District of Columbia Retirement Board

a Pension Trust Fund of the District of Columbia

Comprehensive Annual Financial Report

For the fiscal year ended September 30, 2009

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Comprehensive Annual Financial Report

For the fiscal year ended September 30, 2009

Prepared by the District of Columbia Retirement Board's
Operations Department
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Washington, D.C. 20001
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Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2009

Introductory Section

Introductory Section

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March 31, 2010

Board of Trustees
District of Columbia Retirement Board
900 7th St. , 2nd Floor,
Washington, D.C. 20001

Dear Board Members:

I am pleased to present the Comprehensive Annual Financial Report ("CAFR") of the District of Columbia Retirement Board ("DCRB," or the "Board") for the fiscal year ending September 30, 2009. DCRB was established to manage the assets of the District of Columbia Police Officers and Firefighters' Retirement Fund and the District of Columbia Teachers' Retirement Fund (collectively referred to as the "Fund").

CAFR Transmittal

This annual report is issued in accordance with the Federal "National Capital Revitalization and Self-Government Improvement Act of 1997" and the District "Police Officers, Firefighters and Teachers Retirement Benefit Replacement Plan Act of 1998". This report includes the independent auditor's reports on the Fund.

The audit reports are issued by the independent public accounting firm of Clifton Gunderson LLP, the selection of which was approved by the DCRB Board of Trustees (the "Trustees"). This annual report also includes other information concerning the Fund, the Board, the District of Columbia Police Officers and Firefighters' Retirement Plan and the District of Columbia Teachers' Retirement Plan (collectively referred to as the "Plans"), Plan membership, investments, and Board operations.

Additional disclosures that are specifically required by statute are also included in the report.

The responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with DCRB management. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the Plan assets and the changes in Plan assets and financial position of the Fund; and that all disclosures necessary to enable the reader to gain the maximum understanding of the financial activities of the Fund have been included.

Structure of the District of Columbia Retirement Board and the Board of Trustees

The Board was created by the U.S. Congress in 1979 under the Retirement Reform Act (the "Reform Act"). The Reform Act established the structure, legal responsibilities, and composition of the Board. The 12 member Board of Trustees consists of 6 individuals elected by their participant groups (2 each by active and retired police officers, firefighters and teachers), 3 appointed by the Mayor, and 3 appointed by the City Council. The D.C. Chief Financial Officer, or his or her designee, sits on the Board as an ex-officio, non-voting Trustee. The Fund is managed and controlled by the Board, and are held in trust by the Board for the exclusive benefit of members, retirees, survivors and beneficiaries of the Plans. The Board's mission is to prudently invest the assets of the Police Officers, Firefighters and Teachers of the District of Columbia while providing those employees with total retirement services.

History and Legislative Background

Prior to the Reform Act, eligibility and benefit rules and financing arrangements for the Plans were authorized by acts of Congress and administered by the Federal Government. Benefits were paid monthly from the general revenues of the U.S. Department of the Treasury, on a "pay-as-you-go" basis when workers retired, not on a prefunded basis using actuarial assumptions and methods. Under the "National Capital Revitalization and Self-Government Improvement Act of 1997" (the "Revitalization Act"), the Federal Government assumed responsibility for the unfunded pension liabilities for retirement benefits earned as of June 30, 1997.

The District of Columbia passed the "Police Officers, Firefighters and Teachers Retirement Benefit Replacement Plan Act of 1998" (the "Replacement Plan Act") which established retirement plans for pension benefits accrued after June 30, 1997.

To facilitate the effective monitoring of the retirement system, the Reform Act and the Replacement Plan Act require the Board to publish an annual report for each fiscal year. The DCRB Comprehensive Annual Financial Report (CAFR) fulfills that requirement.

With the passage of the District's "Office of Financial Operations and Systems Reorganization Act of 2004", the Board assumed responsibility for administering the retirement programs for the District's police officers, firefighters and teachers.

The Board, in cooperation with the U.S. Treasury Department's Office of D.C. Pensions ("ODCP") and the District government, ensured a smooth transition of Benefits Administration from the District's Office of Pay and Retirement Services ("OPRS") to DCRB.

DCRB and ODCP collaborated on changes to the U.S. Treasury retirement system to calculate the benefit split between the District and the Federal trusts, in accordance with the Split Benefit regulations. This project will result in the financial reconciliation of pension liabilities between the two trusts.

Pursuant to Section 1-711 (f) of the District of Columbia Code, "the Mayor and the Council may establish the amount of funds which will be allocated to the Board for administrative expenses, but may not specify the purposes for which such funds may be expended or the amounts which may be expended for the various activities of the Board." The Board is responsible for establishing the level of annual expenditures; any adjustments or re-allocations of the budgetary expenditures; DCRB staffing and compensation; and the spending by program, vendor or department. The Board's budget relies entirely on monies derived from the Fund investments and reimbursements received from the U.S. Treasury for the administration of certain pension payments and other services for which it is responsible.

Profile of the Plans

The District of Columbia Police Officers and Firefighters' Retirement Plan provides retirement, service-related disability, non-service-related disability, and death benefits. All police officers and firefighters of the District of Columbia automatically become members on their date of employment. Police cadets are not eligible.

The District of Columbia Teachers' Retirement Plan provides retirement, disability retirement, and death benefits. Permanent, temporary, and probationary teachers for the District of Columbia public day schools become members automatically on their date of employment. Other employees covered include librarians, principals, and counselors. Former District of Columbia teachers working at charter schools may be eligible to remain in the Plan.

Upon assuming responsibility for administering the Plans in October 2005, the Board established a Member Services Center that is available to all active Plan members and retirees, calculates benefit payments, and works closely with ODCP to implement system changes resulting from software upgrades or legislation affecting Plan provisions. The Board produces Plan communications that include a periodic newsletter, a Summary Annual Report reflecting fund investment results, and Summary Plan Descriptions as prescribed by statute. ODCP maintains the retirement computer system that calculates benefits, issues monthly benefit payments to retirees and survivors, and handles all payment-related activities, including tax withholdings and premiums for health and life insurance coverages.

Plan Management, Performance and Investments

As of September 30, 2009, the Plans had 24,867 members, of whom 13,427 were retirees and survivors who receive monthly pension payments, 10,389 of whom were active members and 1,051 were inactive members. At that date, the Fund's assets were valued at $3.73 billion, a decrease of approximately 0.14% in the total asset value from the end of FY 2008. During FY 2009, $65.0 million in pension benefits were paid and approximately $106.0 million in employer contributions and $54.8 million in employee contributions were deposited into the Fund.

In order to minimize administrative expenses while providing a broad range of investment options that are economically feasible, the assets of the Plans are comingled for investment. The portfolio of the combined assets is collectively referred to as the "Fund". The investment returns of the Fund are calculated based on the fair value of the assets.

The Board seeks long-term investment returns in excess of the actuarial investment rate of return assumption at a level of risk commensurate with the expected levels of returns and consistent with sound and responsible investment practices. The Board, working closely with investment consultants and with input from its actuary, selects the optimal asset allocation policy which best reflects the risk tolerance and investment goals for the Fund.

The asset allocation policy is implemented through the careful screening and selection of investment managers that have an audited favorable long-term track record, a disciplined investment process, and reasonable investment management fees.

The Fund also seeks to outperform the return of the Total Fund Benchmark, computed as the weighted average index return of the following strategic asset allocation:

Asset Class	Performance Benchmark	Weight
U.S. Equities	Russell 3000 Index	40%
Non-U.S. Equities	MSCI All Country World ex U.S. Index	20%
Fixed Income	Barclays U.S. Universal Index	25%
Private Equity	Cambridge Private Equity Index	10%
Real Estate	NCREIF Index	5%

Over the long-term, the Fund has slightly underperformed the Total Fund Benchmark, with the Fund returning an annualized 3.7% for the 10-year period ended September 30, 2009, versus 4.2% for the Total Fund Benchmark. However, it should be noted that the performance of the Fund has exceeded the Board's current actuarial assumed rate of return of 7% for the 27-year period from its inception in October 1982 through September 30, 2009, by 207 basis points. Since its inception, the Fund has earned an annualized return of 9.07%.

Summary of Financial Information

DCRB management is responsible for maintaining internal accounting controls to provide reasonable assurance that transactions are properly authorized and recorded on an accrual basis in accordance with GAAP, and that financial statements conform to GASB and AICPA reporting standards and GFOA guidelines.

The accounting records of DCRB are maintained by DCRB staff. Pension payment information is contained within the System to Administer Retirement (STAR), maintained by the U.S. Treasury Department. Accounting, and DCRB payroll transactions are processed through the District of Columbia's System of Accounting and Reporting (SOAR).

DCRB budgets are approved by the Board and then incorporated into the District CFO$olve budgetary system. The Fund's Trustee Bank, State Street Bank and Trust Company, records and reports all investment and cash management transactions, and the Board exercises close review and controls over those records and transactions.

Consideration is given to the adequacy of internal accounting controls for systems under the control of DCRB, and systems that are shared with other governmental offices or service providers. DCRB requires that its service providers undergo an annual SAS 70 review by independent public accountants, and that government offices whose systems are used by DCRB are subjected to an annual audit. These controls are designed to provide reasonable assurance regarding the safekeeping of assets and the reliability of financial records.

We believe the internal controls in effect during the fiscal year ended September 30, 2009 adequately safeguarded the Fund's assets and provided reasonable assurance regarding the proper recording of financial transactions.

The independent auditor's reports on the Plans are presented in the *Financial Section* of this report.

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statement—and Management's Discussion and Analysis—for State and Local Governments*. This statement establishes financial reporting standards for state and local governments. The Management's Discussion and Analysis provides a narrative introduction and overview to DCRB's financial statements. It is contained within the *Financial Section* and serves to supplement the *Introductory Section* of the Comprehensive Annual Financial Report, as well as financial statements, notes and supplementary information within the *Financial Section.*

Plan Funding

The Replacement Plan Act establishes the method for calculating the employer's (District of Columbia) annual contribution to the retirement Fund. The Board's enrolled actuary must determine the level of covered payroll, expressed as a percentage ("normal contribution rate") for each participant group. Under the Replacement Plan Act, the District must contribute the annual funding amount determined under the Aggregate Actuarial Cost method. No other funding limitations apply. The DC Government is current in providing to the Fund the actuarially determined employer contribution to the Plans.

However, the Board seeks a prompt resolution on the employer contribution receivable, as noted herein by the actuary and the independent auditor, associated with the District's errors in tracking teachers' contributions under various retirement programs. Furthermore, in collaboration with the District, the Board will strive to aggregate all of the census data for its members in a Board-managed pension information system and to develop procedures to assure the data is complete and accurate.

GASB Statement No. 50 requires funds using the Aggregate Actuarial Cost method to disclose funding status information based on the Entry Age Normal ("EAN") method. As of October 1, 2009, the Plan's funded ratio was 103.7%, based on the EAN method. Funding status and employer contributions are presented as *Required Supplementary Information* within the *Financial Section* of the report. The Management's Discussion an Analysis, starting on page 24, has a more in-depth discussion of DCRB's funded status.

Awards

The Government Finance Officers Association of the United States and Canada ("GFOA") Awarded a Certificate of Achievement for Excellence in Financial Reporting to DCRB for its comprehensive annual financial report for the fiscal year ended September 30, 2008. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

DCRB received the Public Pension Coordinating Council's ("PPCC") Public Pension Standards 2009 Award in recognition of meeting professional standards for plan design and administration. The PPCC is a national confederation of state retirement association whose standards are widely recognized benchmarks for public pension systems in the areas of plan design, funding, actuarial and financial audits, as well as member communications.

Acknowledgements

I would like to express my appreciation to the U.S. Treasury's Office of D.C. Pensions, the District of Columbia City Council, the D.C. Office of Financial and Operations Systems, the D.C. Office of Budget and Planning, all other D.C. Government Offices that support the Board, and the DCRB trustees, staff, consultants and service providers for their tireless efforts to assure the financial soundness and successful operation of the District of Columbia Retirement Board.

If you have any questions regarding this Comprehensive Annual Financial Report (CAFR) of the District of Columbia Retirement Board for the fiscal year ending September 30, 2009, please direct them to my office at any time.

Respectfully submitted,

Eric O. Stanchfield

Eric O. Stanchfield,
Executive Director

Thomas R. Anderson

Thomas R. Anderson,
Acting Chief Financial Officer

Board of Trustees

Darrick O. Ross, *Chairman*
Elected Active Police
Term Began 1/28/1999
Term Expires 1/27/2011

Lyle M. Blanchard,
Sergeant-at-Arms
Council Appointee
Term Began 11/15/2002
Term Expires 1/27/2009

Barbara Davis Blum

Mayoral Appointee
Term Began 6/12/2000
Term Expires 1/27/2011

Joseph M. Bress

Council Appointee
Term Began 1/28/2009
Term Expires 1/27/2012

Diana K. Bulger

Mayoral Appointee
Term Began 3/2/2008
Term Expires 1/27/2010

Joseph W. Clark,
Treasurer
Mayoral Appointee
Term Began 3/13/2008
Term Expires 1/27/2011

Deborah Hensley

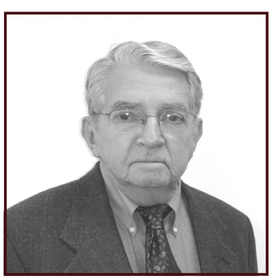
Elected Active Teacher
Term Began 1/28/2009
Term Expires 1/27/2013

Lasana Mack
Ex-Officio Member
Deputy CFO and
Treasurer of the
District of Columbia

Judith C. Marcus,
Parliamentarian
Elected Retired Teacher
Term Began 1/28/1998
Term Expires 1/27/2010

Edward C. Smith

Elected Active Firefighter
Term Began 1/28/2009
Term Expires 1/27/2013



George R. Suter,
Secretary
Elected Retired Police
Term Began 1/28/1998
Term Expires 1/27/2009

Thomas N. Tippett

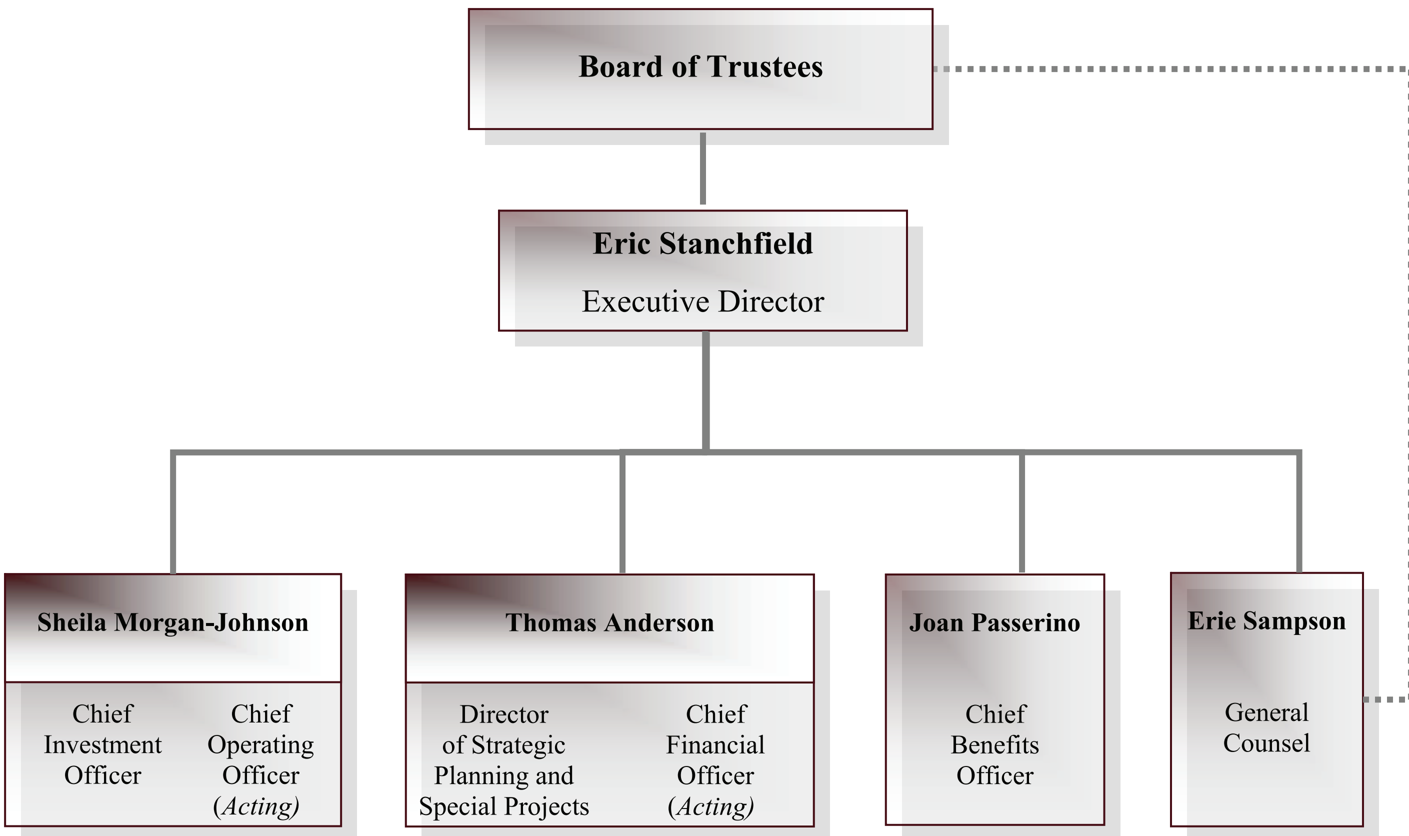
Elected Retired Firefighter
Term Began 3/21/2005
Term Expires 1/27/2012

Michael J. Warren

Council Appointee
Term Began 3/11/2005
Term Expires 1/27/2011

The District of Columbia Retirement Board

For the Fiscal Year Ended September 30, 2009



Auditor
Clifton Gunderson, LLP

Actuary
EFI Actuaries

Investment Advisors
Watson Wyatt Investment Consulting Inc.
Townsend Group
Plexus Group
Pantheon Ventures, Inc.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

District of Columbia Retirement Board

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

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

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

President

Executive Director

PPCC

Public Pension Coordinating Council

Recognition Award for Funding
2009

Presented to

District of Columbia Retirement Board

In recognition of meeting professional standards for
plan funding as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle
Program Administrator

Financial Section

Financial Section

Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's Report

Board of Trustees
District of Columbia Teachers' Retirement Fund and the
District of Columbia Police Officers and Firefighters' Retirement Fund

We have audited the accompanying statements of net assets of the District of Columbia Teachers' Retirement Fund and the District of Columbia Police Officers and Firefighters' Retirement Fund (the Fund), Pension Trust Funds of the Government of the District of Columbia (the District), as of September 30, 2009 and 2008, and the related statements of changes in net assets for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, these financial statements only present the Fund and do not purport to, and do not, present the financial position of the Government of the District of Columbia as of September 30, 2009 and 2008, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the District of Columbia Teachers' Retirement Fund and the District of Columbia Police Officers and Firefighters' Retirement Fund as of September 30, 2009 and 2008, and the changes in its net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Member of HLB International

In accordance with *Government Audit Standards*, we have also issued a report dated January 22, 2010, on our consideration of the Fund's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The management's discussion and analysis on pages 24 through 29 and the schedules of funding progress and employer contributions on pages 45 and 46 are not a required part of the financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included on pages 47 through 49 is for the purpose of additional analysis and is not a required part of the financial statements, and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Clifton Gunderson LLP

Baltimore, Maryland
January 11, 2010

Management's Discussion and Analysis

This discussion and analysis provides an overview of the financial activities of the District of Columbia Teachers' Retirement Fund ("TRF") and Police Officers and Firefighters' Retirement Fund ("POFRF"), for the fiscal years ended September 30, 2009 and 2008, which collectively will be referred to as "the District Retirement Funds". This discussion and analysis should be read in conjunction with the financial statements, the notes to the financial statements, the required supplementary information and the supplementary information provided in this report.

The District of Columbia Retirement Board (the "Board" or "DCRB") is an independent agency of the District of Columbia Government. The Board is responsible for managing the assets of the District Retirement Funds. As authorized by DC Code, the Board pools the assets of the TRF and the POFRF into a single investment portfolio. The Board allocates the investment returns and expenses, and the administrative expenses of the Board, between the two District Retirement Funds in proportion to their respective net asset value. The Board maintains financial records of contributions, purchases of service, benefit payments, refunds, investment earnings, investment expenses and administrative expenses.

Effective October 1, 2005, the Board was assigned the responsibility of administering the pension benefits for retirees, survivors and beneficiaries of the District Retirement Funds. The related administrative expenses are assumed by the District Retirement Funds as described above.

Effective October 1, 2005, the Board entered into a Memorandum of Understanding ("MOU") with the United States Department of the Treasury (the "U.S. Treasury") to administer the District of Columbia Teachers, Police Officers and Firefighters' pension benefits that are the financial responsibility of the Federal Government (service earned before July 1, 1997). The U.S. Treasury reimburses the Board for expenses incurred to administer the federal portion of the retirement plan.

DCRB and the US Treasury Office of DC Pensions ("ODCP") are collaborating on the split retirement benefit calculations for retirees with service earned before and after July 1, 1997. This project will result in the financial reconciliation of pension liabilities between the DCRB trusts and the ODCP trust, projected to be completed in fiscal year 2012. A detailed description of the relationship between DCRB and ODCP regarding the administration and payment of split benefits is included in the notes to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS AND SCHEDULES

The following discussion and analysis are intended to serve as an introduction to DCRB's financial statements. The basic financial statements include:

The Statements of Net Assets is a point-in-time snapshot of plan fund balances at fiscal year end. It reports the assets available to pay future benefits to retirees, and any liabilities that are owed as of the statement date. The resulting Net Asset Value (Assets – Liabilities = Net Assets) represents the value of assets held in trust for pension benefits.

