COMPREHENSIVE ANNUAL FINANCIAL REPORT

ARLINGTON COUNTY EMPLOYEES' RETIREMENT SYSTEM

A Pension Trust Fund of Arlington County, Virginia

PRESENTED BY THE BOARD OF TRUSTEES

For the Fiscal Year Ended June 30, 2011

**Produced by the
Arlington County Employees' Retirement System Office
2100 Clarendon Boulevard
Suite 504
Arlington, Virginia 22201
(703) 228-3321**

ARLINGTON COUNTY EMPLOYEES' RETIREMENT SYSTEM

Suite 511 2100 Clarendon Blvd. Arlington, VA 22201
TEL 703.228.3900 FAX 703.228.3902 TOLL FREE 800.296.9510 www.arlingtonva.us/retirement

November 10, 2011

To: The County and School Boards of Arlington County

Dear Board Members:

The Board of Trustees of the Arlington County Employees' Retirement System (ACERS) respectfully submits its annual report for the fiscal year ended June 30, 2011 as required in § 21-18, § 35-17 and § 46-18 of the Arlington County Code.

The Board's mission is to protect and preserve the assets of the Trust and provide prudent investment management and oversight. We act primarily in an investment capacity and have no role in setting benefit levels.

The financial and actuarial information included in the report show that the Retirement System is financially sound and has a funded ratio of actuarial assets to actuarial liabilities of 95%, a slight improvement over fiscal year 2010's funding ratio of 93%.

Investment performance was substantial this year as the system achieved a 23.1% return, exceeding the portfolio benchmark return of 19.7%. With $1,536 million of assets at year end, the System remains positioned to meet future retirement obligations.

A copy of this report will be available for inspection at the Retirement Office, the County Central Library and on the Retirement Office web site. A summary of the report will be distributed to each participant in January 2012.

On behalf of the Board of Trustees and the ACERS staff, I would like to express our appreciation for your continued support and leadership.

Respectfully,

Michael E. Brunner
President

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Introductory Section

ARLINGTON
VIRGINIA

ARLINGTON COUNTY
EMPLOYEES' RETIREMENT SYSTEM

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Arlington County Employees' Retirement System, Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

ARLINGTON VIRGINIA

ARLINGTON COUNTY EMPLOYEES' RETIREMENT SYSTEM

Suite 504 2100 Clarendon Blvd. Arlington, VA 22201
TEL 703.228-3321 FAX 703.228.0646 TOLL FREE 800.296.9510 www.arlingtonva.us/retirement

November 2, 2011

To: The Board of Trustees of the Arlington County Employees' Retirement System

Dear Board Members:

The annual report of the Arlington County Employees' Retirement System (the System) for the fiscal year ended June 30, 2011 is enclosed. Responsibility for both the accuracy of the financial information contained herein and for the completeness and fairness of the presentation rests with System management.

As of June 30, 2011, the net assets of the System were $1,536 million, an increase of $264 million during the fiscal year. The year's 23.1% investment return placed the System in the 19th percentile of the TUCS Public Plan universe and was 3.4% above the portfolio benchmark return of 19.7%. The System is financially and actuarially sound with a funding ratio of the actuarial value of assets to actuarial accrued liabilities of 95% as of July 1, 2010. Current employer contribution levels from the County are substantial and consistent with the funding guidelines provided for in the Arlington County Code.

System History

The System was established as a defined benefit plan under authority of an act of the General Assembly of Virginia in Chapter 21 of the County Code (for Uniform and General Employees) as of December 21, 1953 and in Chapter 35 (for School Board Employees) as of January 1, 1969. System provisions were modified such that all County employees hired on or after February 8, 1981 are covered by the provisions of Chapter 46 of the County Code. While different County employees have different benefits depending on their date of hire or type of employment, the System utilizes a single fund for all participants and there is no segregation of assets for individual classes of employees. A formal Trust was adopted for the System as of December 2001 and all assets are now held under the Trust.

Benefit Provisions

The System provides normal and early service retirement benefits for members who attain age and service requirements as specified in the County Code. Coverage for service-connected disability benefits is immediate upon membership in the System. Ordinary, non-service related disability benefits are provided after the attainment of two years of service. Members are vested in the System after five years of service and are then eligible for benefits at their normal retirement age.

Arlington County's Human Resources Department provides annual benefit statements to members. Additionally, counseling to all benefit applicants and others requesting it is provided, as are presentations at new employee orientations, various employee group meetings and training sessions. All retirement handbooks and forms are available in the Human Resources office and on the web. Contact information for both the Retirement Investment Office and the Retirement Benefits Office is below.

RETIREMENT INVESTMENT OFFICE
2100 Clarendon Boulevard, Suite 504
Arlington, VA 22201
(703) 228-3321, Fax (703) 228-0646

RETIREMENT BENEFITS OFFICE
2100 Clarendon Boulevard, Suite 511
Arlington, VA 22201
(703) 228-3900, Fax (703) 228-3902

Major Initiatives

From an investment perspective, the Board took action at several points during the year to manage the portfolio's risk/return profile in light of developments in the capital markets. Notable changes included increasing exposure to actively managed equity mandates, eliminating the Treasury Inflation Protected Securities holding, and the addition of master limited partnership and bank loan mandates. The *Investment Section* of this report includes details on the year's activity.

On the administrative front, Gregory Samay, Executive Director and Chief Investment Officer resigned effective September 2010. After a diligence process, Daniel Zito was appointed to the position effective October 1, 2010. In addition, a competitive bidding process for actuarial services was completed. The request for proposal generated 7 responses, which were narrowed down to 3 finalist firms. After careful consideration, the System renewed its relationship with Cheiron, the incumbent, who has served in this role since 2003.

Finally, the System successfully transitioned to a new custody platform at the Bank of New York Mellon as of July 1, 2010.

Other Post Employment Benefits

In February 2009, the Retirement Board voted to act as Trustee with investment oversight for two trusts, one for County funds and one for School funds, invested to prefund Other

Post Employment Benefits (OPEB) such as post retirement health care. Authority for a local retirement board to act as Trustee for OPEB assets is provided for in Virginia Code §15.2-1547. Additional funding of $6.7 million and $6.9 million for the County and School trusts, respectively, was made during fiscal year 2011. As of June 30, 2011, the County and School trusts had assets of $35.1 million and $14.5 million, respectively. These trusts are completely separate and independently managed from Retirement System assets. The OPEB trusts are managed in accordance with an Investment Policy Statement tailored to their needs. Detailed financial reporting for the OPEB trusts is included in the County and School annual financial reports.

Accounting and Controls

Accounting. This report has been prepared on the full accrual basis of accounting which is used to record assets and liabilities and additions and deductions to plan net assets.

System management is responsible to protect the system assets and to ensure the financial statements are prepared in conformity with generally accepted accounting principles (GAAP). Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition; and, the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. We believe that the System’s internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The System’s MD&A can be found immediately following the independent auditor’s report, in the *Financial Section*.

Budgetary Controls. The budget for the System is presented to, and approved by, the Board of Trustees each year. A report of actual versus budgeted expenses is provided to the Board quarterly.

Funded Status

An actuarial valuation of the System is performed annually to determine funding requirements. The actuarial valuation used for this reporting period was completed with payroll data as of July 1, 2010, the first day of fiscal year 2011.

A retirement system is fully funded when the actuarial value of the assets are adequate to meet the expected obligations to participants, or actuarial liabilities. While the System remains underfunded, the System’s actual liability and investment experience, combined with more conservative assumptions adopted concurrent with the most recent actuarial valuation study, result in an increase in the funded ratio to 95% as of July 1, 2010, from 93% as of July 1, 2009. The *Actuarial Section* of this document provides more details on the actuarial valuation report.

Investment Process and Performance

The Board operates with the standard of care required in making investments as directed in the Code of Virginia §51.1-803 which states that "funds...shall be invested with the care, skill, prudence and diligence...that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with the same aims." The County Code requires that the assets of the System be invested in accordance with a statement of investment policy adopted by the Board. County Code allows for the engagement of professional investment managers.

The Board adopted investment policy establishes investment objectives and a framework that allows sufficient flexibility to pursue investment opportunities while setting reasonable constraints and performance standards. Specifically, the policy establishes key risk parameters intended to minimize the risk of significant principal loss in the pursuit of the System's stated investment return objective. Additionally, the policy requires, with certain limited exceptions, a minimum of 20% of the total market value of System assets be held in fixed income investments and no more than 15% of assets be invested in illiquid investments. Derivative investments are limited such that no more than 15% of Fund assets are subject to risk due to their use.

Under the policy, the Board allocates System assets and hires investment managers to direct the investments. Each manager is given a defined investment responsibility, agreeing to specific guidelines pertaining to investment style, expected return, portfolio risk exposure, portfolio turnover and other key metrics. Investment managers have full discretion to direct the assets assigned to them in accordance with the manager's guidelines, constrained only by limitations provided in the County Code, the investment policy and provisions of the manager's contract with the Board.

With assistance from System staff and the investment consultant, the Board reviews total Fund and investment manager performance at least quarterly to ensure compliance with stated objectives and policy. With assistance from the investment consultant, staff continuously monitors performance of the System and its investment managers and, when conditions warrant, makes recommendations for change to the Board. Authority to adopt these recommendations rests solely with the Board.

Securities of the System, except those held by pooled vehicles in which it owns an interest or in partnerships, are held by the Bank of New York Mellon, the System's master custodian.

For fiscal year 2011, the System's investment return of 23.1% compared to a 19.7% benchmark return. The annualized rate of return for both the three and five-year periods was 5.5% which compare to the 4.9% policy benchmark return for each period. The annualized net return of 5.2% for the five year period failed to exceed the System's investment objective of achieving at least an 8% annual return, or 3% over the CPI-U, whichever is greater, over the rolling five-year period. The CPI-U plus 3% target objective was 5.2%. The System's net returns for the one and three-year periods were 22.7% and 5.2%, respectively. More details on the Fund's asset allocation and historic returns can be found in the *Investment Section* of this report.

Professional Services

Professional consultants are appointed by the Board to perform services essential to the effective and efficient operation of the System. Ashford Consulting Group serves as investment consultant to the System. Opinions from the independent public accountants, Clifton Gunderson, LLP and the actuary, Cheiron, are included in this report.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Arlington County Employees' Retirement System (ACERS) for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This is the twelfth consecutive year that ACERS has achieved this recognition. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual 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 that this current comprehensive annual financial report meets the Certificate of Achievement Program's requirements and it will be submitted to the GFOA to determine its eligibility for certification.

Acknowledgments

This annual report was prepared by the System's staff under the direction of the Board of Trustees. The administrative staff of Arlington County provided critical assistance in preparation of the *Statistical Section,* for which I am grateful. I would like to express sincere appreciation to the Board of Trustees for its confidence, guidance and dedication. I would also like to thank the County Board and the County Manager for their support and commitment to ensure the continued successful operation and funding of the System.

This report is intended to provide complete and reliable information for determining the financial status of the System. It is respectfully submitted to the Retirement Board and to other interested parties.

Respectfully,

Daniel Zito
Executive Director & Chief Investment Officer

ADMINISTRATIVE ORGANIZATION
June 30, 2011

TRUSTEES

Michael Brunner, President
Appointed by County Board
Term Expires 1/31/2013

Kenneth Dennis, Vice President [1]
Uniformed Employee Representative
Term Expires 1/31/2015

Michelle Cowan, Treasurer
Appointed by County Manager
Term Expires 1/31/2015

Richard Alt
Elected by Retirees
Term Expires 1/31/2015

Wilfredo Calderon [2]
General Employee Representative
Term Expires 1/31/2013

Steven Ivins
Appointed by County Board
Term Expires 1/31/2013

Jonathan Kinney
Appointed by County Board
Term Expires 1/31/2013

SUBSTITUTE TRUSTEES

Jimmie Barrett, Secretary & Asst. Treasurer [1]
Uniformed Employee Representative
Term Expires 1/31/2015

Sandy DeGray
Elected by General Employees
Term Expires 1/31/2013

Wayne Rhodes [1]
Retiree Representative
Term Expires 1/31/2015

PROFESSIONAL STAFF

Daniel Zito, Executive Director/Chief Investment Officer
Susan Bomberg, Accountant

LEGAL ADVISOR

Robert Dawson, Deputy County Attorney

INVESTMENT CONSULTANT

Ashford Consulting Group

CUSTODIAN BANK

The Bank of New York Mellon

CONSULTING ACTUARY

Cheiron

CERTIFIED PUBLIC ACCOUNTANT

Clifton Gunderson, LLP

INVESTMENT MANAGERS [3]

Abbott Capital
Arsenal Real Estate
Baillie Gifford
The Bank of New York Mellon
Daruma Asset Management
Focused Investors
Invesco
Liquid Realty Partners
Loomis Sayles
Mellon Capital Management
Oaktree Capital Management
T. Rowe Price
The Vanguard Group

[1] Appointed by County Manager given absence of nominees for election

[2] As prior substitute trustee, Mr. Calderon filled position vacancy created by Ms. Cowan's appointment as the County Manager representative

[3] Investment manager assignments are on Page 43 and a schedule of broker commissions on Page 46

ORGANIZATIONAL CHART

Arlington County Board

ACERS Board of Trustees

Arlington County Board (Three Appointees)

Arlington County General Employees (One elected trustee and one substitute trustee)

Arlington County Uniformed Employees (One elected trustee and one substitute trustee)

Arlington County Retirees (One elected trustee and one substitute trustee)

Arlington County Manager (One appointee)

Executive Director & Chief Investment Officer

Assistant Director

Accountant

Financial Section

ARLINGTON
VIRGINIA

ARLINGTON COUNTY
EMPLOYEES' RETIREMENT SYSTEM

Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's Report

Board of Trustees of the Arlington County
Employees' Retirement System

We have audited the statement of plan net assets and statement of changes in plan net assets of the Arlington County Employees' Retirement System (the System), a pension fund of Arlington County, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the System's basic financial statements. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Arlington County Employees' Retirement System as of June 30, 2011, and the changes in plan net assets for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules on pages 33 and 34 are presented for purposes of additional analysis and are not a required part of the basic financial statements. These supplemental 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. The Introductory Section, Investment Section, Actuarial Section and Statistical Section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Introductory, Investment, Actuarial and Statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clifton Gunderson LLP

Baltimore, Maryland
October 31, 2011

Member of HLB International

MANAGEMENT DISCUSSION & ANALYSIS

The discussion and analysis presented in this section provide an overview of the System's financial activities for the fiscal year ended June 30, 2011. Please read this discussion and analysis in conjunction with the basic financial statements which follow and the letter from the Executive Director and Chief Investment Officer included in the *Introductory Section* of this Comprehensive Annual Financial Report.

The System provides retirement benefits to Arlington County Uniformed and General employees and to certain School Board employees. Total net assets held in trust combined with consistent and significant County contributions leave the System well positioned to continue to meet its obligations to members.

Financial Highlights

Net Assets System net assets at June 30, 2011 totaled $1,536 million, an increase of $264 million, or 20.8%, from June 30, 2010, primarily due to an increase in the value of investments.

Additions and Deductions to Net Assets Additions to net assets include County and member contributions and interest and dividends on Fund investments; deductions to assets are primarily driven by benefit payments. For fiscal year 2011:

- Contributions increased slightly to $53.8 million from $53.7 million in fiscal year 2010.
- Dividends and interest on investments increased to $41.2 million from $34.9 million at June 30, 2010.
- Payments to members increased to $76.3 million from $73.7 million at June 30, 2010.

Investment Gains and Losses Investment gains and losses, which include realized and unrealized changes in investment portfolio market value, increased by $136.3 million to $251.2 million in fiscal year 2011 from $114.9 million in fiscal year 2010.

- Fund investment returns of 23.1% for the year exceeded the 21.1% average performance of a peer group of public funds. The Fund's investment results were largely driven by its underweight fixed income position and its actively managed mandates. The System's investment portfolio is well diversified and strives to balance capital preservation in down markets with generating an adequate risk adjusted return over the long term.

Funded Ratio As of July 1, 2010, the System is actuarially funded at 95%, up from 93% as of July 1, 2009, due to fiscal 2010's 13.0% investment returns and the actuarial asset value calculation. Note, this funded ratio is a measurement as of the beginning of the fiscal year and does not reflect the impact of fiscal year 2011's 23.1% investment return.

