

ELECTED OFFICIALS' RETIREMENT PLAN
A PENSION TRUST FUND OF THE STATE OF ARIZONA

TWENTY-SECOND COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2003

This report was prepared by the staff of the EORP

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**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
TWENTY-SECOND COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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INTRODUCTORY SECTION

ELECTED OFFICIALS' RETIREMENT PLAN
TWENTY-SECOND COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Fund Managers' Report

Letter of Transmittal

Certificate of Achievement for
Excellence in Financial Reporting

The Retirement Board and
Administrative Organization

Organizational Chart

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

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

1020 East Missouri Avenue
Phoenix, Arizona 85014-2613

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

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James A. Nielsen, C.P.A., J.D.
Assistant Administrator

September 29, 2003

The Honorable Janet Napolitano
Governor of the State of Arizona
State Capitol
Phoenix, Arizona 85007

Dear Governor Napolitano:

The Fund Manager of the Public Safety Personnel Retirement System respectfully submits the Twenty-Second Comprehensive Annual Financial Report of the Elected Officials' Retirement Plan for the fiscal year ended June 30, 2003, in accordance with the provisions of A.R.S. Section 38-803.

We are pleased to report that the Plan is still in good financial and actuarial condition in spite of the difficult investment environment of the past few years. The Plan's current funding level is 110.4%. Stakeholders continue to benefit greatly from our outstanding current and past performance. In fact, funding levels have increased from a low of 71.7% in 1982 to a high of 141.7% two years ago. The average employer contribution rate, as a percentage of gross payrolls, is 13.49% for the 2003/04 fiscal year. While the average contribution rate has increased this past year, and may continue to do so for some time, the average contribution rate for our employer groups is still below the normal cost of the Plan at 22.65%, due to our investment earnings.

We realize that we are now in a different investment environment, even from just a few years ago. In order to maintain prudent funding levels, we are reducing our assumed earnings rate from 9.0% to 8.75%, effective July 1, 2004, with subsequent annual reductions of one-quarter of one percent each year thereafter until the rate is reduced to 8.0%. We believe this to be a more realistic rate for our Plan to achieve. Additionally, we will continue to follow a sensible long-term investment approach as well as continuing to control costs. Set forth below are some of the highlights for the fiscal year ended June 30, 2003.

We are pleased to report for the current year the Plan had a total rate of return of 6.7%. This return is very good compared to similar pension plans nationwide. Additionally, the Plan continues to perform well against the market indexes (S&P 500/NYSE stock and Shearson Lehman Government/Corporate bond) on a long-term basis. The 5, 10 and 15-year total rates of return, including realized as well as unrealized gains and losses, for the total fund were -0.05%, 7.72% and 9.65%, respectively. The 1, 5, 10 and 15-year rates of return for the equity portfolio were 3.77%, -3.92%, 7.95% and 11.0%, respectively. The 1, 5, 10 and 15-year rates of return for the fixed income portfolio were 12.22%, 7.53%, 7.72% and 9.11%, respectively.

Benefits paid to retired Elected Officials and their beneficiaries increased from \$19,529,287 to \$21,929,828. Total administrative and investment expenses increased from \$100,134 to \$103,260. Costs have increased over 80% during the past eighteen years. This increase is very low since the assets managed have increased over 390%, the Plan's membership has increased over 90% and inflation has increased over 70% during this same time period.

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

Respectfully submitted,

Pat Cantelme, Chairman

Ron Snodgrass, Member

Wendy Hancock, Member

Carter Olson, Member

Kevin Keogh, Member

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
CORRECTIONS OFFICER RETIREMENT PLAN
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James A. Nielsen, CPA, JD
Assistant Administrator

September 29, 2003

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

Gentlemen:

There is presented, herewith, the Twenty-Second Comprehensive Annual Financial Report of the operations and financial conditions of the Elected Officials' Retirement Plan, State of Arizona, for the fiscal year ended June 30, 2003. Incorporated in this report are the audited financial statements and other financial data from the June 30, 2003, report of Barrows & Schatza, P.L.C., Certified Public Accountants and auditors for the Plan. Also included are the Actuarial Certification Statement and the Actuarial Balance Sheet from the June 30, 2003, Actuarial Valuation prepared by the Plan's actuary, Rodwan & Nichols, Consulting Actuaries.

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

FINANCIAL INFORMATION

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

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

The Plan uses the accrual basis of accounting for both revenues and expenses. Contributions to the Plan are based on principles of level-cost financing with current service financed as a level percent of payroll on a current basis and prior service amortized as a level percent of payroll over a rolling twenty (20) year period.

REVENUES

Revenues to the Plan are derived from three sources: member contributions, employer contributions, and investment income. As shown by the Schedule of Revenues by Source included in the Statistical Section later in this report, the Plan suffered an investment loss this fiscal year that was partly offset by member contributions and employer contributions. Please refer to the Statistical Section for a ten-year history of revenues and expenses.

ADMINISTRATIVE AND INVESTMENT EXPENSES

The 2002/2003 Administrative and Investment Expenses of the Administrative Office increased to \$103,260 compared to \$100,134 for the prior year. This is only 87% higher than the total for fiscal year 1984/1985. This is a compounded annual

rate of increase of 3.55% over the last eighteen years. This rate of increase is consistent with the rate of inflation and the rate of growth of the Plan. A dedicated staff and constantly improving internal expertise has allowed management to keep costs extremely low for the past eighteen years even though inflation, membership and assets managed have increased substantially during this same period (over 70%, over 80% and nearly 400%, respectively).

INVESTMENTS

Since the Plan is well funded, management takes a moderately conservative approach to investing. The Plan invests primarily in bonds rated A or better and blue chip common stock. A detailed summary of the investment portfolio and all investment transactions is presented in the Investment Section. At year-end, the investment portfolio was made up of 8.1% U. S. Government Securities, 18.0% Corporate Bonds, 4.4% Corporate Notes, 5.4% Other Investments, 0.1% insured Money Market Funds and 64.0% Common Stocks. All investments are held in trust by the Arizona subsidiary of one of the largest banks in the world.

Even with this relatively conservative investment philosophy, the fixed income portfolio has outperformed the Lehman Government/Credit Bond Index in twelve of the last seventeen years and the equity portfolio has outperformed the applicable Index (NYSE until 98/99, then S&P 500) ten of the last seventeen years. The Plan's performance resulted in a net effective yield of -9.98% and a 17-year total rate of return of 9.25%. Graphs depicting the Plan's extraordinary performance since 1987, the year the current Administrator took over the portfolio management, can be found in the Investment Section.

ECONOMIC OUTLOOK

We realize that we are now in a different investment environment, even from just a few years ago. In order to maintain prudent funding levels, the Fund Manager reduced the assumed earnings rate from 9.0% to 8.75%, effective July 1, 2004, with subsequent annual reductions of one-quarter of one percent each year thereafter until the rate is reduced to 8.0%. We believe this is a more realistic rate for our Plan to achieve. Our employer groups continue to benefit greatly from our outstanding past and current performance. Additionally, we will continue to follow a sensible long-term investment approach as well as continuing to control costs.

ACTUARIAL AND FUNDING INFORMATION

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

There is no single all-encompassing test to measure a retirement plan's funding progress and current status. A traditional measure is the ratio of assets to unfunded accumulated normal costs, often referred to as the "percent funded." The percent funded for the Plan at June 30, 2003, is 110.4%, which is well ahead of schedule.

The Plan is funded through a member contribution of 7% of gross payroll, an employer contribution set by an actuarial valuation expressed as a percent of gross payroll and a distribution of the net earnings of the Plan. State and county employers receive credit for a portion of certain fees collected by the Clerks of the Superior Courts, Courts of Appeals, and the Supreme Court. Currently, these fees have been stagnant which has resulted in an increase in the state and county employer costs. This is expected to continue through fiscal year 2004/2005 when the state and county employer rate will be 6.00% and the cities and towns employer rate will be 13.49%, which is still well below the normal cost of the Plan of 22.65%.

POST RETIREMENT BENEFIT INCREASES

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

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

July 1, 1990 – 4.0%
July 1, 1991 – 4.0%
July 1, 1992 – 2.0%
July 1, 1993 – 3.5%
July 1, 1994 – 2.0%

July 1, 1995 – no benefit allowed by law

July 1, 1996 – no benefit allowed by law

July 1, 1997 – 1.5%

July 1, 1998 – 1.2%

July 1, 1999 – 4.0%

July 1, 2000 – 4.0%

July 1, 2001 – 4.0%

July 1, 2002 – 4.0%

July 1, 2003 – 4.0%

July 1, 2004 – 4.0%

This is a compounded increase of over 50%.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the EORP for its comprehensive annual financial report for the fiscal year ended June 30, 2002. This was the ninth consecutive year that the Plan has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

SUMMARY

The Plan's actuary, Rodwan & Nichols, summarized the results of the latest Actuarial Valuation as of June 30, 2003, as follows:

The results of the valuations indicate that Retirement Plan benefit obligations are being funded as incurred. Favorable economic experience over the last decade has significantly accelerated the funding progress. Current assets are 110.4% of actuarial accrued liability. We believe the assumptions produce a reasonable estimate of costs likely to emerge in the operation of the Retirement Plan.

The Plan has experienced great change during the past seventeen years. The Plan's accrual rate was raised to 4% of pay for each year of credited service. Members can now take normal retirement with twenty years of credited service regardless of age and they can take a reduced early retirement with five or more years of credited service with no age limit. The Plan now provides for disability benefits, survivor benefits for spouses and children, post-retirement increases and health insurance subsidies. Funding has increased to 110.4%. Over just the past eighteen years, membership has grown dramatically and total assets of the Plan have increased more than four times. I am proud to have been a part of the Plan's management team and I look forward to the Plan's continued success in the future.

Respectfully submitted,



Jack M. Cross, CPA, CFA
Administrator

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Elected Officials' Retirement Plan, Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

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

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

THE FUND MANAGER

		<u>Term Expires</u>
Pat Cantelme Retired Firefighter City of Phoenix	Chairman	January 2005
Ron Snodgrass Police Officer City of Phoenix	Member	January 2004
Wendy Hancock Public Member	Member	January 2005
Carter Olson Pinal County Attorney	Member	January 2006
Kevin Keogh Finance Director City of Phoenix	Member	January 2006

PROFESSIONAL ADVISORS

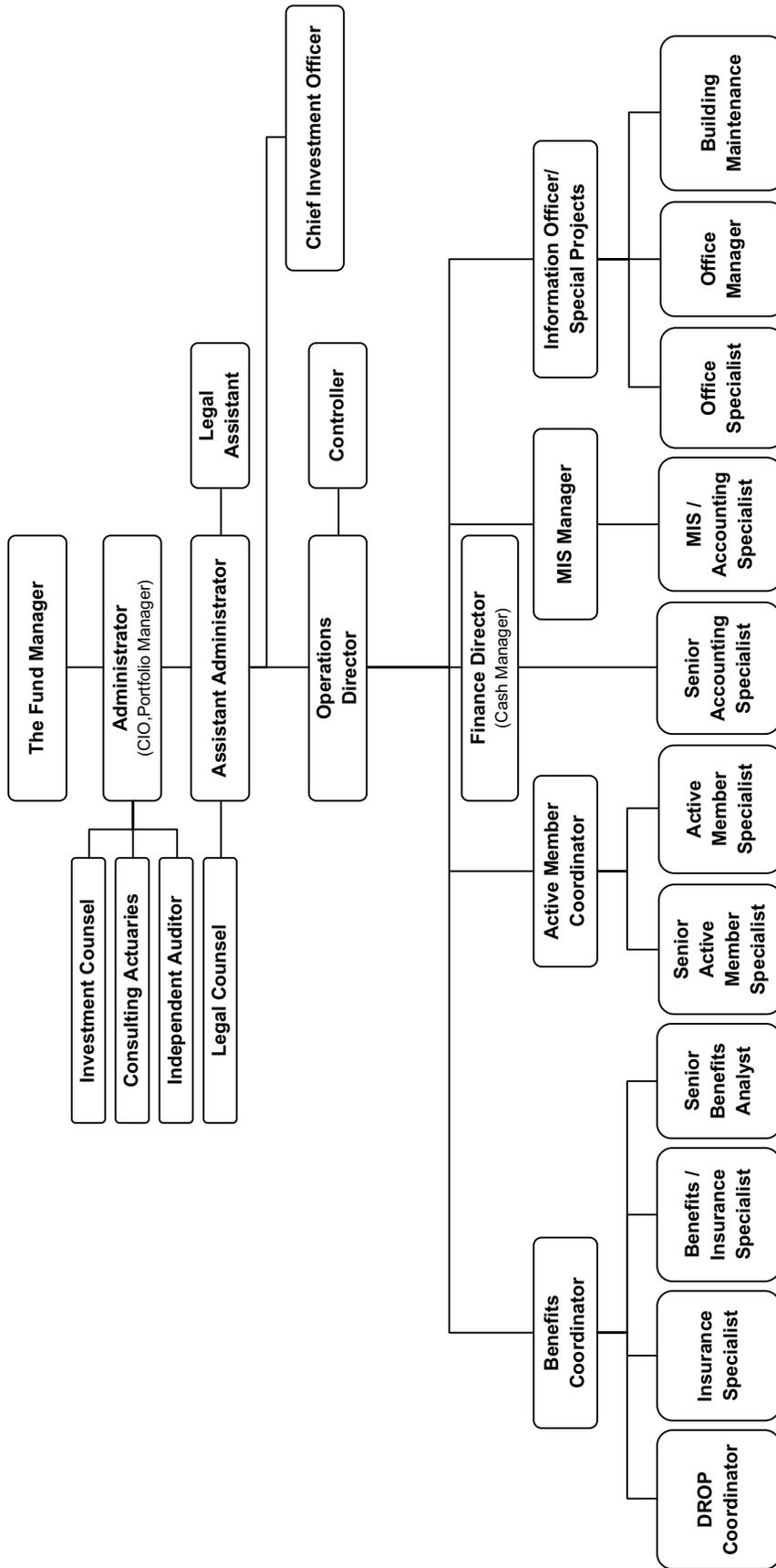
Standard & Poor's Securities, Inc.	Investment Counsel
Rodwan & Nichols	Consulting Actuaries
Barrows & Schatza, P.L.C.	Independent Auditors
Lieberman, Dodge, Gerding, Kothe & Anderson, Ltd.	Legal Counsel

ADMINISTRATIVE STAFF

Jack M. Cross, CPA, CFA	Administrator
James A. Nielsen, CPA, JD	Assistant Administrator
Tracey D. Peterson, CPA, CFE	Operations Director
Jared A. Smout	Finance Director
Karen L. Lewis, CPA	Controller
Donald B. Mineer	DROP Coordinator/Special Projects Assistant
LaDawn M. Snodgrass	Active Member Coordinator
Sheryl D. Saltsman	Benefits Coordinator
Deborah S. Irwin	Senior Active Member Specialist
Joann L. Lowey	Senior Benefits Analyst
Lilian L. Leung	Senior Accounting Specialist
Kathleen A. Mattoon	Office Specialist
Annette L. Jorgensen	Insurance Specialist
Lori A. Boyle	Office Manager
Scott D. Willard	MIS/Accounting Specialist
D. Steven Williams	Legal Assistant
Tiffani M. Wright	Active Member Specialist
Alliene Jonas	Benefits/Insurance Specialist
Devin Delap	Building Maintenance

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**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
ORGANIZATION CHART
JUNE 30, 2003**



FINANCIAL SECTION

ELECTED OFFICIALS' RETIREMENT PLAN
TWENTY-SECOND COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2003

Independent Auditor's Report
Management's Discussion and Analysis
Statements of Plan Net Assets
Statements of Changes in Plan Net Assets
Notes to Financial Statements
Schedule of Funding Progress
Schedule of Employer Contributions
Supporting Schedule of
Changes In Fund Balance Reserves
Supporting Schedule of
Administrative and Investment Expenses
Supporting Schedule of Payments to Consultants
Supplemental Schedule of
Cash Receipts and Cash Disbursements



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of plan net assets of the **STATE OF ARIZONA ELECTED OFFICIALS' RETIREMENT PLAN** as of June 30, 2003 and 2002, and the related statements of changes in plan net assets for the years then ended, appearing on pages 18 and 19, respectively. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the **STATE OF ARIZONA ELECTED OFFICIALS' RETIREMENT PLAN** as of June 30, 2003 and 2002, and the results of its operations and the changes in plan net assets for the years then ended in conformity with generally accepted accounting principles.

As discussed in Note 2 to the financial statements, the **STATE OF ARIZONA ELECTED OFFICIALS' RETIREMENT PLAN** adopted the provisions of the Governmental Accounting Standards Board Statements No. 34, *Basis Financial Statements and Management's Discussion and Analysis for State and Local Governments*, No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments – Omnibus*, and No. 38, *Certain Financial Statement Note Disclosures* for fiscal year end June 30, 2002.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information, Management's Discussion and Analysis, Schedule of Funding Progress and Schedule of Employer Contributions, are required by the Governmental Accounting Standards Board and are not a required part of the basic financial statements. Also, the accompanying additional information, contained on pages 28 to 30, are not required disclosures under Governmental Accounting Standards Board (GASB) statement No. 25 and are not a required part of the basic financial statements. The additional information schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Barrows & Schatza, P.L.C.

September 8, 2003

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2003 AND 2002**

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 2003 are as follows:

- The Plan had a total rate of return of 6.7% this year. Our stock portfolio had a return of 3.8% and our bond portfolio had a return of 13.6%. We continue to perform well against the market indexes on a long-term basis. The 15-year rate of return for the equity portfolio and fixed income portfolio were 11.0% and 9.11%, respectively, compared to the market index of 10.0% and 8.66%, for the same time period.
- As of the close of the fiscal year 2003, the Future Benefit Increase Reserve was \$18.6 million. This will enable another 4% increase for qualifying retirees or their survivors for the eighth consecutive year.
- Retirement benefits paid totaled \$21.9 million for the current fiscal year, compared to \$19.5 million for the previous year. This represents a 13% increase from the prior year. The majority of this increase is the result of increased health insurance benefits and cost of living adjustments (COLAs) paid to the retirees or their survivors of the Plan.

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 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.

Other Supplemental Information

The Other Supplemental Information Section includes the Supporting Schedule of Changes in Fund Balance Reserves, Supporting Schedule of Payments to Consultants, and a Supplemental Schedule of Cash Receipts and Cash Disbursements. The total columns and information provided on these schedules carry forward to the applicable financial statement.

Financial Analysis

Net Assets

The Plan's Net Assets totaled \$269.6 million at the close of the fiscal year 2003, compared to \$265.5 million at the close of the previous fiscal year. This is a 2% increase from the prior year. The increase is the direct result of market conditions and investment earnings.

ELECTED OFFICIALS' RETIREMENT PLAN NET ASSETS

	<u>2003</u>		<u>2002</u>	
	<u>Book Cost*</u>	<u>Fair Value</u>	<u>Book Cost*</u>	<u>Fair Value</u>
Current Assets	\$ 2,058,610	\$ 2,058,610	\$ 1,813,939	\$ 1,813,939
Investments	<u>329,317,336</u>	<u>351,174,831</u>	<u>369,674,905</u>	<u>347,522,134</u>
Total Assets	<u>331,375,946</u>	<u>353,233,441</u>	<u>371,488,844</u>	<u>349,336,073</u>
Other Liabilities	<u>83,583,167</u>	<u>83,622,844</u>	<u>83,111,845</u>	<u>83,769,361</u>
Total Liabilities	<u>83,583,167</u>	<u>83,622,844</u>	<u>83,111,845</u>	<u>83,769,361</u>
Total Net Assets	<u>\$ 247,792,779</u>	<u>\$ 269,610,597</u>	<u>\$ 288,376,999</u>	<u>\$ 265,566,712</u>

*Cost information is provided for reference only.

The largest portion of the Plan's Net Assets (64%) are invested in Equity Securities; 18% is invested in high quality Corporate Bonds; 8% is invested in Government Securities; 5% is invested in Cash or cash equivalents; and, the remaining 5% is invested in Other investments.

Changes in Net Assets

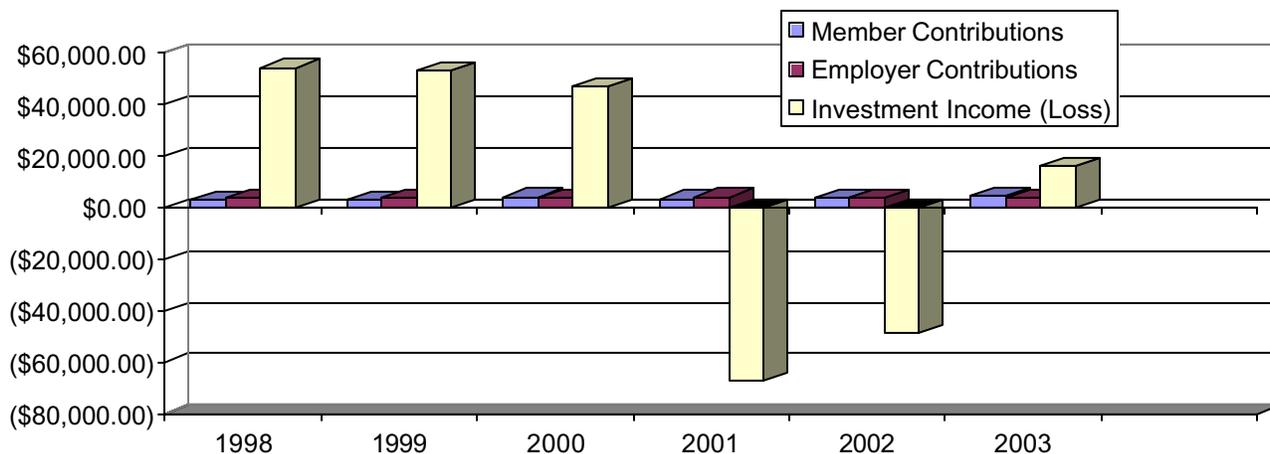
Market conditions and investment earnings have attributed to the increase in net assets, as noted earlier. Additional key elements of this increase are as follows:

ELECTED OFFICIALS' RETIREMENT PLAN CHANGES IN NET ASSETS

	<u>2003</u>	<u>2002</u>
Additions:		
Contributions	\$ 8,111,564	\$ 7,252,336
Net Investment Income (Loss)	16,377,295	(48,685,393)
Transfers	<u>1,879,878</u>	<u>522,745</u>
Total Additions	26,368,737	(40,910,312)
Deductions:		
Pension Benefits	21,929,828	19,529,287
Terminated Members Refunds	115,349	(6,518)
Administrative Expenses	72,479	70,983
Transfers	<u>207,196</u>	<u>88,680</u>
Total Deductions	<u>22,324,852</u>	<u>19,682,432</u>
Change in Net Assets	4,043,885	(60,592,744)
Net Assets, Beginning of Year	<u>265,566,712</u>	<u>326,159,456</u>
Net Assets, End of Year	<u>\$ 269,610,597</u>	<u>\$ 265,566,712</u>

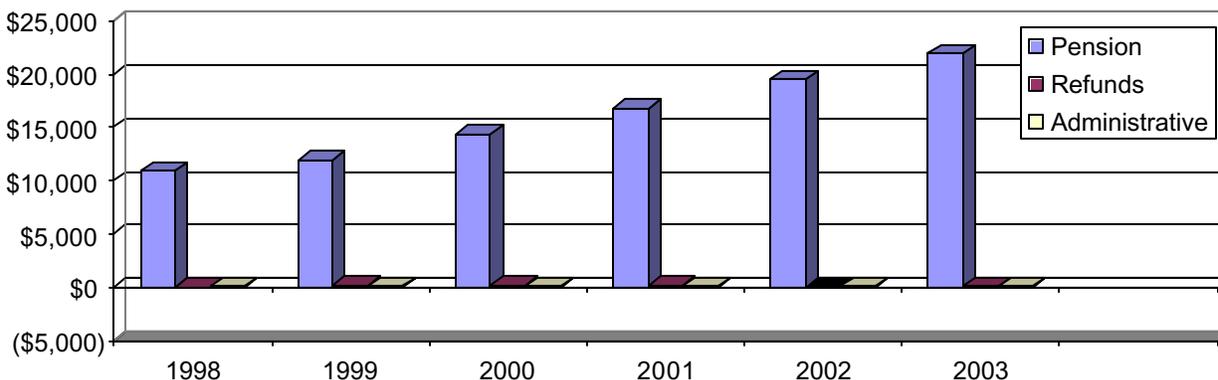
Total contributions and net investment income increased \$65.0 million from those of the prior year, due primarily to market conditions and investment earnings. Total contributions increased from the previous year by \$.9 million. This slight increase is primarily due to an increase in court fees and member contributions. Investment income increased from the previous year by \$64.1 million. The Investment Section of this report reviews the results of investment activity for 2003.