The Statements of Changes in Net Assets displays the effect of financial transactions that occurred during the fiscal year, where Additions – Deductions = Net Increase (or Net Decrease) in Net Assets. This net increase (or net decrease) in net assets reflects the change in the value of Net Assets Held in Trust for Pension Benefits.

The Notes to Financial Statements contain disclosures and discussions which support the data presented in the financial statements. The notes present information about the creation and administration of the Fund, significant accounting policies, and investments. The notes are an integral part of the financial statements and should be considered in conjunction with any review of the financial statements.

The Required Supplementary Information includes the schedule of funding progress and the schedule of employer contributions for the last 6 fiscal years. The schedule of funding progress includes actuarial information about the status of the defined benefit pension plans from an ongoing, long-term perspective, and the progress made in accumulating sufficient assets to pay pension benefits under these plans when due. The Actuarial Value of Assets in excess of the Actuarial Accrued Liabilities indicates that sufficient assets exist to fund the future defined pension benefits of the current members and benefits recipients. Actuarial Accrued Liabilities in excess of the Actuarial Value of Assets reflect an Unfunded Actuarial Accrued Liability (UAAL). The UAAL represents the value, in current dollars, that would need to be accumulated to fund the pensions of all active and retired members as of the date represented in the schedule. The schedule of employer contributions presents historical trend information regarding the value of total annual contributions required to be paid by employers for the employees participating in each defined benefit plan, and the actual performance of employers in meeting this requirement. The information contained in this schedule reflects the required contributions that are based on the actuary's certification which is approved by the Board.

The Supplementary Information includes additional information on the District Retirement Funds including a schedule of administrative expenses, investment expenses and payments to consultants.

FINANCIAL HIGHLIGHTS

The TRF financial highlights for fiscal year 2009 are:

- Net assets held in trust for pension benefits as of September 30, 2009 were $1.2 billion, an annual decrease of $53.3 million or 4.2%.
- The investment loss net of investment expenses for fiscal year 2009 was $37.9 million, a loss of 2.2%.
- The Fund's share of administrative expenditures for fiscal year 2009 was $2.3 million, equivalent to 2 basis points of assets under management.
- The Board's funding objective is to meet long-term pension benefit obligations. As of October 1, 2008, the date of the latest actuarial valuation, TRF's funded ratio was 108.2%. In general, this means that for each dollar's worth of future pension liability, the TRF has accumulated over $1.08 to meet that obligation. This actuarial report indicated that if future activity proceeds according to assumptions, the TRF has accumulated sufficient assets to pay all pension liabilities for active members and retirees. Though the plan is fully funded, there was a decrease in funded status over the preceding year. As of October 1, 2007, the actuarial valuation indicated a funded ratio of 111.6% for the TRF.

- Revenues (additions to plan net assets) for fiscal year 2009 were ($12.2) million, which consists of member contributions of $24.9 million, net losses from investment activities of $37.9 million, and other income totaling $0.8 million. Additions to the plan net assets for fiscal year 2008 totaled ($227.6) million, comprised of $25.9 million in employee contributions, $6 million of employer contributions, $260.5 million in net losses from investment activities, and $1.0 million in other income. The District of Columbia government did not make an employer contribution to the TRF for fiscal year 2009 because of its well funded status.

- Expenses (deductions from plan net assets) increased $8.8 million from $32.4 million during fiscal year 2008 to $41.2 million in fiscal year 2009, or 27.0%. This increase relates primarily to pension benefit payments, which increased $8.3 million from 2008 to 2009. Refunds of member contributions, which remained at levels comparable to the prior year, decreased by only $0.2 million, or 2.5%, from 2008 to 2009. Administrative expenses increased by $0.6 million over the prior year.

The POFRF financial highlights for fiscal year 2009 are:

- Net assets held in trust for pension benefits as of of September 30, 2009 were $2.5 billion, an annual increase of $48.2 million or 1.9%.

- The investment loss net of investment expenses for fiscal year 2009 was $58.2 million, a loss of 2.2%.

- The Fund's share of administrative expenditures for fiscal year 2009 was $4.9 million, equivalent to 2 basis points of assets under management.

- The Board's funding objective is to meet long-term pension benefit obligations. As of October 1, 2008, the date of the latest actuarial valuation, POFRF's funded ratio was 99.8%. In general, this means that for each dollar's worth of future pension liability, the POFRF has accumulated approximately $1.00 to meet that obligation. This actuarial report indicated that if future activity proceeded according to assumptions, the POFRF has accumulated sufficient assets to pay all pension liabilities for active members and retirees. Though the plan is fully funded there was a decrease in funded status over that of the preceding year. As of October 1, 2007, the actuarial valuation indicated a funded ratio of 101.0%.

- Revenues (additions to plan net assets) for fiscal year 2009 were $79.4 million, which consists of member contributions of $29.9 million, employer contributions of $106 million, net losses from investment activities of $58.2 million, and $1.7 million in other income. Additions to the plan net assets for fiscal year 2008 totaled ($348.1) million, comprised of $31.7 million in employee contributions, $137.0 million of employer contributions, $518.8 million in a net loss from investment activities, and $2.0 million in other income.

- Expenses (deductions from plan net assets) increased $2.3 million from $28.8 million during fiscal year 2008 to $31.1 million in fiscal year 2009, or 7.9%. This increase consists primarily of increases in pension benefit payments of $0.9 million from $23.7 million in fiscal year 2008 to $24.6 million in fiscal year 2009 and administrative expenses which increased $1.5 million from $3.4 million in fiscal year 2008 to $4.9 million in fiscal year 2009. Refunds of member contributions remained at levels comparable to the prior year.

SUMMARY OF FINANCIAL INFORMATION

The following Condensed Statement of Net Assets and Changes in Net Assets presents financial information, with dollar amounts in the thousands, for the combined TRF and POFRF and compares fiscal years 2009 and 2008.

ANALYSIS OF FINANCIAL INFORMATION

DCRB's funding objective is to meet long-term benefit obligations with investment income and contributions. Accordingly, the collection of employer and member contributions and the income generated from investment activities provide the reserves needed to finance future retirement benefits. The discussion below provides an analysis of the current year's financial activities in relation to the current member population and relevant economic conditions for the combined TRF and POFRF.

Additions to Net Assets (Revenues)

As noted, the reserves needed to finance retirement benefits are accumulated primarily through the collection of member and employer contributions, and through investment income (net of investment expenses). Revenues for the year ended September 30, 2009, represented an increase in net assets of $67.2 million, which included $96.1 million of net losses on investments and $160.8 million of contributions. For fiscal year 2008, revenues represented a decrease in net assets of $575.7 million, which included $779.2 million of net investment losses. The fiscal year 2008 investment returns represented a significant decline from the fiscal year 2007 net investment income of $618.2 million.

(In thousands of dollars)

Condensed and Combined Statements of Net Assets				**Amount Increase (Decrease) from 2008 to**	**Percent Increase/ (Decrease) from 2008 to**
Assets	**2009**	**2008**	**2007**	**2009**	**2009**
Cash and short-term investments	$226,115	$75,115	$148,524	$151,000	201.0%
Receivables	136,521	450,311	329,915	(313,790)	-69.7%
Investments at fair value	3,684,946	3,846,252	4,409,290	(161,306)	-4.2%
Collateral from securities lending transactions	470,807	468,962	478,715	1,485	0.4%
Capital Assets	22	40	24	(18)	-45.0%
Total assets	4,518,411	4,840,680	5,366,468	322,269	-6.7%
Liabilities					
Other payables	15,411	12,376	42,177	3,065	24.8%
Investment commitments payable	291,257	624,862	474,203	(333,605)	-53.4%
Obligations under securities lending	482,328	468,962	478,715	13,366	2.9%
Total liabilities	789,026	1,106,200	995,095	(317,174)	-28.7%
Net assets	$3,729,385	$3,734,480	$4,371,373	$(5,095)	-0.1%

Condensed and Combined Statements of Changes in Net Assets	**2009**	**2008**	**2007**	**Amount Increase (Decrease) from 2008 to 2009**	**Percent Increase/ (Decrease) from 2008 to 2009**
Employer contributions	$106,000	$143,000	$154,700	$(37,000)	-25.9%
Employee contributions	54,807	57,637	54,282	(2,830)	-4.9%
Net investment income/(loss)	(96,103)	(779,230)	618,164	683,127	-87.7%
Other Income	2,473	2,942	2,124	(469)	-15.9%
Total additions	67,177	(575,651)	829,270	642,828	-111.7%
Benefit payments	58,101	48,894	39,776	9,117	18.6%
Refunds	6,927	7,072	6,613	(145)	-2.1%
Administrative expenses	7,244	5,186	8,322	2,058	39.7%
Total deductions	72,272	61,242	54,711	11,030	18.0%
Net change in net assets	$(5,095)	$(636,893)	774,559	$631,798	-99.2%

Net investment income in fiscal year 2007 comprised 74.5% of the $829.3 million in total revenues.

Total revenues for fiscal year 2009 increased by $642.8 million compared to the prior year, mainly due to the significant market recovery in the 2nd half of fiscal year 2009.

Retirement contributions from members and employers comprised $160.8 million of the additions in fiscal year 2009 compared to $200.6 million in fiscal year 2008. A portion of this decrease was the result of a decrease of $2.8 million in member contributions, or 4.9%. Member contributions include amounts paid by members for future retirement benefits. The decrease in member contributions is the result of a decrease in the District Retirement Funds' active members from 10,482 to 10,389 and a one-time contribution in the prior year of approximately $2.3 million for three reinstated police officers. Employer contributions decreased to $106.0 million in fiscal year 2009 from $143.0 million in 2008 for a decrease of $37 million. This decrease in employer contributions was the result of investment gains through October 1, 2007 and favorable actuarial experience.

Other income totaled $2.5 million in fiscal year 2009, reflecting a $0.4 million decrease from the $2.9 million received in 2008. Other income consists mainly of a reimbursement from ODCP for administrative expenses.

Deductions from Net Assets (Expenses)

DCRB was created to provide retirement, survivor and disability benefits to qualified members and their beneficiaries. The cost of such programs includes recurring benefit payments, elective refunds of contributions to employees who terminate employment with a participating employer, and the cost of administering the District Retirement Funds.

Expenses for the year ended September 30, 2009 totaled $72.3 million, an increase of 18.0% over fiscal year 2008. In fiscal year 2008 expenses increased by 11.9% when compared to 2007, from $54.7 million in 2007 to $61.2 million in 2008. Pension benefits paid on behalf of current retirees and beneficiaries comprise approximately 85-90% of the expenses reported in each of these years and accounted for a significant portion of the increases.

Pension benefits for fiscal year 2009 increased by $9.1 million over the fiscal year 2008 level, or 18.6%. This increase reflects the combination of a net growth of 12.4% in the number of retirees and beneficiaries receiving benefits coupled with COLA adjustments, an overall increase in the final average salary for new retirees and the changing demographics of the retiree population. Defined benefit pension payments are based on a formula determined by the years of contributing service and the average of the thirty six highest months of earnable salary (or final average salary). Pension benefits for 2008 reflect similar increases, rising $9.7 million, or 20.8%, over 2007 levels.

Refunds of member accounts are at the discretion of the member, and vary from year to year. In fiscal year 2009, member elected refunds totaled $6.9 million, comparable to the 2008 and 2007 levels. Refunds issued in 2008 totaled $7.1 million representing a $.5 million increase over the 2007 level of $6.6 million.

DCRB has consistently managed its administrative expense budget with no material variances between planned and actual expenditures in either fiscal year 2009 or 2008. Administrative expenses for fiscal year 2009 totaled $7.2 million, an increase of $2.0 million from the 2008 expenditures of $5.2 million.

Funding Status

As previously noted, the District Retirement Funds' net investment income for the year ended September 30, 2009 represented a loss of $96.1 million, or 2.2%. The DCRB is a well funded yet immature system as a result of the 1999 asset split with the United States Treasury in which they assumed responsibility for all benefit obligations prior to June 30, 1997.

As with all immature systems, a higher percentage of benefits are funded by current contributions. As the system matures, investment income will provide a greater percentage of the funds necessary to pay retirement benefits. Therefore, the long-term rate of investment return is critical to DCRB's long-term funding status.

To fully understand the funding status of a retirement system, it is often advisable to view actuarial data in conjunction with financial data. The actuarial value of assets used to calculate funded status is not based on year-end fair value (market value) as of the valuation date. Market gains and losses for actuarial funding purposes are smoothed over a rolling seven year period. This smoothing of gains and losses mitigates the need to constantly increase or lower contributions because volatile market conditions can be recognized (smoothed in) over several years.

The reality of actuarial smoothing techniques is that the fair value (market value) of assets may be significantly different from funding value (actuarial value) of assets at a given point in time. This means that in periods of extended market decline the fair value of assets will usually be less than the funding, or actuarial value of assets. This was the case with DCRB during the current market downturn in 2008 and 2009. Conversely, during periods of extended market gains, the fair value of assets will usually be greater than the funding, or actuarial value of assets.

At October 1, 2008, the date of the latest actuarial valuation, the actuarial value of net assets set aside to pay defined benefit pension benefits was $1,447.6 million for the TRF and $2,932.1 million for the POFRF for a total of $4,379.7 million. The fair value of these defined benefit assets at September 30, 2008 included on the financial statements of DCRB was $1,253.5 million for the TRF and $2,481.2 million for the POFRF for a total of $3,734.7 million. Therefore, when viewing the actuarial funding status, the market value of assets would provide an inferior funding position to the actuarial value of assets as of the October 1, 2008 valuation. However, as a point of comparison, at the end of fiscal year 2007 the actuarial value of assets were less than the market value of pension assets, making DCRB's funding appear less favorable than the actual market values would have indicated.

FINANCIAL ANALYSIS SUMMARY

Net assets may serve over time as a useful indication of DCRB's financial position. At the close of both the fiscal year 2009 and 2008, the net assets of DCRB totaled $3.7 billion. These net assets are available to meet DCRB's ongoing obligations to plan participants and their beneficiaries. DCRB has weathered the financial storm over the past 2 years and remains a well funded plan with a funding status as of October 1, 2008, the date of the most recent actuarial valuation, of 102.4% for the District Retirement Funds.

ADDITIONAL INFORMATION

These financial statements present the finances of the Fund in accordance with accounting principles generally accepted in the United States of America. Questions about these financial statements or other inquiries should be addressed to the Executive Director, District of Columbia Retirement Board, 900 7th Street, NW, 2nd Floor, Washington, DC 20001.

Statement of Net Assets
(In thousands of dollars)

	September 30, 2009			September 30, 2008		
	Teachers' Retirement Fund	Police Officers and Firefighters' Retirement Fund	Total	Teachers' Retirement Fund	Police Officers and Firefighters' Retirement Fund	Total
Assets						
Cash and short-term investments	$72,758	$153,357	$226,115	$25,211	$49,904	$75,115
Due From District of Columbia	-	-	-	540	-	540
Due from Federal Government	732	1,540	2,272	560	1,099	1,659
Due from other agencies	-	-	-	6	11	17
Investment sales proceeds receivable	36,278	76,465	76,465	142,941	282,946	425,887
Accrued interest & dividends	3,376	7,116	7,116	4,110	8,136	12,246
Employee contributions receivable	1,292	1,503	1,503	1,160	1,338	2,498
Contribution receivable - District of Columbia	8,219	-	-	7,464	-	7,464
Investments at fair value	1,185,722	2,499,224	3,684,946	1,290,920	2,555,332	3,846,252
Collateral from securities lending transactions	153,109	317,698	470,807	157,359	311,603	468,962
Capital assets, net	7	15	22	14	26	40
Total Assets	1,461,493	3,056,918	4,518,411	1,630,285	3,210,395	4,840,680
Liabilities						
Accounts payable - investment expense	1,127	2,374	3,501	1,964	3,873	5,837
Due to Federal Government	108	227	335	394	389	783
Benefits Payable	3,371	2,271	5,642	2,721	1,932	4,653
Due to District of Columbia Government	1,921	4,042	5,963	370	733	1,103
Investment commitments payable	93,719	197,538	291,257	209,723	415,139	624,862
Obligations under securities lending	156,856	325,472	482,328	157,359	311,603	468,962
Total liabilities	257,102	531,924	789,026	372,531	733,669	1,106,200
Net Assets Held in Trust for Pension Benefits	$1,204,391	$2,524,994	$3,729,385	$1,257,754	$2,476,726	$3,734,480

(Schedule of Funding Progress for each fund is presented on page 46).

The accompanying notes are an integral part of these statements.

Statement of Changes in Net Assets
(In thousands of dollars)

	September 30, 2009			September 30, 2008		
	Teachers' Retirement Fund	Police Officers and Firefighters' Retirement Fund	Total	Teachers' Retirement Fund	Police Officers and Firefighters' Retirement Fund	Total
Additions						
Contributions:						
District Government	$ -	$106,000	$106,000	$6,000	$137,000	$143,000
District employees	24,907	29,900	54,807	25,919	31,718	57,637
Total Contributions	24,907	135,900	160,807	31,919	168,718	200,637
Investment Income:						
Net appreciation/(depreciation) in fair value of investments	(64,382)	(112,327)	(176,709)	(294,079)	(585,796)	(879,875)
Interest and dividends	28,867	59,116	87,983	37,270	74,197	111,467
Total Gross investment income/(loss)	(35,515)	(53,211)	(88,726)	(256,809)	(511,599)	(768,408)
Less:						
Investment expenses	3,963	8,299	12,262	5,387	10,543	15,930
Net investment income/(loss)	(39,478)	(61,510)	(100,988)	(262,196)	(522,142)	(784,338)
Securities lending income	2,796	5,726	8,522	7,163	14,184	21,347
Less: securities lending exposure	1,193	2,444	3,637	5,449	10,790	16,239
Net securities lending income	1,603	3,282	4,885	1,714	3,394	5,108
Total net investment income/(loss)	(37,875)	(58,228)	(96,103)	(260,482)	(518,748)	(779,230)
Other income	793	1,680	2,473	990	1,952	2,942
Total additions	(12,175)	79,352	67,177	(227,573)	(348,078)	(575,651)
Deductions						
Benefit payments	33,532	24,569	58,101	25,329	23,745	48,894
Refunds	5,316	1,611	6,927	5,453	1,619	7,072
Administrative expenses	2,340	4,904	7,244	1,746	3,440	5,168
Total deductions	41,188	31,084	72,272	32,438	28,804	61,242
Changes in Net Assets	(53,363)	48,268	(5,095)	(260,011)	(376,882)	(636,893)
Net Assets Held in Trust for Pension Benefits, Beginning of Year	1,257,754	2,476,726	3,734,480	1,517,765	2,853,608	4,371,373
Net Assets Held in Trust for Pension Benefits, End of Year	$1,204,391	$2,524,994	$3,729,385	$1,257,754	$2,476,726	$3,734,480

The accompanying notes are an integral part of these statements.

Notes to Financial Statements
(In thousands of dollars)

NOTE 1: ORGANIZATION

The District of Columbia Teachers' Retirement Fund (TRF) and the District of Columbia Police Officers and Firefighters' Retirement Fund (POFRF), which together will be referred to as "the District Retirement Funds", were established in 1979 by the District of Columbia Retirement Reform Act (the Reform Act, Pub. L. 96-122, D. C. Code § 1-701 et seq.). The Fund holds in trust the assets available to pay pension benefits to teachers, police officers and firefighters of the District of Columbia Government. The Reform Act also established the District of Columbia Retirement Board (the Board or DCRB).

The National Capital Revitalization and Self-Government Improvement Act of 1997 (the Revitalization Act, Title XI of the Balanced Budget Act of 1997, Pub. L. 105-33) transferred significant assets and liabilities of the District Retirement Funds to the Federal Government.

Concurrently, the District of Columbia Retirement Protection Act of 1997 (the "Retirement Protection Act", Subtitle A of the Revitalization Act) transferred to the Federal Government the liability for retirement benefits for employee service credit earned prior to July 1, 1997, by participants of the District Retirement Funds. The assets transferred to the Federal Government and the assets of the District Retirement Funds, which are managed by the Board, are components of the same two employer defined benefit pension plans.

The Council of the District of Columbia (the Council) enacted the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1998 (September 18, 1998, D.C. Law 12-152, § 101, 45 DCR 4045; D.C. Code § 1-901.01 et seq.). This Act (the Replacement Act) established the pension benefits for employee service earned after June 30, 1997, and provided for full funding of the benefits on an actuarially sound basis.

The Board is an independent agency of the District of Columbia Government (the District) that is responsible for managing the assets of the TRF and the POFRF. Although the assets of these funds are commingled for investment purposes, each fund's assets may only be used for the payment of benefits to the participants of that fund and certain administrative expenses.

The District Retirement Funds are included in the District's Comprehensive Annual Financial Report as a pension trust fund.

NOTE 2: FUND ADMINISTRATION AND DESCRIPTION

District of Columbia Retirement Board – The Board consists of 12 trustees, three appointed by the Mayor of the District, three appointed by the Council of the District, and six elected by the active and retired participants. Included are one active and one retired representative each from the police officers, firefighters, and teachers. Each of the six representatives of plan participants is elected by the respective groups of active and retired employees. In addition, the District's Chief Financial Officer or his designee serves as a non-voting, ex-officio trustee.