SUMMARY OF PLAN NET ASSETS AND CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2009, 2010 & 2011

Summary of Plan Net Assets

Assets	June 30, 2009	Increase (Decrease)	June 30, 2010	Increase (Decrease)	June 30, 2011
Cash and Cash Equivalents	$ 82,701,732	$ (58,339,757)	$ 24,361,975	$ 207,161	$ 24,569,136
Receivables	14,848,891	(4,378,085)	10,470,806	(145,932)	10,324,874
Investments	1,049,859,417	188,814,114	1,238,673,531	264,667,255	1,503,340,786
Sec. Lending Collateral	38,720,967	(16,135,179)	22,585,788	385,233	22,971,021
Total Assets	**$ 1,186,131,007**	**$ 109,961,093**	**$ 1,296,092,100**	**$ 265,113,717**	**$ 1,561,205,817**
Liabilities					
Accrued Expense	$ 965,114	$ 1,187,061	$ 2,152,175	$ 273,415	$ 2,425,590
Sec. Lending Obligations	39,181,818	(16,595,783)	22,586,035	375,044	22,961,079
Total Liabilities	**$ 40,146,932**	**$ (15,408,722)**	**$ 24,738,210**	**$ 648,459**	**$ 25,386,669**
Total Net Assets	**$ 1,145,984,075**	**$ 125,369,815**	**$ 1,271,353,890**	**$ 264,465,258**	**$ 1,535,819,148**

Summary of Changes in Plan Net Assets

Employer Contributions	$ 37,077,580	$ 5,830,464	$ 42,908,044	$ 307,023	$ 43,215,067
Member Contributions	10,668,911	94,837	10,763,748	(229,945)	10,533,803
Dividends & Interest	31,137,073	3,800,211	34,937,284	6,288,117	41,225,401
Investment Gains/(Losses)	(250,569,051)	365,478,430	114,909,379	136,326,284	251,235,663
Other	530	178,999	179,529	51,380	230,909
Investment Expense	(3,331,488)	(436,803)	(3,768,291)	(1,168,645)	(4,936,936)
Total Additions	**$ (175,016,445)**	**$ 374,946,138**	**$ 199,929,693**	**$ 141,574,214**	**$ 341,503,907**
Deductions					
Retirement Benefits	$ 66,722,982	$ 5,637,945	$ 72,360,927	$ 2,672,591	$ 75,033,518
Refund of Contributions	1,294,665	77,020	1,371,685	(128,753)	1,242,932
Administrative Expense	831,605	(4,339)	827,266	(65,067)	762,199
Total Deductions	**$ 68,849,252**	**$ 5,710,626**	**$ 74,559,878**	**$ 2,478,771**	**$ 77,038,649**
Change in Net Assets	**$ (243,865,697)**	**$ 369,235,512**	**$ 125,369,815**	**$ 139,095,443**	**$ 264,465,258**

Overview of Financial Statements

The System's basic financial statements, which follow, include:

- Fund financial statements
- Notes to the financial statements
- Required supplementary information

Summarizing the information available in each:

Fund Financial Statements These statements include a statement of plan net assets and a statement of changes in plan net assets, presented as of and for the year ended June 30, 2011, respectively. These financial statements reflect the resources available to pay benefits to retirees and other beneficiaries as of year end, as well as changes in those resources during the year.

Notes to the Basic Financial Statements The financial statement notes provide additional information essential to fully understanding the data provided in the Fund Financial Statements. Specifically:

Note 1 Provides a description of the System, the funding policy and member contributions and benefits and lists the various actuarial assumptions
Note 2 Describes significant accounting policies
Note 3 Discusses System deposits and investments and includes several tables categorizing investments by type while providing disclosure on interest rate, credit quality and currency related risks
Note 4 Explains the System's tax status
Note 5 Details the System's funded status and annual required contributions

Required Supplementary Information This information illustrates the System's funding progress and annual employer contributions as a percentage of required contributions.

Details regarding administrative and investment related expenses are also provided.

Contact Information

The System's financial statements are designed to present users with a general overview of the System's finances and to demonstrate the prudent exercise of the Board's oversight. Please direct any questions or requests for further information to the Arlington County Employees' Retirement System, 2100 Clarendon Boulevard, Suite 504, Arlington, VA 22201. Copies of the Comprehensive Annual Financial Report are available from the Retirement Office or at any County Library. The report may also be accessed at *www.arlingtonva.us/retirement*. A summary report will be issued to plan members in January 2012.

ARLINGTON COUNTY EMPLOYEES' RETIREMENT SYSTEM
(A Pension Trust Fund of Arlington County, Virginia)
STATEMENT OF PLAN NET ASSETS
JUNE 30, 2011

ASSETS		
Cash and Cash Equivalents		$24,569,136
Contributions Receivable		
Employer		1,582,152
Employee		379,477
Accrued Interest and Other Receivables		8,363,245
Investments, at Fair Value		
Foreign, Municipal and U.S. Government Obligations		53,108,773
Corporate Fixed Income Obligations		186,718,089
Domestic and Foreign Equities		432,519,733
Private Equity		45,227,962
Real Estate Funds		21,858,121
Pooled Equity		356,016,531
Pooled Fixed Income		213,174,242
Convertibles		194,717,335
Collateral on Loaned Securities (cost)	22,961,079	
Allowance for Unrealized Gain	9,942	
Total Collateral on Loaned Securities		22,971,021
Total Assets		**1,561,205,817**
LIABILITIES		
Accrued Expenses and Other Liabilities		2,425,590
Obligations under Security Lending Program		22,961,079
Total Liabilities		**25,386,669**
NET ASSETS		
Net Assets Held in Trust for Pension Benefits		**$1,535,819,148**

(A schedule of funding progress is presented on page 32)

See accompanying notes to financial statements

ARLINGTON COUNTY EMPLOYEES' RETIREMENT SYSTEM
(A Pension Trust Fund of Arlington County, Virginia)
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

ADDITIONS	
Contributions	
Employer	$43,215,067
Employee	10,533,803
Service Credit Buybacks	77,022
Total Contributions	53,825,892
Investment Income	
Interest and Dividends	41,225,401
Net Appreciation in Fair Value	251,235,663
Commission Recapture	10,398
Investment Income	292,471,462
Less: Investment Expense	4,936,936
Net Investment Income	287,534,526
Securities Lending Activity	
Security Lending Income	200,309
Less: Bank Management Fees	56,820
Net Income From Security Lending	143,489
Total Additions	**341,503,907**
DEDUCTIONS	
Members' Benefits	75,033,518
Refund of Members' Contributions	1,242,932
Administrative Expenses	510,382
Other Consulting Expenses	251,817
Total Deductions	**77,038,649**
Net Change in Assets	**264,465,258**
Net Assets Held in Trust for Pension Benefits, Beginning of Year	**1,271,353,890**
Net Assets Held in Trust for Pension Benefits, End of Year	**$1,535,819,148**

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1. THE RETIREMENT SYSTEM

The Arlington County Employees' Retirement System (the System) is a pension trust fund of the Arlington County, Virginia (the County) financial reporting entity and is included in the County's comprehensive annual financial report. The accompanying financial statements present information on the operations of the System in conformity with generally accepted accounting principles.

System Description

The System is a single employer public employee defined benefit pension plan covering substantially all employees of the County. At July 1, 2010, System membership consisted of the following:

	General	Uniformed	School	Total
Active Employees:				
Vested	1,656	604	87	2,347
Non-vested	1,026	208	0	1,234
Total Active Employees	2,682	812	87	3,581
Vested Deferred	169	21	90	280
Retirees and Beneficiaries	1,799	705	1,116	3,620

Please refer to Chapters 21, 35 and 46 of the Arlington County Code for a more detailed description of the System.

System Administration

On November 16, 2004, amendments to Arlington County Chapters 21, 35 and 46 were made to transfer the System's administrative responsibilities to the County Manager while leaving investment responsibility with the Board of Trustees (the Retirement Board).

The Retirement Board consists of seven voting and three substitute trustees as follows:

- Three appointed by the County Board
- One appointed by the County Manager
- One trustee and one substitute trustee elected by general employees
- One trustee and one substitute trustee elected by police officers, firefighters, and deputy sheriffs (uniform)
- One trustee and one substitute trustee elected by retired employees

If no eligible person is nominated for an elected position, the County Manager appoints an eligible person to serve as trustee.

In December 2007, the Arlington County Code was modified to require that the trustees elected by active employees be active employees and that the trustees elected by retired employees currently be receiving retirement benefits from the System.

The trustees annually elect a President, Vice-President and Secretary from among their members, and elect a Treasurer and Assistant Treasurer, who may or may not be a member of the Retirement Board.

The trustees annually approve a retirement office administrative budget. The retirement office's administrative expenses are funded from investment income.

Funding Policy

The System is funded via both employee and employer contributions. Employer contributions are determined by an annual actuarial valuation. The Entry Age Normal funding method is currently used to determine the required employer contributions depending on the funded status of the System.

Member Contributions and Retirement Benefits

The System provides retirement benefits as well as survivor and disability benefits. All normal retirement benefits vest after 5 years of credited service. If an employee leaves covered employment before 5 years of credited service, accumulated employee contributions plus interest are refunded to the employee or designated beneficiary. A summary of member contribution rates, normal service retirement and average final compensation for the employees covered under the various Chapters of the Arlington County Code for the period ending June 30, 2011 is provided on the following page.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

Member Contributions and Retirement Benefits

	Participants Covered Under Chapter		
	21	**35**	**46**
Covers Employees Hired:	Before 2/8/81	Before 2/8/81	2/8/81 or After
Contribution Rates:			
General Employees	4%	N/A	4%
School Board Employees (Covered by VRS)	0%	0%	0%
Uniformed Employees:			
- Management	5.62%	N/A	5% through 1/3/09, 7.5% thereafter
- Non-Management	6.62%	N/A	5% through 1/3/09, 7.5% thereafter
Normal Retirement Age:			
General County Employees	60	N/A	62
School Board Employees	60	62	62
Uniformed Employees	50	N/A	52
"Rule of 80" Applies	Yes	No	Yes
Retirement Benefit: Percentage of Average Final Salary (AFS) times years of creditable service subject to a 30 year maximum. AFS is generally the average of the three highest compensation years, including overtime. For Chapter 46 employees retiring on or after 1/4/09, the New AFS definition excludes overtime and most premium pays.	2.5% for each of the first 20 years plus 2% for each of the next 10 years	2.125% reduced by the VRS benefits under Formula A	*Retiring on/prior to 1/3/09* General: 1.5% Uniform: 2.0% until Social Security Eligible then 1.5%, 1.7% & 2.0% for each 10 year increment *Retiring on/after 1/4/09* General: 1.7% New AFS *OR* 1.5% Prior AFS through 1/3/09 plus 1.7% New AFS thereafter Uniform: 2.5% through 1/3/09 plus 2.7% thereafter on New AFS *OR* 2.0% Prior AFS through 1/3/09 plus 2.7% New AFS thereafter until Social Security Eligible then 1.5%, 1.7% & 2.0% for each 10 year increment prior to 1/3/09
Employee contribution refund upon leaving County	Contributions plus interest	N/A	Contributions plus interest

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

ACTUARIAL ASSUMPTIONS

The information presented in this report was determined as part of the actuarial valuation using the following assumptions at the date indicated.

Valuation date	07/01/10
Actuarial cost method	Entry Age Normal
Remaining amortization period	15.23 years
Amortization Method	Level Percent Open
Asset valuation method	5 year, smoothed
Actuarial assumptions	
Assumed inflation rate	4.0%
Investment rate of return	7.5%
Projected salary increases	4.0%
Cost of living adjustments	
Chapter 21	1.5%
Chapter 46	100% CPI-U increase to a maximum of 3% plus 1/2 CPI-U increase for next 9%. (max 7 ½% increase for 12% increase in CPI-U)

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting with additions to plan net assets recognized when earned and deductions from plan net assets recorded when liabilities are incurred. Member and employer contributions to the System are recognized in the period in which the contributions are due in accordance with the terms of the System. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan as defined in the Arlington County Code.

The accounting and reporting policies of the system conform to accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions in plan net assets during the reporting period. Actual results could differ from those estimates.

Investments

The System's investments are recorded at fair value. Fair value is based on quoted market prices from national exchanges, when available. Investment transactions are recorded as of the trade date. These transactions are not finalized until the settlement date. For real estate and private equity investments, where no readily ascertainable market value exists, System management relies on the fair values for individual investments based on the most recent financial statements available from the investment managers. Unrealized appreciation and depreciation of investments is reflected in the Statement of Changes in Plan Net Assets for the year.

NOTE 3. DEPOSITS AND INVESTMENTS

a. Legal Provisions

The System is authorized by the Code of Virginia §51.1-803 to invest funds of the System in conformance with the prudent person rule. Arlington County Code §21-23, §35-21, and §46-22 require that assets of the System be invested with care, skill, prudence, and diligence under circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Arlington County Code §21-24, §35-22, and §46-23 require that investments be diversified to minimize the risk of large losses unless under the circumstances it is clearly not prudent to do so.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

The System's written investment policy provides for investment in all major sectors of the capital markets in order to diversify and minimize total investment program risk. Such sectors include, but are not limited to:

- Common stocks, preferred stocks, convertible securities, warrants and similar rights of U.S. and non-U.S. companies.
- Private equity. The System invests in private equity through an experienced fund-of-funds manager to maximize diversification by vintage year and investment type. The commitment to private equity totals $83 million, of which $55.1 million had been funded at June 30, 2011.
- Open and closed end pooled real estate funds and real estate investment trust securities. The System has a $50 million commitment to fund two real estate partnerships of which $48.6 million had been funded at June 30, 2011.
- Fixed income obligations of the U.S. government and its agencies, mortgage-backed securities, corporate bonds, and asset backed securities. In addition, fixed income obligations of non-U.S. governments, companies and supranational organizations, in both developed and emerging markets. Limits on concentration, credit quality and duration are governed by each investment manager's contract.
- Foreign currency forwards. The Fund did not have a currency manager in place during fiscal year 2011. Had it, the credit risk of these investments would result from the credit worthiness of the counterparties to the contracts.

b. Investment Restrictions

The following summarizes the primary investment restrictions included in the System's investment policy statement. Individual investment manager contracts typically include additional guidelines and limitations.

Fixed income investments must be at least 20% of the Fund's assets at market value. The Fund must be rebalanced if the market weight of fixed income investments falls below 20%, unless the Board, acting on the recommendation of staff or the investment consultant to defer rebalancing, determines that it would not be consistent with the Board's fiduciary responsibility to rebalance (increase fixed income) at that time.