Trend in Revenues – by Type
(Member and Employer Contributions, Investment Income (Loss) (in 000's)



The primary expenses of the Plan include the payment of pension benefits to members and beneficiaries, refunds of contributions to former members who terminated employment during the year and the cost of administering the Plan. Total deductions for fiscal year 2003 were \$22.3 million, an increase of 4% over the prior fiscal year. Pension benefits, to include health insurance subsidies and cost of living adjustments, increased by \$2.4 million or rose 13% from the previous year. Administrative expenses increased \$1,496 or rose 3% from the previous year.

Trend in Expenses – by Type
(Pension Benefits, Refunds and Administrative Expenses) (in 000's)



Economic Factors and Employer Rates

Revenues to the Plan are derived from three sources: member contributions, employer contributions and investment income. Member contribution rates are set by Statute and will remain unchanged at 7.00%. Employer contribution rates are determined annually by an actuarial valuation. The valuation encompasses the rate of investment earnings and the accumulation of substantial reserves to guarantee payment of promised benefits.

Investment gains and losses are smoothed over a four-year period to stabilize the employer contribution rates from year to year. The Fund Manager, the five member governing board, decided that the current smoothing rate over a four-year period should remain unchanged at this time. However, the Fund Manager did reduce the assumed earnings rate from 9.0% to 8.75%, effective July 1, 2004, with subsequent annual reductions of one-quarter of one percent each year thereafter until the rate is reduced to 8.0%. We believe this is a more realistic rate for our Plan to achieve. The Fund Manager did reserve the right to address these issues annually or on an as needed basis.

Employers continue to benefit greatly from our outstanding past and current investment performance. The average employer rate, as a percentage of gross payroll, is 13.49% for the 2003/04 fiscal year. While the employer rate has increased this past year, and may continue to do so for some time, the average contribution rate for our employers is still below the normal cost of the Plan of 22.65%.

Management believes, and actuarial studies concur, that the Plan is in a financial position to meet its current obligations. We believe the current financial position will continue to improve due to a prudent conservative long-term investment approach, cost controls and strategic planning.

Requests 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, Operations Director, 1020 E. Missouri, Phoenix, AZ 85014.

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
STATEMENTS OF PLAN NET ASSETS
AS OF JUNE 30, 2003 AND 2002**

ASSETS	2003	2002
Receivables		
Members' Contributions	\$ 49,410	\$ 84,518
Employers' Contributions	9,394	4,167
Court Fees	309,452	288,613
Interest and Dividends	1,690,354	1,436,641
Total Receivables	2,058,610	1,813,939
	<i>[Book Cost - For Reference Only]</i>	<i>[Book Cost - For Reference Only]</i>
Investments at Fair Value (Note 2):		
U.S. Government Securities	\$ 19,915,600	\$ 34,169,572
Corporate Bonds	44,225,048	46,297,202
Corporate Notes	10,995,235	10,494,805
Corporate Stocks	157,068,364	187,762,407
Other Investments	13,201,580	7,612,230
Money Market Account	328,342	226,844
Collateral Held in Trust for Securities on Loan	83,583,167	83,111,845
Total Investments	\$ 329,317,336	\$ 369,674,905
Total Plan Assets	353,233,441	349,336,073
Liability- Collateral Subject to Return to Borrower	(83,622,844)	(83,769,361)
Net Assets Held in Trust for Pension Benefits	269,610,597	265,566,712
Net Asset Reserves		
Refundable Members' Reserve	\$ 27,466,353	\$ 25,853,543
Employers' Reserve	223,552,344	216,313,081
Future Benefit Increase Reserve	18,591,900	23,400,088
Total Net Asset Reserves	\$ 269,610,597	\$ 265,566,712

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

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002**

	2003	2002
Additions		
Contributions		
Member Contributions (Notes 1 and 3)	\$ 4,355,934	\$ 3,595,732
Employer Contributions (Notes 1 and 3)	187,758	171,945
Court Fees	3,567,872	3,484,659
Total Contributions	8,111,564	7,252,336
Net (Depreciation) Appreciation		
in Fair Value of Investments (Note 2)	7,987,401	(57,507,423)
Interest	6,936,120	7,540,509
Dividends	1,363,830	1,143,973
Securities Lending Activities		
Securities Lending Income	\$ 1,258,693	\$ 2,447,776
Borrower Rebates	(1,072,975)	(2,191,327)
Agents Share of Income	(64,993)	(89,750)
Net Securities Lending Income (Note 2)	120,725	166,699
	16,408,076	(48,656,242)
Less Investment Expense	(30,781)	(29,151)
Net Investment Income	16,377,295	(48,685,393)
Amounts Transferred from Other State-Sponsored Pension Plans and Service Credits Purchased		
	1,879,878	522,745
Total Additions	26,368,737	(40,910,312)
Deductions		
Pension and Insurance Benefits (Note 1)	21,929,828	19,529,287
Refunds to Terminated Members (Note 1)	115,349	(6,518)
Administrative Expenses	72,479	70,983
Amounts Transferred to Other State-Sponsored Pension Plans	207,196	88,680
Total Deductions	22,324,852	19,682,432
Net (Decrease) Increase	4,043,885	(60,592,744)
Net Assets Held In Trust for Pension Benefits		
Beginning of Year - July 1	265,566,712	326,159,456
Ending of Year - June 30	\$ 269,610,597	\$ 265,566,712

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

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003 AND 2002**

NOTE 1 - PLAN DESCRIPTION

Organization

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

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

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

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

At June 30, 2003 and 2002, the number of participating local government employer groups was:

	<u>2003</u>	<u>2002</u>
Cities and Towns	17	16
Counties	15	15
State Agencies	1	1
Total Employers	33	32

All state and county elected officials and judges are members of the Plan. Any city in the State of Arizona may elect to have its' elected officials covered by the EORP. At June 30, 2003 and 2002, statewide EORP membership consisted of:

	<u>2003</u>	<u>2002</u>
Retirees and beneficiaries currently receiving benefits	709	659
Terminated vested employees	186	165
Current employees		
Vested	419	444
Non-vested	332	294
Total Members	1,646	1,562

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

SUMMARY OF BENEFITS

Purpose (A.R.S. §38-810.02.B)

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

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

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

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

Contributions (A.R.S. §38-810.A)

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

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

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

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

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

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

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

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

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

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

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

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

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

Vested Termination (Deferred Retirement)

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

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

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

Survivor Pension (A.R.S. §38-807)

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

time student under the age of 23 or the child is under a disability which began before the child attained the age of 23. The amount of a surviving spouse's pension is three-fourths of the pension being paid the deceased retired elected official or three-fourths of the pension which the member would have received assuming he had retired under a disability. The amount of a surviving child's pension is an equal share of the amount of a surviving spouse's pension.

Death Benefit (A.R.S. §38-807.E)

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

Termination Refund (A.R.S. §38-804.B)

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

- 5 to 5.9—25% of member contributions deducted from the member's salary pursuant to ARS 38-810.A
- 6 to 6.9—40% of member contributions deducted from the member's salary pursuant to ARS 38-810.A
- 7 to 7.9—55% of member contributions deducted from the member's salary pursuant to ARS 38-810.A
- 8 to 8.9—70% of member contributions deducted from the member's salary pursuant to ARS 38-810.A
- 9 to 9.9—85% of member contributions deducted from the member's salary pursuant to ARS 38-810.A
- 10 or more—100% of member contributions deducted from the member's salary pursuant to ARS 38-810.A plus interest at 3% if left on deposit after 30 days.

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

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

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

Active members who had previous service in this state as an elected official with an employer now covered by the Plan before the effective date of participation and who received a refund of accumulated contributions from the applicable retirement system upon termination or who was not covered by a retirement system or plan during the elected official's prior elected official service may elect to redeem any part of the prior service by paying into the Plan the amounts required in A.R.S. §38-816.B. (Use Form E2)

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

A member may purchase up to four years of prior active military time even if the member will receive a military pension¹. The member must pay the actuarial present value of the increase of credited service resulting from this purchase. (Use Form 18)

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

Members of any of the four Arizona state retirement systems or plans who have credited service under another Arizona state retirement system or plan may transfer or redeem the credited service to their current Arizona state retirement system or plan by paying or transferring the full actuarial present value of the credited service into their current Arizona retirement system or plan with approval of the Fund Manager or retirement boards involved. A reduced credited service amount may be transferred based on the transfer of the actuarial present value of the credited service under the prior Arizona state system or plan. (Use Form U-2)

¹ Pursuant to *Cantwell v. County of San Mateo*, 631 F.2d 631, 637 (9th Cir. 1980), cert. denied, 450 U.S. 998 (1981), the Plan must allow its participants to use up to 48 months of their prior active duty military service on account with the federal government to purchase a corresponding period of credited service with the Plan, notwithstanding any prohibition in § 38-820(A)(3) to the contrary.

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

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

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

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

Those retired members who had between 5 and 8 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

Until June 30, 2005, a retiree or survivor 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		
Not Medicare Eligible	Medicare Eligible	All Not Medicare Eligible	All Medicare Eligible	One with Medicare
\$300.00	\$170.00	\$600.00	\$350.00	\$470.00
<u>after</u> \$125.00 paid out-of-pocket	<u>after</u> \$100.00 paid out-of-pocket	<u>after</u> \$425.00 paid out-of-pocket	<u>after</u> \$200.00 paid out-of-pocket	<u>after</u> \$400.00 paid 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.

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

Basis of Accounting

EORP financial statements are prepared using the accrual basis of accounting. Member and employer contributions are recognized as revenues when they are due and payable in the period in which employee services are performed. 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 and equipment purchases, which are not material in amount, are expensed in the year of purchase. Investment income net of administrative and investment expenses is allocated to each employer group based on the average relative fund size for each employer group for that year.

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

The Plan implemented GASB Statement No. 34 for the Fiscal Year End 2002. The purpose of Statement No. 34 is to enhance the understandability and usefulness of state and local government financial reports. To accomplish this, Statement No. 34 requires supplemental information titled Management's Discussion and Analysis (MDA) which precedes the basic financial statements. The MDA will provide an analytical overview of the government's financial activities.

Other GASB Statements were required to be implemented in conjunction with GASB Statement No. 34. Therefore, the Plan has also implemented the following GASB Statements in the current fiscal year: Statement No. 37 – Basic Financial Statements – and MDA for State and Local Governments-Omnibus; and, Statement No. 38 – Certain Financial Statement

Note Disclosures.

By state statute, this Plan is required to provide information in the financial statements used to calculate Net Effective Yield. Net Effective Yield includes only realized gains and losses. The Net Realized Gain (Loss) used in this calculation totaled \$(36,640,705) for FYE 2003 and \$(2,016,036) for FYE 2002.

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 one of the world's largest and most prominent fixed-income broker/dealers. Investments that do not have an established market are reported at estimated fair value. Investment income is recognized as earned.

Statutes enacted by the Arizona Legislature authorize the Fund Manager to make investments in accordance with the "Prudent Man" rule. The Fund Manager is not limited to so-called "Legal Investments for Trustees." (A.R.S. §38-848.D) In making every investment, the Fund Manager shall exercise the judgment and care under the circumstances then prevailing which men of ordinary prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income from their funds as well as the probable safety of their capital, provided:

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

A.R.S. §38-848.D

The Plan's investment portfolio is in compliance with state law.

Statement No. 3 of the GASB requires government entities to categorize investments for the purpose of giving an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which securities are held by the Plan or its agent in the name of the Plan holds securities. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Plan's name.

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

Money Market Account

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

Securities Lending Income

The Plan is party to a securities lending agreement with a bank. The bank, on behalf of the Plan, enters into agreements with brokers to loan securities and have the same securities returned at a later date. The loans are fully collateralized primarily by cash. Collateral is marked-to-market on a daily basis. Non-cash collateral can be sold only upon borrower default. The Plan requires collateral of at least 102% of the fair value of the loaned U.S. Government or corporate security. Securities on loan are carried at fair value. As of June 30, 2003 and 2002 the fair value of securities on loan was \$80,941,835 (consisting of Stocks-\$49,785,152, Corporate Bonds-\$10,792,189 and Treasuries and Agencies-\$20,364,493) and \$81,493,029 (consisting of Stocks-\$38,003,099, Corporate Bonds-\$8,563,980 and Treasuries and Agencies-\$34,925,950), respectively. The Plan receives a negotiated fee for its loan activities and is indemnified for broker default by the securities lending agent. The Plan participates in a collateral investment pool. All security loans may be terminated on demand by either the lender or the borrower. The total cash collateral investments received for unmatched loans (any loan for which the cash collateral has not been invested for a specific maturity) will have a maximum effective duration of 233 days. And, at least 20% of total collateral investments shall be invested on an overnight basis. All matched loans shall have matched collateral investments. At June 30, 2003, the weighted average maturity was 3 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. Under this program, the Plan has not experienced any defaults or losses on these loans.

NOTE 3 - CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

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

During the year ended June 30, 2003, contributions totaling \$8,111,564 (\$3,755,630 employer and \$4,355,934 member) were made in accordance with contribution requirements determined by an actuarial valuation of the Plan as of June 30, 2001. The employer contributions consisted of approximately \$13,067,802 for normal cost less (\$9,312,172) for amortization of the assets in excess of the actuarial accrued liability in aggregate. Employer contributions represented 7.55% of covered payroll. [21.00% for normal costs and (13.45)% for amortization of assets in excess of the actuarial accrued liability in aggregate.] Member contributions represented 7.00% of covered payroll and are attributable to normal costs.

During the year ended June 30, 2002, contributions totaling \$7,252,336 (\$3,656,604 employer and \$3,595,732 member) were made in accordance with contribution requirements determined by an actuarial valuation of the Plan as of June 30, 2000. The employer contributions consisted of approximately \$8,573,252 for normal cost less (\$4,916,648) for amortization of the assets in excess of the actuarial accrued liability in aggregate. Employer contributions represented 6.97% of covered payroll. [16.69% for normal costs and (9.72)% for amortization of assets in excess of the actuarial accrued liability in aggregate.] Member contributions represented 7.00% of covered payroll and are attributable to normal costs.

NOTE 4 – REQUIRED SCHEDULES

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

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

While not any one or two numeric indices can fully describe the financial condition of a retirement plan, the ratio of unfunded actuarial accrued liabilities to active member payroll is significant. The ratio of unfunded actuarial accrued liabilities to member payroll is a relative index of condition where inflation is present in both items. Observation of the ratio over a period of years gives an indication of funding achievement. The smaller the index, the stronger the plan's condition. Shown below is a Comparative Schedule (\$ in thousands) since legislation was enacted in 1987, setting up a 40-year amortization schedule. Effective June 30, 1997, Unfunded (Excess) Actuarial Accrued Liabilities are being amortized on a level percent method over a rolling twenty (20) year period.

Actuarial Valuation Date	Actuarial Value of Assets (a)²	Actuarial Liability (AAL) at Entry Age (b)	Unfunded (Excess) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-82	\$ 13,162	\$ 18,357	\$ 5,195	71.7%	\$ 7,444	69.8%
6-30-83	\$ 15,350	\$ 19,013	\$ 3,663	80.7%	\$ 8,087	45.3%
6-30-84	\$ 17,694	\$ 19,694	\$ 2,000	89.8%	\$ 8,113	24.7%
6-30-85 ^{*3}	\$ 49,900	\$ 48,969	\$ (931)	101.9%	\$ 17,691	-5.3%
6-30-86	\$ 58,757	\$ 53,427	\$ (5,330)	110.0%	\$ 17,842	-29.9%
6-30-87 ¹	\$ 65,818	\$ 66,642	\$ 824	98.8%	\$ 20,409	4.0%
6-30-88 ¹	\$ 73,993	\$ 77,908	\$ 3,915	95.0%	\$ 21,444	18.3%
6-30-89 ^{*1}	\$ 84,258	\$ 90,951	\$ 6,693	92.6%	\$ 24,605	27.2%
6-30-90 ^{*1}	\$ 92,421	\$ 100,433	\$ 8,012	92.0%	\$ 25,776	31.1%
6-30-91 ^{*1}	\$ 103,570	\$ 109,650	\$ 6,080	94.5%	\$ 27,838	21.8%
6-30-92 ^{*1}	\$ 115,869	\$ 115,098	\$ (771)	100.7%	\$ 27,777	-2.8%
6-30-93 [*]	\$ 127,984	\$ 127,478	\$ (506)	100.4%	\$ 29,708	-1.7%
6-30-94 ¹	\$ 140,145	\$ 138,322	\$ (1,823)	101.3%	\$ 29,633	-6.2%
6-30-95 ¹	\$ 159,111	\$ 149,366	\$ (9,745)	106.5%	\$ 30,324	-32.1%
6-30-96 [*]	\$ 181,754	\$ 158,126	\$ (23,628)	114.9%	\$ 29,967	-78.8%
6-30-97 [*]	\$ 214,035	\$ 169,593	\$ (44,442)	126.2%	\$ 33,896	-131.1%
6-30-98	\$ 241,884	\$ 199,662	\$ (42,222)	121.1%	\$ 40,441	-104.4%
6-30-99	\$ 283,337	\$ 227,100	\$ (56,237)	124.8%	\$ 43,087	-130.5%
6-30-00	\$ 329,777	\$ 253,478	\$ (76,299)	130.1%	\$ 45,382	-168.1%
6-30-01	\$ 355,768	\$ 250,987	\$ (104,781)	141.7%	\$ 48,669	-215.3%
6-30-02	\$ 351,349	\$ 279,947	\$ (71,402)	125.5%	\$ 48,729	-146.5%
6-30-03	\$ 328,811	\$ 297,891	\$ (30,920)	110.4%	\$ 49,351	-62.7%

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

1. Reflects significant Plan amendments or assumption changes.
2. Excludes the amount held in reserve for future benefit increases. Beginning 6-30-95, includes an amount for partial recognition of the difference between market value and book value of Plan assets amortized over a four-year period.

AAL is calculated using the entry-age normal method. Significant assumptions used in determining AAL include: (a) a rate of return on the investment of present and future assets of 9.0% per year compounded annually; (b) projected salary increases of 6.5% per year compounded annually, attributable to an assumed inflation rate of 5.5% and other across-the-board factors of 1.5%; and (c) additional projected salary increases ranging from 0.0% to 3.0% per year, depending on age, attributable to seniority/merit.