Since its inception, the Board has operated under a committee system which provides a two-tiered process for fiduciary review and analysis. In this manner, the Board, consistent with its fiduciary duties, reviews all issues brought before it. The Board has six standing committees: Benefits, Emerging Enterprise, Fiduciary, Investments, Legislative, and Operations. (The functions usually associated with an Audit Committee are performed by the Operations Committee.) To implement its policies, the Board retains an executive director and other staff who are responsible for the day-to-day management of the District Retirement Funds and the administration of the benefits paid there from.

Police Officers and Fire Fighters' Retirement Fund

Other Entities involved in Plan Administration – The District of Columbia Police Officers and Firefighters' Retirement and Relief Board makes findings of fact, conclusions of law, and decisions regarding eligibility for retirement and survivor benefits, determines the extent of disability, and conducts annual medical and income reviews.

The Board of Police and Fire Surgeons determines medical eligibility for disability retirement.

Benefits Calculation – The DCRB Benefits Department receives the retirement orders for retirement benefit calculations for all active plan members found eligible for retirement by the District of Columbia Police Officers and Firefighters' Retirement and Relief Board, and carries out the day-to-day processing of retirement benefits. DCRB also processes employee requests for refunds of contributions.

Eligibility – A participant becomes a member when he/she starts work as a police officer or firefighter in the District. Cadets are not eligible to join the Fund.

Retirement and disability benefit provisions for District of Columbia police officers and firefighters are established by the "Policemen and Firemen's Retirement and Disability Act" (D.C. Code § 5-701 et seq. (2001 Ed.)).

Members Hired Before February 15, 1980 – Members are eligible for optional retirement with full benefits at any age with 20 years of departmental service, or for deferred retirement after age 55 with five years of departmental service. The annual basic retirement benefit equals 2.5% of average base pay, which is defined as the highest consecutive 12 months of base pay, multiplied by departmental service through 20 years; plus 3% of average base pay multiplied by average base pay times departmental service over 20 years; plus 2.5% of average base pay multiplied by years of creditable service; however, the aggregate annual basic retirement benefit may not exceed 80% of the member's final annual pay. Members terminated after five years of police or fire service are entitled to a deferred pension beginning at age 55. Benefits are also provided to certain survivors of active, retired, or terminated vested members. Retired members receive the same percent increase in benefits granted to active participants in the schedule rate to which the member would be entitled if in active service.

Members with permanent, service-related disabilities with less than 26 years and eight months of service receive benefits equal to two-thirds of average base pay.

Members with 26 years and eight months to 28 years of service receive 2.5% of average base pay multiplied by the number of years of service. Members with more than 28 years of service receive benefits equal to 70% of average base pay.

Members with permanent, nonservice related disabilities who have years of service between 5 to 20 years of service receive benefits equal to 40% of average base pay, between 20 to 35 years of service receive benefits equal to 2% of average base pay multiplied by the number of years of service during that 15-year period and more than 35 years of service receive benefits equal to 70% of average base pay.

Members Hired Between February 15, 1980 and November 10, 1996 – Members are eligible for optional retirement with full benefits at age 50 with at least 25 years of departmental service, or after age 55 with five years of departmental service. The annual basic retirement benefit equals 2.5% of average base pay, which is defined as the highest consecutive 36 months of base pay, multiplied by the number of years of creditable service through 25 years; plus 3% of average base pay multiplied by the number of years of departmental service over 25 years; plus 2.5% of average base pay multiplied by the number of years of creditable service; however, the aggregate annual basic retirement benefit may not exceed 80% of final salary. Members separated from the Police or Fire Department after five years of departmental service are entitled to a deferred pension beginning at age 55.

Members with permanent, service-related disabilities receive 70% of base pay multiplied by percentage of disability, with a minimum benefit of 40% of base pay. Members with permanent, non-service related disabilities with more than 5 years of service receive 70% of base pay multiplied by percentage of disability, with a minimum benefit of 30% of base pay.

Benefits are also provided to certain survivors of active, retired or terminated vested members.

Members who retired after February 15, 1980 receive annual benefit increases proportional to changes in the Consumer Price Index.

Members Hired on or After November 10, 1996 – Members are eligible for retirement at any age, with at least 25 years of departmental service or after age 55 with 5 years of departmental service. The annual basic retirement benefit equals 2.5% of average base pay, which is defined as the highest consecutive 36 months of base pay, multiplied by creditable service; however, the aggregate annual basic retirement benefit may not exceed 80% of the final pay. Members separated after five years of departmental service are entitled to a deferred pension beginning at age 55. Benefits are also provided to certain survivors of active, retired, or terminated vested members. Members receive annual benefit increases proportional to changes in the Consumer Price Index, but not more than 3%.

Members with permanent, service-related disabilities receive 70% of base pay multiplied by percentage of disability, with a minimum benefit of 40% of base pay.

Members with permanent, non-service-related disabilities with more than five years of service receive 70% of base pay multiplied by percentage of disability, with a minimum benefit of 30% of base pay.

Teachers' Retirement Fund

Other Entities involved in Plan Administration – The District of Columbia Public School's ("DCPS") Office of Human Resources makes decisions regarding involuntary retirement, survivor benefits and annual medical and income reviews.

Benefits Calculation – The DCRB Benefits Department receives the approved retirement applications for all active plan members found eligible for retirement by the DCPS Office of Human Resources, and carries out the day-to-day processing of retirement benefits. DCRB also processes employee requests for refunds of contributions.

Eligibility – Permanent temporary and probationary teachers and certain other employees of the District of Columbia public day schools are automatically enrolled in the Teachers' Retirement Fund as members on their date of employment. Certain D.C. Public Charter School employees are also eligible to be participants. However, substitute teachers and employees of the Department of School Attendance and Work Permits are not covered.

Title 38, Chapter 20 of the D.C. Official Code (D.C. Code § 38-2001.01 et seq. (2001 Ed.)) establishes benefit provisions which may be amended by the District City Council. For employees hired before November 1, 1996, the annuity is equal to the average salary, as defined, multiplied by 1.5% for each of the first five years of service, 1.75% for each of the second five years and 2% for each additional year. For employees hired on or after November 1, 1996, the annuity is equal to a time-weighted average salary, as defined, multiplied by 2% for each year of service.

The annuity may be further increased by crediting unused sick leave as of the date of retirement. Participants receiving retirement benefits receive an annual benefit increase proportional to changes in the Consumer Price Index; however, the increase may not exceed 3% for participants hired on or after November 1, 1996. Participants may select from among several survivor options.

Participants who have 5 years of school service (by working for the District of Columbia public school system), and who become disabled and can no longer perform their jobs satisfactorily, may be eligible for disability retirement. Such disability retirement benefits are calculated pursuant to a "guaranteed minimum" formula.

Optional retirement is available for teachers who have a minimum of 5 years of school service and who achieve the following age and length of service requirements:

- at age 62 with 5 years of service;
- at age 60 with 20 years of service; and

(In Thousands of Dollars)

- at age 55 with 30 years of service;
- or at any age with 30 years of service, if hired by the school system on or after November 1, 1996.

Employees who are involuntarily separated other than for cause and who have 5 years of school service, may be eligible for retirement at any age with 25 years of service or at age 50 with 20 years of service.

The annuity is reduced if at the time of its commencement the participant is under the age of 55.

Participant Data – The number of participating employees for the years ended September 30 was as follows:

TRF	2009	2008
Retirees and survivors receiving benefits (post June 30, 1997)	2,770	2,527
Active plan members	4,601	4,821
Vested terminations	617	531
Total participants	7,988	7,879

POFRF	2009	2008
Retirees and survivors receiving benefits (post June 30, 1997)	1,449	1,555
Active plan members	5,788	5,661
Vested terminations	105	78
Total participants	7,342	7,294

Contributions – Fund members contribute by salary deductions at rates established by D.C. Code § 5-706 (2001 Ed.). Members contribute 7% (or 8% for Teachers, Police Officers and Firefighters hired on or after November 1, 1996) of annual gross salary, including any differential for special assignment and longevity, but excluding overtime, holiday, or military pay.

The District is required to contribute the amounts necessary to finance the plan benefits of its members through annual contributions at actuarially determined amounts in accordance with the provisions of the Replacement Act. The amount of the District contributions for fiscal years 2009 and 2008 were equal to the amounts computed, if any, by the Board's independent actuary.

Contribution requirements of members are established by D.C. Code § 5-706 and requirements for District of Columbia government contributions to the Fund are established at D.C. Code § 1-907.02 (2001 Ed.), which may be amended by the City Council. Administrative costs are paid from investment earnings.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements are prepared using the accrual basis of accounting.

Employee contributions are recognized by the District Retirement Funds at the time compensation is paid to fund members. Employer contributions to the District Retirement Funds are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the retirement plan's commitment.

Method Used to Value Investments – Investments are reported at fair value, and reflect transaction costs, such as brokerage commissions and other costs normally incurred in a sale, if such costs are determinable or estimable. Short-term investments (whose maturities do not exceed 13 months at the time of purchase) are reported at amortized cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange (Spot) rate. Collateralized mortgage obligations are stated at fair value as determined by a third-party source selected by State Street Bank, the custodian of fund assets.

Notes to Financial Statements
(In thousands of dollars)

The fair value of limited partnership interests in real estate or private equity investments are based on management's valuation of estimates and assumptions from information and representations provided by the respective general partners in the absence of readily ascertainable market values.

Actuarial Data – The District Retirement Funds use the Aggregate Actuarial Cost method to determine the annual employer contribution. Any excess of the actuarial present value of projected benefits of the group included in an actuarial valuation over the sum of the actuarial value of assets plus the actuarial present value of employee contributions is allocated on a level basis over the earnings or service of the group between the valuation date and assumed exit date.

This allocation is performed for the group as a whole, not as a sum of individual allocations. The portion of the actuarial present value allocated to a valuation year is called the normal cost. The actuarial accrued liability is equal to the actuarial value of assets.

Use of Estimates in Preparing Financial Statements – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Board to make estimates and assumptions that affect the reported amounts of assets, liabilities, additions and deductions to net assets held in trust for pension benefits and disclosure of contingent assets and liabilities at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

Investment Expenses – The District of Columbia Appropriation Act authorized Fund earnings to be used for investment expenses incurred in managing the assets and administering the Fund. The total investment expenses borne by the District Retirement Funds was $12,262 in 2009 and $15,930 in 2008.

NOTE 4: INVESTMENTS

The Board is authorized to manage and control the investment of the District Retirement Funds' assets. The Board broadly diversifies the investments of the District Retirement Funds so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so, as required by D.C. Code § 1-741(a)(2)(C), (2001 Ed.).

Master Trust – The Board has pooled all of the assets under its management (the Investment Pool), as is authorized by D.C. Code § 1-903(b), (2001 Ed.), with a master custodian under a master trust arrangement (the Master Trust). Using an investment pool, each Fund owns an undivided proportionate share of the pool. District and employee contributions are deposited in the respective Retirement Fund for which the contribution was made, and benefit payments and employee contribution refunds are withdrawn from the Fund in which the recipient participates. Investment performance and administrative expenditures are allocated between the two Funds based upon their proportionate equity in the pool.

The fair values of investments of the Investment Pool as of September 30 are as follows:

	2009	2008
Cash and short-term investments	$ 226,115	$ 75,115
Investments at fair value:		
Domestic equity	1,350,457	1,556,544
International equity	706,324	659,398
Fixed income	891,599	849,306
Real estate	192,645	283,936
Private equity	543,921	497,068
Total investments at fair value	3,684,946	3,846,252
Total	$ 3,911,061	$ 3,921,367

(In Thousands of Dollars)

Debt Instruments – As of September 30, 2009, the Investment Pool held the following debt instruments:

Investment Type	Fair Value	% of Segment	Duration	Rating*
US Treasuries	$ 102,864	11.53%	5.76	AAA
US Agencies	85,044	9.54%	4.23	AAA
Corporate	173,938	19.51%	5.73	A
MBS	174,226	19.54%	2.59	AAA
ABS	41,106	4.61%	2.83	BBB-
High Yield	23,546	2.64%	5.40	BB-
Emerging Markets	54,906	6.16%	2.64	BBB
Non-US	19,327	2.17%	3.18	AA+
Convertibles	1,500	0.17%	.28	BB-
Municipal	23,720	2.66%	9.51	AAA
Short-term	191,422	21.47%	3.14	AA+
Total	$ 891,599	100.00%		

* Using quality ratings provided by Standard & Poor's

As of September 30, 2008, the Investment Pool held the following debt instruments:

Investment Type	Fair Value	% of Segment	Duration	Rating*
US Treasuries	$ (99,853)	(11.76)%	5.26	AAA
US Agencies	66,852	7.87%	6.41	AA+
Corporate	153,407	18.06%	8.24	A+
MBS	540,044	63.59%	3.80	AAA
ABS	47,980	5.65%	3.69	BBB+
High Yield	38,992	4.59%	2.66	B+
Emerging Markets	14,411	1.70%	3.15	A
Non-US	26,597	3.13%	3.26	AAA
Convertibles	783	0.09%	4.26	AA
Municipal/Other	7,313	0.86%	13.23	AAA
Short-term	52,780	6.22%	0.70	AA+
Total	$ 849,306	99.99%		

* Using quality ratings provided by Standard & Poor's

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, an investment with a longer maturity will have a greater sensitivity to fair value changes that are related to market interest rates. The Board monitors the interest rate risk inherent in its portfolio by measuring the weighted average duration of its portfolio. Duration is a measure of a debt investment's exposure to fair value changes arising from changing interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. As a general rule, the risk and return of the Board's fixed income segment of the portfolio is compared to the Barclays Capital US Universal Index. To mitigate interest rate risk, the fixed income segment is expected to maintain a weighted average duration (sensitivity to interest rate changes) within +/-2 years of the duration of this Index.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Unless specifically authorized otherwise in writing by the Board, fixed income managers invest in investment grade instruments rated in the top four rating categories by a recognized statistical rating service.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. As a general policy, investment managers with authority to invest in issuers denominated in a foreign currency may reduce exposure to currency risk by systematically hedging foreign currency positions back to U.S. dollars through the forward currency markets. Since the forward exchange rate is seldom equal to the spot exchange rate, forward hedging gains and losses may arise.

Notes to Financial Statements
(In thousands of dollars)

As of September 30, 2009, the Investment Pool held investments that were denominated in a currency other than the United States Dollar, as summarized below:

	Asset Class				
	Cash	Equities	Fixed Income	Swaps	Total
Australian Dollar	$ 1,695	$ 26,371	$ 8,543	$ (267)	$ 36,342
Canadian Dollar	110	22,315	-	-	22,425
Swiss Franc	43	37,127	-	-	37,170
Danish Krone	90	5,144	-	-	5,234
Euro	1,424	233,083	21,621	-	256,128
Pound Sterling	127	76,495	-	-	76,622
Hong Kong Dollar	66	32,808	-	-	32,874
Japanese Yen	1,347	123,930	3,188	-	128,465
South Korean Won	-	-	-	-	-
Norwegian Krone	409	4,918	-	-	5,327
New Taiwan Dollar	-	-	-	-	-
New Zealand Dollar	49	225	-	-	274
Swedish Krona	1,312	15,362	-	-	16,674
Singapore Dollar	55	6,384	-	-	6,439
South African Rand	-	-	-	-	-
Mexican Peso	3	-	-	(4)	(1)
Brazilian Real	-	-	1,442	(14)	1,428
Total Foreign	$ 6,730	$ 584,162	$ 34,794	$ (285)	$ 625,401

(In Thousands of Dollars)

As of September 30, 2008, the Investment Pool held investments that were denominated in a currency other than the United States Dollar, as summarized below:

	Asset Class					
	Cash	Equities	Fixed Income	Swaps	Alternative Investments	Total
Australian Dollar	$ 210	$ 16,986	$ -	$ 706	$ -	$ 17,902
Canadian Dollar	143	21,260	8,881	(1,053)	-	29,231
Swiss Franc	160	43,222	-	-	-	43,382
Danish Krone	-	1,709	-	-	-	1,709
Euro	4,809	220,973	6,341	(165)	8,798	240,756
Pound Sterling	948	81,337	2,336	(317)	-	84,304
Hong Kong Dollar	468	27,322	-	-	-	27,790
Japanese Yen	551	117,954	2,817	(30)	-	121,292
South Korean Won	-	1,399	-	-	-	1,399
Norwegian Krone	542	5,039	-	-	-	5,581
New Taiwan Dollar	1,077	2,571	-	-	-	3,648
New Zealand Dollar	131	151	-	-	-	282
Swedish Krona	3,135	10,082	-	-	-	13,217
Singapore Dollar	177	3,308	-	-	-	3,485
South African Rand	-	-	-	-	-	-
Mexican Peso	2	-	-	-	-	2
Brazilian Real	-	-	1,223	-	-	1,223
Total Foreign	$ 12,353	$ 553,313	$ 21,598	$ (859)	$ 8,798	$ 595,203

Notes to Financial Statements
(In thousands of dollars)

Securities Lending Transactions – District statutes and the Board's policies permit the District Retirement Funds to participate in securities lending transactions by relying on a Securities Lending Authorization Agreement, which authorizes the master custodian to lend the Board's securities to qualified broker-dealers and banks pursuant to a form of loan agreement.

During 2009 and 2008, the master custodian, at the direction of the Board, loaned certain of the District Retirement Funds' equity and fixed income securities for which it received collateral in the form of United States and foreign currency cash, securities issued or guaranteed by the United States government, the sovereign debt of foreign countries and irrevocable bank letters of credit. This collateral could not be pledged or sold unless the borrower defaulted on the loan. Borrowers were required to deliver and maintain collateral for each loan in an amount equal to (i) at least 102% of the market value of the loaned security in the United States; or (ii) 105% of the market value of the loaned securities in the case of loaned securities not denominated in United States dollars or whose primary trading market was not located in the United States.

The Board and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool (the Quality D Fund). The Quality D Fund does not meet the requirements of Securities and Exchange Commission Rule 2a-7 of the Investment Company Act of 1940, and accordingly, the master custodian has valued the Fund's investments at fair value for reporting purposes.

The Quality D Fund is not registered with the Securities and Exchange Commission. The master custodian, and consequently the investment vehicles it sponsors (including the Quality D Fund), are subject to the oversight of the Federal Reserve Board and the Massachusetts Commissioner of Banks. The fair value of the Funds' position in the Quality Fund is not the same as the value of the District Retirement Funds' shares.

There was no involuntary participation in an external investment pool by the Quality D Fund and there was no income from one fund that was assigned to another fund by the master custodian during 2009 or 2008.

During the fiscal year ended September 30, 2009, shares in the Quality D Fund purchased with cash collateral by the lending agent declined in value, resulting in an unrealized loss of $11,521.

During 2009 and 2008, the Board did not restrict the amount of the loans that the master custodian made on its behalf. There were no failures by any borrowers to return loaned securities or pay distributions thereon and there were no losses resulting from a default of the borrowers or the master custodian during 2009 and 2008.

The Quality D Fund invests cash collateral from loans of U.S. and non-U.S. equities, U.S. corporate fixed income securities, U.S. Government securities and sovereign debt. It had a weighted average maturity of 46.90 days and an average expected maturity of 270.65 days. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. Investments are restricted to issuers with a short-term credit rating not lower than A1/P1, or long-term ratings not lower than A-/A3, or the equivalent thereof. The Quality D Fund may invest in other investment vehicles managed by the master custodian provided they conform to fund guidelines.

On September 30, 2009 and 2008, the Board had no credit risk exposure to borrowers.

As of September 30, 2009 the fair value of securities on loan was $468,081. Associated collateral totaling $482,328 was comprised of cash.

As of September 30, 2008 the fair value of securities on loan was $466,265. Associated collateral totaling $468,962 was comprised of cash.

Net security lending income is composed of three components: gross income, broker rebates, and agent fees. Gross income is equal to earnings on cash collateral received in a security lending transaction. A broker rebate is the cost of using that cash collateral. Agent fees represent the fees paid to the agent for administering the lending program. Net security lending income is equal to gross income less broker rebates and agent fees. Security lending income for fiscal year 2009 and 2008 was recorded on a cash basis which approximated the accrual basis. The Fund's share of securities lending income and expense are on page 31.

Derivative Investments – Derivatives are generally defined as contracts in which the value depends on, or derives from, the value of an underlying asset, reference rate, or index. Structured financial instruments are also defined as derivatives, such as mortgage-backed securities, asset-backed securities, and floating rate notes. Derivative investments generally contain exposure to credit risk, market risk, and/or legal risk. Credit risk is the exposure to the default of another party to the transaction (counterparty), or to the creditworthiness of derivative securities, such as mortgage-backed, asset-backed, floating rate, and stripped securities. Market risk is the exposure to changes in the market, such as a change in interest rates, currency exchange rates, or a change in the price or principal value of a security. The Board believes that all contracts entered into are legally permissible in accordance with the policy of the Board.

During 2009 and 2008, the District Retirement Funds, in accordance with the policy of the Board, and through the District Retirement Funds' investment managers who have full discretion over investment decisions, invested in various derivative instruments either to increase potential earnings or to hedge against potential losses. These derivatives included asset-backed securities (ABS), collateralized mortgage-backed securities (CMOs), mortgage-backed pools and securities, floating rate notes, structured notes, stripped/zero coupon bonds, inflation index bonds, forward mortgage-backed security contracts (TBAs), foreign currency forward and futures contracts, equity index futures, bond futures, bond options, currency options, swaps, swaptions and warrants.