No illiquid investment can be made that causes the allocation to illiquid investments to exceed 15% of System assets.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

Unless the Board grants prior authorization, the investment managers may not:

- Invest more than 10% of the market value of each portfolio in the securities of any one issuer, with the exception of the U.S. government and its agencies
- Hold more than 5% of the outstanding shares of a single company in each portfolio
- Hold unlisted equity securities that exceed 20% of the portfolio, exclusive of holdings in banks, utilities, and insurance companies
- Use leverage of any sort for any purpose beyond prudent industry standards
- Effect short sales of securities
- Pledge or hypothecate securities, except in approved security lending programs

Derivatives are allowed only in cases where their use reduces the cost of a desired transaction and/or improves the risk characteristics of the portfolio. The Board may, however, approve the use of derivatives to implement investment processes intended to add value in specifically-designated, risk-controlled applications, such as currency management. Any such value-added investment program shall be approved only where:

- The potential exposures have been well defined by the Board and provide for a downside risk range for the Fund within established limits
- The value of the designated Fund assets subject to risk due to the program does not exceed 15% of the Fund's assets
- In any program where an active overlay strategy combining derivatives with underlying portfolio assets is to be used, the gross amount of any long and short exposures taken on by the overlay shall not exceed the value of the designated Fund assets being overlaid

The System's Investment Policy provides external investment managers with discretion to take actions, within approved guidelines, regarding each portfolio's foreign currency exposures using forward currency contracts. These contracts are agreements to exchange one currency for another currency at an agreed upon price and date. Investment managers use such contracts primarily to settle pending trades at a future date. Key risks include counter party non-performance and currency fluctuations. As of June 30, 2011, the System had no open forward currency contracts.

c. Cash and Cash Equivalents

At June 30, 2011, the System had cash and cash equivalents of $24,569,136. Cash deposits in bank accounts totaled $285,122. This amount was insured by the Federal Deposit Insurance Corporation up to $250,000 for each System participant. Cash totaling $24,284,014 is invested in the custodian's Short-Term Investment Fund. This account is uninsured and uncollateralized.

d. Investments and Risk

The System's investments are recorded at fair value based on the methodology described in Note 2. Summary of Significant Accounting Policies, Investments, on page 21. The following table presents the fair value of investments by type at June 30, 2011:

SYSTEM INVESTMENTS

Investment Type *(in $ 000s)*		**Fair Value**
Mortgage Backed Govt Pass Through	$	300
Mortgage Backed Corp Pass Through		1,283
Corporate Bonds		137,596
Corporate Asset Backed		275
Private Placements		16,155
Municipal Bonds		2,729
Yankee Bonds		9,893
Supernationals		12,328
Non-US Developed Govt/Sovereign		34,547
Non-US Developed Corporate		13,531
Non-US Emerging Govt/Sovereign		16,293
Convertible Securities		193,654
US Equity		216,986
Non-US Equity		216,832
Alternative Investments		45,228
Real Estate		21,858
Pooled US Equity Funds		356,017
Pooled US Fixed Income Funds		236,391
Cash		3,760
Total[1]	**$**	**1,535,656**

[1] Investment related accruals are reflected in the respective asset category; further, data on the Statement of Plan Net Assets (page 15) includes disbursement account cash and operating accruals not reflected in the data above.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

Interest Rate Risk

Interest rate risk is driven by changes in general interest rate levels. The price of a fixed income security generally moves in the opposite direction of the change in interest rates. Securities with long maturities are highly sensitive to interest rate changes. The System has interest rate exposure on $438.6 million of directly owned fixed income securities and on $213.2 million invested in four pooled US fixed income funds. The System's directly owned fixed income investments and maturities at June 30, 2011 are:

INVESTMENT MATURITIES

Investment Type		Maturities (years)			
(in $ 000s)	**Fair Value**	**Under 1**	**1-5**	**6-10**	**Over 10**
Mortgage Backed Govt Pass Through	$ 300	$ -	$ -	$ -	$ 300
Mortgage Backed Corp Pass Through	1,283	-	-	-	1,283
Corporate Bonds	137,596	1,652	29,572	37,915	68,457
Corporate Asset Backed	275	-	-	275	-
Private Placements	16,155	-	3,591	6,104	6,460
Municipal Bonds	2,729	-	-	-	2,729
Yankee Bonds	9,892	-	1,771	1,114	7,007
Supranationals	12,328	-	5,966	6,362	-
Non-US Developed Govt/Sovereign	34,547	15,952	13,991	4,604	-
Non-US Developed Corporate	13,531	4,555	6,597	1,606	773
Non-US Emerging Govt/Sovereign	16,293	-	4,257	2,846	9,190
Convertible Securities	193,654	3,855	115,042	32,840	41,917
Total	**$ 438,583**	**$ 26,014**	**$ 180,787**	**$ 93,666**	**$ 138,116**

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

Interest rate sensitivity of a fixed income portfolio is best measured by effective duration which reflects the average percentage change in portfolio value due to a 1% change in interest rates. The effective duration for the System's directly held fixed income portfolio at June 30, 2011 is shown below:

INVESTMENT DURATIONS

Investment Type ***(in $ 000s)***	**Fair Value**	**Effective Duration (Yrs)**
Mortgage Backed Govt Pass Through	$ 300	3.56
Mortgage Backed Corp Pass Through	1,283	4.85
Corporate Bonds	137,596	6.73
Corporate Asset Backed	275	0.41
Private Placements	16,155	6.89
Municipal Bonds	2,729	7.02
Yankee Bonds	9,892	8.22
Supranationals	12,328	3.54
Non-US Developed Govt/Sovereign	34,547	1.56
Non-US Developed Corporate	13,531	2.85
Non-US Emerging Govt/Sovereign	16,293	6.10
Convertible Securities	193,654	3.92
Total	**$ 438,583**	**5.04**

Custodial Credit Risk

In the event of counter-party failure, the System may not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities held by the counterparty, or counterparty's trust department, are uninsured and are not registered in the name of the System. The System requires that all investments be clearly marked as to ownership, and to the extent possible, be registered in the name of the System.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

Concentration of Credit Risk

Per the System's investment policy, only U.S. Government and U.S. Government Agency obligations may exceed 5% of System assets. As of June 30, 2011, the System does not have investments in any one organization that exceed 5%.

The System's credit quality distribution for the System's directly held fixed income investments of $438.6 million at June 30, 2011 is shown below:

FIXED INCOME CREDIT QUALITY DISTRIBUTION

Investment Type	**Credit Quality**							
(in $ 000s)	**AAA**	**AA**	**A**	**BBB**	**BB**	**B**	**Below B**	**Unrated**
Mortgage Backed Govt Pass Through	$ 300	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Mortgage Backed Corp Pass Through	-	-	602	455	-	-	-	226
Corporate Bonds	-	654	16,857	59,638	24,377	32,499	3,219	352
Corporate Asset Backed	275	-	-	-	-	-	-	-
Private Placements	-	-	4,122	8,793	2,106	163	-	970
Municipal Bonds	-	-	-	-	2,729	-	-	-
Yankee Bonds	-	-	-	8,164	-	745	-	983
Supranationals	8,770	-	-	-	-	-	-	3,557
Non-US Developed Govt/Sovereign	29,943	1,782	-	2,821	-	-	-	-
Non-US Developed Corporate	-	5,886	-	473	773	794	-	5,606
Non-US Emerging Govt/Sovereign	-	-	6,494	8,755	-	-	1,046	-
Convertible Securities	-	1,683	14,794	10,463	29,801	18,508	8,146	110,259
Total	**$39,288**	**$10,005**	**$42,869**	**$ 99,562**	**$59,786**	**$52,709**	**$12,411**	**$121,953**

Note: Ratings based on S&P Quality Ratings with the exception of Mortgage Backed Government Pass Through which has been assigned by the Bank of New York Mellon

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

Foreign Currency Risk

Foreign investments include equity and fixed income securities, including convertible securities and cash. The Board has authorized specific investment managers to invest in non-dollar denominated securities. These managers have the ability to hedge a portion of their portfolio's foreign currency exposure. The System's exposure to foreign currency risk at June 30, 2011 was as follows:

FOREIGN CURRENCY EXPOSURE IN US DOLLARS

Currency *(in $ 000s)*	**Equity**	**Fixed Income & Convertible**	**Cash**	**Total**
Australian Dollar	$ 7,824	$ 9,567	$ 48	$ 17,439
Brazilian Real	6,017	10,935	10	16,962
British Pound	19,944	7,740	260	27,944
Canadian Dollar	7,430	29,001	186	36,617
Chinese Renminbi	-	1,121	-	1,121
Danish Krone	5,765	-	10	5,775
Euro	44,218	39,654	649	84,521
Hong Kong Dollar	12,712	2,951	40	15,703
Indonesian Rupiah	2,133	5,579	11	7,723
Japanese Yen	26,658	6,590	338	33,586
Malaysian Ringgit	1,019		-	1,019
Mexican Peso	-	6,494	-	6,494
New Turkish Lira	1,271	-	-	1,271
New Zealand Dollar	-	13,191	-	13,191
Norwegian Krone	2,892	-	31	2,923
Philippines Peso	987	-	-	987
Singapore Dollar	-	1,834	425	2,259
South Korean Won	1,215	-	-	1,215
Swedish Krona	10,064	-	84	10,148
Swiss Franc	11,843	2,240	285	14,368
Thailand Baht	1,201	-	-	1,201
Total	**$ 163,193**	**$ 136,897**	**$ 2,377**	**$ 302,467**

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

e. Securities Lending

Under authorization of the Board, the System engaged in a securities lending program through its custodian, the Bank of New York Mellon (BNYM), for securities held in separate accounts. In accordance with the contract, BNYM may lend any securities held in custody. Maturity matched collateral of cash, cash equivalents or irrevocable letters of credit are held at the minimum rate of 102% for domestic securities and 105% for international. The collateral is maintained by BNYM and all securities on loan are callable at any time. The System does not have the ability to pledge or sell the collateral.

All securities on loan are carried at fair value and the collateral received for securities on loan is listed in the financial statements as an asset of the System, offset by an accompanying security lending obligation.

In the event the borrower becomes insolvent and fails to return the securities, BNYM indemnifies the System by agreeing to purchase replacement securities, or to remit the cash collateral held. There were no such failures by any borrower during the fiscal year nor were there any losses during the year resulting from a borrower or lending agent default.

The System is exposed to credit risk in the investment of the cash collateral by BNYM in a separately managed account. An investment policy provides guidelines for the investment of this cash in high quality debt securities. During fiscal 2009, this policy was modified to allow only investments in US Treasury securities and reverse repurchase agreements.

The program increased slightly from $22.6 million at the beginning of the year to $22.9 million at June 30, 2011.

The following table details the net income from securities lending for the fiscal year ended June 30, 2011:

Gross Income from Securities Lending	$	200,309
Less Bank Management Fees		(56,820)
Net Income from Securities Lending	$	143,489

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

The following table presents the fair value of underlying securities and the value of the collateral pledged at June 30, 2011:

Type of Securities Lent		Fair Value		Value of Cash Collateral
Corporate Fixed Income	$	7,049,792	$	7,230,619
U.S. Equity		15,115,152		15,250,577
Non-U.S. Equity & Fixed		455,709		479,883
Total	$	22,620,653	$	22,961,079

None of the System's pooled fund investments have material realized or unrealized securities lending related losses. At July 1, 2010 the System had $55.3 million invested in a State Street Global Advisors (SSgA) Treasury Inflation Protection Securities pooled fund that engaged in security lending. In October 2008, SSgA put certain restrictions on all client redemptions which were lifted in August 2010. The SSgA Treasury Inflation Protection Securities pooled fund was closed in fiscal year 2011.

f. Commission Recapture Program

The System participates in a commission recapture program with the Frank Russell Company. This program allows the System to recapture a portion of the commissions paid to broker/dealers by investment managers who participate in the program. All trades are placed subject to the requirement for best execution. Earnings credited to commission recapture income for the fiscal year ended June 30, 2011 were $10,398.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 4. TAX STATUS

The System is a tax-exempt governmental plan qualified under Section 401 and exempt under Section 501(a) of the Internal Revenue Code. IRS qualification letters have been received.

NOTE 5. FUNDED STATUS AND ANNUAL REQUIRED CONTRIBUTIONS (ARC)

The most recent actuarial valuation, dated July 1, 2010, reflects that the System was 95% funded with actuarial accrued benefit liabilities of $1,580 million and an actuarial asset value of $1,504 million. This results in an unfunded accrued liability of $76 million. The covered payroll of active members was $225 million. The ratio of unfunded accrued liabilities to the covered payroll was 34.0%.

For the fiscal year ended June 30, 2011, the estimated ARC is $43.2 million. The actual employer contribution was $43.2 million resulting in a 100% contributed rate.

The actuarial valuation of assets is determined based on a 5 year smoothing calculation that projects the asset value for each of the prior 4 years forward, assuming an adequate risk adjusted return and adjusting for cash flows. The average of these projected values and the actual market value as of the valuation date determines the actuarial value of assets, subject to corridor limits of 80% (minimum) and 120% (maximum) of market value. The table on page 20 details the actuarial methods and significant assumptions used by the System.

The investment loss experienced in the year ended June 30, 2009 may have a significant impact on the actuarial asset value and on the ratio of actuarial assets to actuarial accrued liabilities for the System in future years.

The Schedule of Funding Progress and the Schedule of Employer Contributions included as Required Supplementary Information on page 32 provide multiyear presentations of the System's funding status and ARC.

Historical trend information about the System is presented as required supplementary information. An actuarial valuation is performed annually as of July 1. Information from the six most recent valuations is presented below. This information is intended to help users assess the System's funding status on a going-concern basis, analyze progress made in accumulating assets to pay benefits when due and make comparisons with other public employee retirement systems.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited – See Accompanying Auditor's Report)

SCHEDULE OF FUNDING PROGRESS
($ in millions)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/2005	1,189.3	1,156.9	(32.4)	102.8%	225.8	(14.3)%
07/01/2006	1,234.7	1,230.3	(4.4)	100.4%	232.6	(1.9)%
07/01/2007	1,348.1	1,290.8	(57.3)	104.4%	242.2	(23.7)%
07/01/2008	1,449.2	1,380.5	(68.7)	105.0%	224.1	(30.7)%
07/01/2009	1,375.8	1,474.0	98.2	93.3%	220.8	44.5%
07/01/2010	1,503.7	1,580.1	76.4	95.2%	224.5	34.0%

Analysis of the dollar amounts of plan net assets, actuarial accrued liability and unfunded actuarial accrued liability in isolation can be misleading. Expressing plan assets as a percentage of the actuarial accrued liability provides one indication of the System's funding status on a going-concern basis. Analysis of the Funded Ratio over time indicates whether the System is becoming financially stronger or weaker. Generally, the higher the Funded Ratio, the stronger the system. Trends in the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the System's progress made in accumulating sufficient assets to pay benefits when due. Generally, the more negative this percentage, the stronger the system.

SCHEDULE OF EMPLOYER CONTRIBUTIONS
($ in millions)

Fiscal Year Ended June 30	Annual Required Contribution (ARC)	Percentage Contributed
2006	16.3	100.0%
2007	24.5	100.0%
2008	28.4	100.0%
2009	37.1	100.0%
2010	42.9	100.0%
2011	43.2	100.0%

SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011

SCHEDULE OF ADMINISTRATIVE EXPENSES

Personnel Services		
Staff Salaries	$279,906	
Benefits	89,250	
Total Personnel Services		**$369,156**
Professional Services		
Actuarial	$39,500	
Attorney	14,876	
Audit	36,474	
Total Professional Services		**$90,850**
Communication		
Telephone	$2,745	
Postage and Shipping	1,363	
Total Communication		**$4,108**
Data Processing		
Printing	$3,522	
Total Data Processing		**$3,522**
Education		
Manager Meetings	$1,181	
Conferences	6,149	
Subscriptions	2,568	
Total Education		**$9,898**
Miscellaneous		
Insurance	$41,025	
Supplies & Furniture	708	
Other Miscellaneous[1]	(8,885)	
Total Miscellaneous		**$32,848**
Total Administrative Expenses		**$510,382**

(1) Consists primarily of OPEB management costs reimbursed by Arlington County and Arlington County Public Schools

SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011

SCHEDULE OF INVESTMENT & CONSULTANT EXPENSES

Investment Expenses	
Investment Manager Fees	$4,736,839
Custody Fees	200,097
Total Investment Expenses	**$4,936,936**
Other Consultant Expenses	
Total Other Consultant Expenses	**$251,817**

Investment Section

ARLINGTON
VIRGINIA

ARLINGTON COUNTY
EMPLOYEES' RETIREMENT SYSTEM

Investment Presentation Basis and Policy

The report and commentary on investment performance and activity was prepared by the System's staff.

Return data for the System was calculated by the custodian, The Bank of New York Mellon, using time-weighted return methodology that was verified by the System's consultant, Ashford Consulting Group (ACG). Valuations are based on published national securities exchange prices, when available. Real estate and private equity investments are reported at appraised value which approximates fair value. Valuations are reconciled between the investment managers and the custodian bank. For all functions other than return data, ACG is an advisory consultant.

The primary objective in the investment of public funds is adequate funding of employee retirement benefits at a reasonable and affordable cost. To ensure the long term health of the System, an appropriate balance must be struck between risks taken and returns sought. The System's adopted investment policy seeks to control downside risk exposure while maximizing the potential for long term asset value appreciation.

Specific investment objectives are to:

- Return the greater of 8% or 3% over the CPI-U over rolling 5-year periods.
- Manage portfolio risk to limit potential downside fluctuations in the total asset value while providing the opportunity to capture a significant portion of upside opportunity.
- Realize as high a rate of total return as possible consistent with the above.

