CITY OF PHOENIX
EMPLOYEES' RETIREMENT PLAN
(A Component Unit of the City of Phoenix, Arizona)

SIXTY-THIRD ANNUAL
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED
JUNE 30, 2009 and 2008

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Prepared by:
City of Phoenix
Employees' Retirement System
and
City of Phoenix
Finance Department

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The **Introductory Section** contains the Certificate of Achievement for Excellence in Financial Reporting, the letter of transmittal, the Retirement Board structure, the administrative organization, and the Chairperson's Report.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Phoenix Employees' Retirement Plan, Arizona

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

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

President

Executive Director

City of Phoenix
RETIREMENT SYSTEMS

December 8, 2009

Chairperson and Members of the Retirement Board
City of Phoenix Employees' Retirement Plan:

The Comprehensive Annual Financial Report ("CAFR") of the City of Phoenix Employees' Retirement Plan ("COPERS" or the "Plan") as of and for the years ended June 30, 2009 and 2008 is hereby submitted. This report consists of the Introductory, Financial, Investment, Actuarial and Statistical sections.

The Plan is governed by the City of Phoenix Employees' Retirement Law of 1953 (Chapter XXIV of the City of Phoenix Charter). This law has been revised over the years, with the latest amendment approved by the City voters September 9, 2003.

COPERS was created to provide retirement, survivor and disability benefits to the City of Phoenix general employees. COPERS is a qualified retirement plan under the Internal Revenue Code. The City of Phoenix Employees' Retirement Board (the "Board") is trustee of the Plan. Elections are held every three years for the members of the Plan to elect three employee Retirement Board members. The last election was held December 2008. The three elected employee Board members with terms of January 1, 2009 to December 31, 2011 are Elizabeth Bissa, Cathleen Gleason and David Hensley. Retiree Board Member Kerry Wangberg, was elected by the Board members and Citizen Board Member Linda Reidenbach was reelected by the Board members for three-year terms concurrent with the term of the elected employee board members. The Ex-Officio Board members are Barbara Lang, City Treasurer; Rick Naimark, Deputy City Manager; Janet Smith, Personnel Director; and Jeff DeWitt, Interim Finance Director. Former elected employee Board member Frank Barriga and former Retiree Board Member, Jim Flanagan did not seek reelection. Former Ex-Officio Board member Bob Wingenroth retired.

The Mayor and City Council are covered by the Elected Officials Retirement Plan of Arizona ("EORPA"). Sworn police and fire employees are covered by the Arizona Public Safety Personnel Retirement System ("APSPRS"). The administration of the system and responsibility for making the APSPRS provisions effective for each employer are vested in Local Boards. For the City of Phoenix, this responsibility rests with the City of Phoenix Fire Pension Board and the City of Phoenix Police Pension Board. EORPA and APSPRS benefit payments and investments are handled by a centralized State Board known as the "Fund Manager." The EORPA and the APSPRS were created by Arizona State Statutes. These retirement plans publish separate financial reports.

FINANCIAL INFORMATION

Responsibility for accuracy of the data, completeness, and fairness of the presentation of the CAFR, including all disclosures, rests with the Retirement Board. The Plan's record-keeping, financial statement and investment control responsibilities have been performed by the City's Finance Department. To the best of our knowledge and belief, this report is accurate in all material respects and is reported in a manner designed to present fairly the Plan net assets and changes in Plan net assets. All disclosures necessary to enable the reader to gain an understanding of the Plan's financial activities have been included. The Management's Discussion and Analysis, which begins on page 19, provides analysis of the financial activities for the fiscal years ended June 30, 2009 and 2008.

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The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to COPERS for its comprehensive annual financial report for the fiscal year ended June 30, 2008. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

INTERNAL CONTROLS

Internal controls are procedures designed to protect assets from loss, theft or misuse; to check the accuracy and reliability of accounting data; to promote operational efficiency; and to encourage compliance with managerial policies. The Board and the City of Phoenix (the "City") management are responsible for establishing a system of internal controls designed to provide reasonable assurance these objectives are met. To help assure the adequacy of the City's (including COPERS') system of internal controls, an Audit Committee consisting of three members of the City Council, the City Manager and other top City officials provide direction to the City Auditor's Department in carrying out an extensive internal audit program, as well as providing a liaison with the City's (including COPERS') independent auditors. The City also maintains budgetary controls designed to ensure compliance with legal provisions of the annual budget adopted by the City Council.

This report has been prepared in conformance with the principles of governmental accounting and reporting as set forth by the Governmental Accounting Standards Board. Transactions of COPERS are reported on the accrual basis of accounting. Revenues are recorded when earned, without regard to the date of collection and expenses are recorded when incurred. The City's internal accounting and audit controls are designed to provide for the accuracy, reliability and integrity of all financial records.

MAJOR INITIATIVES INVOLVING PLAN ADMINISTRATION

During the fiscal year ended June 30, 2009, the Board continued to diversify the investment of plan assets through the adoption of various reallocations among investment styles, asset classes and investment managers.

Milliman, Inc. ("Milliman") completed, during the fiscal year, an audit to review the methods and assumptions used for the June 30, 2007 actuarial valuation. Milliman presented the final results of the audit at the August 27, 2008 Retirement Board meeting. After review of the recommendations and considerations, the Board implemented several method changes in the June 30, 2008 actuarial valuation. The Board reviewed other recommendations and considerations during the fiscal year.

Consulting firm Ennis Knupp and Associates ("Ennis Knupp"), in a joint project between the Board and the City Auditor's Department, conducted a comprehensive review of the COPERS investment program and other current practices, policies and procedures. The scope of the work for this review included legal authority, governance, investment strategy, investment manager selection and evaluations and investment performance reporting process.

During the fiscal year, the COPERS' staff provided assistance to members affected by the City's budget reduction processes. In addition to involvement with all employees who retired through these processes, COPERS provided assistance to those who voluntarily left City employment or were faced with demotions and lay-offs.

The Board policy revision to the Plan's service purchase program to allow active members to purchase previous City of Phoenix job-share and City of Phoenix full-time temporary employment service, adopted on May 21, 2008 after legal and actuarial reviews, was implemented effective October 1, 2008.

During the fiscal year, the COPERS' staff and consultants presented new board member orientations for Board members Jeff DeWitt, David Hensley and Kerry Wangberg.

ADMINISTRATIVE BUDGET

The City provides an annual budgetary allocation to pay for the general administration of COPERS. The cost paid by the City for COPERS' administration was $1,241,000. Most investment-related expenses, such as investment custody costs, investment manager fees, and consultant fees are paid directly from the Plan's assets. Starting October 22, 2008, the Retirement Board approved the payment of certain administrative fees for legal, medical, actuarial and computer services from Plan assets. The investment and administrative costs amounted to $8,510,000 for the fiscal year ended June 30, 2009. Administrative and investment costs combined represented 0.57% of total Plan assets.

FUNDING STATUS AND PROGRESS

Fund balances are derived from net assets and are accumulated to meet current and future obligations to retirees and beneficiaries. COPERS' funding objective is to meet these obligations through contributions that remain approximately level as a percent of member payroll. The actuarial valuation as of June 30, 2009 reflects an unfunded actuarial accrued liability of $622,946,165. This amount is primarily the difference between the funding value of assets and the actuarially calculated pension liability. The unfunded actuarial accrued liability will be amortized as a level percent of payroll over future years. The amortization period as of June 30, 2009 is 20 years. A smoothed market value of assets was used for the June 30, 2009 valuation. This method spreads the difference between the actual and expected investment return over four years. A detailed discussion of the funding of COPERS is provided in the Actuarial Section of this report.

INVESTMENT ACTIVITIES

As of June 30, 2009, the net asset value of the COPERS' Plan was $1.409 billion at market. The fiscal year return for the Plan was -20.40%. The five year annualized return was 0.81%. The actual allocation as of June 30, 2009 was domestic equities 29.26%, international equities 18.67%, domestic fixed income 24.65%, real return 10.77%, real estate 10.13%, long/short equity hedge fund of funds 6.28% and cash 0.24%.

After consideration of materials presented by the Board's investment consultant, RV Kuhns & Associates, and interviewing viable candidates on August 20, 2008, the Board approved the hiring of two long/short equity hedge fund of funds managers, Pacific Alternative Asset Management (PAAMCO) and K2 Advisors.

Two value added real estate managers were selected for inclusion in the Plan after being interviewed by the Board on September 24, 2008. The new managers are Wrightwood Capital and T A Associates. RV Kuhns & Associates facilitated the search process.

The Board considered several opportunistic real estate managers recommended by RV Kuhns & Associates on October 22, 2008 and directed staff to begin contract negotiations with Real Estate Capital Asia Partners (RECAP) and Apollo (AREA) Group.

The Board reviewed, with the assistance of legal counsel, the inclusion of long/short equity hedge fund of funds, value added and opportunistic real estate for compliance with the City Charter.

On November 12, 2008, the Board voted to accept the RV Kuhns & Associates recommendation that the rebalancing policy be temporarily suspended due to lack of liquidity in the real estate and fixed income holdings.

RV Kuhns & Associates presented, and the Board accepted, new phased in asset allocation adjustments at the December 17, 2008 meeting. The adjustments were necessary to account for the recent extreme volatility in the securities markets, particularly in the equity holdings. The new phase 1 target allocations are large cap domestic equity 18%, small/mid cap domestic equity 10%, large cap international equity 15%, small cap international equity 3.2%, fixed income 27.1%, real estate 10.2%, real return 10% and long/short equity 6.5%. The ultimate target allocation remains as adopted in 2008 as large cap domestic equity 16%, small/mid cap domestic equity 9%, large cap international equity 17%, small/mid cap international equity 4%, domestic fixed income 19%, core real estate 7%, real return 10%, dedicated to a long/short equity strategy 10%, value added real estate 5% and opportunistic real estate 3%.

Hedge fund of funds manager, PAAMCO, received initial funding of $44 million on December 29, 2008.

The first capital call of $1.96 million, for value added real estate manager Wrightwood Capital, was met on January 9, 2009.

COPERS conducted its annual investment manager roundtable with half day sessions held on May 7, 2009 and June 5, 2009. Sixteen of the Plan's investment managers made presentations to the Board covering a variety of current topics.

The Plan's second long/short equity hedge fund of funds manager, K2 Advisors, was funded with $44 million on June 1, 2009.

During the fiscal year the Board reviewed, with the assistance of their investment consultant, RV Kuhns & Associates, several Plan components and processes including the securities lending program, due diligence and selection process, manager fee assessment and manager organizational changes.

PROFESSIONAL SERVICES

The Retirement Board retains professional consultants to prudently discharge its fiduciary responsibility for the proper administration of the Plan. Rodwan Consulting Company provides actuarial services and the corresponding certification. During the fiscal year, Milliman, Inc. prepared and presented an actuarial audit. Consulting firm Ennis Knupp and Associates, in a joint project with the City Auditor's Department, conducted a comprehensive review of the COPERS investment program and other current practices, policies and procedures. State Street Bank serves as the master custodian. Brokerage trade execution monitoring is compiled by Elkins/McSherry, LLC and reviewed by investment consultant R.V. Kuhns & Associates. COPERS' financial statements are audited by Clifton Gunderson LLP and a review of operations is performed by the City Auditor's Department. Investment performance analysis, asset allocation review and investment consulting is provided by R.V. Kuhns & Associates, Inc. Legal services are provided by the City Attorney, Kutak Rock, LLP and Yoder & Langford. P.C.