The District Retirement Funds used ABS, CMOs, mortgage-backed pools and securities, floating rate notes, structured notes, stripped/zero coupon bonds, and TBAs primarily to increase potential returns. ABS and mortgage-backed pools and securities offer higher potential yields than comparable duration U.S. Treasury notes with higher credit and market risks. CMOs also offer higher potential yields than comparable duration U.S. Treasury notes, with higher market risks, although the market risks may be higher or lower than comparable mortgage-backed pools. Market risk for asset-backed and mortgage-backed pools and securities is managed by monitoring the duration of the investments. Credit risk is managed by monitoring credit ratings, the underlying collateral for each security and any related guarantee. These and all other risks mentioned herein are monitored and managed by the Retirements Funds' external investment managers who purchase such securities and notes on behalf of the District Retirement Funds.

Floating rate notes (securities which pay an interest rate tied to an index) are subject to market risk to the extent of the movement of the underlying index in relation to market rates. A downward movement in the underlying index would negatively impact the interest income received on the security. Upward movements in interest rates do not adversely affect floating rate notes as they do fixed rate notes, allowing floating rate notes to function as a hedge against upward changes in interest rates.

The District Retirement Funds invested in structured notes with step-up coupons that offer higher yields than comparable U.S. Treasury notes in exchange for higher market and/or credit risks. Securities with step-up coupons pay interest according to a pre-set series of interest rates which start at one rate and then step-up to higher rates on specific dates. The District Retirement Funds also invested in stripped/zero coupon bonds, which are purchased at a discount and do not pay any interest.

Notes to Financial Statements
(In thousands of dollars)

TBAs (sometimes referred to as "dollar rolls") are used by the District Retirement Funds as an alternative to holding mortgage-backed securities outright to raise the potential yield and to reduce transaction costs. The selected TBAs used are used because they are expected to behave the same in duration and convexity as mortgage-backed securities with identical credit, coupon and maturity features. Credit risk is managed by limiting these transactions to primary dealers.

Market risk for this type of security is not significantly different from the market risk for mortgage-backed securities.

Foreign currency forward, futures contracts and foreign currency options are generally used by the District Retirement Funds for defensive purposes. These contracts hedge a portion of the District Retirement Funds' exposure to particular currencies on occasion when significant adverse short-term movement in exchange rate levels is expected.

Foreign currency forward and futures contracts can pose market risk when the maximum potential loss on a particular contract is greater than the value of the underlying investment. Market risks arise due to movements in the foreign exchange rates underlying the contracts used by the District Retirement Funds. Credit risk is managed by limiting transactions to counterparties with short-term credit ratings of Al or Pl or by trading on organized exchanges. Market risk for currency options is limited to the purchase cost. Credit risk is managed by limiting transactions to counterparties with investment grade ratings or by trading on organized exchanges.

Equity index futures were also used by the District Retirement Funds in order to gain exposure to equity markets in a more efficient and liquid manner than directly investing in all of the underlying equity securities. Equity index futures may pose market risk when the maximum potential loss on a particular contract is greater than the value of the underlying investment. Market risks arise due to movements in the equities markets underlying the contracts used by the District Retirement Funds. The notional amounts of the contracts are not included in the derivatives holdings disclosed. Credit risk is managed by dealing with member firms of the futures exchanges.

Exchange-traded and over-the-counter bond futures and options are used by the District Retirement Funds to gain exposure to fixed income markets in a more efficient and liquid manner than by purchasing the underlying bonds. Market risk for these options is limited to purchase cost. Credit risk is managed by limiting transactions to counterparties with investment grade ratings or by trading with member firms of organized exchanges.

Warrants are used by the District Retirement Funds to gain equity exposure and to enhance performance. Warrants are often distributed by issuers to holdings of common stock and bonds, and are held for the same fundamental reasons as the original common stock and/or bond holdings. Market risk is limited to the purchase cost. Credit risk is similar to the underlying equity and/or bond holdings. Again, all such risks are monitored and managed by the District Retirement Funds' external investment managers who have full discretion over such investment decisions.

The District Retirement Funds also holds derivative instruments indirectly by participating in pooled, commingled, or short-term funds that hold derivatives. Information regarding any risks associated with these holdings is not generally available.

The Investment Pool included the following derivative investments, at fair value, at September 30:

	2009	2008
Mortgage-backed security pool and securities	$ 286,150	$ 291,833
Collateralized mortgage obligations	51,499	48,573
Asset-backed securities	64,027	20,983
Structured and inflation indexed bonds	-	14,181
Swaps	1,865	(2,625)
Options	235	(1,142)
Total	$ 403,776	$ 371,803

(In Thousands of Dollars)

NOTE 5: COMMITMENTS

As of September 30, 2009, the Investment Pool has entered into investment funding commitments related to alternative investments to fund an additional $318 million at some future date.

NOTE 6: ACTUARIAL INFORMATION

The actuarial funding method used is the Aggregate Actuarial Cost Method. Under this method, the District must contribute the level percent of pay that – combined with the actuarial value of assets, expected earnings, and future employee contributions – will pay for the benefits of the current participants by the time the current workforce leaves employment. This method does not separately amortize unfunded actuarial accrued liabilities. Effective for the October 1, 2007 valuation date the District Retirement Funds were required to use the entry age normal Actuarial Cost Method as required by GASB 50.

The funded status of each plan as of October 1, 2008, the most recent actuarial valuation date, is as follows:

Plan	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Ratio of AVA to AAL	Annual Covered Payroll	UAAL as a % of Annual Covered Payroll
Teachers	$ 1,447,600	$ 1,338,000	$ (109,600)	108.2%	$ 359,100	-30.52%
Fire & Police	2,932,100	2,938,800	6,700	99.8%	421,800	1.59%

The funded status of each plan as of October 1, 2007 is as follows:

Plan	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Ratio of AVA to AAL	Annual Covered Payroll	UAAL as a % of Annual Covered Payroll
Teachers	$ 1,396,000	$ 1,251,300	$ (144,700)	111.6%	$ 338,800	-42.71%
Fire & Police	2,672,900	2,647,300	(25,600)	101.0%	329,600	-7.77%

Fiscal year 2009 employer contributions required and contributions made are as follows:

Plan	Based on Actuarial Valuation Date October 1	Annual Required Contribution	Percentage Contributed
Teachers	2007	$ -	n/a
Fire and Police	2007	106,000	100.0%

Fiscal year 2008 employer contributions required and contributions made are as follows:

	Based on Actuarial Valuation Date October 1	Annual Required Contribution	Percentage Contributed
Teachers	2006	$ 6,000	100.0%
Fire and Police	2006	137,000	100.0%

Notes to Financial Statements
(In thousands of dollars)

The actuarial value of assets is determined by spreading the asset gain or loss over a seven year period. For the year ended September 30, 2009 and 2008 the District Retirement Funds experienced an investment loss of 2.2% and 16.9%, respectively. The impact of these investment losses will be recognized over the next seven years and could have an impact on the funding ratio in the future.

See Required Supplementary Information (RSI) on page 46 for a 6-year schedule of employer contributions.

The funding progress and employer contribution information presented on the previous pages and the employer contribution information in the RSI schedule were determined as part of the actuarial valuations at the date indicated. Additional information for the District Retirement Funds as of the valuation date October 1:

	2008	2007
Actuarial cost method for contributions	Aggregate	Aggregate
Actuarial cost method for accrued liabilities	Entry Age Normal	Entry Age Normal
Amortization method	Not applicable	Not applicable
Remaining amortization period	Not applicable	Not applicable
Asset valuation method	Actuarial value: 1/7 excess earnings subtracted from expected actuarial value	Actuarial value: 1/7 excess earnings subtracted from expected actuarial value
Actuarial assumptions:		
Investment rate of return	7.00%	7.00%
Projected salary increases:		
Police Officers and Fire Fighters	5.30-10.00%	5.30-10.00%
Teachers	5.00-8.90%	5.00-8.90%
Includes inflation at	4.25%	4.25%
Cost-of-living adjustments (COLAs)	4.25%	4.25%
COLAs for Post November 10, 1996 hires	Limited to 3.00%	Limited to 3.00%

NOTE 7: CONTRIBUTION RECEIVABLE – DISTRICT OF COLUMBIA

During the fiscal year 2007, the Board's actuary was engaged by the District of Columbia Public Schools to review active participant data in order to verify eligibility. The actuary noted a number of participants who should have been enrolled in the Plan, but were wrongly enrolled in the defined contribution plan of the District. The actuary also noted a number of active participants whose contribution rates were wrongly coded and those who should not have enrolled in the Plan.

The actuary used the Entry Age Normal method to estimate the amount receivable from the District of Columbia. The total actuarial impact including interest through October 1, 2011 is estimated to be approximately $9,000. The District of Columbia has accrued for this amount in its government-wide financial statements as of September 30, 2009. The Board and the District of Columbia agreed to amortize this balance over three years with payments to begin in fiscal year 2010. As of September 30, 2009 and 2008 the balance was $8,219 and $7,464, respectively. The first payment of $3 million was received on October 30, 2009.

Required Supplementary Information

Schedule of Funding Progress (In thousands of dollars)

Year	Plan	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Ratio of AVA to AAL	Annual Covered Payroll	UAAL as a % of Annual Covered Payroll
2003	Teachers	$917,800	$ -	$ -	-	$ -	-
2003	Fire & Police	1,427,800	-	-	-	-	-
2004	Teachers	998,700	-	-	-	-	-
2004	Fire & Police	1,645,400	-	-	-	-	-
2005	Teachers	1,104,600	-	-	-	-	-
2005	Fire & Police	1,933,600	-	-	-	-	-
2006	Teachers	1,230,000	1,106,000	(124,000)	111.2%	322,300	-38.5%
2006	Fire & Police	2,252,600	2,459,000	206,400	91.6%	351,000	58.8%
2007	Teachers	1,396,000	1,251,300	(144,700)	111.6%	338,800	-42.71%
2007	Fire & Police	2,672,900	2,647,300	(25,600)	101.0%	329,600	-7.77%
2008	Teachers	1,447,600	1,338,000	(109,600)	108.2%	359,100	-30.52%
2008	Fire & Police	$2,932,100	$2,938,800	$6,700	99.8%	$421,800	1.59%

The District of Columbia Retirement Board uses the Aggregate Actuarial Cost method, which does not result in the calculation of an unfunded accrued liability. Recently implemented GASB Statement No. 50 requires funds using the Aggregate method to disclose funding status information based on Entry Age Normal calculations. The numbers shown have been determined based on this actuarial cost method.

Required Supplementary Information

Schedule of Employer Contributions (In thousands of dollars)

Teachers' Fund		
Fiscal Year	**Annual Required Contributions**	**Percentage Contributions**
2003	$ -	100%
2004	2,900	100%
2005	9,200	100%
2006	16,500	100%
2007	14,600	100%
2008	$6,000	100%

Police Officers' and Firefighters' Fund		
Fiscal Year	**Annual Required Contributions**	**Percentage Contributions**
2003	$68,900	100%
2004	96,700	100%
2005	112,100	100%
2006	117,500	100%
2007	140,100	100%
2008	$137,000	100%

Supplementary Information
Schedule of Administrative Expenses

	2009	2008
Personnel Services		
Salaries	$2,888,707	$2,757,520
Fringe Benefits	716,247	504,836
Total Personnel Services	3,604,954	3,262,356
Non-Personnel Services		
Legal Counsel	278,727	341,084
Auditing Services	66,000	98,053
Actuarial Services	92,796	100,197
Investment Consultants	531,241	494,500
Other Administrative Consultants and Contracts	1,998,820	2,742,445
Investment Advisors	10,946,874	12,092,912
Office Supplies	119,979	130,619
Telephone	16,791	32,673
Rent	1,378,513	1,282,134
Office Support	60,080	101,728
Travel	66,767	89,320
Printing	19,110	56,551
Insurance	110,853	119,921
Postage	73,262	54,721
Dues and Membership	59,861	17,007
Depreciation	18,278	0
Furniture and Equipment	62,990	99,779
Total Non-Personnel Services	15,900,942	17,853,644
Total Administrative Expenses	19,505,896	21,116,000
Investment Expenses	(12,261,344)	(15,930,000)
Net Administrative Expenses	**$7,244,552**	**$5,186,000**

Supplementary Information
Schedule of Investment Expenses

	2009	2008
Investment Managers*	$10,675,572	$14,299,838
Investment Administrative Expenses	735,424	650,278
Investment Consultants	531,241	494,500
Investment Custodian	319,107	485,384
Total Investment Expenses	**$12,261,344**	**$15,930,000**

*Fees paid to traditional investment managers only; traditional investment managers are those that invest primarily in public equity and fixed income securities.

Supplementary Information
Schedule of Payments to Consultants

Professional/Consultant	Nature of Service	2009	2008
Administrative Consultants			
Groom Law Group	Legal counsel	$ 37,550	$ 121,911
Morgan, Lewis & Brokius	Legal counsel	144,080	119,173
Marc A. Rigrodsky	Legal counsel	64,652	100,000
Thompson, Cobb, Bazilio & Associates	Financial audit	-	98,053
EFI Actuaries	Actuarial services	92,796	100,197
U.S. Treasury Office of D.C. Pensions	Benefit payment processing	588,323	1,195,397
Carlson Dettman	Classification & compensation update	-	37,375
PRM Consulting	Human resource consulting	-	500
Survey Research Associates	Human resource consulting	-	17,500
NGEN, LLC	Information technology consulting	99,231	96,586
CostTrend Consulting	Contract and accounting systems consulting	15,978	81,381
MTG Management Consultants LLC	Information technology consulting	525,817	366,696
Bolton Partners	Actuarial, benefits and investment consulting	-	5,000
DC Net	City-wide fiber optic network	-	52,021
Gabriel, Roeder, Smith & Co	Actuarial and benefit consulting	-	38,000
Freestate Electrical Company	Electrical systems consulting	-	7,787
Newlin LLC	Accounting consulting	108,299	22,604
Thomas R. Anderson	Strategic planning	-	109,425
Document Systems, Inc.	Information technology consulting	586,703	633,009
Four Points Technology	Information technology consulting	-	8,660
Micro-Tel	Information technology consulting	-	1,140
DLT Solutions	Information technology consulting	-	28,064
Oldaker, Belair & Wittie, LLP	Legal counsel	32,445	-
Phoenix Graphics	Graphic design for publications	-	41,300
Clifton Gunderson	Financial audit	66,000	-
American Arbitration Association	Board elections	33,128	-
True Ballot, Inc	Board elections	21,842	-
Robert Half International, Inc.	Information technology consulting	19,499	-
Total administrative consultants		2,436,343	3,281,779
Investment Consulting			
Watson Wyatt & Company	Traditional investment consulting	286,458	329,500
Plexus Group	Traditional investment consulting	25,000	25,000
Ennis, Knupp & Associates, Inc.	Asset liability study	76,450	-
The Townsend Group	Traditional investment consulting	143,333	140,000
Total investment consultants		531,241	494,500
Total payments to consultants		$ 2,967,584	$ 3,776,279

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2009

Investments Section

Investment Section

Report on Investment Activity
Prepared by Sheila Morgan-Johnson
Chief Investment Officer

The District of Columbia Retirement Board, a defined benefit plan, manages and controls the assets belonging to the Teachers' Retirement Fund and the Police Officers' and Firefighters' Retirement Fund (the "Funds"). The Board is charged by law with responsibility for the investment of these assets.

The Board retains the services of investment advisors to manage individual investment portfolios. These professional investment managers acknowledge in writing their fiduciary responsibility and possess the necessary specialized research facilities and skills. Each investment manager is accorded full discretion, within general and specific investment manager policy guidelines, limits, and restrictions, to select and time purchase and sale transactions and to diversify assets appropriately.

Investment Objectives and Policies

The Board seeks long-term investment returns in excess of the actuarial investment assumption at a level of risk commensurate with the expected levels of return and consistent with sound and responsible investment practices. The assumed actuarial investment rate is currently set at 7.0%, net of investment management fees and administrative expenses. In addition to meeting the 7.0% nominal return over the long term, the Fund return objective is to exceed the annualized total return of the Board's strategic asset allocation policy benchmark (the "Total Fund Benchmark"). As of September 30, 2009, the Total Fund Benchmark consisted of the following:

Proxies are a significant and valuable tool in corporate governance. The Board's equity investment managers must promptly vote and monitor proxies and related actions in a manner consistent with the Board's proxy voting guidelines. Each investment manager shall exercise all voting rights consistent with its fiduciary duties.

FY 2009 Market Overview

Public equity markets declined significantly during the first half of FY 2009, but world stock markets rallied during the second half of the fiscal year, with U.S. total market indices increasing more than 60% off their March 2009 lows. For FY 2009, the Russell 3000 Index (an index that measures the performance of the 3,000 largest U.S. companies based on total market capitalization and represents approximately 98% of the investable U.S. equity market) dropped -6.4%, while non-U.S. equity markets had a positive 1-year return, partially due to the decline of the U.S. dollar, with the Morgan Stanley Capital International All-Country World ex-US Index up 5.9%. The fixed income markets again performed relatively well in FY 2009 compared with other asset classes, with the Barclays Capital U.S. Universal Bond Index returning 10.9%.

Investment Results

The Fund returned -2.2% during FY 2009, underperforming the Total Fund Benchmark[1] by 170 basis points (-2.2% vs. -0.5%). The Fund's underperform-

Asset Class	Performance Benchmark	Weight
U.S. Equities	Russell 3000 Index	40%
Non-U.S. Equities	MSCI ACWI ex-U.S. Index	20%
Fixed Income	Barclays U.S. Universal Index	25%
Private Equity	Cambridge Private Equity Index	10%
Real Estate	NCREIF Index	5%

[1]**Total Fund Benchmark:**
From 4/1/06 to present: 40% Russell 3000 Index, 20% MSCI ACWI ex-US Index, 25% Barclays Capital (formerly Lehman Brothers) US Universal Bond Index, 10% Cambridge Private Equity Index, 5% NCREIF Index.
The Total Fund Benchmark changed multiple times prior to 4/1/06.

mance relative to the Total Fund Benchmark for FY 2009 Fund Benchmark for FY 2009 can be attributed both to asset allocation, including an underweight to public equities during the year, and to underperformance by the real estate, alternatives, and fixed income segments.

It should be noted that the fixed income segment's underperformance of 90 basis points (10.0% vs. 10.9%) was primarily due to the inclusion of the Board's infrastructure investments in that segment. Active management added value during the year, as both the domestic equity and international equity segments had strong relative performance, with the majority of the Board's active investment managers outperforming their applicable benchmarks. The domestic equity segment outperformed its benchmark, the Russell 3000 Index, a broad-based U.S. equity index, by 90 basis points (-5.5% vs. -6.4%), and the international equity segment outperformed its benchmark, the MSCI ACWI ex-US Index, by 340 basis points (9.3% vs. 5.9%).

As of September 30, 2009, the Fund's assets equaled $3.74 billion, which is approximately equal to the Fund's asset value at the end of FY 2008 ($3.73 billion), after payment of all benefits and other administrative expenses and obligations. Over the long-term, the Fund has slightly underperformed the Total Fund Benchmark, with the Fund returning an annualized 3.7% for the 10-year period ended September 30, 2009, versus 4.2% for the Total Fund Benchmark. However, it should be noted that the performance of the Fund has exceeded the Board's current actuarial assumed rate of return of 7% for the 27-year period from its inception in October 1982 through September 30, 2009, by 207 basis points. Since its inception, the Fund has earned an annualized return of 9.07%.

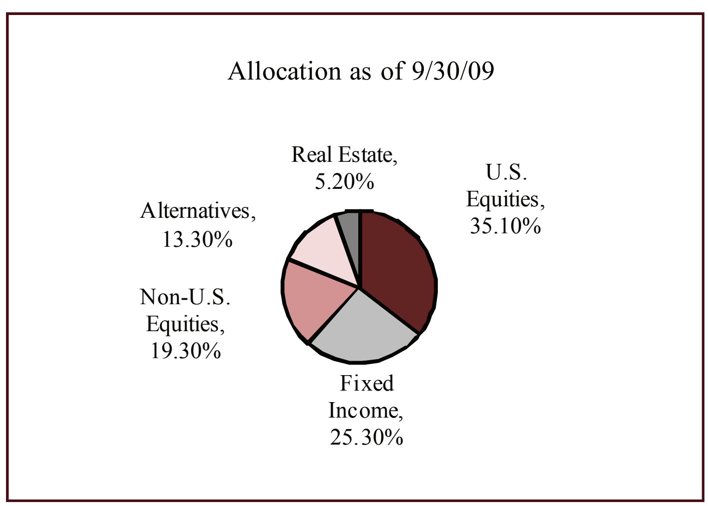
Presented in the table on the following page are the gross returns for the Fund and for each asset class segment for multiple time periods ended September 30, 2009. These results have been calculated by the Board's custodial bank, State Street Bank and Trust Company, and are time-weighted returns computed in conformance with the CFA Institute's Global Investment Performance Standards (GIPS). Applicable benchmark returns also are presented below each asset class.

Asset Allocation

During FY 2009, the Board maintained its strategic asset allocation targets, which had been established in FY 2003 following an asset/liability study conducted by the Board's general investment consultant, Watson Wyatt Investment Consulting. This study was updated by Watson Wyatt in FY 2005, and asset class targets remain as follows:

Asset Class	Target Allocation	Allowable Range	Allocation as of 9/30/09
U.S. Equities	40%	35-45%	35.1%
Fixed Income	25%	20-30%	25.3%
Non-U.S. Equities	20%	15-25%	19.3%
Alternatives	10%	7-13%	13.3%
Real Estate	5%	2-8%	5.2%

As of September 30, 2009, all asset classes were within their respective target allocation ranges, with the exception of private equity. The private equity, or alternatives, segment was just slightly above its target allocation range at 13.3% at the end of FY 2009. This overweight position was primarily due to (1) the funding of prior commitments made to private equity investments during the year and (2) the strong performance of the Board's multi-strategy hedge fund manager, Bridgewater, over the 1-year period.