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

Fiscal Year Ended June 30	Employer Contributions	
	Annual Required Contributions	Percentage Contributed
1990	\$3,048,190	100.0%
1991	\$4,141,666	100.0%
1992	\$4,830,326	100.0%
1993	\$4,941,470	100.0%
1994	\$5,555,890	100.0%
1995	\$5,224,545	100.0%
1996	\$4,886,479	100.0%
1997	\$4,934,939	100.0%
1998	\$3,668,144	100.0%
1999	\$3,941,018	100.0%
2000	\$4,126,694	100.0%
2001	\$4,155,874	100.0%
2002	\$3,656,604	100.0%
2003	\$3,755,630	100.0%

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
SUPPORTING SCHEDULE OF CHANGES IN FUND BALANCE RESERVES
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002**

	Refundable Members' Reserve	Employers' Reserve	Future Benefit Increase Reserve
Balance - June 30, 2001	\$ 24,060,967	\$ 267,662,327	\$ 34,436,162
Distribution of Revenues and Expenses			
Members' Contributions	3,595,732		
Employers' Contributions		3,656,604	
Earnings (Loss) on Investments Net of Investment Expenses		(48,685,392)	
Pension and Insurance Benefits		(19,529,287)	
Refunds to Terminated Members	(30,636)	37,153	
Administrative Expenses		(70,983)	
Distribution of Transfers			
Excess Investment Earnings to be used for Future Benefit Increases		-	-
Earnings on Excess Investment Earnings Account Assets		5,234,297	(5,234,297)
Amount Utilized by Benefit Increases Granted		5,801,777	(5,801,777)
Net Transfers from Other State-Sponsored Pension Plans	156,613	277,452	
Inter-System Transfers -- Member Account Balances Transferred to Employers' Reserve due to Retirement	(1,929,133)	1,929,133	
Balance - June 30, 2002	\$ 25,853,543	\$ 216,313,081	\$ 23,400,088
Distribution of Revenues and Expenses			
Members' Contributions	4,355,934		
Employers' Contributions		3,755,630	
Earnings (Loss) on Investments Net of Investment Expenses		16,377,295	
Pension and Insurance Benefits		(21,929,828)	
Refunds to Terminated Members	(58,440)	(56,909)	
Administrative Expenses		(72,479)	
Distribution of Transfers			
Excess Investment Earnings to be used for Future Benefit Increases		-	-
Earnings (Loss) on Excess Investment Earnings Account Assets		(1,567,806)	1,567,806
Amount Utilized by Benefit Increases Granted		6,375,994	(6,375,994)
Net Transfers from Other State-Sponsored Pension Plans	553,185	1,119,497	
Inter-System Transfers -- Member Account Balances Transferred to Employers' Reserve due to Retirement	(3,237,869)	3,237,869	
Balance - June 30, 2003	\$ 27,466,353	\$ 223,552,344	\$ 18,591,900

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
SUPPORTING SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES
SUPPORTING SCHEDULE OF PAYMENTS TO CONSULTANTS
FOR THE YEAR ENDED JUNE 30, 2003**

	Administrative	Investment	Total
Accounting and Auditing Services	\$ 4,850	\$ -	\$ 4,850
Actuarial Services	12,075	-	12,075
Computer Equipment	1,204	561	1,765
Contractual Services	2,031	946	2,977
Educational Expenses	1,710	2,455	4,165
Furniture and Equipment	261	122	383
Occupancy Expenses	1,541	240	1,781
Office Supplies	448	157	605
Payroll Taxes and Fringe Benefits	6,896	4,822	11,718
Postage Expenses	2,340	256	2,596
Printing, Publications and Subscriptions	7,319	92	7,411
Professional Services	1,688	262	1,950
Salaries and Wages	29,502	20,631	50,133
Telephone Expenses	502	124	626
Travel Expenses	112	113	225
	\$ 72,479	\$ 30,781	\$ 103,260

Consultants

Consultants	Fees Paid
Standard & Poor's Securities, Inc. - Investment Counsel	\$ (1)
Rodwan & Nichols - Consulting Actuaries	12,075
Barrows & Schatza, P.L.C. - Auditors	4,850
Lieberman, Dodge, Gerding, Kothe & Anderson Ltd. - Legal Counsel	1,950
	\$ 18,875

(1) This service was provided to the Plan without charge by Standard & Poor's Securities, Inc. The value of their services is approximately \$7,500.00

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
SUPPLEMENTAL SCHEDULE OF
CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
RECEIPTS		
Members' Contributions	\$ 4,391,042	\$ 3,627,191
Employers' Contributions	182,531	186,865
Court Fees	3,547,033	3,484,311
Interest	6,774,753	7,825,250
Dividends	1,324,930	1,143,059
Securities Lending Income	127,992	167,127
Amounts Transferred from Other		
State-Sponsored Pension Plans	1,879,878	522,745
Maturities and Sales of		
U.S. Government Securities	14,253,972	14,827,952
Corporate Bonds	9,215,368	6,798,498
Corporate Notes	495,497,590	678,172,923
Other Investments	3,839,805	1,853,132
Common Stock	41,568,665	33,118,720
Net Decrease in Money Market Funds	-	117,228
Total Receipts	582,603,559	751,845,001
DISBURSEMENTS		
Pension Benefits	21,929,828	19,529,287
Refunds to Terminated Members	115,349	(6,518)
Investment and Administrative Expenses	103,260	93,887
Amounts Transferred to Other		
State-Sponsored Pension Plans	207,196	88,681
Acquisitions of:		
U.S. Government Securities	-	2,989,688
Corporate Bonds	10,322,491	9,113,875
Corporate Notes	495,998,020	685,668,810
Other Investments	9,429,156	1,252,715
Common Stock	44,396,761	33,114,576
Net Increase in Money Market Fund	101,498	-
Total Disbursements	582,603,559	751,845,001
DECREASE IN CASH	-	-
BEGINNING CASH BALANCE - July 1	-	-
ENDING CASH BALANCE - June 30	\$ -	\$ -

INVESTMENT SECTION

ELECTED OFFICIALS' RETIREMENT PLAN
TWENTY-SECOND COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2003

Fund Objectives

Investment Performance Data

Supporting Schedule of Commissions Paid to Brokers

Summary of Changes in Investment Portfolio

Detailed List of Investments Acquired

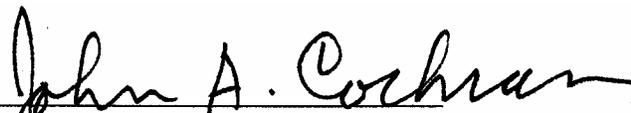
Detailed List of Sales and Redemption of Investments

Detailed List of Investments Owned

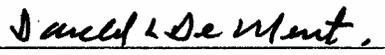
FUND OBJECTIVES

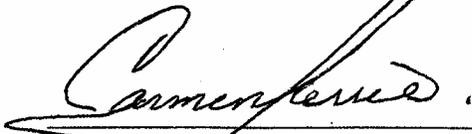
1. The intent of the Public Safety Personnel Retirement System, the Elected Officials' Retirement Plan and the Corrections Officer Retirement Plan (hereinafter referred to as the Plan) is to provide the Plan participants benefits as defined in Title 38, chapter 5, articles 3, 4 and 6 of the Arizona Revised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

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


John A. Cochran, Ph.D., Chairman


F. Michael Geddes, Member


Donald L. De Ment, Member


Carmen Torrie, Member


Tony West, Member

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

STANDARD
& POOR'S

55 Water Street
New York, NY 10041-0003
212 438 1000 Tel
212 438 3909 Fax

August 28, 2003

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

Dear Sirs:

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

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

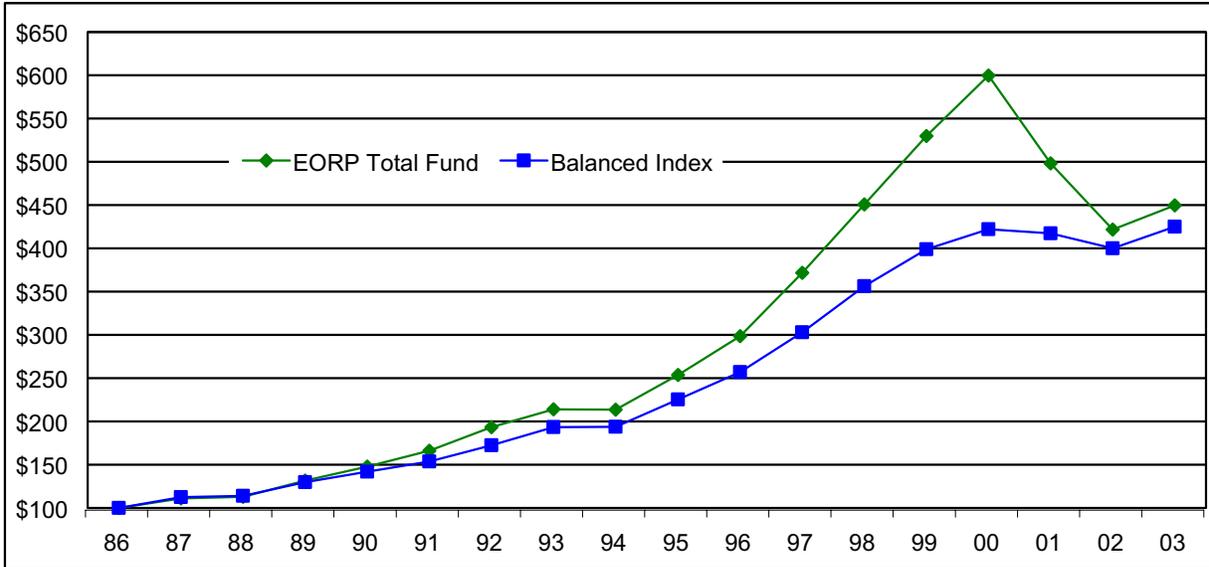
Based on the foregoing, during the past fiscal year, the stock portfolio outperformed the NYSE and S&P 500 indices, while the bond portfolio underperformed the Lehman Government/Credit Index. The overall fund outperformed a custom benchmark, using bond and stock indices weighted in a fixed proportion. The overall fund has attained a rate of return over the past seventeen years (since inception) that compares favorably with this custom index.

Sincerely,



Kenneth Shea
Managing Director-Global Equity Research

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



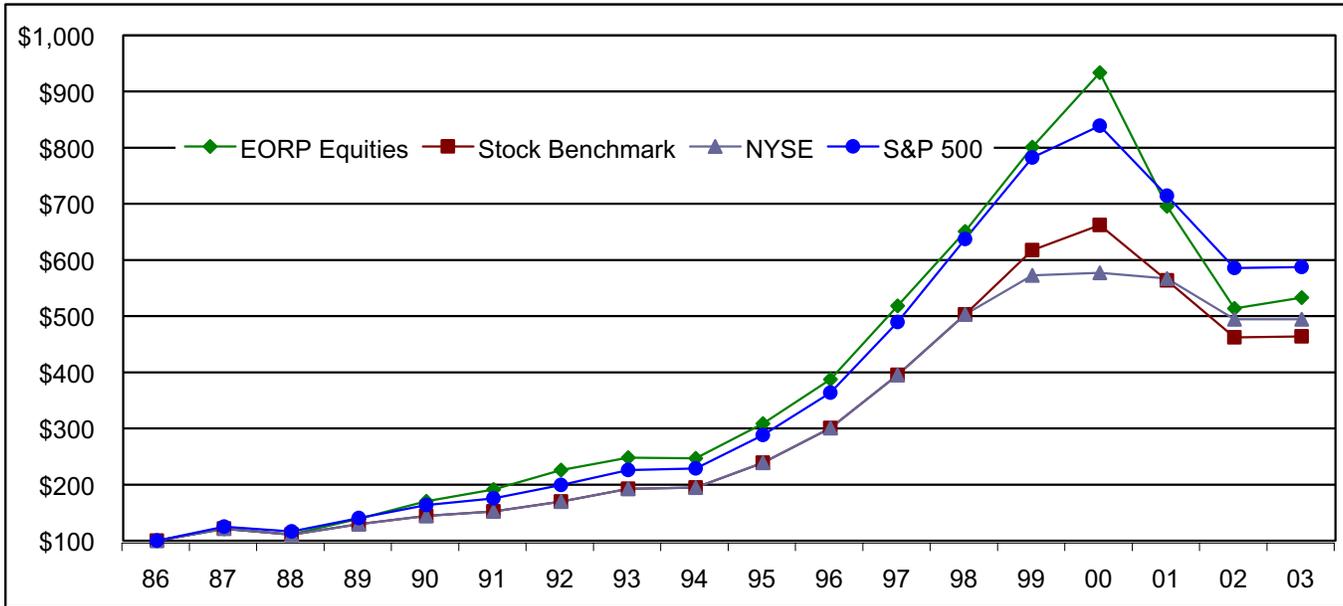
FYE	Fair Value	Contribution	Total Return	Balanced Index*	
06-30-03	\$ 267,551,987	\$ (12,608,863)	6.69%	6.18%	
06-30-02	\$ 263,752,773	\$ (11,539,231)	-15.36%	-4.13%	
06-30-01	\$ 323,948,245	\$ (8,619,538)	-16.96%	-1.07%	
06-30-00	\$ 399,600,916	\$ (3,551,579)	13.20%	5.75%	
06-30-99	\$ 356,162,525	\$ (5,775,793)	17.51%	11.94%	
06-30-98	\$ 308,491,389	\$ (3,624,820)	21.26%	17.66%	
06-30-97	\$ 257,721,510	\$ (2,741,757)	24.59%	17.87%	
06-30-96	\$ 209,379,157	\$ (2,779,807)	17.70%	13.98%	
06-30-95	\$ 180,418,272	\$ (1,649,899)	18.78%	16.30%	
06-30-94	\$ 153,422,862	\$ 54,156	-0.19%	0.25%	
06-30-93	\$ 153,665,647	\$ (794,301)	10.70%	12.26%	
06-30-92	\$ 139,529,010	\$ 844,693	16.29%	12.12%	
06-30-91	\$ 119,192,732	\$ 625,797	12.31%	8.32%	
06-30-90	\$ 105,498,890	\$ 420,839	12.26%	9.21%	
06-30-89	\$ 93,578,548	\$ 1,095,348	16.61%	13.98%	
06-30-88	\$ 79,125,721	\$ 1,018,730	1.80%	1.19%	
06-30-87	\$ 76,655,143	\$ 554,007	11.01%	12.61%	
06-30-86	\$ 68,508,067				
Annualized Returns			3-year	-9.15%	0.23%
			5-year	-0.05%	3.58%
			10-year	7.72%	8.19%
			15-year	9.65%	9.17%

*The Balanced Index is calculated using the following formula: 45% Stock Benchmark + 45% Lehman Government/Credit + 10% 91 Day T-bill.

Our investment universe is the New York Stock Exchange (NYSE) prior to July 21, 1997. Prior to FYE June 30, 1998, the Fund's stock benchmark was the NYSE Composite. S&P 500 is the stock benchmark for each FYE thereafter. The Lehman Government/Credit bond index includes more than 5,000 publicly traded bond issues of \$25 million or more rated Baa or better for a total market value of more than \$2 trillion.

Prior to 1990, the weightings in each asset class were calculated using the fiscal year-end market values. Since 1990, the asset class weightings have been calculated using the average weightings of the quarter's beginning and ending market values.

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

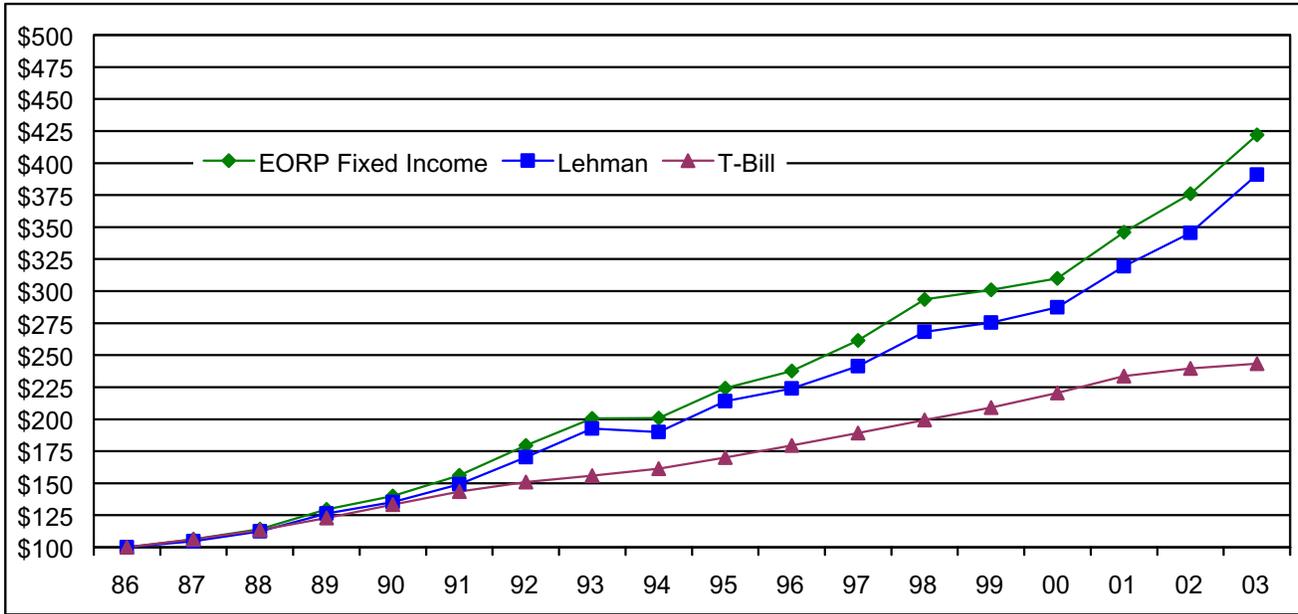


FYE	Fair Value	Contribution	Total Return	Stock* Benchmark	NYSE Index	S&P 500	
06-30-03	\$ 168,928,360	\$ 1,403,555	3.77%	0.25%	-0.05%	0.25%	
06-30-02	\$ 162,637,827	\$ (1,087,377)	-26.20%	-17.99%	-12.80%	-17.99%	
06-30-01	\$ 221,189,751	\$ (11,629,031)	-25.47%	-14.83%	-1.77%	-14.83%	
06-30-00	\$ 310,309,992	\$ (2,522,218)	16.58%	7.25%	0.84%	7.25%	
06-30-99	\$ 268,364,567	\$ (2,803,445)	23.05%	22.76%	13.86%	22.76%	
06-30-98	\$ 219,970,996	\$ 3,973,823	25.61%	27.29%	27.29%	30.16%	
06-30-97	\$ 172,058,639	\$ (1,803,251)	33.72%	31.51%	31.51%	34.71%	
06-30-96	\$ 130,754,134	\$ 2,472,037	25.69%	25.91%	25.91%	26.00%	
06-30-95	\$ 100,984,922	\$ (4,284,646)	24.88%	22.40%	22.40%	26.06%	
06-30-94	\$ 84,956,830	\$ 858,704	-0.41%	1.24%	1.24%	1.23%	
06-30-93	\$ 84,488,875	\$ 9,068,166	9.90%	13.32%	13.32%	13.52%	
06-30-92	\$ 68,365,688	\$ 6,044,772	18.05%	11.59%	11.59%	13.45%	
06-30-91	\$ 52,650,675	\$ 9,161,349	12.20%	5.50%	5.50%	7.39%	
06-30-90	\$ 37,844,300	\$ 5,083,288	22.43%	11.25%	11.25%	16.44%	
06-30-89	\$ 26,506,185	\$ (3,016,405)	24.94%	16.81%	16.81%	20.53%	
06-30-88	\$ 24,034,290	\$ (805,321)	-8.16%	-8.57%	-8.57%	-6.92%	
06-30-87	\$ 27,185,325	\$ 4,220,210	21.22%	21.46%	21.46%	25.08%	
06-30-86	\$ 18,284,450						
Annualized Returns			3-year	-17.05%	-11.20%	-5.05%	-11.20%
			5-year	-3.92%	-1.61%	-0.34%	-1.61%
			10-year	7.95%	9.19%	9.89%	10.02%
			15-year	11.00%	10.00%	10.47%	11.39%

*Our investment universe is the New York Stock Exchange (NYSE) prior to July 21, 1997. Prior to FYE June 30, 1998, the Fund's stock benchmark was the NYSE Composite. S&P 500 is the stock benchmark for each FYE thereafter.

Prior to 1990, the weightings in each asset class were calculated using the fiscal year-end market values. Since 1990, the asset class weightings have been calculated using the average weightings of the quarter's beginning and ending market values.

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



FYE	Fair Value	Contribution	Total Return	Lehman*	91-Day T-Bill	
06-30-03	\$ 98,623,628	\$ (14,012,418)	12.22%	13.14%	1.53%	
06-30-02	\$ 101,114,946	\$ (10,451,854)	8.73%	8.24%	2.57%	
06-30-01	\$ 102,758,495	\$ 3,009,493	11.58%	11.14%	5.89%	
06-30-00	\$ 89,290,924	\$ (1,029,361)	2.97%	4.29%	5.53%	
06-30-99	\$ 87,797,958	\$ (2,972,348)	2.56%	2.69%	4.90%	
06-30-98	\$ 88,520,393	\$ (7,598,643)	12.29%	11.08%	5.28%	
06-30-97	\$ 85,666,634	\$ (938,506)	9.98%	7.76%	5.43%	
06-30-96	\$ 78,625,023	\$ (5,251,844)	6.02%	4.65%	5.52%	
06-30-95	\$ 79,433,350	\$ 2,634,747	11.67%	12.75%	5.52%	
06-30-94	\$ 68,466,032	\$ (804,548)	0.08%	-1.45%	3.37%	
06-30-93	\$ 69,176,772	\$ (9,862,467)	11.75%	13.15%	3.37%	
06-30-92	\$ 71,163,322	\$ (5,200,079)	15.01%	14.17%	5.19%	
06-30-91	\$ 66,542,057	\$ (8,535,552)	11.55%	10.21%	7.55%	
06-30-90	\$ 67,654,590	\$ (4,662,449)	8.06%	7.11%	8.50%	
06-30-89	\$ 67,072,363	\$ 4,111,753	13.40%	12.33%	8.47%	
06-30-88	\$ 55,091,431	\$ 1,824,079	7.61%	7.47%	6.75%	
06-30-87	\$ 49,469,818	\$ (3,666,202)	6.12%	4.68%	6.17%	
06-30-86	\$ 50,223,617					
Annualized Returns			3-year	10.83%	10.82%	3.31%
			5-year	7.53%	7.83%	4.07%
			10-year	7.72%	7.33%	4.54%
			15-year	9.11%	8.66%	5.22%

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

Prior to 1990, the weightings in each asset class were calculated using the fiscal year-end market values. Since 1990, the asset class weightings have been calculated using the average weightings of the quarter's beginning and ending market values.

Our Fixed Income is comprised of all Bonds, Notes, Other Investments and Money Market securities.

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
SUPPORTING SCHEDULE OF COMMISSIONS PAID TO BROKERS
FISCAL YEAR ENDED JUNE 30, 2003**

Broker	Number of Shares Traded	Average Commission	Commissions
Greenberg Financial Group	364,280	0.048	\$ 17,598.00
Investors Capital Corporation	113,000	0.050	\$ 5,650.00
ISI Group, Inc.	265,900	0.048	\$ 12,835.00
Merrill Lynch	280,300	0.039	\$ 10,875.00
Morgan Stanley Dean Witter	306,223	0.048	\$ 14,771.15
Salomon Smith Barney (Phoenix)	488,628	0.037	\$ 18,076.40
Salomon Smith Barney (Scottsdale)	225,298	0.046	\$ 10,474.90
Standard & Poor's Securities	470,200	0.050	\$ 23,510.00
U.S. Financial Investments, Inc.	303,400	0.048	\$ 14,610.00
UBS Paine Webber	346,300	0.038	\$ 13,319.60
Wells Fargo Securities	396,800	0.049	\$ 19,260.00
Total Commissions	3,560,329	0.045	\$ 160,980.05

The Plan typically pays \$.05 per share traded plus SEC charges on sale transactions. Over the Counter stocks are typically traded net of commissions. The firms with an average commission of less than \$.05 have traded Over the Counter stocks net of commissions for the Plan.