To achieve these objectives, the following investment policies are employed:

- Maintain a broadly diversified portfolio to minimize the risk of overexposure to any one market sector or investment style. Specific guidelines include:
    - A minimum 20% allocation to fixed income investments
    - A 15% cap on illiquid investment strategies restricting new commitments that would drive the Fund's total exposure to illiquid strategies above this ceiling
    - A maximum 15% exposure to derivative based strategies
- Evaluate and closely monitor, with the investment consultant, investment manager performance against specific, absolute objectives and in relation to other managers investing with similar investment objectives and styles.
- Monitor Fund risk exposure, modify target risk as warranted and rebalance the Fund as necessary.

Effective October 1, 2007, the Fund's policy benchmark was modified as follows:

	As of 10/1/07		Prior to 10/1/07	
Equities	*Russell 3000*	*40.0%*	*Russell 3000*	*43.0%*
	MSCI ACWI ex-US	*17.5%*	*EAFE*	*14.0%*
Fixed Income	*Barclays Universal*	*39.0%*	*Barclays Aggregate*	*38.0%*
	Barclays TIPS	*1.5%*		
Cash	*90 Day T-Bills*	*2.0%*	*90 Day T-Bills*	*5.0%*
		100.0%		100.0%

Investment Performance and Activity

Overview

The financial markets performed above expectations during fiscal year 2011, setting the stage for the System to significantly outperform its 8% investment objective. After a weak finish to fiscal year 2010, fiscal year 2011 started strongly, yet volatile. Equities were buoyed by attractive valuations, strong earnings, emerging markets growth and signals that the Federal Reserve's low interest rate policy would remain in place for an extended period of time. In the fixed income markets, strong corporate balance sheets coupled with improving earnings and cash flows benefited corporate credit issues. Stronger than expected consumer spending, manufacturing data, corporate earnings, positive employment data coupled with low fixed income yields combined to drive the equity markets to new recovery highs in April, despite the Japan earthquake and tsunami and the rapid political shifts in North Africa and the Middle East. As the fiscal year came to a close, the markets grappled with the impact of escalating European sovereign debt issues, a spate of weaker than anticipated economic data in the US, the withdrawal of monetary stimulus, the increasingly apparent impasse in Washington on all matters fiscal and concerns over how emerging market growth would react to tightening policies intended to keep inflation in check. Against this backdrop, risk assets retreated at year end.

For the fiscal year ended June 30, 2011 the System return of 23.1% compared to a benchmark return of 19.7%. This performance compared favorably to the 21.1% median return of the TUCS Public Plan Universe, placing the System in the 19rth percentile (1st Quartile) of public plans for the year. On a 3, 5 and 10 year basis, the System's performance ranked in the 27th, 25th and 17th percentiles, respectively.

Principal contributors to the System's 3.4% outperformance relative to the overall policy benchmark included underweighted exposure to fixed income investments, the credit orientation of the fixed income mandates and strong active manager performance. The table below summarizes key drivers of the System's benchmark relative performance.

	Policy Benchmark	**Sector Allocation**	**Style Selection**	**Active Management**	**Total Fund**
Investment Performance	**19.7%**	**1.4%**	**0.2%**	**1.8%**	**23.1%**
Value Added or Lost					
Fixed Income		*0.9%*	*0.8%*	*0.8%*	
US Equity		*-0.4%*	*-0.4%*	*0.7%*	
International Equity		*0.6%*	*-0.2%*	*0.2%*	
Other/Unallocated		*0.3%*	*0.0%*	*0.0%*	

Source: Ashford Consulting Group

As of June 30, 2011, the System was in compliance with its investment policy guidelines as follows:

- Fixed income investments and cash equivalents totaled 31.6% of assets.
- The market value of illiquid investments, including limited partnerships totaled 4.4% of assets.
- Derivative strategies were not in use.

Investment Activity and Details

From an investment perspective, the Board took action at several points during the year to manage the portfolio's risk/return profile in light of developments in the capital markets. Investment activity details by asset class are described more fully below.

Equity

As of June 30, 2011, the System had $800.4 million, or 52.1% of the fund, in publicly traded equity investments. Seven actively managed mandates, four focused on domestic equities, one on international equities and two on global equities, totaled a combined $501.8 million in separate accounts. The remaining $298.6 million was invested in three domestically focused equity index funds via pooled investment vehicles.

Significant activity during the year included increased exposure to actively managed equity mandates. Specifically, in November, the Board approved the addition of two active domestic managers, one value oriented and the other dividend focused and establishing exposure to master limited partnerships, via an index investment. These mandates were funded via a reallocation from both fixed income and equity investments, including the elimination of the Vanguard Large Cap Value position. Continued equity market strength required trimming certain equity exposures later in the year to better balance the portfolio's risk/reward profile.

For the fiscal year ended June 30, 2011 the domestic equity investments posted a 32.1% return, in aggregate, while international and global mandates returned 35.1% in aggregate. The Fund's blended equity benchmark return was 31.6% for the same time period.

Fixed Income

As of June 30, 2011, the System held $485.4 million, or 31.6% of the fund, in fixed income securities and cash.

Significant activity during the year included funding of a $50 million floating rate senior bank loan strategy via partial redemptions of two equity investments. Key rationale included trimming the Fund's estimated risk profile while establishing exposure to a diversifying segment of the fixed income market. The Treasury Inflation Protected Securities position was also exited during the fiscal year, with proceeds redeployed into the new equity mandates described above. Currently, the System utilizes the Vanguard Short Term Federal Fund as a source of operating funds for the year, withdrawing $11.5 million for these purposes.

For the fiscal year ended June 30, 2011, the fixed income investments posted a 9.6% return, in aggregate. This compares to a blended fixed income benchmark return of 4.9% for the same time period.

Convertible Securities

The System had $88.8 million invested in domestic convertible securities and $93.9 million in international convertible securities as of June 30, 2011, both managed in separate accounts by Oaktree Capital Management. For the year, the domestic convertibles outperformed the benchmark by 3.0% while the international convertibles underperformed the benchmark by 0.9%

In aggregate, the convertible investments posted a 24.9% return for the fiscal year.

Alternative Investments

The alternative investment category includes real estate and private equity. In total, these investments, accounted for 4.4% of the fund's market value at June 30, 2011.

The System met its funding obligations to alternative investment managers during the year. At June 30, 2011, 78% of the System's total $133 million in commitments were funded.

The following table summarizes the alternative investments as of June 30, 2011:

(millons)	Total Commitment	Funded	Remaining Commitment
Liquid Realty Partners	$ 25.0	$ 23.6	$ 1.4
Arsenal Real Estate	25.0	25.0	0.0
Abbott ACE IV	50.0	46.3	3.7
Abbott ACE V	8.0	5.4	2.6
Abbott ACE VI	25.0	3.4	21.6
Total	$ 133.0	$ 103.7	$ 29.3

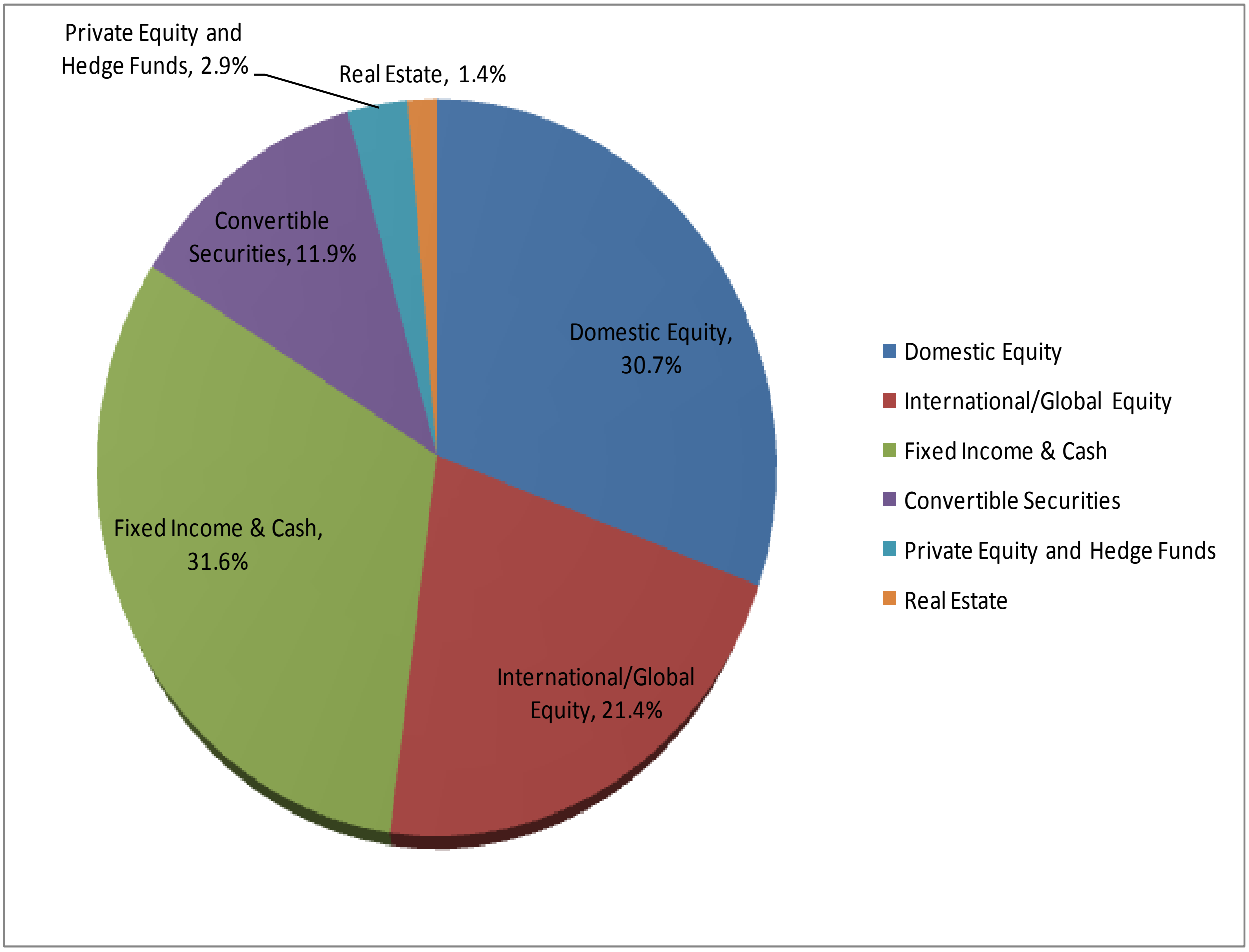
The System's remaining commitments to these alternative investments total $1.4 million for real estate and $27.9 million for private equity. The System has sufficient liquid assets to meet these funding commitments.

These alternative investments combined for a 16.3% return for the fiscal year.

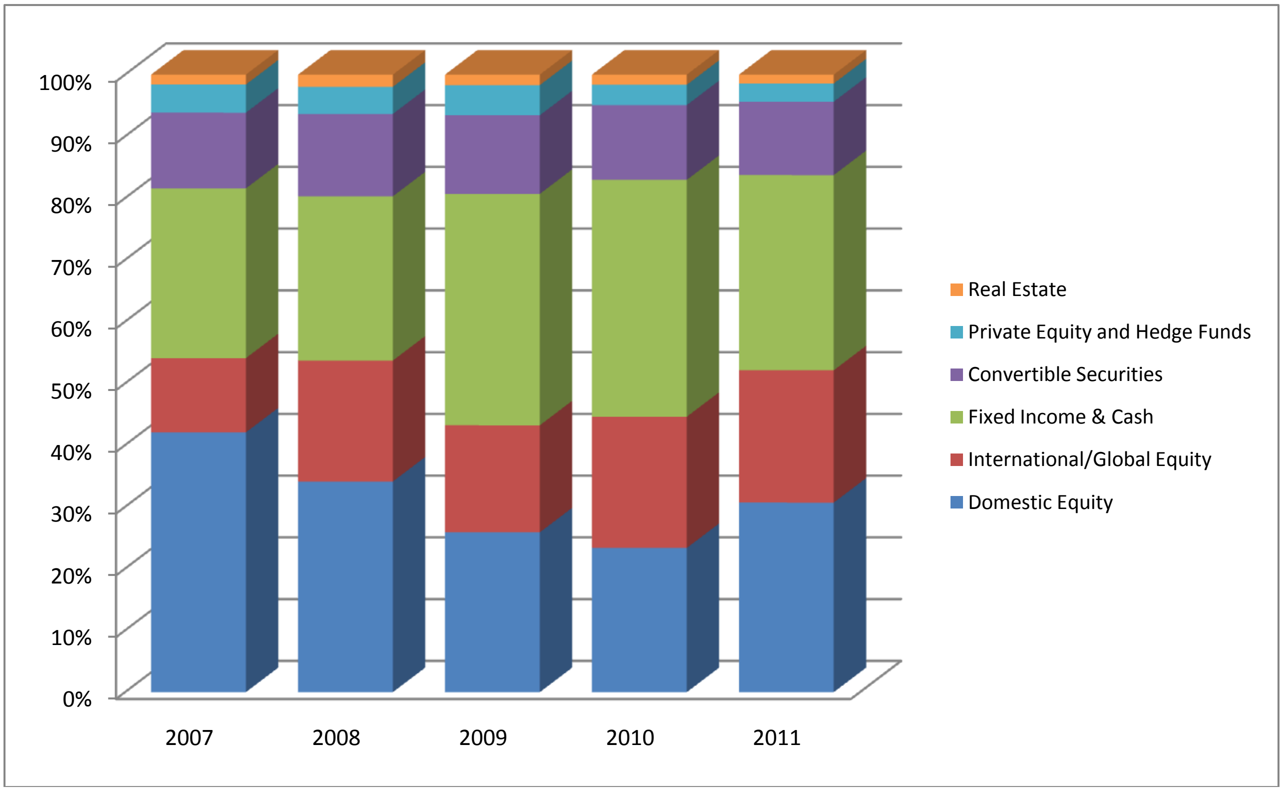
Arlington County Employees' Retirement System
Asset Allocation
(As of June 30, 2011)

In an effort to achieve the System's stated investment objectives, funds are invested in a diverse set of asset classes, each with its own risk and return characteristics. The accompanying chart illustrates the portfolio's asset allocation as of June 30, 2011. The chart and table on page 42 show the trends in asset allocation over the past five years.

Note that investments in pooled vehicles are reflected in their respective asset classes and are different than the categories shown on pages 24 through 27 in the *Financial Section*. Further, fund balance data in the *Financial Section* includes operating accruals not reflected in this allocation data. Finally, residual cash held by investment managers is reflected in the total for each asset class.



Arlington County Employees' Retirement System
Five Year Asset Allocation Comparison



	Fiscal Years Ended June 30				
(millions)	2007	2008	2009	2010	2011
Domestic Equity	$625.7	$474.3	$296.6	$297.1	$471.4
International/Global Equity	$178.8	$272.3	$198.6	$270.3	$329.1
Fixed Income & Cash	$408.9	$369.8	$429.4	$487.9	$485.4
Convertible Securities	$182.5	$185.5	$145.9	$154.1	$182.6
Private Equity and Hedge Funds	$67.8	$61.1	$56.0	$41.8	$45.3
Real Estate	$23.8	$27.4	$19.4	$20.9	$21.9
	$ 1,487.5	$ 1,390.4	$ 1,145.9	$ 1,272.1	$ 1,535.7
Domestic Equity	42.1%	34.1%	25.9%	23.4%	30.7%
International/Global Equity	12.0%	19.6%	17.3%	21.2%	21.4%
Fixed Income & Cash	27.5%	26.6%	37.5%	38.4%	31.6%
Convertible Securities	12.2%	13.3%	12.7%	12.1%	11.9%
Private Equity and Hedge Funds	4.6%	4.4%	4.9%	3.3%	3.0%
Real Estate	1.6%	2.0%	1.7%	1.6%	1.4%
	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

Fund balance data in the Financial Section includes operating accruals not included in this allocation data.
Residual cash held by investment managers is included in the total for each asset class.

