VALUE	BOOK VALUE	PERCENT AT FAIR VALUE
US Govt Securities	12.57%	\$ 40,292	\$ 39,916	\$ 83,357	\$ 110,842	\$ 12,747	\$ 12,431	5.04%
Corporate Bonds	12.41%	39,794	41,928	100,625	71,204	66,211	71,349	26.18%
Total Fixed Income	24.98%	80,086	81,844	183,982	182,046	78,958	83,780	31.22%
Common Stock	67.30%	215,778	220,126	357,558	421,050	140,997	156,634	55.76%
Alternative Investments	7.72%	24,796	22,276	43,378	27,742	32,948	37,912	13.02%
Total Portfolio	100.00%	\$ 320,660	\$ 324,246	\$ 584,918	\$ 630,838	\$ 252,903	\$ 278,326	100.00%

SCHEDULE OF COMMISSIONS PAID TO BROKERS
 YEAR ENDED JUNE 30, 2009

BROKER	NUMBER OF SHARES TRADED	AVERAGE COMMISSION	TOTAL COMMISSIONS
BLOOMBERG TRADEBOOK LLC	4,756,252	.010	47,563
PENSION FINANCIAL SERVICES INC	2,001,688	.005	10,106
TOTAL COMMISSIONS	6,757,940	.009	57,669

EQUITY PORTFOLIO
YEAR ENDED JUNE 30, 2009

SHARES	SECURITY	COST	FAIR VALUE	UNREALIZED GAIN / (LOSS)
8,585	3M CO	\$ 614,674	\$ 515,948	\$ (98,726)
16,767	ABBOTT LABS COM	962,947	788,735	(174,212)
7,930	ADOBE SYS INC DEL COM	339,660	224,431	(115,229)
5,790	AES CORP COM	88,352	67,219	(21,133)
5,337	AETNA INC COM NEW	230,240	133,693	(96,547)
4,799	AFLAC INC COM	272,102	149,200	(122,902)
1,719	AIR PRODS & CHEMS INC COM	157,881	111,024	(46,857)
6,473	ALCOA INC COM	207,974	66,865	(141,109)
1,763	ALLEGHENY TECHNOLOGIES INC COM	86,388	61,582	(24,806)
5,349	ALLSTATE CORP COM	241,407	130,519	(110,888)
22,885	ALTRIA GROUP INC	476,762	375,077	(101,685)
3,926	AMAZON.COM INC COM	162,649	328,485	165,836
7,998	AMEREN CORP	255,002	199,077	(55,925)
3,465	AMERICAN ELEC PWR INC COM	135,255	100,090	(35,165)
5,378	AMERICAN EXPRESS CO COM	213,389	124,979	(88,410)
30,013	AMERICAN INTL GROUP INC COM	644,973	34,815	(610,159)
3,379	AMERICAN TOWER CORP	108,200	106,529	(1,670)
12,699	AMGEN INC	798,105	672,262	(125,843)
4,557	APACHE CORP COM	517,009	328,759	(188,250)
9,093	APPLE INC	1,541,468	1,295,059	(246,409)
19,415	APPLIED MATLS INC COM	347,913	213,757	(134,156)
8,541	ARCHER DANIELS MIDLAND CO COM	203,546	228,648	25,102
57,481	AT & T INC COM	1,734,605	1,427,828	(306,776)
7,223	AUTOMATIC DATA PROCESSING INC	320,543	255,972	(64,571)
12,017	BANK NEW YORK MELLON CORP COM	375,075	352,213	(22,862)
62,146	BANK OF AMERICA CORP	1,962,000	820,332	(1,141,669)
8,968	BAXTER INTL INC COM	529,483	474,933	(54,550)
4,586	BEST BUY INC COM	205,301	153,575	(51,727)
328,093	BGI FRONTIER MARKETS FUND	1,454,329	1,729,913	275,584
10,170	BOEING CO COM	666,741	432,223	(234,519)
969	BOSTON PPTYS INC COM	62,824	46,245	(16,579)
12,468	BOSTON SCIENTIFIC CORP COM	111,830	126,422	14,592
16,028	BRISTOL MYERS SQUIBB CO COM	342,039	325,530	(16,509)
2,758	CAMPBELL SOUP CO COM	102,125	81,146	(20,979)
4,188	CAPITAL ONE FINL CORP	184,858	91,633	(93,225)
6,035	CELGENE CORP	418,230	288,718	(129,513)
5,235	CHESAPEAKE ENERGY CORP COM	252,634	103,815	(148,819)
19,735	CHEVRON CORPORATION COM	1,699,946	1,307,426	(392,520)
3,631	CHUBB CORP COM	174,312	144,794	(29,518)
60,520	CISCO SYS INC COM	1,455,496	1,128,690	(326,806)
58,446	CITIGROUP INC COM	1,109,893	173,585	(936,308)
6,169	CITRIX SYS INC COM	186,730	196,723	9,993
1,939	CLOROX CO COM	111,336	108,253	(3,083)
771	CME GROUP INC COM	278,858	239,794	(39,064)
2,971	COACH INC COM	86,129	79,860	(6,269)

EQUITY PORTFOLIO
YEAR ENDED JUNE 30, 2009

SHARES	SECURITY	COST	FAIR VALUE	UNREALIZED GAIN / (LOSS)
19,280	COCA COLA CO COM	\$ 1,007,157	\$ 925,270	\$ (81,887)
5,774	COLGATE PALMOLIVE CO	438,959	408,418	(30,542)
20,408	COMCAST CORP NEW CL A SPL	431,420	287,749	(143,671)
15,657	CONOCOPHILLIPS	1,279,389	658,544	(620,845)
1,731	CONSOL ENERGY INC COM	115,183	58,769	(56,414)
2,062	CONSTELLATION BRANDS INC CL A	43,538	26,152	(17,386)
3,708	COSTCO WHSL CORP NEW COM	193,008	169,766	(23,242)
15,625	CVS CAREMARK CORP	571,860	497,955	(73,904)
20,980	DELL INC COM	455,890	288,052	(167,838)
5,062	DEVON ENERGY CORP NEW COM	516,606	275,895	(240,712)
12,525	DISNEY WALT CO COM	405,181	292,207	(112,975)
6,500	DOMINION RES INC VA NEW COM	269,988	217,228	(52,760)
9,971	DOW CHEM CO COM	340,317	160,935	(179,382)
8,530	DU PONT E I DE NEMOURS & CO	357,044	218,526	(138,518)
25,055	DUKE ENERGY CORP NEW COM	399,810	365,559	(34,251)
2,453	ECOLAB INC COM	98,913	95,635	(3,278)
4,110	EDISON INTL COM	167,527	129,290	(38,237)
31,688	EMC CORP MASS	484,185	415,106	(69,079)
5,332	EMERSON ELEC CO COM	192,348	172,763	(19,585)
1,639	ENTERGY CORP NEW COM	169,498	127,087	(42,411)
98,452	ETF VANGUARD FINANCIALS ETF	2,174,585	2,370,223	195,638
107,108	ETF VANGUARD PACIFIC ETF	4,449,890	4,952,661	502,771
198,041	ETF VANGUARD TOTAL STOCK	9,537,657	9,163,359	(374,298)
7,392	EXELON CORP COM	561,523	378,563	(182,961)
2,976	EXPRESS SCRIPTS INC COM STK	218,493	204,623	(13,870)
50,171	EXXON MOBIL CORP	3,980,350	3,507,459	(472,891)
2,521	FAMILY DLR STORES INC	66,404	71,335	4,931
5,827	FEDEX CORP COM	482,562	324,077	(158,484)
3,347	FIRSTENERGY CORP COM	217,793	129,703	(88,091)
3,599	FISERV INC COM	186,656	164,521	(22,135)
1,731	FRANKLIN RES INC COM	180,841	124,616	(56,225)
2,749	FREEMAN MCMORAN COPPER & GOLD	245,496	137,727	(107,769)
3,519	GENERAL DYNAMICS CORP COM	195,815	194,931	(884)
100,318	GENERAL ELEC CO COM	2,700,763	1,175,726	(1,525,037)
3,936	GENERAL MLS INC COM	257,911	220,502	(37,409)
2,717	GENZYME CORP COM	212,763	151,271	(61,492)
9,659	GILEAD SCIENCES INC COM	508,847	452,438	(56,410)
4,628	GOLDMAN SACHS GROUP INC COM	758,854	682,353	(76,501)
2,778	GOOGLE INC CL A	1,184,000	1,171,207	(12,792)
2,323	GRAINGER W W INC COM	209,130	190,199	(18,932)
14,542	HALLIBURTON CO COM	627,555	301,026	(326,528)
3,289	HARTFORD FINL SVCS GROUP INC	207,491	39,044	(168,447)
3,359	HCP INC COM	95,989	71,183	(24,806)
27,660	HEWLETT PACKARD CO COM	1,198,446	1,069,041	(129,406)
7,824	HOME DEPOT INC COM	212,181	184,876	(27,305)

EQUITY PORTFOLIO
YEAR ENDED JUNE 30, 2009

SHARES	SECURITY	COST	FAIR VALUE	UNREALIZED GAIN / (LOSS)
6,302	HONEYWELL INTL INC COM	\$ 186,622	\$ 197,873	\$ 11,250
14,193	IBM CORP COM	1,727,659	1,481,986	(245,673)
55,358	INTEL CORP	1,266,034	916,172	(349,862)
3,628	INTERNATIONAL PAPER CO COM	98,133	54,889	(43,244)
553	INTUITIVE SURGICAL INC	163,169	90,440	(72,729)
153,619	ISHARES MSCI CDA INDEX FD	2,736,783	3,290,518	553,735
20,941	ISHARES TR MSCI EAFE GROWTH	958,259	967,263	9,005
262,265	ISHARES TR MSCI EAFE INDEX FD	11,689,149	12,014,358	325,209
25,207	ISHARES TR MSCI EAFE VALUE	1,019,360	1,062,967	43,608
181,629	ISHARES TR MSCI EMERGING MKTS	4,618,831	5,853,909	1,235,079
43,627	ISHARES TR RUSSELL 2000 INDEX	1,961,382	2,228,468	267,086
6,780	ISHARES TR RUSSELL 3000 INDEX	378,860	365,232	(13,628)
27,437	JOHNSON & JOHNSON COM	1,876,375	1,558,396	(317,979)
36,524	JPMORGAN CHASE & CO COM	1,518,621	1,245,847	(272,774)
3,384	KELLOGG CO COM	184,199	157,570	(26,628)
4,870	KEYCORP NEW COM	58,487	25,518	(32,969)
5,088	KIMBERLY CLARK CORP COM	295,681	266,752	(28,928)
3,854	KOHL'S CORP COM	189,487	164,747	(24,741)
16,410	KRAFT FOODS INC CL A	477,869	415,826	(62,043)
13,461	LILLY ELI & CO COM	627,972	466,301	(161,671)
6,617	LINEAR TECHNOLOGY CORP COM	215,971	154,501	(61,470)
4,993	LOCKHEED MARTIN CORP COM	581,370	402,675	(178,695)
16,530	LOWES COS INC COM	318,889	320,843	1,954
11,392	MCDONALDS CORP COM	706,273	654,897	(51,376)
9,244	MEDTRONIC INC COM	504,727	322,526	(182,201)
25,206	MERCK & CO INC COM	797,557	704,753	(92,804)
8,023	METLIFE INC COM	434,821	240,756	(194,065)
4,843	MICROCHIP TECHNOLOGY INC COM	155,008	109,198	(45,810)
78,546	MICROSOFT CORP COM	2,143,529	1,867,046	(276,483)
5,004	MONSANTO CO NEW COM	548,111	371,999	(176,112)
5,292	MORGAN STANLEY	216,090	150,888	(65,203)
6,447	NATIONAL OILWELL VARCO INC	475,345	210,562	(264,783)
3,062	NEWMONT MINING CORP HOLDING CO	138,102	125,149	(12,953)
26,322	NEWS CORPORATION CL A	196,372	239,790	43,418
4,239	NORDSTROM INC WASH COM	131,836	84,316	(47,520)
2,270	NUCOR CORP	119,153	100,837	(18,315)
9,123	OCCIDENTAL PETE CORP COM	721,543	600,410	(121,133)
5,419	OMNICOM GROUP INC USD0.15 COM	229,730	171,146	(58,584)
30,006	ORACLE CORPORATION COM	658,025	642,722	(15,303)
3,127	PEABODY ENERGY CORP COM	196,820	94,298	(102,521)
14,218	PEPSICO INC COM	973,618	781,397	(192,221)
73,313	PFIZER INC COM STK USD0.05	1,401,007	1,099,692	(301,316)
3,255	PG&E CORP COM	134,532	125,125	(9,407)
19,089	PHILIP MORRIS INTL INC COM	971,503	832,658	(138,845)
969	PLUM CREEK TIMBER CO INC COM	36,551	28,871	(7,680)

EQUITY PORTFOLIO
YEAR ENDED JUNE 30, 2009

SHARES	SECURITY	COST	FAIR VALUE	UNREALIZED GAIN / (LOSS)
2,918	PNC FINANCIAL SERVICES GROUP	\$ 375,130	\$ 113,235	\$ (261,895)
7,174	PPL CORP COM	314,016	236,462	(77,553)
2,739	PRAXAIR INC COM	236,234	194,681	(41,553)
3,204	PRICE T ROWE GROUP INC COM	190,193	133,513	(56,680)
27,121	PROCTER & GAMBLE CO COM	1,892,264	1,385,907	(506,358)
2,908	PROLOGIS INT	61,343	23,442	(37,901)
1,525	PUBLIC STORAGE COM	107,486	99,876	(7,609)
4,244	PUBLIC SVC ENTERPRISE GROUP	173,045	138,496	(34,550)
17,392	QUALCOMM INC	915,697	786,125	(129,572)
3,054	REYNOLDS AMERN INC	130,192	117,943	(12,249)
8,023	ROBERT HALF INTL INC COM	205,377	189,492	(15,885)
2,681	SANDISK CORP	38,762	39,405	643
14,870	SCHERING PLOUGH CORP COM	288,469	373,523	85,054
15,221	SCHLUMBERGER LTD COM	1,413,745	823,607	(590,138)
78,577	SECTOR SPDR TR SBI INDUSTRIAL	1,433,065	1,725,553	292,488
77,559	SELECT SECTOR SPDR FD CONSUMER	1,462,937	1,790,065	327,128
16,578	SELECT SECTOR SPDR FUND	377,945	427,719	49,774
4,678	SEMPRA ENERGY COM	270,937	232,158	(38,779)
9,121	SOUTHERN CO COM	331,615	284,209	(47,406)
15,357	SPRINT NEXTEL CORP COM SER 1	53,854	73,866	20,012
9,106	STAPLES INC COM	220,363	183,758	(36,606)
2,899	STRYKER CORP	153,674	115,197	(38,477)
8,410	TARGET CORP COM	445,915	331,955	(113,960)
15,745	TEXAS INSTRS INC COM	385,898	335,358	(50,540)
4,528	THERMO FISHER SCIENTIFIC	200,123	184,587	(15,536)
2,573	TIME WARNER CABLE INC COM	128,195	81,488	(46,707)
10,251	TIME WARNER INC NEW COM NEW	375,217	258,215	(117,002)
1,339	TRANSOCEAN LTD ZUG NAMEN-AKT	168,887	99,461	(69,426)
5,575	UNITED PARCEL SVC INC CL B	290,915	278,672	(12,242)
946	UNITED STATES STEEL CORP	41,352	33,806	(7,546)
11,377	UNITED TECHNOLOGIES CORP COM	746,215	591,147	(155,068)
10,069	UNITEDHEALTH GROUP INC COM	306,602	251,524	(55,078)
18,529	US BANCORP DEL COM NEW	590,322	332,033	(258,289)
73,284	VANGUARD EMERGING MARKETS ETF	1,747,349	2,331,896	584,547
452,637	VANGUARD INDEX FDS EXTD MKT	10,526,184	11,868,147	1,341,964
71,083	VANGUARD INTL EQUITY INDEX FD	2,330,088	2,552,577	222,489
359,083	VANGUARD INTL EQUITY INDEX FDS	7,870,250	7,709,507	(160,743)
883,470	VANGUARD STAR FD INSTL	8,586,962	6,970,582	(1,616,380)
2,690	VARIAN MED SYS INC COM	169,921	94,538	(75,383)
27,553	VERIZON COMMUNICATIONS COM	967,657	846,700	(120,957)
996	VORNADO RLTY TR COM	63,262	44,872	(18,390)
20,577	WAL MART STORES INC COM	1,123,284	996,746	(126,538)
8,837	WALGREEN CO	321,928	259,805	(62,123)
6,786	WASTE MGMT INC DEL COM	208,687	191,106	(17,581)
6,526	WELLPOINT INC	344,514	332,114	(12,400)

EQUITY PORTFOLIO
YEAR ENDED JUNE 30, 2009

SHARES	SECURITY	COST	FAIR VALUE	UNREALIZED GAIN / (LOSS)
37,965	WELLS FARGO & CO NEW COM	\$ 1,152,195	\$ 921,036	\$ (231,159)
1,714	WEYERHAEUSER CO COM	95,086	52,144	(42,942)
10,824	WYETH COM	468,442	491,280	22,838
7,065	YUM BRANDS INC	252,085	235,552	(16,532)
5,426,014	TOTAL EQUITES	\$ 156,634,318	\$ 140,997,116	\$ (15,637,203)

EQUITY ACQUIRED
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	SHARES	AVG COST	COST
3M CO	12,336	\$ 71.60	\$ 883,263
ABBOTT LABS COM	24,098	57.43	1,383,974
ABERCROMBIE & FITCH CO CL A	919	52.45	48,203
ADOBE SYS INC DEL COM	11,751	42.83	503,281
AES CORP COM	5,790	15.26	88,352
AETNA INC COM NEW	10,563	43.14	455,694
AFLAC INC COM	18,923	56.70	1,072,915
AIR PRODS & CHEMS INC COM	1,719	91.85	157,881
ALCOA INC COM	6,473	32.13	207,974
ALLEGHENY TECHNOLOGIES INC COM	5,172	49.00	253,417
ALLIANZ SE ADR	36,144	12.13	438,427
ALLSTATE CORP COM	36,270	45.13	1,636,874
ALTRIA GROUP INC	60,363	20.83	1,257,568
AMAZON.COM INC COM	3,926	41.42	162,649
AMDOCS LTD COM	2,273	30.19	68,619
AMEREN CORP	7,998	31.88	255,002
AMERICAN CAP LTD COM	23,981	28.43	681,874
AMERICAN ELEC PWR INC COM	3,465	39.04	135,255
AMERICAN EXPRESS CO COM	5,378	39.68	213,389
AMERICAN INTL GROUP INC COM	36,138	21.49	776,612
AMERICAN TOWER CORP	4,745	32.02	151,958
AMGEN INC	39,380	62.85	2,475,063
APACHE CORP COM	14,355	113.47	1,628,913
APPLE INC	13,688	169.53	2,320,470
APPLIED MATLS INC COM	30,860	17.92	553,005
ARCHER DANIELS MIDLAND CO COM	31,857	23.83	759,180
AT & T INC COM	69,162	30.18	2,087,106
AUTOMATIC DATA PROCESSING INC	27,281	44.38	1,210,744
BANK NEW YORK MELLON CORP COM	16,893	31.21	527,261
BANK OF AMERICA CORP	158,140	31.33	4,953,739
BAXTER INTL INC COM	12,626	59.04	745,482
BED BATH & BEYOND INC COM	24,791	30.66	760,101
BEST BUY INC COM	41,668	44.77	1,865,487
BGI FRONTIER MARKETS FUND	328,093	4.43	1,454,329
BGI MONEY MARKET	1,171,886	1.00	1,171,886
BOEING CO COM	40,007	65.56	2,622,845
BOSTON PPTYS INC COM	969	64.80	62,824
BOSTON SCIENTIFIC CORP COM	17,520	8.97	157,151
BRISTOL MYERS SQUIBB CO COM	16,028	21.34	342,039
CAMPBELL SOUP CO COM	2,758	37.03	102,125
CANADIAN NATL RY CO COM	26,832	48.36	1,297,732
CAPITAL ONE FINL CORP	9,447	44.14	417,000
CAREER ED CORP COM	4,550	18.75	85,321
CARPENTER TECHNOLOGY CORP COM	541	38.81	20,998
CELGENE CORP	21,173	69.30	1,467,273

EQUITY ACQUIRED
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	SHARES	AVG COST	COST
CHATTEM INC COM	193	\$ 70.12	\$ 13,567
CHESAPEAKE ENERGY CORP COM	25,655	48.38	1,241,147
CHEVRON CORPORATION COM	62,102	86.15	5,350,339
CHICOS FAS INC COM	21,874	5.74	125,559
CHUBB CORP COM	19,026	48.01	913,451
CISCO SYS INC COM	93,460	24.05	2,247,719
CITIGROUP INC COM	252,859	18.99	4,801,795
CITRIX SYS INC COM	8,139	30.27	246,356
CLARCOR INC	485	39.93	19,384
CLOROX CO COM	1,939	57.42	111,336
CME GROUP INC COM	771	361.81	278,858
COACH INC COM	20,104	28.99	582,827
COCA COLA CO COM	36,888	52.24	1,926,911
COLGATE PALMOLIVE CO	17,785	76.03	1,352,221
COMCAST CORP NEW CL A SPL	25,255	21.14	533,899
COMMIT TO PUR MUTUAL FD	12,741,209	1.00	12,741,209
CONOCOPHILLIPS	34,425	82.02	2,823,581
CONSOL ENERGY INC COM	5,354	66.99	358,664
CONSTELLATION BRANDS INC CL A	9,661	21.11	203,950
CONSTELLATION ENGY GRP INC COM	1,923	66.71	128,266
CORNING INC COM	3,689	20.54	75,773
COSTCO WHSL CORP NEW COM	3,708	52.05	193,008
COVANCE INC COM	658	94.34	62,075
COVIDIEN LIMITED	5,628	46.29	260,500
CVS CAREMARK CORP	61,506	36.60	2,251,130
DELL INC COM	20,980	21.73	455,890
DEVON ENERGY CORP NEW COM	21,061	102.48	2,158,250
DISNEY WALT CO COM	15,012	32.35	485,640
DOMINION RES INC VA NEW COM	6,500	41.54	269,988
DOW CHEM CO COM	19,914	34.13	679,654
DU PONT E I DE NEMOURS & CO	8,530	41.86	357,044
DUKE ENERGY CORP NEW COM	27,752	15.96	442,837
ECOLAB INC COM	3,371	40.33	135,932
EDISON INTL COM	4,110	40.76	167,527
EMC CORP MASS	34,618	15.28	528,970
EMERSON ELEC CO COM	5,332	36.07	192,348
ENERGEN CORP	5,163	55.84	288,318
ENTERGY CORP NEW COM	1,639	103.39	169,498
ETF VANGUARD EXTENDED MKT ETF	105,546	42.10	4,443,190
ETF VANGUARD FINANCIALS ETF	98,452	22.09	2,174,585
ETF VANGUARD PACIFIC ETF	374,100	48.85	18,273,364
ETF VANGUARD SMALL-CAPVALUE	42,456	54.63	2,319,323
ETF VANGUARD TOTAL STOCK	401,263	56.50	22,669,872
EXELON CORP COM	15,210	75.96	1,155,385
EXPRESS SCRIPTS INC COM STK	8,544	73.41	627,231

EQUITY ACQUIRED
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	SHARES	AVG COST	COST
EXXON MOBIL CORP	92,665	\$ 79.56	\$ 7,372,376
FAMILY DLR STORES INC	2,521	26.34	66,404
FEDEX CORP COM	24,564	82.82	2,034,407
FIRSTENERGY CORP COM	3,347	65.07	217,793
FISERV INC COM	6,992	51.86	362,603
FMC CORP NEW COM	6,594	73.54	484,892
FRANKLIN RES INC COM	10,068	104.50	1,052,114
FREEMONT MCMORAN COPPER & GOLD	2,749	89.32	245,496
FRONTIER COMMUNICATIONS CORP	881	12.57	11,074
GARMIN LTD REG SHS	2,825	34.76	98,212
GENENTECH INC	5,776	98.75	570,416
GENERAL DYNAMICS CORP COM	4,931	55.64	274,351
GENERAL ELEC CO COM	165,206	26.92	4,447,692
GENERAL MLS INC COM	3,936	65.52	257,911
GENZYME CORP COM	2,717	78.30	212,763
GILEAD SCIENCES INC COM	9,659	52.68	508,847
GOLDMAN SACHS GROUP INC COM	7,988	163.97	1,309,845
GOOGLE INC CL A	3,022	426.20	1,288,095
GRAINGER W W INC COM	8,657	90.03	779,399
HALLIBURTON CO COM	21,082	43.89	925,390
HARRIS CORP DEL COM	1,488	52.36	77,910
HARTFORD FINL SVCS GROUP INC	23,908	63.08	1,508,121
HCP INC COM	8,372	28.57	239,236
HEWLETT PACKARD CO COM	27,660	43.33	1,198,446
HOME DEPOT INC COM	58,304	27.12	1,581,213
HOME PROPERTIES INC	114	52.75	6,007
HONEYWELL INTL INC COM	6,302	29.61	186,622
IBM CORP COM	17,604	121.73	2,142,932
INTEL CORP	55,358	22.87	1,266,034
INTERNATIONAL PAPER CO COM	3,628	27.05	98,133
INTUITIVE SURGICAL INC	553	295.27	163,169
ISHARES MSCI CDA INDEX FD	274,703	21.46	5,894,927
ISHARES TR MSCI EAFE GROWTH	42,430	47.00	1,994,099
ISHARES TR MSCI EAFE INDEX FD	531,391	53.54	28,450,741
ISHARES TR MSCI EAFE VALUE	51,073	41.51	2,120,274
ISHARES TR MSCI EMERGING MKTS	544,034	24.76	13,468,221
ISHARES TR RUSSELL 2000 INDEX	43,627	44.96	1,961,382
ISHARES TR RUSSELL 3000 INDEX	13,737	65.66	902,045
JACOBS ENGR GROUP INC COM	1,172	73.82	86,501
JOHNSON & JOHNSON COM	38,395	68.39	2,625,798
JPMORGAN CHASE & CO COM	66,925	41.58	2,782,607
KELLOGG CO COM	10,606	54.44	577,384
KEYCORP NEW COM	8,576	12.01	102,996
KIMBERLY CLARK CORP COM	10,200	58.12	592,781
KING PHARMACEUTICALS INC COM	11,079	11.44	126,741