Gross Annualized Returns for the Periods Indicated, as of September 30, 2009				
	1-Year	**3-Year**	**5-Year**	**10-Year**
Total Fund	**-2.2%**	**-1.8%**	**3.6%**	**3.7%**
Actuarial Assumed Rate of Return	7.0%	7.3%	7.3%	7.3%
Total Fund Benchmark*	-0.5%	0.3%	5.5%	4.2%
U.S. Equity Segment	**-5.5%**	**-5.2%**	**1.1%**	**1.4%**
Russell 3000 Index	-6.4%	-5.1%	1.6%	0.7%
Non-U.S. Equity Segment	**9.3%**	**-1.2%**	**7.9%**	**3.9%**
Non-U.S. Equity Benchmark**	5.9%	-1.2%	7.5%	3.2%
Fixed Income Segment	**10.0%**	**4.6%**	**4.6%**	**6.5%**
Fixed Income Benchmark***	10.9%	6.1%	5.0%	6.2%
Alternative Investments Segment	**-8.1%**	**2.7%**	**8.1%**	**1.4%**
Russell 3000 Index + 500 bps	-3.4%	-2.1%	4.6%	3.7%
Real Estate Segment	**-35.6%**	**-10.4%**	**2.1%**	**0.5%**
Real Estate Benchmark****	(20.8%)	(2.6%)	6.1%	8.7%
Cash Segment	**1.5%**	**3.9%**	**3.2%**	**3.2%**
3-month Treasury Bills	0.4%	2.6%	3.0%	3.0%

* The Total Fund Benchmark currently is a composite of 40% Russell 3000, 20% MSCI ACWI xUS, 25% BC (formerly LB) US Universal, 10% Cambridge Private Equity, 5% NCREIF
From 4/1/03 to 3/31/06: 40% Russell 3000, 20% MSCI EAFE, 25% LB Aggregate, 10% Cambridge Private Equity, 5% NCREIF
From 6/30/99 to 3/31/03: 43.7% Russell 3000, 20% MSCI EAFE, 30.3% LB Aggregate, 5% Cambridge Private Equity, 1% 90-day T-Bills

** The Non-U.S. Equity Benchmark currently is the MSCI ACWI ex-US Index. Prior to 4/1/06, it was the MSCI EAFE Index.

*** The Fixed Income Benchmark currently is the Barclays Capital US Universal Index. Prior to 4/1/06, it was the Barclays Capital (formerly Lehman Brothers) Aggregate Index.

**** The Real Estate Benchmark is comprised of 80% NCREIF Index and 20% Dow Jones / Wilshire RESI Index

List of Top 10 Public Equity Holdings
As of September 30, 2009

Rank	Security Description	Shares	Market Value
1	APPLE INC	108,734	$20,156,022
2	EXXON MOBIL CORP	260,120	17,846,833
3	MICROSOFT CORP	637,952	16,516,577
4	GOOGLE INC	31,773	15,754,642
5	SCHLUMBERGER LTD	237,358	14,146,537
6	BNP PARIBAS	160,620	12,818,891
7	GENZYME CORP	204,650	11,609,795
8	WAL MART STORES INC	233,001	11,438,019
9	VISA INC	158,600	10,960,846
10	QUALCOMM INC	242,084	$10,888,938

List of Top 10 Fixed Income Holdings
As of September 30, 2009

Rank	Security Name	Rating	Par Value	Interest Rate	Maturity Date	Market Value
1	GNMA I TBA OCT 30 SINGLE FAM	AAA	$121,900,000	6.00	12/1/2099	$128,681,297
2	US TREASURY N/B	AAA	35,535,000	4.63	9/30/2011	35,562,717
3	US TRASURY N/B	AAA	24,335,000	2.38	9/30/2014	24,397,784
4	FNMA POOL 725423	AAA	21,008,243	5.50	5/1/2034	22,102,353
5	GENERAL ELEC CAP CORP	AAA	17,000,000	0.56	12/7/2012	17,123,590
6	FNMA TBA OCT 30 SINGLE FAM	AAA	15,000,000	5.00	12/1/2099	15,492,150
7	FEDERAL HOME LN MTG CORP	AAA	14,000,000	2.05	3/9/2011	14,091,840
8	US TREASURY N/B	AAA	13,590,000	3.00	9/30/2016	13,644,088
9	FEDERAL NATL MTG ASSN	AAA	13,384,000	0.01	11/4/2009	13,384,000
10	US TREASURY N/B	AAA	$12,480,000	3.63	8/15/2019	$12,809,597

A complete list of portfolio holdings is available upon written request.

Report on Investment Activity

The Board undertook an asset-liability study during FY 2009 that was conducted by investment consultant Ennis Knupp. As of the end of FY 2009, the results of the study were still pending. The Board plans to conclude its asset-liability study in FY 2010 in order to establish long-term strategic asset allocation targets that are appropriate for the Board's liability structure.

The Board made a few changes to its roster of investment managers during the fiscal year. Within the fixed income segment, the Board conducted a search for a core plus manager to replace Western Asset. The Board selected Blackrock, who was funded in July 2009. In addition, within the domestic equity segment, the Board approved replacing Western's Index Plus portfolio with PIMCO's Stocks Plus, which transition is expected to occur in early FY 2010. The Board also approved a revised Watch List Policy for its public markets investment managers.

Among other investment-related developments, the District of Columbia Council passed a law entitled "Prohibition of the Investment of Public Funds in Certain Companies Doing Business with the Government of Iran and Sudan Divestment Conformity Act of 2008" (L17-0337) during FY 2009. The Act requires the divestment, and prohibits the investment, of public funds in the stocks, securities, or other obligations of certain companies doing business with the government of Iran. The Board plans to begin complying with the provisions of this Act during FY 2010, pending funding by the D.C. Government. The Board also changed its actuarial assumed rate of return during FY 2009, decreasing it from 7.5% to 7.0%.

Going forward in FY 2010, the Board intends to continue the implementation of its strategic asset allocation policy, pending the results of the Board's asset-liability study. The Board will continue to review the investment structure of its asset class segments and to carefully monitor the performance of its investment managers. As appropriate, the Board will make adjustments to its investment structure within each asset class and conduct manager searches, when necessary, in order to enhance the performance of the Fund. In addition, the Board plans to conduct a search for a general investment consultant through the Board's RFP process. The incumbent investment consultant, Watson Wyatt, will be invited to submit a proposal.

Schedule of Fees and Commissions

For FY 2009, the following fees and commissions were paid:

Expense Category	Amount	% of Fund (in basis points)
Investment Managers*	$10,675,572	29 bps
Investment Consultants	531,241	1 bp
Investment Custodian	319,107	1 bp
Brokerage Commissions	$2,307,557	6 bps

* Fees paid to traditional investment managers only; traditional investment managers are those that invest primarily in public equity and fixed income securities.

Investment Summary

Asset Class	Mkt Value $(000)	% of Fund
U.S. Equity	$1,312,425	35.1%
Non-U.S. Equity	723,268	19.3%
Fixed Income	951,082	25.4%
Alternative Investments	497,952	13.3%
Real Estate	192,778	5.2%
Cash	65,535	1.8%
Total	**$3,743,040**	**100%**

Actuarial Section

Actuarial Section

Eastern Region – Philadelphia
5 Cold Spring Lane
Media, PA 19063

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Vice President
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(484) 442-8341 (Facsimile)
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Actuarial Certification

December 15, 2009

Board Members
District of Columbia Retirement Board
900 7th Street NW, Suite 200
Washington, DC 20001

Re: Actuarial Certification of October 1, 2009 Valuation for D.C. Retirement Board

EFI Actuaries, under contract with the District of Columbia Retirement Board (DCRB), performed actuarial valuations of the D.C. Police Officers and Fire Fighters' Retirement Plan and the D.C. Teachers' Retirement Plan as of October 1, 2009. The date of the most recent valuation prior to this was October 1, 2008. Valuations are conducted annually for DCRB. In this study, we relied on participant and financial data supplied by DCRB staff, the D.C. Office of Pay and Retirement Services, and the U.S. Department of the Treasury. We examined such data for reasonableness and consistency.

Actuarial funding is based on the Aggregate Cost Method. Under this method, the District must contribute the level percent of pay that – combined with the actuarial value of assets, expected investment earnings, and future employee contributions – will pay for the benefits of the current participants by the time the current workforce leaves employment.

The funding objective of the Plan is to establish contribution rates that, over time, are likely to remain as a relatively level percentage of payroll. For actuarial valuation purposes, Plan assets are determined at Actuarial Value, recognizing one-seventh of the difference between the expected actuarial value and the actual end of year market value of assets. The purpose of this is to smooth contributions, allowing investment gains and losses to offset each other over time.

Actuary's Certification Letter

We selected demographic actuarial assumptions to be appropriate for Plan funding. We performed an analysis of the Plan's experience for the years 2002 through 2006 to establish the validity of these assumptions. The assumptions, approved by the Board and used in the most recent valuation produce results that, in the aggregate, reasonably approximate the anticipated future experience of the Plan. The next experience analysis is expected to cover the years 2006 through 2009.

Our firm has prepared all of the schedules contained within the actuarial report. The Schedule of Funding Progress and Schedule of Contributions also contain historical information for years prior to our tenure with DCRB. We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices. In particular, the assumptions and methods used for funding purposes meet the parameters of the Governmental Accounting Standards Board Statement No. 25.

Respectfully Submitted,

Gregory M. Stump, FSA, EA

Required Actuarial Certification Under District of Columbia Code §1-907 for Fiscal Year 2011 ($ Millions)

Certification	Code Section	Teachers	Police	Fire	Police/Fire Combined	Total District
FY 2011 Normal Contribution Rate	1-907.03(a)(3)(A)	0.0%	28.0%	30.8%	29.0%	16.3%
Estimated FY 2011 Covered Payroll	NA	$352.6	$325.4	$131.4	$456.8	$809.4
FY 2010 District Payment before 1-907.02(c)	NA	$0.0	$91.1	$40.5	$131.6	$131.6
FY 2009 Shortfall/Overpayment	1-907.02(c)	$0.0	$(2.4)	$(2.0)	$(4.4)	$(4.4)
FY 2010 District Payment	NA	$0.0	$88.7	$38.5	$127.2	$127.2
Present Value of Future Benefits	1-907.03(a)(3)(B)	$1,567.5	$3,411.8	$1,552.1	$4,963.9	$6,531.4
Current Value of Assets	1-907.03(a)(3)(C)	$1,204.4	$1,829.7	$708.9	$2,538.6	$3,743.0
Actuarial Value of Assets	1-907.03(a)(3)(D)	$1,445.0	$2,197.7	$850.7	$3,048.4	$4,493.4

Actuarial Assumptions

The non-economic assumptions used for this valuation represent the actuary's best estimates of the future experience for the plans. Upon review of recommended economic assumptions, the Board elected to choose an inflation assumption slightly more conservative than the actuary's recommended rate.

Contribution Adjustment for Teachers Corrections

	Teachers	Police	Fire	Police/Fire Combined	Total District
FY 2010 District Payment from Above	$0.0	$88.7	$38.5	$127.2	127.2
Additional Payment for Teachers Corrections (see attachment)	$3.0	$0.0	0.0	$0.0	$3.0
Total Payment for FY2010	$3.0	$88.7	$38.5	$127.2	$127.2

Gregory M. Stump — 12/10/2009

Gregory M. Stump, F.S.A., E.A. (Date)

Summary of Actuarial Assumptions and Methods

Actuarial Funding Method

The funding method required by the Replacement Plan Act is commonly known as the Aggregate funding method. Under this method, the District must contribute the level percent of pay that – combined with the actuarial value of assets, expected investment earnings, and future employee contributions – will pay for the benefits of the current participants by the time the current workforce leaves employment.

Actuarial Assumptions

The demographic assumptions used for this valuation were developed during the experience study which covers the period from October 1, 2002 through September 30, 2006.

Valuation Date

All assets and liabilities are computed as of October 1, 2009. Demographic information was collected as of June 30, 2009.

Rate of Return

The annual rate of return on all Fund assets is assumed to be 7.00%, net of all expenses.

Cost of Living

The cost of living as measured by the Consumer Price Index (CPI) will increase at the rate of 4.25% per year[1].

Increases in Pay

Assumed pay increases for active members consist of increases due to cost-of-living adjustments and promotions and increases due to longevity and retention incentives. Cost-of-living increases are assumed to result in a general wage increase of 4.75% for all employees. Sample rates for the increases due to promotions are given in the table below.

Service	Teachers	Police	Fire
0	4.0%	5.0%	2.5%
5	4.0%	3.6%	2.5%
10	3.0%	2.6%	2.5%
15	0.5%	2.3%	2.5%
20	0.2%	2.5%	2.5%
30	0.2%	0.5%	2.5%

Allowances have also been made for special increases in Compensation prior to termination or retirement. For police officers, an additional increase of 5% is given for the Base Retention Differential after 20 years of service. Police officers are assumed to receive a longevity increase of 5% of step 1 pay after 15 years of service, and additional increases of 5% after 20, 25, and 30 years of service. These are approximated by increases of 3.4% to 3.6%.

Longevity pay increases are not included in Officers pensionable compensation unless the Member has at least 25 years of service. Fire Fighters are assumed to receive retention incentives of 5%, 10%, 15%, and 20% applied to individual base pay after 15, 20, 25, and 30 years of service, respectively.

Active and Retiree Mortality

Rates of mortality for retired teachers are given by the 1994 Uninsured Pension (UP94) Tables (sex distinct) with generational improvement using Projection Scale AA, projected to the valuation date.

Rates of mortality for retired police officers and Firefighters are given by the 1994 Uninsured Pension (UP94) Tables (sex distinct) with generational improvement using Projection Scale AA, with a two-year age set forward for retirees and a three-year age set forward for active members.

[1] The Board elected to use an inflation assumption that is slightly more conservative than the actuary's recommendation.

Disabled Member Mortality

Rates of mortality among disabled members are specified for male and female members; separate tables are used for teachers and for public safety disabled members. Sample rates are as follows:

	Teachers		Police/Fire	
Age	**Male**	**Female**	**Male**	**Female**
30	2.4000%	2.4000%	0.9033%	0.5616%
40	2.4000%	2.4000%	0.9033%	0.5616%
50	2.4545%	2.4000%	0.9033%	0.5616%
60	2.5190%	2.4000%	1.3029%	0.8310%
70	3.8006%	2.4000%	2.6405%	1.7147%
80	7.2111%	4.1413%	6.4974%	4.2282%
90	13.1554%	10.0013%	15.6801%	12.2128%

Service Retirement

Retirement is assumed to occur in accordance with the tables below.

	Teachers	
Age	**Normal Retirement**	**Involuntary Retirement**
50 -54	10%	0.50%
55	35%	8%
56-59	25%	8%
60-62	25%	N/A
63-70	20%	N/A
71-74	25%	N/A
75+	100%	N/A

Age	Police	Service	Fire
40-49	15%	25-29	12%
50-59	22%	30-34	25%
60+	100%	35+	35% until age 60, then 100%

It is assumed that 50% of police members will retire after 31 years of service.

Disability

Separate rates of disability are assumed among teachers, police officers and firefighters. For police officers and Firefighters, it is assumed that 75% of the disabilities are due to accidents in the line of duty. Below are sample rates:

	Police			
Age	**Male**	**Female**	**Fire**	**Teachers**
25	0.2192%	0.4383%	0.1447%	0.0300%
30	0.2875%	0.5750%	0.1898%	0.0572%
35	0.4250%	0.8500%	0.2805%	0.0932%
40	0.6250%	1.2500%	0.4125%	0.1292%
45	0.9817%	1.9633%	0.6479%	0.2040%
50	1.6250%	3.2500%	1.0725%	0.3212%
55	2.8875%	5.7750%	1.9058%	0.5520%
60	4.1250%	8.2500%	2.7225%	0.5700%

For all Police Officer and Fire Fighter disabilities, the "% of disability" is assumed to be 100%.

Withdrawal

Separate rates of withdrawal are assumed among teachers, police officers, and firefighters. Withdrawal rates are not applied to members eligible for service retirement.

	Police			
Age	**<3 Years Service Male**	**<3 Years Service Female**	**3+ Years Service Male**	**3+ Years Service Female**
20-29	10.00%	8.00%	6.00%	2.50%
30-34	10.00%	8.00%	3.50%	2.00%
35-39	10.00%	8.00%	2.00%	2.00%
40-44	10.00%	8.00%	1.75%	1.75%
45-49	10.00%	8.00%	1.50%	1.50%
50-54	10.00%	8.00%	1.25%	1.25%
55-59	10.00%	8.00%	1.00%	1.00%
60+	10.00%	8.00%	0.00%	0.00%

	Fire	
Age	**<2 Years**	**2+ Years**
20-24	9.0%	2.80%
25-29	9.0%	1.87%
30-34	9.0%	1.24%
35-39	9.0%	0.83%
40-44	9.0%	0.55%
45-49	9.0%	0.37%
50-54	9.0%	0.25%
55+	9.0%	0.00%

Summary of Actuarial Assumptions and Methods

	Teachers		
Age	0-3 Years	4-9 Years	10+ Years Service
20-24	25.00%	18.00%	N/A
25-29	23.50%	16.00%	N/A
30-34	22.00%	14.00%	3.50%
35-39	20.50%	12.00%	3.50%
40-44	19.00%	10.00%	3.50%
45-49	17.50%	8.00%	3.50%
50-54	16.00%	8.00%	3.50%
55-59	14.50%	8.00%	3.50%
60-64	13.00%	8.00%	3.50%
65+	0.00%	0.00%	0.00%

For all members with less than 5 years of service, terminations are assumed to result in the withdrawal of contributions, with no further benefits payable. For those terminated with at least 5 years of service, 20% of police/fire members and 65% of teachers are assumed to receive a deferred vested benefit, with the remaining members assumed to receive a refund of accumulated contributions.

Family Composition
64% of teachers and 80% of police officers and firefighters are assumed to be married. Male spouses are assumed to be three years older than female spouses. Active employees are assumed to have one dependent child aged 10.

To value the pre-retirement death benefit for police officers and fire fighters, the benefit form for all retirements (normal or disabled) is assumed to be a 67.8% Joint and Survivor annuity for all participants (based on 40% of average pay survivor benefits). One-fourth of all police officer and firefighter active deaths are assumed to occur in the line of duty.

Actuarial Value of Plan Assets
The actuarial value of District assets is a modified market-related value. The actuarial value of assets method approved by the Board is defined as the market value of assets, with investment gains and losses recognized over 7 years, constrained to a 80% to 120% corridor around market value. There is then a final adjustment made for the effect of the adjustment pursuant to D.C. Code §1-907.02(c).

Changes in Actuarial Assumptions
There have been no changes in actuarial assumptions since the prior valuation.

Participant Data

Data on active and inactive members and their beneficiaries as of the valuation date was supplied via electronic media by the D.C. Office of Pay and Retirement Services and the U.S. Department of the Treasury, on electronic media. As is usual in studies of this type, member data was neither verified nor audited, but was reviewed for reasonableness.

Certain assumptions were made with respect to information provided by the District of Columbia:

- Data for charter school teachers with Plan benefits is not available. To account for this group, active liabilities and payroll were increased by 1.5%
- The data is incomplete with respect to former members who have a deferred vested benefit. Thus, benefits for these individuals are estimated based on their service and pay history as available.
- Benefit service has been determined based on employee contribution history.
- Benefit splits between Federal and District responsibility have been estimated for terminated vested participants with missing benefit amounts based on employee contribution history.
- It is assumed that all fire and police members with prior military service will purchase this service. To account for this, an average amount of prior service of 0.4 years, based on a prior study, is assumed for all police and fire members which determined this to be the average amount of military service for Plan members.

Active Participants	Teachers	Police Officers	Firefighters
Number	4,601	4,014	1,774
Average Age	45.5	39.8	37.9
Average Service	11.2	13.2	11.9
Average Pay	$69,412	$71,202	$65,908

Inactive Participants	Teachers		Police Officers		Firefighters	
Service Retired	District	Total*	District	Total*	District	Total*
Number	2,581	5,167	696	3,156	261	974
Average Age	66.1	72.5	57.8	64.5	58.1	66.9
Average Benefit	$11,640	$41,316	$15,342	$51,962	$19,854	$61,343
Beneficiaries						
Number	84	423	148	1,179	48	463
Average Age	52.6	71.0	31.2	67.7	29.1	71.8
Average Benefit	$4,542	$18,442	$6,310	$26,155	$9,553	$27,841
Disabled						
Number	105	416	242	1,186	54	463
Average Age	60.1	71.8	47.6	64.9	52.2	70.4
Average Benefit	$13,838	$27,955	$18,093	$41,206	$14,456	$47,611
Terminated Vested						
Number	617	938	75	83	30	30
Average Age	49.1	55.4	44.4	46.6	46.2	46.2
Average Benefit	$6,157	$9,018	$10,808	$19,407	$11,639	$23,087

* Federal and District payments combined.