Arlington County Employees' Retirement System
Investment Managers and Assignments
(As of June 30, 2011)

Manager	Assignment	Fiscal Year Retained
Domestic Equities		
Daruma Asset Management	Small Cap Core	2010
Focused Investors	Large Cap Value	2011
Mellon Capital Management	Large Cap Value	2006
Mellon Capital Management	MLP	2011
The Vanguard Group	Large Cap Value	2008
The Vanguard Group	Large Cap Core	2009
The Vanguard Group	Large Cap Dividend	2011
International and Global Equities		
Baillie Gifford	Global Large Cap	2007
Invesco	International Large Cap	1989
T. Rowe Price	Global Large Cap	2010
T. Rowe Price	Global Natural Resources	2004
Convertibles		
Oaktree Capital Management	International Convertibles	2003
Oaktree Capital Management	U.S. Convertibles	2007
Alternatives		
Abbott Capital	Private Equities	2001
Arsenal Real Estate	Opportunistic Real Estate	2006
Liquid Realty Partners	Secondary Real Estate	2004
Fixed Income and Cash		
Bank of New York Mellon	Cash Equivalents	1998
Loomis Sayles	Global Fixed Income	1981
Mellon Capital Management	Core Bonds	2010
T. Rowe Price	Bank Loans	2011
The Vanguard Group	Short Term Bonds	2010
The Vanguard Group	Core Bonds	2009

Arlington County Employees' Retirement System
Investment Performance Summary
(All returns for periods greater than one year are annualized)

Return data for the System is presented based on a time-weighted rate of return methodology as calculated by the custodian, The Bank of New York Mellon.

			Fiscal Year Ended June 30				
	5 Years	**3 Years**	**2007**	**2008**	**2009**	**2010**	**2011**
Investment Performance							
Total Fund [1]	5.5%	5.5%	17.0%	-4.7%	-15.7%	13.0%	23.1%
Domestic Equities	1.5%	3.8%	16.7%	-17.6%	-26.7%	15.5%	32.1%
International/Global Equities	3.8%	-0.4%	23.7%	-1.4%	-32.9%	9.2%	35.1%
Fixed Income	8.0%	8.0%	10.1%	6.0%	-2.3%	17.7%	9.6%
Convertible Securities	8.8%	8.5%	17.3%	1.6%	-8.7%	12.1%	24.9%
Benchmark Performance							
Total Fund [2]	4.9%	4.9%	14.8%	-4.0%	-14.6%	12.8%	19.7%
Russell 3000	3.4%	4.0%	20.1%	-12.7%	-26.6%	15.7%	32.4%
MSCI AC World ex-US	2.8%	-0.3%	27.0%	-8.8%	-30.9%	10.4%	29.7%
Blended Equities [3]	3.4%	2.8%	22.4%	-11.0%	-27.8%	14.2%	31.6%
Fixed Income [4]	6.6%	6.7%	6.0%	6.8%	4.7%	10.6%	4.9%
CPI + 3%	5.2%	4.0%	5.9%	7.5%	1.6%	4.1%	6.6%
Investment Objective	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%

(1) *Includes cash and alternative investment performance though returns for these asset classes are not listed separately*

(2) *40% RU 3000, 17.5% MSCI AC World ex-US, 39% BC Universal, 1.5% BC TIPS & 2% 90 Day T-Bill*
Prior to 10/1/07, 43% RU 3000, 14% EAFE, 38% BC Aggregate & 5% 90 Day T-Bill

(3) *Weights equity benchmark components to 100%*

(4) *Weights fixed income benchmark components to 100%*

LARGEST ASSETS DIRECTLY HELD[1] (excludes investments in pooled vehicles)

Equities	Shares	Market Value ($)	% of Fund
AMAZON.COM INC	51,164	10,462,526	0.68%
BAIDU INC	57,600	8,071,488	0.53%
APPLE INC	19,826	6,654,993	0.43%
ATLAS COPCO	222,464	5,870,042	0.38%
GOOGLE INC	10,968	5,553,976	0.36%
BHP BILLITON LIMITED	107,084	4,784,587	0.31%
PPR	26,511	4,720,060	0.31%
MCDONALD'S CORP	54,600	4,603,872	0.30%
BANCO SANTANDER SA	346,410	3,999,357	0.26%
FIRST SOLAR INC	29,913	3,956,592	0.26%
INTUITIVE SURGICAL INC	10,414	3,875,154	0.25%
TENCENT HOLDINGS LTD	142,000	3,854,188	0.25%
EBAY INC	118,033	3,808,925	0.25%
PEPSICO INC	51,400	3,620,102	0.24%
SANDVIK	203,766	3,581,216	0.23%
COCA-COLA CO	52,500	3,532,725	0.23%
WAL-MART STORES INC	64,800	3,443,472	0.22%
SCHLUMBERGER LTD	39,589	3,420,490	0.22%
WHOLE FOODS MARKET INC	52,215	3,313,042	0.22%
AMERICAN EXPRESS CO	60,100	3,107,170	0.20%
DEERE & CO	37,140	3,062,193	0.20%
NESTLE SA	49,100	3,046,900	0.20%
NOVOZYMES	18,531	3,014,899	0.20%
GAZPROM OAO	200,382	2,921,570	0.19%
JOHNSON & JOHNSON	43,400	2,886,968	0.19%
Equities Total		**109,166,506**	**7.11%**

Fixed Income	Face Value ($)	Market Value ($)	% of Funds
GOVERNMENT OF CANADA	22,287,000	23,491,308	1.53%
INTER-AMERICAN DEVELOPMENT BK	9,182,000	8,208,059	0.53%
GEORGIA-PACIFIC LLC	7,197,000	8,164,763	0.53%
MORGAN STANLEY	7,580,000	7,815,372	0.51%
HCA INC	7,480,000	6,920,206	0.45%
BRAZILIAN GOVERNMENT INTERNATIONAL	9,145,000	6,538,191	0.43%
MEXICAN BONOS	7,220,000	6,482,571	0.42%
GENERAL ELECTRIC CAP CORP	6,845,000	6,441,896	0.42%
NEW SOUTH WALES TREASURY	5,790,000	6,257,020	0.41%
PULTE GROUP INC	5,915,000	4,859,100	0.32%
JP MORGAN CHASE & CO	4,546,470	4,394,940	0.29%
SPRINGLEAF FINANCE CORP	4,415,000	4,120,075	0.27%
IRELAND GOVERNMENT BOND	4,300,000	3,932,051	0.26%
EUROPEAN BK RECON & DEV	6,085,000	3,914,232	0.25%
INTERNATIONAL LEASE FINANCE CO	3,335,000	3,462,427	0.23%
ALCOA INC	3,505,000	3,424,021	0.22%
QWEST CAPITAL FUNDING INC	3,505,000	3,347,275	0.22%
NEW ALBERTSONS INC	3,965,000	3,279,775	0.21%
VIACOM INC	2,760,000	3,081,264	0.20%
ANADARKO PETROLEUM CORP	2,710,000	2,964,102	0.19%
FORD MOTOR CO	2,690,000	2,961,677	0.19%
ENERGY FUTURE HOLDINGS CORP	4,565,000	2,956,586	0.19%
HIGHWOODS REALTY LP	2,535,000	2,904,297	0.19%
GOLDMAN SACHS GROUP INC	2,680,000	2,804,082	0.18%
ALLY FINANCIAL INC	2,527,000	2,795,428	0.18%
Fixed Income Total		**$ 135,520,718**	**8.82%**

[1] The System maintains a complete list of portfolio holdings.

Arlington County Employees' Retirement System
Schedule of Broker Commissions

Broker selection is the responsibility of individual investment managers. Transaction and commission costs are monitored by System staff and the investment consultant.

The System participates in a commission recapture program with Frank Russell Company. This program allows the System to recapture a portion of the commissions paid to broker/dealers by investment managers who participate in the program. All trades are placed subject to the requirement for best execution. Earnings credited to commission recapture income for the fiscal year ended June 30, 2011, were $10,398. Invesco, T. Rowe Price and Daruma participated in the program during the year.

Commissions paid on all trades totaled $441,097 and the average commission rate paid was .011 cents per share. The following is a list of brokers who received commissions of $10,000 or more during fiscal 2011. A complete schedule of all commissions paid is available from the Retirement Office.

Broker	Number of Shares	Total Commission	Commission Per Share
Instinet	3,057,275	50,647	0.017
JP Morgan	3,092,001	31,714	0.010
Merrill Lynch	2,107,454	28,142	0.013
Credit Suisse	6,582,445	28,125	0.004
Morgan Stanley	3,322,562	27,467	0.008
Goldman Sachs & Co.	1,828,491	24,191	0.013
Citigroup	1,832,572	16,455	0.009
Barclays	686,936	16,362	0.024
ITG	1,654,527	16,319	0.010
Deutsche Bank	1,793,361	13,807	0.008
UBS	1,252,112	13,177	0.011
Investment Technology	1,079,040	12,513	0.012

Actuarial Section

ARLINGTON
VIRGINIA

ARLINGTON COUNTY
EMPLOYEES' RETIREMENT SYSTEM

CHEIRON Classic Values, Innovative Advice

October 20, 2011

Board of Trustees
Arlington County Employees' Retirement System
2100 Clarendon Boulevard, Suite 511
Arlington, Virginia 22201

Re: Actuary's Certification Letter

Dear Trustees:

The purpose of this letter is to certify the following with respect to supporting schedules of the actuarial section of the comprehensive annual financial report (CAFR) for the fiscal year ending June 30, 2011:

1. The current funding objective of the plan is to provide for the current cost of benefits (i.e., normal cost under the Entry Age Normal Method) as a level percent of payroll over time, plus an amount which amortizes the actuarial liability for benefit changes over a 20-year period. The County is currently contributing 20.7% of pay for the 2011-12 plan year, which meets the funding objective for this fiscal year.

2. Actuarial valuations are performed annually as of July 1 of each year. For the fiscal year ending June 30, 2011, the most recent valuation was performed as of July 1, 2010.

3. In preparing the actuarial valuation for each year, we have relied, without audit, on employee census and asset information provided by the Arlington County Employees' Retirement System. The data provided has been reviewed for consistency. If there are changes to the underlying data, the results of the actuarial valuation will change.

4. All of the supporting schedules in the Actuarial Section of the CAFR were prepared by the System using information in the Actuarial Valuation Report prepared by Cheiron, Inc. except for the descriptions of the plans and valuation results prior to July 1, 2003 which were provided by the System.

5. Cheiron, Inc. reviewed both the *Schedule of Funding Progress* and *Schedule of Employer Contributions* found in the Financial Section of the CAFR.

6. Cheiron, Inc. is responsible for the calculation of the Actuarial Accrued Liability (AAL), the Actuarial Value of Assets (AVA) and the Annual Required Contribution (ARC) for valuation years 2003 and later as shown in the exhibits in the annual actuarial valuations.

7. The assumptions and methods used in determining the assets, liabilities, and the annual required contributions of the employer as defined by the Governmental Accounting Standards Board (GASB) meet our understanding of the parameters set by GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans.*

1750 Tysons Boulevard, Suite 1100, McLean, VA 22102 Tel: 703.893.1456 Fax: 703.893.2006 www.cheiron.us

Board of Trustees
Arlington County Employees' Retirement System
October 20, 2011
Page 2

8. The actuarial assumptions and methods used in performing this valuation have been recommended by the actuary and adopted by the Board of Trustees based on the actuary's most recent review of the System's experience completed simultaneously with the July 1, 2009 valuation. Concurrent with the July 1, 2010 valuation, the board elected to decrease the annual rate of investment from 8.0% to 7.5%, decrease the annual rate of growth in covered payroll from 4.5% to 4.0% and decrease the cost of living assumption from 3.75% to 3.50%. We believe the assumptions used, in the aggregate, reflect our best estimate of anticipated future experience of the Plan. The results of this report are dependent upon future experience conforming to these assumptions. To the extent that future experience deviates from these assumptions, the true cost of the plan could vary from our results.

9. Code of Virginia §51.1-800 requires that the benefits provided to a retiree at age 65 from a local retirement system equal or exceed two-thirds of the allowance to which the employee would be entitled under the provisions of the Virginia Retirement System (VRS). The Board of Trustees of the VRS is to determine whether a local system satisfies this condition, taking into account differences in member contributions between the local system and the VRS.

   Although there is no formal procedure for making this comparison, we compared the least valuable rate under the Employees' System to the most valuable accrual rate under the VRS, making adjustments for the fact that employee contributions are different from the VRS 5% rate. The employer provided accrual rates do exceed two-thirds of the employer provided accrual rates under the VRS plan.

   I certify that, to the best of my knowledge and understanding, the Arlington County Employees' Retirement System satisfies the requirements of the Code of Virginia §51.1-800.

This certification and the July 1, 2010 valuation report were prepared exclusively for the Arlington County Employees' Retirement System for a specific and limited purpose. They are not for the use or benefit of any third party for any purpose. Any third party recipient of Cheiron's work product (other than the System's auditor, attorney or other professional when providing professional services to the System) who desires professional guidance should not rely upon Cheiron's work product, but should engage qualified professionals for advice appropriate to its own specific needs.

I also certify that, to the best of my knowledge, the July 1, 2010 report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct, and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board, and that I am a Member of the American Academy of Actuaries and meet the Qualification Standards of to render the opinions contained therein. The report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

CHEIRON

Board of Trustees
Arlington County Employees' Retirement System
October 20, 2011
Page 3

For additional information about the financial condition of the fund, please refer to our actuarial valuation report as of July 1, 2010.

Sincerely,
Cheiron

Kevin J. Woodrich, FSA
Consulting Actuary

CHEIRON

Actuarial Assumptions, Methods and Summary of Valuation Results

Valuation Method and Asset Value

An actuarial valuation is performed annually. At July 1, 2010, the date of the actuarial valuation used for fiscal year 2011 reporting, the market value of System assets was $1,271 million compared to $1,146 million in assets at July 1, 2009.

As asset market value represents the realizable value of assets on a particular day it can be subject to significant variability due to market volatility. Thus, market value is not a good measure on which to base the calculations of future contributions to the System as they too would be subject to significant variability owing to financial market fluctuations.

To produce more consistent contribution rates, actual asset market values are adjusted to remove, or dampen, a degree of the variability associated with market movements. For the July 1, 2010 valuation, the specific technique adopted projects the market asset value for each of the prior four years forward to the valuation date using actual cash flows (contributions less benefit payments and expenses) and assuming the actuarial investment assumption in effect at such time. The average of these four projected asset values and the actual July 1, 2010 asset market value determines the actuarial value of assets, subject to corridor limits of 80% (minimum) and 120% (maximum) of market value.

Using the method described above, the actuarial value of assets at July 1, 2010 was $1,504 million, reflecting 118% of market value.

The ten-year projection of System assets indicates contributions will be less than benefits for the entire period. This should not be cause for alarm and, in fact, is expected in a mature, well funded system. It does, however, impact investment decisions because some investment income will be needed to pay benefits.

Funding Method and System Liabilities

A fundamental principle in financing the liabilities of a retirement program is that the cost of benefits should be related to the period in which benefits are earned, rather than to the period of benefits distribution. Several actuarial methods are acceptable for accomplishing this.

The aggregate entry age normal funding method employed in this valuation is a common method for valuing public sector plans. Under this method, the employer contribution is comprised of three components: the Normal Cost, the payment (or credit) toward the Unfunded Actuarial Liability (UAL) and the allowance for expenses. Each component is expressed as a percentage of covered payroll.

The employer Normal Cost rate is the percentage of pay which, along with member contributions, would be sufficient to fund the plan benefits if it were paid from each member's entry into the System until termination or retirement. Separate rates are developed for general versus uniformed employees. Only Chapter 46 benefits are used to develop the normal cost because so few Chapter 21 active employees remain.

The Actuarial Liability is that portion of the present value of projected retirement benefits, including future pay increases, not covered by future employer normal costs or member contributions.

The Unfunded Actuarial Liability is the excess of the Actuarial Liability over the actuarial value of assets. The Unfunded Actuarial Liability was $76 million as of July 1, 2010.

The table below summarizes, at July 1, 2010, the actuarial liabilities, both funded and unfunded, by employee type and for the total System.