EQUITY ACQUIRED
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	SHARES	AVG COST	COST
KOHL'S CORP COM	9,103	\$ 49.17	\$ 447,616
KRAFT FOODS INC CL A	36,171	29.12	1,053,328
LANDSTAR SYS INC COM	668	49.02	32,758
LEHMAN BROS HLDGS INC COM	18,859	13.64	257,233
LILLY ELI & CO COM	35,887	46.65	1,674,148
LINEAR TECHNOLOGY CORP COM	13,341	32.64	435,434
LOCKHEED MARTIN CORP COM	17,503	116.44	2,038,107
LOGITECH INTERNATIONAL SA	19,772	20.74	410,075
LOWES COS INC COM	16,530	19.29	318,889
MANITOWOC INC COM	1,227	25.18	30,906
MCAFEE INC	10,155	39.56	401,736
MCDONALDS CORP COM	26,219	62.00	1,625,598
MEDTRONIC INC COM	9,244	54.60	504,727
MERCK & CO INC COM	36,346	31.64	1,150,066
METLIFE INC COM	23,039	54.20	1,248,724
MICROCHIP TECHNOLOGY INC COM	9,057	32.01	289,902
MICROSOFT CORP COM	139,352	27.29	3,802,924
MONSANTO CO NEW COM	5,004	109.53	548,111
MORGAN STANLEY	5,292	40.83	216,090
NATIONAL CITY CORP COM	986,535	5.04	4,972,137
NATIONAL OILWELL VARCO INC	14,486	74.25	1,075,610
NEWMONT MINING CORP HOLDING CO	3,062	45.10	138,102
NEWS CORPORATION CL A	26,322	7.46	196,372
NOKIA CORP SPON ADR SER A COM	58,661	21.71	1,273,489
NORDSTROM INC WASH COM	13,764	31.10	428,067
NUCOR CORP	2,270	52.50	119,153
OCCIDENTAL PETE CORP COM	37,193	79.78	2,967,319
OLIN CORP COM PAR \$1.00	3,615	26.91	97,285
OMNICOM GROUP INC USD0.15 COM	9,021	42.39	382,405
ORACLE CORPORATION COM	30,006	21.93	658,025
PEABODY ENERGY CORP COM	9,473	62.40	591,132
PEPSICO INC COM	41,370	68.48	2,833,039
PETSMART INC	17,309	27.00	467,335
PFIZER INC COM STK USD0.05	136,694	19.11	2,612,220
PG&E CORP COM	3,255	41.33	134,532
PHILIP MORRIS INTL INC COM	59,351	52.13	3,093,711
PLUM CREEK TIMBER CO INC COM	969	37.70	36,551
PNC FINANCIAL SERVICES GROUP	2,918	128.57	375,133
POOL CORP COM	4,853	24.26	117,729
PPL CORP COM	7,174	43.77	314,016
PRAXAIR INC COM	2,739	86.24	236,234
PRICE T ROWE GROUP INC COM	17,545	59.36	1,041,470
PROCTER & GAMBLE CO COM	64,955	69.77	4,531,933
PROLOGIS INT	2,908	21.09	61,343
PSYCHIATRIC SOLUTIONS INC	2,551	37.75	96,293

EQUITY ACQUIRED
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	SHARES	AVG COST	COST
PUBLIC STORAGE COM	8,709	\$ 70.47	\$ 613,677
PUBLIC SVC ENTERPRISE GROUP	4,244	40.77	173,045
QUALCOMM INC	24,215	52.65	1,274,921
QUIKSILVER INC COM	6,606	7.71	50,930
RESMED INC	3,461	46.80	161,991
REYNOLDS AMERN INC	9,244	42.63	394,080
ROBERT HALF INTL INC COM	12,384	25.60	317,036
ROHM & HAAS CO COM	708	70.65	50,037
RPM INTERNATIONAL INC	7,823	21.60	168,970
SANDISK CORP	9,090	14.46	131,437
SAP AKIENGESELLSCHAFT SPONS	24,196	52.09	1,260,363
SCHERING PLOUGH CORP COM	14,870	19.40	288,469
SCHLUMBERGER LTD COM	34,064	94.27	3,211,177
SCOTTS MIRACLE-GRO COMPANY	447	26.74	11,951
SEALED AIR CORP NEW COM	10,328	24.23	250,250
SECTOR SPDR TR SBI INDUSTRIAL	78,577	18.24	1,433,065
SELECT SECTOR SPDR FD CONSUMER	77,559	18.86	1,462,937
SELECT SECTOR SPDR FUND	20,456	22.80	466,357
SEMPRA ENERGY COM	8,040	57.92	465,657
SOUTHERN CO COM	9,121	36.36	331,615
SPRINT NEXTEL CORP COM SER 1	33,346	3.51	116,941
STAPLES INC COM	54,725	24.20	1,324,339
STERICYCLE INC COM	905	59.30	53,650
STRYKER CORP	2,899	53.01	153,674
TARGET CORP COM	13,507	53.02	716,143
TEXAS INSTRS INC COM	48,627	24.51	1,191,858
THERMO FISHER SCIENTIFIC	4,528	44.20	200,123
TIME WARNER CABLE INC COM	2,573	49.82	128,196
TIME WARNER INC NEW COM NEW	10,251	36.60	375,218
TRANSOCEAN INC NEW SHS	3,009	129.06	388,336
TRANSOCEAN LTD ZUG NAMEN-AKT	6,628	126.15	836,053
TRINITY INDS INC	2,975	35.98	107,026
UNITED PARCEL SVC INC CL B	5,575	52.19	290,915
UNITED STATES STEEL CORP	2,443	43.72	106,787
UNITED TECHNOLOGIES CORP COM	20,326	65.59	1,333,209
UNITEDHEALTH GROUP INC COM	10,069	30.45	306,602
URS CORP NEW	7,018	47.96	336,604
US BANCORP DEL COM NEW	45,534	31.86	1,450,723
VANGUARD EMERGING MARKETS ETF	248,278	29.19	7,247,745
VANGUARD EUROPEAN ETF	77,185	44.46	3,431,317
VANGUARD INDEX FDS EXTD MKT	499,196	23.26	11,608,908
VANGUARD INDEX FDS SMALL	180,034	13.10	2,358,487
VANGUARD INTL EQUITY INDEX FD	144,025	40.41	5,820,366
VANGUARD INTL EQUITY INDEX FDS	426,316	21.92	9,343,852
VANGUARD STAR FD INSTL	883,470	9.72	8,586,962

EQUITY ACQUIRED
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	SHARES	AVG COST	COST
VARIAN MED SYS INC COM	9,022	\$ 63.16	\$ 569,834
VERIZON COMMUNICATIONS COM	54,628	35.12	1,918,536
VORNADO RLTY TR COM	997	63.48	63,265
WACHOVIA CORP NEW COM	62,466	15.89	992,586
WAL MART STORES INC COM	25,462	54.59	1,389,948
WALGREEN CO	14,751	36.43	537,372
WASHINGTON MUTUAL INC COM	806,973	3.82	3,081,014
WASTE MGMT INC DEL COM	6,786	30.75	208,687
WELLPOINT INC	15,177	52.79	801,185
WELLS FARGO & CO NEW COM	37,965	30.35	1,152,195
WESTERN DIGITAL CORP DEL COM	2,233	27.26	60,863
WEYERHAEUSER CO COM	1,714	55.49	95,086
WYETH COM	10,824	43.28	468,442
YUM BRANDS INC	31,287	35.68	1,116,331
TOTAL EQUITY ACQUIRED	25,519,841	\$ 14.01	\$ 357,558,369

INVESTMENT SECTION
EQUITY SOLD
 DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	SHARES SOLD	SALE PRICE	COST	GAIN (LOSS)	% GAIN (LOSS)
3M CO	17,351	\$ 66.93	\$ 1,306,503	\$ (145,239)	-11.12%
ABBOTT LABS COM	33,931	55.36	704,239	1,174,311	166.75%
ABERCROMBIE & FITCH CO CL A	1,865	40.75	80,247	(4,253)	-5.30%
ADOBE SYS INC DEL COM	16,460	38.19	383,740	244,899	63.82%
AES CORP COM	6,160	15.26	130,257	(36,256)	-27.83%
AETNA INC COM NEW	17,026	37.69	469,056	172,618	36.80%
AFLAC INC COM	34,204	49.09	1,721,269	(42,181)	-2.45%
AIR PRODS & CHEMS INC COM	1,830	91.85	176,436	(8,351)	-4.73%
ALCOA INC COM	6,880	32.13	245,627	(24,573)	-10.00%
ALLEGHENY TECHNOLOGIES INC COM	9,509	39.95	763,750	(383,860)	-50.26%
ALLIANZ SE ADR	55,544	11.18	749,159	(127,955)	-17.08%
ALLSTATE CORP COM	70,321	41.15	2,332,220	561,293	24.07%
ALTRIA GROUP INC	87,949	19.76	1,694,499	43,548	2.57%
AMDOCS LTD COM	4,629	26.87	149,383	(24,990)	-16.73%
AMERICAN CAP LTD COM	23,981	11.77	681,874	(399,648)	-58.61%
AMERICAN CAP STRATEGIES LTD	12,595	34.49	434,341	0	0.00%
AMERICAN ELEC PWR INC COM	3,690	39.04	176,753	(32,695)	-18.50%
AMERICAN EXPRESS CO COM	5,615	39.68	307,220	(84,417)	-27.48%
AMERICAN INTL GROUP INC COM	45,071	18.71	1,768,304	(925,249)	-52.32%
AMERICAN TOWER CORP	1,366	29.99	43,758	(2,778)	-6.35%
AMGEN INC	70,482	59.32	3,376,721	804,157	23.81%
APACHE CORP COM	9,799	97.71	1,111,904	(154,418)	-13.89%
APPLE INC	19,095	152.58	2,032,833	880,711	43.32%
APPLIED MATLS INC COM	44,379	16.17	763,294	(45,593)	-5.97%
ARCHER DANIELS MIDLAND CO COM	42,728	25.51	1,158,417	(68,249)	-5.89%
AT & T INC COM	49,661	30.61	1,924,127	(404,116)	-21.00%
AUTOMATIC DATA PROCESSING INC	49,884	40.64	1,962,591	64,602	3.29%
BANK NEW YORK MELLON CORP COM	14,456	30.46	613,863	(173,567)	-28.27%
BANK OF AMERICA CORP	360,408	30.78	10,619,762	474,434	4.47%
BAXTER INTL INC COM	3,658	50.62	215,999	(30,802)	-14.26%
BED BATH & BEYOND INC COM	51,491	26.66	1,802,506	(429,586)	-23.83%
BEST BUY INC COM	82,083	40.08	3,224,241	65,900	2.04%
BGI MONEY MARKET	1,171,886	1.00	1,171,886	0	0.00%
BOEING CO COM	73,237	59.46	4,848,914	(493,895)	-10.19%
BOSTON SCIENTIFIC CORP COM	5,053	7.96	45,321	(5,102)	-11.26%
BRISTOL MYERS SQUIBB CO COM	16,620	21.34	478,846	(124,175)	-25.93%
CANADIAN NATL RY CO COM	42,672	47.40	1,550,030	472,850	30.51%
CAPITAL ONE FINL CORP	15,925	36.04	1,135,823	(561,890)	-49.47%
CAREER ED CORP COM	9,265	16.78	206,822	(51,303)	-24.81%
CARPENTER TECHNOLOGY CORP COM	1,098	35.64	51,092	(11,955)	-23.40%
CELGENE CORP	38,238	62.74	2,358,904	40,270	1.71%
CHATTEM INC COM	392	71.99	20,958	7,296	34.81%
CHESAPEAKE ENERGY CORP COM	20,420	31.30	988,513	(349,269)	-35.33%
CHEVRON CORPORATION COM	42,367	80.23	3,650,393	(251,231)	-6.88%
CHICOS FAS INC COM	45,474	4.41	840,597	(639,899)	-76.12%

EQUITY SOLD
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	SHARES SOLD	SALE PRICE	COST	GAIN (LOSS)	% GAIN (LOSS)
CHUBB CORP COM	36,096	\$ 46.78	\$ 1,798,989	\$ (110,593)	-6.15%
CISCO SYS INC COM	131,741	22.16	1,765,097	1,154,003	65.38%
CITIGROUP INC COM	575,313	18.29	13,773,351	(3,253,650)	-23.62%
CITRIX SYS INC COM	10,573	28.84	313,417	(8,509)	-2.71%
CLARCOR INC	985	35.30	35,239	(449)	-1.27%
COACH INC COM	38,873	24.11	1,152,057	(214,933)	-18.66%
COCA COLA CO COM	52,607	49.28	2,693,281	(100,553)	-3.73%
COLGATE PALMOLIVE CO	30,612	70.05	1,893,856	250,525	13.23%
COMCAST CORP NEW CL A SPL	31,713	20.05	683,551	(47,771)	-6.99%
COMMIT TO PUR MUTUAL FD	12,741,209	1.00	12,741,209	0	0.00%
CONOCOPHILLIPS	18,768	67.87	1,544,192	(270,420)	-17.51%
CONSOL ENERGY INC COM	3,623	50.54	243,481	(60,382)	-24.80%
CONSTELLATION BRANDS INC CL A	17,754	18.31	318,574	6,484	2.04%
CONSTELLATION ENGY GRP INC COM	3,903	45.90	212,929	(33,793)	-15.87%
CORNING INC COM	6,864	15.08	144,583	(41,072)	-28.41%
COVANCE INC COM	1,340	72.86	91,540	6,094	6.66%
COVIDIEN LIMITED	5,628	35.01	260,500	(63,448)	-24.36%
CULLEN FROST BANKERS INC COM	672	54.45	36,436	156	0.43%
CVS CAREMARK CORP	111,411	33.61	3,467,437	277,106	7.99%
DELL INC COM	23,400	21.73	901,902	(393,420)	-43.62%
DEVON ENERGY CORP NEW COM	15,999	86.12	1,641,644	(263,871)	-16.07%
DISNEY WALT CO COM	11,437	29.68	369,781	(30,359)	-8.21%
DOMINION RES INC VA NEW COM	5,370	43.53	255,865	(22,109)	-8.64%
DOW CHEM CO COM	31,743	30.20	1,267,340	(308,669)	-24.36%
DU PONT E I DE NEMOURS & CO	8,040	44.44	349,830	7,468	2.13%
DUKE ENERGY CORP NEW COM	6,596	15.34	105,115	(3,948)	-3.76%
ECOLAB INC COM	918	38.62	37,019	(1,566)	-4.23%
EDISON INTL COM	2,810	45.92	151,997	(22,962)	-15.11%
EMC CORP MASS	39,661	14.93	504,933	87,179	17.27%
ENERGEN CORP	10,763	42.91	470,914	(9,051)	-1.92%
ENTERGY CORP NEW COM	1,740	103.39	216,233	(36,334)	-16.80%
ETF VANGUARD EXTENDED MKT ETF	159,016	39.30	7,142,740	(893,689)	-12.51%
ETF VANGUARD PACIFIC ETF	449,563	48.65	25,262,236	(3,390,899)	-13.42%
ETF VANGUARD SMALL-CAPVALUE	65,656	50.18	3,968,127	(673,590)	-16.97%
ETF VANGUARD TOTAL STOCK	367,172	55.51	25,429,269	(5,047,642)	-19.85%
EXELON CORP COM	24,618	67.00	1,423,762	225,741	15.86%
EXPRESS SCRIPTS INC COM STK	14,612	66.00	453,931	510,409	112.44%
EXXON MOBIL CORP	42,494	77.77	3,392,026	(87,334)	-2.57%
FEDEX CORP COM	45,338	79.66	3,426,687	184,791	5.39%
FIRSTENERGY CORP COM	2,510	72.64	193,099	(10,772)	-5.58%
FISERV INC COM	10,818	48.37	461,723	61,489	13.32%
FMC CORP NEW COM	13,689	58.84	662,968	142,536	21.50%
FRANKLIN RES INC COM	24,738	90.14	1,716,204	513,697	29.93%
FREEMPORT MCMORAN COPPER & GOLD	2,920	89.32	297,653	(36,839)	-12.38%
FRONTIER COMMUNICATIONS CORP	881	8.73	11,074	(3,383)	-30.55%

EQUITY SOLD
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	SHARES SOLD	SALE PRICE	COST	GAIN (LOSS)	% GAIN (LOSS)
GARMIN LTD REG SHS	5,775	\$ 26.86	\$ 232,803	\$ (77,690)	-33.37%
GENENTECH INC	11,756	90.89	792,559	275,931	34.82%
GENERAL DYNAMICS CORP COM	1,411	53.24	78,536	(3,385)	-4.31%
GENERAL ELEC CO COM	189,588	22.26	6,064,554	(1,843,839)	-30.40%
GENZYME CORP COM	2,900	78.30	167,006	60,064	35.97%
GILEAD SCIENCES INC COM	10,274	52.68	89,516	451,718	504.62%
GOLDMAN SACHS GROUP INC COM	12,270	138.96	1,614,199	90,873	5.63%
GOOGLE INC CL A	2,254	446.43	1,459,782	(453,427)	-31.06%
GRAINGER W W INC COM	15,399	83.45	1,133,051	152,067	13.42%
HALLIBURTON CO COM	6,540	43.94	297,835	(10,467)	-3.51%
HARRIS CORP DEL COM	3,021	45.62	143,355	(5,526)	-3.85%
HARTFORD FINL SVCS GROUP INC	46,399	55.34	2,623,347	(55,410)	-2.11%
HCP INC COM	5,013	21.30	143,247	(36,444)	-25.44%
HEWLETT PACKARD CO COM	15,990	46.92	821,044	(70,793)	-8.62%
HOME DEPOT INC COM	113,681	24.37	2,207,505	562,397	25.48%
HOME PROPERTIES INC	397	53.59	22,707	(1,440)	-6.34%
IBM CORP COM	19,032	117.57	1,203,639	1,033,954	85.90%
INTEL CORP	61,300	22.87	1,790,023	(388,092)	-21.68%
INTERNATIONAL PAPER CO COM	3,860	27.05	122,526	(18,113)	-14.78%
INTUITIVE SURGICAL INC	594	295.27	55,749	119,642	214.61%
ISHARES MSCI CDA INDEX FD	203,739	24.36	5,752,298	(788,409)	-13.71%
ISHARES TR MSCI EAFE GROWTH	21,489	45.76	1,035,840	(52,512)	-5.07%
ISHARES TR MSCI EAFE INDEX FD	528,936	53.78	37,063,033	(8,614,759)	-23.24%
ISHARES TR MSCI EAFE VALUE	25,866	40.44	1,100,914	(54,886)	-4.99%
ISHARES TR MSCI EMERGING MKTS	425,504	32.26	16,227,604	(2,502,317)	-15.42%
ISHARES TR RUSSELL 3000 INDEX	14,557	65.97	1,192,271	(231,980)	-19.46%
JACOBS ENGR GROUP INC COM	2,378	67.95	106,022	55,541	52.39%
JOHNSON & JOHNSON COM	40,458	65.23	2,413,457	225,732	9.35%
JPMORGAN CHASE & CO COM	80,500	35.68	3,129,908	(257,583)	-8.23%
KELLOGG CO COM	18,922	49.28	978,780	(46,333)	-4.73%
KEYCORP NEW COM	94,406	11.12	1,061,584	(11,399)	-1.07%
KIMBERLY CLARK CORP COM	5,112	47.94	297,100	(52,027)	-17.51%
KING PHARMACEUTICALS INC COM	22,733	9.47	338,799	(123,628)	-36.49%
KOHL'S CORP COM	15,250	44.95	741,330	(55,901)	-7.54%
KRAFT FOODS INC CL A	39,838	28.41	1,137,213	(5,431)	-0.48%
LANDSTAR SYS INC COM	1,354	49.26	41,528	25,182	60.64%
LEHMAN BROS HLDGS INC COM	25,399	13.63	531,602	(185,298)	-34.86%
LILLY ELI & CO COM	61,726	41.74	3,282,896	(706,502)	-21.52%
LINEAR TECHNOLOGY CORP COM	20,944	29.32	715,646	(101,568)	-14.19%
LOCKHEED MARTIN CORP COM	31,511	109.45	3,145,900	302,881	9.63%
LOGITECH INTERNATIONAL SA	30,652	19.21	725,405	(136,679)	-18.84%
MANITOWOC INC COM	2,478	22.92	51,055	5,758	11.28%
MCAFFEE INC	20,655	34.75	700,561	17,172	2.45%
MCDONALDS CORP COM	43,528	60.16	1,944,719	674,029	34.66%
MEDTRONIC INC COM	9,710	54.60	484,636	45,530	9.39%

EQUITY SOLD
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	SHARES SOLD	SALE PRICE	COST	GAIN (LOSS)	% GAIN (LOSS)
MERCK & CO INC COM	29,151	\$ 32.13	\$ 1,432,301	\$ (495,665)	-34.61%
MERRILL LYNCH & CO INC	20,645	28.35	1,632,462	(1,047,176)	-64.15%
METLIFE INC COM	40,017	44.74	2,065,644	(275,319)	-13.33%
MICROCHIP TECHNOLOGY INC COM	13,834	28.92	411,325	(11,279)	-2.74%
MICROSOFT CORP COM	207,406	25.00	6,823,660	(1,639,453)	-24.03%
MONSANTO CO NEW COM	4,570	114.25	472,328	49,794	10.54%
MORGAN STANLEY	5,590	40.83	275,240	(47,001)	-17.08%
NATIONAL CITY CORP COM	2,284,545	4.74	11,541,666	(718,722)	-6.23%
NATIONAL OILWELL VARCO INC	8,039	59.47	600,265	(122,184)	-20.35%
NEWMONT MINING CORP HOLDING CO	3,260	45.10	174,136	(27,110)	-15.57%
NOKIA CORP SPON ADR SER A COM	99,961	19.93	1,929,903	62,586	3.24%
NORDSTROM INC WASH COM	24,525	23.44	900,569	(325,815)	-36.18%
NUCOR CORP	2,410	52.50	138,561	(12,036)	-8.69%
OCCIDENTAL PETE CORP COM	28,069	65.67	2,245,776	(402,338)	-17.92%
OLIN CORP COM PAR \$1.00	7,350	23.00	175,204	(6,146)	-3.51%
OMNICOM GROUP INC USD0.15 COM	13,602	39.51	565,311	(27,949)	-4.94%
ORACLE CORPORATION COM	21,680	21.93	470,547	4,896	1.04%
PEABODY ENERGY CORP COM	6,346	52.84	394,312	(58,976)	-14.96%
PEPSICO INC COM	71,153	64.22	3,920,004	649,620	16.57%
PETSMART INC	35,198	22.08	915,001	(137,672)	-15.05%
PFIZER INC COM STK USD0.05	213,481	18.28	5,455,185	(1,552,095)	-28.45%
PG&E CORP COM	3,460	41.33	153,792	(10,790)	-7.02%
PHILIP MORRIS INTL INC COM	90,732	48.97	4,330,437	112,346	2.59%
PNC FINANCIAL SERVICES GROUP	0	36.00	3	(2)	-75.43%
POOL CORP COM	9,723	19.68	175,969	15,357	8.73%
PPL CORP COM	8,100	43.77	288,659	65,878	22.82%
PRAXAIR INC COM	2,500	89.84	218,369	6,231	2.85%
PRICE T ROWE GROUP INC COM	38,941	52.92	1,338,103	722,738	54.01%
PROCTER & GAMBLE CO COM	107,834	66.05	5,918,665	1,204,270	20.35%
PSYCHIATRIC SOLUTIONS INC	3,608	33.41	129,753	(9,222)	-7.11%
PUBLIC STORAGE COM	7,183	70.16	506,191	(2,237)	-0.44%
PUBLIC SVC ENTERPRISE GROUP	4,520	40.77	229,809	(45,529)	-19.81%
QUALCOMM INC	32,493	49.62	1,365,780	246,651	18.06%
QUIKSILVER INC COM	13,386	7.76	117,035	(13,183)	-11.26%
RESMED INC	7,048	41.57	275,017	17,989	6.54%
REYNOLDS AMERN INC	6,190	37.13	263,887	(34,027)	-12.89%
ROBERT HALF INTL INC COM	18,062	24.22	635,642	(198,228)	-31.19%
ROHM & HAAS CO COM	708	77.79	50,037	5,062	10.12%
RPM INTERNATIONAL INC	16,388	18.04	327,307	(31,653)	-9.67%
SANDISK CORP	15,904	14.33	500,368	(272,525)	-54.46%
SAP AKIENGESELLSCHAFT SPONS	45,196	45.05	2,276,173	(240,223)	-10.55%
SCHERING PLOUGH CORP COM	15,880	19.40	441,777	(133,705)	-30.27%
SCHLUMBERGER LTD COM	18,843	75.46	1,797,432	(375,572)	-20.89%
SCOTTS MIRACLE-GRO COMPANY	907	27.64	30,720	(5,654)	-18.41%
SEALED AIR CORP NEW COM	21,493	19.74	540,801	(116,547)	-21.55%