COPERS' investment managers and styles as of June 30, 2009 were:

Equity Managers:

AXA Rosenberg................International Small Cap
Cadence Capital Management................Domestic Large Cap Growth
Cramer Rosenthal McGlynn................Domestic Small Cap Value
Dimensional Fund Advisors................Domestic Large Cap Value
Eagle Asset Management................Domestic Small Cap Growth
GMO................International Large Cap
Northern Trust Investments................Domestic Large Cap Core
Pyramis Global Advisors................International Large Cap
The Boston Company................Domestic Mid Cap Value

Fixed Income Managers:

Wells Capital Management................Domestic Core Fixed Income
Western Asset Management Company................Domestic Core Plus Fixed Income

Hedge Fund Managers:

PAAMCO
K2 Advisors

Real Estate Managers:

J.P. Morgan
Morgan Stanley
Wrightwood Capital

Real Return Manager:

Research Affiliates

SUBSEQUENT EVENTS AND ACKNOWLEDGMENTS

Ennis Knupp presented their "Comprehensive Review" report to the Board at the August 29, 2009 meeting. The report was also presented to the City Manager and other City officials. The report stated:

> "We are pleased to report that, in our opinion, COPERS is fundamentally sound in the areas that we reviewed. We were favorably impressed by the dedication and insight of the Board, caliber of the COPERS' and City Auditor Department's staffs, the level of sophistication in operations, and the focus on maintaining excellence in the areas covered by this review. We did not discover any material shortcomings and the System's sound governance structure and investment program reflect positively on the COPERS Board and staff."

The Board plans to consider the recommendations and considerations presented by Ennis Knupp over the next year.

At the August 19, 2009 meeting, the Board voted to accept an RV Kuhns & Associates recommendation to expand the number of domestic fixed income managers from two to three. RV Kuhns & Associates was authorized by the Board to conduct a search for the additional manager. The finalists were chosen by the Board at their September 23, 2009 meeting.

Also, at the August 19, 2009 meeting, after consultation with RV Kuhns & Associates, the Board reestablished the quarterly rebalancing process, adopted a plan for the transition of assets and adopted asset class benchmarks. The quarterly rebalancing will resume once the liquid portion of the portfolio has been transitioned to the ultimate target allocation. The asset class benchmarks are the Russell 3000 Index for domestic equity, MSCI EAFE Index (Gross) for international equity, Barclays Capital US Aggregate Bond Index for domestic fixed income and NCREIF ODCE Index (Gross) (asset Wtd Avg) for the real estate composite.

During the month of October 2009, as approved by the Board at the August 19, 2009 meeting, COPERS' staff transitioned $66 million from domestic equity and real estate to international equity and long/short equity as a part of the phased progression toward the target allocations.

Real Estate Capital Asia Partners (RECAP), an opportunistic real estate manager located in Singapore, issued its first capital call to COPERS for $1.6 million on September 3, 2009. Four additional capital call notices were received from RECAP in September 2009 and October 2009 totaling $2.5 million.

At the October 28, 2009 meeting the Board considered recommendations from its investment consultant, RV Kuhns and Associates, to forego an October 2008 commitment to AREA Real Estate Opportunity Fund VI and instead invest in JDM Partners Opportunity Fund I. The Board interviewed the principals of JDM Partners and subsequently voted to accept the RV Kuhns & Associates recommendations.

On November 4, 2009 the Board interviewed three fixed income managers and approved contract negotiations with Artio Global Investors. Funding for Artio will come from a re-allocation of the fixed income portfolio.

The preparation of this report reflects the combined efforts of COPERS' staff, the Finance Department and others who have worked diligently in the successful operation of COPERS. This report is intended to provide information as a means for making management decisions, complying with statutory provisions and demonstrating responsible stewardship for the assets of the Plan. The direction and support extended by the Retirement Board and committee members is greatly appreciated.

Respectfully Submitted,

Donna Buelow
Retirement Program Administrator

Retirement Board

Elected Board Members

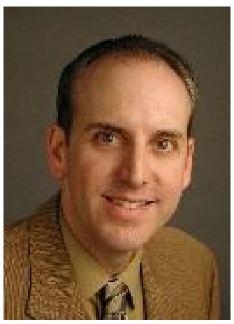
ELIZABETH BISSA
Chairperson Retirement Board

CATHLEEN GLEASON
Board Member

DAVID HENSLEY
Board Member

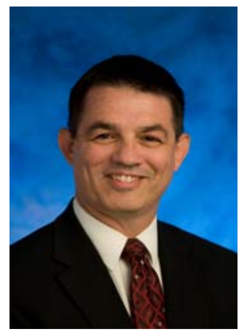
Ex-Officio Board Members

BARBARA LANG
Treasurer
City of Phoenix



RICK NAIMARK
Deputy City Manager
City of Phoenix
Chairperson Legal Review Committee

JANET SMITH
Personnel Director
City of Phoenix
Chairperson Charter Amendments Policies & Procedures Committee



JEFF DEWITT
Interim Finance Director
City of Phoenix

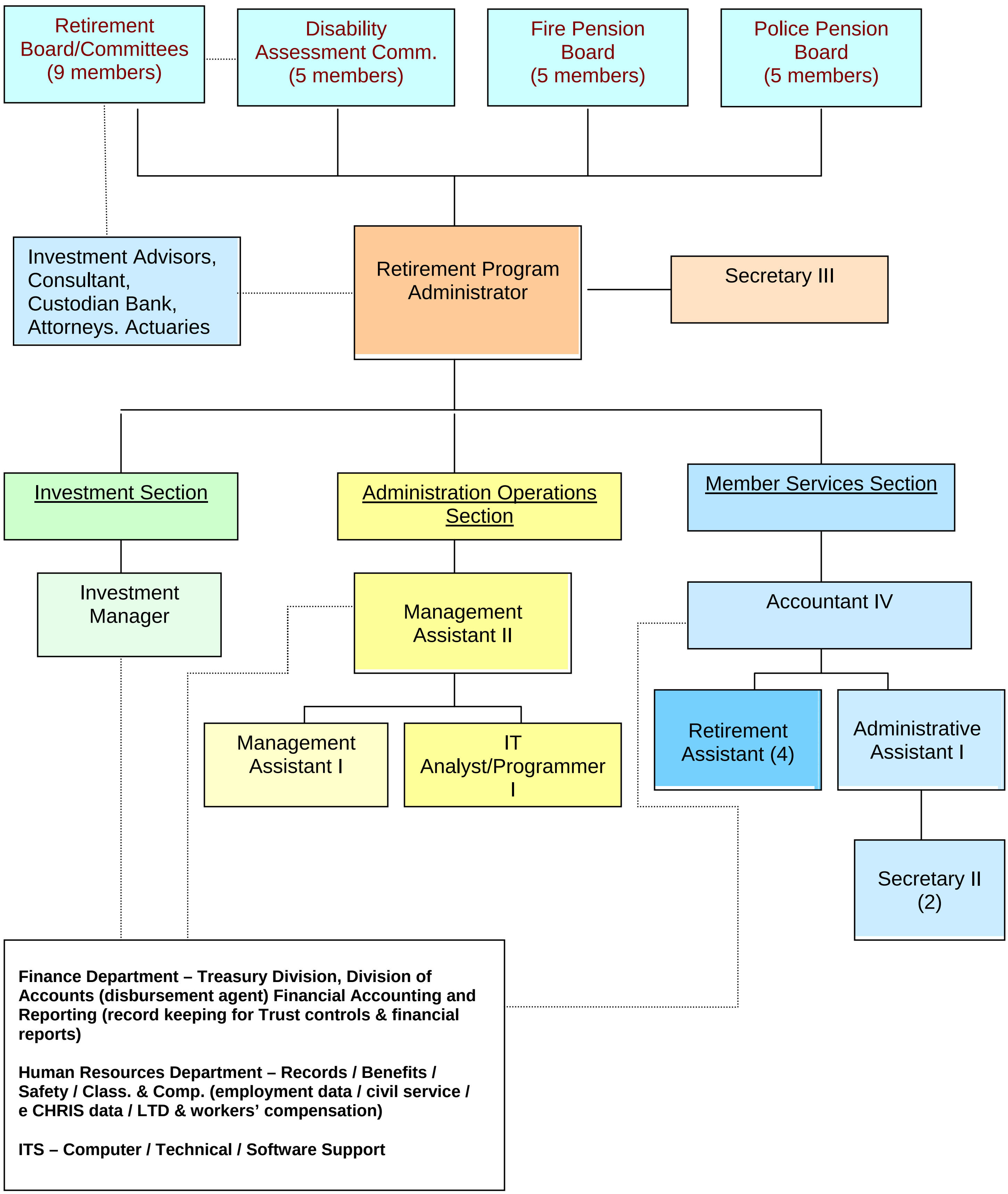
Citizen Board Member

LINDA REIDENBACH
Senior Benefits Analyst
Salt River Project (SRP)
Vice Chairperson Retirement Board
Chairperson Investment Committee

Retiree Board Member

KERRY WANGBERG
Retired City Prosecutor
City of Phoenix

Administrative Organization



ADMINISTRATIVE STAFF (current)

Donna Buelow
Retirement Program Administrator

Josie Armenta
Retirement Assistant

John Buchanan
Retirement Assistant

Lollita Cordova
Management Assistant I

Greg Fitchet
Investment Manager

Stephen Herbert
IT Analyst Programmer

Tim Jackson
Retirement Assistant

Terri Jimenez
Administrative Assistant I

Anna Martinez
Management Assistant II

Tricia Moreno
Secretary II

Michael Teeselink
Retirement Assistant

Jackie Temple
Accountant IV

Paula Whisel
Secretary III

Vacant
Secretary II

RETIREMENT BOARD COMMITTEES

Investment Committee
Linda Reidenbach, Chairperson
Jeff DeWitt
David Hensley
Barbara Lang
Kerry Wangberg

Charter Amendments/Policies & Procedures
Janet Smith, Chairperson
Elizabeth Bissa
Cathleen Gleason
Barbara Lang
Kerry Wangberg

Legal Review Committee
Rick Naimark, Chairperson
Jeff DeWitt
Cathleen Gleason
David Hensley
Linda Reidenbach

Disability Assessment Committee
Donna Buelow, Chairperson
Amber Cole
Kathy Haggerty
Robert Jones, M.D.
Cindy Prejs

ACCOUNTING

Finance Department
Jeff DeWitt, Interim Finance Director

TREASURER

Finance Department
Barbara Lang, City Treasurer

LEGAL

Law Department
Gary Verburg, City Attorney

CONSULTING SERVICES

Actuary
Rodwan Consulting Company
Royal Oak, MI

Actuarial Audit
Milliman, Inc
Omaha, NE

Auditor
Clifton Gunderson LLP
Phoenix, AZ
Certified Public Accountants under contract with
the City Auditor

Independent Consulting
Ennis Knupp & Associates
Chicago, IL

Medical Advisors (per case basis)
Several physicians and clinics used for
evaluation of disability applicants on a “per case” basis

Master Custodian
State Street Bank
Alameda, CA

Brokerage Transaction Measurement Service
Elkins/McSherry, LLC
New York, NY

Investment Services
Refer to the Investment Section, pages 49, 53, 54 and 56

Legal Services
Kutak Rock LLP
Scottsdale, AZ

Yoder & Langford, P.C.
Phoenix, AZ

City of Phoenix
RETIREMENT SYSTEMS

December 8, 2009

To COPERS' Members and Retirees:

On behalf of the Retirement Board, it is my pleasure to present the City of Phoenix Employees' Retirement System ("COPERS") Comprehensive Annual Financial Report ("CAFR") for the fiscal years ended June 30, 2009 and 2008. This annual report contains information regarding the COPERS' administration, financial statements, investments, actuarial and statistical data.