STATE OF ARIZONA
 ELECTED OFFICIALS' RETIREMENT PLAN
 SUMMARY OF CHANGES IN INVESTMENT PORTFOLIO
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

Description	Percent at Fair Value	Balance June 30, 2002		Acquisitions	Maturities and Sales	(Premium) Discount	Balance June 30, 2003		Percent at Fair Value
		Fair Value	Book Value				Fair Value	Book Value	
U.S. Treasury Obligations	2.5%	6,620,010.00	4,965,760.55	-	-	2,361.36	7,451,880.00	4,968,121.91	2.0%
Federal Agency Obligations	11.7%	30,867,401.60	29,203,811.74	-	14,256,333.44	-	16,220,085.86	14,947,478.30	6.1%
Total U.S. Government Securities	14.2%	37,487,411.60	34,169,572.29	-	14,256,333.44	2,361.36	23,671,965.86	19,915,600.21	8.1%
Corporate Bonds	17.2%	45,293,654.94	46,297,202.03	10,322,491.26	12,398,292.65	3,647.82	50,426,504.79	44,225,048.46	18.0%
Total Bond Portfolio	31.4%	82,781,066.54	80,466,774.32	10,322,491.26	26,654,626.09	6,009.18	74,098,470.65	64,140,648.67	26.1%
Corporate Notes	4.0%	10,494,804.99	10,494,804.99	495,998,019.59	495,497,589.75	-	10,995,234.83	10,995,234.83	4.4%
Common Stock	61.7%	162,637,826.77	187,762,407.01	44,396,790.53	75,090,833.93	-	168,928,359.66	157,068,363.61	64.0%
Other Investments	2.9%	7,612,230.00	7,612,230.00	9,429,155.19	3,839,805.00	-	13,201,580.19	13,201,580.19	5.4%
Money Market Account	0.0%	226,844.33	226,844.33	101,497.53	-	-	328,341.86	328,341.86	0.1%
Total Portfolio	100.0%	263,752,772.63	286,563,060.65	560,247,954.10	601,082,854.77	6,009.18	267,551,987.19	245,734,169.16	100.0%

STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
INVESTMENTS ACQUIRED
JULY 1, 2002 THROUGH JUNE 30, 2003

BONDS ACQUIRED

Security	Coupon	Maturity	Purchase Price	Par Value	Principal	(Premium) Discount	Accrued Interest	Total Amount	Book Yield
CORPORATE BONDS									
AT&T BROADBAND CORP	9.455	11/15/2022	101.97585	497,160.00	506,983.12	(9,823.12)	15.53	506,998.65	9.27%
AT&T CORP	6.500	03/15/2013	87.34801	500,000.00	436,740.05	63,259.95	(85.50)	436,654.55	7.44%
BAYER HYPO-VEREINSBANK	8.741	06/30/2031	81.37500	1,000,000.00	813,750.00	186,250.00	35,449.61	849,199.61	10.74%
BAYER HYPO-VEREINSBANK	8.741	06/30/2031	81.12500	1,000,000.00	811,250.00	188,750.00	34,478.39	845,728.39	10.77%
BAYER HYPO-VEREINSBANK	8.741	06/30/2031	84.98900	2,000,000.00	1,699,780.00	300,220.00	14,568.33	1,714,348.33	10.28%
DELTA AIR LINES	7.379	05/18/2010	100.00000	804,663.09	804,663.09	-	28,698.44	833,361.53	7.38%
GENERAL MOTORS NOVA SCOTIA	6.850	10/15/2008	104.35000	1,000,000.00	1,043,500.00	(43,500.00)	5,518.06	1,049,018.06	6.56%
GMAC	8.000	11/01/2031	100.00000	1,000,000.00	1,000,000.00	-	16,888.89	1,016,888.89	8.00%
HOUSEHOLD FINANCE CORP	7.625	05/17/2032	90.32500	1,000,000.00	903,250.00	96,750.00	30,288.19	933,538.19	8.44%
HOUSEHOLD FINANCE CORP	6.500	11/15/2008	91.67500	1,000,000.00	916,750.00	83,250.00	27,263.89	944,013.89	7.09%
SEARS ROEBUCK ACCEPTANCE SECURITY BENEFIT	7.000	06/01/2032	83.75000	1,000,000.00	837,500.00	162,500.00	33,250.00	870,750.00	8.36%
	8.750	05/15/2016	109.66500	500,000.00	548,325.00	(48,325.00)	13,125.00	561,450.00	7.98%
TOTAL CORPORATE BONDS				11,301,823.09	10,322,491.26	979,331.83	239,458.83	10,561,950.09	8.64%
TOTAL BONDS PURCHASED				11,301,823.09	10,322,491.26	979,331.83	239,458.83	10,561,950.09	8.64%

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
INVESTMENTS ACQUIRED
JULY 1, 2002 THROUGH JUNE 30, 2003
SHORT TERM INVESTMENTS MATURED**

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Description	Cost	Amount of Interest	Maturity Value
ALABAMA POWER COMPANY	999,615.00	385.00	1,000,000.00
ALCON FINANCE	3,899,393.61	606.39	3,900,000.00
AMSTEL FUNDING	2,998,975.27	1,024.73	3,000,000.00
AMSTERDAM FUNDING CORP	3,499,291.12	708.88	3,500,000.00
ASSET ONE SECURITIZATION	7,545,850.03	4,149.97	7,550,000.00
ASSET SECURT. COOPERATIVE	1,998,611.11	1,388.89	2,000,000.00
ATLANTIS ONE FUNDING	1,374,862.50	137.50	1,375,000.00
AUTOBAHN FUNDING CORP	28,992,884.18	7,115.82	29,000,000.00
BARCLAYS U.S. FUNDING CORP	1,374,906.81	93.19	1,375,000.00
BARTON CAPITAL CORP	4,372,479.72	2,520.28	4,375,000.00
BAVARIA FINANCE FUNDING	1,499,929.58	70.42	1,500,000.00
BEETHOVEN FUNDING CORPORATION	25,239,831.52	10,168.48	25,250,000.00
BRYANT PARK FUNDING LLC	2,997,823.33	2,176.67	3,000,000.00
CARGILL INC	499,983.89	16.11	500,000.00
CBA (DELAWARE) FINANCE INC	1,499,848.75	151.25	1,500,000.00
CENTRICA PLC	1,998,714.44	1,285.56	2,000,000.00
CHARTA CORP	1,999,375.00	625.00	2,000,000.00
CHECK POINT CHARLIE INC	9,142,928.17	7,071.83	9,150,000.00
CLIPPER RECEIVABLES	8,049,395.53	604.47	8,050,000.00
CONCORD MINUTEMAN CAPITAL	1,698,878.47	1,121.53	1,700,000.00
CONSOLIDATED EDISON COMPANY	1,624,838.85	161.15	1,625,000.00
COOPERATIVE ASSN OF TRACTOR DEALERS	14,448,094.29	1,905.71	14,450,000.00
CROWN POINT CAPITAL	20,974,425.93	5,574.07	20,980,000.00
DEALERS CAPITAL ACCEPTANCE	1,999,928.89	71.11	2,000,000.00
DEALERS CAPITAL ACCESS TRUST INC.	1,499,925.00	75.00	1,500,000.00
EAGLE FUNDING CAPITAL	39,342,780.90	7,219.10	39,350,000.00
EMINENT FUNDING	4,495,497.22	4,502.78	4,500,000.00
ENTERPRISE FUNDING CORPORATION	3,498,756.25	1,243.75	3,500,000.00
FALCON ASSET SECURITIZATION	1,499,583.33	416.67	1,500,000.00
FORRESTAL FUNDING MASTER TRUST	3,399,088.34	911.66	3,400,000.00
FORTIS FUNDING	999,479.17	520.83	1,000,000.00
GALLEON CAPITAL	23,047,089.58	2,910.42	23,050,000.00
GE CAPITAL CORP	999,669.44	330.56	1,000,000.00
GENERAL ELECTRIC COMPANY	999,667.50	332.50	1,000,000.00
GIRO MULTI-FUNDING US CORP	1,898,757.25	1,242.75	1,900,000.00
GOTHAM FUNDING	6,497,506.53	2,493.47	6,500,000.00
HALOGEN CAPITAL COMPANY	12,522,830.90	2,169.10	12,525,000.00
HANNOVER FUNDING	3,999,138.89	861.11	4,000,000.00
HOLDENBY CAPITAL COMPANY LLC	499,964.17	35.83	500,000.00
HOLLAND LIMITED SECURITIZATION	13,245,237.78	4,762.22	13,250,000.00
HUDSON AMERICAN REALTY	5,247,432.16	2,567.84	5,250,000.00
KITTY HAWK FUNDING CORP	2,499,383.47	616.53	2,500,000.00
LEXINGTON PARKER CAPITAL CORP	3,998,088.61	1,911.39	4,000,000.00
LIBERTY STREET FUNDING	1,499,927.08	72.92	1,500,000.00
LONG LANE MASTER TRUST	3,397,831.00	2,169.00	3,400,000.00
LONG LANE MASTER TRUST IV	3,673,428.36	1,571.64	3,675,000.00
MARKET STREET FUNDING	4,499,823.61	176.39	4,500,000.00
MAXIMILIAN CAPITAL CORP	4,996,544.44	3,455.56	5,000,000.00
MERRILL LYNCH & CO, INC.	4,179,760.89	239.11	4,180,000.00
NAPEXIS BANQUES POPULAIRES	1,399,706.00	294.00	1,400,000.00
NATIONAL AUSTRALIA FUNDING	1,999,278.61	721.39	2,000,000.00
NEPTUNE FUNDING	6,497,155.27	2,844.73	6,500,000.00

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
INVESTMENTS ACQUIRED
JULY 1, 2002 THROUGH JUNE 30, 2003
SHORT TERM INVESTMENTS MATURED**

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Description	Cost	Amount of Interest	Maturity Value
NORDDEUTSCHE LANDESBANK	3,998,002.22	1,997.78	4,000,000.00
OLD LINE FUNDING	4,873,771.28	1,228.72	4,875,000.00
PARADIGM FUNDING	4,999,184.17	815.83	5,000,000.00
PREFERRED RECEIVABLES FUNDING CORP	2,699,034.72	965.28	2,700,000.00
RECEIVABLES CAPITAL CORP	999,722.22	277.78	1,000,000.00
REGENCY MARKETS NO. 1	5,196,914.55	3,085.45	5,200,000.00
SAINT GERMAIN HOLDINGS LTD	3,398,268.36	1,731.64	3,400,000.00
SIGMA FINANCE	5,199,507.70	492.30	5,200,000.00
SPECIAL PURPOSE ACCTS. REC.	3,172,717.36	2,282.64	3,175,000.00
STARBIRD FUNDING CORPORATION	22,270,267.27	4,732.73	22,275,000.00
STEAMBOAT FUNDING	11,896,547.32	3,452.68	11,900,000.00
SUNBELT FUNDING CORP	6,195,951.94	4,048.06	6,200,000.00
SYDNEY CAPITAL CORP	1,999,505.28	494.72	2,000,000.00
THREE CROWNS FUNDING	54,691,352.17	8,647.83	54,700,000.00
THREE RIVERS FUNDING	749,871.87	128.13	750,000.00
THUNDER BAY FUNDING	2,997,639.44	2,360.56	3,000,000.00
TORONTO DOMINION HOLDING	1,999,027.78	972.22	2,000,000.00
TOTAL FINA ELF SA	3,374,791.60	208.40	3,375,000.00
TRANSAMERICA ASSET FUNDING	8,597,496.67	2,503.33	8,600,000.00
TRANSAMERICA FINANCE CORP	1,749,841.04	158.96	1,750,000.00
TRIPLE A-1 FUNDING	8,298,208.22	1,791.78	8,300,000.00
UBS AMERICAS INC	7,304,507.69	492.31	7,305,000.00
UBS FINANCE (DELAWARE)	10,773,226.70	1,773.30	10,775,000.00
VICTORIA REC	999,486.67	513.33	1,000,000.00
WELLS FARGO & COMPANY	1,999,299.44	700.56	2,000,000.00
WINDMILL FUNDING CORPORATION	999,963.89	36.11	1,000,000.00
WORLD OMNI VEHICLE LEASING	999,284.44	715.56	1,000,000.00
TOTAL SHORT TERM INVESTMENTS MATURED	495,497,589.75	142,410.25	495,640,000.00

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
INVESTMENTS ACQUIRED
JULY 1, 2002 THROUGH JUNE 30, 2003**

COMMON STOCK ACQUIRED

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Company	No. Shares	Dividend Rate	Annual Income	Book Yield	Average Cost	Book Cost
ACCREDO HEALTH	4,500		-	0.00%	18.53	83,383.20
ADVANCED ENERGY INDUSTRIES	4,000		-	0.00%	10.44	41,748.24
ALCOA INC	12,600	0.60	7,560.00	3.17%	18.93	238,486.62
ALLTEL CORPORATION	7,000	1.40	9,800.00	2.62%	53.52	374,621.10
AMBAC FINANCIAL GROUP INC	14,000	0.44	6,160.00	0.77%	57.14	799,972.60
AMERICAN STATES WATER	2,300		-	0.00%	24.22	55,702.40
AMSURG CORPORATION	3,200		-	0.00%	26.01	83,242.92
ANIXTER INTERNATIONAL	3,400		-	0.00%	24.49	83,257.37
AT&T CORP	12,800	0.75	9,600.00	4.45%	16.84	215,591.68
ATMI INC	3,900		-	0.00%	21.33	83,181.15
AUTOZONE INC	7,000		-	0.00%	87.45	612,151.40
BANK OF AMERICA CORPORATION	33,000	3.20	105,600.00	4.64%	68.91	2,274,021.20
BLACK BOX CORPORATION	2,800	0.20	560.00	0.67%	30.05	84,140.00
BOSTON COMMUNICATIONS GROUP	5,700		-	0.00%	15.04	85,746.50
BOSTON SCIENTIFIC CORPORATION	22,000		-	0.00%	42.64	938,052.56
CABOT OIL & GAS	3,500		-	0.00%	23.85	83,481.40
CACI INTERNATIONAL	2,500		-	0.00%	32.73	81,826.50
CAL DIVE INTL	4,200		-	0.00%	22.05	92,593.17
CARDINAL HEALTH INC.	7,000	0.12	840.00	0.20%	58.76	411,286.40
CATERPILLAR INC	5,300	1.40	7,420.00	3.11%	45.07	238,849.80
CEPHALON INC	1,800		-	0.00%	46.26	83,268.00
CHELSEA PROPERTY GROUP	14,000	2.14	29,960.00	6.41%	33.36	467,057.78
COCA-COLA CO	30,000	0.88	26,400.00	1.77%	49.83	1,494,803.00
COINSTAR INC	5,600		-	0.00%	15.58	87,275.28
COMMERCE BANCORP, INC.	14,000	0.66	9,240.00	1.54%	42.83	599,657.92
COMMUNITY FIRST BANKSHARES	3,200	0.88	2,816.00	3.35%	26.27	84,050.75
CORINTHIAN COLLEGES, INC	29,000		-	0.00%	40.07	1,161,910.42
CULLEN/FROST BANKERS	2,600	0.96	2,496.00	3.12%	30.73	79,887.99
CUNO INC	1,900		-	0.00%	32.93	62,559.60
DEAN FOODS	25,000		-	0.00%	44.13	1,103,276.74
DOWNEY FINANCIAL	2,100	0.36	756.00	0.92%	39.29	82,502.90
E.I. du PONT de NEMOURS AND CO	6,700	1.40	9,380.00	3.92%	35.74	239,433.88
EASTMAN KODAK COMPANY	8,300	1.80	14,940.00	6.21%	28.98	240,514.08
EVERGREEN RESOURCES	1,800		-	0.00%	45.12	81,218.29
FACTSET RESEARCH SYSTEMS	2,500		-	0.00%	31.55	78,872.70
FAIR ISAAC & CO	10,800	0.08	864.00	0.15%	52.49	566,859.94
FEDEX CORPORATION	15,000	0.20	3,000.00	0.41%	48.28	724,205.20
FLEXTRONICS INTERNATIONAL	33,000		-	0.00%	10.86	358,302.00
GANNETT COMPANY	15,000	0.96	14,400.00	1.31%	73.23	1,098,462.95
GENERAL MOTORS CORPORATION	7,700	2.00	15,400.00	6.53%	30.64	235,912.60
GILEAD SCIENCES, INC	27,000		-	0.00%	34.85	940,993.70
HAIN CELESTIAL GROUP	5,500		-	0.00%	15.29	84,111.24
HARTFORD FINANCIAL SERVICES GROUP	25,000	1.08	27,000.00	2.17%	49.69	1,242,139.20
HELIX TECHNOLOGY	3,500	0.16	560.00	1.32%	12.15	42,541.45
HILB, ROGAL & HAMILTON	2,600	0.37	962.00	1.17%	31.51	81,915.32
HONEYWELL INTERNATIONAL INC	11,300	0.75	8,475.00	3.52%	21.31	240,773.62
HUDSON UNITED BANCORP	2,700	1.20	3,240.00	3.86%	31.10	83,958.00
INAMED CORPORATION	500		-	0.00%	42.63	21,312.50

**STATE OF ARIZONA
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COMMON STOCK ACQUIRED

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Company	No. Shares	Dividend Rate	Annual Income	Book Yield	Average Cost	Book Cost
LANDRY'S RESTAURANTS	4,900	0.10	490.00	0.59%	17.00	83,314.54
LANDSTAR SYSTEMS, INC	7,400		-	0.00%	55.05	407,366.83
LENNAR CORP Class A	8,000	0.05	400.00	0.07%	76.70	613,597.80
MANITOWOC COMPANY INC.	2,200	0.28	616.00	1.44%	19.50	42,895.38
MEDTRONIC, INC.	11,000	0.29	3,190.00	0.60%	48.04	528,413.60
MEN'S WEARHOUSE	5,600		-	0.00%	15.10	84,545.56
MENTOR CORPORATION	5,500	0.08	440.00	0.46%	17.24	94,797.90
MICROCHIP TECHNOLOGY INC.	8,000	0.10	800.00	0.36%	27.72	221,749.28
MICROSOFT CORPORATION	33,000	0.08	2,640.00	0.15%	54.89	1,811,207.87
NATIONAL CITY CORP	22,000	1.28	28,160.00	3.98%	32.13	706,961.40
NBTY INC	4,600		-	0.00%	18.28	84,091.23
NOKIA CORPORATION	66,000	0.26	17,160.00	1.62%	16.02	1,057,397.90
O'REILLY AUTOMOTIVE	3,000		-	0.00%	27.09	81,275.70
PACIFIC SUNWEAR OF CALIFORNIA	4,100		-	0.00%	20.36	83,478.05
PAXAR CORP	8,200		-	0.00%	10.61	86,993.99
PEPSICO INC.	23,000	0.64	14,720.00	1.46%	43.78	1,007,011.00
PERFORMANCE FOOD GROUP	2,800		-	0.00%	32.97	92,305.76
PFIZER INC.	10,000	0.60	6,000.00	1.88%	31.85	318,500.00
PHOTRONICS, INC	6,400		-	0.00%	13.16	84,214.85
POLARIS INDUSTRIES	1,500	1.24	1,860.00	2.50%	49.57	74,357.35
PROCTER & GAMBLE COMPANY	29,000	1.82	52,780.00	2.02%	89.91	2,607,468.40
PROVIDENT BANKSHARES	3,600		-	0.00%	23.34	84,020.72
QUEST DIAGNOSTIC	11,000		-	0.00%	53.66	590,305.00
QUIKSILVER, INC	2,700		-	0.00%	32.04	86,516.37
REGENERON PHARMACEUTICALS	4,200		-	0.00%	20.22	84,916.56
REGIS CORPORATION	3,400	0.12	408.00	0.48%	25.14	85,487.70
REHAB CARE GROUP	2,300		-	0.00%	18.49	42,532.35
RELIANCE STEEL & ALUMINUM	5,400	0.24	1,296.00	1.55%	15.53	83,879.37
RESMED INC	2,800		-	0.00%	30.08	84,237.51
RESPIRONICS INC	2,300		-	0.00%	35.14	80,813.83
ROADWAY CORPORATION	2,400		-	0.00%	35.96	86,311.92
SBC COMMUNICATIONS INC.	12,200	1.53	18,666.00	7.81%	19.60	239,089.50
SCOTTS CO'A'	1,600		-	0.00%	52.43	83,883.01
SMURFIT-STONE CONTAINER CORP	19,000		-	0.00%	14.98	284,697.32
ST. JUDE MEDICAL	14,000		-	0.00%	38.69	541,677.81
STEEL DYNAMICS	7,000		-	0.00%	12.15	85,036.91
SURMODICS INC	2,700		-	0.00%	31.30	84,499.47
SWIFT ENERGY	9,200		-	0.00%	8.86	81,557.84
SYSCO CORPORATION	31,000	0.44	13,640.00	1.55%	28.39	879,975.38
SYSTEMS & COMPUTER TECH	5,500		-	0.00%	7.44	40,919.38
TECHNE CORP	3,200		-	0.00%	26.94	86,222.08
TENET HEALTHCARE CORPORATION	12,000		-	0.00%	48.54	582,441.60
TRACTOR SUPPLY CO.	2,400		-	0.00%	35.25	84,600.00
TRIUMPH GROUP	1,500		-	0.00%	28.05	42,075.00
TYSON FOODS, INC.	72,000	0.16	11,520.00	1.36%	11.74	845,209.84
UNITED NATURAL FOODS	3,300		-	0.00%	25.54	84,285.06
VIACOM INC.	11,000	0.24	2,640.00	0.50%	47.93	527,213.50
VORNADO REALTY TRUST	36,000	2.72	97,920.00	6.71%	40.55	1,459,979.57
WAL-MART STORES	48,000	0.36	17,280.00	0.68%	53.09	2,548,508.00
WATSON WYATT 'A'	4,200		-	0.00%	19.99	83,974.78
WATTS INDUSTRIES 'A'	5,100	0.24	1,224.00	1.47%	16.38	83,512.90
WILLIAMS COMPANIES, INC.	37,000	0.04	1,480.00	0.52%	7.63	282,396.45
WINTRUST FINANCIAL	3,000	0.16	480.00	0.57%	28.20	84,585.00
YELLOW CORPORATION	3,300		-	0.00%	25.77	85,039.68
TOTAL COMMON STOCK ACQUIRED			679,095.00	1.53%		44,396,790.53

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OTHER INVESTMENTS ACQUIRED

Name	Coupon	Maturity	Book Cost
<i>BRIDGE FINANCIAL</i>			
BRIDGE FINANCIAL-GRAND INN	12.500	9/25/2000	16,321.23
TOTAL BRIDGE FINANCIAL ACQUIRED			16,321.23
<i>MISCELLANEOUS</i>			
APEX CAPITAL FUND I, LLC	11.000		15,593.30
DESERT TROON FINANCE, LLC	10.000	8/27/2005	4,512,500.00
PIVOTAL DEBT FUND	10.000	12/1/2011	1,453,500.00
PROSPECTOR EQUITY CAPITAL		6/1/2009	13,447.01
VALLEY VENTURES III	8.000	9/17/2006	154,543.65
TOTAL MISCELLANEOUS ACQUIRED			6,149,583.96
<i>PIVOTAL EQUITY</i>			
CENTURY PLAZA HOTEL			45,000.00
NXTV, LLC			45,000.00
PIVOTAL PROMONTORY			112,500.00
PIVOTAL PROMONTORY-LOANS			643,500.00
SPA AT RED CANYON			29,250.00
TOTAL PIVOTAL EQUITY ACQUIRED			875,250.00
<i>DESERT TROON EQUITY</i>			
DESERT TROON-DTR, LLC			1,600,000.00
TOTAL DESERT TROON EQUITY ACQUIRED			1,600,000.00
<i>DIVERSIFIED FUNDING GROUP</i>			
TIERRA DEL RIO (TDR), LLC	12.000	10/22/2004	788,000.00
TOTAL DIVERSIFIED FUNDING GROUP ACQUIRED			788,000.00
TOTAL OTHER INVESTMENTS ACQUIRED			9,429,155.19