Schedule of Active Member Valuation Data

District of Columbia Teachers' Retirement Plan

Valuation Date	Number	Annual Payroll	Annual Average Pay	% increase in Average Pay
July 1, 2009	4,601	$336,600,000	$69,412	-1.16%
July 1, 2008	4,821	359,100,000	70,227	0.82%
October 1, 2007	5,027	249,900,000	69,656	8.21%
October 1, 2006	5,088	322,300,000	64,369	6.79%
October 1, 2005	5,707	325,800,000	60,274	-0.52%
October 1, 2004	5,564	338,900,000	60,587	10.51%
October 1, 2003	6,145	$339,200,000	$54,823	4.82%

Police Officers' Portion of The District of Columbia Police Officers and Firefighters Retirement Plan

Valuation Date	Number	Annual Payroll	Annual Average Pay	% increase in Average Pay
July 1, 2009	4,014	$310,700,000	$71,202	-0.15%
July 1, 2008	3,928	301,700,000	71,311	5.02%
October 1, 2007	3,844	261,000,000	67,902	4.46%
October 1, 2006	3,747	250,600,000	65,001	4.79%
October 1, 2005	3,741	245,400,000	62,028	8.91%
October 1, 2004	3,726	206,900,000	56,952	-0.34%
October 1, 2003	3,654	$202,700,000	$57,147	6.62%

Firefighters' Portion of The District of Columbia Police Officers and Firefighters Retirement Plan

Valuation Date	Number	Annual Payroll	Annual Average Pay	% increase in Average Pay
July 1, 2009	1,774	$125,400,000	$65,908	2.02%
July 1, 2008	1,733	120,100,000	64,602	-0.12%
October 1, 2007	1,706	110,300,000	64,679	-1.27%
October 1, 2006	1,509	100,400,000	65,508	6.93%
October 1, 2005	1,481	93,900,900	61,261	5.29%
October 1, 2004	1,460	81,100,000	58,185	1.43%
October 1, 2003	1,317	$72,000,000	$57,365	5.84%

Schedule of Retirants and Beneficiaries Added to and Removed from Rolls

		New Members Added		Members Removed		Other Benefit Changes*	Rolls at End of Year			
Date	Plan	Number	Annual Allowances	Number	Annual Allowances	Annual Allowances	Num-ber	Annual Allowances	Percentage Increase in Annual Allowances	Average Annual Allowances
June 30, 2009	Teachers	406	$7,360,662	27	$280,896	$(69,721)	2,778	$31,906,697	28.16%	$11,485
	Fire/Police	112	2,638,668	181	2,727,019	(562,904)	1,493	22,605,340	-2.80%	15,141
June 30, 2008	Teachers	63	939,026	28	193,005	429,327	2,399	24,896,652	4.95%	10,378
	Fire/Police	275	5,348,935	28	133,409	(1,229,377)	1,562	23,256,595	20.69%	14,889
September 30, 2007	Teachers	230	3,563,570	41	240,776	2,878,915	2,364	23,721,304	35.40%	10,034
	Fire/Police	153	3,179,979	45	171,198	2,475,500	1,315	19,270,446	39.78%	14,654
September 30, 2006	Teachers	199	2,935,338	39	261,622	581,697	2,364	17,519,595	22.82%	7,411
	Fire/Police	166	2,892,074	15	68,210	549,899	1,315	13,786,164	32.40%	10,484
September 30, 2005	Teachers	274	3,713,961	22	108,738	411,917	2,015	14,264,183	39.20%	7,079
	Fire/Police	97	1,814,408	23	86,535	413,487	1,056	10,412,401	25.89%	9,860
September 30, 2004	Teachers	383	3,432,815	96	226,124	42,879	1,763	10,247,044	46.44%	5,812
	Fire/Police	173	$1,863,624	485	778,231	$353,756	982	$8,271,041	21.07%	$8,423

*Changes due to COLAs and split benefit changes.

Analysis of Financial Experience

District of Columbia Teachers' Retirement Plan (In millions of dollars)

			Continuing Members Only			
		Prior Year Results	Demographic Experience	Salary Experience	New Entrants	Investment Experience
(1)	Present Value of Future District Benefits	$1,599.9	$1,551.6	$1,509.4	$1,567.5	$1,567.5
(2)	Actuarial Value of Assets	$1,447.6	$1,534.6	$1,534.6	$1,534.6	$1,445.0
(3)	Present Value of Future Employee Contributions	$191.2	$177.2	$169.8	$195.1	$195.1
(4)	Present Value of Future Normal Costs (not less than $0)	$0.0	$0.0	$0.0	$0.0	$0.0
(5)	Present Value Future Payroll	$2,600.3	$2,303.2	$2,206.7	$2,534.9	$2,534.9
(6)	Normal Contribution Rate	0.0%	0.0%	0.0%	0.0%	0.0%
(7)	Projected Payroll	$376.2	$318.4	$305.0	$352.6	$352.6
(8)	Projected Contribution before Adjustments	$0.0	$0.0	$0.0	$0.0	$0.0
	Change in Contribution Rate		0.0%	0.0%	0.0%	0.0%
	Change in Contribution Amount		$0.0	$0.0	$0.0	$0.0

Analysis of Financial Experience

District of Columbia Police Officers and Firefighters' Retirement Plan (In millions of dollars)

		Continuing Members Only				
		Prior Year Results	Demographic Experience	Salary Experience	New Entrants	Investment Experience
(1)	Present Value of Future District Benefits	$4,757.4	$5,044.3	$4,809.4	$4,963.8	$4,963.8
(2)	Actuarial Value of Assets	$2,932.1	$3,252.8	$3,252.8	$3,252.8	$3,048.4
(3)	Present Value of Future Employee Contributions	$373.4	$380.6	$363.1	$388.1	$388.1
(4)	Present Value of Future Normal Costs	$1,451.9	$1,410.9	$1,193.5	$1,322.9	$1,527.3
(5)	Present Value Future Payroll	$5,090.1	$5,183.3	$4,943.7	$5,267.2	$5,267.2
(6)	Normal Contribution Rate	28.5%	27.2%	24.1%	25.1%	29.0%
(7)	Projected Payroll	$441.9	$463.0	$438.2	$456.8	$456.8
(8)	Projected Contribution before Adjustments	$126.1	$125.5	$104.9	$113.8	$131.6
	Change in Contribution Rate		(1.3%)	(3.1%)	1.0%	3.9%
	Change in Contribution Amount		$(0.6)	$(20.6)	$8.9	$17.8

Accrued Liabilities Under Entry Age Normal Method

Statement No. 50 of the Governmental Accounting Standards Board (GASB) requires that plan sponsors that use the aggregate actuarial cost method disclose the funded status and present a multiyear schedule of funding progress using the entry age actuarial cost method as a surrogate. This is because the Aggregate method does not explicitly define an accrued liability.

The table below shows the present value of the future District benefits, as well as the value of the District benefits accrued based on past service computed under the Entry Age Normal method, which assigns total liabilities to past service (accrued liabilities), current service (normal cost), and future service (future normal costs). The actuarial assumptions (demographic and economic) used for the calculations in the table below are the same as were used to determine the required contributions.

	Present Value of Future District Benefits as of October 1, 2009			
($ millions)	**Teachers**	**Police**	**Fire**	**Total**
Active Present Value of Future District Benefits	$1,045.0	$3,067.0	$1,424.0	$5,536.0
Inactive Present Value of Future District Benefits				
Retirees	453.9	201.1	97.4	752.4
Disabled Employees	24.0	118.7	19.2	161.9
Beneficiaries	5.2	15.8	7.0	28.0
Terminated	39.5	9.2	4.5	53.2
Total Inactive	522.6	344.8	128.1	995.5
Total Present Value of Future District Benefits	$1,599.9	$3,294.2	$1,463.2	$6,357.3
	Accrued Liabilities for District Benefits as of October 1, 2009			
Active Accrued Liability	$782.0	$1,844.4	$710.7	$3,337.1
Inactive Accrued Liability	522.5	344.8	128.0	995.3
Total Accrued Liability (AL)	$1,304.5	$2,189.2	$ 838.7	$4,332.4
Actuarial Value of Assets (AVA)	$1,445.0	$2,197.7	$850.7	$4,493.4
Market Value of Assets (MVA)	$1,204.4	$1,829.7	$708.9	$3,743.0
AVA Funding Ratio (AVA/AL)	110.8%	100.4%	101.4%	103.7%

Solvency Test

	Actuarial Accrued Liability					Portion of Accrued Liabilities Covered by Assets		
Valuation Date	Active Member Contributions	Inactive Members	Active Members	Total	Valuation Assets	Active Member Contributions	Retirees and Beneficiaries	Active Members
10/1/2006	$273,886,843	$624,109,859	$2,667,040,773	$3,565,037,475	$3,621,500,000	100%	100%	100%
10/1/2007	303,059,191	805,474,837	2,790,093,046	3,898,627,074	4,405,200,000	100%	100%	100%
10/1/2008	332,833,566	851,489,426	3,092,491,329	4,276,814,321	3,734,700,000	100%	100%	82%
10/1/2009	$335,481,296	$995,360,657	$3,001,587,301	$4,332,429,254	$3,734,700,000	100%	100%	80%

Information for prior to 10/1/2006 does not exist as no accrued liability was required to be determined for funding or disclosure purposes before this date.

Summary of Plans' Provisions
District of Columbia Teachers' Retirement Plan

District of Columbia Teachers' Retirement Plan

Membership

Eligibility
Permanent, temporary, and probationary teachers for the District of Columbia public day schools become members automatically on their date of employment. Other employees covered by the Retirement of Public School Teachers Act – including librarians, principals, and counselors – also become members on their date of employment. Substitute teachers and employees of the Department of School Attendance and Work Permits are not covered. Some former D.C. teachers working at charter schools are eligible to remain in the Program.

Member Contributions
Members hired before November 1, 1996 are required to contribute 7% of annual pay. Members hired on or after November 1, 1996 contribute 8% of annual pay.

Members can also make voluntary post-tax contributions of up to 10% of annual pay towards an annuity in addition to any vested pension.

Interest is not credited to each Member's accumulated contributions.

Service

School Service
One year of school service is granted for each year of employment with the D.C. public day schools.

Credited Service
Service granted or purchased in addition to school service.

Average Pay
Average Pay is equal to the highest 36 consecutive months of pay, divided by three.

Voluntary Retirement

Eligibility
For participants hired before November 1, 1996:
- Age 62 with 5 years of school service;
- Age 60 with 20 years of total service, including 5 years of school service; or
- Age 55 with 30 years of total service, including 5 years of school service.

For participants hired on or after November 1, 1996:
- Age 62 with 5 years of school service;
- Age 60 with 20 years of total service, including 5 years of school service; or
- Any age with 30 years of total service, including 5 years of school service.

Benefit Amount
For participants hired before November 1, 1996:
- 1.5% of Average Pay times service up to 5 years, plus
- 1.75% of Average Pay times service between 5 and 10 years, plus
- 2.0% of Average Pay times service over 10 years.

For participants hired on or after November 1, 1996:
- 2.0% of Average Pay times service.

For all participants, there is a minimum benefit of 1.0% of Average Pay plus $25 for each year of service.

Involuntary Retirement

Eligibility
Retired involuntarily for reasons other than misconduct or delinquency with:
- 25 years of total service, including 5 years of school service; or
- Age 50 with 20 years of total service, including 5 years of school service.

Benefit Amount
Voluntary Retirement benefit reduced 1/6% per month (2% per year) that date of retirement precedes age 55.

Disability Retirement Benefit

Eligibility
5 years of school service and a physical or mental disability that prevents the member from performing his/her job.

Benefit Amount
Voluntary Retirement benefit subject to a minimum of the lesser of 40% of Average Pay and the benefit that the member would receive projecting service to age 60.

Lump Sum Death Benefit

Eligibility
Death before completion of 18 months of school service or death without an eligible spouse, child, or parent.

Benefit Amount
Refund of Member contributions, without interest.

Installment Benefit Payable upon Death – Spouse Only

Eligibility
Death before retirement and married for at least two years or have a child by the marriage.

55% of the Voluntary Retirement benefit subject to the minimums specified in the Disability Retirement Benefit.

Installment Benefit Payable upon Death – Spouse and Dependent Children

Eligibility
For the spouse, as described above; for the children, unmarried and under 18, 22 if full-time student, or any child dependent because of a disability incurred before age 18. Death does not have to occur before retirement for the children's benefits.

Benefit Amount
Spouse benefit as described above, plus a benefit per child (payable until the children are no longer eligible) equal to the smallest of:

- 60% of Average Pay divided by the number of eligible children;
- $6,024* (if hired before January 1, 1980), $5,820* (if hired between January 1, 1980 and October 31, 1996), or $5,700* (if hired on or after November 1, 1996) per child; or
- $18,072* (if hired before January 1, 1980), $17,460* (if hired between January 1, 1980 and October 31, 1996), or $17,460* (if hired on or after November 1, 1996) divided by the number of children.

Installment Benefit Payable upon Death – Dependent Children Only

Eligibility
Same as the children's benefit above.

Benefit Amount
Per child (payable until the children are no longer eligible), the smallest of:

- 75% of Average Pay divided by the number of eligible children;

Summary of Plans' Provisions
District of Columbia Teachers' Retirement Plan

- $7,356* (if hired before January 1, 1980), $7,092* (if hired between January 1, 1980 and October 31, 1996), or $6,912* (if hired on or after November 1, 1996) per child; or
- $22,068* (if hired before January 1, 1980), $21,276* (if hired between January 1, 1980 and October 31, 1996), or $20,736* (if hired on or after November 1, 1996) divided by the number of children

Installment Benefit Payable upon Death – Surviving Parents Only

Eligibility
Death before retirement and no eligible spouse or children, and parents receive at least one-half of their total income from member.

Benefit Amount
Spouse benefit as described above.

Deferred Vested Benefit

Eligibility
5 years of school service.

Benefit Amount
Voluntary Retirement Benefit beginning at age 62.

Form of Payment Options

Normal Form of Payment
Unreduced Annuity.

Reduced Annuity with a Maximum Survivor Annuity (to Spouse)
The original benefit is reduced by 2.5% of annual pension up to $3,600, plus 10% of any amount over $3,600. Spouse will receive 55% of Unreduced Annuity.

Reduced Annuity with a Partial Survivor Annuity (to Spouse)
An annuity with a benefit payable to the spouse of between $1 up to any amount less than 55% of the Unreduced Annuity. The original benefit is reduced by dividing the amount of the survivor's annuity by 55%, then reducing the original benefit by 2.5% of this amount up to $3,600, plus 10% of any amount over $3,600.

Reduced Annuity with a Survivor Annuity to a Person with an Insurable Interest
A joint and 55% survivor annuity with the original benefit reduced 10% plus an additional 5% for each full 5 years, up to 25 years, the survivor is younger, with a total reduction of 40% for any survivor who is 25 or more years younger.

Reduced Annuity with a Life Benefit
Benefits may be reduced and the reduction is used to purchase life insurance.

Cost-of-Living Adjustments
All participants receive an increase each March based on the annual change in the Consumer Price Index (all items – U.S. City average) from December to December. The annual increase is limited to 3.0% for members hired on or after November 1, 1996.

* Survivor benefit amounts are as of March, 2009, and are subject to annual inflation adjustments.

Membership

Eligibility

All police officers and firefighters of the District of Columbia automatically become members on their date of employment. Police Cadets are not eligible.

Member Contributions

Members hired before November 10, 1996 are required to contribute 7% of annual salary, including any differential for special assignment, but excluding overtime, longevity, holiday, or military pay. Members hired on or after November 10, 1996 contribute 8% of annual salary, including any differential for special assignment, but excluding overtime, holiday, or military pay. Interest is not credited to each member's accumulated contributions.

Service

Departmental Service

Each full year and additional months of employment with either the Metropolitan Police Force or the D.C. Fire Department.

Credited Service

Service granted or purchased in addition to departmental service.

Average Pay

For those hired before February 15, 1980, basic pay for the highest 12 consecutive months. For those hired on or after February 15, 1980, basic pay for the highest 36 consecutive months divided by three.

Longevity Pay (Police Only)

Members who complete 25 years of active service prior to retirement are entitled to an additional 15% of their basic compensation. Members who complete 30 years of active service are entitled to an additional 20% of their basic pay.

Normal Retirement Benefit

Eligibility

For participants hired before November 10, 1996:

- Age 60; or
- Age 50 with 25 years of departmental service; or
- No age requirement with 20 years of service (only if hired before February 15, 1980.)

For participants hired on or after November 10, 1996:

- Age 60; or
- No age requirement with 25 years of service.

Benefit Amount

For participants hired before November 10, 1996:

- 2.5% of Average Pay times departmental service up to 25 years (20 years if hired before February 15, 1980), plus
- 3.0% of Average Pay times departmental service over 25 (or 20) years, plus
- 2.5% of Average Pay times credited service.

For participants hired on or after November 10, 1996:

- 2.5% of Average Pay times total service.

For all participants, there is a maximum benefit of 80% of Average Pay.

Service-Related Disability Retirement Benefit

Eligibility

Disabled as a result of an illness or injury in the line of duty.

Summary of Plans' Provisions
District of Columbia Police Officers and Firefighters' Retirement Plan

Benefit Amount
For participants hired before February 15, 1980, 2.5% of Average Pay times total years of service, subject to a minimum benefit of 66-2/3% of Average Pay and subject to a maximum benefit of 70% of Average Pay.

For participants hired on or after February 15, 1980, 70% of final pay times percentage of disability, subject to a minimum benefit of 40% of final pay.

Non-Service-Related Disability Retirement Benefit

Eligibility
5 years of departmental service and a physical or mental disability that prevents the member from performing his/her job.

Benefit Amount
For participants hired before February 15, 1980, 2.0% of Average Pay times total years of service, subject to a minimum benefit of 40% of average pay and subject to a maximum benefit of 70% of average pay.

For participants hired on or after February 15, 1980, 70% of final pay times percentage of disability, subject to a minimum benefit of 30% of final pay.

Lump Sum Death Benefit

Eligibility
Death occurring in the line of duty, not resulting from willful misconduct, an intention to bring about his/her own death, or drunkenness.

Benefit Amount
$50,000.

Installment Benefit Payable upon Death – Spouse Only, Member Killed Not in Line of Duty after December 29, 1993

Eligibility
Death and, if retired, married for at least one year or have a child by the marriage.

Benefit Amount
40% of the greater of Average Pay and the salary for step 6 salary class 1 of the D.C. Police and Fireman's Salary Act in effect, adjusted for cost-of-living increases if death occurs after retirement. The benefit cannot exceed the rate of pay at death (or retirement if death occurs after retirement.)

Installment Benefit Payable upon Death – Spouse Only, Member Killed in Line of Duty after December 29, 1993

Eligibility
Death (killed in line of duty).

Benefit Amount
100% of final pay.

Installment Benefit Payable upon Death – Spouse and Dependent Children

Eligibility
For the spouse, as described above; for the children, unmarried and under 18, 22 if full-time student, or any child dependent because of a disability incurred before age 18. Death does not have to occur before retirement for the children's benefits.

Benefit Amount
Spouse benefit as described above, plus, provided death does not occur in the line of duty, a benefit per child (payable until the children are no longer eligible) equal to the smallest of:

- 60% of Average Pay divided by the number of eligible children;
- $3,552* ($3,480if hired on or after November 1, 1996); or
- $10,656* ($10,490 if hired on or after November 1, 1996) divided by the number of children

Installment Benefit Payable upon Death – Dependent Children Only

Eligibility
Same as the children's benefit above.

Benefit Amount
Per child, 75% of Average Pay divided by the number of eligible children, adjusted for cost-of-living increases.

Refund of Contributions

Eligibility
Death before retirement and no eligible spouse or children.

Benefit Amount
All Member contributions will be refunded to a named, or statutorily-designated if none named, beneficiary.

Deferred Vested Benefit

Eligibility
5 years of departmental service.

Benefit Amount
Normal Retirement Benefit beginning at age 55.

Form of Payment Options

Normal Form of Payment
Single Life Annuity.

Additional Survivor Benefit
The original benefit is reduced 10%. This 10% amount is reduced by 5% for each full 5 years the survivor is younger (but not more than 40%) and is added to the survivor's benefit.

Cost-of-Living Adjustments
Employees (not beneficiaries) who retired prior to February 15, 1980, receive equalization pay, which is defined as the percentage increase as active employees' salary increases.

All other retired participants and their survivors receive an increase each March based on the annual change in the Consumer Price Index (All Urban Consumers) from December to December. The annual increase is limited to a maximum of 3% for members hired on or after November 10, 1996.

* Survivor benefit amounts are as of March, 2009, and are subject to annual inflation adjustments.

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2009

Statistical Section

Statistical Section

The *Statistical Section* incorporates information from DCRB's internal sources, the Independent Auditors Report, and the Actuarial Valuation, for the last ten years ended September 30, 2009. The historical and statistical data presented is considered useful in evaluating how the condition of the plans have changed over time.

Financial Trend Data presents
Changes of Net Assets
Schedule of Investment Expenses
Schedule of Administrative Expenses

Revenue Capacity
Revenue by Source
Expense by Type
Annual Salaries and Benefits
Employer contributions

Demographic Information
Average Benefit by type
Participant Data
Schedule of Retired Members by Benefit Type

Schedule of Changes in Net Assets
(In thousands of dollars)

District of Columbia Teachers' Retirement Fund

	2000	2001	2002	2003
Additions				
Contributions:				
District Government	$10,700	$200	$ -	$ -
District employees	23,646	24,047	25,374	26,047
Total Contributions	34,346	24,247	25,374	26,047
Total net investment income/(loss)	100,751	(104,536)	(65,976)	121,326
Other income	-	-	-	-
Total Additions	135,097	(80,289)	(40,602)	147,373
Deductions				
Benefit payments	1,600	2,600	3,800	5,100
Refunds*	N/A	N/A	N/A	N/A
Administrative expenses**	N/A	822	989	978
Total Deductions	1,600	3,422	4,789	6,078
Changes in Net Assets	133,497	(83,711)	(45,391)	141,295
Net assets held in trust for pension benefits, beginning of year	728,968	862,465	778,754	733,363
Net assets held in trust for pension benefits, end of year	$862,465	$778,754	$733,363	$874,658

*Refunds were included in Benefit Payments prior to Fiscal Year 2009.
**Administrative Expenses were included in Benefit Payments during Fiscal Year 2000.