EQUITY SOLD
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	SHARES SOLD	SALE PRICE	COST	GAIN (LOSS)	% GAIN (LOSS)
SEI INVESTMENT CO COM	1,350	\$ 23.01	\$ 26,573	\$ 4,491	16.90%
SELECT SECTOR SPDR FUND	3,878	26.69	88,412	15,097	17.08%
SEMPRA ENERGY COM	12,262	53.89	497,079	163,743	32.94%
SOUTHERN CO COM	6,610	37.51	266,244	(18,303)	-6.87%
SOVRAN SELF STORAGE INC COM	1,029	38.76	47,189	(7,302)	-15.47%
SPRINT NEXTEL CORP COM SER 1	17,989	2.40	63,087	(19,998)	-31.70%
STAPLES INC COM	105,119	22.76	2,311,124	81,254	3.52%
STERICYCLE INC COM	1,837	58.49	81,053	26,376	32.54%
STRATEGIC HOTELS & RESORTS INC	3,915	8.52	81,673	(48,301)	-59.14%
TARGET CORP COM	20,547	48.77	1,172,190	(170,073)	-14.51%
TEXAS INSTRS INC COM	83,683	21.61	2,146,353	(338,274)	-15.76%
TIME WARNER CABLE INC COM	0	35.00	1	(0)	-41.67%
TIME WARNER INC	31,560	16.37	530,730	(14,093)	-2.66%
TIME WARNER INC NEW COM NEW	0	24.67	1	(0)	-37.82%
TRANSOCEAN INC NEW SHS	3,009	127.20	388,336	(5,591)	-1.44%
TRANSOCEAN LTD ZUG NAMEN-AKT	5,289	55.07	667,166	(375,908)	-56.34%
TRINITY INDS INC	6,050	26.55	211,063	(50,475)	-23.91%
UNITED STATES STEEL CORP	1,497	28.14	65,435	(23,323)	-35.64%
UNITED TECHNOLOGIES CORP COM	31,249	60.22	1,983,527	(101,749)	-5.13%
UNITEDHEALTH GROUP INC COM	10,750	30.45	618,803	(291,465)	-47.10%
URS CORP NEW	14,618	39.94	644,017	(60,177)	-9.34%
US BANCORP DEL COM NEW	76,736	30.65	2,396,147	(44,215)	-1.85%
VANGUARD EMERGING MARKETS ETF	258,594	30.73	8,576,248	(629,687)	-7.34%
VANGUARD EUROPEAN ETF	77,185	37.86	3,431,317	(509,244)	-14.84%
VANGUARD INDEX FDS EXTD MKT	46,558	26.03	1,082,725	129,188	11.93%
VANGUARD INDEX FDS SMALL	277,271	12.17	4,011,813	(637,498)	-15.89%
VANGUARD INTL EQUITY INDEX FD	145,877	40.63	7,715,334	(1,787,668)	-23.17%
VANGUARD INTL EQUITY INDEX FDS	67,234	18.10	1,473,602	(256,819)	-17.43%
VARIAN MED SYS INC COM	15,852	51.00	838,276	(29,783)	-3.55%
VERIZON COMMUNICATIONS COM	86,975	33.50	2,894,408	19,414	0.67%
VORNADO RLTY TR COM	0	30.50	2	(1)	-45.05%
WACHOVIA CORP NEW COM	366,866	14.31	8,089,820	(2,838,685)	-35.09%
WAL MART STORES INC COM	9,615	54.30	518,277	3,813	0.74%
WALGREEN CO	21,576	33.05	449,694	263,352	58.56%
WASHINGTON MUTUAL INC COM	1,800,273	3.51	9,444,327	(3,130,395)	-33.15%
WELLPOINT INC	24,720	48.94	1,347,582	(137,877)	-10.23%
WELLS FARGO & CO NEW COM	24,215	30.27	745,259	(12,271)	-1.65%
WESTERN DIGITAL CORP DEL COM	4,528	21.55	107,604	(10,028)	-9.32%
WEYERHAEUSER CO COM	1,820	55.49	127,701	(26,709)	-20.92%
WYETH COM	11,550	43.28	558,614	(58,730)	-10.51%
YUM BRANDS INC	58,222	32.22	1,880,878	(4,686)	-0.25%
TOTAL EQUITIES SOLD	27,621,873		\$ 421,050,675	\$ (42,003,520)	-9.98%

FIXED INCOME PORTFOLIO
YEAR ENDED JUNE 30, 2009

PAR VALUE	SECURITY	COUPON RATE	MATURITY	COST	FAIR VALUE
U.S. GOVERNMENT SECURITIES					
193,898	FEDERAL HOME LN MTG CORP MTN	6.00%	4-16-2037	\$ 194,672	\$ 196,762
484,745	FEDERAL HOME LN MTG CORP MTN	6.00%	6-7-2027	485,574	506,340
242,372	FHLMC MULTICLASS MTG	5.00%	2-15-2025	231,396	251,425
145,740	FHLMC POOL #G0-8168	6.00%	12-1-2036	146,299	152,392
193,541	FHLMC POOL #H1-0069	6.00%	11-1-2036	193,771	201,524
166,510	FHLMC POOL #H1-5010	6.00%	11-1-2036	166,708	173,378
456,524	FNMA GTD REMIC P/T	4.00%	11-25-2022	450,475	467,184
145,423	FNMA GTD REMIC P/T 03-42 CL PE	5.50%	12-25-2031	143,451	151,125
93,932	FNMA GTD REMIC P/T 05-27 AB	5.50%	2-25-2034	91,708	94,800
620,654	FNMA GTD REMIC P/T 05-45 BG	4.50%	6-25-2025	579,044	621,399
3,044	GNMA POOL #0153415	9.00%	4-15-2016	3,220	3,297
808	GNMA POOL #0156462	9.00%	7-15-2016	856	875
1,771	GNMA POOL #0157733	9.00%	5-15-2016	1,875	1,918
1,398	GNMA POOL #0158992	9.00%	6-15-2016	1,459	1,514
1,438	GNMA POOL #0159801	9.00%	9-15-2019	1,538	1,556
948	GNMA POOL #0160350	9.00%	5-15-2016	991	1,026
3,196	GNMA POOL #0161684	9.00%	7-15-2016	3,386	3,461
2,869	GNMA POOL #0164501	9.00%	8-15-2016	3,037	3,107
5,469	GNMA POOL #0164681	9.00%	10-15-2016	5,793	5,923
2,214	GNMA POOL #0164924	9.00%	9-15-2016	2,338	2,398
2,330	GNMA POOL #0165172	9.00%	6-15-2016	2,464	2,523
1,150	GNMA POOL #0165863	9.00%	8-15-2016	1,218	1,246
1,984	GNMA POOL #0168283	9.00%	8-15-2016	2,101	2,149
723	GNMA POOL #0172800	9.00%	8-15-2016	764	782
1,846	GNMA POOL #0173847	9.00%	9-15-2016	1,949	1,999
4,232	GNMA POOL #0173878	9.00%	8-15-2016	4,470	4,583
1,064	GNMA POOL #0174829	9.00%	9-15-2016	1,123	1,152
3,057	GNMA POOL #0176431	9.00%	8-15-2016	3,238	3,310
1,194	GNMA POOL #0178234	9.00%	11-15-2016	1,267	1,294
691	GNMA POOL #0181945	9.00%	4-15-2020	741	750
123	GNMA POOL #0182127	9.00%	11-15-2016	130	133
790	GNMA POOL #0182491	9.00%	12-15-2016	837	855
381	GNMA POOL #0182914	9.00%	10-15-2016	402	412
2,073	GNMA POOL #0183553	9.00%	8-15-2017	2,201	2,241
1,271	GNMA POOL #0183715	9.00%	11-15-2016	1,348	1,376
7,785	GNMA POOL #0183733	9.00%	1-15-2017	8,264	8,419
527	GNMA POOL #0185639	9.00%	11-15-2016	556	571
5,636	GNMA POOL #0187705	9.00%	1-15-2017	5,975	6,094
2,908	GNMA POOL #0190921	9.00%	12-15-2016	3,081	3,149
1,761	GNMA POOL #0191648	9.00%	5-15-2017	1,871	1,905
1,163	GNMA POOL #0191943	9.00%	7-15-2018	1,239	1,257
2,668	GNMA POOL #0194468	9.00%	12-15-2016	2,824	2,890
564	GNMA POOL #0198466	9.00%	2-15-2017	599	610
202	GNMA POOL #0202505	9.00%	10-15-2019	211	218

FIXED INCOME PORTFOLIO
YEAR ENDED JUNE 30, 2009

PAR VALUE	SECURITY	COUPON RATE	MATURITY	COST	FAIR VALUE
U.S. GOVERNMENT SECURITIES					
1,978	GNMA POOL #0206683	9.00%	4-15-2020	\$ 2,117	\$ 2,145
2,909	GNMA POOL #0207671	9.00%	7-15-2018	3,101	3,146
287	GNMA POOL #0208705	9.00%	5-15-2020	306	310
2,117	GNMA POOL #0210798	9.00%	7-15-2018	2,256	2,289
1,574	GNMA POOL #0216520	9.00%	5-15-2017	1,672	1,702
871	GNMA POOL #0217956	10.00%	11-15-2017	944	947
2,947	GNMA POOL #0221509	9.00%	12-15-2016	3,115	3,192
2,593	GNMA POOL #0223282	9.00%	5-15-2018	2,765	2,804
897	GNMA POOL #0223307	9.00%	4-15-2018	956	969
2,486	GNMA POOL #0226529	9.00%	6-15-2018	2,648	2,688
785	GNMA POOL #0227210	9.00%	9-15-2017	833	849
742	GNMA POOL #0228184	9.00%	5-15-2018	792	803
1,168	GNMA POOL #0228233	9.00%	5-15-2018	1,237	1,263
1,967	GNMA POOL #0229731	9.00%	7-15-2017	2,089	2,127
56	GNMA POOL #0232237	9.00%	1-15-2020	57	60
1,654	GNMA POOL #0234450	9.00%	4-15-2018	1,760	1,789
371	GNMA POOL #0234695	10.00%	12-15-2017	407	403
1,488	GNMA POOL #0234937	9.00%	3-15-2018	1,586	1,609
1,073	GNMA POOL #0235280	9.00%	4-15-2018	1,144	1,160
2,075	GNMA POOL #0236041	10.00%	11-15-2017	2,234	2,258
1,070	GNMA POOL #0236835	10.00%	11-15-2017	1,153	1,164
171	GNMA POOL #0236939	9.00%	4-15-2018	182	185
4,812	GNMA POOL #0237138	10.00%	10-15-2017	5,265	5,234
719	GNMA POOL #0237195	9.00%	6-15-2018	762	779
184	GNMA POOL #0238133	9.00%	4-15-2018	195	199
1,673	GNMA POOL #0238600	10.00%	11-15-2017	1,798	1,820
771	GNMA POOL #0247506	9.00%	1-15-2020	825	836
470	GNMA POOL #0248951	9.00%	5-15-2018	502	509
5,124	GNMA POOL #0249621	9.00%	5-15-2018	5,460	5,541
791	GNMA POOL #0250933	9.00%	6-15-2018	844	856
2,199	GNMA POOL #0252052	9.00%	6-15-2018	2,309	2,377
4,913	GNMA POOL #0252055	9.00%	6-15-2018	5,240	5,312
403	GNMA POOL #0252306	9.00%	4-15-2018	429	436
827	GNMA POOL #0252538	9.00%	5-15-2018	881	894
512	GNMA POOL #0257869	9.00%	9-15-2019	547	554
203	GNMA POOL #0262845	9.00%	3-15-2020	217	220
3,279	GNMA POOL #0266545	9.00%	1-15-2019	3,498	3,548
3,922	GNMA POOL #0271090	9.00%	10-15-2019	4,191	4,244
905	GNMA POOL #0271897	9.00%	9-15-2019	958	979
1,144	GNMA POOL #0273548	9.00%	9-15-2019	1,224	1,238
2,335	GNMA POOL #0274140	9.00%	9-15-2019	2,497	2,527
908	GNMA POOL #0277907	9.00%	11-15-2019	972	983
896	GNMA POOL #0284420	9.00%	2-15-2020	959	972
733	GNMA POOL #0285593	9.00%	2-15-2020	786	795

FIXED INCOME PORTFOLIO
YEAR ENDED JUNE 30, 2009

PAR VALUE	SECURITY	COUPOIN RATE	MATURITY	COST	FAIR VALUE
U.S. GOVERNMENT SECURITIES					
2,564	GNMA POOL #0286371	9.00%	2-15-2020	\$ 2,739	\$ 2,773
575	GNMA POOL #0286427	9.00%	4-15-2020	591	624
1,240	GNMA POOL #0287851	9.00%	4-15-2020	1,329	1,345
2,267	GNMA POOL #0290000	9.00%	4-15-2020	2,426	2,458
1,036	GNMA POOL #0290057	9.00%	6-15-2020	1,110	1,123
897	GNMA POOL #0291136	9.00%	4-15-2020	958	973
994	GNMA POOL #0298952	9.00%	4-15-2021	1,066	1,078
424	GNMA POOL #0303324	9.00%	4-15-2021	453	459
527	GNMA POOL #0304625	9.00%	3-15-2021	565	571
930	GNMA POOL #0305187	9.00%	6-15-2021	998	1,008
2,387	GNMA POOL #0319521	8.00%	2-15-2022	2,549	2,616
2,086	GNMA POOL #0330725	8.00%	7-15-2022	2,232	2,287
11,101	GNMA POOL #0337419	7.00%	6-15-2023	11,721	12,064
7,591	GNMA POOL #0345731	8.00%	5-15-2024	8,130	8,343
1,875	GNMA POOL #0352219	8.00%	4-15-2023	2,006	2,059
12,273	GNMA POOL #0352964	7.00%	5-15-2024	12,955	13,346
23,512	GNMA POOL #0366756	7.00%	3-15-2024	24,819	25,567
13,640	GNMA POOL #0371734	7.00%	4-15-2024	14,396	14,832
16,848	GNMA POOL #0375887	7.00%	5-15-2024	17,784	18,321
34,768	GNMA POOL #0377589	7.50%	8-15-2025	36,877	38,103
10,401	GNMA POOL #0386030	7.00%	5-15-2024	10,978	11,310
5,134	GNMA POOL #0386038	7.00%	6-15-2024	5,418	5,582
4,187	GNMA POOL #0389845	8.00%	9-15-2024	4,484	4,602
2,351	GNMA POOL #0390014	7.00%	6-15-2024	2,482	2,557
13,715	GNMA POOL #0391992	7.00%	3-15-2024	14,477	14,913
16,034	GNMA POOL #0398831	8.00%	8-15-2026	17,195	17,687
2,330	GNMA POOL #0402544	7.50%	4-15-2026	2,473	2,555
18,652	GNMA POOL #0403979	8.50%	10-15-2024	20,005	20,187
9,910	GNMA POOL #0405618	7.50%	4-15-2026	10,515	10,863
1,401	GNMA POOL #0406811	7.50%	1-15-2026	1,486	1,536
2,313	GNMA POOL #0417666	7.50%	8-15-2025	2,453	2,534
15,860	GNMA POOL #0421711	7.50%	4-15-2026	16,828	17,386
1,160	GNMA POOL #0427556	7.50%	3-15-2026	1,231	1,271
2,426	GNMA POOL #0427558	7.50%	4-15-2026	2,574	2,659
8,174	GNMA POOL #0429356	7.50%	3-15-2026	8,673	8,960
4,334	GNMA POOL #0430384	8.00%	8-15-2026	4,629	4,781
15,205	GNMA POOL #0432701	8.00%	6-15-2026	16,305	16,773
9,513	GNMA POOL #0433892	7.00%	7-15-2028	10,015	10,375
5,567	GNMA POOL #0434101	7.00%	12-15-2028	5,860	6,071
20,886	GNMA POOL #0434237	6.00%	3-15-2029	21,245	21,971
1,822	GNMA POOL #0438772	8.00%	8-15-2026	1,954	2,010
1,915	GNMA POOL #0438778	8.00%	8-15-2026	2,053	2,112
5,580	GNMA POOL #0439645	8.00%	9-15-2026	5,984	6,155
7,085	GNMA POOL #0450368	7.00%	8-15-2028	7,458	7,727

FIXED INCOME PORTFOLIO
YEAR ENDED JUNE 30, 2009

PAR VALUE	SECURITY	COUPON RATE	MATURITY	COST	FAIR VALUE
U.S. GOVERNMENT SECURITIES					
5,080	GNMA POOL #0458918	7.00%	8-15-2028	\$ 5,348	\$ 5,541
13,152	GNMA POOL #0464692	7.00%	7-15-2028	13,846	14,343
9,244	GNMA POOL #0466888	7.00%	7-15-2028	9,731	10,081
18,405	GNMA POOL #0469797	7.00%	12-15-2028	19,373	20,072
12,818	GNMA POOL #0470493	7.00%	6-15-2029	13,491	14,002
12,350	GNMA POOL #0472997	7.00%	6-15-2029	12,999	13,491
3,171	GNMA POOL #0475872	7.00%	7-15-2028	3,338	3,458
1,896	GNMA POOL #0478875	7.50%	11-15-2029	2,013	2,081
9,297	GNMA POOL #0478881	7.50%	11-15-2029	9,869	10,205
12,198	GNMA POOL #0482784	7.00%	10-15-2028	12,841	13,303
4,625	GNMA POOL #0485451	6.50%	5-15-2031	4,768	4,982
11,832	GNMA POOL #0486539	7.00%	9-15-2028	12,455	12,904
3,098	GNMA POOL #0486761	7.00%	12-15-2028	3,261	3,379
2,736	GNMA POOL #0487221	7.00%	5-15-2029	2,879	2,988
9,763	GNMA POOL #0487222	7.00%	5-15-2029	10,275	10,664
11,264	GNMA POOL #0493996	7.00%	7-15-2029	11,855	12,304
20,964	GNMA POOL #0499876	7.00%	6-15-2029	22,065	22,900
13,495	GNMA POOL #0499905	7.00%	5-15-2029	14,204	14,741
11,889	GNMA POOL #0499907	7.00%	5-15-2029	12,513	12,987
11,850	GNMA POOL #0500931	7.00%	6-15-2029	12,571	12,893
76,483	GNMA POOL #0503019	6.00%	3-15-2029	77,795	80,459
46,118	GNMA POOL #0505728	7.00%	6-15-2029	48,539	50,377
8,313	GNMA POOL #0506075	7.00%	11-15-2029	8,748	9,080
10,040	GNMA POOL #0507496	7.00%	6-15-2029	10,567	10,967
7,667	GNMA POOL #0509328	7.00%	6-15-2029	8,070	8,375
2,280	GNMA POOL #0510100	7.00%	7-15-2029	2,400	2,491
2,388	GNMA POOL #0510302	7.00%	8-15-2029	2,513	2,609
11,473	GNMA POOL #0510958	7.00%	5-15-2029	12,075	12,532
2,487	GNMA POOL #0510983	7.00%	6-15-2029	2,617	2,716
10,879	GNMA POOL #0512888	7.00%	7-15-2029	11,450	11,883
13,432	GNMA POOL #0512915	7.00%	7-15-2029	14,137	14,672
6,132	GNMA POOL #0513367	7.00%	8-15-2029	6,454	6,698
1,557	GNMA POOL #0520045	6.50%	6-15-2031	1,606	1,678
16,729	GNMA POOL #0530203	6.50%	4-15-2031	17,420	18,102
35,420	GNMA POOL #0530611	6.50%	5-15-2031	36,884	38,327
24,640	GNMA POOL #0530631	6.50%	6-15-2031	25,658	26,662
7,456	GNMA POOL #0539629	6.50%	4-15-2031	7,764	8,068
15,029	GNMA POOL #0541464	6.50%	6-15-2031	15,494	16,189
8,831	GNMA POOL #0548963	6.50%	3-15-2031	9,105	9,513
13,976	GNMA POOL #0549889	6.50%	5-15-2031	14,410	15,056
4,014	GNMA POOL #0549890	6.50%	4-15-2031	4,139	4,324
3,640	GNMA POOL #0549915	6.50%	5-15-2031	3,753	3,922
31,546	GNMA POOL #0552514	6.50%	4-15-2032	32,513	33,913
79,525	GNMA POOL #0552518	6.50%	4-15-2032	81,963	85,493

FIXED INCOME PORTFOLIO
YEAR ENDED JUNE 30, 2009

PAR VALUE	SECURITY	COUPON RATE	MATURITY	COST	FAIR VALUE
9,863	GNMA POOL #0557424	6.50%	5-15-2031	\$ 10,169	\$ 10,625
6,311	GNMA POOL #0557467	6.50%	5-15-2031	6,506	6,798
31,165	GNMA POOL #0560189	6.50%	4-15-2031	32,132	33,572
58,330	GNMA POOL #0780076	8.00%	2-15-2025	62,262	64,051
61,733	GNMA POOL #0780220	7.50%	8-15-2025	66,765	67,623
2,267	GNMA POOL #0780896	7.00%	11-15-2028	2,382	2,472
8,730	GNMA POOL #0781129	7.00%	11-15-2028	9,174	9,520
969,489	U S TREASURY BOND	3.50%	2-15-2039	863,605	838,608
2,447,706	US TREAS-CPI INFLAT	2.00%	1-15-2026	2,317,631	2,401,812
1,332,081	US TREAS-CPI INFLAT	1.75%	1-15-2028	1,223,992	1,260,069
1,353,966	US TREAS-CPI INFLAT	2.00%	1-15-2016	1,332,065	1,375,968
783,126	US TREAS-CPI INFLATION INDEX	2.00%	1-15-2014	800,383	801,968
1,917,982	US TREAS-CPI INFLATION INDEX	1.38%	7-15-2018	1,865,647	1,863,445
12,827,040	TOTAL U.S. GOVERNMENT SECURITIES			\$ 12,431,137	\$ 12,746,519
CORPORATE BONDS					
145,423	ABBOTT LABORATORIES NT	6.15%	11-30-2037	\$ 128,322	\$ 158,254
274,021	ABFS MTG LN 03-2 CL M 144A	1.59%	4-25-2034	181,266	122,076
105,156	ACA ABS 06 1 LTD/ACA A-3L 144A	2.20%	6-10-2041	13,453	1
96,949	AGRIUM INC DEB	6.75%	1-15-2019	88,876	95,804
145,423	ALCOA INC NT	5.95%	2-1-2037	123,889	99,083
354,225	ALTERNATIVE LN 07 20 CL A-12	6.25%	8-25-2047	277,257	173,762
242,372	AMERICAN GEN FIN CORP MEDIUM	6.90%	12-15-2017	198,462	131,240
96,949	ANADARKO FIN CO SR NT	7.50%	5-1-2031	100,646	94,600
145,423	ASSOC CORP NA BDS	6.95%	11-1-2018	134,510	130,109
145,423	ASTRAZENECA PLC NT	6.45%	9-15-2037	127,597	161,211
145,423	AT & T INC GLOBAL NT	6.30%	1-15-2038	110,061	140,515
9,215	AUTO BD RECEIVABLES TR 94-A	6.40%	4-15-2009	9,215	0
96,949	AXA SA US\$ SUB NT	8.60%	12-15-2030	93,311	87,254
96,949	BAKER HUGHES INC SR NT	7.50%	11-15-2018	98,857	113,533
96,949	BANC ONE CORP DEBS	8.00%	4-29-2027	94,833	104,548
96,949	BANK AMER CORP SR NT	5.75%	12-1-2017	86,395	86,326
1,609,768	BGI CORE ACTIVE BOND FUND			29,129,869	29,683,967
2,701,131	BLACKROCK MORTGAGE INVESTORS			3,578,577	2,701,131
96,949	BURLINGTON RESOURCES FINANCE	7.40%	12-1-2031	89,182	108,271
96,949	CATERPILLAR FINL SVCS CORP MTN	7.05%	10-1-2018	94,960	102,155
600,371	CBO HLDGS III 04-3 CL A 144A	1.00%	6-1-2019	596,891	596,891
507,622	CBO HLDGS III 1A 04-1 C-2 144A	7.00%	2-10-2038	531,282	531,282
620,473	CHARTWELL CBO I NT CL B 144A	3.04%	10-10-2012	603,976	603,976
242,372	CHASEPEAKE & POTOMAC TEL CO MD	7.15%	5-1-2023	241,270	232,765
300,766	CHL MTG P/T 07 13 CL A-1	6.00%	8-25-2037	279,649	210,720
1,161,704	CIMARRON DEBT FUND			1,161,704	1,161,704
96,949	CITIGROUP INC SR NT	6.13%	5-15-2018	86,927	84,797
290,847	CLEAR CHANNEL COMMUNICATIONS	6.88%	6-15-2018	149,767	63,259
242,372	CNF INC SR DEB	6.70%	5-1-2034	202,311	157,947
631,451	COLORADO DEBT FUND			631,451	631,451