**STATE OF ARIZONA
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BONDS SOLD

Security	Coupon	Maturity	Par Value	Sale Price	Accrued Interest	Principal	Amortized Cost	Gain or (Loss)	Amount Due
FEDERAL AGENCY OBLIGATIONS									
Detailed information for the redemptions of Federal Agency Obligations are too lengthy to include in this report; therefore, only totals are given.									
TOTAL FEDERAL AGENCY OBLIGATIONS			14,473,546.59		0.00	14,256,333.44	14,256,333.44	0.00	14,256,333.44
CORPORATE BONDS									
AT&T BROADBAND CORP	9.455	11/15/2022	160.00	-	160.00	-	-	-	160.00
AT&T CORP	6.500	3/15/2013	500,000.00	87.65	12,458.33	510,390.00	438,258.29	72,131.71	450,716.62
AT&T CORPORATES	8.350	1/15/2025	500,000.00	101.40	(1.76)	521,424.99	507,000.41	14,424.58	506,988.65
AT&T CORPORATES	6.500	3/15/2029	500,000.00	87.33	13.60	436,640.95	436,640.95	-	436,654.55
AUTO BOND RECEIVABLE TRUST	6.400	4/15/2001	38,018.85	-	-	-	38,018.85	(38,018.85)	38,018.85
DELTA AIR LINES	7.379	5/18/2010	39,773.49	100.00	-	39,773.49	39,773.49	-	39,773.49
HOUSEHOLD FINANCE CORP	7.625	5/17/2032	1,000,000.00	90.41	12,708.33	1,107,500.00	904,056.25	203,443.75	916,764.58
HOUSEHOLD FINANCE CORP	6.500	11/15/2008	1,000,000.00	91.90	6,138.89	1,023,000.00	919,000.00	104,000.00	925,138.89
KEY CORP CAPITAL III	7.750	7/15/2029	1,000,000.00	95.60	22,388.89	1,068,400.00	955,992.27	112,407.73	978,381.16
LUMBERMANS MUTUAL CASUALTY CC	9.150	7/1/2026	3,000,000.00	113.38	-	277,500.00	3,401,317.36	(3,123,817.36)	3,401,317.36
MERRILL LYNCH & COMPANY	8.000	6/1/2007	1,000,000.00	100.00	11,333.33	1,148,750.00	1,000,000.00	148,750.00	1,011,333.33
NORTHWEST AIR LINES	7.935	4/1/2019	30,000.12	113.46	-	34,038.05	34,038.05	-	34,038.05
SEARS ROEBUCK & CO.	9.375	11/1/2011	1,000,000.00	100.00	12,239.58	1,040,000.00	1,000,000.00	40,000.00	1,012,239.58
SECURITY NATIONAL MORTGAGE 99-1	8.353	9/25/2030	350,628.32	100.00	-	350,628.32	350,628.32	-	350,628.32
SECURITY NATIONAL MORTGAGE LOA	7.870	8/25/2030	308,770.07	100.00	-	308,770.07	308,770.07	-	308,770.07
STANDARD CHARTERED BANK	8.000	5/30/2031	1,000,000.00	104.43	26,000.00	1,131,200.00	1,044,306.44	86,893.56	1,070,306.44
WORLDCOM INC.	8.250	5/15/1931	1,000,000.00	102.05	-	221,000.00	1,020,491.90	(799,491.90)	1,020,491.90
TOTAL CORPORATE BONDS			12,267,350.85		103,439.19	9,219,015.87	12,398,292.65	(3,179,276.78)	12,501,731.84
TOTAL BONDS SOLD			26,740,897.44		103,439.19	23,475,349.31	26,654,626.09	(3,179,276.78)	26,758,065.28

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COMMON STOCK SOLD

Company	Shares Sold	Sale Price	Amount	Commission + SEC Fee	Net Amount	Book Cost	Gain (Loss) on Sale	% Gain on Sale
AMERICAN INT'L GROUP	45,000	49.79	2,240,537.40	2,317.47	2,238,219.93	1,055,671.08	1,182,548.85	112.02%
AMERICAN STATES WATER	2,300	25.75	59,227.52	117.81	59,109.71	55,702.40	3,407.31	6.12%
APACHE CORPORATION	34,800	60.82	2,116,691.16	1,803.76	2,114,887.40	1,686,036.88	428,850.52	25.44%
APPLIED MATERIALS	216,000	13.80	2,980,151.60	10,669.77	2,969,481.83	1,892,430.00	1,077,051.83	56.91%
BIODIN INC	29,000	33.87	982,355.45	1,479.58	980,875.87	1,433,889.25	(453,013.38)	-31.59%
BJ SERVICES COMPANY	77,000	32.85	2,529,114.24	3,928.19	2,525,186.05	2,931,768.71	(406,582.66)	-13.87%
BJ'S WHOLESALE CLUB, INC.	55,000	19.01	1,045,287.36	2,781.51	1,042,505.85	2,228,346.10	(1,185,840.25)	-53.22%
BROADWING INC.	65,000	1.90	123,311.56	1,613.74	121,697.82	1,597,938.55	(1,476,240.73)	-92.38%
CABLEVISION SYSTEMS CORP	39,000	8.39	327,308.40	1,959.87	325,348.53	1,751,256.71	(1,425,908.18)	-81.42%
CABOT OIL & GAS	3,500	24.94	87,280.20	179.09	87,101.11	83,481.40	3,619.71	4.34%
CHEVRONTXACO CORP	14,000	73.32	1,026,439.40	730.90	1,025,708.50	1,171,759.20	(146,050.70)	-12.46%
CISCO SYSTEMS	46,000	13.27	610,321.10	2,318.38	608,002.72	398,890.20	209,112.52	52.42%
COVAD COMMUNICATIONS GROUP	185,500	1.25	231,803.05	3,717.05	228,086.00	7,823,364.85	(7,595,278.85)	-97.08%
CYTYC CORPORATION	78,000	11.27	879,365.80	3,780.96	875,584.84	1,302,601.73	(427,016.89)	-32.78%
ELECTRONICS BOUTIQUE HOLDINGS CORP.	10,800	13.01	140,470.88	544.25	139,926.63	396,836.21	(256,909.58)	-64.74%
EXPRESS SCRIPTS	22,000	50.44	1,109,575.50	1,133.40	1,108,442.10	439,730.72	668,711.38	152.07%
EXXON MOBIL CORP	11,928	35.77	426,664.56	616.37	426,048.19	374,872.44	51,175.75	13.65%
FACTSET RESEARCH SYSTEMS	2,500	35.72	89,308.20	129.19	89,179.01	78,872.70	10,306.31	13.07%
FLEETBOSTON FINANCIAL CORPORATION	29,000	23.86	692,002.96	1,470.84	690,532.12	1,096,357.40	(405,825.28)	-37.02%
GLOBAL SANTAFE CORP	2,000	22.32	44,639.60	101.35	44,538.25	69,062.70	(24,524.45)	-35.51%
HEALTHSOUTH CORP	14,000	5.55	77,756.00	702.35	77,053.65	210,383.60	(133,329.95)	-63.37%
HOME DEPOT	37,000	26.06	964,333.77	1,882.78	962,450.99	377,317.89	585,133.10	155.08%
INAMED CORPORATION	500	49.26	24,630.00	26.16	24,603.84	21,312.50	3,291.34	15.44%
INTEGRA LIFSCIENCES HOLDINGS	3,700	28.77	106,439.50	189.99	106,249.51	83,848.00	22,401.51	26.72%
INTEL CORPORATION	117,000	17.74	2,075,703.20	5,912.51	2,069,790.69	2,534,800.53	(465,009.84)	-18.35%
JDS UNIPHASE CORPORATION	81,000	2.90	235,263.01	2,716.95	232,546.06	5,777,980.25	(5,545,434.19)	-95.98%
JEFFERIES GROUP	2,100.0	38.88	81,656.31	108.84	81,547.47	82,058.80	(511.33)	-0.62%
JP MORGAN CHASE & CO	60,000	21.32	1,279,318.61	2,475.30	1,276,843.31	3,121,220.00	(1,844,376.69)	-59.09%
KIMBERLY-CLARK CORPORATION	44,000	45.28	1,992,208.70	2,259.99	1,989,948.71	2,291,364.27	(301,415.56)	-13.15%
LENNAR CORP Class B	2,500	72.44	181,109.35	133.49	180,975.86	100,442.72	80,533.14	80.18%
LEXMARK INTERNATIONAL GROUP	15,000	59.66	894,827.06	776.94	894,050.12	1,115,216.43	(221,166.31)	-19.83%
LSI LOGIC	97,000	4.82	467,571.51	3,467.48	464,104.03	3,667,355.00	(3,203,250.97)	-87.34%
MEN'S WEARHOUSE	5,600	18.48	103,490.49	284.85	103,205.64	84,545.56	18,660.08	22.07%
NABORS INDUSTRIES, LTD	7,000	40.30	282,100.00	358.50	281,741.50	382,001.96	(100,260.46)	-26.25%
NATIONAL-OILWELL, INC.	26,000	21.78	566,381.83	1,318.58	565,063.25	998,819.20	(433,755.95)	-43.43%
NBTY INC	4,600	15.69	72,193.33	233.38	71,959.95	84,091.23	(12,131.28)	-14.43%
NEWS CORPORATION	18,000	20.11	362,044.80	910.90	361,133.90	390,479.77	(29,345.87)	-7.52%
NOBLE CORPORATION	7,000	35.76	250,335.58	357.54	249,978.04	314,233.58	(64,255.54)	-20.45%
P.F. CHANG'S CHINA BISTRO	8,000	45.92	367,328.70	417.21	366,911.49	213,494.40	153,417.09	71.86%
PAXAR CORP	8,200	10.21	83,687.52	413.92	83,273.60	86,993.99	(3,720.39)	-4.28%
PHARMACEUTICAL PRODUCT DEVELOPMENT, INC	30,000	22.61	678,433.00	1,520.44	676,912.56	721,032.30	(44,119.74)	-6.12%
PROVIDENT BANKSHARES	3,600	24.54	88,341.00	184.15	88,156.85	84,020.72	4,136.13	4.92%

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COMMON STOCK SOLD

Company	Shares Sold	Sale Price	Amount	Commission + SEC Fee	Net Amount	Book Cost	Gain (Loss) on Sale	% Gain on Sale
QUORUM HEALTHGROUP (Class action proceeds)	-	-	-	-	-	-	9,947.31	0.00%
REGENERON PHARMACEUTICALS	4,200	7.42	31,164.00	127.46	31,036.54	84,916.56	(53,880.02)	-63.45%
ROADWAY CORPORATION	2,400	29.81	71,539.92	123.35	71,416.57	86,311.92	(14,895.35)	-17.26%
SAFEWAY INC	59,000	18.56	1,095,192.30	2,990.07	1,092,202.23	1,896,914.16	(804,711.93)	-42.42%
SANMINA CORP.	50,800	4.35	221,221.49	1,531.32	219,690.17	1,336,105.16	(1,116,414.99)	-83.56%
SCHOLASTIC CORPORATION	19,000	25.81	490,306.40	964.76	489,341.64	496,175.11	(6,833.47)	-1.38%
SCOTTS CO'A	1,600	47.62	76,188.32	83.57	76,104.75	83,883.01	(7,778.26)	-9.27%
SEARS, ROEBUCK AND COMPANY	14,000	26.13	365,838.00	711.03	365,126.97	789,158.88	(424,031.91)	-53.73%
SEITEL, INC	37,000	0.30	11,062.72	132.96	10,929.76	691,732.40	(680,802.64)	-98.42%
SIABEL SYSTEMS	22,000	8.91	195,967.20	1,105.90	194,861.30	767,702.30	(572,841.00)	-74.62%
SOLECTRON	89,000	3.73	332,329.80	2,982.79	329,347.01	3,801,831.20	(3,472,484.19)	-91.34%
SPRINT CORPORATION (PCS GROUP)	43,000	3.15	135,239.80	2,154.08	133,085.72	1,148,860.80	(1,015,775.08)	-88.42%
SWIFT ENERGY	9,200	10.59	97,403.30	464.58	96,938.72	81,557.84	15,380.88	18.86%
SYMANTEC CORPORATION	78,000	43.62	3,402,738.86	4,010.42	3,398,728.44	1,964,381.32	1,434,347.12	73.02%
TARGET CORP	59,000	31.66	1,867,901.06	3,006.25	1,864,894.81	1,695,974.03	168,920.78	9.96%
TECHNE CORP	3,200	29.01	92,828.16	164.35	92,663.81	86,222.08	6,441.73	7.47%
TENET HEALTHCARE CORPORATION	61,500	17.04	1,047,912.56	3,106.56	1,044,806.00	2,118,498.20	(1,073,692.20)	-50.68%
TRAVELERS PROPERTY CASUALTY-CL A	5,998	15.55	93,286.88	302.72	92,984.16	118,703.81	(25,710.90)	-21.66%
TRAVELERS PROPERTY CASUALTY-CL B	12,323	15.69	193,350.46	621.98	192,728.48	263,186.72	(70,455.60)	-26.77%
TXU CORP	37,000	12.48	461,575.00	1,863.91	459,711.09	1,520,844.71	(1,061,133.62)	-69.77%
TYCO INTERNATIONAL LTD.	39,480	14.21	560,928.00	2,000.26	558,927.74	1,272,831.11	(713,903.37)	-56.09%
TYSON FOODS, INC.	12,000	8.48	101,704.80	604.77	101,100.03	140,868.30	(39,768.27)	-28.23%
UNITED RENTALS, INC	9,000	6.57	59,091.24	451.79	58,639.45	195,732.90	(137,093.45)	-70.04%
VALERO ENERGY CORPORATION	13,000	31.61	410,992.40	662.38	410,330.02	650,382.20	(240,052.18)	-36.91%
VISHAY INTERTECHNOLOGY INC	7,000	9.45	66,150.70	352.00	65,798.70	182,668.97	(116,870.27)	-63.98%
VODAFONE GROUP PLC	39,000	16.72	652,138.50	1,969.63	650,168.87	810,279.33	(160,110.46)	-19.76%
WATERS CORPORATION	14,000	19.85	277,925.20	708.37	277,216.83	480,179.00	(202,962.17)	-42.27%
WHIRLPOOL CORP	7,000	46.90	328,289.50	359.89	327,929.61	542,720.92	(214,791.31)	-39.58%
WORLDCOM INC.	37,000	0.10	3,774.00	0.12	3,773.88	1,170,329.06	(1,166,555.18)	-99.68%
TOTAL COMMON STOCK SOLD	2,345,829		41,721,049.78	101,603.00	41,619,446.78	75,090,833.93	(33,461,428.45)	-44.56%

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OTHER INVESTMENTS SOLD

Name	Coupon	Maturity	Book Cost	Capital Gains (Loss)
<i>BRIDGE FINANCIAL</i>				
BRIDGE FINANCIAL-DYNAMITE MOUNTAIN RANCH	12.750	6/30/2002	133,805.00	-
TOTAL BRIDGE FINANCIAL SOLD			133,805.00	-
<i>PIVOTAL</i>				
PIVOTAL DEBT FUND	10.000	12/1/2011	580,000.00	-
PIVOTAL PROMONTORY-LOANS	10.000		418,500.00	-
TOTAL PIVOTAL SOLD			998,500.00	-
<i>DESERT TROON</i>				
DESERT TROON FINANCE, LLC	14.000	9/15/2001	2,707,500.00	-
TOTAL DESERT TROON SOLD			2,707,500.00	-
TOTAL OTHER INVESTMENTS SOLD			3,839,805.00	-

STATE OF ARIZONA
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INVESTMENTS OWNED
JUNE 30, 2003

BOND PORTFOLIO

Par Value	Security	Coupon	Maturity	Book Cost	Book Price	Current Price	Current Value	Gain or (Loss)	Annual Income	Book Yield	YTM	Duration
U.S. TREASURY OBLIGATIONS												
1,000,000	U.S. TREASURY BOND	7.500	11/15/16	968,121.91	96.81219	135.75000	1,357,500.00	389,378.09	75,000.00	7.75	4.04	9.00
2,000,000	U.S. TREASURY BOND	9.125	05/15/18	2,000,000.00	100.00000	155.09400	3,101,880.00	1,101,880.00	182,500.00	9.13	4.15	8.45
1,000,000	U.S. TREASURY BOND	9.000	11/15/18	1,000,000.00	100.00000	154.37500	1,543,750.00	543,750.00	90,000.00	9.00	4.19	8.64
1,000,000	U.S. TREASURY BOND	8.000	11/15/21	1,000,000.00	100.00000	144.87500	1,448,750.00	448,750.00	80,000.00	8.00	4.42	9.95
5,000,000.00	TOTAL U.S. TREASURY OBLIGATIONS			4,968,121.91	99.36244		7,451,880.00	2,483,758.09	427,500.00	8.60	4.19	8.90
FEDERAL AGENCY OBLIGATIONS												
938.30	GNMA Pool #007766	8.500	02/15/06	295.37	31.47927	106.43700	998.70	703.33	79.76	27.00	4.02	4.21
19,804.59	GNMA Pool #143093	9.000	06/15/16	19,204.26	96.96873	111.44100	22,070.43	2,866.17	1,782.41	9.28	3.18	5.47
23,567.26	GNMA Pool #148408	9.000	05/15/16	22,639.28	96.06242	111.44100	26,263.59	3,624.31	2,121.05	9.37	3.18	5.50
98,439.17	GNMA Pool #157733	9.000	05/15/16	91,240.81	92.68750	111.44100	109,701.60	18,460.79	8,859.53	9.71	3.18	5.70
139,941.25	GNMA Pool #158992	9.000	06/15/16	139,197.80	99.46874	111.44100	155,951.93	16,754.13	12,594.71	9.05	3.18	5.33
60,779.20	GNMA Pool #163336	9.000	07/15/16	58,936.86	96.96880	111.44100	67,732.95	8,796.09	5,470.13	9.28	3.18	5.50
108,872.20	GNMA Pool #165863	9.000	08/15/16	104,092.04	95.60938	111.44100	121,328.27	17,236.23	9,798.50	9.41	3.18	5.60
21,419.85	GNMA Pool #168530	9.000	08/15/16	20,931.18	97.71861	111.44100	23,870.50	2,939.32	1,927.79	9.21	3.18	5.48
56,473.87	GNMA Pool #181945	9.000	04/15/20	53,950.19	95.53124	111.51000	62,974.01	9,023.82	5,082.65	9.42	3.18	6.72
22,158.89	GNMA Pool #182127	9.000	11/15/16	21,719.40	98.01664	111.44100	24,694.09	2,974.69	1,994.30	9.18	3.18	5.55
195,887.10	GNMA Pool #207671	9.000	07/15/18	185,368.17	94.62500	111.53000	218,472.88	33,114.71	17,629.84	9.51	3.18	6.27
11,285.93	GNMA Pool #208705	9.000	05/15/20	10,580.57	93.75009	111.51000	12,584.94	2,004.37	1,015.73	9.60	3.18	6.87
24,050.69	GNMA Pool #227210	9.000	09/15/17	22,825.59	94.90618	111.51300	26,819.65	3,994.06	2,164.56	9.48	3.18	5.99
35,318.51	GNMA Pool #229798	9.000	10/15/17	34,479.71	97.62504	111.51300	39,384.73	4,905.02	3,178.67	9.22	3.18	5.85
6,417.91	GNMA Pool #230557	9.000	04/15/18	6,136.12	95.60932	111.53000	7,157.90	1,021.78	577.61	9.41	3.18	6.13
23,202.81	GNMA Pool #234695	10.000	12/15/17	23,101.30	99.56251	115.06200	26,697.62	3,596.32	2,320.28	10.04	8.69	5.63
86,126.03	GNMA Pool #235280	9.000	04/15/18	81,119.94	94.18748	111.53000	96,056.36	14,936.42	7,751.34	9.56	3.18	6.22
42,623.06	GNMA Pool #247096	9.000	05/15/18	40,278.79	94.50000	111.53000	47,537.50	7,258.71	3,836.08	9.52	3.18	6.23
19,287.94	GNMA Pool #247310	9.000	04/15/18	18,528.45	96.06236	111.53000	21,511.84	2,983.39	1,735.91	9.37	3.18	6.10
43,161.10	GNMA Pool #250933	9.000	06/15/18	41,947.22	97.18756	111.53000	48,137.57	6,190.35	3,884.50	9.26	3.18	6.08
13,460.99	GNMA Pool #252138	9.000	10/15/18	12,869.97	95.60939	111.53000	15,013.04	2,143.07	1,211.49	9.41	3.18	6.28
30,356.84	GNMA Pool #252306	9.000	04/15/18	28,042.12	92.37496	111.53000	33,856.98	5,814.86	2,732.12	9.74	3.18	6.34
30,803.32	GNMA Pool #252538	9.000	05/15/18	29,936.98	97.18751	111.53000	34,354.94	4,417.96	2,772.30	9.26	3.18	6.06
29,284.08	GNMA Pool #255161	9.000	03/15/19	26,941.33	91.99992	111.52500	32,659.07	5,717.74	2,635.57	9.78	3.18	6.65
30,321.00	GNMA Pool #262845	9.000	03/15/20	28,928.12	95.40622	111.51000	33,810.95	4,882.83	2,728.89	9.43	3.18	6.70
271,877.07	GNMA Pool #377589	7.500	08/15/25	271,112.39	99.71874	106.80800	290,386.46	19,274.07	20,390.78	7.52	2.89	8.22
184,583.15	GNMA Pool #390014	7.000	06/15/24	173,248.59	93.85937	106.29900	196,210.04	22,961.45	12,920.82	7.46	2.11	8.59
1,268,072.07	GNMA Pool #391992	7.000	03/15/24	1,186,537.46	93.57019	106.29900	1,347,947.93	161,410.47	88,765.04	7.48	2.11	8.55
217,742.56	GNMA Pool #398831	8.000	08/15/26	217,402.34	99.84375	108.40500	236,043.82	18,641.48	17,419.40	8.01	3.24	8.26
111,605.62	GNMA Pool #403979	8.500	10/15/24	109,704.84	98.29688	109.27900	121,961.51	12,256.67	9,486.48	8.65	4.02	7.79
125,719.57	GNMA Pool #406811	7.500	01/15/26	125,562.44	99.87502	106.74300	134,196.84	8,634.40	9,428.97	7.51	2.89	8.31
244,416.54	GNMA Pool #427558	7.500	04/15/26	243,690.94	99.70313	106.74300	260,897.55	17,206.61	18,331.24	7.52	2.89	8.38
242,120.03	GNMA Pool #432701	6.000	06/15/26	242,120.03	100.00000	108.40500	262,470.22	20,350.19	19,369.60	8.00	3.24	8.21
1,186,610.70	GNMA Pool #434237	8.000	03/15/29	1,098,912.71	92.60937	104.96700	1,245,549.65	146,636.94	71,196.64	6.48	2.77	10.51
72,665.61	GNMA Pool #439645	8.000	09/15/26	72,620.20	99.93751	108.40500	78,773.15	6,152.95	5,813.25	8.01	3.24	8.27
283,320.31	GNMA Pool #441619	7.500	11/15/29	282,213.59	99.60937	106.30700	301,189.32	18,975.73	21,249.02	7.53	2.89	9.20
206,558.69	GNMA Pool #458918	7.000	08/15/28	202,814.81	98.18750	105.77700	218,491.59	15,676.78	14,459.11	7.13	2.11	9.29