	Liabilities (in millions of $)			
	General	**School**	**Uniformed**	**Total**
Present Value of Future Benefits				
Active Members	$ 614.6	$ 16.9	$ 538.0	$ 1,169.5
Retired Members and Beneficiaries	396.3	80.0	266.1	742.4
Disabled Members	27.6	1.4	84.3	113.3
Vested Deferred Members	10.2	3.3	1.9	15.4
DROP Members	0.0	0.0	0.0	0.0
Total	$ 1,048.7	$101.6	$ 890.3	$ 2,040.6
Normal Cost Rate	12.8%	6.9%	29.9%	17.8%
Present Value of Future Payroll	$ 1,414.4	$2.9	$ 594.1	$2,011.4
Present Value of Future Employer Costs	$ 181.0	$ 0.2	$ 177.6	$ 358.8
Present Value of Future Member Contributions	$ 57.0	$ 0.0	$ 44.7	$ 101.7
Actuarial Liability	$ 810.7	$101.4	$ 668.0	$ 1,580.1
Actuarial Value of Assets.	$ 772.2	$ 95.6	$ 635.9	$1,503.7
Unfunded Actuarial Liability	$ 38.5	$ 5.8	$ 32.1	$ 76.4

Source: July 1, 2010 Actuarial Report- Table III-1

System Contributions

Under the County's prior funding method, the County contribution rate dropped dramatically when the System became fully funded. However, the County was also subject to significant fluctuations in future contribution rates should investment returns deviate from the actuarial assumption. In light of concern over significant fluctuations and a desire to smooth contribution levels, the Retirement Board recommended a funding formula for employer contributions to the County Board to achieve full normal cost funding over a multi-year transition period. The County Board accepted the recommendation and codified the formula in §46-33 of the County Code in fiscal year 2005. As a result, employer contributions as a percent of covered payroll became more predictable.

In October of 2008, the County adopted several retirement plan benefit changes effective January 4, 2009, contributing to an increase in the contribution rate to 19.9% for fiscal year 2010. This new contribution rate was applied to a lower total payroll based on a narrower definition of creditable compensation included as part of the plan changes.

The July 1, 2010 Actuarial Valuation reflects the County's contribution rate for fiscal year 2012 increasing slightly to 20.7%. This contribution rate is comprised of a normal cost rate of 17.8% and a 20 year amortization of the increase in liabilities associated with the benefit changes of 2.9%. Further explanation of the funding approach is available in the current actuarial valuation report.

The table below details of the derivation of County normal cost contribution rates for fiscal year 2012:

	Employer Contribution Rate as a Percentage of Payroll	
	General Chapter 46	Uniformed Chapter 46
Normal Cost	16.8%	37.4%
Member Contribution Rate	4.0%	7.5%
Employer Normal Cost	12.8%	29.9%
Expense Loading as Percentage of Payroll	0.3%	0.3%
County Normal Cost Plus Expenses	13.1%	30.2%

Source: July 1, 2010 Actuarial Report- Table IV-1 and Table IV-2

The School Board withdrew Chapter 46 active participants from the fund in fiscal year 2002. Assets for the School Board have been set to the present value of future benefits for the remaining participants. The remaining School Board participants are a closed group, and all future benefits are fully funded. Therefore, no employer contributions are required for this group.

Plan Membership

The total active membership in the System at July 1, 2010, the date of the actuarial valuation, was 3,581, down slightly from 3,591 at July 1, 2009.

Tables showing distribution of employees among the plans and statistics on non-active members at year end are contained in the *Statistical Section*.

Tables showing Retirees and Beneficiaries added to and removed from the rolls are contained in the *Statistical Section*.

Analysis of Financial Experience

Actual financial experience will not coincide exactly with assumed financial experience because the future cannot be predicted with certainty. The System, by policy of the Retirement Board, completes an actuarial experience study once every four or five years to compare assumed and actual experience. Copies of the experience study reports are available in the Retirement Office. The most recent experience study was completed with data at June 30, 2009.

During the fiscal year 2010, the financial markets performed above expectation. The actual net investment return, on a market value basis, was approximately 12.9% which exceeded the then actuarial rate of return assumption of 8.0%. The market value of System assets increased $125 million in 2010. On an actuarial basis System assets increased $127.9 million.

On the liability side, the System had a $106.1 million increase in actuarial liabilities. The Board approved lowering the actuarial assumed investment rate of return from 8.0% to 7.5% as well as decreasing the general wage and inflation assumptions from 4.5% to 4.0%. These assumption changes increased liabilities by $46.0 million. Normal annual liability growth of $89.1 million and a reduction of $29.0 million, due to the System's actual experience, account for the remainder of the change.

Actuarial Assumptions

The assumptions used for the actuarial valuation were recommended by the actuary and adopted by the Board.

Valuation date	July 1, 2010
Actuarial cost method	Entry Age Normal
Remaining amortization period	15.23 years
Amortization Method	Level percent open
Asset valuation method	5 year, smoothed
Investment rate of return	7.5%
Projected salary increases[1]	4.0%
Inflation	4.0%
Cost of living adjustments	Per plan documents
Mortality Tables	RP 2000 projected with scale AA to 2010

[1] Rate does not include annual rate of merit/seniority salary increase, which ranges from 1.35% to 6.50%.

Source: July 1, 2010 Actuarial Report, Table V-4 & Appendix C

Tables of assumed retirement rates and rates for withdrawal from active service before age and service retirement assumptions can be found in Appendix C of the Actuarial Valuation Report at July 1, 2010. Copies of the report are available in the Retirement Office.

Summary of Plan Provisions

Arlington County has three Retirement Plans with Plan membership dependent on the date of hire and Plan provisions dependent on whether the employee is classified in the General, Uniformed or School Board employee group. A summary of the provisions for each of the Plans follows.

Chapter 21 - General and Uniform Employees hired before February 8, 1981

Retirement benefits are funded by employee and employer contributions and by investment earnings.

The basic formula for calculating benefits is: 2.5% x years of creditable service for up to 20 years plus 2.0% x years of creditable service beyond 20 years x average final salary = annual retirement benefit. There is a maximum benefit of 70% of the average final salary.

Normal retirement eligibility is age 60 for General employees, age 50 for Uniformed employees. Unreduced benefits are available for General employees at age 55 with 25 years of service or at age 57 with 20 years of service or when the sum of age and service is equal to 80.

Early retirement is available with a reduction in benefits.

Cost of living increases are equal to 1.5% of the benefit and are added to the benefit each July.

Retirement benefits are vested after 5 years of service.

Service Connected disability benefits are available regardless of length of service.

Ordinary disability benefits are available after five years of service.

Survivor options are available at the time of retirement with actuarial reductions to the benefit.

Chapter 35 - School Board and Department of Human Services Employees hired before 2/8/1981

Retirement benefits are funded by employer contributions and by investment earnings.

The basic formula for calculating benefits is: 2.125% x credited service x average final salary = annual retirement benefit. The calculated benefit is then reduced by the benefit calculated under Formula A of the Virginia Retirement System (VRS).

Normal retirement eligibility is age 62. Unreduced benefits are available at age 55 with 30 years of service.

Early retirement is available with a reduction in benefits.

Retirement benefits are vested after 5 years of service.

Ordinary disability benefits are available after five years of service.

Spousal survivor options are available to the spouse at the time of retirement with actuarial reductions to the benefit.

Chapter 46 - All Employees hired on or after February 8, 1981

The County recently adopted several plan changes that became effective for January 4, 2009 that are reflected in the July 1, 2008 Actuarial Report. The benefit formulas were enhanced and the definition of creditable compensation changed to exclude overtime and most premium pays.

Effective January 4, 2009, the maximum benefit for General Employees is 52% and they have two options for calculating their normal retirement benefits:

1. 1.7% x all years of creditable service x new average final salary, OR
2. 1.5% x years of creditable service prior to January 3, 2009 x old average final salary *plus* 1.7% x years of creditable service after January 3, 2009 x new avg. final salary.

For Uniform Employees, the maximum benefit is 81% and their benefit calculation options are:

1. 2.5% x years of creditable service prior to January 4, 2009 x new average final salary *plus* 2.7% x years of creditable service on/after January 4, 2009 x new average final salary, OR
2. 2.7% x years of creditable service on/after January 4, 2009 x new average final salary *plus* old average final salary times 2.0% times years of service prior to January 4, 2009. When the Uniformed employee retiree begins to receive Social Security, the latter half of the above formula reverts to the old three-tiered benefit formula (1.5% for the first 10

years of service, 1.7% for the second 10 years of service, 2.0% for the final 10 years of service) times old average final salary for years of service prior to January 4, 2009.

Prior to January 3, 2009, the basic formula for calculating benefits for general employees was: 1.5% x years of creditable service x average final salary, including overtime = annual retirement benefit with a maximum of 45% and, for Uniformed employees, the benefit formula uses a factor of 2.0% for all service until the retiree is eligible for full Social Security benefits with a maximum of 60%. When the retiree begins to receive Social Security, the formula reverts to 1.5% for the first 10 years of service, 1.7% for the next 10 and 2.0% for the final 10 years with a maximum of 52%.

Retirement benefits are vested after 5 years of service and early retirement is available with a reduction in benefits. Cost of living increases are based on increases in the CPI-U and are added to the benefit each July. Employees who are members of the Virginia Retirement System have their Arlington County benefit offset by the VRS benefit.

Normal retirement eligibility is age 62 for General employees, age 52 for Uniformed employees. All employees can qualify for an unreduced benefit when the sum of age plus service equals 80. General employees can also qualify for an unreduced benefit after 30 years of service and Public Safety after 25 years of service.

Service Connected disability benefits are available at any time prior to normal retirement age. Ordinary disability benefits are available after two years of service. Survivor options are available with actuarial reductions to the benefit.

Additional Information

This information and description of plan provisions does not in any way change or modify Code of the County Chapters 21, 35 or 46. The Code always takes precedence in the event of questions or interpretations.

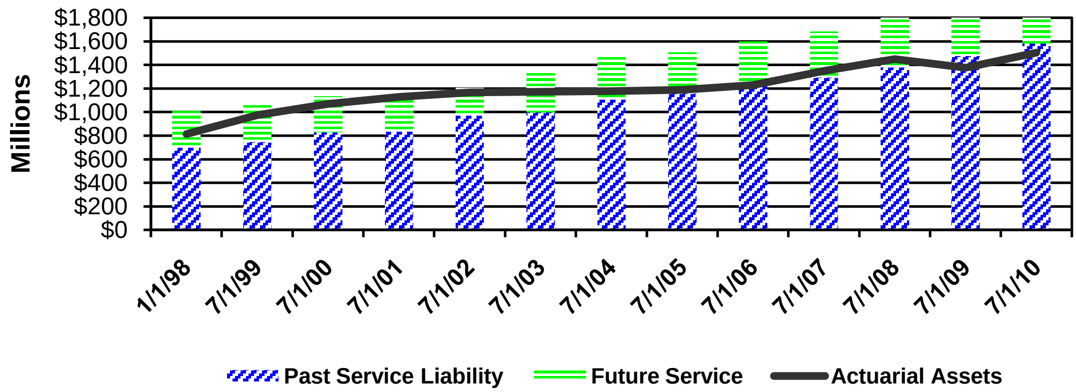
A Deferred Retirement Option Program (DROP) was added effective January 1, 2002, for all Chapters. DROP is a voluntary program that provides a way for employees to continue to work for the County in their present or a similar capacity, earn a salary, and receive a portion of their retirement benefits at the same time. The portion is equal to the monthly retirement benefit an employee would be eligible for at the time they DROP. An employee is eligible for participation in the DROP upon reaching eligibility for unreduced benefits. DROP participation is limited to 3 years.

Trends

One of the best ways to evaluate the financial condition of a pension plan is to examine the historical trends. The charts below present trend information on the System's assets and liabilities, annual cash flows and County contribution rate.

Chart A illustrates the System's assets and liabilities. At July 1, 2010, the ratio of actuarial assets to liabilities is 95.2%, up from 93.3% in the prior year's Actuarial Valuation due primarily to better than assumed investment performance.

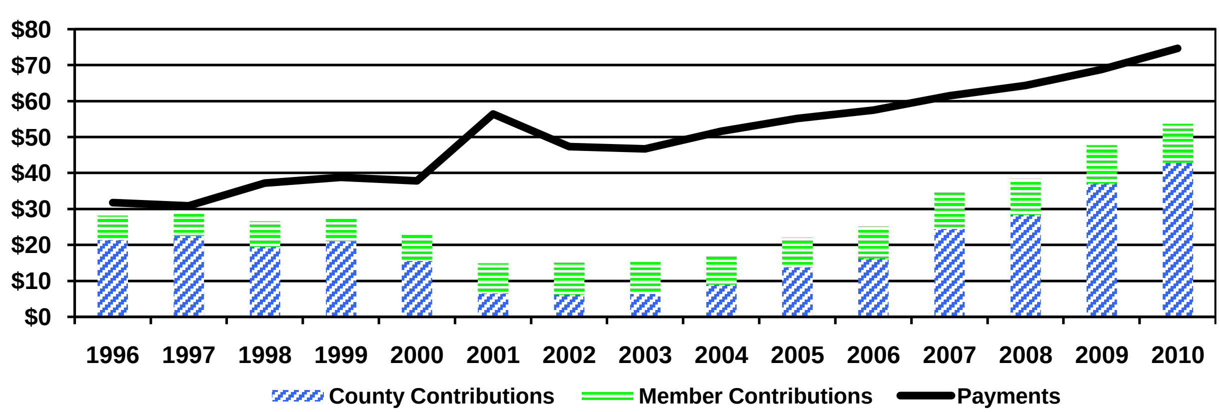
Chart A: ASSETS / LIABILITIES



Source: Actuarial Reports- Summary Results- Combined

Chart B shows payments to retirees and beneficiaries exceeding employer and employee contributions, typical of a well funded, mature system. The difference is made up by investment return on plan assets. The sudden increase in payments in 2001 represents the one-time withdrawal for defined contribution startup accounts.

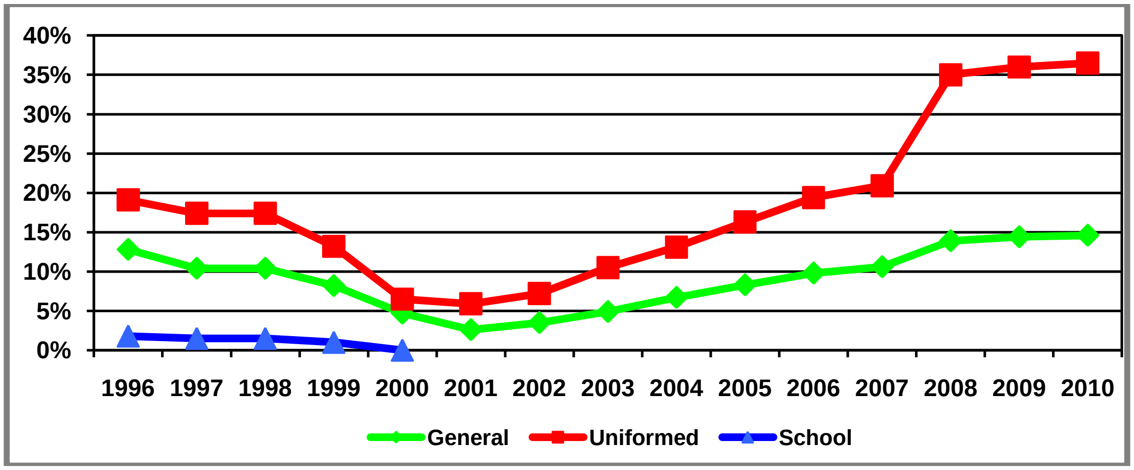
Chart B: CASH FLOWS ($ in Millions)



Source: Actuarial Reports- Assets, Table II-1

Chart C plots the County (employer) contribution rate by employee group. Investment gains during the late 1990's resulted in lower contribution rates under the funding method in place through 2002. Beginning in 2003, the County contribution rate began to increase towards normal cost. The School Board withdrew active participants from Chapter 46 in fiscal year 2002 and no employer contributions are required for this group. Benefit enhancements and a change in the definition of creditable compensation explain the increase in 2008.