The Board's investment consultant, R.V. Kuhns & Associates, provides performance measurement and assists the Board with analysis of investment issues. R.V. Kuhns & Associates reports the COPERS' total fund performance for the year ended June 30, 2009 was -20.40%. The annualized return for the past three and five years was -4.19% and 0.81%, respectively.

The fiscal year ended June 30, 2009, was one of the most difficult in the history of the financial markets and COPERS too felt the impact. It is the Board's opinion along with R. V. Kuhns & Associates that continued diversification of the plan assets will help to insulate the plan from market variances. During this past year, the Board began investing into value added real estate and long-short equity.

Additionally, a comprehensive review of the plan and its governance was performed the Ennis Knupp. The review, which was completed in August 2009, noted "We are pleased to report that, in our opinion, COPERS is fundamentally sound in the areas that we reviewed. We were favorably impressed by the dedication and insight of the Board, caliber of the COPERS' and City Auditor Department's staffs, the level of sophistication in operations, and the focus on maintaining excellence in the areas covered by the review. We did not discover any material shortcomings, and the System's sound governance structure and investment program reflect positively on the COPERS Board and staff."

The Board's actuarial consultant, Rodwan Consulting Company, conducts annual actuarial valuations and periodic experience studies. In the actuarial valuation as of June 30, 2009, Rodwan Consulting Company reports the funded ratio of the plan to be 75.3%, a decrease of 3.8% from the 2008 valuation of 79.1%. The plan sponsor, the City of Phoenix, remains committed to funding the employer's actuarially computed contribution amount, which is 16.04% of member payroll for fiscal year 2010-2011.

The COPERS Board commends staff for their work with members this past year. Due to the reduction in force, staff met with an additional 254 members and assisted 185 members with their retirement in just 10 months time. This is in addition to normal retirements, counseling and education provided in coordination with the City's Personnel Department and the annual presentation for the City of Phoenix Retirees Association.

The Board and staff have continued effective communication with active members and retirees alike through the distribution of annual statements and a summary of the CAFR report through a Popular Annual Financial Report ("PAFR") for the fiscal years ended June 30, 2008 and 2009. The PAFR was recognized by the Government Finance Officers Association for the fourth consecutive year.

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The COPERS Board continues to focus on fulfilling our fiduciary obligation to all stakeholders; employees, retirees, the City of Phoenix and its taxpayers. Please contact the Retirement Office with any questions or comments.

Sincerely,

Elizabeth Bissa

Elizabeth Bissa
Chairperson, Retirement Board

Financial Section

The **Financial Section** contains the opinion of the independent auditors, management's discussion and analysis, the audited financial statements, notes to the financial statements, and relevant supplemental information.

Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's Report

To The Honorable Mayor and
Members of the City Council
City of Phoenix Employees'
Retirement System Retirement Board:

We have audited the accompanying statements of plan net assets of the City of Phoenix Employees' Retirement System (the "Plan") as of June 30, 2009 and 2008, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the City of Phoenix Employees' Retirement System as of June 30, 2009 and 2008, and the changes in its net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplementary information on pages 19 through 23 and 40 through 41 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the Plan's basic financial statements. The additional supplementary information on pages 42 and 43 in the financial section for the years ended June 30, 2009 and 2008 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section, the investment section, the actuarial section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clifton Gunderson LLP

Phoenix, Arizona
December 8, 2009

Management's Discussion and Analysis

Dear Members and Retirees:

The City of Phoenix Employees' Retirement System ("COPERS" or the "Plan") is pleased to provide the following analysis of the financial activities for the fiscal years ended June 30, 2009 and 2008. The information provided is intended to be considered in conjunction with the Transmittal Letter in the Introductory Section, the Statements provided in the Financial Section of this Comprehensive Annual Financial Report ("CAFR"), and the Notes to the Financial Statements.

Financial Highlights:
(in thousands)

- As of June 30, 2009, $1,409,558 in Plan Net Assets are held in Trust for the payment of pension benefits, as identified in the Statements of Plan Net Assets on page 24. This amount represents a decrease of 22.2% from June 30, 2008. The decrease is attributable primarily to losses experienced in the financial markets, which impacted COPERS' investment performance. The Plan Net Assets as of June 30, 2008 were $1,810,669 compared to $1,930,535 as of June 30, 2007. The decrease of 6.2% during 2008 was attributable to lower returns experienced in the financial markets, which impacted COPERS' investment performance.

- COPERS' additions (reductions) to Plan assets, as reported in the Statements of Changes in Plan Net Assets on page 25, for the fiscal year ended June 30, 2009 were $(274,820) compared to $(5,832) for fiscal year ended June 30, 2008 and $364,916 for fiscal year ended June 30, 2007. The decrease for the current year was attributable primarily to decreases in investment income. The amount as of June 30, 2009, includes employer and employee contributions of $98,157 and net investment loss of $375,388. Fiscal year ended June 30, 2008 and June 30, 2007, employer and employee contributions were $95,435 and $88,358 respectively. The net investment income was $(106,022) and $272,051 respectively.

- The Statements of Changes in Plan Net Assets report an increase in deductions in Plan assets of 10.7% from the fiscal year ended June 30, 2008. This compares to an 8.7% increase in deductions between June 30, 2008 and June 30, 2007. Deductions for fiscal year ended June 30, 2009 were $126,291 compared to $114,034 for fiscal year ended June 30, 2008 and $104,934 for fiscal year ended June 30, 2007. The increases in deductions as of June 30, 2009 and June 30, 2008 are attributable to increased benefits paid during the year.

- The recent Actuarial Valuation prepared as of June 30, 2009 reports the funded ratio to be 75.3%. The funded ratio for fiscal years June 30, 2008 and June 30, 2007 was 79.1% and 83.9%, respectively. A smoothed market value of assets was used for the June 30, 2009, June 30, 2008 and June 30, 2007 valuations. This method spreads the difference between the actual and expected investment return over four years.

Using This Annual Report:

This report is prepared to provide information as a means for making management decisions, complying with statutory provisions, and demonstrating the responsible stewardship of the assets of the Plan. The financial statements starting on page 24 in the Financial Section identify the Net Assets Held in Trust for Pension Benefits, and provide a comparison of the current fiscal year to the prior year.

Overview of Financial Statements:

The Financial Section includes the following:

Statements of Plan Net Assets:

These statements identify the receivables, investments, and liabilities of the Plan to arrive at the Net Assets Held in Trust for Pension Benefits payable to retirees and survivors. The current year information is provided in comparison to the previous year to assist the reader in evaluating the progress of the Plan.

Statements of Changes in Plan Net Assets:

The Statements of Changes in Plan Net Assets differ from the Statements of Plan Net Assets by providing the reader with the Plan's additions and deductions for the current year and the previous year. The statements provide the net increases or decreases realized during the years.

Notes to the Financial Statements:

The Notes to the Financial Statements are an integral part of the financial statements. The information provides the reader with a better understanding of the data presented in the financial statements to further evaluate the financial condition and operations of the Plan.

Required Supplementary Information (RSI):

The RSI provides the Plan's funding progress for the last eight years and the funding ratio to identify the Plan's ability to meet its current and future benefit obligations. The Schedule of Employer Contributions for the last ten years includes the City's required dollar amount of contributions made to the Plan. The Notes to the Schedules of Trend Information provide additional information regarding actuarial assumptions and factors affecting trends.

Additional Supplementary Information:

The Additional Supplementary Information includes Administrative Expenditures and Encumbrances for the current and previous year in operating COPERS. The administrative expenditures are paid by the City of Phoenix and are not recognized in the COPERS' financial statements. The Schedules of Investment Expenses provide the reader with the cost to the Plan for managing and monitoring the Plan's assets.

Financial Analysis
(in thousands)

The evaluation of the Plan's net assets provides a measurement tool in assessing the progress and performance of the Plan. COPERS' Plan Net Assets as of June 30, 2009 were $1,409,558. This amount represents a decrease of 22.2% from Plan Net Assets of $1,810,669 as of June 30, 2008. The Plan Net Assets as of June 30, 2007 were $1,930,535. The decrease in Plan Net Assets for the current year is as a result of net loss from investing activities. The return on investments for fiscal years ended June 30, 2009, 2008 and 2007 was (20.40)%, (5.14)% and 16.5%, respectively. The investment performance for the fiscal year ended June 30, 2009 was attributable to domestic equity performance of (27.95)%, international equity performance of (33.37)%, real estate performance of (27.93)%, real return performance of (4.97)% and 4.94% for fixed income. The investment performance for the fiscal year ended June 30, 2008 was attributable to domestic equity performance of (12.6)%, international equity performance of (7.83)%, real estate performance of 7.95%, real return performance of 1.64% and 4.35% for fixed income. The investment performance for the fiscal year ended June 30, 2007 was attributable to domestic equity performance of 20.0%, international equity performance of 26.7% and 6.1% for fixed income.

Table 1: COPERS' Plan Net Assets for June 30, 2009 and 2008 (in thousands)

	2009	2008	Change	% Change
Cash & Cash Equivalents	$ 66,109	$ 115,292	$ (49,183)	(42.7%)
Total Receivables	72,755	117,837	(45,082)	(38.3%)
Total Investments	1,577,639	2,133,814	(556,175)	(26.1%)
Total Assets	1,716,503	2,366,943	(650,440)	(27.5%)
Total Liabilities	306,945	556,274	(249,329)	(44.8%)
COPERS' Net Assets	$ 1,409,558	$ 1,810,669	$ (401,111)	(22.2%)

Table 2: COPERS' Plan Net Assets for June 30, 2008 and 2007 (in thousands)

	2008	2007	Change	% Change
Cash & Cash Equivalents	$ 115,292	$ 73,046	$ 42,246	57.8%
Total Receivables	117,837	49,595	68,242	137.6%
Total Investments	2,133,814	2,232,596	(98,782)	(4.4%)
Total Assets	2,366,943	2,355,237	11,706	0.5%
Total Liabilities	556,274	424,702	131,572	31.0%
COPERS' Net Assets	$ 1,810,669	$ 1,930,535	$ (119,866)	(6.2%)

Reserves:

COPERS' maintains five accounts to hold reserves for benefit payments. Additions to the reserves come from contributions (employer and member) and investment income. Distributions from the reserves include monthly pension benefits and increases to eligible pensions under the Pension Equalization Program and the "13th Check." A schedule of reserve account balances is in Note 3 to the Financial Statements.