FIXED INCOME PORTFOLIO
YEAR ENDED JUNE 30, 2009

PAR VALUE	SECURITY	COUPON RATE	MATURITY	COST	FAIR VALUE
CORPORATE BONDS					
310,466	COLORADO II			\$ 310,466	\$ 310,466
41,494	CONAGRA INC NTS	9.75%	3-1-2021	48,797	50,402
141,950	CONTINENTAL AIRLS 01-1 CL A 1	6.70%	6-15-2021	120,712	119,238
244,796	CONTINENTAL AIRLS 01-1 CL A 2	6.50%	6-15-2011	227,610	227,660
96,949	CORNING INC NT	7.25%	8-15-2036	97,280	94,037
204,891	CREDIT SUISSE FB 03-8 CL D-B-2	6.24%	4-25-2033	157,480	124,472
18,857	DELTA FDG HM EQ LN TR 99-3 M-2	8.10%	1-15-2030	2,801	597
242,372	DEUTSCHE BK CAYMAN 2001-3 144A	1.49%	4-30-2031	48,692	41,332
96,949	DU PONT E I DE NEMOURS & CO NT	6.00%	7-15-2018	90,169	104,504
96,949	GENERAL ELEC CAP MTN #TR 00528	6.75%	3-15-2032	82,824	87,032
145,423	GLAXOSMITHKLINE CAP INC GTD NT	6.38%	5-15-2038	120,370	158,138
145,423	GOLDMAN SACHS GROUP INC BD	6.15%	4-1-2018	125,198	141,581
96,949	GOLDMAN SACHS GROUP INC SR NT	6.60%	1-15-2012	92,485	103,224
3,890,218	GS CREDIT OPPTS FUND 2008			5,232,562	3,890,218
82,407	HARRAHS OPER INC GTD SR NT	5.63%	6-1-2015	37,941	30,490
2,033,139	HIGHLAND CLO			1,586,408	2,033,139
96,949	HOME DEPOT INC SR NT	5.88%	12-16-2036	77,086	85,534
242,372	HUNTINGTON NATL BK MTN # 00001	6.60%	6-15-2018	200,698	174,743
969,489	HVB FDG TR SILENT PARTN 144A	8.74%	6-30-2031	850,306	523,524
193,898	INTERNATIONAL BUSINESS MACH CO	8.00%	10-15-2038	202,797	250,964
63,575	ISHARES TR IBOXX \$ HIGH YIELD			4,868,605	5,067,597
44,278	J P MORGAN RESI 02-R2 CL 3A1	6.00%	4-28-2026	44,851	45,504
269,033	JACKSON NTAL LIFE INS CO 144A	8.15%	3-15-2027	296,087	223,954
270,972	JEFFERIES GROUP INC NEW SR DEB	6.25%	1-15-2036	197,460	186,936
145,423	KRAFT FOODS INC NT	6.88%	1-26-2039	118,631	153,929
145,423	LEHMAN BROS HLDGS INC	8.80%	3-1-2015	151,043	21,450
197,776	LEHMAN BROTHERS HLDGS #TR00491	7.37%	5-12-2014	155,351	29,172
145,423	LILLY ELI & CO NT	5.55%	3-15-2037	120,929	146,914
65,441	MCCLATCHY NEWSPAPERS INC	15.75%	7-15-2014	146,033	20,941
96,949	MCDONALDS CORP	6.30%	3-1-2038	86,575	104,961
193,898	MERCK & CO INC DEBS	6.40%	3-1-2028	182,106	210,201
242,372	MID OCEAN CBO 00 1 A2 144A 3C7	7.73%	1-15-2036	212,281	20,640
249,559	MID OCEAN CBO CL A 144A	6.56%	11-5-2026	250,041	250,041
571,351	MMCAPS FDG I LTD SR NT 144A	8.03%	6-15-2031	519,842	342,811
47,895	MORGAN STANLEY ABS 03 NC10 M2	2.99%	10-25-2033	30,434	10,870
45,933	MORGAN STANLEY ABS 04-NC1 M2	1.84%	11-25-2033	39,397	30,037
17,755	MORGAN STANLEY ABS 04-NC2 M2	2.09%	12-25-2033	14,546	10,461
193,898	MORGAN STANLEY SR MEDIUM TERM	5.95%	12-28-2017	167,313	186,057
127,245	MURPHY OIL CORP NT	7.05%	5-1-2029	127,623	113,462
96,949	NATIONAL RURAL UTILS COOP FIN	8.00%	3-1-2032	109,806	108,910
108,340	NEWS AMER HLDGS INC	7.43%	10-1-2026	112,574	99,877
145,423	NEXEN INC NT	6.40%	5-15-2037	130,868	133,566
193,898	NORTH STREET REFERENCED LINKED	4.24%	8-30-2030	171,698	171,698
242,372	ONEOK PARTNERS LP GTD SR NT	6.65%	10-1-2036	230,424	223,470

FIXED INCOME PORTFOLIO
YEAR ENDED JUNE 30, 2009

PAR VALUE	SECURITY	COUPON RATE	MATURITY	COST	FAIR VALUE
CORPORATE BONDS					
235,101	PACIFIC BELL	7.38%	7-15-2043	\$ 238,562	\$ 230,761
206,085	PACIFIC SHORES CDO C 144A 3C7	2.89%	7-3-2037	192,109	21
193,898	PEPSI BOTTLING GRP INC GTD SR	7.00%	3-1-2029	182,275	227,004
387,796	PERITUS I CDO LTD CL B 144A	4.17%	5-24-2015	299,792	54,233
149,059	PIVOTAL CIMARRON HILLS			149,059	149,059
261,843	PIVOTAL PROMONTORY DEBT FD			261,843	261,843
2,303	PIVOTAL WORKING CAPITAL (DEBT)			2,303	2,303
212,561	PLAINS ALL AMERN PIPELINE LP	6.65%	1-15-2037	192,714	197,203
356,718	PREFERRED CPO A / B 144A	8.95%	7-26-2030	397,044	398,632
164,507	PREFERRED CPO A / B 144A	8.95%	7-26-2030	170,302	170,302
254,491	PREMIUM ASSET TR ACA 144A		3-11-2010	179,219	0
145,423	PRINCIPAL LIFE MTN # 00108	0.66%	3-1-2012	141,709	130,029
1,876,632	PSPRS PNM MAC MORTGOPP			2,026,709	1,876,632
1,691,496	PSPRS-APOLLO EUR NPL			2,317,650	2,372,577
1,099,972	REGIONAL DIVERSIFIED FDG 144A	9.25%	3-15-2030	1,272,459	82,388
145,423	RELIANCE STL & ALUM CO	6.85%	11-15-2036	136,897	83,348
460,507	SANDIA DEBT FUND			460,507	460,507
35,197	SBA LOAN NESTING FEATHERS			35,197	35,197
484,745	SECURITY BENEFIT LIFE INS 144A	8.75%	5-15-2016	489,117	68,015
727,117	SECURITY MUT LIFE INS CO 144A	9.38%	12-15-2016	764,205	764,205
43,244	SPDR SER TR LEHMAN HIGH YIELD			1,517,676	1,521,762
193,898	TARGET CORP NT	7.00%	1-15-2038	162,654	206,666
242,372	TIMES MIRROR CO NEW DEBS	6.61%	9-15-2027	96,332	10,907
484,745	TRAINER WORTHAM FIRST A3L 144A	2.28%	4-10-2037	329,942	329,942
921,015	UNION CENTR LIFE NOTES 144A	8.20%	11-1-2026	1,031,482	654,445
96,949	UNION PAC CORP SR NT	6.25%	5-1-2034	75,648	92,200
242,372	UNITED UTILS PLC NT	4.55%	6-19-2018	217,106	207,100
193,898	WAL-MART STORES INC NT	6.20%	4-15-2038	170,443	208,374
96,949	WELLS FARGO & CO NEW SR UNSECD	5.63%	12-11-2017	87,875	95,430
96,949	WESTERN UN CO NT	6.20%	11-17-2036	86,468	91,358
242,372	WESTINGHOUSE ELEC CORP NT	7.88%	9-1-2023	221,388	195,660
36,752,283	TOTAL CORPORATE BONDS			\$ 71,348,651	\$ 66,211,483
49,579,324	TOTAL FIXED INCOME PORTFOLIO			\$ 83,779,788	\$ 78,958,002

FIXED INCOME ACQUIRED
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PRICE	PAR VALUE	AMOUNT
U.S. GOVERNMENT SECURITIES					
FEDERAL FARM CR BK CONS SYSTEM	5.15%	5-5-2015	\$ 100	\$ 652,525	\$ 652,479
FEDERAL FARM CR BKS CONS BDS	5.40%	10-6-2015	100	491,516	491,530
FEDERAL HOME LN BKS CONS BD	5.33%	7-23-2018	100	246,847	246,842
FEDERAL HOME LN BKS CONS BD	5.65%	9-21-2020	100	491,516	491,564
FEDERAL HOME LN MTG CORP DEB	5.00%	12-14-2018	82	455,740	371,937
FEDERAL HOME LN MTG CORP MTN	5.00%	6-11-2018	99	88,954	88,028
FEDERAL HOME LN MTG CORP MTN	5.00%	7-2-2018	98	240,540	235,869
FEDERAL HOME LN MTG CORP MTN	6.00%	4-16-2037	100	193,898	194,672
FEDERAL HOME LN MTG CORP MTN	6.00%	1-26-2022	100	196,606	196,707
FEDERAL HOME LN MTG CORP MTN	6.00%	6-7-2027	100	484,745	485,574
FEDERAL HOME LN MTG CORP MTN	6.00%	12-17-2027	99	483,152	476,902
FEDERAL HOME LN MTG CORP MTN	3.65%	12-30-2009	100	14,810,816	14,828,764
FEDERAL HOME LN MTG CORP MTN	1.80%	12-30-2010	100	4,847,652	4,847,652
FEDERAL NATL MTG ASSN DEBS	5.25%	7-14-2015	100	1,428,942	1,432,731
FHLMC MULTICLASS MTG	5.00%	2-15-2025	95	242,372	231,396
FHLMC MULTICLASS MTG	6.00%	8-15-2032	101	550,596	558,523
FHLMC MULTICLASS MTG	6.00%	11-15-2032	101	242,383	245,840
FHLMC MULTICLASS MTG	6.00%	8-15-2032	102	242,383	247,809
FHLMC MULTICLASS MTG	6.00%	8-15-2032	101	242,383	244,697
FHLMC MULTICLASS MTG 3159 PB	6.00%	1-15-2029	103	409,093	419,690
FHLMC POOL #G0-8168	6.00%	12-1-2036	100	187,511	188,233
FHLMC POOL #H1-0069	6.00%	11-1-2036	100	202,970	203,212
FHLMC POOL #H1-5010	6.00%	11-1-2036	100	169,391	169,593
FNMA GTD REMIC P/T	4.00%	11-25-2022	99	572,562	564,926
FNMA GTD REMIC P/T 03-42 CL PE	5.50%	12-25-2031	99	145,423	143,451
FNMA GTD REMIC P/T 05-27 AB	5.50%	2-25-2034	98	198,049	193,332
FNMA GTD REMIC P/T 05-27 AC	5.50%	8-25-2034	95	502,508	478,013
FNMA GTD REMIC P/T 05-45 BG	4.50%	6-25-2025	93	657,106	613,031
FNMA GTD REMIC P/T 06-60 PC	6.00%	6-25-2032	101	242,383	244,329
GNMA GTD REMIC P/T 03-12 PE	5.50%	12-16-2031	100	497,426	497,136
GNMA GTD REMIC P/T 03-34 MX-PC	5.50%	2-16-2032	100	447,684	448,526
GNMA POOL #0153415	9.00%	4-15-2016	106	3,319	3,512
GNMA POOL #0156462	9.00%	7-15-2016	106	879	930
GNMA POOL #0157733	9.00%	5-15-2016	106	1,923	2,036
GNMA POOL #0158992	9.00%	6-15-2016	104	1,592	1,662
GNMA POOL #0159801	9.00%	9-15-2019	107	2,839	3,040
GNMA POOL #0160350	9.00%	5-15-2016	105	1,033	1,082
GNMA POOL #0161638	9.00%	9-15-2016	107	653	698
GNMA POOL #0161684	9.00%	7-15-2016	106	3,455	3,662
GNMA POOL #0164501	9.00%	8-15-2016	106	3,732	3,955
GNMA POOL #0164681	9.00%	10-15-2016	106	6,333	6,715
GNMA POOL #0164924	9.00%	9-15-2016	106	2,481	2,622
GNMA POOL #0165172	9.00%	6-15-2016	106	6,563	6,966
GNMA POOL #0165863	9.00%	8-15-2016	106	1,246	1,320

FIXED INCOME ACQUIRED
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PRICE	PAR VALUE	AMOUNT
U.S. GOVERNMENT SECURITIES					
GNMA POOL #0168283	9.00%	8-15-2016	\$ 106	\$ 3,229	\$ 3,429
GNMA POOL #0172800	9.00%	8-15-2016	106	1,408	1,492
GNMA POOL #0173847	9.00%	9-15-2016	106	3,430	3,637
GNMA POOL #0173878	9.00%	8-15-2016	106	4,677	4,944
GNMA POOL #0174829	9.00%	9-15-2016	106	1,401	1,481
GNMA POOL #0176431	9.00%	8-15-2016	106	3,308	3,506
GNMA POOL #0178234	9.00%	11-15-2016	106	1,287	1,365
GNMA POOL #0181945	9.00%	4-15-2020	107	721	773
GNMA POOL #0182127	9.00%	11-15-2016	106	133	141
GNMA POOL #0182491	9.00%	12-15-2016	106	852	904
GNMA POOL #0182914	9.00%	10-15-2016	106	420	444
GNMA POOL #0183553	9.00%	8-15-2017	106	2,232	2,371
GNMA POOL #0183715	9.00%	11-15-2016	106	1,368	1,451
GNMA POOL #0183733	9.00%	1-15-2017	106	8,362	8,879
GNMA POOL #0185639	9.00%	11-15-2016	106	596	629
GNMA POOL #0187705	9.00%	1-15-2017	106	6,103	6,473
GNMA POOL #0190921	9.00%	12-15-2016	106	3,276	3,473
GNMA POOL #0191648	9.00%	5-15-2017	106	1,893	2,012
GNMA POOL #0191943	9.00%	7-15-2018	107	1,237	1,318
GNMA POOL #0194468	9.00%	12-15-2016	106	3,045	3,225
GNMA POOL #0198466	9.00%	2-15-2017	106	606	644
GNMA POOL #0202505	9.00%	10-15-2019	105	237	248
GNMA POOL #0206683	9.00%	4-15-2020	107	2,110	2,259
GNMA POOL #0207671	9.00%	7-15-2018	107	3,154	3,364
GNMA POOL #0208705	9.00%	5-15-2020	107	304	325
GNMA POOL #0210798	9.00%	7-15-2018	107	2,249	2,397
GNMA POOL #0216520	9.00%	5-15-2017	106	1,690	1,795
GNMA POOL #0217956	10.00%	11-15-2017	109	992	1,077
GNMA POOL #0221509	9.00%	12-15-2016	106	3,237	3,423
GNMA POOL #0223282	9.00%	5-15-2018	107	2,747	2,930
GNMA POOL #0223307	9.00%	4-15-2018	107	950	1,013
GNMA POOL #0226529	9.00%	6-15-2018	107	2,645	2,819
GNMA POOL #0227210	9.00%	9-15-2017	106	849	902
GNMA POOL #0228184	9.00%	5-15-2018	107	786	838
GNMA POOL #0228233	9.00%	5-15-2018	106	1,314	1,392
GNMA POOL #0229731	9.00%	7-15-2017	106	2,109	2,242
GNMA POOL #0229798	9.00%	10-15-2017	107	220	235
GNMA POOL #0232237	9.00%	1-15-2020	103	80	82
GNMA POOL #0234450	9.00%	4-15-2018	107	2,488	2,655
GNMA POOL #0234695	10.00%	12-15-2017	110	393	431
GNMA POOL #0234937	9.00%	3-15-2018	107	1,578	1,683
GNMA POOL #0235280	9.00%	4-15-2018	107	1,137	1,213
GNMA POOL #0236041	10.00%	11-15-2017	108	2,206	2,376
GNMA POOL #0236835	10.00%	11-15-2017	108	1,135	1,223

FIXED INCOME ACQUIRED
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PRICE	PAR VALUE	AMOUNT
U.S. GOVERNMENT SECURITIES					
GNMA POOL #0236939	9.00%	4-15-2018	\$ 107	\$ 181	\$ 193
GNMA POOL #0237138	10.00%	10-15-2017	109	5,126	5,611
GNMA POOL #0237195	9.00%	6-15-2018	106	784	832
GNMA POOL #0238133	9.00%	4-15-2018	106	207	219
GNMA POOL #0238600	10.00%	11-15-2017	108	1,788	1,922
GNMA POOL #0247506	9.00%	1-15-2020	107	808	865
GNMA POOL #0248951	9.00%	5-15-2018	107	498	531
GNMA POOL #0249621	9.00%	5-15-2018	107	5,461	5,820
GNMA POOL #0250933	9.00%	6-15-2018	107	838	894
GNMA POOL #0252052	9.00%	6-15-2018	105	2,611	2,744
GNMA POOL #0252055	9.00%	6-15-2018	107	5,198	5,545
GNMA POOL #0252056	9.00%	6-15-2018	106	242	257
GNMA POOL #0252306	9.00%	4-15-2018	106	432	460
GNMA POOL #0252538	9.00%	5-15-2018	107	887	945
GNMA POOL #0257869	9.00%	9-15-2019	107	536	574
GNMA POOL #0262845	9.00%	3-15-2020	107	212	227
GNMA POOL #0266545	9.00%	1-15-2019	107	3,472	3,706
GNMA POOL #0271090	9.00%	10-15-2019	107	4,181	4,469
GNMA POOL #0271897	9.00%	9-15-2019	106	994	1,053
GNMA POOL #0273548	9.00%	9-15-2019	107	1,198	1,283
GNMA POOL #0274140	9.00%	9-15-2019	107	2,456	2,626
GNMA POOL #0277907	9.00%	11-15-2019	107	951	1,019
GNMA POOL #0284420	9.00%	2-15-2020	107	941	1,007
GNMA POOL #0285593	9.00%	2-15-2020	107	767	821
GNMA POOL #0285803	9.00%	3-15-2020	107	488	522
GNMA POOL #0286371	9.00%	2-15-2020	107	3,814	4,079
GNMA POOL #0286427	9.00%	4-15-2020	103	965	992
GNMA POOL #0287851	9.00%	4-15-2020	107	1,294	1,387
GNMA POOL #0290000	9.00%	4-15-2020	107	2,384	2,552
GNMA POOL #0290057	9.00%	6-15-2020	107	1,080	1,158
GNMA POOL #0291136	9.00%	4-15-2020	107	948	1,013
GNMA POOL #0298952	9.00%	4-15-2021	107	1,040	1,115
GNMA POOL #0303324	9.00%	4-15-2021	107	446	478
GNMA POOL #0304625	9.00%	3-15-2021	107	555	595
GNMA POOL #0305187	9.00%	6-15-2021	107	971	1,042
GNMA POOL #0319521	8.00%	2-15-2022	107	3,020	3,229
GNMA POOL #0330725	8.00%	7-15-2022	107	2,160	2,311
GNMA POOL #0337419	7.00%	6-15-2023	106	14,906	15,747
GNMA POOL #0345731	8.00%	5-15-2024	107	7,845	8,404
GNMA POOL #0352219	8.00%	4-15-2023	107	2,105	2,253
GNMA POOL #0352964	7.00%	5-15-2024	106	14,228	15,023
GNMA POOL #0366756	7.00%	3-15-2024	106	24,503	25,869
GNMA POOL #0371734	7.00%	4-15-2024	106	17,860	18,864
GNMA POOL #0375887	7.00%	5-15-2024	106	17,487	18,459

FIXED INCOME ACQUIRED
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PRICE	PAR VALUE	AMOUNT
U.S. GOVERNMENT SECURITIES					
GNMA POOL #0377589	7.50%	8-15-2025	\$ 106	\$ 38,414	\$ 40,755
GNMA POOL #0386030	7.00%	5-15-2024	106	14,395	15,203
GNMA POOL #0386038	7.00%	6-15-2024	106	6,836	7,222
GNMA POOL #0389845	8.00%	9-15-2024	107	4,326	4,634
GNMA POOL #0390014	7.00%	6-15-2024	106	2,465	2,602
GNMA POOL #0391992	7.00%	3-15-2024	106	14,312	15,110
GNMA POOL #0398831	8.00%	8-15-2026	107	16,449	17,641
GNMA POOL #0402544	7.50%	4-15-2026	106	2,460	2,610
GNMA POOL #0403979	8.50%	10-15-2024	107	19,506	20,925
GNMA POOL #0405618	7.50%	4-15-2026	106	10,140	10,760
GNMA POOL #0406811	7.50%	1-15-2026	106	1,434	1,522
GNMA POOL #0417666	7.50%	8-15-2025	106	2,372	2,516
GNMA POOL #0421711	7.50%	4-15-2026	106	16,416	17,418
GNMA POOL #0427556	7.50%	3-15-2026	106	1,234	1,309
GNMA POOL #0427558	7.50%	4-15-2026	106	2,482	2,634
GNMA POOL #0429356	7.50%	3-15-2026	106	8,369	8,880
GNMA POOL #0430384	8.00%	8-15-2026	107	4,678	4,997
GNMA POOL #0432701	8.00%	6-15-2026	107	15,657	16,791
GNMA POOL #0433892	7.00%	7-15-2028	105	9,727	10,240
GNMA POOL #0434101	7.00%	12-15-2028	105	7,516	7,915
GNMA POOL #0434237	6.00%	3-15-2029	102	24,883	25,314
GNMA POOL #0438772	8.00%	8-15-2026	107	1,863	1,998
GNMA POOL #0438778	8.00%	8-15-2026	107	1,955	2,097
GNMA POOL #0439645	8.00%	9-15-2026	107	5,699	6,112
GNMA POOL #0441619	7.50%	11-15-2029	106	1,980	2,103
GNMA POOL #0450368	7.00%	8-15-2028	105	7,267	7,651
GNMA POOL #0458918	7.00%	8-15-2028	105	5,341	5,623
GNMA POOL #0464692	7.00%	7-15-2028	105	15,148	15,954
GNMA POOL #0466888	7.00%	7-15-2028	105	10,346	10,893
GNMA POOL #0469797	7.00%	12-15-2028	105	18,870	19,864
GNMA POOL #0470493	7.00%	6-15-2029	105	15,337	16,147
GNMA POOL #0472997	7.00%	6-15-2029	105	12,848	13,524
GNMA POOL #0475872	7.00%	7-15-2028	105	3,271	3,443
GNMA POOL #0478875	7.50%	11-15-2029	106	1,988	2,111
GNMA POOL #0478881	7.50%	11-15-2029	106	11,447	12,153
GNMA POOL #0482784	7.00%	10-15-2028	105	13,531	14,248
GNMA POOL #0485451	6.50%	5-15-2031	103	6,906	7,121
GNMA POOL #0486539	7.00%	9-15-2028	105	12,480	13,139
GNMA POOL #0486761	7.00%	12-15-2028	105	3,186	3,354
GNMA POOL #0487221	7.00%	5-15-2029	105	3,026	3,186
GNMA POOL #0487222	7.00%	5-15-2029	105	9,940	10,462
GNMA POOL #0493996	7.00%	7-15-2029	105	14,282	15,036
GNMA POOL #0499876	7.00%	6-15-2029	105	21,457	22,584
GNMA POOL #0499905	7.00%	5-15-2029	105	13,870	14,599