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
INVESTMENTS RETIRED OWNED
JUNE 30, 2003**

BOND PORTFOLIO

Par Value	Security	Coupon	Maturity	Book Cost	Book Price	Current Price	Current Value	Gain or (Loss)	Annual Income	Book Yield	YTM	Duration
595,113.16	GNMA Pool #472997	7.000	06/15/29	591,951.62	99.46875	105.69600	629,010.81	37,059.19	41,657.92	7.04	2.11	9.36
242,008.03	GNMA Pool #486761	7.000	12/15/28	237,243.49	98.03125	105.77700	255,988.83	18,745.34	16,940.56	7.14	2.11	9.38
835,561.38	GNMA Pool #499907	7.000	05/15/29	800,963.93	95.85938	105.69600	883,154.96	82,191.03	58,489.30	7.30	2.11	9.69
605,213.04	GNMA Pool #507496	7.000	06/15/29	586,678.38	96.93750	105.69600	639,685.97	53,007.59	42,364.91	7.22	2.11	9.60
995,075.68	GNMA Pool #510958	7.000	05/15/29	987,923.57	99.28125	105.69600	1,051,755.19	63,831.62	69,655.30	7.05	2.11	9.36
256,249.68	GNMA Pool #513367	7.000	08/15/29	245,359.07	95.75000	105.69600	270,845.66	25,486.59	17,937.48	7.31	2.11	9.76
843,855.34	GNMA Pool #530611	6.500	05/15/31	843,130.15	99.91406	105.00900	886,124.05	42,993.90	54,850.60	6.51	1.67	10.01
1,377,732.00	GNMA Pool #530631	6.500	06/15/31	1,371,596.61	99.55470	105.00900	1,446,742.60	75,145.64	89,552.58	6.53	1.67	10.07
1,073,844.60	GNMA Pool #539629	6.500	04/15/31	1,069,817.68	99.62500	105.00900	1,127,633.48	57,815.80	69,799.90	6.52	1.67	10.02
768,799.62	GNMA Pool #548963	6.500	03/15/31	766,877.62	99.75000	105.00900	807,308.79	40,431.17	49,971.98	6.52	1.67	9.99
1,574,307.34	GNMA Pool #552514	6.500	04/15/32	1,568,895.66	99.65625	105.00300	1,653,069.94	84,174.28	102,329.98	6.52	1.67	10.24
527,983.27	GNMA Pool #780220	7.500	08/15/25	527,818.26	99.96875	107.01200	565,005.46	37,187.20	39,598.75	7.50	2.89	8.20
15,285,016.95	TOTAL FEDERAL AGENCY OBLIGATIONS			14,947,478.30	97.79170		16,220,085.86	1,272,607.56	1,067,865.33	7.14	2.22	9.27
CORPORATE BONDS												
1,000,000.00	AGI CAPITAL TRUST	8.170	06/01/37	1,017,203.06	101.72031	114.83600	1,148,360.00	131,156.94	81,700.00	8.03	7.02	11.70
1,500,000.00	AMERICAN UNITED LIFE INS CO	7.750	03/30/26	1,427,092.65	95.13951	104.74600	1,571,190.00	144,097.35	116,250.00	8.15	7.32	11.64
2,750,000.00	ANTHEM INSURANCE COMPANY INC	9.000	04/01/27	2,900,873.23	105.48630	134.28600	3,692,865.00	791,991.77	247,500.00	8.53	6.23	9.68
497,000.00	AT&T BROADBAND CORP	9.455	11/15/22	506,655.07	101.94267	136.29600	677,391.12	170,736.05	46,991.35	9.27	6.22	10.76
1,000,000.00	BANC ONE CORP	8.000	04/29/27	1,024,185.98	102.41860	131.34700	1,313,470.00	289,284.02	80,000.00	7.81	5.61	10.76
1,000,000.00	BANKERS TRUST CORP 144A	8.090	12/01/26	1,000,000.00	100.00000	114.77600	1,147,760.00	147,760.00	80,900.00	8.09	6.82	10.87
4,000,000.00	BAYER HYPO-VEREINSBANK	8.741	06/30/31	3,338,606.80	83.46517	105.13800	4,205,520.00	866,913.20	349,640.00	10.47	8.27	13.00
764,889.60	DELTA AIR LINES	7.379	05/18/10	764,889.60	100.00000	102.72900	785,763.44	20,873.84	56,441.20	7.38	6.88	5.59
500,000.00	DELTA AIRLINES SERIES 01-1B	7.711	09/18/11	497,903.05	99.58061	84.17500	420,875.00	(77,028.05)	38,555.00	7.74	10.71	6.14
1,000,000.00	FARMERS INSURANCE EXCHANGE	8.625	05/01/24	931,910.40	93.19104	97.50000	975,000.00	43,089.60	86,250.00	9.26	8.89	10.77
1,000,000.00	FIRST HAWAIIAN CAPITAL TRUST	8.343	07/01/27	1,050,801.12	105.08011	119.24600	1,192,460.00	141,658.88	83,430.00	7.94	6.72	10.21
500,000.00	FIRST UNION CAPITAL II	9.375	03/01/20	454,862.43	90.97249	126.96300	634,815.00	179,952.57	39,750.00	8.74	5.92	12.56
1,000,000.00	FORD HOLDINGS INC	9.500	09/15/11	558,379.00	111.67580	105.22600	526,130.00	(32,249.00)	46,875.00	8.39	8.77	7.79
500,000.00	FORD MOTOR COMPANY	9.500	09/15/11	999,662.97	99.96630	115.04200	1,150,420.00	150,757.03	95,000.00	9.50	7.01	5.78
500,000.00	FORD MOTOR CREDIT	7.250	10/25/11	507,796.50	101.55930	102.80700	514,035.00	6,238.50	36,250.00	7.14	6.81	6.39
1,000,000.00	GENERAL AMERICAN LIFE INSURANCE	7.625	01/15/24	899,051.09	89.90511	107.77900	1,077,790.00	178,738.91	76,250.00	8.48	6.91	11.88
1,000,000.00	GENERAL MOTORS NOVA SCOTIA FINA	6.850	10/15/08	1,042,161.54	104.21615	104.99500	1,049,950.00	7,788.46	68,500.00	6.57	5.78	4.48
1,000,000.00	GMAC	8.000	11/01/31	1,000,000.00	100.00000	98.11600	981,160.00	(18,840.00)	80,000.00	8.00	8.17	11.61
1,000,000.00	GOODRICH CORPORATION	7.100	11/15/27	913,604.83	91.36048	98.57800	985,780.00	72,175.17	71,000.00	7.77	7.23	13.07
920,000.00	GTE CORPORATION	6.600	02/01/27	899,425.76	97.76367	113.85700	1,047,484.40	148,058.64	72,680.00	8.08	6.72	11.28
500,000.00	HUNTINGTON BANKS SUB NTS	7.900	06/15/18	461,036.06	92.20721	116.73100	583,655.00	122,618.94	33,000.00	7.16	5.00	10.57
2,000,000.00	JOHN HANCOCK MUTUAL LIFE INS CO	7.375	02/15/24	1,892,218.75	94.61094	117.89100	2,357,820.00	465,601.25	147,500.00	7.80	5.86	11.49
1,000,000.00	JPM CAPITAL TRUST II	7.950	02/01/27	1,039,004.70	103.90047	115.13600	1,151,360.00	112,355.30	79,500.00	7.65	6.67	10.57
1,000,000.00	KEY CORP CAPITAL III	7.500	07/15/29	957,210.97	95.72110	122.64400	1,226,440.00	269,229.03	77,500.00	8.10	6.02	12.06
1,000,000.00	LEHMAN BROTHERS HOLDINGS INC	8.800	03/01/15	1,086,434.94	98.64349	132.94400	1,329,440.00	243,005.06	88,000.00	8.10	5.00	6.86
1,000,000.00	LIBERTY MUTUAL INSURANCE	7.875	10/15/26	944,062.56	94.40626	85.11300	851,130.00	(92,932.56)	78,750.00	8.34	9.47	11.70
2,000,000.00	NATIONWIDE MUTUAL INS CO	7.500	02/15/24	1,908,233.45	95.41167	104.55500	2,091,100.00	182,866.55	150,000.00	7.86	7.08	11.29
897,506.55	NORTHWEST AIR LINES	7.935	04/01/19	973,782.20	108.49862	107.47800	964,622.09	(9,160.11)	71,217.14	7.31	7.14	8.60
1,000,000.00	PMI CAPITAL	8.309	02/01/27	1,027,637.41	102.76374	105.14000	1,051,400.00	23,762.59	83,900.00	8.09	7.83	10.40
1,000,000.00	PRINCIPAL MUTUAL LIFE INSURANCE C	7.875	03/01/24	958,832.66	95.88327	104.24700	1,042,470.00	83,637.34	78,750.00	8.21	7.47	10.94
1,000,000.00	ROCKWELL INTERNATIONAL	6.700	01/15/28	914,545.27	91.45453	115.01400	1,150,140.00	235,594.73	67,000.00	7.33	5.57	13.51

STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
INVESTMENTS OWNED
JUNE 30, 2003

BOND PORTFOLIO

Par Value	Security	Coupon	Maturity	Book Cost	Book Price	Current Price	Current Value	Gain or (Loss)	Annual Income	Book Yield	YTM	Duration
1,500,000.00	SAFECO CAPITAL TRUST	8.072	07/15/37	1,508,968.30	100.59789	115.78000	1,736,700.00	227,731.70	121,080.00	8.02	6.87	11.94
1,000,000.00	SEARS ROEBUCK ACCEPTANCE	7.000	06/01/32	841,121.20	84.11212	111.85500	1,118,550.00	277,428.80	70,000.00	8.32	6.12	15.19
500,000.00	SECURITY BENEFIT	8.750	05/15/16	545,413.90	109.08278	121.56700	607,835.00	62,421.10	43,750.00	8.02	6.30	7.34
1,000,000.00	SECURITY MUTUAL LIFE NEW YORK	9.375	12/15/16	1,092,090.09	109.20901	131.42300	1,314,230.00	222,139.91	93,750.00	8.58	5.96	7.26
649,371.68	SECURITY NATIONAL MORTGAGE 99-1	8.353	09/25/30	649,371.68	100.00000	103.03000	669,047.64	19,675.96	54,242.02	8.35	8.08	10.80
418,720.81	SECURITY NATIONAL MORTGAGE LOAN	7.870	08/25/30	418,720.81	100.00000	106.81800	447,269.19	28,548.38	32,953.33	7.87	7.29	11.26
1,000,000.00	SOUTHERN COMPANY CAPITAL TRUST	8.190	02/01/37	1,071,724.72	107.17247	117.26100	1,172,610.00	100,885.28	81,900.00	7.64	6.87	11.05
627,000.00	UNION CARBIDE CORP	7.875	04/01/23	607,242.37	96.84886	101.03300	633,476.91	26,234.54	49,376.25	8.13	7.77	10.72
1,000,000.00	UNION CENTRAL LIFE	8.200	11/01/26	1,010,506.32	101.05063	110.99900	1,109,990.00	99,483.68	82,000.00	8.11	7.22	10.66
500,000.00	US WEST COMMUNICATIONS	7.500	06/15/23	478,531.07	95.70621	96.00000	480,000.00	1,468.93	37,500.00	7.84	7.90	11.14
1,000,000.00	USF&G CAPITAL II, SERIES B	8.470	01/10/27	1,090,779.87	109.07799	114.08200	1,140,820.00	50,040.13	84,700.00	7.77	7.22	9.68
1,000,000.00	ZURICH CAPITAL TRUST I	8.376	06/01/37	1,012,514.08	101.25141	109.81800	1,098,180.00	85,665.92	83,760.00	8.27	7.57	11.53
45,024,488.64	TOTAL CORPORATE BONDS			44,225,048.46	98.22443		50,426,504.79	6,201,456.33	3,643,281.29	8.24	6.94	10.62
65,309,505.59	BOND PORTFOLIO TOTALS			64,140,648.67	98.21028		74,098,470.65	9,957,821.98	5,138,646.62	8.01	5.63	10.18

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
INVESTMENTS OWNED
JUNE 30, 2003**

CORPORATE NOTES

Date Acquired	Description	Interest Rate	Maturity Date	Cost	Amount of Interest	Maturity Value
6/30/2003	UBS FINANCE (DELAWARE)	1.300	7/1/2003	999,963.89	36.11	1,000,000.00
6/30/2003	MERRILL LYNCH & CO, INC.	1.120	7/2/2003	999,937.78	62.22	1,000,000.00
6/25/2003	ASSET ONE SECURITIZATION	1.020	7/9/2003	1,749,305.83	694.17	1,750,000.00
6/26/2003	NORDDEUTSCHE LANDESBANK	1.100	7/9/2003	1,374,453.82	546.18	1,375,000.00
6/30/2003	STEAMBOAT FUNDING	1.130	7/10/2003	999,686.11	313.89	1,000,000.00
6/26/2003	CROWN POINT CAPITAL	1.070	7/11/2003	1,374,386.98	613.02	1,375,000.00
6/27/2003	INTERNATIONAL LEASE FINANCE	1.020	7/18/2003	1,748,958.75	1,041.25	1,750,000.00
6/25/2003	WORLD OMNI VEHICLE LEASING	1.000	7/25/2003	1,748,541.67	1,458.33	1,750,000.00
TOTAL CORPORATE NOTES				10,995,234.83	4,765.17	11,000,000.00

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
INVESTMENTS OWNED
JUNE 30, 2003**

COMMON STOCK PORTFOLIO

Shares	Description	Div Rate	Book Cost per Share	Book Cost	Market Price	Market Value	Annual Income	Gain or (Loss) Amount
74,000	ABBOTT LABORATORIES	0.98	11.3534	840,149.75	43.7600	3,238,240.00	72,520.00	2,398,090.25
4,500	ACCREDITO HEALTH	-	18.5296	83,383.20	21.6500	97,425.00	-	14,041.80
52,000	ADOBE SYSTEMS	0.05	34.2924	1,783,207.10	32.0700	1,667,640.00	2,600.00	(115,567.10)
4,000	ADVANCED ENERGY INDUSTRIES	-	10.4371	41,748.24	14.3000	57,200.00	-	15,451.76
14,000	ALBERTO CULVER CO	0.42	54.3177	760,447.26	51.1000	715,400.00	5,880.00	(45,047.26)
12,600	ALCOA INC	0.60	18.9275	238,486.62	25.5000	321,300.00	7,560.00	82,813.38
63,000	ALLSTATE CORPORATION	0.92	22.2783	1,403,533.34	35.6500	2,245,950.00	57,960.00	842,416.66
44,000	ALLTEL CORPORATION	1.40	62.8694	2,766,255.31	48.2200	2,121,680.00	61,600.00	(644,575.31)
14,000	AMBAC FINANCIAL GROUP INC	0.40	57.1409	799,972.60	66.2500	927,500.00	5,600.00	127,527.40
59,000	AMERICAN EXPRESS	0.40	34.9620	2,062,758.79	41.8100	2,466,790.00	23,600.00	404,031.21
37,000	AMERICAN INT'L GROUP	0.21	23.4594	867,996.22	55.1800	2,041,660.00	7,696.00	1,173,663.78
11,000	AMERICAN STANDARD COMPANY INC	-	76.5643	842,207.68	73.9300	813,230.00	-	(28,977.68)
89,000	AMGEN	-	38.8074	3,453,856.43	65.9400	5,868,660.00	-	2,414,803.57
3,200	AMSURG CORPORATION	-	26.0134	83,242.92	30.5300	97,696.00	-	14,453.08
48,000	ANALOG DEVICES, INC.	-	77.9262	3,740,455.90	34.8200	1,671,360.00	-	(2,069,095.90)
3,400	ANIXTER INTERNATIONAL	-	24.4875	83,257.37	23.4300	79,662.00	-	(3,595.37)
53,550	APACHE CORPORATION	0.40	46.1422	2,470,916.12	65.0600	3,483,963.00	21,420.00	1,013,046.88
12,800	AT&T CORP	0.75	16.8431	215,591.68	19.2500	246,400.00	9,600.00	30,808.32
3,900	ATMI INC	-	21.3285	83,181.15	24.9500	97,305.00	-	14,123.85
7,000	AUTOZONE INC	-	87.4502	612,151.40	75.9700	531,790.00	-	(80,361.40)
33,000	BANK OF AMERICA CORPORATION	3.20	68.9097	2,274,021.20	79.0300	2,607,990.00	105,600.00	333,968.80
33,000	BJ SERVICES COMPANY	-	38.0749	1,256,472.29	37.3600	1,232,880.00	-	(23,592.29)
2,800	BLACK BOX CORPORATION	0.20	30.0500	84,140.00	36.1200	101,136.00	560.00	16,996.00
5,700	BOSTON COMMUNICATIONS GROUP	-	15.0432	85,746.50	16.9100	96,387.00	-	10,640.50
22,000	BOSTON SCIENTIFIC CORPORATION	-	42.6388	938,052.56	61.1000	1,344,200.00	-	406,147.44
43,000	CABLEVISION SYSTEMS CORP	-	44.9040	1,930,872.79	20.7600	892,680.00	-	(1,038,192.79)
2,500	CACI INTERNATIONAL	-	32.7306	81,826.50	34.3000	85,750.00	-	3,923.50
4,200	CAL DIVE INTL	-	22.0460	92,593.17	21.7800	91,476.00	-	(1,117.17)
25,000	CANADIAN NATIONAL RAILWAY	0.74	47.1626	1,179,064.40	48.2600	1,206,500.00	18,510.00	27,435.60
7,000	CARDINAL HEALTH INC.	0.12	58.7552	411,286.40	64.3000	450,100.00	840.00	38,813.60
5,300	CATERPILLAR INC	1.40	45.0660	238,849.80	55.6600	294,998.00	7,420.00	56,148.20
1,800	CEPHALON INC	-	46.2600	83,268.00	41.0500	73,890.00	-	(9,378.00)
14,000	CHELSEA PROPERTY GROUP	2.14	33.3613	467,057.78	40.3100	564,340.00	29,960.00	97,282.22
38,666	CHOICEPOINT INCORPORATED	-	39.3995	1,523,421.20	34.5200	1,334,750.32	-	(188,670.88)
176,000	CISCO SYSTEMS	-	8.6715	1,526,188.55	16.7900	2,955,040.00	-	1,428,851.45
138,833	CITIGROUP, INC.	0.80	40.4317	5,613,251.15	42.8000	5,942,052.40	111,066.40	328,801.25
30,000	COCA-COLA CO	0.88	49.8268	1,494,803.00	46.4100	1,392,300.00	26,400.00	(102,503.00)
5,600	COINSTAR INC	-	15.5849	87,275.28	18.9300	106,008.00	-	18,732.72

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
INVESTMENTS OWNED
JUNE 30, 2003**

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COMMON STOCK PORTFOLIO

Shares	Description	Div Rate	Book Cost per Share	Book Cost	Market Price	Market Value	Annual Income	Gain or (Loss) Amount
143,000	COMCAST CORP-SPECIAL CL A	-	32.4440	4,639,486.28	28.9900	4,145,570.00	-	(493,916.28)
14,000	COMMERCE BANCORP, INC.	0.66	42.8327	599,657.92	37.1000	519,400.00	9,240.00	(80,257.92)
3,200	COMMUNITY FIRST BANKSHARES	0.88	26.2659	84,050.75	27.2300	87,136.00	2,816.00	3,085.25
15,000	CONSTELLATION ENERGY GROUP INC	1.04	43.8045	657,067.50	34.3000	514,500.00	15,600.00	(142,567.50)
29,000	CORINTHIAN COLLEGES, INC	-	40.0659	1,161,910.42	48.3100	1,400,990.00	-	239,079.58
2,600	CULLEN/FROST BANKERS	0.96	30.7262	79,887.99	32.1000	83,460.00	2,496.00	3,572.01
1,900	CUNO INC	-	32.9261	62,559.60	36.2100	68,799.00	-	6,239.40
30,000	CYTYC CORPORATION	-	16.7000	501,000.67	10.5500	316,500.00	-	(184,500.67)
37,500	DEAN FOODS	-	29.4207	1,103,276.74	31.5000	1,181,250.00	-	77,973.26
2,100	DOWNEY FINANCIAL	0.36	39.2871	82,502.90	41.3000	86,730.00	756.00	4,227.10
6,700	E.I. du PONT de NEMOURS AND CO	1.40	35.7364	239,433.88	41.6400	278,988.00	9,380.00	39,554.12
8,300	EASTMAN KODAK COMPANY	1.80	28.9776	240,514.08	27.3500	227,005.00	14,940.00	(13,509.08)
29,200	ELECTRONICS BOUTIQUE HOLDINGS CORP.	-	36.7441	1,072,927.55	22.9400	669,848.00	-	(403,079.55)
117,000	EMC CORP	-	11.2874	1,320,623.39	10.4700	1,224,990.00	-	(95,633.39)
1,800	EVERGREEN RESOURCES	-	45.1213	81,218.29	54.3100	97,758.00	-	16,539.71
66,000	EXPRESS SCRIPTS	-	19.9878	1,319,192.13	68.4100	4,515,060.00	-	3,195,867.87
120,000	EXXON MOBIL CORP	1.00	31.4279	3,771,352.55	35.9100	4,309,200.00	120,000.00	537,847.45
10,800	FAIR ISAAC & CO	0.08	52.4870	566,859.94	51.4500	555,660.00	864.00	(11,199.94)
15,000	FEDEX CORPORATION	0.20	48.2803	724,205.20	62.0300	930,450.00	3,000.00	206,244.80
33,000	FLEXTRONICS INTERNATIONAL	-	10.8576	358,302.00	10.4300	344,190.00	-	(14,112.00)
11,000	FORTUNE BRANDS, INC.	1.08	52.2001	574,201.10	52.2000	574,200.00	11,880.00	(1.10)
15,000	GANNETT COMPANY	0.96	73.2309	1,098,462.95	76.8100	1,152,150.00	14,400.00	53,687.05
15,000	GENENTECH, INC.	-	45.0459	675,688.50	72.1200	1,081,800.00	-	406,111.50
7,700	GENERAL MOTORS CORPORATION	2.00	30.6380	235,912.60	36.0000	277,200.00	15,400.00	41,287.40
29,000	GENZYME CORPORATION	-	57.5882	1,670,056.65	41.8600	1,213,940.00	-	(456,116.65)
27,000	GILEAD SCIENCES, INC	-	34.8516	940,993.70	55.5500	1,499,850.00	-	558,856.30
40,000	GLOBAL SANTAFE CORP	0.15	34.5314	1,381,254.10	23.3400	933,600.00	6,000.00	(447,654.10)
5,500	HAIN CELESTIAL GROUP	-	15.2930	84,111.24	15.9700	87,835.00	-	3,723.76
25,000	HARTFORD FINANCIAL SERVICES GROUP	1.08	49.6856	1,242,139.20	50.3600	1,259,000.00	27,000.00	16,860.80
3,500	HELIX TECHNOLOGY	0.16	12.1547	42,541.45	13.0900	45,815.00	560.00	3,273.55
2,600	HILB, ROGAL & HAMILTON	0.37	31.5059	81,915.32	34.0400	88,504.00	962.00	6,588.68
70,000	HOME DEPOT	0.24	10.1978	713,844.63	33.1200	2,318,400.00	16,800.00	1,604,555.37
11,300	HONEYWELL INTERNATIONAL INC	0.75	21.3074	240,773.62	26.8500	303,405.00	8,475.00	62,631.38
2,700	HUDSON UNITED BANCORP	1.20	31.0956	83,958.00	34.1500	92,205.00	3,240.00	8,247.00
43,000	INTERACTIVECORP	-	35.4233	1,523,201.32	39.3300	1,691,190.00	-	167,988.68
37,000	INTERNATIONAL BUSINESS MACH.	0.64	40.9794	1,516,239.39	82.5000	3,052,500.00	23,680.00	1,536,260.61
7,000	INTERNATIONAL PAPER COMPANY	1.00	34.3499	240,449.30	35.7300	250,110.00	7,000.00	9,660.70
59,000	JABIL CIRCUIT	-	22.8951	1,350,810.68	22.1000	1,303,900.00	-	(46,910.68)