COPERS' Activities:
(in thousands)

COPERS' provides retirement pensions, survivor benefits, member contribution refunds, and disability benefits to qualified members and their beneficiaries. These benefits are financed through employer and member contributions and income from COPERS' investments.

Net investment income, which includes net appreciation and depreciation in fair value of investments, bond interest, dividend income, net securities lending income and investment expenses for the fiscal year ended June 30, 2009 was $(375,388). This compares to net investment income for June 30, 2008 and June 30, 2007 of $(106,222) and $272,051 respectively. Deductions increased by 10.7% over the prior fiscal year, primarily as a result of increases in pension payments. This compares to an 8.7% increase in deductions from June 30, 2007 to June 30, 2008. Benefit payments for the fiscal years ended June 30, 2009, 2008 and 2007 were $121,484, $109,308 and $100,366, respectively. The increase in benefit payments for the last two fiscal years is due to an increase in the number of retirees and permanent pension adjustments paid to eligible retirees under the Pension Equalization Program (refer to page 71 for more information on the Pension Equalization Program).

The summary of COPERS' revenues (additions) and expenses (deductions) for the fiscal years ended June 30, 2009, 2008 and 2007 are provided in Table 3 and Table 4 below:

Table 3: Additions and Deductions to/from Plan Net Assets for the fiscal years ended June 30, 2009 and June 30, 2008 (in thousands)

	2009	2008	Change	% Change
Additions				
Employer Contributions	$ 66,383	$ 64,198	$ 2,185	3.4 %
Members' Contributions	31,774	31,237	537	1.7 %
Inter-System Transfers	2,411	4,755	(2,344)	(49.3) %
Net Investment Income (Loss)	(377,624)	(107,931)	(269,693)	(249.9) %
Net Securities Lending Income	2,236	1,909	327	17.1 %
Total	$ (274,820)	$ (5,832)	$ (268,988)	(4,612.3) %
Deductions				
Benefit Payments	$ 121,484	$ 109,308	$ 12,176	11.1 %
Refunds	2,812	2,623	189	7.2 %
Inter-System Transfers	1,518	2,103	(585)	(27.8) %
Administrative Expense	477	--	477	--
Total	$ 126,291	$ 114,034	$ 12,257	10.7 %
Net Change in Assets	$ (401,111)	$ (119,866)	$ (281,245)	234.6 %
Ending Net Assets	$ 1,409,558	$ 1,810,669	$ (401,111)	(22.2) %

Table 4: Additions and Deductions to/from Plan Net Assets for the fiscal years ended June 30, 2008 and June 30, 2007 (in thousands)

	2008	2007	Change	% Change
Additions				
Employer Contributions	$ 64,198	$ 58,151	$ 6,047	10.4 %
Members' Contributions	31,237	30,207	1,030	3.4 %
Inter-System Transfers	4,755	4,507	248	5.5 %
Net Investment Income	(107,931)	271,692	(379,623)	(139.7) %
Net Securities Lending Income	1,909	359	1,550	431.8 %
Total	$ (5,832)	$ 364,916	$ (370,748)	(101.6) %
Deductions				
Benefit Payments	$ 109,308	$ 100,366	$ 8,942	8.9 %
Refunds	2,623	2,770	(147)	(5.3) %
Inter-System Transfers	2,103	1,798	305	17.0 %
Total	$ 114,034	$ 104,934	$ 9,100	8.7 %
Net Change in Assets	$ (119,866)	$ 259,982	$ (379,848)	(146.1) %
Ending Net Assets	$ 1,810,669	$ 1,930,535	$ (119,866)	(6.2) %

Requests for Information:

This report is prepared to provide the Retirement Board, members, retirees and citizens with an overview of the plan, to assess COPERS' financial position and to show accountability for funds received. Questions regarding the information provided in this financial report or requests for additional information may be addressed to:

COPERS
101 S. Central Avenue, Suite 600
Phoenix, AZ 85004
(602) 534-4400
www.phoenix.gov/phxcopers.html

Statements of Plan Net Assets

June 30, 2009 and 2008
(in thousands)

	2009	2008
ASSETS		
Cash and Cash Equivalents (Note 8)	$ 66,109	$ 115,292
Receivables		
Due from the City of Phoenix (Note 12)	730	--
City of Phoenix Contributions	2,635	2,607
Member Contributions	1,396	1,217
Interest and Dividends	3,287	4,558
Unsettled Broker Transactions - Sales	64,653	109,440
Other	54	15
Total Receivables	72,755	117,837
Investments, at Fair Value		
Temporary Investments from Securities Lending Collateral (Note 9)	216,738	347,922
Fixed Income	389,506	485,443
Domestic Equities	505,937	886,965
International Equities	465,458	413,484
Total Investments (Note 8)	1,577,639	2,133,814
Total Assets	1,716,503	2,366,943
LIABILITIES		
Payable for Securities Lending Collateral (Note 9)	216,738	347,922
Unsettled Broker Transactions - Purchases	88,386	197,160
Due to the City of Phoenix	--	8,972
Investment Management Fees Payable	1,718	2,052
Other Payables	103	168
Total Liabilities	306,945	556,274
Commitments and Contingencies (Notes 8, 9 and 13)		
Net Assets Held in Trust for Pension Benefits (Note 3)	$1,409,558	$1,810,669

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

Statements of Changes in Plan Net Assets

For the Fiscal Years Ended June 30, 2009 and 2008
(in thousands)

	2009	2008
ADDITIONS		
Contributions		
City of Phoenix	$ 66,383	$ 64,198
Member	31,774	31,237
Inter-System Transfers (Note 11)	2,411	4,755
Total Contributions (Note 5)	100,568	100,190
Net Investment Income		
From Investing Activities:		
Net Appreciation/(Depreciation) in Fair Value of Investments	(416,560)	(150,161)
Interest	21,134	24,741
Dividends	23,278	23,794
Other	384	653
Total Income/(Loss) from Investing Activities	(371,764)	(100,973)
Less Investing Activities Expense	(5,860)	(6,958)
Net Income/(Loss) from Investing Activities	(377,624)	(107,931)
From Security Lending Activities:		
Security Lending Gross Income	5,508	12,419
Less Security Lending Activity Expenses:		
Agent Fees	(959)	(818)
Broker Rebates	(2,313)	(9,692)
Total Security Lending Expenses	(3,272)	(10,510)
Net Income from Security Lending Activities	2,236	1,909
Total Net Investment Income/(Loss)	(375,388)	(106,022)
Total Additions/(Loss)	(274,820)	(5,832)
DEDUCTIONS		
Benefit Payments	121,484	109,308
Refunds of Contributions	2,812	2,623
Inter-System Transfers (Note 11)	1,518	2,103
Administrative Expense	477	--
Total Deductions	126,291	114,034
NET INCREASE/(DECREASE)	(401,111)	(119,866)
Net Assets Held in Trust for Pension Benefits (Note 3)		
Beginning of Year	1,810,669	1,930,535
End of Year	$1,409,558	$1,810,669

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

Note 1 - Summary of Significant Accounting Policies

COPERS' is a defined benefit single-employer public employees' retirement system for the City's general municipal employees. The accounting policies of COPERS conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental retirement plans.

a. Reporting Entity

COPERS' prepares and distributes separate financial statements as required by Charter. Its financial statements are also included as a component unit of the City reporting entity due to the significance of COPERS' operational and financial relationships with the City. The City is the only non-employee contributor to the pension plan.
Not all employees of the City are covered under COPERS. Police officers and firefighters are covered under the Arizona Public Safety Personnel Retirement System ("APSPRS") and elected officials under the Elected Officials Retirement Plan of Arizona ("EORPA"). APSPRS and EORPA were established by Arizona State Statute and are administered by an independent Board of Trustees. The City's involvement with these plans is limited to the administration of benefits for APSPRS through the City of Phoenix Fire and Police Local Boards and making the required annual contributions.

b. Basis of Accounting

COPERS' financial statements are prepared using the accrual basis of accounting using the economic resources measurement focus. Employee contributions are recognized as revenues in the period in which employee services are performed and the contributions are therefore earned. Employer contributions are recognized at the same time, as the City is formally committed to contributing the actuarially determined amount each year. Benefit payments received each month by retirees are recognized as an expense of the prior month, and refunds are recognized as expenses when due and payable, in accordance with the terms of the plan.

c. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make a number of estimates and assumptions that affect the reported amounts of net assets held in trust for pension benefits and changes therein. Actual results could differ from those estimates.

d. Investments

Equity securities and fixed-income securities are reported at fair value (Note 8). Interest and dividend income is recognized on the accrual basis as earned. Purchases and sales of investments are recorded on a trade-date basis. Cash equivalents are determined by using a maturity of no more than 90 days. The fair value of an investment is the amount that the Plan could reasonably expect to receive for it in a current sale between a willing buyer and a willing seller. The fair values of investments are generally based on published market prices and quotations obtained from major investment firms. For investments where no readily ascertainable market value exists, the Plan's custodian, in consultation with the Plan investment managers, determines fair values for the individual investments. There were no situations during the fiscal year where the fair value was not readily available for COPERS' investments.

e. New Accounting Pronouncement

COPERS implemented GASB Statement No. 50 "*Pension Disclosures*" with the June 30, 2008 annual financial report. It impacts the financial notes and Required Supplementary Information (RSI) sections, but had no impact on the financial statements.

Note 2 - Description of Plan

a. Purpose

The City of Phoenix Employees' Retirement Plan ("COPERS" or the "Plan") is a single-employer, defined benefit pension plan established by the City Charter. Its purpose is to provide retirement, disability retirement and survivor benefits for its members. Members are full-time employees on a work schedule which consists of the number of full-time hours per week designated for the class of employment for the employee's classification and which work schedule is intended to be continuous over a period of twelve months at the aforementioned full-time hours per week. All full-time classified civil service employees and full-time appointive officials of the City of Phoenix, ("City") with the exception of sworn police and firefighters, are required, as a condition of employment, to contribute to COPERS.

b. Administration

The general administration, management and operation of COPERS are vested in a nine-member Retirement Board consisting of three elected employee members, four statutory members, a citizen member and a retiree member. The Retirement Board appoints the Retirement Program Administrator, a civil service position, and contracts investment counsel and other services necessary to properly administer the Plan.

c. Plan Amendment and Termination

COPERS is administered in accordance with the Charter of the City of Phoenix (Chapter XXIV, Article II, Employees' Retirement Law of 1953) and can be amended or repealed only by a vote of the people. There are no provisions for termination of COPERS.

d. Membership Data

	June 30	
	2009	2008
Current retirees, beneficiaries and survivors	4,669	4,417
Alternate payees	94	80
Terminated vested members	748	784
Active members:		
Vested	6,685	6,550
Non-vested	2,632	3,074
Total Members	14,828	14,905

e. Pension Benefits

Benefits are calculated on the basis of a given rate, final average salary and service credit. Members are eligible for retirement benefits at age 60 with ten or more years of service credit; age 62 with five or more years of service credit; or where age and service credits equal 80. The benefit is based on 2% of final average compensation multiplied by the first 32.5 years of service credit, 1% in excess of 32.5 years to 35.5 years, and .5% thereafter. A deferred pension is available at age 62 for members who have five or more years of service credit at time of separation and leave their accumulated contributions in COPERS.