FIXED INCOME ACQUIRED
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PRICE	PAR VALUE	AMOUNT
U.S. GOVERNMENT SECURITIES					
GNMA POOL #0499907	7.00%	5-15-2029	\$ 105	\$ 12,140	\$ 12,778
GNMA POOL #0500931	7.00%	6-15-2029	106	12,070	12,805
GNMA POOL #0503019	6.00%	3-15-2029	102	84,298	85,748
GNMA POOL #0505728	7.00%	6-15-2029	105	47,173	49,651
GNMA POOL #0506075	7.00%	11-15-2029	105	8,597	9,048
GNMA POOL #0507496	7.00%	6-15-2029	105	12,004	12,637
GNMA POOL #0509328	7.00%	6-15-2029	105	7,826	8,237
GNMA POOL #0510100	7.00%	7-15-2029	105	2,865	3,016
GNMA POOL #0510302	7.00%	8-15-2029	105	2,603	2,740
GNMA POOL #0510958	7.00%	5-15-2029	105	11,834	12,456
GNMA POOL #0510983	7.00%	6-15-2029	105	3,415	3,597
GNMA POOL #0512888	7.00%	7-15-2029	105	11,162	11,748
GNMA POOL #0512915	7.00%	7-15-2029	105	13,877	14,606
GNMA POOL #0513367	7.00%	8-15-2029	105	8,817	9,283
GNMA POOL #0520045	6.50%	6-15-2031	103	1,946	2,006
GNMA POOL #0530203	6.50%	4-15-2031	104	18,711	19,486
GNMA POOL #0530611	6.50%	5-15-2031	104	36,009	37,499
GNMA POOL #0530631	6.50%	6-15-2031	104	31,371	32,682
GNMA POOL #0539629	6.50%	4-15-2031	104	9,522	9,918
GNMA POOL #0541464	6.50%	6-15-2031	103	19,711	20,330
GNMA POOL #0548963	6.50%	3-15-2031	103	8,976	9,255
GNMA POOL #0549889	6.50%	5-15-2031	103	27,698	28,575
GNMA POOL #0549890	6.50%	4-15-2031	103	4,084	4,211
GNMA POOL #0549915	6.50%	5-15-2031	103	3,779	3,896
GNMA POOL #0552514	6.50%	4-15-2032	103	36,641	37,770
GNMA POOL #0552518	6.50%	4-15-2032	103	81,887	84,400
GNMA POOL #0557424	6.50%	5-15-2031	103	16,268	16,778
GNMA POOL #0557467	6.50%	5-15-2031	103	6,412	6,611
GNMA POOL #0560189	6.50%	4-15-2031	103	38,163	39,352
GNMA POOL #0780076	8.00%	2-15-2025	107	65,999	70,470
GNMA POOL #0780220	7.50%	8-15-2025	108	68,000	73,568
GNMA POOL #0780896	7.00%	11-15-2028	105	2,453	2,578
GNMA POOL #0781129	7.00%	11-15-2028	105	9,998	10,508
U S TREASURY BILL		7-2-2009	98	32,908,805	32,215,902
U S TREASURY BOND	3.50%	2-15-2039	89	969,489	863,605
U S TREASURY NOTE	1.25%	11-30-2010	101	2,423,826	2,440,462
U S TREASURY NOTE	0.88%	12-31-2010	100	4,847,652	4,848,228
U S TREASURY NOTE	1.13%	12-15-2011	100	2,423,826	2,424,630
US TREAS-CPI INFLAT	2.00%	1-15-2026	95	2,447,706	2,317,631
US TREAS-CPI INFLAT	1.75%	1-15-2028	92	1,333,573	1,225,359
US TREAS-CPI INFLAT	2.00%	1-15-2016	96	2,191,477	2,106,300
US TREAS-CPI INFLATION INDEX	2.00%	1-15-2014	102	784,221	801,502
US TREAS-CPI INFLATION INDEX	1.38%	7-15-2018	97	1,918,133	1,865,794
TOTAL U.S. GOVERNMENT SECURITIES ACQUIRED				\$ 84,555,914	\$ 83,357,472

FIXED INCOME ACQUIRED
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PRICE	PAR VALUE	AMOUNT
CORPORATE BONDS					
ABBOTT LABORATORIES NT	6.15%	11-30-2037	\$ 88	\$ 145,423	\$ 128,322
ABFS MTG LN 03-2 CL M 144A	1.59%	4-25-2034	66	284,411	188,037
ACA ABS 06 1 LTD/ACA A-3L 144A	2.20%	6-10-2041	12	104,021	12,318
AGRIUM INC DEB	6.75%	1-15-2019	92	96,949	88,876
ALCOA INC NT	5.95%	2-1-2037	85	145,423	123,889
ALTERNATIVE LN 07 20 CL A-12	6.25%	8-25-2047	78	372,995	291,902
ALTERNATIVE LN 07 3T1 CL 2-A-1	6.00%	3-25-2027	82	199,079	162,251
AMERICAN AIRLS PASS THRU TR 01	7.86%	10-1-2011	94	579,783	543,163
AMERICAN GEN FIN CORP MEDIUM	6.90%	12-15-2017	82	483,948	396,045
ANADARKO FIN CO SR NT	7.50%	5-1-2031	104	242,378	251,716
ANSLEY PK ABS CL C 144A	3.80%	10-1-2046	15	245,023	36,799
ASSOC CORP NA BDS	6.95%	11-1-2018	92	145,423	134,510
ASTRAZENECA PLC NT	6.45%	9-15-2037	88	145,423	127,597
AT & T INC GLOBAL NT	6.30%	1-15-2038	76	145,423	110,061
AUTO BD RECEIVABLES TR 94-A	6.40%	4-15-2009	100	9,215	9,215
AXA SA US\$ SUB NT	8.60%	12-15-2030	96	242,963	233,802
BAKER HUGHES INC SR NT	7.50%	11-15-2018	102	96,949	98,857
BANC ONE CORP DEBS	8.00%	4-29-2027	98	96,949	94,833
BANK AMER CORP SR NT	5.75%	12-1-2017	89	96,949	86,395
BGI CORE ACTIVE BOND FUND			18	1,881,047	33,997,049
BGI CORE ACTIVE BOND TRADING			10	1,448,327	14,534,890
BLACKROCK MORTGAGE INVESTORS			132	2,701,131	3,578,577
BURLINGTON RESOURCES FINANCE	7.40%	12-1-2031	92	96,949	89,182
CATERPILLAR FINL SVCS CORP MTN	7.05%	10-1-2018	98	96,949	94,960
CBO HLDGS III 04-3 CL A 144A	1.00%	6-1-2019	99	659,808	655,974
CBO HLDGS III 1A 04-1 C-2 144A	7.00%	2-10-2038	105	509,496	533,245
CHARTWELL CBO I NT CL B 144A	3.04%	10-10-2012	97	620,473	603,976
CHASEPEAKE & POTOMAC TEL CO MD	7.15%	5-1-2023	100	242,372	241,270
CHL MTG P/T 07 13 CL A-1	6.00%	8-25-2037	93	340,757	316,798
CIMARRON DEBT FUND			100	1,161,704	1,161,704
CITIGROUP INC SR NT	6.13%	5-15-2018	90	96,949	86,927
CLEAR CHANNEL COMMUNICATIONS	6.88%	6-15-2018	51	290,847	149,767
CNF INC SR DEB	6.70%	5-1-2034	83	242,372	202,311
COCA-COLA ENTERPRISES	6.75%	9-15-2028	88	197,478	174,605
COLORADO DEBT FUND	0.00%	1-1-1900	100	631,451	631,451
COLORADO II	0.00%	1-1-1900	100	310,466	310,466
CONAGRA INC NTS	9.75%	3-1-2021	118	41,494	48,797
CONAGRA INC SR NTS	6.70%	8-1-2027	100	194,685	194,207
CONTINENTAL AIRLS 01-1 CL A 1	6.70%	6-15-2021	85	153,939	130,825
CONTINENTAL AIRLS 01-1 CL A 2	6.50%	6-15-2011	93	244,796	227,610
CONTINENTAL AIRLS 99-2 CL A-1	7.26%	3-15-2020	90	143,051	128,481
CORNING INC NT	7.25%	8-15-2036	100	342,707	343,890
CREDIT SUISSE FB 03-8 CL D-B-2	6.24%	4-25-2033	77	218,213	167,657
CSX CORP NT	6.15%	5-1-2037	65	97,343	63,380

FIXED INCOME ACQUIRED
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PRICE	PAR VALUE	AMOUNT
CORPORATE BONDS					
DELTA FDG HM EQ LN TR 99-3 M-2	8.10%	1-15-2030	\$ 13	\$ 44,523	\$ 5,996
DEUTSCHE BK CAYMAN 2001-3 144A	1.49%	4-30-2031	20	242,372	48,692
DU PONT E I DE NEMOURS & CO NT	6.00%	7-15-2018	93	96,949	90,169
FARMERS INS EXCH SURPLUS 144A	8.63%	5-1-2024	100	245,023	244,715
FIRST HORIZON P/T 06 3 CL 1A8	6.25%	11-25-2036	97	243,356	234,845
GENERAL ELEC CAP MTN #TR 00528	6.75%	3-15-2032	85	96,949	82,824
GLAXOSMITHKLINE CAP INC GTD NT	6.38%	5-15-2038	83	145,423	120,370
GOLDMAN SACHS GROUP INC	5.25%	10-15-2013	93	96,953	89,855
GOLDMAN SACHS GROUP INC BD	6.15%	4-1-2018	86	145,423	125,198
GOLDMAN SACHS GROUP INC SR NT	6.60%	1-15-2012	95	96,949	92,485
GS CREDIT OPPTS FUND 2008			134	3,912,648	5,232,562
GTE SOUTHWEST INC 1ST MTG	8.50%	11-15-2031	119	458,661	544,052
HARRAHS OPER INC GTD SR NT	5.63%	6-1-2015	46	82,407	37,941
HIGHLAND CLO			78	2,033,139	1,586,408
HOME DEPOT INC SR NT	5.88%	12-16-2036	79	390,508	309,819
HUNTINGTON NATL BK MTN # 00001	6.60%	6-15-2018	83	242,372	200,698
HVB FDG TR SILENT PARTN 144A	8.74%	6-30-2031	88	969,489	850,306
INTERNATIONAL BUSINESS MACH CO	8.00%	10-15-2038	105	193,898	202,797
ISHARES TR IBOX \$ HIGH YIELD	0.00%	1-1-1900	77	63,575	4,868,605
J P MORGAN RESI 02-R2 CL 3A1	6.00%	4-28-2026	101	58,086	58,844
JACKSON NTAL LIFE INS CO 144A	8.15%	3-15-2027	110	269,033	296,087
JEFFERIES GROUP INC NEW SR DEB	6.25%	1-15-2036	73	270,972	197,460
JOHNSON CTLS INC NT	6.00%	1-15-2036	89	245,758	218,535
KRAFT FOODS INC NT	6.88%	1-26-2039	82	145,423	118,631
LEHMAN BROS HLDGS INC	8.80%	3-1-2015	104	145,423	151,043
LEHMAN BROTHERS HLDGS #TR00491	7.37%	5-12-2014	79	197,776	155,351
LIBERTY MUTUAL INS CO 144A	7.88%	10-15-2026	104	241,576	251,938
LILLY ELI & CO NT	5.55%	3-15-2037	83	145,423	120,929
MASCO CORP NT	6.50%	8-15-2032	82	242,383	199,466
MCCLATCHY NEWSPAPERS INC	15.75%	7-15-2014	223	65,441	146,033
MCDONALDS CORP	6.30%	3-1-2038	89	96,949	86,575
MERCK & CO INC DEBS	6.40%	3-1-2028	94	193,898	182,106
MID OCEAN CBO 00 1 A2 144A 3C7	7.73%	1-15-2036	88	242,372	212,281
MID OCEAN CBO CL A 144A	6.56%	11-5-2026	100	258,149	258,648
MMCAPS FDG I LTD SR NT 144A	8.03%	6-15-2031	91	585,054	532,293
MORGAN STANLEY ABS 03 NC10 M2	2.99%	10-25-2033	63	63,498	40,247
MORGAN STANLEY ABS 04-NC1 M2	1.84%	11-25-2033	86	64,139	54,971
MORGAN STANLEY ABS 04-NC2 M2	2.09%	12-25-2033	82	27,970	22,885
MORGAN STANLEY SR MEDIUM TERM	5.95%	12-28-2017	86	193,898	167,313
MURPHY OIL CORP NT	7.05%	5-1-2029	100	369,614	370,719
NATIONAL RURAL UTILS COOP FIN	8.00%	3-1-2032	113	96,949	109,806
NEWS AMER HLDGS INC	7.43%	10-1-2026	104	108,340	112,574
NEXEN INC NT	6.40%	5-15-2037	90	145,423	130,868
NORTH STREET REFERENCED LINKED	4.24%	8-30-2030	89	193,898	171,698

FIXED INCOME ACQUIRED
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PRICE	PAR VALUE	AMOUNT
CORPORATE BONDS					
ONEOK PARTNERS LP GTD SR NT	6.65%	10-1-2036	\$ 95	\$ 242,372	\$ 230,424
PACIFIC BELL	7.38%	7-15-2043	101	235,101	238,562
PACIFIC SHORES CDO C 144A 3C7	2.89%	7-3-2037	93	206,085	192,109
PEPSI BOTTLING GRP INC GTD SR	7.00%	3-1-2029	94	193,898	182,275
PERITUS I CDO LTD CL B 144A	4.17%	5-24-2015	77	387,796	299,792
PIVOTAL CIMARRON HILLS			100	231,259	231,259
PIVOTAL PROMONTORY DEBT FD			100	261,843	261,843
PIVOTAL WORKING CAPITAL (DEBT)			100	2,303	2,303
PLAINS ALL AMERN PIPELINE LP	6.65%	1-15-2037	91	212,561	192,714
PREFERRED CPO A / B 144A	8.95%	7-26-2030	111	356,718	397,044
PREFERRED CPO A / B 144A	8.95%	7-26-2030	104	164,507	170,302
PREMIUM ASSET TR ACA 144A	0.00%	3-11-2010	52	627,405	326,742
PRINCIPAL LIFE MTN # 00108	0.66%	3-1-2012	97	145,423	141,709
PSPRS PNMAC MORTGOPP			105	3,103,005	3,253,082
PSPRS-APOLLO EUR NPL			143	3,397,938	4,873,129
REGIONAL DIVERSIFIED FDG 144A	9.25%	3-15-2030	116	1,107,119	1,280,741
RELIANCE STL & ALUM CO	6.85%	11-15-2036	94	145,423	136,897
ROYAL CARIBBEAN CRUISES SR NTS	7.50%	10-15-2027	79	146,014	115,957
SANDIA DEBT FUND			100	460,507	460,507
SBA LOAN NESTING FEATHERS			100	35,197	35,197
SECURITY BENEFIT LIFE INS 144A	8.75%	5-15-2016	101	484,745	489,117
SECURITY MUT LIFE INS CO 144A	9.38%	12-15-2016	105	727,117	764,205
SERVICEMASTER CO NTS	7.10%	3-1-2018	53	138,762	74,002
SPDR SER TR LEHMAN HIGH YIELD			35	43,244	1,517,676
TARGET CORP NT	7.00%	1-15-2038	84	193,898	162,654
TECK COMINCO LTD SR NT	6.13%	10-1-2035	82	242,967	200,050
TIMES MIRROR CO NEW DEBS	6.61%	9-15-2027	40	242,372	96,332
TRAINER WORTHAM FIRST A3L 144A	2.28%	4-10-2037	68	484,745	329,942
UNION CENTR LIFE NOTES 144A	8.20%	11-1-2026	112	1,041,803	1,166,778
UNION PAC CORP SR NT	6.25%	5-1-2034	78	96,949	75,648
UNITED STATES CELLULAR CORP SR	6.70%	12-15-2033	84	439,708	368,794
UNITED UTILS PLC NT	4.55%	6-19-2018	90	242,372	217,106
UPM-KYMMENE CORP NTS 144A	7.45%	11-26-2027	82	340,699	279,746
VALERO ENERGY CORP NT	6.63%	6-15-2037	88	146,014	129,216
WAL-MART STORES INC NT	6.20%	4-15-2038	88	242,374	213,036
WELLS FARGO & CO NEW SR UNSECD	5.63%	12-11-2017	91	96,949	87,875
WESTERN UN CO NT	6.20%	11-17-2036	89	96,949	86,468
WESTINGHOUSE ELEC CORP NT	7.88%	9-1-2023	91	242,372	221,388
TOTAL CORPORATE BONDS ACQUIRED				\$ 48,518,109	\$ 100,624,847
TOTAL FIXED INCOME ACQUIRED				\$ 133,074,023	\$ 183,982,319

FIXED INCOME SOLD
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PAR VALUE	PRICE	AMOUNT	COST	GAIN (LOSS)
U.S. GOVERNMENT SECURITIES							
FEDERAL FARM CR BK CONS SYSTEM	5.15%	5-5-2015	\$ 1,052,525	\$ 100.00	\$ 1,052,479	\$ 1,051,779	\$ 700
FEDERAL FARM CR BKS CONS BDS	5.40%	10-6-2015	891,516	99.99	891,425	887,114	4,310
FEDERAL HOME LN BK CONS BD	5.38%	6-16-2020	2,450,000	99.99	2,449,861	2,440,189	9,671
FEDERAL HOME LN BKS CONS BD	5.33%	7-23-2018	646,847	99.95	646,518	627,846	18,672
FEDERAL HOME LN BKS CONS BD	5.65%	9-21-2020	791,516	100.00	791,542	791,258	284
FEDERAL HOME LN MTG CORP DEB	5.00%	12-14-2018	657,740	91.22	599,975	573,119	26,856
FEDERAL HOME LN MTG CORP MTN	5.00%	6-11-2018	161,954	99.44	161,050	155,899	5,151
FEDERAL HOME LN MTG CORP MTN	5.00%	7-2-2018	240,540	100.00	240,540	235,869	4,672
FEDERAL HOME LN MTG CORP MTN	6.00%	1-26-2022	356,606	100.02	356,670	355,039	1,631
FEDERAL HOME LN MTG CORP MTN	6.00%	12-17-2027	933,152	99.35	927,078	926,512	566
FEDERAL HOME LN MTG CORP MTN	3.65%	12-30-2009	29,681,816	100.09	29,710,003	29,699,764	10,239
FEDERAL HOME LN MTG CORP MTN	1.80%	12-30-2010	4,847,652	100.10	4,852,272	4,847,652	4,620
FEDERAL NATL MTG ASSN	4.45%	8-25-2012	6,017	100.01	6,018	6,004	14
FEDERAL NATL MTG ASSN DEBS	5.25%	7-14-2015	2,478,942	100.45	2,490,108	2,473,462	16,647
FHLMC MULTICLASS MTG	5.00%	2-15-2025	200,000	95.16	190,326	186,710	3,616
FHLMC MULTICLASS MTG	6.00%	8-15-2032	1,004,596	103.41	1,038,875	1,012,841	26,034
FHLMC MULTICLASS MTG	6.00%	11-15-2032	542,383	103.00	558,676	543,818	14,858
FHLMC MULTICLASS MTG	6.00%	8-15-2032	642,383	103.23	663,129	646,305	16,824
FHLMC MULTICLASS MTG	6.00%	8-15-2032	492,383	102.84	506,364	495,165	11,199
FHLMC MULTICLASS MTG 3159 PB	6.00%	1-15-2029	831,093	102.81	854,483	844,756	9,728
FHLMC POOL #G0-8168	6.00%	12-1-2036	199,089	100.31	199,712	199,569	143
FHLMC POOL #H1-0069	6.00%	11-1-2036	302,486	100.13	302,866	304,731	(1,865)
FHLMC POOL #H1-5010	6.00%	11-1-2036	247,557	100.13	247,874	249,426	(1,551)
FNMA GTD REMIC P/T	4.00%	11-25-2022	601,189	98.88	594,439	593,351	1,088
FNMA GTD REMIC P/T 03-42 CL PE	5.50%	12-25-2031	90,000	98.57	88,716	87,438	1,278
FNMA GTD REMIC P/T 05-27 AB	5.50%	2-25-2034	227,683	98.68	224,677	225,512	(835)
FNMA GTD REMIC P/T 05-27 AC	5.50%	8-25-2034	813,508	98.08	797,900	789,692	8,208
FNMA GTD REMIC P/T 05-45 BG	4.50%	6-25-2025	718,195	93.27	669,896	698,186	(28,290)
FNMA GTD REMIC P/T 06-60 PC	6.00%	6-25-2032	392,383	103.29	405,292	394,503	10,789
GNMA GTD REMIC P/T 03-12 PE	5.50%	12-16-2031	797,426	100.21	799,075	791,642	7,433
GNMA GTD REMIC P/T 03-34 MX-PC	5.50%	2-16-2032	897,684	100.34	900,726	891,463	9,264
GNMA POOL #0153415	9.00%	4-15-2016	274	100.00	274	292	(18)
GNMA POOL #0156462	9.00%	7-15-2016	70	100.00	70	75	(5)
GNMA POOL #0157733	9.00%	5-15-2016	40,364	106.73	43,082	37,689	5,393
GNMA POOL #0158992	9.00%	6-15-2016	33,741	105.05	35,445	33,587	1,858
GNMA POOL #0159801	9.00%	9-15-2019	1,401	100.00	1,401	1,502	(100)
GNMA POOL #0160350	9.00%	5-15-2016	86	100.00	86	90	(4)
GNMA POOL #0161638	9.00%	9-15-2016	653	100.00	653	698	(44)
GNMA POOL #0161684	9.00%	7-15-2016	259	100.00	259	276	(17)
GNMA POOL #0164501	9.00%	8-15-2016	863	100.00	863	918	(55)
GNMA POOL #0164681	9.00%	10-15-2016	865	100.00	865	922	(57)
GNMA POOL #0164924	9.00%	9-15-2016	267	99.99	267	284	(17)
GNMA POOL #0165172	9.00%	6-15-2016	4,233	100.00	4,233	4,501	(268)
GNMA POOL #0165863	9.00%	8-15-2016	26,138	106.86	27,930	25,097	2,833

FIXED INCOME SOLD
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PAR VALUE	PRICE	AMOUNT	COST	GAIN (LOSS)
U.S. GOVERNMENT SECURITIES							
GNMA POOL #0168283	9.00%	8-15-2016	\$ 1,245	\$ 100.00	\$ 1,245	\$ 1,328	\$ (83)
GNMA POOL #0172800	9.00%	8-15-2016	685	100.00	685	728	(42)
GNMA POOL #0173847	9.00%	9-15-2016	1,584	100.00	1,584	1,688	(104)
GNMA POOL #0173878	9.00%	8-15-2016	446	100.00	446	474	(28)
GNMA POOL #0174829	9.00%	9-15-2016	337	100.00	337	358	(20)
GNMA POOL #0176431	9.00%	8-15-2016	251	100.00	251	268	(17)
GNMA POOL #0178234	9.00%	11-15-2016	92	100.01	92	98	(6)
GNMA POOL #0181945	9.00%	4-15-2020	15,015	107.95	16,208	14,387	1,821
GNMA POOL #0182127	9.00%	11-15-2016	2,789	106.88	2,980	2,739	242
GNMA POOL #0182491	9.00%	12-15-2016	63	100.02	63	67	(4)
GNMA POOL #0182914	9.00%	10-15-2016	39	100.00	39	42	(2)
GNMA POOL #0183553	9.00%	8-15-2017	160	100.01	160	171	(11)
GNMA POOL #0183715	9.00%	11-15-2016	97	100.00	97	104	(7)
GNMA POOL #0183733	9.00%	1-15-2017	577	100.00	577	616	(39)
GNMA POOL #0185639	9.00%	11-15-2016	69	100.03	69	73	(4)
GNMA POOL #0187705	9.00%	1-15-2017	467	100.00	467	498	(31)
GNMA POOL #0190921	9.00%	12-15-2016	368	100.00	368	392	(24)
GNMA POOL #0191648	9.00%	5-15-2017	132	99.98	132	141	(9)
GNMA POOL #0191943	9.00%	7-15-2018	74	100.00	74	79	(5)
GNMA POOL #0194468	9.00%	12-15-2016	376	100.00	376	401	(24)
GNMA POOL #0198466	9.00%	2-15-2017	42	99.95	42	45	(3)
GNMA POOL #0202505	9.00%	10-15-2019	35	99.94	35	37	(2)
GNMA POOL #0206683	9.00%	4-15-2020	131	100.00	131	141	(10)
GNMA POOL #0207671	9.00%	7-15-2018	66,176	107.39	71,068	62,896	8,172
GNMA POOL #0208705	9.00%	5-15-2020	6,361	107.38	6,831	5,990	841
GNMA POOL #0210798	9.00%	7-15-2018	132	99.99	132	141	(9)
GNMA POOL #0216520	9.00%	5-15-2017	116	100.02	116	124	(8)
GNMA POOL #0217956	10.00%	11-15-2017	121	99.99	121	133	(11)
GNMA POOL #0221509	9.00%	12-15-2016	290	100.00	290	308	(18)
GNMA POOL #0223282	9.00%	5-15-2018	154	99.99	154	165	(11)
GNMA POOL #0223307	9.00%	4-15-2018	54	100.02	54	58	(4)
GNMA POOL #0226529	9.00%	6-15-2018	159	100.00	159	171	(11)
GNMA POOL #0227210	9.00%	9-15-2017	17,814	106.97	19,056	16,982	2,074
GNMA POOL #0228184	9.00%	5-15-2018	44	99.98	44	47	(3)
GNMA POOL #0228233	9.00%	5-15-2018	146	100.01	146	155	(9)
GNMA POOL #0229731	9.00%	7-15-2017	143	100.01	143	152	(10)
GNMA POOL #0229798	9.00%	10-15-2017	4,820	107.06	5,161	4,734	427
GNMA POOL #0232237	9.00%	1-15-2020	24	100.12	24	25	(1)
GNMA POOL #0234450	9.00%	4-15-2018	834	100.00	834	895	(61)
GNMA POOL #0234695	10.00%	12-15-2017	8,217	110.99	9,120	8,186	934
GNMA POOL #0234937	9.00%	3-15-2018	90	99.98	90	97	(6)
GNMA POOL #0235280	9.00%	4-15-2018	23,756	107.44	25,523	22,481	3,042
GNMA POOL #0236041	10.00%	11-15-2017	131	100.02	131	142	(11)
GNMA POOL #0236835	10.00%	11-15-2017	65	99.98	65	70	(5)