Schedule of Changes in Net Assets
(In thousands of dollars)

2004	2005	2006	2007	2008	2009
$ -	$9,200	$15,500	$14,600	$6,000	$ -
26,283	24,778	25,807	26,793	25,919	24,907
26,283	33,978	41,307	41,393	31,919	24,907
102,890	137,333	120,114	217,731	(260,482)	(37,875)
-	-	-	740	990	793
129,173	171,311	161,421	259,864	(227,573)	(12,175)
8,600	20,869	23,793	25,801	28,329	33,532
N/A	N/A	N/A	N/A	5,453	5,316
942	2,210	1,010	2,901	1,746	2,340
9,542	23,079	24,803	28,702	32,438	41,188
119,631	148,232	136,618	231,162	(260,011)	(53,363)
874,658	994,289	1,142,521	1,286,603	1,517,765	1,257,754
$994,289	$1,142,521	$1,279,139	$1,517,765	$1,257,754	$1,204,391

Schedule of Changes in Net Assets
(In thousands of dollars)

District of Columbia Police Officers and Firefighters' Fund

	2000	2001	2002	2003
Additions				
Contributions:				
District Government	$39,900	$49,000	$74,600	$68,900
District employees	16,285	16,832	19,390	19,867
Total Contributions	56,185	65,832	93,990	88,767
Total net investment income/(loss)	140,920	(147,023)	(99,564)	180,790
Other income	-	-	-	-
Total Additions	197,105	(81,191)	(5,574)	269,557
Deductions				
Benefit payments	2,200	2,838	3,222	6,091
Refunds*	N/A	N/A	N/A	N/A
Administrative expenses**	N/A	1,161	1,445	1,501
Total Deductions	2,200	3,999	4,667	7,592
Changes in Net Assets	194,905	(85,190)	(10,241)	261,965
Net assets held in trust for pension benefits, beginning of year	984,106	1,179,011	1,093,821	1,083,580
Net assets held in trust for pension benefits, end of year	$1,179,011	$1,093,821	$1,083,580	$1,345,545

*Refunds were included in Benefit Payments prior to Fiscal Year 2009.
**Administrative Expenses were included in Benefit Payments during Fiscal Year 2000.

Schedule of Changes in Net Assets
(In thousands of dollars)

	2004	2005	2006	2007	2008	2009
	$96,700	$112,100	$117,500	$140,100	$137,000	$106,000
	20,847	23,804	25,142	27,489	31,718	29,900
	117,547	135,904	142,642	167,589	168,718	135,900
	165,374	235,515	212,089	400,433	(518,748)	(58,228)
	-	-	-	1,383	1,952	1,680
	282,921	371,419	354,731	569,406	(348,078)	79,352
	7,903	13,564	15,795	20,587	23,745	24,569
	N/A	N/A	N/A	N/A	1,619	1,611
	1,537	3,789	1,817	5,421	3,440	4,904
	9,440	17,353	17,612	26,008	28,804	31,084
	273,481	354,066	337,119	543,397	(376,882)	48,268
	1,345,545	1,619,026	1,973,092	2,310,211	2,853,608	2,476,726
	$1,619,026	$1,973,092	$2,310,211	2,853,608	$2,476,726	$2,524,994

Schedule of Investment Expenses

	2000	2001	2002	2003
Investment Managers*	$1,288,447	$4,260,893	$4,526,156	$4,526,156
Investment Administrative Expenses**	N/A	N/A	N/A	N/A
Investment Consultants	460,083	388,000	414,833	414,833
Investment Custodian	100,000	503,908	465,160	465,160
Total Investment Expenses	**$1,848,530**	**$5,152,801**	**$5,406,149**	**$5,406,149**

*Fees paid to traditional investment managers only; traditional investment managers are those that invest primarily in public equity and fixed income securities.

** Investment Administrative Expenses not recorded prior to FY 2007

Schedule of Investment Expenses

2004	2005	2006	2007	2008	2009
$6,017,494	$7,950,600	$10,010,063	$11,585,638	$14,299,838	$10,675,572
N/A	N/A	N/A	N/A	650,278	735,424
338,750	338,333	347,917	380,516	494,500	531,241
540,307	726,099	822,081	957,515	485,384	319,107
$6,896,551	**$9,015,032**	**$11,180,061**	**$12,923,669**	**$15,930,000**	**$12,261,344**

Schedule of Administrative Expenses

	2000	2001	2002	2003
Personnel services				
Salaries	$180,437	$873,249	$1,045,971	$1,045,971
Fringe Benefits	22,177	107,568	147,123	147,123
Total Personnel Services	202,615	980,818	1,193,094	1,193,094
General				
Office Supplies	49,125	73,585	97,326	97,326
Telephone	6,689	976	6,239	6,239
Rent	343,816	211,504	215,599	215,599
Office Support	265	332	38,336	38,336
Travel	51,812	55,161	75,791	75,791
Printing	6,577	17,065	16,859	16,859
Insurance	-	1,547	153,627	153,627
Postage	7,103	13,156	25,075	25,075
Dues and Membership	12,944	8,594	11,010	11,010
Depreciation*	N/A	N/A	N/A	N/A
Furniture and Equipment	11,239	27,339	66,268	66,268
Total General	489,570	409,257	706,130	706,130
Professional services				
Legal Counsel	27,651	45,693	22,864	22,864
Auditing Services	98,132	45,825	46,182	46,182
Actuarial Services	67,500	30,375	25,225	25,225
Investment Advisors and Consultants	1,388,447	4,764,801	5,381,333	5,381,333
Consultants and Contracts	460,283	470,882	71,447	71,447
Total Professional services	2,042,015	5,357,576	5,547,051	5,547,051
Total Administrative Expenses	**$2,734,199**	**$6,747,651**	**$7,446,274**	**$7,446,274**

*Depreciation was not recorded prior to FY 2008.

Schedule of Administrative Expenses

2004	2005	2006	2007	2008	2009
$1,138,702	$1,348,189	$2,386,718	$2,314,202	$2,757,520	$2,888,707
160,101	206,533	380,237	417,026	504,836	716,247
1,298,803	1,554,722	2,766,955	2,731,228	3,262,356	3,604,954
95,279	143,955	101,676	117,832	130,619	119,979
6,659	15,569	33,771	20,603	32,673	16,791
224,863	183,249	1,012,781	1,196,975	1,282,134	1,378,513
37,494	9,584	214,813	184,963	101,728	60,080
87,641	111,396	87,815	96,054	89,320	66,767
13,977	33,297	56,167	40,579	56,551	19,110
161,377	114,746	117,213	57,259	119,921	110,853
23,860	33,926	46,516	36,163	54,721	73,262
10,545	12,280	13,270	15,228	17,007	59,861
N/A	N/A	N/A	N/A	-	18,278
15,404	790,062	200,286	72,501	99,779	62,990
677,098	1,448,064	1,884,308	1,838,157	1,984,452	1,866,505
33,473	242,182	208,123	199,219	341,084	278,727
46,182	48,532	51,620	54,371	98,053	66,000
51,661	46,799	46,149	78,084	100,197	92,796
6,896,551	9,015,032	11,180,061	12,923,669	12,587,412	11,478,115
33,540	432,864	1,421,340	3,103,663	2,742,445	1,998,820
7,061,407	9,785,409	12,907,293	16,359,005	17,853,644	15,900,942
$9,037,309	**$12,788,195**	**$17,558,556**	**$20,928,390**	**$21,116,000**	**$19,505,896**

Schedule of Revenue by Source
(In thousands of dollars)

District of Columbia Teachers' Retirement Fund:

Fiscal Year	Employee Contributions	Employer Contributions	Securities Lending, Interest, Dividend and Other Income	Net Appreciation (Depreciation) in Fair Value of Investments	Securities Lending, Investment, and Administrative Expenses	Total
2000	$23,646	$10,700	$28,896	$78,536	$(6,681)	$135,097
2001	24,047	200	31,112	(129,875)	(6,595)	(81,111)
2002	25,374	-	24,242	(86,692)	(4,515)	(41,591)
2003	26,047	-	22,074	101,914	(3,640)	146,395
2004	26,283	-	25,580	80,836	(4,468)	128,231
2005	24,778	9,200	37,254	106,378	(8,509)	169,101
2006	25,807	15,500	44,505	86,084	(11,485)	160,411
2007	26,793	14,600	48,485	183,224	(16,139)	256,963
2008	25,919	6,000	45,423	(294,079)	(12,582)	(229,319)
2009	$24,907	$ -	$31,663	($64,382)	$(6,703)	$(14,515)

District of Columbia Police Officers and Firefighters' Retirement Fund

Fiscal Year	Employee Contributions	Employer Contributions	Securities Lending, Interest, Dividend and Other Income	Net Appreciation (Depreciation) in Fair Value of Investments	Securities Lending, Investment, and Administrative Expenses	Total
2000	$16,285	$35,100	$39,243	$110,614	$(8,937)	$197,105
2001	16,832	39,900	44,214	(182,944)	(9,454)	(82,352)
2002	19,390	74,600	35,226	(129,669)	(6,566)	(7,019)
2003	19,867	68,900	33,247	151,584	(5,542)	268,056
2004	20,847	96,700	41,696	129,427	(7,286)	281,384
2005	23,804	112,100	65,368	182,608	(16,250)	367,630
2006	25,142	117,500	83,495	148,175	(21,398)	352,914
2007	27,489	140,100	91,224	335,006	(29,835)	563,984
2008	31,718	137,000	90,333	(585,796)	(24,773)	(351,518)
2009	$29,900	$106,000	$64,842	$(112,327)	$(13,967)	$74,448

Schedule of Expense by Type
(In thousands of dollars)

District of Columbia Teachers' Retirement Fund:

Fiscal Year	Benefits	Refunds	Total
2000	$1,600	$ -	$1,600
2001	2,600	-	2,600
2002	3,800	-	3,800
2003	5,100	-	5,100
2004	8,600	-	8,600
2005	12,400	8,469	20,869
2006	15,900	7,893	23,793
2007	21,733	4,068	25,801
2008	25,329	5,453	30,782
2009	$33,532	$5,316	$38,848

District of Columbia Police Officers and Firefighters' Retirement Fund:

Fiscal Year	Benefits	Refunds	Total
2000	$2,200	$ -	$2,200
2001	2,838	-	2,838
2002	3,222	-	3,222
2003	6,091	-	6,091
2004	7,903	-	7,903
2005	9,580	-	13,564
2006	13,000	2,795	15,795
2007	18,766	1,821	20,587
2008	23,745	1,619	25,364
2009	$24,569	$1,611	$26,180

Schedule of Annual Salaries and Benefits
(In millions of dollars)

	Annual Salaries of Active Members			Annual Retirement Benefits for Retirees & Benefi-		
Fiscal Year	Teachers	Police Officers and Fire Fighters	Total	Teachers	Police Officers and Fire Fighters	Total
2000	$320.00	$ 233.60	$553.60	$1.60	$2.20	$3.80
2001	334.20	231.00	565.20	2.60	2.83	5.43
2002	240.90	252.90	493.80	3.80	3.22	7.02
2003	339.20	274.70	613.90	5.10	6.09	11.19
2004	338.90	287.90	626.80	8.60	7.90	16.50
2005	325.80	339.30	665.10	20.87	13.56	34.43
2006	322.30	351.00	673.30	23.80	15.80	39.60
2007	349.00	371.30	720.30	25.80	20.59	46.39
2008	359.10	421.80	780.90	30.69	25.36	56.05
2009	$336.60	$436.10	$772.70	$38.85	$26.18	$65.03

Schedule of Employer Contributions
(In millions of dollars)

	Teachers' Retirement Fund		Police Officers and Firefighters' Retirement Fund		Total Fund	
Year Ending	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
9/30/2000	$10.7	100%	$39.9	100%	$50.6	100%
9/30/2001	6.6	100%	47.0	100%	53.6	100%
9/30/2002	1.0	100%	61.4	100%	62.4	100%
9/30/2003	-	100%	68.9	100%	68.9	100%
9/30/2004	2.9	100%	96.7	100%	99.6	100%
9/30/2005	9.2	100%	112.1	100%	121.3	100%
9/30/2006	16.5	100%	117.5	100%	134.0	100%
9/30/2007	14.6	100%	140.1	100%	154.7	100%
9/30/2008	6.0	100%	137.0	100%	143.0	100%
9/30/2009	$ -	100%	$106.0	100%	$106.0	100%

Schedule of Average Benefit by Type

District of Columbia Teachers' Retirement Fund
(Combined Federal and District)

	Retired		Beneficiaries		Disabled		Terminated		Total
Fiscal Year	Count	Benefit	Count	Benefit	Count	Benefit	Count	Benefit	Count
2000	4,201	$32,235	425	$14,138	528	$23,135	-	$ -	5,154
2001	4,820	33,247	427	15,382	507	23,872	-	-	5,754
2002	4,396	33,742	445	15,739	493	24,078	-	-	5,334
2003	4,572	34,687	461	16,363	491	24,501	124	14,865	5,648
2004	4,802	25,497	454	16,514	475	24,891	191	16,168	5,922
2005	4,886	36,901	461	16,994	466	25,545	758	78,818	6,571
2006	4,907	38,250	457	17,843	455	26,204	981	7,977	6,800
2007	4,968	39,322	452	17,772	440	26,780	999	7,861	6,859
2008	4,912	41,089	431	18,554	428	28,118	876	8,429	6,647
2009	5,167	$41,316	423	$18,442	416	$27,955	938	$9,018	6,944

District of Columbia Police Officers and Firefighters' Retirement Fund
(Combined Federal and District)

	Retired		Beneficiaries		Disabled		Terminated		Total
Fiscal Year	Count	Benefit	Count	Benefit	Count	Benefit	Count	Benefit	Count
2000	3,986	$41,264	1,695	$19,460	1,999	$36,028	-	$ -	7,680
2001	4,052	42,667	1,671	20,411	1,959	36,277	-	-	7,682
2002	4,061	44,085	1,714	20,746	1,914	38,790	-	-	7,689
2003	4,066	45,751	1,748	21,657	1,870	39,048	-	-	7,684
2004	4,075	46,995	1,767	22,116	1,810	39,490	25	23,162	7,677
2005	4,085	49,044	1,741	22,982	1,772	41,089	238	11,996	7,836
2006	4,068	51,033	1,800	23,710	1,783	42,149	244	11,413	7,895
2007	4,089	53,077	1,786	24,546	1,765	43,216	234	12,972	7,874
2008	4,133	56,227	1,587	26,802	1,703	44,531	78	18,370	7,501
2009	4,119	$56,653	1,642	$26,998	1,649	$44,409	113	$21,247	7,523

Schedule of Participant Data

	Active			Retired Members, Beneficiaries, Disabled and			
Fiscal Year	Teachers	Police Officers and	Subtotal	Teachers	Police Officers and	Subtotal	Total
2000	6,397	4,836	11,233	5,154	7,680	12,834	24,067
2001	6,703	4,920	11,623	5,754	7,682	13,436	25,059
2002	6,558	4,816	11,374	5,334	7,689	13,023	24,397
2003	6,145	4,971	11,116	5,648	7,684	13,332	24,448
2004	5,564	5,186	10,750	5,922	7,677	13,599	24,349
2005	5,707	5,222	10,929	6,571	7,836	14,407	25,336
2006	5,088	5,256	10,344	6,800	7,895	14,695	25,039
2007	5,027	5,550	10,577	6,859	7,874	14,733	25,310
2008	4,821	5,661	10,482	6,647	7,501	14,148	24,630
2009	4,601	5,778	10,389	6,944	7,534	14,478	24,867

Schedule of Retired Members by Type of Benefit and Option Selected

District of Columbia Teachers' Retirement Plan

		Type of Retirement						
Amount of	**Number of Benefit**	**A**	**B**	**C**	**D**	**E**	**F**	**G**
$1 - 250	32	19	-	-	-	9	2	2
251 - 500	98	55	1	-	-	15	26	1
501 - 750	115	76	1	-	2	22	13	1
751 - 1000	94	58	4	-	6	11	13	2
1001 - 1250	121	59	1	-	2	23	33	3
1251 - 1500	128	69	1	-	4	38	14	2
1501 - 1750	139	93	2	-	8	26	9	1
1751 - 2000	193	136	8	-	12	31	6	-
2001 - 3000	1304	980	177	-	54	80	13	-
3001 - 4000	2421	2235	157	-	16	13	-	-
4001 - 5000	1045	998	43	-	3	1	-	-
5001 - 6000	269	257	11	-	-	1	-	-
6001 - 7000	60	55	4	-	-	1	-	-
7001 - 8000	22	21	1	-	-	-	-	-
8001 - 9000	2	2	-	-	-	-	-	-
9001 - 10,000	4	4	-	-	-	-	-	-
over $10,000	-	-	-	-	-	-	-	-
Total	6,047	5,117	411	-	107	271	129	12

Type of Retirement

A Voluntary (normal) retirement
B Involuntary (early) retirement
C Disability (Line of Duty)
D Disability (Not work related)
E Survivor of Retired Teacher
F Survivor of Active Teacher
G Ex-spouse (QDRO)

Schedule of Retired Members by Type of Benefit and Option Selected

District of Columbia Teachers' Retirement Plan

	Option Selected				
Amount of Monthly Benefits	**1**	**2**	**3**	**4**	**5**
$1 - 250	19	13	-	-	-
251 - 500	48	50	-	-	-
501 - 750	70	45	-	-	-
751 - 1000	49	42	-	-	3
1001 - 1250	47	73	-	-	1
1251 - 1500	55	70	-	2	1
1501 - 1750	93	45	-	-	1
1751 - 2000	135	58	-	-	-
2001 - 3000	951	329	-	-	6
3001 - 4000	1793	531	-	2	2
4001 - 5000	810	208	-	-	5
5001 - 6000	208	52	-	-	-
6001 - 7000	46	10	-	-	-
7001 - 8000	19	2	-	-	-
8001 - 9000	1	1	-	-	-
9001 - 10,000	3	1	-	-	-
over $10,000	-	-	-	-	-
Total	4,347	1,530	-	4	19

Option Selected

1 Unreduced Annuity (single life)
2 Reduced Annuity with Survivor Option
3 Reduced Annuity with Life Insurance Benefit
4 Reduced Annuity with Insurable Interest
5 Lump Sum

Schedule of Retired Members by Type of Benefit and Option Selected

District of Columbia Police Officers and Firefighters' Retirement Plan

Amount of Monthly Benefits	Number of Benefit Recipients	Type of Retirement A	B	C	D	E	F
$1 - 250	15	-	-	-	11	-	4
251 - 500	105	2	-	-	90	3	10
501 - 750	31	4	1	-	6	-	20
751 - 1000	37	2	1	-	9	-	25
1001 - 1250	40	3	1	-	4	-	32
1251 - 1500	50	13	6	-	4	-	27
1501 - 1750	164	23	31	5	77	-	28
1751 - 2000	354	69	32	11	215	2	25
2001 - 3000	1827	574	164	34	1029	-	26
3001 - 4000	2266	1479	656	13	111	4	3
4001 - 5000	1299	991	278	4	22	3	1
5001 - 6000	701	611	83	-	5	2	-
6001 - 7000	313	286	24	1	2	-	-
7001 - 8000	146	140	6	-	-	-	-
8001 - 9000	67	63	4	-	-	-	-
9001 - 10,000	40	39	1	-	-	-	-
over $10,000	67	61	6	-	-	-	-
Total	7,522	4,360	1,294	68	1,585	14	201

Type of Retirement

A Optional Retirement
B Disability (Line of Duty)
C Disability (Not work related)
D Survivor of Retired Member
E Survivor of Active Member
F Ex-spouse (QDRO)

Schedule of Retired Members by Type of Benefit and Option Selected

District of Columbia Police Officers and Firefighters' Retirement Plan

	Option Selected	
Amount of Monthly Benefits	**1**	**2**
$1 - 250	15	-
251 - 500	105	-
501 - 750	31	-
751 - 1000	37	-
1001 - 1250	40	-
1251 - 1500	50	-
1501 - 1750	164	-
1751 - 2000	353	1
2001 - 3000	1827	-
3001 - 4000	2263	3
4001 - 5000	1299	-
5001 - 6000	698	3
6001 - 7000	313	-
7001 - 8000	146	-
8001 - 9000	67	-
9001 - 10,000	40	-
over $10,000	67	-
Total	7,515	7

Option Selected

1 Regular Retirement (automatic survivor benefit)

2 Regular Retirement with Additional Survivor Benefit

Additional Disclosures

Additional Disclosures Required by the District of Columbia City Council

Schedule of Reportable Transactions
D.C. Code § 1-903.06(b)(3), (2001 Ed.)