A supplemental post-retirement payment and a permanent benefit increase (under the Pension Equalization Program) may be provided to retirees if sufficient reserves are available at the end of the fiscal year. The reserve is funded if the five-year average investment return exceeds 8 percent.

Note 2 - Description of Plan (Continued)

f. Disability Benefits

A member who becomes permanently disabled for the performance of duty is eligible for a disability benefit if the disability is 1) by reason of a personal injury or disease and the member has ten or more years of service credit, or 2) due to on-the-job injuries, regardless of service credit.

g. Survivor Benefits

Dependents of deceased members may qualify for survivor benefits if the deceased member had ten or more years of service credit, or if the member's death was in the line of duty with the City and compensable under the Workmen's Compensation Act of the State of Arizona. Chapter XXIV, Section 25 of the Charter of the City of Phoenix, specifies the dependents and conditions under which they qualify for survivor benefits.

h. Refunds

Upon separation from employment, a member or beneficiary not entitled to a pension may withdraw the member's contribution plus applicable interest. An interest rate of 2% for fiscal year 2009 was granted by the Retirement Board to be applied at June 30, 2009 to the members' mean account balances during the fiscal year. The acceptance of a refund cancels the individual's rights and benefits in COPERS. Employer contributions to COPERS are not refundable.

i. Tax Exempt Status of Member Contributions

COPERS' has received a favorable letter of determination of qualification from the Internal Revenue Service under Section 401(a) of the Internal Revenue Code. Continued tax-exempt status of COPERS is contingent on future operations remaining in compliance with Section 401(a).

Under Internal Revenue Code Section 414(h)(2) and Revenue Ruling 81-36, effective January 1, 1985 the City of Phoenix authorized that a portion of its contributions be earmarked as being made by the members of COPERS, and "picked up" that portion of the designated active member contributions. The portion of COPERS' contribution that is picked up by the City of Phoenix is treated as an employer contribution for federal and state income tax purposes and excluded from the member's gross income until distributed by COPERS.

Note 3 – Net Assets Held in Trust for Pension Benefits

Various accounts have been established to hold the reserves for benefit payments:

- The **Income Account** is used to account for COPERS' investment and miscellaneous income. At year-end, the Income Account is closed to the Employees' Savings Account, the Pension Accumulation Account, the Pension Reserve Account and the Pension Equalization Reserve Account, which results in no fund balance in the Income Account.

- The **Employees' Savings Account** is used to account for member contributions, member refunds, and the member portion of investment income. As a condition of employment, each member is required to contribute 5 percent of his/her covered compensation. Accumulated contributions receive regular interest that is computed at the end of each fiscal year on the mean balance in the members' accounts during the year. The rate of interest is established each year by the Board (2 percent in fiscal 2009 and 8 percent in fiscal 2008). Transfers are made from the Employees' Savings Account to the Pension Reserve Account when a member retires or becomes eligible for disability benefits.

Note 3 – Net Assets Held in Trust for Pension Benefits (Continued)

- The **Pension Accumulation Account** is used to account for employer contributions and for a portion of investment income. The Charter requires the City to contribute an amount that is determined annually by COPERS' retained actuaries. Contributions are based upon a level percentage of payroll funding principle so that the contribution rates do not fluctuate significantly over time. This contribution is over and above the member contributions made by the City. Transfers are made from the Pension Accumulation Account to the Pension Reserve Account when a member retires or becomes eligible for disability benefits.

- The **Pension Reserve Account** is used to account for distributions to retirees and for a portion of investment income. The reserve is fully funded.

- The **Pension Equalization Reserve Account** is used for funding increases to eligible pensions under the Pension Equalization Program and the “13th Check.” The Pension Equalization Program was established on October 1, 1991, when voters of the City of Phoenix approved an amendment to the City Charter, allowing pension adjustments to be paid to retired members of COPERS. These adjustments are to be made exclusively from COPERS' investment earnings in excess of 8% over the preceding 5-year period, and may not exceed the Phoenix area Consumer Price Index (CPI). This amendment was effective January 1, 1992, and will benefit only retirees who, as of January 1 of each year, have received at least 36 pension payments.

Following are the fiscal year-end reserve balances as of June 30, 2009 and 2008 respectively, based on amortized cost for fixed income investments and cost for equity investments (in thousands):

	2009	2008
Employees' Savings	$446,039	$433,742
Pension Accumulation	37,356	363,257
Pension Reserve	1,110,507	1,037,973
Pension Equalization Reserve	1,693	16,422
Convert to Fair Value	(186,037)	(40,725)
Total Based on Fair Value	$1,409,558	$1,810,669

Note 4 - Administrative Costs

The 2009 Administrative costs of COPERS were $1,241,000. This amount was paid by the City and not recognized in COPERS’ financial statements. This compares to the 2008 administrative costs of $1,497,000. Investment-related costs are paid directly from Plan assets. As of October 22, 2008, the COPERS’ Board approved the payment of certain fees for legal, medical, actuarial and computer services from Plan assets. The investment and administrative costs from Plan assets were $8,510,000 for the fiscal year ended June 30, 2009.

Note 5 - Funding Requirement Determinations and Actual Contributions

City of Phoenix contributions for the fiscal year ended June 30, 2009 were $66,383,000, which is equivalent to 11.78% of the estimated annual active member payroll, compared with 12.12% for the fiscal year ended June 30, 2008. Member contributions for the fiscal years ended June 30, 2009 and June 30, 2008 were $31,774,000 and $31,237,000 respectively, which represent the required 5% of covered compensation as a condition of employment.

Employer contributions are actuarially determined amounts, which together with member contributions, are sufficient to cover both (i) normal costs of the plan, and (ii) financing of unfunded accrued actuarial costs over a selected period of future years. (See Note 6)

Note 6 – Funded Status and Funding Progress (as of most recent valuation)

Unfunded actuarial accrued liabilities are determined annually by the consulting actuary. The unfunded actuarial accrued liability as of June 30, 2009 and June 30, 2008 are detailed below (in thousands).

	2009	2008
Actuarial Value of Assets	$1,895,148	$1,908,414
Actuarial Accrued Liability		
Active Members	1,290,003	1,310,964
Retirees and Beneficiaries Currently Receiving Benefits	1,193,391	1,066,885
Terminated Members Not Yet Receiving Benefits	34,700	35,514
Total Actuarial Accrued Liability	2,518,094	2,413,365
Unfunded Actuarial Accrued Liability	($622,946)	($504,951)
Funded Ratio (unfunded actuarial liability to annual covered payroll)	75.3%	79.1%
Covered Payroll	$ 539,468	$ 566,512

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of the plan are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial present values are determined by a consulting actuary applying actuarial assumptions to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements, such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment.

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the date indicated. Additional information as of the latest actuarial valuation follows.

Valuation Date:	June 30, 2009	June 30, 2008
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Amortization Method	Level Percent Open	Level Percent Open
Remaining Amortization Period	20 Years	20 Years
Asset Valuation Method	4-Year Smoothed Market Value	4-Year Smoothed Market Value
Actuarial Assumptions:		
Investment Rate of Return	8.0%	8.0%
Projected Salary Increases (1)	5.0%	5.0%
Cost-of-Living Adjustments	None	None
Factors Affecting Trends	None	None

(1) Includes inflation at 4.5%

Note 6 – Funded Status and Funding Progress (as of most recent valuation) (Continued)

The actuarial assumptions employed as of June 30, 2009 and June 30, 2008 include the following:

1) Salary Scale – Projected salary increases of 4.5% per year compounded annually attributable to inflation, with another 0.5% to competition and productivity. Additional projected salary increases ranging from 0% to 4.0% per year, depending on age, attributable to merit and longevity.

2) Multiple Decrement Tables:

    a) Death - For determination of member, retiree and beneficiary mortality, the RP 2000 Healthy Annuitants Mortality Table.

    b) Disability - Based upon COPERS' experience.

    c) Withdrawal - Based upon COPERS' experience, measures the probability of members terminating employment for reasons other than retirement, death or disability.

3) Smoothed Funding – A smoothed market value of assets was used for the June 30, 2009 valuation. This method, which is unchanged from last year, spreads the difference between the actual and expected investment return over four years.

The foregoing actuarial assumptions are based on the presumption that COPERS will continue as presently chartered. If COPERS is amended, different actuarial assumptions and other factors might be applicable in determining actuarial present values.

Note 7 - Funding Policy

As a condition of employment, members are required to contribute 5% of their salary to COPERS as provided in Chapter XXIV, Section 27, of the City Charter. Present members' accumulated contributions at June 30, 2009 were $446,039,323, including interest compounded annually compared to $433,741,943 at June 30, 2008. The City's funding policy is designed to provide annual contributions to COPERS in amounts that are estimated to remain a constant percentage of members' compensation each year, such that, when combined with members' contributions, all active member benefits will be fully funded as earned. Contributions to the Plan are actuarially determined. The unfunded actuarial accrued liability in excess of applicable value of assets is amortized as a level percent of payroll over 20 years from June 30, 2009.

Note 8 - Investments

COPERS is authorized to invest in common stocks, obligations of the U.S. Treasury, its agencies and instrumentalities, money market accounts, certificates of deposit, the State Treasurer's investment pool, obligations issued or guaranteed by any state or political subdivision thereof, which are rated in the highest short-term or second highest long-term category, and investment grade corporate bonds, debentures, notes and other evidences of indebtedness which are not in default as to principal or interest and are issued or guaranteed by a solvent U.S. corporation.

The City Charter allows up to a 60% investment (at cost) in domestic common stocks. The Board's present policy has resulted in approximately 36% being invested (at cost) in domestic common stocks as of June 30, 2009. The Board’s present policy allows up to 21% investment (at fair value) in international equities. As of June 30, 2009 approximately 19% was invested (at fair value) in international equities.

Note 8 – Investments (Continued)

A summary of investments at June 30, 2009 and 2008 is as follows (in thousands):

	2009		2008	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Temporary Investments from Securities Lending Collateral (Note 9)	$ 216,738	$ 216,738	$ 347,922	$ 347,922
Fixed Income	411,437	389,506	503,919	485,443
Domestic Equities	612,226	505,937	896,862	886,965
International Equities	523,276	465,458	425,836	413,484
	1,763,677	1,577,639	2,174,539	2,133,814
Cash and Cash Equivalents	66,109	66,109	115,292	115,292
Total Investments	$ 1,829,786	$ 1,643,748	$ 2,289,831	$ 2,249,106

COPERS' investments are managed by professional fund managers and are held by a plan custodian who is COPERS' agent.

COPERS’ investment policy permits investment in swaps, futures and options. As of June 30, 2009 and June 30, 2008, the total market value of options held was $(79,850) and $(294,293), respectively. As of June 30, 2009 and June 30, 2008, the total market value for swaps was $1,320,914 and ($3,759,860), respectively.