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
INVESTMENTS OWNED
JUNE 30, 2003**

COMMON STOCK PORTFOLIO

Shares	Description	Div Rate	Book Cost per Share	Book Cost	Market Price	Market Value	Annual Income	Gain or (Loss) Amount
22,000	JACOBS ENGINEERING GROUP INC.	-	30.2330	665,126.40	42.1500	927,300.00	-	262,173.60
52,000	JOHNSON & JOHNSON CO	0.96	55.8413	2,903,747.30	51.7000	2,688,400.00	49,920.00	(215,347.30)
11,100	JP MORGAN CHASE & CO	1.36	21.4400	237,984.00	34.1800	379,398.00	15,096.00	141,414.00
4,500	KAYDON CORP	0.48	18.8491	84,821.15	20.8000	93,600.00	2,160.00	8,778.85
29,000	KINDER MORGAN, INC.	1.60	54.0719	1,568,085.80	54.6500	1,584,850.00	46,400.00	16,764.20
4,900	LANDRY'S RESTAURANTS	0.10	17.0030	83,314.54	23.6000	115,640.00	490.00	32,325.46
22,000	LANDSTAR SYSTEMS, INC	-	51.1377	1,125,028.43	62.5600	1,376,320.00	-	251,291.57
33,000	LENNAR CORP Class A	0.05	48.5981	1,603,738.48	71.5000	2,359,500.00	1,650.00	755,761.52
22,000	LEXMARK INTERNATIONAL GROUP	-	74.3478	1,635,650.77	70.7700	1,556,940.00	-	(78,710.77)
2,200	MANITOWOC COMPANY INC.	0.28	19.4979	42,895.38	22.3000	49,060.00	616.00	6,164.62
181,125	MBNA CORP	0.32	7.7570	1,404,991.51	20.8400	3,774,645.00	57,960.00	2,369,653.49
27,000	MEDIMMUNE, INC.	-	58.2863	1,573,731.00	36.3700	981,990.00	-	(591,741.00)
11,000	MEDTRONIC, INC.	0.29	48.0376	528,413.60	47.9700	527,670.00	3,190.00	(743.60)
5,500	MENTOR CORPORATION	0.08	17.2360	94,797.90	19.4000	106,700.00	440.00	11,902.10
29,000	MICROCHIP TECHNOLOGY INC.	0.10	26.3709	764,757.28	24.7500	717,750.00	2,784.00	(47,007.28)
214,000	MICROSOFT CORPORATION	0.08	35.6837	7,636,305.97	25.6400	5,486,960.00	17,120.00	(2,149,345.97)
14,098	MOHAWK INDUSTRIES	-	71.0444	1,001,584.30	55.5300	782,861.94	-	(218,722.36)
29,000	MOODY'S CORPORATION	0.18	35.8629	1,040,025.07	52.7100	1,528,590.00	5,220.00	488,564.93
37,000	NABORS INDUSTRIES, LTD	-	54.5717	2,019,153.21	39.5300	1,462,610.00	-	(556,543.21)
22,000	NATIONAL CITY CORP	1.28	32.1346	706,961.40	32.7100	719,620.00	28,160.00	12,658.60
44,000	NOBLE CORPORATION	-	44.8905	1,975,182.46	34.3000	1,509,200.00	-	(465,982.46)
66,000	NOKIA CORPORATION	0.26	16.0212	1,057,397.90	16.4300	1,084,380.00	17,034.60	26,982.10
3,000	O'REILLY AUTOMOTIVE	-	27.0919	81,275.70	33.4700	100,410.00	-	19,134.30
29,000	OXFORD HEALTH PLANS, INC.	-	26.9898	782,702.80	42.0300	1,218,870.00	-	436,167.20
80,000	P.F. CHANG'S CHINA BISTRO	-	26.6868	2,134,943.94	49.2100	3,936,800.00	-	1,801,856.06
4,100	PACIFIC SUNWEAR OF CALIFORNIA	-	20.3605	83,478.05	24.0800	98,728.00	-	15,249.95
13,000	PACTIV CORPORATION	-	15.9962	207,950.10	19.7100	256,230.00	-	48,279.90
59,000	PEPSICO INC.	0.64	46.7498	2,758,240.57	44.5000	2,625,500.00	37,760.00	(132,740.57)
2,800	PERFORMANCE FOOD GROUP	-	32.9663	92,305.76	37.0000	103,600.00	-	11,294.24
81,500	PFIZER INC.	0.60	28.1718	2,296,005.76	34.1500	2,783,225.00	48,900.00	487,219.24
6,400	PHOTRONICS, INC	-	13.1586	84,214.85	17.1900	110,016.00	-	25,801.15
51,000	PLANTRONICS, INC.	-	27.6455	1,409,922.97	21.6700	1,105,170.00	-	(304,752.97)
1,500	POLARIS INDUSTRIES	1.24	49.5716	74,357.35	61.4000	92,100.00	1,860.00	17,742.65
29,000	PROCTER & GAMBLE COMPANY	1.64	89.9127	2,607,468.40	89.1800	2,586,220.00	47,560.00	(21,248.40)
15,000	QUALCOMM INCORPORATED	0.20	45.6952	685,428.00	35.9400	539,100.00	3,000.00	(146,328.00)
22,000	QUEST DIAGNOSTIC	-	70.3725	1,548,194.90	63.8000	1,403,600.00	-	(144,594.90)
5,400	QUIKSILVER, INC	-	16.0216	86,516.37	16.4900	89,046.00	-	2,529.63
3,400	REGIS CORPORATION	0.12	25.1434	85,487.70	29.0500	98,770.00	408.00	13,282.30

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
INVESTMENTS OWNED
JUNE 30, 2003**

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COMMON STOCK PORTFOLIO

Shares	Description	Div Rate	Book Cost per Share	Book Cost	Market Price	Market Value	Annual Income	Gain or (Loss) Amount
2,300	REHAB CARE GROUP	-	18.4923	42,532.35	14.6500	33,695.00	-	(8,837.35)
5,400	RELIANCE STEEL & ALUMINUM	0.24	15.5332	83,879.37	20.7000	111,780.00	1,296.00	27,900.63
2,800	RESMED INC	-	30.0848	84,237.51	39.2000	109,760.00	-	25,522.49
2,300	RESPIRONICS INC	-	35.1364	80,813.83	37.2300	85,629.00	-	4,815.17
61,000	SAFEWAY INC	-	32.1511	1,961,216.34	20.4600	1,248,060.00	-	(713,156.34)
113,200	SANMINA CORP.	-	26.3013	2,977,305.20	6.3200	715,424.00	-	(2,261,881.20)
12,200	SBC COMMUNICATIONS INC.	1.53	19.5975	239,089.50	25.5500	311,710.00	18,666.00	72,620.50
64,000	SCHOLASTIC CORPORATION	-	26.1145	1,671,326.69	29.7800	1,905,920.00	-	234,593.31
50,500	SCP POOL CORPORATION	-	26.9079	1,358,846.62	34.3900	1,736,695.00	-	377,848.38
51,000	SEI INVESTMENTS COMPANY	0.14	39.3668	2,007,704.40	31.9900	1,631,490.00	7,140.00	(376,214.40)
22,000	SIEBEL SYSTEMS	-	34.8956	767,702.30	9.4830	208,626.00	-	(559,076.30)
19,000	SMURFIT-STONE CONTAINER CORP	-	14.9841	284,697.32	13.0100	247,190.00	-	(37,507.32)
58,000	ST. JUDE MEDICAL	-	40.2778	2,336,113.11	57.5000	3,335,000.00	-	998,886.89
7,000	STEEL DYNAMICS	-	12.1481	85,036.91	13.7900	96,530.00	-	11,493.09
2,700	SURMODICS INC	-	31.2961	84,499.47	30.5200	82,404.00	-	(2,095.47)
80,000	SYMANTEC CORPORATION	-	25.1844	2,014,750.08	43.9100	3,512,800.00	-	1,498,049.92
31,000	SYSCO CORPORATION	0.44	28.3863	879,975.38	30.0400	931,240.00	13,640.00	51,264.62
5,500	SYSTEMS & COMPUTER TECH	-	7.4399	40,919.38	8.8100	48,455.00	-	7,535.62
40,000	T. ROWE PRICE GROUP INC	0.68	39.5794	1,583,176.90	37.7700	1,510,800.00	27,200.00	(72,376.90)
2,400	TRACTOR SUPPLY CO.	-	35.2500	84,600.00	47.3600	113,664.00	-	29,064.00
1,500	TRIUMPH GROUP	-	28.0500	42,075.00	28.1700	42,255.00	-	180.00
106,000	TYCO INTERNATIONAL LTD.	0.05	32.2399	3,417,429.01	18.9800	2,011,880.00	5,300.00	(1,405,549.01)
60,000	TYSON FOODS, INC.	0.16	11.7390	704,341.54	10.6200	637,200.00	9,600.00	(67,141.54)
3,300	UNITED NATURAL FOODS	-	25.5409	84,285.06	28.3600	93,588.00	-	9,302.94
11,000	VIACOM INC.	-	47.9285	527,213.50	43.6600	480,260.00	-	(46,953.50)
66,000	VISHAY INTERTECHNOLOGY INC	-	26.0956	1,722,307.43	13.2000	871,200.00	-	(851,107.43)
110,000	VODAFONE GROUP PLC	0.29	20.7764	2,285,403.23	19.6500	2,161,500.00	32,318.00	(123,903.23)
36,000	VORNADO REALTY TRUST	2.72	40.5550	1,459,979.57	43.6000	1,569,600.00	97,920.00	109,620.43
47,000	WALGREEN COMPANY	0.15	14.9566	702,958.99	30.1000	1,414,700.00	7,050.00	711,741.01
100,000	WAL-MART STORES	0.36	53.6609	5,366,085.20	53.6700	5,367,000.00	36,000.00	914.80
4,200	WATSON WYATT 'A'	-	19.9940	83,974.78	23.1800	97,356.00	-	13,381.22
5,100	WATTS INDUSTRIES 'A'	0.24	16.3751	83,512.90	17.8500	91,035.00	1,224.00	7,522.10
81,000	WILLIAMS COMPANIES, INC.	0.04	24.8764	2,014,989.81	7.9000	639,900.00	3,240.00	(1,375,089.81)
3,000	WINTRUST FINANCIAL	0.16	28.1950	84,585.00	29.7900	89,370.00	480.00	4,785.00
3,300	YELLOW CORPORATION	-	25.7696	85,039.68	23.2900	76,857.00	-	(8,182.68)
				157,068,363.61		168,928,359.66	1,539,684.00	11,859,996.05

STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
INVESTMENTS OWNED
JUNE 30, 2003

OTHER INVESTMENTS PORTFOLIO

Security	Coupon	Maturity	Book Cost	Current Value	Gain or Loss	Annual Income	Book Yield
BRIDGE FINANCIAL LOANS							
BRIDGE FINANCIAL--Grand Inn	12.500	#####	126,321.23	126,321.23	-	-	0.0%
TOTAL BRIDGE FINANCIAL LOANS			126,321.23	126,321.23	-	-	0.0%
DIVERSIFIED FUNDING GROUP							
TIERRA DEL RIO (TDR), LLC	12.000	#####	788,000.00	788,000.00		94,560.00	12.0%
TOTAL DIVERSIFIED FUNDING GROUP			788,000.00	788,000.00	-	94,560.00	12.0%
MISCELLANEOUS							
VALLEY VENTURES III	8.000	#####	154,543.65	154,543.65		12,363.49	8.0%
PEBBLECREEK PROPERTIES	10.000	4/1/2005	10,000.00	10,000.00		1,000.00	10.0%
TOTAL MISCELLANEOUS			164,543.65	164,543.65	-	13,363.49	8.1%
TOTAL BEFORE LLC			1,078,864.88	1,078,864.88	-	107,923.49	10.0%
LLC							
DESERT TROON, LLC			4,645,000.00	4,645,000.00			
PROSPECTOR EQUITY CAPITAL			13,447.01	13,447.01			
APEX CAPITAL FUND I, LLC			15,593.30	15,593.30			
PIVOTAL X, LLC			7,448,675.00	7,448,675.00			
TOTAL LLC			12,122,715.31	12,122,715.31			
TOTAL OTHER INVESTMENTS			13,201,580.19	13,201,580.19			

ACTUARIAL SECTION

ELECTED OFFICIALS' RETIREMENT PLAN
TWENTY-SECOND COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2003

Actuarial Certification Statement

Aggregate Actuarial Balance Sheet, June 30, 2003

Summary of Valuation Methods and Assumptions

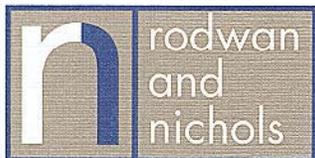
Solvency Test

Summary of Active Member Data

Summary of Inactive Member Data

Schedule of Retirants and Beneficiaries

Schedule of Experience Gain / (Loss)



Enrolled Actuaries and Consultants

September 29, 2003

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

Attention: Jack Cross, Administrator

The purpose of the annual actuarial valuations of the Arizona Elected Officials' Retirement Plan is to determine the liabilities and funding requirements for the participating groups. We certify that the June 30, 2003 annual actuarial valuations were made in accordance with recognized actuarial methods.

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

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

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

On the basis of the June 30, 2003 valuation, it is our opinion that the liabilities of the Retirement Plan are being funded as incurred in accordance with sound actuarial principles.

Respectfully submitted,

Handwritten signature of Sandra W. Rodwan in black ink.

Sandra W. Rodwan

Handwritten signature of Joseph A. Nichols in black ink.

Joseph A. Nichols

Members, American Academy of Actuaries

**Rodwan & Nichols
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**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
AGGREGATE ACTUARIAL BALANCE SHEET
JUNE 30, 2003**

Actuarial Assets

Accrued Assets			
Member Accumulated contributions	\$	27,466,353	
Employer and benefit payment reserves		238,918,326	
Funding value adjustment		81,017,920	
Total accrued assets*		<u>81,017,920</u>	\$ 347,402,599
Prospective assets (computed value)			
Member contributions	\$	25,219,265	
Employer normal costs		73,361,042	
Employer unfunded actuarial accrued liability		(30,919,435)	
Total prospective assets		<u>(30,919,435)</u>	<u>67,660,872</u>
Total Actuarial Assets			<u>\$ 415,063,471</u>

**Includes \$18,591,900 reserve for payment of ad-hoc pension increases. The net funding value of assets is \$328,810,699.*

Actuarial Present Values (Liability)

Pensions in payment status			
Service pensions	\$	148,996,008	
Disability pensions		9,105,161	
Survivor pensions		25,781,371	
Health insurance		9,096,871	
Total Benefit values		<u>9,096,871</u>	\$ 192,979,411
Prospective pension payments (future retirements)			195,826,074
Prospective health insurance payments (future retirements)			6,864,500
Prospective refunds of member contributions			801,586
Reserve for future pension increases			<u>18,591,900</u>
Total Actuarial Present Values (Liability)			<u>\$ 415,063,471</u>

SUMMARY OF PLAN PROVISIONS

See Note 1 in the Notes to Financial Statements.

SUMMARY OF VALUATION METHODS

Normal Cost. Normal cost and the allocation of actuarial present values between service rendered before and after the valuation date were determined using an individual entry age actuarial cost method having the following characteristics:

- ❖ The annual normal costs for each individual active member, payable from date of hire to date of retirement, are sufficient to accumulate the value of the member's benefit at the time of retirement;
- ❖ Each annual normal cost is a constant percentage of the member's year-by-year projected covered pay.

Actuarial Accrued Liability. The actuarial accrued liability allocated to service rendered prior to the valuation date, including experience gains and losses, was computed using the assumptions summarized in this report. Accrued valuation assets were subtracted from the computed actuarial accrued liability. Any unfunded amount was amortized as level percent of payroll over an open period of 20 years. If accrued valuation assets exceed the actuarial accrued liability, the excess is amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable.

Active member payroll was assumed to increase % annually for the purpose of computing the amortization payment (credit) as a level percent of payroll.

SUMMARY OF VALUATION ASSUMPTIONS

Economic Assumptions:

The rate of investment return used was 9.0 percent a year, compounded annually. The assumption consists of 3.5% for assuming maturity and principal risks and 5.5% in recognition of inflation. These components, adopted by the Fund Manager, as recommended by the Plan's actuary, were first used for the June 30, 1989 annual valuation.

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

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

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

Demographic Assumptions:

- ❖ **Non-Disability Mortality rates:** 1971 Group Annuity Mortality Table Projected to 2000 (Male), female ages set back six years (first used for June 30, 1999 valuation).
- ❖ **Disability Mortality Rates:** 1971 Group Annuity Mortality Table Projected to 1984 (Male), female ages set back six years.

Sample Ages	Single Life Retirement Values							
	Non-Disability Table		Disability Table		Non-Disability Table		Disability Table	
	Present Value of \$100 Monthly For Life		Present Value of \$100 Monthly For Life		Future Life Expectancy (Years)		Future Life Expectancy (Years)	
	Men	Women	Men	Women	Men	Women	Men	Women
20					56.86	62.72	55.98	61.84
25					51.98	57.83	51.12	56.96
30					47.12	52.95	46.27	52.09
35					42.29	48.09	41.46	47.24
40	\$12,930	\$13,272	\$12,861	\$13,225	37.51	43.25	36.69	42.42
45	12,522	12,997	12,430	12,933	32.80	38.46	32.01	37.64
50	11,997	12,613	11,879	12,526	28.28	33.73	27.53	32.93
55	11,342	12,112	11,199	11,999	23.98	29.17	23.28	28.40
60	10,513	11,485	10,346	11,347	19.90	24.82	19.27	24.11
65	9,490	10,694	9,308	10,532	16.09	20.70	15.55	20.05
70	8,326	9,710	8,145	9,530	12.69	16.82	12.25	16.27
75	7,124	8,564	6,963	8,382	9.82	13.32	9.49	12.87
80	5,879	7,371	5,748	7,206	7.39	10.36	7.17	10.02
85	4,791	6,120	4,696	5,983	5.57	7.83	5.43	7.59
90	3,864	4,994	3,796	4,893	4.19	5.89	4.10	5.74

Termination of Employment: Service-related rates for first five years of employment and age-related rates after first five years of employment. The sample rates are as follows:

Sample Ages	Years of Service	Percent of Active Members	
		Separating Within the Year	Disabled Within the Year
All	0	8.0%	(all years of service)
	1	8.0	
	2	8.0	
	3	8.0	
	4	8.0	
25	5 and over	6.0	0.04%
30		6.0	0.04
35		6.0	0.04
40		6.0	0.10
45		6.0	0.13
50	6.0	0.25	
55	6.0	0.45	
60	6.0	0.71	

Retirement Rates: Age-related rates based on the following schedule:

**Percent of Active Members Retiring within Year
Following Attainment of Indicated Retirement Age**

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

Active members with at least 40 years of service are assumed to retire within the year. Members who do not acquire 20 years of service prior to age 62 are assumed to retire upon first eligibility following attainment of age 62.

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

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

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

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

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

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

Valuation Date	<u>Aggregate Accrued Liabilities for</u>			Valuation Assets Available for Benefits (2)	<u>Portion of Accrued Liabilities Covered by Net Assets Available for Benefits</u>		
	(1) Active Member Contributions	(2) Retirants And Beneficiaries	(3) Active Members (Employer Financed Portion)		(1)	(2)	(3)
6-30-85 ^{*3}	\$ 5,583	\$ 16,396	\$ 26,990	\$ 49,900	100.0%	100.0%	100.0%
6-30-86	\$ 6,268	\$ 19,653	\$ 27,506	\$ 58,757	100.0%	100.0%	100.0%
6-30-87 ¹	\$ 6,866	\$ 23,660	\$ 36,116	\$ 65,856	100.0%	100.0%	83.8%
6-30-88 ¹	\$ 8,258	\$ 25,046	\$ 44,604	\$ 73,993	100.0%	100.0%	91.2%
6-30-89 ^{*1}	\$ 9,120	\$ 34,565	\$ 47,266	\$ 84,316	100.0%	100.0%	86.0%
6-30-90 ^{*1}	\$ 10,772	\$ 38,246	\$ 51,415	\$ 92,748	100.0%	100.0%	85.1%
6-30-91 ^{*1}	\$ 11,876	\$ 44,222	\$ 53,552	\$ 103,570	100.0%	100.0%	88.6%
6-30-92 ^{*1}	\$ 13,232	\$ 47,775	\$ 54,091	\$ 115,869	100.0%	100.0%	100.0%
6-30-93 [*]	\$ 13,308	\$ 61,992	\$ 52,178	\$ 127,984	100.0%	100.0%	100.0%
6-30-94 ¹	\$ 14,978	\$ 63,403	\$ 59,941	\$ 140,145	100.0%	100.0%	100.0%
6-30-95 ¹	\$ 15,731	\$ 73,797	\$ 59,838	\$ 159,111	100.0%	100.0%	100.0%
6-30-96 [*]	\$ 16,931	\$ 78,507	\$ 62,688	\$ 181,754	100.0%	100.0%	100.0%
6-30-97 [*]	\$ 17,979	\$ 86,361	\$ 65,253	\$ 214,035	100.0%	100.0%	100.0%
6-30-98	\$ 20,703	\$ 91,187	\$ 87,772	\$ 241,885	100.0%	100.0%	100.0%
6-30-99	\$ 21,506	\$ 109,582	\$ 96,013	\$ 283,337	100.0%	100.0%	100.0%
6-30-00	\$ 24,038	\$ 126,895	\$ 102,545	\$ 329,777	100.0%	100.0%	100.0%
6-30-01	\$ 24,061	\$ 151,590	\$ 75,336	\$ 355,768	100.0%	100.0%	100.0%
6-30-02	\$ 25,854	\$ 174,580	\$ 79,513	\$ 351,349	100.0%	100.0%	100.0%
6-30-03	\$ 27,466	\$ 192,979	\$ 77,446	\$ 328,811	100.0%	100.0%	100.0%

See notes on page 26.