FIXED INCOME SOLD
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PAR VALUE	PRICE	AMOUNT	COST	GAIN (LOSS)
U.S. GOVERNMENT SECURITIES							
GNMA POOL #0236939	9.00%	4-15-2018	\$ 10	\$ 100.20	\$ 10	\$ 11	\$(1)
GNMA POOL #0237138	10.00%	10-15-2017	314	100.00	314	346	(32)
GNMA POOL #0237195	9.00%	6-15-2018	65	100.03	65	69	(4)
GNMA POOL #0238133	9.00%	4-15-2018	23	100.09	23	25	(1)
GNMA POOL #0238600	10.00%	11-15-2017	115	100.00	115	124	(9)
GNMA POOL #0247506	9.00%	1-15-2020	37	100.00	37	40	(3)
GNMA POOL #0248951	9.00%	5-15-2018	27	100.11	27	29	(2)
GNMA POOL #0249621	9.00%	5-15-2018	337	100.00	337	361	(24)
GNMA POOL #0250933	9.00%	6-15-2018	17,512	107.49	18,823	17,058	1,765
GNMA POOL #0252052	9.00%	6-15-2018	412	100.00	412	435	(23)
GNMA POOL #0252055	9.00%	6-15-2018	285	100.00	285	305	(21)
GNMA POOL #0252056	9.00%	6-15-2018	242	100.00	242	257	(15)
GNMA POOL #0252306	9.00%	4-15-2018	9,052	107.09	9,694	8,415	1,278
GNMA POOL #0252538	9.00%	5-15-2018	18,557	107.35	19,921	18,078	1,843
GNMA POOL #0257869	9.00%	9-15-2019	25	99.96	25	26	(2)
GNMA POOL #0262845	9.00%	3-15-2020	4,416	107.90	4,765	4,227	538
GNMA POOL #0266545	9.00%	1-15-2019	194	99.99	194	208	(14)
GNMA POOL #0271090	9.00%	10-15-2019	259	99.99	259	278	(19)
GNMA POOL #0271897	9.00%	9-15-2019	89	100.01	89	95	(6)
GNMA POOL #0273548	9.00%	9-15-2019	55	100.00	55	59	(4)
GNMA POOL #0274140	9.00%	9-15-2019	121	100.00	121	130	(9)
GNMA POOL #0277907	9.00%	11-15-2019	43	100.07	43	46	(3)
GNMA POOL #0284420	9.00%	2-15-2020	45	100.00	45	48	(3)
GNMA POOL #0285593	9.00%	2-15-2020	33	100.00	33	36	(3)
GNMA POOL #0285803	9.00%	3-15-2020	488	100.00	488	522	(33)
GNMA POOL #0286371	9.00%	2-15-2020	1,250	100.00	1,250	1,340	(89)
GNMA POOL #0286427	9.00%	4-15-2020	390	99.99	390	401	(12)
GNMA POOL #0287851	9.00%	4-15-2020	54	100.00	54	58	(4)
GNMA POOL #0290000	9.00%	4-15-2020	117	99.99	117	126	(9)
GNMA POOL #0290057	9.00%	6-15-2020	44	99.98	44	48	(3)
GNMA POOL #0291136	9.00%	4-15-2020	51	100.02	51	55	(4)
GNMA POOL #0298952	9.00%	4-15-2021	45	99.98	45	49	(3)
GNMA POOL #0303324	9.00%	4-15-2021	23	100.09	23	25	(2)
GNMA POOL #0304625	9.00%	3-15-2021	28	100.04	28	30	(2)
GNMA POOL #0305187	9.00%	6-15-2021	41	100.05	41	44	(3)
GNMA POOL #0319521	8.00%	2-15-2022	633	100.00	633	680	(47)
GNMA POOL #0330725	8.00%	7-15-2022	74	100.01	74	80	(5)
GNMA POOL #0337419	7.00%	6-15-2023	3,804	100.00	3,804	4,025	(221)
GNMA POOL #0345731	8.00%	5-15-2024	255	100.00	255	274	(19)
GNMA POOL #0352219	8.00%	4-15-2023	230	100.00	230	247	(17)
GNMA POOL #0352964	7.00%	5-15-2024	1,954	100.00	1,954	2,069	(115)
GNMA POOL #0366756	7.00%	3-15-2024	992	100.00	992	1,050	(58)
GNMA POOL #0371734	7.00%	4-15-2024	4,220	100.00	4,220	4,467	(247)
GNMA POOL #0375887	7.00%	5-15-2024	638	100.00	638	676	(37)

FIXED INCOME SOLD
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PAR VALUE	PRICE	AMOUNT	COST	GAIN (LOSS)
U.S. GOVERNMENT SECURITIES							
GNMA POOL #0377589	7.50%	8-15-2025	\$ 56,383	\$ 106.11	\$ 59,831	\$ 56,474	\$ 3,357
GNMA POOL #0386030	7.00%	5-15-2024	3,993	100.00	3,993	4,225	(232)
GNMA POOL #0386038	7.00%	6-15-2024	1,703	100.00	1,703	1,804	(101)
GNMA POOL #0389845	8.00%	9-15-2024	140	100.01	140	150	(10)
GNMA POOL #0390014	7.00%	6-15-2024	51,373	105.92	54,415	48,373	6,042
GNMA POOL #0391992	7.00%	3-15-2024	297,961	105.95	315,694	279,748	35,946
GNMA POOL #0398831	8.00%	8-15-2026	48,403	107.41	51,988	48,362	3,626
GNMA POOL #0402544	7.50%	4-15-2026	130	100.00	130	138	(8)
GNMA POOL #0403979	8.50%	10-15-2024	34,166	106.87	36,515	33,689	2,826
GNMA POOL #0405618	7.50%	4-15-2026	230	100.00	230	245	(15)
GNMA POOL #0406811	7.50%	1-15-2026	29,745	106.55	31,693	29,712	1,981
GNMA POOL #0417666	7.50%	8-15-2025	59	100.02	59	63	(4)
GNMA POOL #0421711	7.50%	4-15-2026	555	100.00	555	591	(35)
GNMA POOL #0427556	7.50%	3-15-2026	74	99.99	74	79	(5)
GNMA POOL #0427558	7.50%	4-15-2026	51,459	106.56	54,833	51,317	3,516
GNMA POOL #0429356	7.50%	3-15-2026	195	100.01	195	207	(12)
GNMA POOL #0430384	8.00%	8-15-2026	343	100.00	343	368	(25)
GNMA POOL #0432701	8.00%	6-15-2026	32,893	107.67	35,415	32,927	2,488
GNMA POOL #0433892	7.00%	7-15-2028	213	100.01	213	225	(12)
GNMA POOL #0434101	7.00%	12-15-2028	1,950	100.00	1,950	2,055	(105)
GNMA POOL #0434237	6.00%	3-15-2029	347,399	101.75	353,484	322,978	30,506
GNMA POOL #0438772	8.00%	8-15-2026	40	99.98	40	43	(3)
GNMA POOL #0438778	8.00%	8-15-2026	40	100.02	40	43	(3)
GNMA POOL #0439645	8.00%	9-15-2026	6,673	107.65	7,183	6,677	506
GNMA POOL #0441619	7.50%	11-15-2029	16,399	105.76	17,343	16,467	876
GNMA POOL #0450368	7.00%	8-15-2028	182	99.99	182	192	(10)
GNMA POOL #0458918	7.00%	8-15-2028	14,696	105.46	15,499	14,458	1,040
GNMA POOL #0464692	7.00%	7-15-2028	1,996	100.00	1,996	2,109	(112)
GNMA POOL #0466888	7.00%	7-15-2028	1,102	100.00	1,102	1,162	(60)
GNMA POOL #0469797	7.00%	12-15-2028	465	100.00	465	490	(25)
GNMA POOL #0470493	7.00%	6-15-2029	2,519	100.00	2,519	2,656	(137)
GNMA POOL #0472997	7.00%	6-15-2029	88,705	105.53	93,614	88,279	5,335
GNMA POOL #0475872	7.00%	7-15-2028	100	100.02	100	105	(5)
GNMA POOL #0478875	7.50%	11-15-2029	92	100.01	92	98	(6)
GNMA POOL #0478881	7.50%	11-15-2029	2,150	100.00	2,150	2,284	(134)
GNMA POOL #0482784	7.00%	10-15-2028	1,333	100.00	1,333	1,408	(74)
GNMA POOL #0485451	6.50%	5-15-2031	2,281	100.00	2,281	2,353	(71)
GNMA POOL #0486539	7.00%	9-15-2028	648	100.00	648	684	(36)
GNMA POOL #0486761	7.00%	12-15-2028	27,136	105.19	28,544	26,599	1,945
GNMA POOL #0487221	7.00%	5-15-2029	290	100.00	290	306	(16)
GNMA POOL #0487222	7.00%	5-15-2029	177	100.01	177	187	(10)
GNMA POOL #0493996	7.00%	7-15-2029	3,019	100.00	3,019	3,182	(163)
GNMA POOL #0499876	7.00%	6-15-2029	493	100.00	493	520	(27)
GNMA POOL #0499905	7.00%	5-15-2029	375	100.00	375	396	(20)

INVESTMENT SECTION
FIXED INCOME SOLD
 DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PAR VALUE	PRICE	AMOUNT	COST	GAIN (LOSS)
U.S. GOVERNMENT SECURITIES							
GNMA POOL #0499907	7.00%	5-15-2029	\$ 107,969	\$ 105.54	\$ 113,951	\$ 103,676	\$ 10,275
GNMA POOL #0500931	7.00%	6-15-2029	220	100.00	220	234	(14)
GNMA POOL #0503019	6.00%	3-15-2029	7,815	100.00	7,815	7,953	(138)
GNMA POOL #0505728	7.00%	6-15-2029	1,054	100.00	1,054	1,112	(57)
GNMA POOL #0506075	7.00%	11-15-2029	284	99.99	284	300	(16)
GNMA POOL #0507496	7.00%	6-15-2029	125,473	105.47	132,333	121,927	10,406
GNMA POOL #0509328	7.00%	6-15-2029	159	100.03	159	168	(9)
GNMA POOL #0510100	7.00%	7-15-2029	584	100.00	584	616	(32)
GNMA POOL #0510302	7.00%	8-15-2029	215	100.00	215	227	(12)
GNMA POOL #0510958	7.00%	5-15-2029	67,287	105.54	71,016	66,842	4,174
GNMA POOL #0510983	7.00%	6-15-2029	929	100.00	929	980	(51)
GNMA POOL #0512888	7.00%	7-15-2029	283	100.00	283	298	(15)
GNMA POOL #0512915	7.00%	7-15-2029	445	100.00	445	469	(24)
GNMA POOL #0513367	7.00%	8-15-2029	34,981	105.12	36,772	33,799	2,972
GNMA POOL #0520045	6.50%	6-15-2031	388	100.00	388	401	(12)
GNMA POOL #0530203	6.50%	4-15-2031	1,982	100.00	1,982	2,066	(83)
GNMA POOL #0530611	6.50%	5-15-2031	69,500	103.61	72,008	69,468	2,540
GNMA POOL #0530631	6.50%	6-15-2031	137,435	103.87	142,751	137,163	5,588
GNMA POOL #0539629	6.50%	4-15-2031	111,344	104.29	116,121	111,031	5,090
GNMA POOL #0541464	6.50%	6-15-2031	4,682	100.00	4,682	4,836	(154)
GNMA POOL #0548963	6.50%	3-15-2031	123,938	103.28	128,007	123,643	4,364
GNMA POOL #0549889	6.50%	5-15-2031	13,722	100.00	13,722	14,165	(443)
GNMA POOL #0549890	6.50%	4-15-2031	70	99.99	70	72	(2)
GNMA POOL #0549915	6.50%	5-15-2031	139	100.01	139	143	(4)
GNMA POOL #0552514	6.50%	4-15-2032	147,146	103.12	151,736	147,016	4,720
GNMA POOL #0552518	6.50%	4-15-2032	2,362	100.00	2,362	2,437	(75)
GNMA POOL #0557424	6.50%	5-15-2031	6,405	100.00	6,405	6,610	(205)
GNMA POOL #0557467	6.50%	5-15-2031	102	100.01	102	105	(3)
GNMA POOL #0560189	6.50%	4-15-2031	6,998	100.00	6,998	7,220	(222)
GNMA POOL #0780076	8.00%	2-15-2025	7,669	100.00	7,669	8,208	(539)
GNMA POOL #0780220	7.50%	8-15-2025	102,278	107.99	110,447	102,780	7,667
GNMA POOL #0780896	7.00%	11-15-2028	187	100.01	187	197	(10)
GNMA POOL #0781129	7.00%	11-15-2028	1,267	100.00	1,267	1,334	(67)
U S TREASURY BILL		7-2-2009	32,908,805	98.23	32,326,851	32,215,902	110,949
U S TREASURY NOTE	1.25%	11-30-2010	2,423,826	100.73	2,441,532	2,440,462	1,070
U S TREASURY NOTE	0.88%	12-31-2010	4,847,652	100.16	4,855,434	4,848,228	7,205
U S TREASURY NOTE	1.13%	12-15-2011	2,423,826	99.62	2,414,737	2,424,630	(9,893)
U S TREASURY NOTES	1.75%	3-31-2010	11,000,000	98.81	10,869,218	10,800,556	68,662
US TREAS-CPI INFLAT	2.00%	1-15-2026	162,321	100.63	163,337	159,111	4,226
US TREAS-CPI INFLAT	1.75%	1-15-2028	1,492	100.00	1,492	1,367	125
US TREAS-CPI INFLAT	2.00%	1-15-2016	837,511	95.96	803,687	774,235	29,451
US TREAS-CPI INFLATION INDEX	2.00%	1-15-2014	1,095	100.00	1,095	1,119	(25)
US TREAS-CPI INFLATION INDEX	1.88%	7-15-2015	662,526	105.56	699,391	665,854	33,537
US TREAS-CPI INFLATION INDEX	1.38%	7-15-2018	151	100.00	151	148	3
TOTAL U.S. GOVERNMENT SECURITIES SOLD			\$ 112,013,196			\$ 110,841,876	\$ 622,074

FIXED INCOME SOLD
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PAR VALUE	PRICE	AMOUNT	COST	GAIN (LOSS)
CORPORATE BONDS							
ABFS MTG LN 03-2 CL M 144A	1.59%	4-25-2034	\$ 330,156	\$ 68.88	\$ 227,398	\$ 286,045	\$ (58,646)
ACA ABS 06 1 LTD/ACA A-3L 144A	2.20%	6-10-2041	103,253	5.29	5,463	82,956	(77,492)
ALCOA INC NT	5.95%	2-1-2037	120,000	84.72	101,666	114,844	(13,178)
ALTERNATIVE LN 07 20 CL A-12	6.25%	8-25-2047	328,682	79.22	260,366	317,744	(57,379)
ALTERNATIVE LN 07 3T1 CL 2-A-1	6.00%	3-25-2027	364,826	62.57	228,290	326,949	(98,659)
AMERICAN AIRLS PASS THRU TR 01	7.86%	10-1-2011	579,783	92.36	535,514	543,163	(7,650)
AMERICAN GEN FIN CORP MEDIUM	6.90%	12-15-2017	841,576	74.16	624,149	793,457	(169,308)
ANADARKO FIN CO SR NT	7.50%	5-1-2031	295,430	92.10	272,098	317,074	(44,977)
ANSLEY PK ABS CL C 144A	3.80%	10-1-2046	445,023	6.18	27,519	64,317	(36,799)
AUTO BD RECEIVABLES TR 94-A	6.40%	4-15-2009	38,019	3.94	1,499	18,536	(17,036)
AXA SA US\$ SUB NT	8.60%	12-15-2030	146,014	73.00	106,590	140,491	(33,901)
BANC ONE CORP DEBS	8.00%	4-29-2027	1,000,000	97.73	977,332	1,019,103	(41,770)
BGI CORE ACTIVE BOND FUND			271,279	17.94	4,867,180	4,867,180	0
BGI CORE ACTIVE BOND TRADING			1,448,327	10.07	14,580,000	14,534,890	45,109
BLACKROCK MORTGAGE INVESTORS			4,448,557	90.94	4,045,553	4,361,259	(315,706)
CBO HLDGS III 04-3 CL A 144A	1.00%	6-1-2019	739,602	99.41	735,263	734,908	354
CBO HLDGS III 1A 04-1 C-2 144A	7.00%	2-10-2038	895,188	104.81	938,287	938,529	(242)
CHARTWELL CBO I NT CL B 144A	3.04%	10-10-2012	846,000	96.57	816,994	816,994	0
CHASEPEAKE & POTOMAC TEL CO MD	7.15%	5-1-2023	350,000	99.52	348,313	350,000	(1,687)
CHL MTG P/T 07 13 CL A-1	6.00%	8-25-2037	326,494	93.78	306,182	322,351	(16,169)
CIMARRON DEBT FUND			1,342,901	97.79	1,313,265	1,446,237	(132,973)
CLEAR CHANNEL COMMUNICATIONS	6.88%	6-15-2018	210,000	47.01	98,714	210,801	(112,087)
CNF INC SR DEB	6.70%	5-1-2034	400,000	82.90	331,615	390,663	(59,048)
COCA-COLA ENTERPRISES	6.75%	9-15-2028	197,478	94.00	185,629	174,605	11,024
COLORADO DEBT FUND			728,840	97.94	713,850	989,140	(275,290)
COLORADO II			364,420	97.79	356,376	364,420	(8,044)
CONAGRA INC NTS	9.75%	3-1-2021	60,000	119.17	71,501	74,180	(2,679)
CONAGRA INC SR NTS	9.80%	3-1-2021	194,685	101.87	198,336	194,207	4,128
CONTINENTAL AIRLS 01-1 CL A 1	6.70%	6-15-2021	11,989	100.00	11,989	10,114	1,875
CONTINENTAL AIRLS 01-1 CL A 2	6.50%	6-15-2011	258,000	90.00	232,195	257,912	(25,717)
CONTINENTAL AIRLS 98-3 CL A2	6.30%	11-1-2008	229,000	99.35	227,503	229,206	(1,703)
CONTINENTAL AIRLS 99-2 CL A-1	7.30%	3-15-2020	289,823	87.03	252,239	280,277	(28,039)
CORNING INC NT	7.25%	8-15-2036	525,758	89.36	469,808	539,881	(70,073)
CREDIT SUISSE FB 03-8 CL D-B-2	6.24%	4-25-2033	194,165	77.79	151,048	185,812	(34,764)
CSX CORP NT	6.15%	5-1-2037	97,343	70.75	68,870	63,380	5,490
DELTA FDG HM EQ LN TR 99-3 M-2	8.10%	1-15-2030	25,665	0.00	0	3,195	(3,195)
DEUTSCHE BK CAYMAN 2001-3 144A	1.49%	4-30-2031	100,000	16.98	16,976	89,652	(72,676)
FARMERS INS EXCH SURPLUS 144A	8.63%	5-1-2024	245,023	72.50	177,642	244,715	(67,073)
FIRST HORIZON P/T 06 3 CL 1A8	6.25%	11-25-2036	243,356	76.00	184,951	234,845	(49,894)
GOLDMAN SACHS GROUP INC	5.10%	1-15-2015	96,953	100.40	97,341	89,855	7,486
GS CREDIT OPPS FUND 2008			6,197,952	87.95	5,451,209	6,312,500	(861,291)
GTE SOUTHWEST INC 1ST MTG	8.50%	11-15-2031	758,661	107.36	814,474	892,700	(78,226)
HOME DEPOT INC SR NT	5.88%	12-16-2036	593,559	78.27	464,564	519,175	(54,611)
HUNTINGTON NATL BK MTN # 00001	6.60%	6-15-2018	500,000	81.12	405,623	474,075	(68,452)

INVESTMENT SECTION
FIXED INCOME SOLD
 DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PAR VALUE	PRICE	AMOUNT	COST	GAIN (LOSS)
CORPORATE BONDS							
HVB FDG TR SILENT PARTN 144A	8.74%	6-30-2031	\$ 2,000,000	\$ 87.14	\$ 1,742,878	\$ 1,731,540	\$ 11,339
J P MORGAN RESI 02-R2 CL 3A1	6.00%	4-28-2026	86,698	100.92	87,496	84,761	2,735
JEFFERIES GROUP INC NEW SR DEB	6.25%	1-15-2036	335,400	72.01	241,512	326,782	(85,270)
JOHNSON CTLS INC NT	6.00%	1-15-2036	595,758	78.70	468,844	553,791	(84,947)
KNIGHT RIDDER INC NT	5.75%	9-1-2017	150,000	56.30	84,455	143,117	(58,662)
LEHMAN BROS HLDGS INC	8.80%	3-1-2015	1,000,000	104.56	1,045,557	1,049,361	(3,803)
LEHMAN BROTHERS HLDGS #TR00491	7.37%	5-12-2014	130,000	74.89	97,356	130,000	(32,644)
LIBERTY MUTUAL INS CO 144A	7.88%	10-15-2026	541,576	85.73	464,306	538,770	(74,464)
MASCO CORP NT	6.50%	8-15-2032	642,383	74.22	476,775	591,282	(114,507)
MID OCEAN CBO CL A 144A	6.56%	11-5-2026	8,590	100.00	8,590	8,607	(17)
MMCAPS FDG I LTD SR NT 144A	8.03%	6-15-2031	929,922	90.85	844,818	1,012,241	(167,422)
MORGAN STANLEY ABS 03 NC10 M2	2.99%	10-25-2033	76,225	74.15	56,517	64,166	(7,649)
MORGAN STANLEY ABS 04-NC1 M2	1.84%	11-25-2033	67,157	89.98	60,428	57,906	2,523
MORGAN STANLEY ABS 04-NC2 M2	2.09%	12-25-2033	35,176	87.77	30,875	31,611	(736)
MURPHY OIL CORP NT	7.05%	5-1-2029	642,369	94.72	608,470	650,377	(41,908)
NEWS AMER HLDGS INC	7.43%	10-1-2026	179,000	104.15	186,436	190,158	(3,722)
NORTH STREET REFERENCED LINKED	4.24%	8-30-2030	400,000	88.01	352,041	352,041	0
ONEOK PARTNERS LP GTD SR NT	6.65%	10-1-2036	350,000	94.92	332,235	352,477	(20,243)
PACIFIC BELL	7.38%	7-15-2043	591,000	101.53	600,065	622,622	(22,557)
PACIFIC SHORES CDO C 144A 3C7	2.89%	7-3-2037	165,731	92.79	153,787	153,787	0
PERITUS I CDO LTD CL B 144A	4.17%	5-24-2015	480,000	74.14	355,884	485,759	(129,875)
PIVOTAL CIMARRON HILLS			82,200	100.00	82,200	82,200	0
PIVOTAL PROMONTORY DEBT FD			333,835	79.69	266,040	370,928	(104,887)
PIVOTAL WORKING CAPITAL (DEBT)			2,603	100.00	2,603	2,608	(5)
PLAINS ALL AMERN PIPELINE LP	6.65%	1-15-2037	131,550	90.40	118,920	135,273	(16,353)
PREFERRED CPO A / B 144A	8.95%	7-26-2030	1,357,470	103.69	1,407,557	1,407,557	0
PREMIUM ASSET TR ACA 144A		3-11-2010	1,072,914	46.47	498,581	847,522	(348,941)
PRINCIPAL LIFE MTN # 00108	0.66%	3-1-2012	262,110	96.59	253,179	258,814	(5,635)
PROTECTIVE LIFE SECD #TR00063		5-10-2010	1,000,000	99.50	995,000	1,000,000	(5,000)
PSPRS PNMAC MORTGOPP			1,226,372	100.00	1,226,372	1,226,372	0
PSPRS-APOLLO EUR NPL			1,706,442	138.43	2,362,253	2,555,479	(193,226)
REGIONAL DIVERSIFIED FDG 144A	9.25%	3-15-2030	1,112,725	116.27	1,293,807	1,212,731	81,076
RELIANCE STL & ALUM CO	6.85%	11-15-2036	210,000	93.97	197,342	214,676	(17,334)
ROYAL CARIBBEAN CRUISES SR NTS	7.50%	10-15-2027	266,014	63.77	169,637	234,823	(65,187)
SANDIA DEBT FUND			515,394	100.00	515,394	619,676	(104,282)
SBA LOAN NESTING FEATHERS			43,706	98.61	43,099	43,706	(607)
SECURITY BENEFIT LIFE INS 144A	8.75%	5-15-2016	500,000	101.13	505,653	527,750	(22,097)
SECURITY MUT LIFE INS CO 144A	9.38%	12-15-2016	1,000,000	105.78	1,057,841	1,057,841	0
SERVICEMASTER CO NTS	7.10%	3-1-2018	224,292	38.18	85,642	151,632	(65,990)
SPRINT CAP CORP NT	8.80%	3-15-2032	400,000	93.91	375,644	483,125	(107,481)
TECK COMINCO LTD SR NT	6.13%	10-1-2035	642,967	73.05	469,660	581,274	(111,614)
TELECOM ITALIA CAP GTD SR NT	7.20%	7-18-2036	300,000	93.76	281,279	308,606	(27,326)
TIMES MIRROR CO NEW DEBS	6.61%	9-15-2027	150,000	36.99	55,478	147,506	(92,028)
TOYOTA MTR CR CORP MTN TR00423		10-27-2008	200,000	99.45	198,892	200,000	(1,108)