Note 8 – Investments (Continued)

The following schedule provides the categories of investments as of June 30, 2009 (in thousands):

Investment Categories	Fair Value
Cash	$ 139
Short-Term Investment Fund	65,970
Cash and Cash Equivalents	66,109
Temporary Investments from Securities Lending Collateral	216,738
Fixed Income:	
Options (Net)	(80)
SWAPS	1,321
U S Government Guaranteed Securities	94,945
Government Agencies Securities	1,372
Mortgage Backed Securities	181,039
Asset Backed Securities	18,088
Corporate Bonds	74,409
Foreign (USD)	18,412
	389,506
Domestic Equities	353,429
International Equities:	
Commingled Funds	465,458
Real Estate:	
Commingled Funds	142,485
Commodities:	
Exchange Traded Fund	10,023
Total	$1,643,748

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that in the event of a depository institution failure, a government will not be able to recover deposits or collateral held by an outside party. As of June 30, 2009, COPERS did not realize any custodial credit risk for deposits. COPERS' policy requires all deposits to be insured and to be held in COPERS' name.

Note 8 – Investments (Continued)

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that in the event of a failure of a counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As of June 30, 2009, COPERS did not realize any custodial credit risk for investments or securities lending arrangements. Note 9 on page 38, provides detailed information regarding securities lending. COPERS' policy requires all investments to be collateralized and registered in COPERS' or its nominee(s) name.

Concentration of Credit Risk

Concentration of Credit Risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. COPERS' investment policy does not allow for an investment in any one issuer that is in excess of five percent of COPERS' total investments, except investments issued or explicitly guaranteed by the U.S. government. As of June 30, 2009, COPERS did not have any investments with any one issuer in excess of five percent.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. COPERS' investment policy includes a target of 21% of the Plan's total assets in international investments. The current actual international investment allocation is 18.67% of total Plan assets as of June 30, 2009. The fair market value of COPERS' international commingled equity funds managed by Pyramis Global Advisors, GMO and AXA Rosenberg was $262,539,000 as of June 30, 2009. Dollar denominated holdings accounted for 80.36% of the international investments. Non-dollar denominated holdings amounted to 19.64% and are listed in the table below by currency exposure.

Foreign Currency Exposure
as of June 30, 2009
(in thousands)

Currency	Equity	Cash	Total
Australian Dollar	$2,171	$16	$2,187
Canadian Dollar	3,220	47	3,267
Swiss Franc	3,038	21	3,059
Danish Krone	441	(10)	431
Euro	14,701	368	15,069
Pounds Sterling	9,570	16	9,586
Hong Kong Dollar	1,225	62	1,287
Japanese Yen	12,977	83	13,060
South Korean Won	1,978	36	2,014
Norwegian Krone	130	-	130
New Zealand Dollar	145	5	150
Swedish Krona	732	5	737
Singapore Dollar	561	16	577
Total	$50,889	$665	$51,554

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. COPERS' investment policy permits purchasing any security that is included in the Barclays Capital US Aggregate Index and relies on the methodology used by Barclays Capital to determine if a security is investment grade.

Note 8 – Investments (Continued)

COPERS' currently has two managers responsible for fixed income investments. Wells Capital Management and Western Asset Management Company are active bond managers. Northern Trust Investments managed COPERS' commingled index fund until October 3, 2007 when funds were liquidated and reinvested in Wells Capital, Western Asset, JP Morgan and Research Affiliates. Table I on page 36 provides information relating to the credit risk for the fixed income investments in COPERS' as of June 30, 2009.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates adversely affect the fair value of an investment. Typically, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in interest rates. COPERS' investment services agreement with Wells Capital Management requires them to maintain duration within 10% of the Barclays Capital US Aggregate Index with duration not below 90% and not higher than 110% of the index. COPERS' investment services agreement with Western Asset Management Company directs them to maintain an average weighted duration of portfolio security holdings including futures and options positions within +20% of the Barclays Capital US Aggregate Index. Information about the interest rate risk exposure of COPERS is provided in Table I on page 36. COPERS' assets include several collateralized mortgage obligations and mortgage backed securities, which could be considered as highly sensitive to interest rate changes, depending upon the exercise of prepayment options.

COPERS' investment policy permits the following investments, which include investments that are considered to be highly sensitive to interest rate changes due to long maturities, prepayment options, coupon multipliers, reset dates and similar terms:

- Obligations issued or guaranteed by the U.S. Federal Government, U.S. Federal Agencies or U.S. government-sponsored corporations and agencies.
- Obligations of U.S. and non-U.S. corporations such as mortgage bonds, convertible and non-convertible notes and debentures.
- Mortgage-backed and asset-backed securities, swaps, forwards, options on swaps, options on forwards
- Obligations denominated in U.S. dollars of international agencies, supranational entities and foreign governments (or their subdivisions or agencies).
- Securities defined under Rule 144A and Commercial paper defined under Section 4(2) of the Securities Act of 1933.
- Bank Loans, TBA Securities and Mortgage Dollar Rolls.
- General obligation bonds, revenue bonds, improvement district bonds, or other evidences of indebtedness of any state of the United States, or any of the counties or incorporated cities, towns and duly organized school districts in the State of Arizona which are not in default as to principal and interest.

Note 8 – Investments (Continued)

Table I: Credit Rating and Maturity for COPERS' Fixed Income Investments (in thousands)

	Credit Quality Ratings	Fair Value	Remaining Maturity 0 - 5 Years	6 - 10 Years	11 - 15 Years	16 - 20 Years	21 - 25 Years	Over 25 Years
Total Cash		**$ 139**	**$ 139**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Short Term Investments	Not Rated	**65,970**	**65970**	-	-	-	**-**	**-**
Total Options	Not Rated	**(80)**	**(80)**	-	-	-	-	-
Total SWAPS	Not Rated	**1,321**	**931**	**35**	-	-	-	**355**
U S Government Guaranteed	Not Rated	12,445	12,445	-	-	-	-	-
U S Government Guaranteed	AAA	82,500	23,407	8,508	862	20,681	21,525	7,517
Total U S Government		**94,945**	**35,852**	**8,508**	**862**	**20,681**	**21,525**	**7,517**
Government Agency	AAA	1,364	650	239	283	-	-	192
Government Agency	BBB	8	-	8	-	-	-	-
Total Government Agency		**1,372**	**650**	**247**	**283**	**-**	**-**	**192**
Asset Backed	Not Rated	1,006	-	488	-	-	-	518
Asset Backed	AAA	8,978	1,409	4,412	590	808	559	1,200
Asset Backed	AA	1,210	1,079	-	-	-	-	131
Asset Backed	A	3,278	592	-	**-**	-	-	2,686
Asset Backed	BBB	2,639	304	-	701	10	-	1,624
Asset Backed	BB	37	-	16	-	-	-	21
Asset Backed	B	499	-	-	-	-	-	499
Asset Backed	CCC	441	-	-	-	-	-	441
Total Asset Backed		**18,088**	**3,384**	**4,916**	**1,291**	**818**	**559**	**7,120**
Mortgage Backed	Not Rated	11,338	-	-	-	-	-	11,338
Mortgage Backed	AAA	160,060	-	10,122	25,011	2,316	17,122	105,489
Mortgage Backed	AA	2,709	-	-	-	-	-	2,709
Mortgage Backed	A	927	-	-	-	-	-	927
Mortgage Backed	BBB	2,486	-	-	-	-	-	2,486
Mortgage Backed	BB	1,180	-	-	-	-	-	1,180
Mortgage Backed	B	841	-	-	-	-	-	841
Mortgage Backed	CCC	1,498	-	-	-	-	-	1,498
Total Mortgage Backed		**181,039**	**-**	**10,122**	**25,011**	**2,316**	**17,122**	**126,468**
Corporate Bonds	Not Rated	1,840	17	1,331	-	-	-	492
Corporate Bonds	AAA	1,757	1,066	455	-	-	-	236
Corporate Bonds	AA	2,935	1,119	406	-	-	-	1,410
Corporate Bonds	A	28,824	12,466	10,316	-	414	-	5,628
Corporate Bonds	BBB	31,400	11,791	11,879	424	895	1,971	4,440
Corporate Bonds	BB	5,528	846	2,253	963	-	524	942
Corporate Bonds	B	445	-	-	178	-	-	267
Corporate Bonds	CCC	1,431	1,216	51	15	-	-	149
Corporate Bonds	CC	217	197	20	-	-	-	-
Corporate Bonds	D	32	-	-	-	32	-	-
Total Corporate Bonds		**74,409**	**28,718**	**26,711**	**1,580**	**1,341**	**2,495**	**13,564**

Note 8 – Investments (Continued)

Table I: Credit Rating and Maturity for COPERS' Fixed Income Investments (in thousands) (Continued)

	Credit Quality Ratings	Fair Value	Remaining Maturity 0 - 5 Years	6 - 10 Years	11 - 15 Years	16 - 20 Years	21 - 25 Years	Over 25 Years
International Bonds	Not Rated	14	14	-	-	-	-	-
International Bonds	AAA	158	72	86	-	-	-	-
International Bonds	AA	1,654	1,134	320	-	-	-	200
International Bonds	A	6,644	2,865	3,077	-	215	-	487
International Bonds	BBB	9,058	2,460	5,128	396	-	-	1,074
International Bonds	BB	825	-	825	-	-	-	-
International Bonds	C	-	-	-	-	-	-	-
International Bonds	D	59	59	-	-	-	-	-
Total International Bonds		**18,412**	**6,604**	**9,436**	**396**	**215**	**-**	**1,761**
Total Fixed Income Investments by Maturity Dates		**$ 455,615**	**$ 142,168**	**$ 59,975**	**$ 29,423**	**$ 25,371**	**$ 41,701**	**$ 156,977**

Note 9 – Securities Lending Program

State statutes and City Charter do not prohibit COPERS from participating in securities lending transactions, and COPERS has, via a Securities Lending Authorization Agreement effective March 5, 2002, authorized State Street Bank and Trust Company ("State Street") to lend its securities to broker-dealers and banks pursuant to a form of loan agreement. The Agreement was amended effective November 16, 2006 directing State Street Bank and Trust to invest cash collateral in the Funds for Short-Term Investment – Quality D, replacing the requirement to invest in the Quality A Fund.

During 2009 and 2008, State Street lent, on behalf of COPERS, certain securities held by State Street as custodian and received cash (United States and foreign currency), securities issued or guaranteed by the United States government and irrevocable letters of credit as collateral. State Street did not have the ability to pledge or sell collateral securities delivered absent a borrower default. Borrowers were required to deliver collateral for each loan equal to: (i) in the case of loaned securities denominated in United States dollars or whose primary trading market was located in the United States or sovereign debt issued by foreign governments, 102% of the market value of the loaned securities; and (ii) in the case of loaned securities not denominated in United States dollars or whose primary trading market was not located in the United States, 105% of the market value of the loaned securities.

COPERS did not impose any restrictions during the fiscal year on the amount of the loans that State Street made on its behalf and State Street indemnified COPERS by agreeing to purchase replacement securities or return cash collateral in the event borrower failed to return the loaned security or pay distributions thereon. There were no such failures by any borrowers. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or State Street.