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
SUMMARY OF ACTIVE MEMBER DATA**

Listed below is a summary of Active Members by age group, years of service and annual compensation. The summary points out that there were 751 active members in the Plan as of June 30, 2003, compared to 738 for the prior year.

Attained Age	Years of Service to Valuation Date							Totals	
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 Plus	No.	Valuation Payroll
20 - 24								-	\$ -
25 - 29	8	1						9	\$ 179,392
30 - 34	15	1						16	\$ 471,368
35 - 39	17	7						24	\$ 1,332,421
40 - 44	38	21	5	2				66	\$ 4,199,153
45 - 49	66	39	25	2	1			133	\$ 9,431,666
50 - 54	75	52	34	21	4		1	187	\$ 15,293,626
55 - 59	56	25	38	12	7	1	1	140	\$ 9,658,003
60 - 69	49	36	34	17	12	3	2	153	\$ 7,897,091
70 - 79	7	2	6	3	2	2		22	\$ 882,205
80+	1							1	\$ 6,000
Totals	332	184	142	57	26	6	4	751	\$ 49,350,925

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

COMPARATIVE SCHEDULE

Fiscal Year Ended	Active Members	Total Payroll (+000)	Averages*			
			Age (years)	Service (years)	Pay	Increase in Avg Pay
6-30-82	379	\$ 7,444	51.4	7.8	\$19,641	
6-30-83	372	\$ 8,087	51.0	6.6	\$21,739	10.7%
6-30-84	372	\$ 8,113	52.0	7.2	\$21,809	0.3%
** 6-30-85	525	\$ 17,691	51.0	7.5	\$33,697	54.5%
6-30-86	517	\$ 17,842	51.3	7.9	\$34,511	2.4%
6-30-87	526	\$ 20,409	51.2	7.7	\$38,800	12.4%
*** 6-30-88	583	\$ 21,444	52.1	7.6	\$36,782	-5.2%
6-30-89	596	\$ 24,605	52.5	7.6	\$41,284	12.2%
6-30-90	624	\$ 25,776	52.0	8.0	\$41,308	0.1%
6-30-91	671	\$ 27,838	51.6	7.6	\$41,487	0.4%
6-30-92	658	\$ 27,777	52.2	8.1	\$42,214	1.8%
6-30-93	713	\$ 29,708	51.8	7.2	\$41,666	-1.3%
6-30-94	710	\$ 29,633	52.2	7.8	\$41,737	0.2%
6-30-95	725	\$ 30,324	51.7	7.5	\$41,826	0.2%
6-30-96	684	\$ 29,967	52.7	7.8	\$43,811	4.7%
6-30-97	726	\$ 33,896	51.8	7.5	\$46,689	6.6%
6-30-98	713	\$ 40,441	52.4	7.9	\$56,719	21.5%
6-30-99	709	\$ 43,087	52.6	7.7	\$60,772	7.1%
6-30-00	720	\$ 45,382	53.0	8.0	\$63,031	3.7%
6-30-01	737	\$ 48,669	52.4	7.2	\$66,037	4.8%
6-30-02	738	\$ 48,729	52.9	7.0	\$66,028	0.0%
6-30-03	751	\$ 49,351	53.0	7.6	\$65,714	-0.5%

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

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

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

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

As of June 30, 2003, there were 186 inactive members in the Plan who had not withdrawn their accumulated member contributions. It is assumed that these inactive members are waiting to meet the age requirements for service retirement. They are broken down by attained age and years of service as follows:

INACTIVE MEMBERS

Attained Age	Years of Service to Valuation Date					Totals
	0 - 4	5 - 9	10 - 14	15 - 19	20+	
20 - 29	2					2
30 - 39	9	9	1			19
40 - 44	12	8				20
45 - 49	15	12	5			32
50 - 54	12	17	3	3		35
55 - 59	15	18	8	4		45
60 - 69	8	15	6	2	1	32
70+	1					1
Totals	74	79	23	9	1	186

RETIRANTS AND BENEFICIARIES

Valuation Date	Number Removed From Roles	Number Added to Roles	Totals	Annual Pensions	Percent Increase	Average Pension
6/30/1992	17	27	375	\$ 5,980,662	8.1%	\$ 15,948
6/30/1993	19	65	421	\$ 7,541,157	26.1%	\$ 17,912
6/30/1994	19	31	433	\$ 7,936,942	5.2%	\$ 18,330
6/30/1995	19	52	466	\$ 9,005,617	13.5%	\$ 19,325
6/30/1996	23	29	472	\$ 9,567,636	6.2%	\$ 20,270
6/30/1997	22	46	496	\$ 10,442,249	9.1%	\$ 21,053
6/30/1998	20	37	513	\$ 11,143,500	6.7%	\$ 21,722
6/30/1999	20	54	547	\$ 13,122,722	17.8%	\$ 23,990
6/30/2000	21	63	589	\$ 15,096,774	15.0%	\$ 25,631
6/30/2001	26	84	647	\$ 17,729,482	17.4%	\$ 27,403
6/30/2002	26	38	659	\$ 19,606,416	10.6%	\$ 29,752
6/30/2003	15	65	709	\$ 22,308,359	13.8%	\$ 31,465

**STATE OF ARIZONA
ELECTED OFFICIALS' RETIREMENT PLAN
SCHEDULE OF EXPERIENCE GAIN/(LOSS)
YEAR ENDED JUNE 30, 2003**

DERIVATION

(1) UAAL* at start of year	\$	(71,401,742)
(2) Normal cost for year		14,446,840
(3) Funding Method Contribution		(8,111,564)
(4) Interest accrued on (1), (2) and (3)		(5,490,962)
(5) Expected UAAL before changes [(1)+(2)-(3)+(4)]		(70,557,428)
(6) Effect of assumption changes***		None
(7) Effect of cost method changes		None
(8) Expected UAAL after changes		(70,557,428)
(9) Actual UAAL		(30,919,435)
(10) Gain/(Loss) (8)-(9)	\$	(39,637,993)
(11) As % of AAL** at beginning of year		14.2%

- * Unfunded actuarial accrued liability
- ** Actuarial accrued liability
- *** Estimated

STATISTICAL SECTION

ELECTED OFFICIALS' RETIREMENT PLAN
TWENTY-SECOND COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2003

Schedule of Revenues by Source and Expenses by Type

Schedule of Benefit Expenses by Type

Summary of Retired Member and Survivor Data

Summary of Benefit Increases

Participating Employers

Summary of Growth of the Plan

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

REVENUES						
FYE	Member* Contributions	Employer Contributions	Percent of Annual Covered Payroll	Net Investment Income**	Amounts Transferred From Other Plans	Total
1994	\$2,184,269 11%	\$5,555,890 29%	15.62%	\$10,926,793 57%	\$413,779 3%	\$19,080,731 100%
1995	\$2,237,578 13%	\$5,224,545 31%	16.01%	\$9,446,871 56%	\$95,047 0%	\$17,004,041 100%
1996	\$2,358,224 6%	\$4,886,479 13%	15.76%	\$31,728,664 81%	\$0 0%	\$38,973,367 100%
1997	\$2,579,869 4%	\$4,934,939 8%	14.76%	\$51,065,604 87%	\$430,625 1%	\$59,011,037 100%
1998	\$3,294,906 5%	\$3,668,144 6%	12.64%	\$54,378,360 88%	\$728,694 1%	\$62,070,104 100%
1999	\$2,970,123 5%	\$3,941,018 7%	8.90%	\$53,424,808 88%	\$142,523 0%	\$60,478,472 100%
2000	\$4,164,166 7%	\$4,126,694 7%	10.22%	\$46,966,837 82%	\$2,125,025 4%	\$57,382,722 100%
2001	\$3,544,290 -6%	\$4,155,875 -7%	8.94%	(\$67,059,808) 114%	\$419,338 -1%	(\$58,940,304) 100%
2002	\$3,595,732 -9%	\$3,656,604 -9%	6.97%	(\$48,685,392) 119%	\$522,745 -1%	(\$40,910,311) 100%
2003	\$4,355,934 17%	\$3,755,630 14%	7.55%	\$16,377,295 62%	\$1,879,878 7%	\$26,368,737 100%

EXPENSES					
FYE	Benefits	Administrative Expenses***	Refunds	Amounts Transferred To Other Plans	Total
1994	\$7,877,312 98%	\$65,965 1%	\$62,396 1%	\$48,565 0%	\$8,054,238 100%
1995	\$8,718,621 97%	\$73,903 1%	\$197,465 2%	\$0 0%	\$8,989,989 100%
1996	\$9,448,702 98%	\$52,053 1%	\$105,309 1%	\$51,809 0%	\$9,657,873 100%
1997	\$10,177,471 97%	\$50,643 0%	\$193,296 2%	\$20,434 1%	\$10,441,844 100%
1998	\$10,963,879 99%	\$59,967 1%	\$30,960 0%	\$0 0%	\$11,054,806 100%
1999	\$11,991,654 97%	\$60,307 0%	\$168,690 1%	\$94,661 2%	\$12,315,312 100%
2000	\$14,347,496 98%	\$59,577 0%	\$182,114 1%	\$41,575 1%	\$14,630,762 100%
2001	\$16,802,302 98%	\$58,796 0%	\$133,561 1%	\$149,600 1%	\$17,144,260 100%
2002	\$19,529,287 99%	\$70,983 0%	(\$6,518) 0%	\$88,681 1%	\$19,682,433 100%
2003	\$21,929,828 98%	\$72,479 0%	\$115,349 1%	\$207,196 1%	\$22,324,852 100%

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

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

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

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

Fiscal Year	Normal Benefits	Disability Benefits	Survivor Benefits	Insurance Benefits	Totals
1987	\$2,176,893 78%	\$199,226 7%	\$404,621 15%	-	\$2,780,740 100%
1988	\$2,409,666 79%	\$227,055 7%	\$436,170 14%	-	\$3,072,891 100%
1989	\$2,958,726 80%	\$253,715 7%	\$482,157 13%	-	\$3,694,598 100%
1990	\$3,727,158 81%	\$282,133 6%	\$557,753 12%	\$10,369 1%	\$4,577,413 100%
1991	\$4,148,012 80%	\$350,850 7%	\$607,950 11%	\$90,400 2%	\$5,197,212 100%
1992	\$4,825,146 81%	\$318,524 6%	\$668,752 11%	\$124,846 2%	\$5,937,268 100%
1993	\$5,756,503 82%	\$326,01 85%	\$762,516 11%	\$141,567 2%	\$6,986,604 100%
1994	\$6,399,006 81%	\$443,818 6%	\$878,193 11%	\$156,295 2%	\$7,877,312 100%
1995	\$6,947,365 80%	\$523,623 6%	\$1,081,329 12%	\$166,304 2%	\$8,718,621 100%
1996	\$7,526,049 80%	\$597,617 6%	\$1,154,800 12%	\$170,236 2%	\$9,448,702 100%
1997	\$8,074,010 80%	\$546,535 5%	\$1,350,387 13%	\$206,539 2%	\$10,177,471 100%
1998	\$8,593,838 78%	\$625,855 6%	\$1,516,198 14%	\$227,988 2%	\$10,963,879 100%
1999	\$9,265,167 77%	\$698,545 6%	\$1,786,989 15%	\$240,953 2%	\$11,991,654 100%
2000	\$10,966,775 76%	\$657,755 5%	\$2,459,882 17%	\$263,084 2%	\$14,347,496 100%
2001	\$13,051,530 78%	\$752,464 4%	\$2,680,089 16%	\$318,219 2%	\$16,802,302 100%
2002	\$14,747,855 75%	\$788,587 4%	\$3,079,725 16%	\$913,120 5%	\$19,529,287 100%
2003	\$16,492,733 75%	\$1,052,910 5%	\$3,213,764 15%	\$1,170,421 5%	\$21,929,828 100%

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

The following summary presents an analysis of the benefit changes that have taken place during the past 22 years. The number of retired members and the amount of annual pensions has increased at compounded annual rates of 6.7% and 14.9% over the last five years.

COMPARATIVE SCHEDULE

Year Ended June 30	Retired			Annual Pensions	Average Pension	Ratio of Active to Retired
	Normal	Disability	Survivors Totals			
1982	150		9	\$ 844,914	\$ 5,314	2.4 to 1
1983	168		13	\$ 1,011,021	\$ 5,586	2.1 to 1
1984	175		14	\$ 1,120,441	\$ 5,928	2.0 to 1
1985	196	4	47	\$ 2,142,900	\$ 8,676	2.1 to 1
1986	206	5	51	\$ 2,564,083	\$ 9,787	2.0 to 1
1987	225	6	50	\$ 3,056,235	\$ 10,876	1.9 to 1
1988	232	7	52	\$ 3,238,986	\$ 11,131	2.0 to 1
1989	267	9	56	\$ 4,236,583	\$ 12,761	1.8 to 1
1990	272	10	61	\$ 4,830,530	\$ 14,083	1.8 to 1
1991	293	10	62	\$ 5,532,233	\$ 15,157	1.8 to 1
1992	301	8	66	\$ 5,980,662	\$ 15,948	1.8 to 1
1993	342	10	69	\$ 7,541,157	\$ 17,912	1.7 to 1
1994	346	12	75	\$ 7,936,942	\$ 18,330	1.6 to 1
1995	368	16	82	\$ 9,005,617	\$ 19,325	1.6 to 1
1996	368	15	89	\$ 9,567,636	\$ 20,270	1.4 to 1
1997	382	13	101	\$ 10,442,249	\$ 21,053	1.5 to 1
1998	386	18	109	\$ 11,143,500	\$ 21,722	1.4 to 1
1999	408	16	123	\$ 13,122,722	\$ 23,990	1.3 to 1
2000	444	15	130	\$ 15,096,774	\$ 25,631	1.2 to 1
2001	495	16	136	\$ 17,729,482	\$ 27,403	1.1 to 1
2002	500	18	141	\$ 19,606,416	\$ 29,752	1.1 to 1
2003	546	19	144	\$ 22,308,359	\$ 31,465	1.1 to 1

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

SUMMARY OF RETIRED MEMBERS AND SURVIVORS - JUNE 30, 2003

Pensions Being Paid	Number	Annual Pensions	Average Pensions
Retired Members - Service Pensions	546	\$ 17,773,475	\$ 32,552
- Disability Pensions	19	\$ 1,095,032	\$ 57,633
Totals	565	\$ 18,868,507	\$ 33,396
Survivors of Members - Spouses	143	\$ 3,409,333	\$ 23,841
- Children with Guardians*	1	\$ 30,519	\$ 30,519
Totals	144	\$ 3,439,852	\$ 23,888
Total Pensions Being Paid	709	\$ 22,308,359	\$ 31,465

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

	Average Age	Average Service (yrs)	Average Age at Retirement (yrs)
Normal retired members	70.6	15.6	62.6
Disability retired members	64.3	12.7	56.6
Spouse beneficiaries	74.1	14.5	59.4

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

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

BENEFIT INCREASE SCHEDULE

Fiscal Year Ended	Excess Yield per Statute*	Excess Earnings Assets**	Excess Earnings	Monthly Benefit Increase Fundable	Maximum per Statutory 4% Cap***	Lesser of Two Increase Awarded
6/30/1989	3.62%	\$ 34,564,836	<u>\$ 1,251,247</u>			
		Investment earnings on balance	118,118			
		Amount utilized: 7-1-90 increase	(888,720)	5.0%	4.0%	4.0%
6/30/1990	0.44%	\$ 38,245,692	<u>\$ 168,281</u>			
		Amount available: 7-1-91 increase	648,926	4.0%	4.0%	4.0%
		Investment earnings on balance	75,275			
		Amount utilized: 7-1-91 increase	(1,143,432)			
6/30/1991	2.60%	\$ 44,222,354	<u>\$ 1,149,781</u>			
		Amount available: 7-1-92 increase	730,550	2.0%	4.0%	2.0%
		Investment earnings on balance	83,502			
		Amount utilized: 7-1-92 increase	(610,536)			
6/30/1992	2.43%	\$ 47,775,043	<u>\$ 1,160,934</u>			
		Amount available: 7-1-93 increase	1,364,450	3.5%	4.0%	3.5%
		Investment earnings on balance	140,675			
		Amount utilized: 7-1-93 increase	(1,167,612)			
6/30/1993	1.31%	\$ 60,856,776	<u>\$ 797,224</u>			
		Amount available: 7-1-94 increase	1,134,737	2.0%	4.0%	2.0%
		Investment earnings on balance	95,999			
		Amount utilized: 7-1-94 increase	(868,428)			

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

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

BENEFIT INCREASE SCHEDULE

Fiscal Year Ended	Excess Yield per Statute*	Excess Earnings Assets**	Excess Earnings	Monthly Benefit Increase Fundable	Maximum per Statutory 4% Cap***	Lesser of Two Increase Awarded
6/30/1996	1.75%	\$ 77,021,628	\$ 1,347,878			
	Amount available:	7-1-97 increase	1,347,878	1.5%	1.7%	1.5%
6/30/1997	3.97%	\$ 84,334,344	\$ 3,348,073			
	Investment earnings on balance		174,820			
	Amount utilized:	7-1-97 increase	(1,040,868)			
	Amount available:	7-1-98 increase	3,829,903	4.5%	1.2%	1.2%
6/30/1998	12.23%	\$ 88,885,855	\$ 10,870,740			
	Investment earnings on balance		813,088			
	Amount utilized:	7-1-98 increase	(888,283)			
	Amount Transferred by HB 2496		15,136,519			
	Amount available:	7-1-99 increase	29,761,967	34.5%	4.0%	4.0%
6/30/1999	8.52%	\$ 107,153,382	\$ 9,129,468			
	Investment earnings on balance		5,214,297			
	Amount utilized:	7-1-99 increase	(3,623,737)			
	Amount available:	7-1-00 increase	40,481,995	38.5%	4.0%	4.0%
6/30/2000	4.20%	\$ 124,211,100	\$ 5,216,866			
	Investment earnings on balance		5,343,623			
	Amount utilized:	7-1-00 increase	(4,133,898)			
	Amount available:	7-1-01 increase	46,908,586	37.5%	4.0%	4.0%
6/30/2001	0.00%	\$ -	\$ -			
	Investment earnings on balance		(7,953,820)			
	Amount utilized:	7-1-01 increase	(4,518,604)			
	Amount available:	7-1-02 increase	34,436,162	23.0%	4.0%	4.0%
6/30/2002	0.00%	\$ -	\$ -			
	Investment earnings on balance		(5,234,297)			
	Amount utilized:	7-1-02 increase	(5,801,777)			
	Amount available:	7-1-03 increase	23,400,088	14.0%	4.0%	4.0%
6/30/2003	0.00%	\$ -	\$ -			
	Investment earnings on balance		1,567,806			
	Amount utilized:	7-1-03 increase	(6,375,994)			
	Amount available:	7-1-04 increase	18,591,900	10.0%	4.0%	4.0%

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

** Amount equal to retired reserves.

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

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

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

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

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

FUND ASSETS, EARNINGS AND INVESTMENT YIELD

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

Fiscal Year	Total Assets at Book	Realized Earnings from Investments	Assumed Actuarial Yield	Net Effective Yield	Average Employer Cost
Assets					
Transferred	\$ 10,990,215	\$ 838,550	7.50%	8.20%	
1981-82	\$ 13,161,720	\$ 1,588,590	8.50%	13.96%	
1982-83	\$ 15,349,948	\$ 1,749,184	8.50%	13.09%	5.54%
1983-84	\$ 17,694,262	\$ 2,049,062	9.00%	13.23%	11.40%
1984-85 ¹	\$ 49,900,086	\$ 5,987,944	9.00%	14.02%	10.10%
1985-86	\$ 58,757,374	\$ 7,724,090	9.00%	15.32%	8.50%
1986-87 ²	\$ 65,818,230	\$ 6,419,259	9.00%	10.87%	11.12%
1987-88 ³	\$ 73,993,374	\$ 7,031,174	9.00%	10.60%	8.64%
1988-89 ⁴	\$ 84,315,654	\$ 9,391,304	9.00%	12.62%	13.58%
1989-90 ⁵	\$ 92,748,274	\$ 7,980,677	9.00%	9.44%	14.44%
1990-91 ⁶	\$ 104,300,471	\$ 10,845,435	9.00%	11.60%	15.94%
1991-92 ⁷	\$ 117,233,179	\$ 12,081,541	9.00%	11.54%	16.83%
1992-93	\$ 129,118,529	\$ 12,082,441	9.00%	10.31%	16.55%
1993-94	\$ 140,145,022	\$ 10,926,793	9.00%	8.46%	15.62%
1994-95	\$ 148,159,074	\$ 9,446,871	9.00%	6.77%	16.01%
1995-96	\$ 161,523,416	\$ 15,800,154	9.00%	10.75%	15.76%
1996-97	\$ 179,812,810	\$ 20,807,444	9.00%	12.97%	14.76%
1997-98	\$ 209,247,828	\$ 32,818,266	9.00%	18.41%	12.64%
1998-99	\$ 258,049,796	\$ 54,086,027	9.00%	26.15%	8.90%
1999-00	\$ 285,234,761	\$ 31,431,378	9.00%	12.27%	10.22%
2000-01	\$ 293,478,357	\$ 17,402,311	9.00%	6.19%	8.94%
2001-02	\$ 288,376,999	\$ 6,835,146	9.00%	2.37%	6.97%
2002-03	\$ 247,747,959	\$ (28,220,028)	9.00%	-9.98%	7.55%
2003-04					13.49%

1. Reflects the 1985 amendment consolidating the Judges' Retirement Plan and the Elected Officials' Retirement Plan.
2. Reflects the 1987 amendment which increased the formula factor to 4% from 3-1/3%.
3. Reflects the 1988 amendment which bases the reduction for early retirement on the normal retirement age rather than age 65 and provided a 3% cost-of-living increase for retired members and survivors.
4. Reflects changes in the estimates of future experience (actuarial assumptions) and the 1989 amendment which provided a 3% increase in the pensions of retired members and survivors.
5. Includes the 1990 amendment which provides a subsidy for post-retirement health insurance, and a 3% increase in pensions with effective dates between September 15, 1989, and September 15, 1990.
6. Includes the 1991 amendment which provides a 3% increase in pensions with effective dates between September 15, 1990, and September 15, 1991, and the 1991 amendment increasing benefits for future duty-related deaths.
7. Includes the 1992 amendment which provides a 3% increase in pensions with effective dates between September 15, 1991, and October 31, 1992.