Chart C: COUNTY CONTRIBUTION RATE



Source: Actuarial Reports- Summary Results –General , Summary Results- Uniformed, Summary Results- School

Schedule of Active Member Valuation Data

Group	Plan	Valuation Date	Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay
General Employees						
	Chapter 21	7/1/10	23	$1,464,854	$63,689	5%
		7/1/09	39	2,375,681	60,915	-7%
		7/1/08	58	3,817,757	65,823	-9%
		7/1/07	86	6,234,540	72,495	-2%
		7/1/06	103	7,585,441	73,645	2%
		7/1/05	131	9,478,433	72,354	4%
	Chapter 46	7/1/10	2,659	$155,915,941	$58,637	2%
		7/1/09	2,631	151,191,715	57,465	1%
		7/1/08	2,656	150,590,779	56,698	-4%
		7/1/07	2,606	153,734,290	58,992	6%
		7/1/06	2,661	148,745,627	55,898	5%
		7/1/05	2,681	143,103,965	53,377	4%
School Board Employees						
	Chapter 35					
		7/1/10	87	$7,650,907	$87,941	-3%
		7/1/09	92	8,329,038	90,502	3%
		7/1/08	98	8,647,626	88,241	9%
		7/1/07	115	9,317,383	81,021	1%
		7/1/06	158	12,678,613	80,244	4%
		7/1/05	179	13,851,861	77,385	14%
Uniformed Employees						
	Chapter 21	7/1/10	4	$358,996	$89,749	-20%
		7/1/09	5	561,619	112,324	-1%
		7/1/08	15	1,708,210	113,881	-9%
		7/1/07	20	2,495,851	124,793	3%
		7/1/06	27	3,280,166	121,488	7%
		7/1/05	34	3,850,127	113,239	13%
	Chapter 46	7/1/10	808	$59,082,824	$73,122	3%
		7/1/09	824	58,366,184	70,833	0%
		7/1/08	841	59,427,407	70,663	-14%
		7/1/07	855	70,433,372	82,378	10%
		7/1/06	804	60,320,261	75,025	9%
		7/1/05	806	55,428,056	68,769	3%

Source: Actuarial Reports- Appendix A, Table A-1

ARLINGTON COUNTY EMPLOYEES' RETIREMENT SYSTEM

SOLVENCY TEST

All $ amounts are millions

	Aggregate Accrued Liability For:					Portion of Accrued Liabilities Covered by Value of Assets		
	(1)	(2)	(3)					
Valuation Date	Active Employee Contrib.	Inactive* Employees	Active Employer Contrib.	Actuarial Liability	Actuarial Value of Assets	(1)	(2)	(3)
7/1/2001	$79.6	$417.3	$325.6	$832.5	$1,129.6	100%	100%	191%
7/1/2002	80.0	468.2	420.9	969.1	1,167.7	100%	100%	147%
7/1/2003	81.5	509.4	405.9	996.8	1,171.5	100%	100%	143%
7/1/2004	98.0	567.7	437.6	1,103.3	1,179.0	100%	100%	117%
7/1/2005	113.3	606.2	437.4	1,156.9	1,189.3	100%	100%	107%
7/1/2006	133.9	643.7	452.7	1,230.3	1,234.7	100%	100%	101%
7/1/2007	160.0	679.9	450.9	1,290.8	1,348.1	100%	100%	113%
7/1/2008	185.9	701.4	493.3	1,380.6	1,449.2	100%	100%	114%
7/1/2009	216.1	799.4	458.7	1,474.2	1,375.8	100%	100%	79%
7/1/2010	247.8	871.2	461.2	1,580.2	1,503.7	100%	100%	83%

** Retirees, beneficiaries and vested deferred members*

Source: July 1, 2010 Actuarial Report- Accounting Information, Table V-3

RETIREMENT ALLOWANCES ADDED TO AND REMOVED FROM ROLLS

Retirement Allowances Added To and Removed From Rolls

	Added to Rolls		Removed from Rolls					Average
Year Ended	No.	Annual Allowances[1]	No.	Annual Allowances	Year-End Total	Annual Allowances	% Increase in Allowances	Annual Allowances
Chapter 21								
7/1/2010	20	$1,828,659	57	$1,066,031	1,532	$47,233,864	1.6%	$30,832
7/1/2009	53	$3,064,504	68	$1,157,106	1,569	$46,471,236	4.3%	$29,618
7/1/2008	51	$2,876,598	64	$1,123,278	1,584	$44,563,838	4.1%	$28,134
7/1/2007	39	$2,295,574	49	$910,562	1,597	$42,810,519	3.3%	$26,807
7/1/2006	51	$2,691,452	53	$939,125	1,607	$41,425,506	4.4%	$25,778
7/1/2005	53	$2,434,320	47	$686,113	1,609	$39,673,179	4.6%	$24,657
Chapter 35								
7/1/2010	10	$522,164	29	$153,964	1,031	$9,504,268	4.0%	$9,218
7/1/2009	22	$295,253	40	$266,920	1,050	$9,136,069	0.3%	$8,701
7/1/2008	10	$137,180	53	$240,916	1,068	$9,107,736	-1.1%	$8,528
7/1/2007	48	$752,419	35	$171,840	1,111	$9,211,473	6.7%	$8,291
7/1/2006	31	$408,910	37	$131,072	1,098	$8,630,894	3.3%	$7,861
7/1/2005	39	$567,187	28	$113,016	1,104	$8,353,056	5.7%	$7,566
Chapter 46								
7/1/2010	146	$3,645,133	11	$57,082	1,057	$18,482,601	24.1%	$17,486
7/1/2009	144	$4,674,626	12	$60,958	922	$14,894,551	44.9%	$16,155
7/1/2008	76	$1,576,260	14	$108,880	790	$10,280,883	16.6%	$13,014
7/1/2007	92	$1,500,605	9	$95,216	728	$8,813,503	19.0%	$12,106
7/1/2006	91	$1,483,746	14	$82,233	645	$7,408,114	23.3%	$11,485
7/1/2005	69	$1,104,966	9	$44,831	568	$6,006,601	21.4%	$10,575

[1] The amount added to the rolls includes additions and deletions due to COLAs, supplements, workers' compensation, etc. in addition to the annual allowance for new retirees.

Source: Supplemental Data Provided by Actuary

Statistical Section

ARLINGTON COUNTY
EMPLOYEES' RETIREMENT SYSTEM

About the Statistical Section

This section includes detailed information about the demographic and economic trends experienced by the System over the past ten years to assist the reader in assessing how the System's overall financial condition has changed over time. Specific information provided includes:

- Schedules of Active Employee Members present the number of employees by chapter and type
- Schedules of Retirements Granted present the number of retirements granted by chapter and type
- Schedules of Monthly Retirement Allowances show the number of retirees and payments, by chapter and type
- Schedules of Additions and Deductions and Plan Net Assets reflect payments made to and by the System and the impact on net assets
- Contribution Analysis by source
- Schedules of Average Benefit Payments present the average monthly benefit, by chapter
- Schedules of Retired Members by Type of Benefit identify number of retirees by retirement type for each chapter

ACTIVE EMPLOYEE MEMBERSHIP IN RETIREMENT SYSTEM
AS OF JUNE 30, 2011

GROUP	CHAPTER 21	CHAPTER 35	CHAPTER 46	TOTAL MEMBERSHIP
General County	14	1	2504	2519
Police Officers	2	-	333	335
Firefighters	1	-	282	283
Deputy Sheriffs	-	-	203	203
School	3	65	167	235
TOTALS	**20**	**66**	**3489**	**3575**

HISTORY OF ACTIVE EMPLOYEE MEMBERSHIP IN RETIREMENT SYSTEM
JUNE 30, 2011

CHAPTER 21										
General County	242	179	150	131	102	77	56	31	17	14
Police Officers	40	30	21	30	13	11	10	3	3	2
Firefighters	35	29	24	2	13	14	11	2	1	1
Deputy Sheriffs	7	5	5	0	2	0	0	0	0	0
School	37	29	23	18	17	15	12	7	6	3
TOTAL	361	272	223	181	147	117	89	43	27	20
CHAPTER 35										
School	262	218	202	159	138	110	108	87	86	65
General County	11	11	11	7	5	4	3	3	1	1
TOTAL	273	229	213	166	143	114	111	90	87	66
CHAPTER 46										
General County	2,202	2,270	2,321	2,393	2,397	2,228	2,373	2,425	2,487	2,504
Police Officers	290	297	321	404	331	448	454	329	323	333
Firefighters	237	251	266	219	284	302	299	291	277	282
Deputy Sheriffs	189	199	206	171	200	263	276	205	208	203
School	347	308	292	269	234	210	200	187	172	167
TOTAL	3,265	3,325	3,406	3,456	3,446	3,451	3,602	3,437	3,467	3,489
GRAND TOTAL	**3,899**	**3,826**	**3,842**	**3,803**	**3,736**	**3,682**	**3,802**	**3,570**	**3,581**	**3,575**

Note 1: Descriptions of Plan Provisions of the various Plans described as Chapter 21, Chapter 35 and Chapter 46 on these and other tables can be found on pages 56 - 58 of this report.

RETIREMENTS GRANTED
DURING FISCAL YEAR 2011

CHAPTERS 21 & 46	SERVICE RETIREMENTS	DEFFERED RETIREMENT OPTION PLAN (DROP)	ORDINARY DISABILITY	SERVICE CONNECTED DISABILITY	TOTAL
General County	32	25	3	1	61
Police Officers	3	3	0	0	6
Firefighters	1	3	1	0	5
Deputy Sheriffs	1	2	0	0	3
School	5	3	0	0	8
TOTAL	**42**	**36**	**4**	**1**	**83**
CHAPTER 35					
TOTAL	**20**	**0**	**0**	**0**	**20**

HISTORY OF RETIREMENTS GRANTED
YEAR ENDED JUNE 30

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
CHAPTERS 21 & 46										
Service Retirements	61	69	51	64	66	62	50	51	98	42
DROP	31	59	35	44	34	31	39	95	53	36
Ordinary Disability	6	4	5	9	7	3	2	1	1	4
Service Connected Disability	3	11	12	14	4	8	9	6	8	1
TOTAL	**101**	**143**	**103**	**131**	**111**	**104**	**100**	**153**	**160**	**83**
CHAPTER 35										
Service Retirements	68	50	34	37	26	26	26	14	16	20
DROP	-	-	-	3	2	-	1	-	-	-
Ordinary Disability	1	1	-	1	-	-	1	-	-	-
TOTAL	**69**	**51**	**34**	**41**	**28**	**26**	**28**	**14**	**16**	**20**
GRAND TOTAL	**170**	**194**	**137**	**172**	**139**	**130**	**128**	**167**	**176**	**103**

SUMMARY OF MONTHLY RETIREMENT ALLOWANCES
RETIREES AND SURVIVORS
AS OF JUNE 30, 2011

	Service Retirements		DROP		Ordinary Disability		Service Connected Disability		Total	
	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount
CHAPTER 21										
General County	846	$1,855,723	29	$127,087	29	$46,651	29	$61,136	933	$2,090,597
Police Officers	184	$661,729	9	$48,858	5	$6,773	42	$125,277	240	$842,637
Firefighters	122	$430,245	11	$76,695	2	$2,390	67	$193,408	202	$702,738
Deputy Sheriffs	22	$75,580	0	-	1	$1,491	5	$9,021	28	$86,092
School	141	$240,734	5	$16,419	12	$13,630	7	$10,158	165	$280,941
TOTAL	**1,315**	**$3,264,011**	**54**	**$269,059**	**49**	**$70,935**	**150**	**$399,000**	**1,568**	**$4,003,005**
CHAPTER 46										
General County	578	$629,432	88	$188,298	33	$28,681	33	$77,938	732	$924,349
Police Officers	35	$85,351	21	$7,260	0	-	23	$83,797	79	$176,408
Firefighters	70	$70,633	16	$81,232	1	$4,095	42	$157,254	129	$313,214
Deputy Sheriffs	33	$62,169	7	$31,902	1	$686	18	$53,785	59	$148,542
School	177	$67,336	6	$5,076	1	$263	1	$1,755	185	$74,430
TOTAL	**893**	**$914,921**	**138**	**$313,768**	**36**	**$33,725**	**117**	**$374,529**	**1,184**	**$1,636,943**
CHAPTER 35 TOTALS	**910**	**$616,579**	**0**	**-**	**41**	**$14,647**	**0**	**-**	**951**	**$631,226**
GRAND TOTAL	**3,118**	**$ 4,795,511**	**192**	**$ 582,827**	**126**	**$ 119,307**	**267**	**$ 773,529**	**3,703**	**$ 6,271,174**

HISTORY OF MONTHLY RETIREMENT ALLOWANCES
YEAR ENDED JUNE 30

($ in thousands)	2002		2003		2004		2005		2006	
TYPE	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount
Service	2,501	$2,703	2,481	$2,786	2,685	$3,145	2,749	$3,361	2,827	$3,618
DROP	30	$92	88	$255	99	$294	105	$323	97	$305
Ordinary Disability	207	$126	173	$123	165	$121	162	$141	168	$132
Service Connected Disability	226	$433	249	$496	251	$538	263	$587	255	$588
TOTAL	2,964	$3,354	2,991	$3,660	3,200	$4,098	3,279	$4,412	3,347	$4,643

	2007		2008		2009		2010		2011	
TYPE	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount
Service	2,901	$3,849	2,922	$4,067	2,967	$4,317	3,069	$4,717	3,118	$4,796
DROP	93	$306	100	$370	153	$560	164	$580	192	$583
Ordinary Disability	160	$125	158	$125	151	$123	148	$126	126	$119
Service Connected Disability	263	$651	264	$694	267	$737	266	$775	267	$773
TOTAL	3,417	$4,931	3,444	$5,256	3,538	$5,737	3,647	$6,198	3,703	$6,271

ADDITIONS & DEDUCTIONS
YEAR ENDED JUNE 30

(millions)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
ADDITIONS										
Contribution Total	**15.1**	**15.8**	**17.3**	**22.1**	**25.2**	**34.9**	**40.2**	**47.8**	**53.7**	**53.8**
Employer	6.2	6.4	9.0	13.9	16.3	24.8	30.0	37.1	42.9	43.2
Employee	8.9	9.4	8.3	8.2	8.9	10.1	10.2	10.7	10.8	10.6
Net Investment Income	**(44.4)**	**40.5**	**159.1**	**98.3**	**133.6**	**215.0**	**(73.9)**	**(222.8)**	**146.2**	**287.7**
Income & Appreciation	(39.7)	44.1	165.3	104.2	139.7	219.4	(68.8)	(219.5)	149.9	292.4
Less Investment Expense	(4.7)	(3.6)	(6.2)	(5.9)	(6.1)	(4.7)	(5.7)	(3.3)	(3.8)	(4.9)
Security Lending						0.3	0.6		0.1	0.2
TOTAL ADDITIONS(1)	**(34.2)**	**56.3**	**176.4**	**120.4**	**158.8**	**249.9**	**(33.7)**	**(175.0)**	**199.9**	**341.5**
DEDUCTIONS										
Benefit Payments(3)	**40.2**	**44.6**	**48.7**	**52.3**	**55.3**	**58.5**	**61.9**	**66.7**	**72.3**	**75.0**
Normal Retirement						26.7	29.2	31.7	34.6	36.9
Early Retirement						16.1	16.2	16.2	16.4	16.7
Death in Service										
Duty Disability Retirement						7.7	8.2	8.7	9.3	9.1
Ordinary Disability						1.5	1.5	1.5	1.5	1.5
Survivor Payments						2.5	2.7	2.9	3.1	3.4
DROP						3.7	3.8	5.4	7.2	6.7
Other						0.3	0.3	0.3	0.3	0.7
Refunds	**1.2**	**1.1**	**1.6**	**1.8**	**1.5**	**2.1**	**1.6**	**1.3**	**1.4**	**1.3**
Administrative Expenses	**0.8**	**1.0**	**1.3**	**1.1**	**0.7**	**0.9**	**0.8**	**0.8**	**0.8**	**0.8**
TOTAL DEDUCTIONS(2)	**47.3**	**46.7**	**51.6**	**55.2**	**57.5**	**61.5**	**64.3**	**68.8**	**74.5**	**77.1**

(1)2002 includes $4.9 million transfer to VRS for school employees

(2)2002 includes $5.1 milliion transfer associated with 401a start-up

(3)Benefit Payment details breakdown not available prior to 2007

PLAN NET ASSETS
YEAR ENDED JUNE 30

At Market (millions)	2002	2003	2004	2005	2006
Beginning	**$ 1,080.1**	**$ 998.6**	**$ 1,008.2**	**$ 1,132.9**	**$ 1,198.1**
Additions	(34.2)	56.3	176.3	120.4	158.8
Deductions	47.3	46.7	51.6	55.2	57.5
Net Increase	(81.5)	9.6	124.7	65.2	101.3
Year End	**$ 998.6**	**$ 1,008.2**	**$ 1,132.9**	**$ 1,198.1**	**$ 1,299.4**