During 2009 and 2008, COPERS 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. As of June 30, 2009, such investment pool had an average duration of 43 days and an average weighted maturity of 318 days. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2009, COPERS had no credit risk exposure to borrowers. The collateral held, and the market value of securities on loan for COPERS as of June 30, 2009, were $216,738,450 and $211,419,466, respectively, and as of June 30, 2008, were $347,921,718 and $338,030,754 respectively.

Note 10 – Risk and Uncertainties

COPERS invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of changes in plan assets. Because the values of individual investments fluctuate with market conditions, the amount of investment gains or losses that COPERS will recognize in its future financial statements cannot be determined.

Note 11 – Funds To/From Other Systems

Under the provisions of Arizona Revised Statutes, Section ARS 38-730 as amended in 1992, transfers between COPERS and the Arizona State Retirement System ("ASRS") are allowed when the City hires an employee who was formerly covered by ASRS, or a COPERS member who separates from City of Phoenix employment goes to work for an entity that covers its employees under ASRS. The amount of the transfers, in and out of COPERS during 2009 and 2008, was equal to the present value of the employees' then-vested benefits.

Note 11 – Funds To/From Other Systems (Continued)

Under the provisions of Arizona Revised Statutes, Section ARS 38-923 and 38-924 as amended in 2006, an active or inactive member of COPERS or the Public Safety Personnel Retirement System ("PSPRS") who becomes a member of the other retirement system may transfer service credits from the member's prior retirement system to the member's current retirement system. The amount of the transfers from COPERS during 2009 and 2008 was equal to the member's account.

Note 12 – Interfund Balances

On the Statement of Plan Net Assets, the liability if any, Due to the City of Phoenix, results from the fact that COPERS does not have a local bank account. The City of Phoenix Payroll Section issues both Retirement pension warrants and employee retirement contribution refund warrants from the City's bank account.

Until Retirement personnel instruct State Street Bank and Trust to wire funds to the City of Phoenix in reimbursement for the warrants, the Retirement Plan is in debt to the City. Also, City employees previously employed by government entities may purchase prior service credits. The dollar amount of these purchases is deposited in the City's bank account, to be later transferred to the Plan's custodian. Until the transfer is made, the City is in debt to the Retirement Plan.

Note 13 – Contingent Liabilities

COPERS is a party in a pending litigation matter. While the final outcome cannot be determined at this time, management is of the opinion that the final obligation, if any, for these legal actions will not have a material adverse effect on COPERS' financial position or change in net assets.

Note 14 – Subsequent Events

At the August 19, 2009 meeting the Board voted to accept an RV Kuhns & Associates recommendation to expand the number of domestic fixed income managers from two to three. RV Kuhns & Associates was authorized by the Board to conduct a search for the additional manager. The Board selected Artio Global Investors at their November 4, 2009 meeting.

Also on August 19, 2009, the Board reestablished the quarterly rebalancing process, adopted a plan for transition of assets and adopted asset class benchmarks. The transition of assets was completed during October 2009.

Real Estate Capital Asia Partners, an opportunistic real estate manager located in Singapore, issued its first capital call to COPERS for $1.6 million on September 3, 2009.

At the October 28, 2009 meeting, the Board accepted R.V. Kuhns & Associates' recommendation to forego a commitment to AREA Real Estate Opportunity Fund VI and invest in JDM Partners Opportunity Fund l.

Required Supplementary Information

Schedule of Funding Progress
Last Eight Fiscal Years
(in thousands)

Actuarial Valuation Date		(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (2)-(1)	(4) Funded Ratio (1)/(2)	(5) Annual Covered Payroll	(6) Unfunded AAL as a Percentage of Covered Payroll (3)/(5)
06/30/09		$ 1,895,148	$ 2,518,094	$ 622,946	75.3 %	$ 539,468	115.47 %
06/30/08	(a)	1,908,414	2,413,365	504,951	79.1	566,512	89.13
06/30/07		1,816,508	2,166,119	349,611	83.9	535,079	65.34
06/30/06	(a)	1,626,741	2,000,346	373,605	81.3	497,105	75.16
06/30/05		1,511,553	1,795,514	283,961	84.2	467,998	60.68
06/30/04		1,417,774	1,684,795	267,021	84.2	445,345	59.96
06/30/03	(a)	1,330,584	1,504,125	173,541	88.5	416,472	41.67
06/30/02		1,273,731	1,390,273	116,542	91.6	404,414	28.82

Analysis of the dollar amounts of actuarial value of assets, actuarial accrued liability, or unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the Plan's funded status on a going-concern basis. Analysis of this percentage over time indicates whether the Plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Plan. The unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Usually, expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress being made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage the stronger the Plan.

(a) After changes in benefit provisions, actuarial assumptions and/or actuarial cost methods.

Schedule of Employer Contributions
Last Ten Fiscal Years
(in thousands)

Fiscal Year	Valuation Date	Annual Required Contribution	Percent Contributed
2008-09	2007	$ 66,383	100 %
2007-08	2006	64,198	100
2006-07	2005	58,151	100
2005-06	2004	52,974	100
2004-05	2003	43,375	100
2003-04	2002	39,564	100
2002-03	2001	27,820	100
2001-02	2000	28,295	100
2000-01	1999	22,329	100
1999-00	1998	26,802	100

Required Supplementary Information (Continued)

Notes to the Required Supplementary Information

There were no changes in actuarial methods implemented in the June 30, 2009 annual valuation.

The following changes in methods were made pursuant to the recommendations in the actuarial audit of the June 30, 2007 annual valuation and implemented in the June 30, 2008 annual valuation:

- The Normal Cost contribution rate was calculated to be consistent with contributions that are paid throughout the year, not at the beginning of the year.

- The calculation of the projected final average compensation and years of service at retirement was changed to mid-year, consistent with the timing regarding the applications of the assumptions.

Additional Supplementary Information

Schedule of Administrative Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
Paid by the City of Phoenix for the Fiscal Years Ended June 30, 2009 and 2008

	2009		2008	
	Budget	Actual	Budget	Actual
Personal Services				
Staff Salaries	$906,469	$793,453	$1,035,689	$755,083
Insurance	137,770	105,902	160,201	120,856
Social Security	64,140	52,857	72,670	50,938
Retirement	99,362	91,753	108,879	85,115
Total Personal Services	1,207,741	1,043,965	1,377,439	1,011,992
Professional Services				
Consultants	103,160	14,628	58,500	49,679
Audit and Accounting	69,072	50,489	97,948	71,298
Medical Advisors	25,000	17,087	23,550	24,166
Computer Services	208,776	36,473	238,602	204,337
Total Professional Services	406,008	118,677	418,600	349,480
Communications				
Printing	36,978	46,726	41,126	42,939
Postage	3,500	2,951	3,200	2,358
Travel and Conferences	10,126	3,949	13,326	4,360
Telephone	1,490	1,967	1,490	1,960
Subscriptions and Memberships	2,600	2,672	2,700	3,415
Total Communications	54,694	58,265	61,842	55,032
Miscellaneous				
Supplies	13,675	12,872	13,375	13,260
Office Furniture	3,181	3,169	3,181	3,697
Insurance	83	433	90	2,145
Computer Equipment	3,257	3,076	4,800	4,635
Other	1,834	449	56,834	56,450
Total Miscellaneous	22,030	19,999	78,280	80,187
Total Administrative Expenditures and Encumbrances	$1,690,473	$1,240,906	$1,936,161	$1,496,691

Note: Administrative expenditures of COPERS are budgeted and paid by the City of Phoenix. As of October 22, 2008, the COPERS' Board approved the payment of fees for legal, medical, actuarial, and computer services from plan assets not included in amounts above.

Schedule of Investment Expenses
For the Fiscal Year Ended June 30, 2009

Payee	Commissions or Fees	Nature of Services
RV Kuhns & Associates	$175,000	Investment Consultant
State Street Bank	112,843	Master Custodian
AXA Rosenberg	359,769	Investment Management
Cadence Capital Management	473,376	Investment Management
Cramer Rosenthal McGlynn	718,283	Investment Management
Dimensional Fund Advisors	305,758	Investment Management
Eagle Asset Management	376,006	Investment Management
GMO (1)	659,813	Investment Management
J P Morgan Investment Management	804,648	Investment Management
Morgan Stanley (1)	1,038,150	Investment Management
Northern Trust Investments	30,038	Investment Management
PAAMCO (1)	222,085	Investment Management
Pyramis Global Advisors	466,172	Investment Management
Research Affilliates	976,242	Investment Management
The Boston Company	255,883	Investment Management
Wells Capital Management	381,763	Investment Management
Western Asset Management Corporation	412,399	Investment Management
Wrightwood Capital (1)	253,356	Investment Management
Foreign Taxes	10,829	Investment Expense
Total	$8,032,413	

Schedule of Payments to Legal, Medical, Actuary, Computer and Audit Services
For the Fiscal Year Ended June 30, 2009 (2)

Payee	Fees Paid	Nature of Services
Ennis Knupp (3)	$ 130,000	Audit Services
Ice Miller	1,111	Legal Services
Kutak Rock LLP	84,074	Legal Services
Levi Ray & Shoup	148,700	Computer Services
MCN	5,475	Medical Services
Milliman	50,000	Actuarial Services
Rodwan Consulting Company	22,264	Actuarial Services
Yoder & Langford, P.C.	35,744	Legal Services
	$ 477,368	

(1) Because GMO, Morgan Stanley, PAAMCO, and Wrightwood Capital fees are not paid separately as are fees to the other fund managers, they are not included in the investment expenses reported in the Statements of Changes in Net Assets. The fees are a component of the overall performance of the investment.

(2) As of October 22, 2008, the COPERS' Board approved the payment of fees for legal, medical, actuarial and computer services from plan assets.

(3) As of November 19, 2008, the COPERS' Board approved a shared payment with the City of Phoenix Auditor Department for a Comprehensive Review completed by Ennis Knupp.

Investment Section

The **Investment Section** contains the Plan’s report on investment activity, its investment policies, schedules of investment results and related information.

RVKuhns

& ASSOCIATES, INC.

October 9, 2009

Board of Trustees
City of Phoenix Employees' Retirement System
c/o Ms. Donna Buelow
Retirement Program Administrator
101 South Central Avenue, Suite 600
Phoenix, Arizona 85005

Dear Board Members:

The past year has been marked by generally negative performance of the U.S. economy along with turbulent investment markets and mild price deflation. U.S. Real Gross Domestic Product fell in each of the last four quarters as the economy contracted by 3.8% since June 30, 2008.[1] The economy lost approximately 5,641,000 nonfarm jobs as the unemployment rate rose from 5.6% to 9.5% during the year.[2] Inflation, as measured by the Consumer Price Index, declined 1.4% during the year. The Federal Reserve lowered short-term interest rates from 2.00% to a range of 0.00 – 0.25% over the course of the fiscal year, and Treasury yields declined across their range of maturities.

The market value of the City of Phoenix Employees' Retirement System (COPERS) assets decreased from $1.818 billion to $1.406 billion in the year ended June 30, 2009. Five years ago, the fund was valued at $1.451 billion.