FIXED INCOME SOLD
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COUPON	MATURITY	PAR VALUE	PRICE	AMOUNT	COST	GAIN (LOSS)
CORPORATE BONDS							
TRAINER WORTHAM FIRST A3L 144A	2.28%	4-10-2037	\$ 400,000	\$ 66.92	\$ 267,665	\$ 267,665	\$ 0
UNION CENTR LIFE NOTES 144A	8.20%	11-1-2026	1,120,788	107.88	1,209,100	1,143,548	65,552
UNITED STATES CELLULAR CORP SR	6.70%	12-15-2033	709,708	77.99	553,490	633,223	(79,733)
UNITED UTILS PLC NT	4.55%	6-19-2018	150,000	88.42	132,624	132,803	(180)
UPM-KYMMENE CORP NTS 144A	7.50%	11-26-2027	540,699	65.77	355,597	488,647	(133,050)
VALERO ENERGY CORP NT	6.63%	6-15-2037	146,014	74.00	108,050	129,216	(21,166)
WAL-MART STORES INC NT	6.20%	4-15-2038	48,477	102.88	49,870	42,593	7,278
WESTERN UN CO NT	6.20%	11-17-2036	60,000	88.84	53,307	58,274	(4,967)
WESTINGHOUSE ELEC CORP NT	7.88%	9-1-2023	250,000	90.99	227,475	284,599	(57,124)
TOTAL CORPORATE BONDS SOLD			\$ 53,357,044			\$ 71,204,163	\$ (5,184,215)
TOTAL FIXED INCOME SOLD			\$ 165,370,240			\$ 182,046,039	\$ (4,562,141)

ALTERNATIVE INVESTMENTS PORTFOLIO
YEAR ENDED JUNE 30, 2009

DESCRIPTION	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
REAL ESTATE			
APEX CAPITAL	\$ 3,292,144	\$ 4,205,877	\$ 913,733
BLACKSTONE REAL ESTATE PART VI	1,256,209	781,610	(474,599)
COLGATE WILLOW SPRINGS	327,962	327,962	0
DESERT TROON	8,545,642	6,662,725	(1,882,917)
HARRISON STREET REAL ESTATE	2,302,537	2,684,095	381,558
OWC WHISPERING CANYON	1,382,443	1,382,443	0
OWH BERKANA	694,789	715,158	20,369
PEBBLECREEK	1,856,572	1,856,572	0
PIVOTAL HOLDING	4,633,059	3,106,114	(1,526,946)
PSPRS-CATALYST EURO	283,719	46,537	(237,182)
PSPRS-IRONPOINTRE	1,034,054	943,883	(90,171)
PSPRS-MOUNT GRANGE	284,708	267,203	(17,505)
PSPRS-WALTONMEXICO	242,372	56,811	(185,561)
TOTAL REAL ESTATE	\$ 26,136,211	\$ 23,036,989	\$ (3,099,222)
PRIVATE EQUITY			
ABRY PARTNERS	\$ 1,353,336	\$ 1,353,336	\$ 0
ALTERNA I	5,831	5,831	0
APOLLO INVESTMENT FUND VII	770,858	467,487	(303,372)
BLACKSTONE CAPITAL PARTNERS V	745,645	582,989	(162,656)
CONSERVATION FORESTRY FUND I	1,035,640	1,036,074	434
CONSERVATN FOREST II	334,117	333,795	(322)
DAG VENTURES II CO-INVEST	917,272	446,223	(471,049)
DAG VENTURES II DIRECT	249,095	182,737	(66,358)
DAG VENTURES III CO-INVEST	654,039	475,050	(178,990)
DAG VENTURES III DIRECT	538,115	474,547	(63,568)
DAG VENTURES IV CO-INVEST LP	242,372	242,372	0
DAG VENTURES IV LP	266,610	254,530	(12,079)
LADDER	671,284	670,474	(810)
LONGWORTH VP III	86,769	68,152	(18,617)
MACQUARIE EUR INFRASTRUCT III	856,016	898,626	42,611
MACQUARIE INFRASTRUCTURE II US	603,142	623,886	20,744
MESIROW CAPITAL PARTNERS IX	647,206	543,888	(103,317)
MIDOCEAN PARTNER III CO-INVEST	60,593	27,147	(33,446)
MIDOCEAN PARTNER III DIRECT	626,717	249,165	(377,552)
PENINSULA EQUITY PARTNERS	88,171	71,427	(16,744)
PROSPECTOR EQUITY CAPITAL	157,024	88,096	(68,928)
TOWERBROOK INVESTORS III	376,990	389,667	12,677
VALLEY VENTURES III	407,129	357,719	(49,410)
VALLEY VENTURES III ANNEX	81,385	68,272	(13,113)
TOTAL PRIVATE EQUITY	\$ 11,775,357	\$ 9,911,492	\$ (1,863,865)
TOTAL ALTERNATIVE INVESTMENTS	\$ 37,911,568	\$ 32,948,481	\$ (4,963,087)

ALTERNATIVE INVESTMENTS ACQUIRED
DURING THE FISCAL YEAR ENDED JUNE 30, 2008

DESCRIPTION	COST
REAL ESTATE	
APEX CAPITAL	\$ 3,713,983
BLACKSTONE REAL ESTATE PART VI	1,258,139
DESERT TROON	12,948,288
HARRISON STREET REAL ESTATE	3,409,569
OWC WHISPERING CANYON	1,382,443
OWH BERKANA	705,387
PEBBLECREEK	1,856,572
PIVOTAL HOLDING	3,202,552
PSPRS-CATALYST EURO	283,719
PSPRS-IRONPOINTE	1,034,054
PSPRS-MOUNT GRANGE	284,708
PSPRS-WALTONMEXICO	242,372
TOTAL REAL ESTATE ACQUIRED	\$ 30,321,787
PRIVATE EQUITY	
ABRY PARTNERS	\$ 1,353,336
ALTERNA I	5,831
APOLLO INVESTMENT FUND VII	973,892
BLACKSTONE CAPITAL PARTNERS V	1,056,175
CONSERVATION FORESTRY FUND I	1,170,754
CONSERVATN FOREST II	334,117
DAG VENTURES II CO-INVEST	917,272
DAG VENTURES II DIRECT	247,230
DAG VENTURES III CO-INVEST	784,046
DAG VENTURES III DIRECT	583,249
DAG VENTURES IV CO-INVEST LP	242,372
DAG VENTURES IV LP	266,610
LADDER	671,284
LONGWORTH VP III	86,769
MACQUARIE EUR INFRASTRUCT III	856,016
MACQUARIE INFRASTRUCTURE II US	1,001,353
MESIROW CAPITAL PARTNERS IX	647,206
MIDOCEAN PARTNER III CO-INVEST	60,593
MIDOCEAN PARTNER III DIRECT	626,717
NXTV	121,292
PENINSULA EQUITY PARTNERS	88,171
PROSPECTOR EQUITY CAPITAL	96,816
TOWERBROOK INVESTORS III	376,990
VALLEY VENTURES III	407,129
VALLEY VENTURES III ANNEX	81,385
TOTAL PRIVATE EQUITY ACQUIRED	\$ 13,056,606
TOTAL ALTERNATIVE INVESTMENTS ACQUIRED	\$ 43,378,393

ALTERNATIVE INVESTMENTS SOLD
DURING THE FISCAL YEAR ENDED JUNE 30, 2009

DESCRIPTION	COST	GAIN (LOSS)
REAL ESTATE		
APEX CAPITAL	\$ 1,087,226	\$ (198,422)
BLACKSTONE REAL ESTATE PART VI	1,415,010	1,433
DESERT TROON	13,058,956	330,087
HARRISON STREET REAL ESTATE	1,107,032	0
HASSAYAMPA	210,432	0
OWC WHISPERING CANYON	2,715	1,399,697
OWH BERKANA	704,607	80,847
PEBBLECREEK	10,329	2,088,511
PIVOTAL HOLDING	1,659,294	502,308
TOTAL REAL ESTATE SOLD	\$ 19,255,602	\$ 4,204,461
PRIVATE EQUITY		
APOLLO INVESTMENT FUND VII	\$ 482,452	\$ (39,626)
BLACKSTONE CAPITAL PARTNERS V	722,150	2,835
CONSERVATION FORESTRY FUND I	846,381	144,153
DAG VENTURES II CO-INVEST	548,000	488,969
DAG VENTURES II DIRECT	243,959	21,671
DAG VENTURES III CO-INVEST	869,393	(47,807)
DAG VENTURES III DIRECT	553,925	(7,138)
MACQUARIE INFRASTRUCTURE II US	398,211	0
MESIROW CAPITAL PARTNERS IX	842,843	(111,183)
MIDOCEAN PARTNER III CO-INVEST	68,500	0
MIDOCEAN PARTNER III DIRECT	739,725	(79,509)
NXTV	1,007,369	(871,300)
PENINSULA EQUITY PARTNERS	94,979	(1,380)
PROSPECTOR EQUITY CAPITAL	21,905	78,101
VALLEY VENTURES III	960,521	(520,033)
VALLEY VENTURES III ANNEX	86,310	(6,634)
TOTAL PRIVATE EQUITY SOLD	\$ 8,486,623	\$ (948,881)
TOTAL ALTERNATIVE INVESTMENTS SOLD	\$ 27,742,225	\$ 3,255,580



ACTUARIAL SECTION

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October 30, 2009

The Fund Manager
Arizona Elected Officials' Retirement System
3010 East Camelback Road, Suite 200
Phoenix, Arizona 85016-4416

Re: Arizona Elected Officials' Retirement System

Attention: James Hacking, Administrator

The purpose of the annual actuarial valuation of the Arizona Elected Officials' Retirement System as of June 30, 2009 is to:

- Compute the liabilities associated with benefits likely to be paid on behalf of current retired and active members.
- Compare accrued assets with accrued liabilities to assess the funded condition.
- Compute the employers' recommended contribution for the Fiscal Year beginning July 1, 2010.

The valuation process develops contribution rates that are sufficient to fund the plan's normal cost (i.e., the costs assigned by the valuation method to the year of service about to be rendered), as well as to fund unfunded actuarial accrued liabilities as a level percent of active member payroll over a finite period. The valuations were completed based upon population data, asset data, and plan provisions as of June 30, 2009.

The plan's administrative staff provides the actuary with data for the actuarial valuation. The actuary relies on the data after reviewing it for internal and year-to-year consistency. The actuary summarizes and tabulates population data in order to analyze longer-term trends.

Assets are valued on a market related basis. This method recognizes the assumed return fully each year and spreads each year's gain or loss above or below assumed return over a closed seven-year period.

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. The Fund Manager adopts these assumptions after considering the advice of the actuary and other professionals. The assumptions and the methods comply with the requirements of Statement No. 25 of the Governmental Accounting Standards Board. Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution rates as needed. The June 30, 2009 valuations were based upon assumptions that were recommended in connection with a study of experience covering the 2001-2006 period.

Based upon the results of the June 30, 2009 valuations, the retired lives are almost fully funded on a funding value of assets basis. They are much less than fully funded based upon the market value of assets. It is most important that this plan receive contributions at least equal to the actuarial rates.

The actuaries submitting this statement are Members of the American Academy of Actuaries (MAAA), and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

Brian B. Murphy, F.S.A., M.A.A.A.

Mark Buis, F.S.A., M.A.A.A.

Cathy Nagy, F.S.A., M.A.A.A.

BBM/CN/MHB:lr

AGGREGATE ACTUARIAL BALANCE SHEET
YEAR ENDED JUNE 30, 2009

ACTUARIAL ASSETS	2009
ACCRUED ASSETS	
Member Accumulated Contributions	\$ 42,072,605
Employer and Benefit Payment Reserves	216,260,500
Funding Value Adjustment	106,255,049
Total Accrued Assets	364,588,154
PROSPECTIVE ASSETS	
Member Contributions	24,739,286
Employer Normal Costs	76,336,006
Employer Unfunded Actuarial Accrued Liability	145,240,148
Total Prospective Assets	246,315,440
Total Actuarial Assets	\$ 610,903,594
ACTUARIAL PRESENT VALUES (LIABILITY)	
PENSIONS IN PAYMENT STATUS	
Pensions In Payment Status	\$ 324,199,711
PROSPECTIVE PAYMENTS	
Retirement Payments	274,834,021
Health Insurance Payments	7,556,367
Member Contribution Refunds	675,825
Pension Increase Reserve	3,637,670
Total Prospective Payments	286,703,883
Total Actuarial Present Values (Liabilities)	\$ 610,903,594

ACTUARIAL SECTION

SUMMARY OF VALUATION ASSUMPTIONS

ECONOMIC ASSUMPTIONS

Interest Rate: 8.50% (net of expenses)

Salary Increases: 5.00% for inflation

DEMOGRAPHIC ASSUMPTIONS

Retired Member Non-Disability Mortality Rates: RP2000 Health Annuitant Mortality Table, male ages set back 2 years and female ages set back 1 year.

Active Member Non-Disability Mortality Rates: RP2000 Health Annuitant Mortality Table, male ages set back 2 years and female ages set back 1 year.

HEALTHY MORTALITY TABLES

This assumption is used to measure the probabilities of each benefit payment being made after retirement.

For disabled members, non-disability rates with a five year set forward were used.

MORTALITY RATES AND LIFE EXPECTANCY RETIRED MEMBERS					MORTALITY RATES AND LIFE EXPECTANCY ACTIVE MEMBERS				
SAMPLE AGES	PROBABILITY OF DYING NEXT YEAR		FUTURE LIFE EXPECTANCY (YEARS)		SAMPLE AGES	PROBABILITY OF DYING NEXT YEAR		FUTURE LIFE EXPECTANCY (YEARS)	
	MEN	WOMEN	MEN	WOMEN		MEN	WOMEN	MEN	WOMEN
50	.19%	.16%	31.96	34.22	50	.19%	.16%	35.00	37.87
55	.57%	.32%	27.50	29.59	55	.26%	.23%	30.35	33.19
60	.69%	.55%	23.31	25.14	60	.40%	.36%	25.78	28.62
65	1.10%	.94%	19.19	20.93	65	.65%	.54%	21.36	24.18
70	1.82%	1.52%	15.35	17.02	70	.91%	.73%	17.08	19.86
75	3.04%	2.55%	11.88	13.44	75	3.04%	2.55%	13.26	16.22
80	5.21%	4.15%	8.86	10.30	80	5.21%	4.15%	10.53	13.55

Retirement Rates: Service related rates based on the following schedule:

PERCENT OF ACTIVE MEMBERS RETIRING FOLLOWING ATTAINMENT OF INDICATED YEARS OF SERVICE					
SERVICE IN YEARS	% RETIRING NEXT YEAR	SERVICE IN YEARS	% RETIRING NEXT YEAR	SERVICE IN YEARS	% RETIRING NEXT YEAR
5	4%	14	5%	23	15%
6	4%	15	5%	24	15%
7	4%	16	15%	25	45%
8	8%	17	5%	26	45%
9	8%	18	6%	27	15%
10	8%	19	7%	28	15%
11	8%	20	40%	29	15%
12	15%	21	30%	30	100%
13	5%	22	20%		

Active members are eligible to retire early at any age within 5 years of service, or normally at any age with 20 years of service, at age 62 with 10 years of service, or at age 65 with 5 years of service. Pensions were assumed to be decreased 3/12 of 1% for each month the age at early retirement precedes normal retirement age, with a maximum reduction of 30%.

These rates adopted by the Fund Manager, as recommended by the Plan's actuary, were first used for the June 30, 2007 valuation.

**SUMMARY OF ASSUMPTIONS USED
MISCELLANEOUS AND TECHNICAL ASSUMPTIONS****MARRIAGE ASSUMPTION**

90% of males and females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.

DECREMENT TIMING

Decrements of all types are assumed to occur mid-year.

ELIGIBILITY TESTING

Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.

DECREMENT RELATIVITY

Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.

DECREMENT OPERATION

Disability and turnover decrements do not operate during retirement eligibility.

SERVICE CREDIT ACCRUALS

It is assumed that members accrue one year of service credit per year.

INCIDENCE OF CONTRIBUTIONS

Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.

NORMAL FORM OF BENEFIT

A straight life payment is the assumed normal form of benefit for members who are not married, and the 75% Joint and Survivor form of payment with no reduction, for married members. 90% of members are assumed to be married at time of retirement.

BENEFIT SERVICE

Exact fractional service is used to determine the amount of benefit payable.

NORMAL COST PERCENTAGE

For the purposes of calculating the Normal Cost as a percent of payroll under the Projected Unit Credit Cost Method, the Normal Cost was projected with interest to the applicable Fiscal Year and divided by the Payroll projected with wage base to the applicable Fiscal Year.

HEALTH CARE UTILIZATION

80% of future retirees are expected to utilize health care. 90% of those are assumed to be married.

ACTUARIAL SECTION

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.

YEAR ENDED JUNE 30,	AGGREGATE ACCRUED LIABILITIES				PORTION OF ACCRUED LIABILITIES COVERED BY NET ASSETS AVAILABLE FOR BENEFITS		
	ACTIVE MEMBER CONT. (1)	RETIRANTS AND BENEFICIARIES (2)	ACTIVE MEMBERS (ER PORTION) (3)	VALUATION ASSETS AVAILABLE FOR BENEFITS (2)	(1)	(2)	(3)
2000	\$24,038	\$126,895	\$102,545	\$329,777	100.0%	100.0%	100.0%
2001	\$24,061	\$151,590	\$75,336	\$355,768	100.0%	100.0%	100.0%
2002	\$25,854	\$174,580	\$79,513	\$351,349	100.0%	100.0%	100.0%
2003	\$27,466	\$192,979	\$77,446	\$328,811	100.0%	100.0%	100.0%
2004	\$29,226	\$214,647	\$85,048	\$343,376	100.0%	100.0%	100.0%
2005	\$30,671	\$240,470	\$89,617	\$344,604	100.0%	100.0%	82.0%
2006	\$36,639	\$248,357	\$106,407	\$351,701	100.0%	100.0%	62.3%
2007	\$39,760	\$277,278	\$134,261	\$336,717	100.0%	100.0%	14.7%
2008	\$41,964	\$285,634	\$126,743	\$348,013	100.0%	100.0%	16.1%
2009	\$40,924	\$324,200	\$141,067	\$360,950	100.0%	99.0%	0.0%

See Schedule of Funding Progress in the Required Supplementary Information.

SUMMARY OF ACTIVE MEMBER DATA

AGE AND SERVICE DISTRIBUTION

Listed below is a summary of Active Members by age group, years of service and annual compensation. The summary points out that there were 857 active members in the Plan as of June 30, 2009, compared to 824 for the prior year.

ATTAINED AGE	YEARS OF SERVICE TO VALUATION DATE							TOTALS	
	0-4	5-9	10-14	15-19	20-24	25-29	30+	NO.	AVG. PAYROLL
< 25									
25-29	6							6	\$ 276,900
30-34	17	2	1					20	760,087
35-39	29	10						39	1,924,890
40-44	39	16	7					62	4,563,294
45-49	60	24	18	5				107	9,737,923
50-54	62	40	38	13	1	2		156	13,756,396
55-59	54	51	46	25	8	2		186	16,786,700
60-64	49	41	39	29	8	1	2	169	13,469,429
65+	29	32	29	11	8	3		112	6,501,071
Total	345	216	178	83	25	8	2	857	\$ 67,776,690

COMPARATIVE SCHEDULE

YEAR ENDED JUNE 30,	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%

Group averages are not used in the actuarial computations but are computed and shown because of their general interest. Reflects the 1985 amendment consolidating the Judges' Retirement System and the Elected Officials' Retirement Plan. Includes participating municipalities pursuant to a 1987 amendment beginning with the June 30, 1988, valuation.

ACTUARIAL SECTION

SUMMARY OF RETIREES AND INACTIVE MEMBERS

YEAR ENDED JUNE 30,	NUMBER REMOVED FROM ROLES	NUMBER ADDED TO ROLES	RETIREES AND BENEFICIARIES		ANNUAL PENSIONS	PERCENT INCREASE	AVERAGE PENSION	
			TOTALS	ANNUAL ALLOWANCES REMOVED FROM ROLES				ANNUAL ALLOWANCES ADDED TO ROLES
2000	21	63	589		\$15,096,774	15.0%	\$25,631	
2001	26	84	647		\$17,729,482	17.4%	\$27,403	
2002	26	38	659		\$19,606,416	10.6%	\$29,752	
2003	15	65	709		\$22,308,359	13.8%	\$31,465	
2004	31	52	730	\$936,369	\$2,482,196	\$23,854,186	6.9%	\$32,677
2005	33	72	769	\$817,929	\$3,076,044	\$26,112,301	9.5%	\$33,956
2006	20	48	797	\$1,188,444	\$2,482,196	\$28,044,340	7.4%	\$35,187
2007	29	58	826	\$842,516	\$3,178,426	\$30,380,250	8.3%	\$36,780
2008	29	75	872	\$668,820	\$3,138,910	\$32,850,340	8.1%	\$37,672
2009	47	80	905	\$987,408	\$4,399,639	\$36,262,571	10.4%	\$40,069

**Effective June 30, 2004, started reporting the annual allowances removed from roles and annual allowances added to roles. This information was not available prior to the effective date.*

As of June 30, 2009, there were 119 inactive members in the Plan who had not withdrawn their accumulated member contributions. It is assumed that these inactive members are waiting to meet the age requirements for service retirement. They are broken down by attained age and years of service as follows:

ATTAINED AGE	YEARS OF SERVICE TO VALUATION DATE					TOTAL
	0-4	5-9	10-14	15-19	20+	
< 30						0
30-39	4	3				7
40-44	4	2				6
45-49	9	8	2			19
50-54	10	10	6	1		27
55-59	10	15	2	2	1	30
60-69	7	11	4	4		26
70+	2	1			1	4
Total	46	50	14	7	2	119

SCHEDULE OF EXPERIENCE GAIN (LOSS)
YEAR ENDED JUNE 30, 2009

(1) UAAL* at start of year	106,327,161
(2) Normal cost for year	16,496,846
(3) Funding Method Contribution	(21,965,744)
(4) Interest accrued on (1), (2) and (3)	8,805,381
(5) Expected UAAL before changes [(1)+(2)-(3)+(4)]	109,663,644
(6) Changes from benefit increases	11,319,196
(7) Changes from actuarial methods & actuary	12,482,467
(8) Change in Reserve for future pension increases	(16,196,206)
(9) Expected UAAL after changes: (5)+(6)+(7)+(8)	117,269,101
(10) Actual UAAL at end of year	145,240,148
(11) Experience Gain (Loss): (9)-(10)	(27,971,047)

* *Unfunded Actuarial Accrued Liability*

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STATISTICAL SECTION

FINANCIAL TRENDS

SUMMARY

The Statistical Section provides additional historical perspective, context, and detail to assist the reader in using the information in the financial statements, notes to the financial statements and required supplemental information to understand and assess the economic condition of EORP.

Financial trend information is intended to assist users in understanding and assessing the changes in the financial position over time. Schedules and charts presenting financial trend information are Schedule of Changes in Net Assets, Schedule of Revenue by Source, Schedule of Expenses by Type, Deductions from Net Assets for Benefits and Refunds by Type, Valuation Assets vs. Pension Liabilities, and Contribution Rates.

Operating information is intended to provide contextual information about the operations and resources of EORP to assist readers in using financial statement information to understand and assess the economic condition. Schedules and charts presenting operating information are Membership in the Retirement Plan*, Benefit Recipients by Location, Principal Participating Employers, Summary of the Growth of the Plan, Benefits Payable*, Average Monthly Benefit Amounts*, Summary of Benefit Increases*, and Participating Employers.

Schedules and information are derived from EORP internal sources unless otherwise indicated.

* Schedules and data are provided by actuarial consultant Gabriel Roeder Smith & Company.