Description	Identity of Party	Interest Rate	Maturity Date	Purchases: # of Purchases	Purchases: Costs of Asset	# of Sales	Sales: Cost of Asset	Sales: Selling Price	Sales: Gains/(Losses)
Interest Bearing Cash									
Total Interest Bearing Cash	8611239B5			2,089	$833,147,684	1,416	$809,458,114	$809,458,114	$ -
U.S. Government Securities									
FNMA TBA FEB 30 SINGLE FAM	01F050627	5.00%	12/1/2099	10	97,736,985	15	97,736,985	97,337,600	399,385)
FNMA TBA MAR 30 SINGLE FAM	01F050635	5.00%	12/1/2099	7	98,867,262	9	98,867,262	99,100,656	233,394
FNMA TBA MAY 30 SINGLE FAM	01F050650	5.00%	12/1/2099	7	92,826,965	10	92,826,965	92,957,515	130,551
FNMA TBA FEB 15 SINGLE FAM	01F052425	5.50%	12/1/2099	3	108,349,375	3	108,349,278	108,346,141	(3,137)
FNMA TBA OCT 30 SINGLE FAM	01F0606A8	6.00%	12/1/2099	9	165,165,746	11	222,540,156	221,195,668	(1,344,488)
FNMA TBA NOV 30 SINGLE FAM	01F0606B6	6.00%	12/1/2099	4	159,039,906	5	169,955,031	170,634,016	678,984
FNMA TBA DEC 30 SINGLE FAM	01F0606C4	6.00%	12/1/2099	9	318,429,293	11	318,426,875	319,533,117	1,106,242
FNMA TBA FEB 30 SINGLE FAM	01F060626	6.00%	12/1/2099	8	108,264,109	7	108,264,109	108,296,203	32,094
FNMA TBA MAR 30 SINGLE FAM	01F060634	6.00%	12/1/2099	6	106,875,141	6	106,875,141	107,105,039	229,898
GNMA I TBA OCT 30 SINGLE FAM	01N0606A9	6.00%	12/1/2099	8	190,170,687	8	71,868,382	71,432,844	(435,538)
GNMA I TBA DEC 30 SINGLE FAM	01N0606C5	6.00%	12/1/2099	10	239,215,594	8	239,211,278	240,421,125	1,209,847
GNMA I TBA JAN 30 SINGLE FAM	01N060619	6.00%	12/1/2099	3	124,474,578	3	124,474,578	126,850,480	2,375,902
GNMA I TBA FEB 30 SINGLE FAM	01N060627	6.00%	12/1/2099	3	245,779,438	3	245,779,438	245,442,164	(337,273)
GNMA I TBA MAR 30 SINGLE FAM	01N060635	6.00%	12/1/2099	2	125,834,438	2	125,834,438	126,188,781	354,344
GNMA I TBA APR 30 SINGLE FAM	01N060643	6.00%	12/1/2099	2	125,856,000	2	125,856,000	127,757,902	1,901,902
GNMA I TBA MAY 30 SINGLE FAM	01N060650	6.00%	12/1/2099	2	127,546,500	2	127,546,500	127,935,973	389,473
GNMA I TBA JUN 30 SINGLE FAM	01N060668	6.00%	12/1/2099	2	127,726,188	2	127,726,188	126,058,867	(1,667,320)
GNMA I TBA JUL 30 SINGLE FAM	01N060676	6.00%	12/1/2099	2	125,749,625	2	125,749,625	127,043,734	1,294,109
GNMA I TBA AUG 30 SINGLE FAM	01N060684	6.00%	12/1/2099	3	247,399,141	3	247,399,141	248,589,840	1,190,699
GNMA I TBA SEP 30 SINGLE FAM	01N060692	6.00%	12/1/2099	2	127,509,844	2	127,509,844	128,771,160	1,261,316
US TREASURY N/B	912828LG3	1.00%	7/31/2011	11	100,024,908	10	99,715,076	99,801,563	86,486
Total U.S. Government Securities				113	3,162,841,721	523	3,112,512,288	3,120,800,389	8,288,100
Total Reportable Transactions				**2,202**	**3,995,989,405**	**1,939**	**3,921,970,402**	**3,930,258,502**	**8,288,100**
Total Non-Reportable Transactions				**12,811**	**$7,690,043,139**	**13,407**	**$8,317,004,573**	**$7,922,366,424**	**$(394,638,149)**

Custodial Bank Financial Statements

State Street Bank

Consolidated Statement of Income

Years ended December 31, (Dollars in millions, except per share amounts)	2009	2008	2007
Fee revenue:			
Servicing fees	**$ 3,276**	$ 3,745	$ 3,388
Management fees	**824**	1,028	1,141
Trading services	**1,094**	1,467	1,152
Securities finance	**570**	1,230	681
Processing fees and other	**171**	277	271
Total fee revenue	**5,935**	7,747	6,633
Net interest revenue:			
Interest revenue	**3,286**	4,879	5,212
Interest expense	**722**	2,229	3,482
Net interest revenue	**2,564**	2,650	1,730
Gains (Losses) related to investment securities, net:			
Net gains from sales of available-for-sale securities	**368**	68	7
Losses from other-than-temporary impairment	**(1,155)**	(122)	(34)
Losses not related to credit	**928**	—	—
Gains (Losses) related to investment securities, net	**141**	(54)	(27)
Gain on sale of CitiStreet interest, net of exit and other associated costs	**—**	350	—
Total revenue	**8,640**	10,693	8,336
Provision for loan losses	**149**	—	—
Expenses:			
Salaries and employee benefits	**3,037**	3,842	3,256
Information systems and communications	**656**	633	546
Transaction processing services	**583**	644	619
Occupancy	**475**	465	408
Provision for legal exposure	**250**	—	600
Provision for investment account infusion	**—**	450	—
Restructuring charges	**—**	306	—
Merger and integration costs	**49**	115	198
Professional services	**264**	360	236
Amortization of other intangible assets	**136**	144	92
Other	**516**	892	478
Total expenses	**5,966**	7,851	6,433
Income before income tax expense and extraordinary loss	**2,525**	2,842	1,903
Income tax expense	**722**	1,031	642
Income before extraordinary loss	**1,803**	1,811	1,261
Extraordinary loss, net of taxes	**(3,684)**	—	—
Net income (loss)	**$ (1,881)**	$ 1,811	$ 1,261
Net income before extraordinary loss available to common shareholders	**$ 1,640**	$ 1,789	$ 1,261
Net income (loss) available to common shareholders	**$ (2,044)**	$ 1,789	$ 1,261
Earnings per common share before extraordinary loss:			
Basic	**$ 3.50**	$ 4.32	$ 3.49
Diluted	**3.46**	4.30	3.45
Earnings (Loss) per common share:			
Basic	**$ (4.32)**	$ 4.32	$ 3.49
Diluted	**(4.31)**	4.30	3.45
Average common shares outstanding (in thousands):			
Basic	**470,602**	413,182	360,675
Diluted	**474,003**	416,100	365,488

Information from www.statestreet.com

Consolidated Statement of Condition

As of December 31, (Dollars in millions, except per share amounts)	2009	2008
Assets		
Cash and due from banks	**$ 2,641**	$ 3,181
Interest-bearing deposits with banks	**26,632**	55,733
Securities purchased under resale agreements	**2,387**	1,635
Trading account assets	**148**	815
Investment securities available for sale	**72,699**	54,163
Investment securities held to maturity purchased under money market liquidity facility (fair value of $6,100 in 2008)	**—**	6,087
Investment securities held to maturity (fair value of $20,928 and $14,311)	**20,877**	15,767
Loans and leases (less allowance for losses of $79 and $18)	**10,729**	9,113
Premises and equipment (net of accumulated depreciation of $3,046 and $2,758)	**1,953**	2,011
Accrued income receivable	**1,497**	1,738
Goodwill	**4,550**	4,527
Other intangible assets	**1,810**	1,851
Other assets	**12,023**	17,010
Total assets	**$157,946**	$173,631
Liabilities		
Deposits:		
Noninterest-bearing	**$ 11,969**	$ 32,785
Interest-bearing—U.S.	**5,956**	4,558
Interest-bearing—Non-U.S.	**72,137**	74,882
Total deposits	**90,062**	112,225
Securities sold under repurchase agreements	**10,542**	11,154
Federal funds purchased	**4,532**	1,082
Short-term borrowings under money market liquidity facility	**—**	6,042
Other short-term borrowings	**20,200**	11,555
Accrued expenses and other liabilities	**9,281**	14,380
Long-term debt	**8,838**	4,419
Total liabilities	**143,455**	160,857
Commitments and contingencies (note 10)		
Shareholders' equity		
Preferred stock, no par: 3,500,000 shares authorized; 20,000 shares issued and outstanding in 2008	**—**	1,883
Common stock, $1 par: 750,000,000 shares authorized; 495,365,571 and 431,976,032 shares issued	**495**	432
Surplus	**9,180**	6,992
Retained earnings	**7,071**	9,135
Accumulated other comprehensive loss	**(2,238)**	(5,650)
Common stock, $1 par: 750,000,000 shares authorized; 495,365,571 and 431,976,032 shares issued	**495**	432
Surplus	**9,180**	6,992
Retained earnings	**7,071**	9,135
Accumulated other comprehensive loss	**(2,238)**	(5,650)
Treasury stock, at cost (431,832 and 418,354 shares)	**(17)**	(18)
Total shareholders' equity	**14,491**	12,774
Total liabilities and shareholders' equity	**$157,946**	$173,631

Information from www.statestreet.com

Custodial Bank Financial Statements

State Street Bank

Consolidated Statement of Changes in Shareholders' Equity

(Dollars in millions, except per share amounts, shares in thousands)	PREFERRED STOCK	COMMON STOCK Shares	COMMON STOCK Amount	Surplus	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	TREASURY STOCK Shares	TREASURY STOCK Amount	Total
Balance at December 31, 2006		337,126	$337	$ 399	$ 7,030	$ (224)	4,688	$ (290)	$ 7,252
Adjustment for effect of applying provisions of FASB Staff Position No. FAS 13-2					(226)				(226)
Adjusted balance at January 1, 2007		337,126	337	399	6,804	(224)	4,688	(290)	7,026
Comprehensive income:									
Net income					1,261				1,261
Change in net unrealized gains/losses on available-for-sale securities, net of related taxes of $(276) and reclassification adjustment						(451)			(451)
Change in net unrealized gains/losses on fair value hedges of available-for-sale securities, net of related taxes of $(37)						(55)			(55)
Foreign currency translation, net of related taxes of $62						134			134
Change in unrealized gains/losses on cash flow hedges, net of related taxes of $(7)						(11)			(11)
Change in unrealized gains/losses on hedges of net investments in non-U.S. subsidiaries, net of related taxes of $(4)						(8)			(8)
Change in minimum pension liability, net of related taxes of $28						40			40
Total comprehensive income					1,261	(351)			910
Cash dividends declared—$.88 per share					(320)				(320)
Common stock acquired ($75 per share)							13,369	(1,002)	(1,002)
Common stock awards and options exercised, including tax benefit of $52		401	—	65			(5,975)	393	458
Common stock issued in connection with acquisition		60,839	61	4,166					4,227
Balance at December 31, 2007		398,366	398	4,630	7,745	(575)	12,082	(899)	11,299
Comprehensive income:									
Net income					1,811				1,811
Change in net unrealized gains/losses on available-for-sale securities, net of related taxes of $(2,866) and reclassification adjustment						(4,527)			(4,527)
Change in net unrealized gains/losses on fair value hedges of available-for-sale securities, net of related taxes of $(116)						(187)			(187)
Foreign currency translation, net of related taxes of $(91)						(263)			(263)
Change in unrealized gains/losses on cash flow hedges, net of related taxes of $(10)						(16)			(16)
Change in unrealized gains/losses on hedges of net investments in non-U.S. subsidiaries, net of related taxes						1			1
Change in minimum pension liability, net of related taxes of $(48)						(83)			(83)
Total comprehensive income					1,811	(5,075)			(3,264)
Preferred stock and common stock warrant issued under TARP	$ 1,879			121					2,000
Cash dividends:									
Common stock—$.95 per share					(400)				(400)
Preferred stock					(18)				(18)
Accretion of preferred stock discount	4				(4)				—
Common stock acquired ($75 per share)							552		—
Common stock issued in public offering		33,156	34	2,181			(7,391)	538	2,753
Contract payments to State Street Capital Trust III				(36)					(36)
Common stock awards and options exercised, including tax benefit of $52		454	—	96	1		(4,825)	343	440
Balance at December 31, 2008	1,883	431,976	432	6,992	9,135	(5,650)	418	(18)	12,774
Comprehensive income:									
Net loss					**(1,881)**				**(1,881)**
Change in net unrealized loss on available-for-sale securities, net of reclassification adjustment and losses from other-than-temporary impairment related to factors other than credit, net of related taxes of $2,158						**3,410**			**3,410**
Change in net unrealized loss on fair value hedges of available –for-sale securities, net of related taxes of $82						**129**			**129**
Losses from other-than-temporary impairment on held-to-maturity securities related to factors other than credit, net of related taxes of $(237)						**(387)**			**(387)**
Foreign currency translation, net of related taxes of $(96)						**213**			**213**
Change in net unrealized losses on cash flow hedges, net of related taxes of $7						**10**			**10**
Change in minimum pension liability, net of related taxes of $23						**37**			**37**
Total comprehensive income					**(1,881)**	**3,412**			**1,531**
Cash dividends:									
Common stock—$.04 per share					**(20)**				**(20)**
Preferred stock					**(46)**				**(46)**
Accretion of preferred stock discount	**11**				**(11)**				**—**
Prepayment of preferred stock discount	**106**				**(106)**				**—**
Common stock issued in public offering		**58,974**	**59**	**2,172**					**2,231**
Redemption of TARP preferred stock investment	**(2,000)**								**(2,000)**
Repurchase of TARP common stock warrant				**(60)**					**(60)**
Common stock awards and options exercised, including related taxes of $(52)		**4,416**	**4**	**76**					**80**
Other							**14**	**1**	**1**
Balance at December 31, 2009	**$ —**	**495,366**	**$495**	**$9,180**	**$ 7,071**	**$(2,238)**	**432**	**$ (17)**	**$14,491**

Information from www.statestreet.com

Consolidated Statement of Cash Flows

Years ended December 31, (In millions)	2009	2008	2007
Operating Activities:			
Net income (loss)	**$ (1,881)**	$ 1,811	$ 1,261
Adjustments to reconcile net income to net cash provided by operating activities:			
Non-cash adjustments for depreciation, amortization, accretion and deferred income tax expense (benefit)	**(2,284)**	(282)	130
Extraordinary loss	**6,096**	—	—
(Gains) Losses related to investment securities, net	**(141)**	54	27
Change in trading account assets, net	**366**	(689)	195
Other, net	**(6,425)**	(2,850)	1,326
Net cash (used in) provided by operating activities	**(4,269)**	(1,956)	2,939
Investing Activities:			
Net (increase) decrease in interest-bearing deposits with banks	**29,222**	(49,462)	(799)
Net (increase) decrease in federal funds sold and securities purchased under resale agreements	**(752)**	22,038	(2,832)
Proceeds from sales of available-for-sale securities	**8,274**	5,408	4,731
Proceeds from maturities of available-for-sale securities	**43,995**	32,291	21,750
Purchases of available-for-sale securities	**(58,780)**	(41,044)	(27,578)
Net decrease (increase) in securities related to AMLF	**6,111**	(5,818)	—
Proceeds from maturities of held-to-maturity securities	**4,498**	1,766	859
Purchases of held-to-maturity securities	**(1,600)**	(1,062)	(539)
Net (increase) decrease in loans	**800**	6,532	(6,226)
Proceeds from sale of joint venture investment	**—**	464	—
Business acquisitions, net of cash acquired	**—**	(38)	(647)
Purchases of equity investments and other long-term assets	**(241)**	(242)	(192)
Purchases of premises and equipment	**(325)**	(681)	(476)
Other, net	**430**	278	95
Net cash (used in) provided by investing activities	**31,632**	(29,570)	(11,854)
Financing Activities:			
Net increase (decrease) in time deposits	**1,267**	(13,988)	4,158
Net increase (decrease) in all other deposits	**(23,408)**	30,416	14,617
Net increase (decrease) in short-term borrowings related to AMLF	**(6,042)**	6,139	—
Net increase (decrease) in short-term borrowings	**(4,163)**	3,163	(7,794)
Proceeds from issuance of long-term debt, net of issuance costs	**4,435**	493	1,488
Payments for long-term debt and obligations under capital leases	**(29)**	(44)	(533)
Proceeds from public offering of common stock, net of issuance costs	**2,231**	2,251	—
Proceeds from issuance of TARP preferred stock	**—**	1,879	—
Proceeds from issuance of warrant to purchase common stock	**—**	121	—
Purchases of common stock	**—**	—	(1,002)
Redemption of TARP preferred stock investment	**(2,000)**	—	—
Repurchase of TARP common stock warrant	**(60)**	—	—
Proceeds from issuance of common stock for stock awards and options exercised	**34**	12	—
Proceeds from issuances of treasury stock	**—**	623	185
Payments for cash dividends	**(168)**	(399)	(301)
Net cash (used in) provided by financing activities	**(27,903)**	30,666	10,818
Net increase (decrease)	**(540)**	(860)	1,903
Cash and due from banks at beginning of year	**3,181**	4,041	2,138
Cash and due from banks at end of year	**$ 2,641**	$ 3,181	$ 4,041
Cash and due from banks at end of year	**$ 2,641**	$ 3,181	$ 4,041
Supplemental disclosure:			
Interest paid	**$ 722**	$ 2,302	$ 3,403
Income taxes paid	**884**	1,118	593
Non-cash acquisitions of investment securities	**14,111**	—	—
Non-cash acquisitions of loans	**2,510**	—	—
Non-cash investments in premises and equipment and capital leases	**126**	48	194
Non-cash additions of short-term borrowings	**20,919**	—	—

Information from www.statestreet.com

Schedule of Transactions with Parties in Interest

Vendor, Investment Manager or Advisor Name	FY 2009 Expenditures
Administrative Contractual Vendors	
The John Akridge Companies	$1,369,345
Document Systems, Inc.	586,703
MTG Management Consultants, LLC	525,817
Morgan, Lewis & Bockius, LLP	144,080
Aon Risk Services, Inc. of Washington	113,588
Newlin, LLC	108,299
NGEN, LLC	99,231
Ed Friend, Inc.	92,796
CITIBANK Government Commerce Services	74,428
Clifton Gunderson, LLP	66,000
Groom Law Group, Chartered	37,550
American Arbitration Association	33,128
Oldaker, Belair & Wittie, LLP	32,445
True Ballot, INC	21,842
Pitney Bowes Global Financial	20,038
Cost Effective Measurement	20,000
Robert Half International, Inc.	19,499
SHARP Eelectronics Corporation	17,829
Verizon Federal,Inc	16,362
COSTTREND Consulting, Inc.	15,978
Evestment Alliance, LLC	13,500
AMERICOM Telephone Systems, INC	9,917
Four Point Technology	8,760
Print Mail Communications, Inc.	8,303
The Hartford Insurance	7,265
Survey Research Associaties	7,000
DLT Solutions, Inc.	5,633
Administrative Non-Contractual Vendors	
United States Postal Service	40,360
Washington Metro Transit Authority	33,034
Staples	31,707
Dell Computer Corporation	30,281
BCE Corporation of Rockville	21,120
INTERPARK	17,864
HBP, Inc.	14,067
Joe Ragan's	13,352
AMERICOM Telephone Systems, INC	9,917
Kastle Systems	9,168
Dutchmill Caterers	8,768
Federal Express	$5,272

Schedule of Transactions with Parties in Interest

Vendor, Investment Manager or Advisor Name	FY 2009 Expenditures
Traditional Investment Managers	
PIMCO	$1,142,755
Goldman Sachs Asset Managament	938,469
LSV Asset Management	780,530
Gryphon International Investment	769,216
SOUND SHORE LG CAP VALUE	727,895
EACM Advisors, LLC	603,289
Thomspon Siegel & Walmsley	1,026,014
Sands Capital Management, Inc.	515,671
Mazam Capital Management	493,359
McKinley Capital Management, Inc.	455,678
LSV Emerging Markets Equity Fund	426,592
Western Asset Management	421,597
Black Rock Securities	218,042
Wellington Trust Company	177,410
Western Asset Index Plus	126,080
Alliance Index Fund	73,009
Non-Traditional Investment Managers	
Bridgewater	3,754,541
Pantheon Capital Partners	1,572,511
Warburg Pincus Private Equity X	1,500,000
Babcock & Brown/SteelRiver N.A.	751,540
Carlyle Realty V	750,000
JP Morgan Investment Management	607,384
Carlyle Europe R.E. III	523,496
CBRE Strategic	498,394
Macquaire Infrastructure Partners II	256,243
Heitman Value Partners I LP	217,331
PRISA II	207,495
PRISA	173,860
Warburg Pincus Private Equity VIII	59,296
Fairview Capital Partners	54,013
Heitman Value Partners II	41,928
Blackstone Capital Partners III	26,772
Other Investment Advisers	
Watson Wyatt Investment Consultant	286,458
The Townsend Group	143,333
Wilshire Associates, Inc.	36,000
Plexus Group, Inc.	25,000
Ennis, Knupp & Associates, Inc.	76,450
Trustees	
Lyle Blanchard	9,989
Barbara Davis Blum	9,989
Joseph M. Bress	1,961
Diana Bulger	5,699
Joseph W. Clark	9,498
Mary Collins	6,251
Shireen Dodson	6,190
Deborah Hensley	9,989
Brian K. Lee	3,248
Judith Marcus	9,989
Darrick Ross	9,070
Edward Smith	6,925
George Suter	9,683
Thomas N. Tippet	$8,334

ADDITIONAL DISCLORUES

Names and Addresses of the Board of Trustees

Schedule of Trustee Activities Sponsored by Service Providers

Mary A. Collins:

Date	Service Provider	Activity	Purpose of Activity
10/13/08	Lazard	Dinner Meeting	Security litigation issues
12/08/08	Loomis Sayles	Reception	IMN conference attendees
12/09/08	FTSE et al	Dinner Meeting	Education on IMN conference attendees
12/14/08	Conference Sponsors	Tailgate Gathering	Meet and greet for conference attendees
12/16/08	Cohen Millstein, et. al.	Dinner Meeting	Meeting with Trustees and attendees

Judith C. Marcus:

Date	Service Provider	Activity	Purpose of Activity
02/01-02/09	Various	Attending Global Asset Allocation Summit	Continuing education
06/07-09/09	Various	Attending Emerging Managers Summit	Continuing education

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