	2007	2008	2009	2010	2011
Beginning	**$ 1,299.4**	**$ 1,487.8**	**$ 1,389.8**	**$ 1,146.0**	**$ 1,271.4**
Additions	249.9	(33.6)	(175.0)	199.9	341.5
Deductions	61.5	64.3	68.9	74.6	77.0
Net Increase	188.4	(97.9)	(243.8)	125.4	264.4
Year End	**$ 1,487.8**	**$ 1,389.9**	**$ 1,146.0**	**$ 1,271.4**	**$ 1,535.8**

CONTRIBUTION ANALYSIS
YEAR ENDED JUNE 30

(Dollars in millions)	Group	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Estimated Covered Payroll		$206.1	$215.4	$229.9	$217.5	$222.6	$237.3	$242.2	$224.1[1]	$220.8[1]	$224.5[1]
Employer Contribution: *(% of Payroll)*	A, D	1.2%	1.2%	3.5%	4.9%	6.4%	8.3%	9.8%	10.6%/13.9%[2]	14.4%	14.2%
	B, C	3.4%	3.4%	7.2%	10.5%	13.6%	19.4%	19.4%	20.9%/35.0%[2]	35.5%	35.5%
	E	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Employer Contribution		$5.9	$6.4	$9.0	$13.9	$16.3	$24.8	$30.0	$37.1	$42.9	$43.2
Employee Contribution: *(% of Payroll)*											
Chapter 21	A,D	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
	B	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%
	C	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%
Chapter 35	E	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Chapter 46	A, D	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
	B, C	6.0%	6.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%/7.5%[2]	7.5%	7.5%
	E	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Employee Contribution		$8.6	$9.4	$8.3	$8.2	$8.9	$10.0	$10.2	$10.7	$10.8	$10.5
Employer/Employee Contribution		0.7	0.7	1.1	1.7	1.8	2.5	2.9	3.5	4.0	4.1
Unfunded Actuarial Liability		$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$98.2	$76.4

Group Key

(A) General Employees

(B) Uniformed Employees

(C) Managers - Uniformed

(D) School Board Employees - Non VRS

(E) School Board Employees - VRS

(1) Under new payroll definition which excludes overtime

(2) Prior to January 4, 2009/After January 4, 2009

PARTICIPANT AND INVESTMENT DATA AND RATIO

YEAR ENDED JUNE 30

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Participant Data										
Active Employees	3,899	3,826	3,842	3,803	3,736	3,682	3,802	3,570	3,581	3,575
Deferred Vested Members	0	255	245	255	255	236	235	229	264	277
Retirees	2,956	2,991	3,200	3,279	3,347	3,417	3,444	3,538	3,647	3,725
Retirees as a % of Active Employees	75.8%	78.2%	83.3%	86.2%	89.6%	92.8%	90.6%	99.1%	101.8%	104.2%
Retirement Benefits Paid *(millions)*	$40.2	$44.6	$48.6	$52.3	$55.3	$58.5	$61.9	$66.7	$72.3	$75.0
Average Benefit Payment *($/month)*										
Chapter 21	$1,747	$1,885	$2,037	$2,197	$2,092	$2,178	$2,298	$2,420	$2,524	$2,553
Chapter 35 (Supplement)	$548	$579	$605	$638	$643	$665	$697	$716	$740	$664
Chapter 46[1]	$555	$606	$753	$902	$852	$954	$1,060	$1,274	$1,442	$1,383
Investment Data										
Net Assets, Market Value *(millions)*	$998.5	$1,008.2	$1,133.0	$1,198.1	$1,299.4	$1,487.7	$1,389.8	$1,146.0	$1,271.4	$1,535.8
Ratio: Net Assets/ Benefits Paid	24.8	22.6	23.3	22.9	23.5	25.4	22.5	17.2	17.6	20.5

[1]The averages for Chapter 46 retirees are impacted by several factors: This Chapter is relatively new; disability retirees significantly affect the average and there is blending of VRS and non-VRS members' benefits.

SCHEDULE OF AVERAGE BENEFIT PAYMENTS
CHAPTER 21 EMPLOYEES

Uniform & General Employees	Years of Credited Service						
Hired Before 2/8/81	**2-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30+**
Period 7/1/04 to 6/30/05							
Average Monthly Benefit	$ -	$ -	$ -	$752	$2,966	$3,604	$4,120
Average Final Monthly Salaries	$ -	$ -	$ -	$1,681	$4,876	$5,578	$5,578
Number of Current Retirees	0	0	0	1	8	34	15
Period 7/1/05 to 6/30/06							
Average Monthly Benefit	$ -	$ -	$997	$1,334	$3,499	$4,323	$4,111
Average Final Monthly Salaries	$ -	$ -	$3,009	$3,193	$6,185	$6,695	$5,902
Number of Current Retirees	0	0	3	2	1	18	14
Period 7/1/06 to 6/30/07							
Average Monthly Benefit	$ -	$ -	$326	$2,151	$ -	$5,519	$5,239
Average Final Monthly Salaries	$ -	$ -	$992	$4,951	$ -	$8,646	$7,508
Number of Current Retirees	0	0	1	4	0	16	8
Period 7/1/07 to 6/30/08							
Average Monthly Benefit	$ -	$167	$1,363	$1,387	$1,228	$4,235	$5,507
Average Final Monthly Salaries	$ -	$1,178	4328.67	$3,878	$2,250	$6,418	$7,988
Number of Current Retirees	0	1	2	1	1	22	8
Period 7/1/08 to 6/30/09							
Average Monthly Benefit	$ -	$459	$ -	$ -	2738.12	$4,883	$4,990
Average Final Monthly Salaries	$ -	$2,726	$ -	$ -	$5,374	$7,188	$7,337
Number of Current Retirees	0	3	0	0	3	21	11
Period 7/1/09 to 6/30/10							
Average Monthly Benefit	$ -	$552	$652	$1,041	$2,123	$4,559	$4,228
Average Final Monthly Salaries	$ -	$2,149	$2,149	$2,375	$5,640	$6,960	$6,347
Number of Current Retirees	0	1	2	1	1	3	12
Period 7/1/10 to 6/30/11							
Average Monthly Benefit	$ -	$ -	$1,049	$ -	$ -	$6,192	$4,105
Average Final Monthly Salaries	$ -	$ -	$3,054	$ -	$ -	$9,555	$6,027
Number of Current Retirees	0	0	1	0	0	1	6

SCHEDULE OF AVERAGE BENEFIT PAYMENTS

CHAPTER 35 EMPLOYEES

School Board and DHS	Years of Credited Service						
Hired Before 2/8/81	2-4	5-9	10-14	15-19	20-24	25-29	30+
Period 7/1/03 to 6/30/04							
Average Monthly Benefit	$ -	$ -	$ -	$ -	$897	$1,149	$1,134
Average Final Monthly Salaries	$ -	$ -	$ -	$ -	$5,664	$5,981	$5,690
Number of Current Retirees	0	0	0	0	3	4	21
Period 7/1/04 to 6/30/05							
Average Monthly Benefit	$ -	$89	$ -	$1,102	$1,101	$1,480	$1,311
Average Final Monthly Salaries	$ -	$1,433	$ -	$6,053	$5,908	$6,213	$6,576
Number of Current Retirees	0	1	0	1	6	9	19
Period 7/1/05 to 6/30/06							
Average Monthly Benefit	$ -	$164	$ -	$ -	$1,084	$1,037	$1,285
Average Final Monthly Salaries	$ -	$13,165	$ -	$ -	$5,608	$6,226	$6,791
Number of Current Retirees	0	2	0	0	2	8	14
Period 7/1/06 to 6/30/07							
Average Monthly Benefit	$ -	$ -	$241	$750	$1,347	$1,191	$1,453
Average Final Monthly Salaries	$ -	$ -	$2,256	$4,646	$6,899	$6,187	$6,967
Number of Current Retirees	0	0	1	2	3	5	15
Period 7/1/07 to 6/30/08							
Average Monthly Benefit	$ -	$86	$ -	$1,090	$1,153	$1,384	$1,550
Average Final Monthly Salaries	$ -	$1,666	$ -	$7,009	$6,536	$7,128	$7,358
Number of Current Retirees	0	1	0	2	2	10	11
Period 7/1/08 to 6/30/09							
Average Monthly Benefit	$53	$ -	$ -	$340	$ -	$1,206	$1,598
Average Final Monthly Salaries	$143	$ -	$ -	$3,567	$ -	$6,487	$7,401
Number of Current Retirees	1	0	0	1	0	2	11
Period 7/1/09 to 6/30/10							
Average Monthly Benefit	$ -	$211	$ -	$545	$755	$751	$1,469
Average Final Monthly Salaries	$ -	$7,695	$ -	$4,386	$4,201	$4,412	$6,740
Number of Current Retirees	0	1	0	1	1	2	10
Period 7/1/10 to 6/30/11							
Average Monthly Benefit	$ -	$67	$ -	$ -	$ -	$1,314	$1,900
Average Final Monthly Salaries	$ -	$1,347	$ -	$ -	$ -	$7,112	$8,646
Number of Current Retirees	0	1	0	0	0	4	15

SCHEDULE OF AVERAGE BENEFIT PAYMENTS

CHAPTER 46 EMPLOYEES

All Employees Hired on or after 2/8/81	Years of Credited Service						
	0-4	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30+**
Period 7/1/04 to 6/30/05							
Average Monthly Benefit	$684	$1,111	$909	$1,401	$2,032	$1,168	$ -
Average Final Monthly Salaries	$3,073	$4,684	$3,948	$4,832	$5,929	$2,773	$ -
Number of Current Retirees	5	14	18	20	16	1	0
Period 7/1/05 to 6/30/06							
Average Monthly Benefit	$147	$610	$1,449	$1,417	$1,729	$2,387	$ -
Average Final Monthly Salaries	$2,608	$4,074	$4,827	$4,429	$5,193	$6,364	$ -
Number of Current Retirees	5	16	14	14	21	2	0
Period 7/1/06 to 6/30/07							
Average Monthly Benefit	$63	$507	$1,542	$1,532	$2,045	$2,162	$ -
Average Final Monthly Salaries	$2,469	$4,822	$4,202	$5,137	$5,580	$5,506	$ -
Number of Current Retirees	1	19	16	23	20	3	0
Period 7/1/07 to 6/30/08							
Average Monthly Benefit	$ -	$396	$942	$1,496	$2,165	$4,173	$ -
Average Final Monthly Salaries	$ -	$4,263	$5,001	$4,980	$5,490	$8,004	$ -
Number of Current Retirees	0	18	9	17	20	8	0
Period 7/1/08 to 6/30/09							
Average Monthly Benefit	$178	$869	$1,431	$2,210	$2,029	$4,330	$2,631
Average Final Monthly Salaries	$2,995	$4,779	$5,663	$6,378	$5,528	$7,655	$5,158
Number of Current Retirees	2	13	18	17	39	44	1
Period 7/1/09 to 6/30/10							
Average Monthly Benefit	$1,044	$736	$954	$1,845	$2,327	$3,392	$3,021
Average Final Monthly Salaries	$4,391	$4,452	$4,501	$5,953	$6,011	$6,878	$5,368
Number of Current Retirees	3	20	14	28	44	37	1
Period 7/1/10 to 6/30/11							
Average Monthly Benefit	$2,001	$596	$1,109	$1,287	$2,481	$4,435	$2,995
Average Final Monthly Salaries	$2,843	$4,151	$6,016	$5,394	$5,852	$7,646	$4,703
Number of Current Retirees	1	16	14	7	19	13	1

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT
CHAPTER 21 EMPLOYEES
YEAR ENDED JUNE 30, 2011

Chapter 21

Amount of Monthly Benefit	Number of Retirees	Type of Retirement 1	2	3	4	5	6	7	8	Spousal Benefit Option Opt1	Opt2	Opt3	Opt4
Deferred	19	-	-	-	-	-	19	-	-	19	-	-	-
$1 - 250	47	32	8	2	-	4	1	-	-	44	2	-	1
251 - 500	84	37	13	30	-	3	1	-	-	79	4	-	1
501 - 750	90	32	8	39	-	5	4	-	2	82	3	1	4
751 - 1,000	91	22	11	39	6	9	1	-	3	80	6	2	3
1001 - 1,250	94	29	19	26	5	5	2	7	1	80	13	1	1
1,251 - 1,500	85	25	20	28	3	7	-	-	2	74	9	-	2
1,501 - 1,750	75	19	24	15	8	4	-	1	4	58	11	3	1
1,751 - 2,000	81	29	25	9	15	1	-	-	2	59	15	1	6
Over 2,000	936	536	203	17	112	11	3	53	1	448	294	48	81
Totals	1,602	761	331	205	149	49	31	61	15	1,023	357	56	100

Type of Retirement

1 - Normal retirement
2 - Early retirement
3 - Survivor payment, retiree
4 - Duty disability retirement
5 - Non-duty disability retirement
6 - Vested benefit
7 - DROP
8 - Court Order

Spousal Option Selected

Opt 1 - 0%
Opt 2 - 50%
Opt 3 - 66.7%
Opt 4 - 100%

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT
CHAPTER 35 EMPLOYEES
YEAR ENDED JUNE 30, 2011

Chapter 35

		Type of Retirement								Spousal Benefit Option			
Amount of Monthly Benefit	Number of Retirees	1	2	3	4	5	6	7	8	Opt1	Opt2	Opt3	Opt4
Deferred	65	-	-	-	-	-	65	-	-	65	-	-	-
$1 - 250	174	78	63	10	-	18	3	-	2	168	2	-	5
251 - 500	220	102	73	24	-	11	5	2	3	193	10	3	5
501 - 750	172	66	82	12	-	9	1	1	1	143	15	1	13
751 - 1,000	163	52	106	2	-	2	1	-	-	124	17	9	13
1001 - 1,250	166	39	120	4	-	1	2	-	-	133	18	4	11
1,251 - 1,500	91	32	57	-	-	1	1	-	-	75	6	5	5
1,501 - 1,750	38	31	7	-	-	-	-	-	-	31	3	1	3
1,751 - 2,000	15	9	6	-	-	-	-	-	-	13	1	1	-
Over 2,000	13	11	-	2	-	-	-	-	-	11	1	-	1
Totals	1,117	420	514	54	-	42	78	3	6	956	73	24	56

Type of Retirement

1 - Normal retirement
2 - Early retirement
3 - Survivor payment, retiree
4 - Duty disability retirement
5 - Non-duty disability retirement
6 - Vested benefit
7 - DROP
8 - Court Order

Spousal Option Selected

Opt 1 - 0%
Opt 2 - 50%
Opt 3 - 66.7%
Opt 4 - 100%

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT
CHAPTER 46 EMPLOYEES
YEAR ENDED JUNE 30, 2011

Chapter 46

		Type of Retirement								Spousal Benefit Option			
Amount of Monthly Benefit	Number of Retirees	1	2	3	4	5	6	7	8	Opt1	Opt2	Opt3	Opt4
Deferred	193	-	-	-	-	-	193	-	-	193	-	-	-
$1 - 250	175	71	81	6	-	13	2	-	2	158	6	-	7
251 - 500	156	77	45	14	-	10	7	2	1	132	10	-	13
501 - 750	125	67	30	8	-	12	2	6	-	99	20	5	5
751 - 1,000	115	63	26	5	-	9	4	8	-	86	21	1	9
1001 - 1,250	87	43	16	2	-	9	1	14	2	59	17	1	10
1,251 - 1,500	68	42	8	6	5	3	-	3	1	46	10	4	8
1,501 - 1,750	68	38	14	1	2	2	1	10	-	48	14	1	5
1,751 - 2,000	46	23	7	1	7	-	1	7	-	33	7	1	5
Over 2,000	314	97	24	2	102	1	-	88	-	202	79	16	17
Totals	1,347	521	251	45	116	59	211	138	6	1,056	184	29	79

Type of Retirement

1 - Normal retirement
2 - Early retirement
3 - Survivor payment, retiree
4 - Duty disability retirement
5 - Non-duty disability retirement
6 - Vested benefit
7 - DROP
8 - Court Order

Spousal Option Selected

Opt 1 - 0%
Opt 2 - 50%
Opt 3 - 66.7%
Opt 4 - 100%