CHANGES IN NET ASSETS LAST 10 FISCAL YEARS
(IN THOUSANDS)

	2009	2008	2007	2006	2005
ADDITIONS					
Member Contributions	4,437	4,356	4,090	3,811	3,617
Employer Contributions	9,529	8,188	6,080	7,625	3,305
Court Fees	8,000	4,155	3,978	3,855	3,793
Net Investment Gain (Loss)	(61,527)	(23,151)	54,599	24,408	27,407
Member Service Purchase	377	1,045	1,957	2,430	0
Transfers IN	283	573	1,190	1,703	3,647
Total Additions (Reductions)	(38,901)	(4,834)	71,894	43,833	41,769
DEDUCTIONS					
Pension & Insurance Benefits	34,178	32,519	28,718	27,909	25,746
Refunds To Terminated Members	132	64	128	7	83
Administrative Expenses	521	355	340	248	132
Transfers OUT	0	4	20	11	246
Total Deductions	34,831	32,942	29,206	28,175	26,207
NET INCREASE (DECREASE)	(73,732)	(37,776)	42,689	15,658	15,562
NET ASSETS HELD IN TRUST					
Beginning of Fiscal Year, July 1	332,065	369,841	327,152	311,494	295,932
End of Fiscal Year, June 30	258,333	332,065	369,841	327,152	311,494
	2004	2003	2002	2001	2000
ADDITIONS					
Member Contributions	3,499	4,356	3,596	3,544	4,164
Employer Contributions	3,363	188	172	647	540
Court Fees	3,614	3,568	3,485	3,509	3,587
Net Investment Gain (Loss)	39,279	16,378	(48,685)	(67,060)	46,967
Member Service Purchase	0	0	0	0	0
Transfers IN	651	1,880	434	270	2,083
Total Additions (Reductions)	50,406	26,369	(40,999)	(59,090)	57,341
DEDUCTIONS					
Pension & Insurance Benefits	23,754	21,930	19,529	16,802	14,347
Refunds To Terminated Members	117	115	(7)	134	182
Administrative Expenses	89	72	71	59	60
Transfers OUT	124	207	0	0	0
Total Deductions	24,084	22,325	19,594	16,995	14,589
NET INCREASE (DECREASE)	26,321	4,044	(60,593)	(76,085)	42,752
NET ASSETS HELD IN TRUST					
Beginning of Fiscal Year, July 1	269,611	265,567	326,159	402,244	359,492
End of Fiscal Year, June 30	295,932	269,611	265,567	326,159	402,244

FINANCIAL TRENDS

SCHEDULE OF REVENUE BY SOURCE (ALL PLANS COMBINED)
LAST TEN FISCAL YEARS

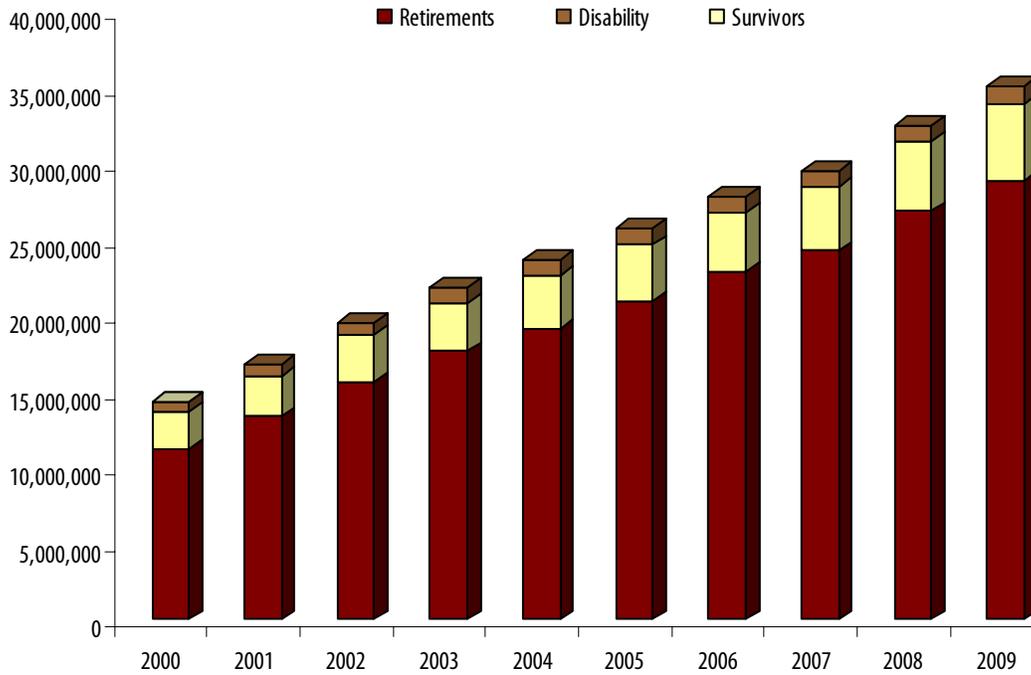
YEAR ENDING JUNE 30,	MEMBER CONT.	EMPLOYER CONT.	COURT FEES	% OF COVERED PAYROLL	INVESTMENT INCOME (LOSS)	TRANSFERRED IN FROM OTHER PLANS	TOTAL
2000	4,164,166	540,061	3,586,633	10.22%	46,966,837	2,083,450	57,341,148
2001	3,544,290	646,803	3,509,072	8.94%	(67,059,808)	269,738	(59,089,905)
2002	3,595,732	171,945	3,484,659	6.97%	(48,685,392)	434,065	(40,998,992)
2003	4,355,934	187,758	3,567,872	7.55%	16,377,295	1,879,878	26,368,737
2004	3,498,926	3,362,947	3,613,825	13.49%	39,279,246	650,880	50,405,824
2005	3,617,383	3,304,513	3,792,729	14.54%	27,407,259	3,646,744	41,768,628
2006	3,811,179	7,624,960	3,855,007	20.54%	24,408,222	4,133,169	43,832,537
2007	4,089,699	6,080,175	3,977,740	18.55%	54,598,524	3,147,915	71,894,053
2008	4,355,999	8,187,703	4,155,348	20.21%	(23,150,918)	1,618,535	(4,833,333)
2009	4,436,652	9,528,861	8,000,231	28.00%	(61,526,963)	660,650	(38,900,569)

SCHEDULE OF EXPENSES BY TYPE (ALL PLANS COMBINED)
LAST TEN FISCAL YEARS

YEAR ENDING JUNE 30,	BENEFITS	ADMIN. EXPENSES	REFUNDS	TRANSFERRED TO OTHER PLANS	TOTAL
2000	14,347,496	59,577	182,114		14,589,187
2001	16,802,302	58,796	133,561		16,994,659
2002	19,529,287	70,983	(6,518)		19,593,752
2003	21,929,828	72,479	115,349	207,196	22,324,852
2004	23,753,913	89,041	117,255	124,119	24,084,328
2005	25,745,717	131,655	83,007	246,091	26,206,470
2006	27,908,934	247,594	7,246	11,093	28,174,867
2007	28,717,547	339,875	127,738	20,169	29,205,329
2008	32,518,978	355,290	63,958	3,834	32,942,060
2009	34,178,410	521,507	131,663		34,831,579

DEDUCTIONS FROM NET ASSETS FOR BENEFITS AND REFUNDS BY TYPE
LAST TEN FISCAL YEARS

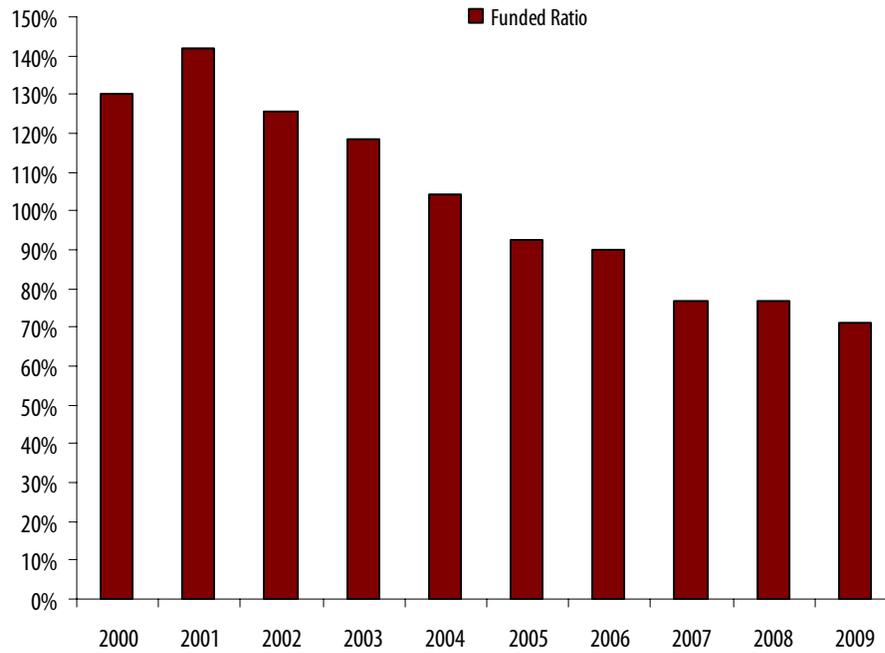
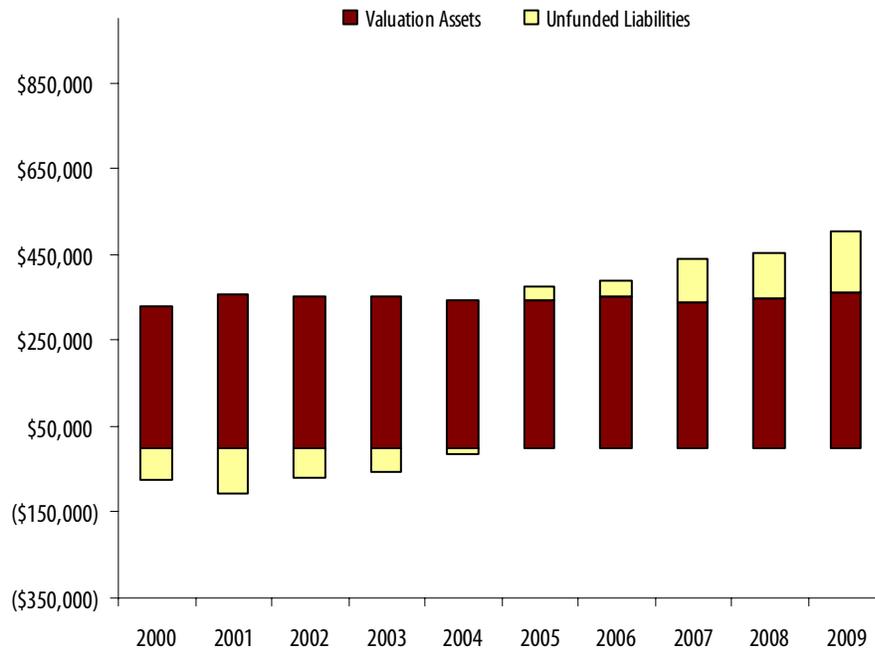
YEAR ENDING JUNE 30,	NORMAL BENEFITS	SURVIVOR BENEFITS	DISABILITY BENEFITS	HEALTH INSURANCE SUBSIDY	TOTAL BENEFITS	REFUNDS
2000	10,966,775	2,459,882	657,755	263,084	14,347,496	182,114
2001	13,051,530	2,680,089	752,464	318,219	16,802,302	133,561
2002	14,747,855	3,079,725	788,587	913,120	19,529,287	(6,518)
2003	16,492,733	3,213,764	1,052,910	1,170,421	21,929,828	115,349
2004	18,094,413	3,471,324	1,109,342	1,078,834	23,753,913	117,255
2005	19,824,610	3,671,914	1,073,453	1,175,740	25,745,717	83,007
2006	21,986,931	3,935,206	1,083,693	903,104	27,908,934	7,246
2007	23,435,322	4,231,772	1,050,452	850,915	29,568,461	127,738
2008	25,967,062	4,637,432	1,002,561	911,923	32,518,978	63,958
2009	28,020,876	5,007,588	1,149,946	917,286	35,095,696	131,663



VALUATION ASSETS vs. PENSION LIABILITIES (ALL PLANS COMBINED)
INCLUDES HEALTH INSURANCE SUBSIDY
 LAST TEN FISCAL YEARS

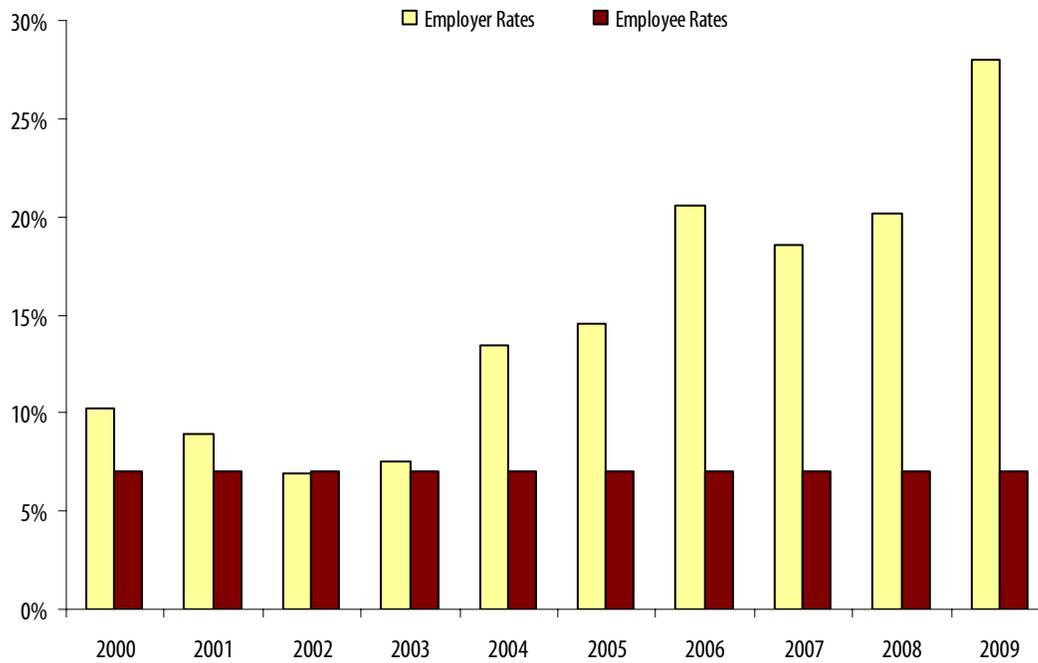
YEAR ENDING JUNE 30,	VALUATION ASSETS	UNFUNDED LIABILITIES	ACCRUED LIABILITIES	FUNDED RATIO
2000	329,777	(76,299)	253,478	130.1%
2001	355,768	(104,781)	250,987	141.7%
2002	351,349	(71,402)	279,947	125.5%
2003	353,463	(55,572)	297,891	118.7%
2004	343,376	(14,455)	328,921	104.4%
2005	344,604	28,737	373,341	92.3%
2006	351,701	39,702	391,403	89.9%
2007	336,717	114,582	451,299	74.6%
2008	348,013	106,327	454,341	76.6%
2009	360,950	145,240	506,190	71.3%

FINANCIAL TRENDS

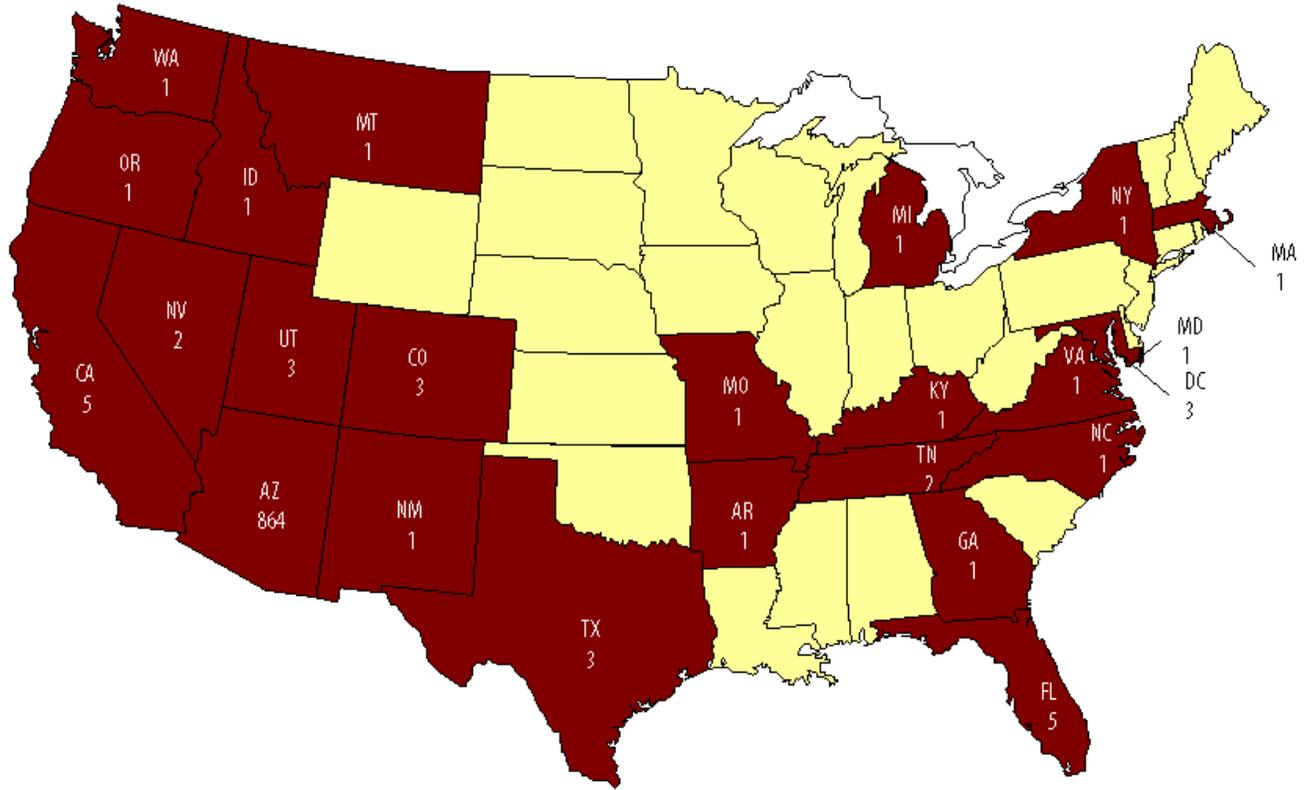


CONTRIBUTION RATES
LAST TEN FISCAL YEARS

YEAR ENDING JUNE 30,	AVERAGE EMPLOYER RATE	EMPLOYEE RATE
2000	10.22%	7.00%
2001	8.94%	7.00%
2002	6.97%	7.00%
2003	7.55%	7.00%
2004	13.49%	7.00%
2005	14.54%	7.00%
2006	20.54%	7.00%
2007	18.55%	7.00%
2008	20.21%	7.00%
2009	28.00%	7.00%

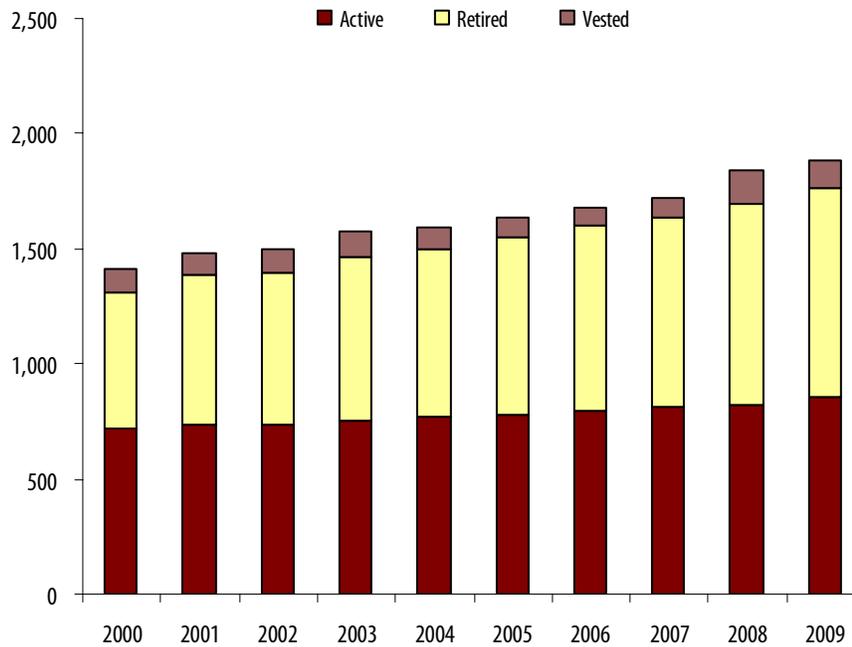


DISTRIBUTION OF BENEFIT RECIPIENTS BY LOCATION



MEMBERSHIP IN RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

YEAR ENDING JUNE 30,	ACTIVE	BENEFICIARY RETIRED	TERMINATED VESTED	TOTAL
2000	720	589	106	1,415
2001	737	647	101	1,485
2002	738	659	105	1,502
2003	751	709	112	1,572
2004	767	730	93	1,590
2005	781	769	88	1,638
2006	800	797	85	1,682
2007	813	826	86	1,725
2008	824	872	88	1,784
2009	857	905	119	1,881



**PRINCIPAL PARTICIPATING EMPLOYERS
LAST TEN FISCAL YEARS**

EMPLOYER	2009			2000		
	COVERED EMPLOYEES	RANK	% OF MEMBERSHIP	COVERED EMPLOYEES	RANK	% OF MEMBERSHIP
State & Counties	700	1	81.59%	607	1	84.31%
City of Chandler	10	2	1.17%	7	4	0.97%
City of Phoenix	9	3	1.05%	9	2	1.25%
City of Yuma	9	3	1.05%	8	3	1.11%
City of Mesa	7	4	0.82%	7	4	0.97%
All Others	122		14.34%	82		11.39%
Total	857		100.00%	720		100.00%

**SUMMARY OF BENEFIT INCREASES
LAST TEN FISCAL YEARS**

YEAR ENDING JUNE 30,	EXCESS YIELD PER STATUTE	EXCESS EARNINGS	UTILIZED TO FUND COLA	EXCESS EARNINGS AVAILABLE	BENEFIT INCREASE 4% CAP
2000	4.20%	5,216,866	(4,133,898)	46,908,586	4.00%
2001	0.00%	0	(4,518,604)	34,436,162	4.00%
2002	0.00%	0	(5,801,777)	23,400,088	4.00%
2003	0.00%	0	(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	0.00%	0	(8,946,622)	16,523,120	4.00%
2007	8.01%	20,886,734	(9,392,556)	30,827,881	4.00%
2008	0.00%	0	(10,302,702)	18,184,418	4.00%
2009	0.00%	0	(11,319,196)	3,637,670	4.00%

OPERATING INFORMATION

SUMMARY OF GROWTH OF THE SYSTEM
LAST TEN FISCAL YEARS

YEAR ENDING JUNE 30,	TOTAL ASSETS AT BOOK	INVESTMENT REALIZED EARNINGS	ASSUMED ACTUARIAL YIELD	NET EFFECTIVE YIELD	AVERAGE EMPLOYER RATE
2000	285,234,761	31,431,378	9.00%	12.27%	10.22%
2001	293,478,357	17,402,311	9.00%	6.19%	8.94%
2002	288,376,999	6,835,146	9.00%	2.37%	6.97%
2003	247,792,779	(28,220,028)	9.00%	(9.98)%	7.55%
2004	246,307,539	11,508,119	9.00%	4.76%	13.49%
2005	253,313,875	18,899,017	8.75%	7.85%	14.54%
2006	275,729,455	31,226,907	8.50%	12.53%	20.54%
2007	299,238,103	37,306,895	8.50%	13.85%	18.55%
2008	324,245,532	51,421,361	8.50%	17.56%	20.21%
2009	278,325,674	(60,455,318)	8.50%	(19.00)%	28.00%

BENEFITS PAYABLE JUNE 30, 2009
BY TYPE OF BENEFIT

PENSIONS BEING PAID	NO.	ANNUAL PENSIONS	AVERAGE PENSIONS
RETIRED MEMBERS			
Service Pensions	708	\$ 29,809,544	\$ 42,104
Disability Pensions	15	1,097,425	73,162
Total Retired Members	723	30,906,696	42,748
SURVIVORS OF MEMBERS			
Spouses	181	5,316,986	29,376
Children w/Guardians	1	38,616	38,616
Total Survivors of Members	182	5,355,602	29,426
TOTAL PENSIONS BEING PAID	905	\$ 36,262,571	\$ 40,069

	AVERAGE AGE	AVERAGE SERVICE	AVG. AGE AT RETIREMENT
Normal retired members	70.1	14.4	61.0
Disability retired members	69.2	11.7	57.6
Spouse beneficiaries	75.8	13.3	58.1

**AVERAGE MONTHLY BENEFIT AND
MEMBERSHIP IN RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

YEAR ENDING JUNE 30,		YEARS OF CREDITED SERVICE BY CATEGORY							ALL MEMBERS
		<5	5-10	10-15	15-20	20-25	25-30	30+	
2000	Average monthly benefit								2,136
	Average final average salary								5,014
	Number of retirees								589
2001	Average monthly benefit								2,284
	Average final average salary								5,273
	Number of retirees								647
2002	Average monthly benefit								2,479
	Average final average salary								5,419
	Number of retirees								659
2003	Average monthly benefit								2,622
	Average final average salary								5,494
	Number of retirees								709
2004	Average monthly benefit								2,723
	Average final average salary								5,493
	Number of retirees								730
2005	Average monthly benefit								2,830
	Average final average salary								5,560
	Number of retirees								769
2006	Average monthly benefit								2,932
	Average final average salary								5,634
	Number of retirees								797
2007	Average monthly benefit								3,065
	Average final average salary								5,895
	Number of retirees								826
2008	Average monthly benefit	1,181	1,060	2,320	4,030	6,293	5,843	3,706	3,139
	Average final average salary								6,090
	Number of retirees	16	245	253	143	154	47	14	872
2009	Average monthly benefit	1,161	1,113	2,437	4,196	6,724	5,911	3,802	3,339
	Average final average salary								6,388
	Number of retirees	12	257	255	149	167	50	15	905

* Detailed information not available prior to fiscal year ending June 30, 2008.

PARTICIPATING EMPLOYERS

STATE OF ARIZONA	CITY OF APACHE JUNCTION
APACHE COUNTY	CITY OF AVONDALE
COCHISE COUNTY	CITY OF CHANDLER
COCONINO COUNTY	CITY OF FLAGSTAFF
GILA COUNTY	CITY OF GLENDALE
GRAHAM COUNTY	CITY OF GLOBE
GREENLEE COUNTY	CITY OF MESA
LA PAZ COUNTY	CITY OF PEORIA
MARICOPA COUNTY	CITY OF PHOENIX
MOHAVE COUNTY	CITY OF SAFFORD
NAVAJO COUNTY	CITY OF SCOTTSDALE
PIMA COUNTY	CITY OF SOUTH TUCSON
PINAL COUNTY	CITY OF SURPRISE
SANTA CRUZ COUNTY	CITY OF TEMPE
YAVAPAI COUNTY	CITY OF TOLLESON
YUMA COUNTY	CITY OF TUCSON
	CITY OF YUMA
	TOWN OF GILBERT
	TOWN OF MARANA
	TOWN OF SAHUARITA
	TOWN OF THATCHER