The past year has been favorable for fixed income securities but not favorable for equities. In the United States, the S&P 500 Index returned -26.2%. International developed markets fared a bit worse, returning -31.0% (as measured by the MSCI EAFE Index). Fixed income securities returned 6.0% (Lehman Brothers Aggregate Bond Index).

The System's overall investment return over the past year was -20.4%, the System's three-year annualized return was -4.2%, and the System's five-year annualized return was 0.8%.[3] The ten-year annualized return was 2.3%. The near-term, intermediate, and long-term fund return results were negatively impacted by the difficult market environment and economic downturn experienced beginning mid-2007 through early 2009. Historical return calculations such as these are very sensitive to their endpoints. We are hopeful that, with improved investment results since that time, these long-term measures will improve. The System's current actuarial assumed rate of return is 8.0%, which represents the System's long-term return goal.

[1] Based on data provided by the U.S. Department of Commerce, Bureau of Economic Analysis. Data for second quarter 2009 are preliminary.
[2] Based on data provided by the U.S. Department of Labor.
[3] Total Fund performance is gross of fees.

The System's current investments are diversified. All segments of the U.S. equity market are represented in the portfolio, and the fixed income portfolio is well diversified across two investment managers. As of June 30, 2009, 18.0% of the System's investments were invested in large-capitalization U.S. equities, 11.2% in small- and mid-capitalization U.S. equities, 18.7% in non-U.S. equities, 24.7% in fixed income investments, 10.1% in real estate, 10.8% in real return strategies, 6.3% in long/short equity strategies, and 0.2% in cash equivalents. This investment allocation was consistent with policy guidelines.

We believe that the recent course undertaken by the Board to diversify the System's investments into several new asset classes will enhance future portfolio returns while reducing risk or volatility in returns. Over the past three years, the Board has approved the inclusion of several new asset classes to the portfolio, including real estate, emerging markets equities, a real return strategy, and international small-capitalization equities. Recently, the System has implemented further diversification of the real estate portfolio and long/short equities as a new diversifying asset class. We are confident that the Board's decisions in this respect will preserve and enhance the System's ability to meet its long-term goals.

The System's investment policies, goals, and objectives, as well as the performance of its assets and transaction costs are regularly monitored by the Board and by R.V. Kuhns & Associates. These evaluations include analysis of the investment management firms and the custodial bank that serve the System.

The System's assets are held in custody at State Street Bank. Market values and returns referenced above are based upon financial statements prepared by State Street. Their statements are, to the best of our knowledge, reliable.

An uncertain market environment demands careful attention and thoughtful treatment of the assets entrusted to the Board's care by the System's employee participants. We expect the Board's continued high standard of care for these assets and commitment to diversification to allow the System to meet its long-term goals and objectives.

Most sincerely,

Rebecca Gratsinger, CFA
Chief Executive Officer

Outline of Investment Policies and Objectives
Adopted July, 1990 and subsequently amended

1. COPERS' asset allocation targets (at fair value) as of June 30, 2009 were 16% large cap domestic equities, 9% small/mid cap domestic equities, 21% international equities, 19% domestic fixed income, 15% real estate,10% real return and 10% long/short equity.

2. Each asset class will be broadly diversified to be similar to the market for the asset class. The market for stocks shall be represented by the Russell 1000 Value and Growth Index, the Russell Mid Cap Index, the Russell 2000 Growth Index, MSCI EAFE Index, S & P/Citigroup EMI World Ex US Index and the S & P 500 Index. The market for bonds shall be represented by the Barclays Capital US Aggregate Bond Index and the Barclays Capital US Govt/Credit Int. Term Bond Index. The market for real estate shall be represented by the NCREIF ODCE Property Index.

3. Multiple managers will be employed. Allocations among the managers will be controlled by the Trustees to maintain both diversification and policy guidelines.

4. Investments will conform to the Phoenix City Charter, Chapter 24, Article II, Section 34 (See note 8). All other investments are prohibited.

5. COPERS' main investment objective is to achieve a rate of return that exceeds inflation by at least 3 percent over time. The actuarial assumed rate of return is 8%.

Directed Brokerage Commissions

A directed commissions program was established by COPERS' Board on July 31, 1991. Becker, Burke Associates ("BBA") provided the directed commissions program through December 31, 2003. As of January 1, 2004 State Street Global Markets, LLC ("SSGM") became the provider of the commission recapture program. SSGM has agreed to allocate to the fund 80% of commissions for US trades executed with a network of brokers and 100% (above the "execution only" rate) for US trades directly with SSGM's Trading Desk, identified and designated by investment managers as "directed." Under this program, COPERS equity managers are requested to execute trades to achieve best execution of fund transactions and to use best efforts to place trades with SSGM. For the fiscal year ended June 30, 2009, the total payments received under SSGM were $61,490.

Investment Services Under Contract (as of June 30, 2009)

EQUITY MANAGERS:

AXA Rosenberg Group LLC   Ornida, CA

Laurie Hardwick

Cadence Capital Management   Boston, MA

Steve Shaw

Cramer Rosenthal McGlynn   New York, NY

Chris Barnett

Dimensional Fund Advisors   Santa Monica, CA

John Gray

Eagle Asset Management   St. Petersburg, FL

Clay Lindsey

GMO Boston, MA

Wendy Malaspina

Northern Trust Investments   Chicago, IL

Richard Clark

Pyramis Global Advisors Trust Co.   Boston, MA

Paul Cahill

The Boston Company   Boston, MA

Jerry Navarette

HEDGE FUND MANAGERS:

PAAMCO   Irvine, CA

Jim Meehan

K2 Advisors   Stamford, CT

Joe Hernandez

TRANSITION MANAGERS:

State Street Bank and Trust   Boston, MA

Christopher Carlin

Northern Trust Transition Management   Chicago, IL

Grant Johnsey

Russell Implementation Services, Inc   Seattle, WA

Steve Cauble

FIXED INCOME MANAGERS:

Wells Capital Management   San Francisco, CA

Sandy Willen

Western Asset Management   Pasadena, CA

Joseph Carieri

REAL ESTATE MANAGERS:

J.P. Morgan Chase & Co. New York, NY

Karel Lansky

Morgan Stanley Real Estate Advisor New York, NY

Richard Cohen

Wrightwood Capital   Chicago, IL

David Friedman

REAL RETURN MANAGER:

Research Affiliates LLC   Pasadena, CA

Janine Nesbit

INVESTMENT CONSULTANT

R. V. Kuhns & Associates, Inc. Portland, OR

Rebecca Gratsinger

Schedule of Investment Results
For the Fiscal Years Ended June 30, 2009

	1-Year	Annualized 3-Years	Annualized 5-Years
TOTAL PORTFOLIO:			
COPERS	-20.4%	-4.2%	0.8%
Target Benchmark	-21.1%	-3.6%	1.0%
R.V. Kuhns All Pension Plans $1B - $5B median	-17.6%	-2.3%	2.6%
EQUITY FUNDS:			
Cadence Capital Management	-33.3%	-9.6%	-1.7%
Russell 1000 Growth Index	-24.5%	-5.5%	1.8%
Cramer Rosenthal McGlynn (1)	-20.4%	--	--
Russell 2000 Value Index	-25.2%	-12.1%	-2.3%
Eagle Asset Management (2)	-25.0%	-4.0%	--
Russell 2000 Growth Index	-24.8%	-7.8%	-1.3%
Pyramis Global Advisors (3)	-32.3%	-7.1%	--
MSCI EAFE Index	-31.0%	-7.5%	2.8%
GMO (4)	-30.9%	-7.2%	--
MSCI EAFE Index	-31.0%	-7.5%	2.8%
Dimensional Fund Advisors (5)	-31.7%	--	--
Russell 1000 Value Index	-29.0%	-11.1%	-2.1%
Northern Trust Investments	-26.8%	-8.5%	-2.4%
Northern Trust Custon Index (Blend)	-26.2%	-8.2%	-2.2%
The Boston Company	-19.3%	-3.8%	1.9%
Russell Midcap Index	-30.4%	-9.3%	-0.1%
AXA Rosenberg (6)	-39.6%	--	--
S&P/Citigroup EMI World Index	-31.3%	-8.2%	4.1%
FIXED INCOME FUNDS:			
Wells Capital Management (7)	9.0%	7.8%	--
Barclays Capital US Aggregate Bond Index	6.1%	6.4%	5.0%
Western Asset Management (8)	1.2%	2.9%	--
Barclays Capital US Aggregate Bond Index	6.1%	6.4%	5.0%
HEDGE FUND OF FUNDS:			
PAAMCO (9)	--	--	--
K2 Advisors (10)	--	--	--
REAL ESTATE FUNDS:			
J P Morgan (11)	-26.5%	--	--
NCREIF ODCE Index	-30.7%	-4.1%	4.3%
Morgan Stanley (12)	-29.5%	--	--
NCREIF ODCE Index	-30.7%	-4.1%	4.3%
Wrightwood (13)	--	--	--
NCREIF Property Index + 2%			
REAL RETURN FUND			
Research Affiliates (14)	-5.0%	--	--
CPI + 4% (Long Term)	2.5%	6.1%	6.7%

Schedule of Investment Results
(Continued)

(1) Cramer Rosenthal McGlynn was added as a domestic small cap value manager on February 1, 2008. Funds transitioned from Boston Co, Eagle, Cadence, GMO and Pyramis. Performance figures would not be representative of the benchmark index.

(2) Eagle Asset Management added as small cap manager effective June 15, 2005; funds transitioned from Columbus Circle. Performance figures would not be representative of the benchmark index.

(3) Pyramis Global Advisors added July 1, 2005 as an International Commingled Equity Fund manager; funds transitioned from The Bank of Ireland. Performance figures would not be representative of the benchmark index. Fidelity Management & Trust changed its name to Pyramis Global Advisors effective October 1, 2006.

(4) GMO added July 1, 2005 as an International Commingled Equity Fund manager; funds transitioned from The Bank of Ireland. Performance figures would not be representative of the benchmark index.

(5) Dimensional Fund Advisors was added as a large cap value manager on April 1, 2007. Funds transitioned from MacKay Shields. Performance figures would not be representative of the benchmark index.

(6) AXA Rosenberg was added as a small/mid cap international equity manager effective April 1, 2007. Performance figures would not be representative of the benchmark index.

(7) Wells Capital Management added as core fixed income manager effective January 1, 2005; funds transitioned from Vanderbilt Capital Advisors. Performance figures would not be representative of the benchmark index.

(8) Western Asset Management added as core fixed income manager effective January 1, 2005; funds transitioned from Vanderbilt Capital Advisors. Performance figures would not be representative of the benchmark index.

(9) PAAMCO added as a hedge fund of funds manager effective January 2, 2009. Performance figures would not be representative of the benchmark index.

(10) K2 advisors added as a hedge fund of funds manager effective June 1, 2009. Performance figures would not be representative of the benchmark index.

(11) JP Morgan added as a real estate manager on May 1, 2007. Performance figures would not be representative of the benchmark index.

(12) Morgan Stanley added as a real estate manager on December 1, 2006. Performance figures would not be representative of the benchmark index.

(13) Wrightwood Capital added as a value added real estate manager on January 8, 2009. Performance figures would not be representative of the benchmark index.

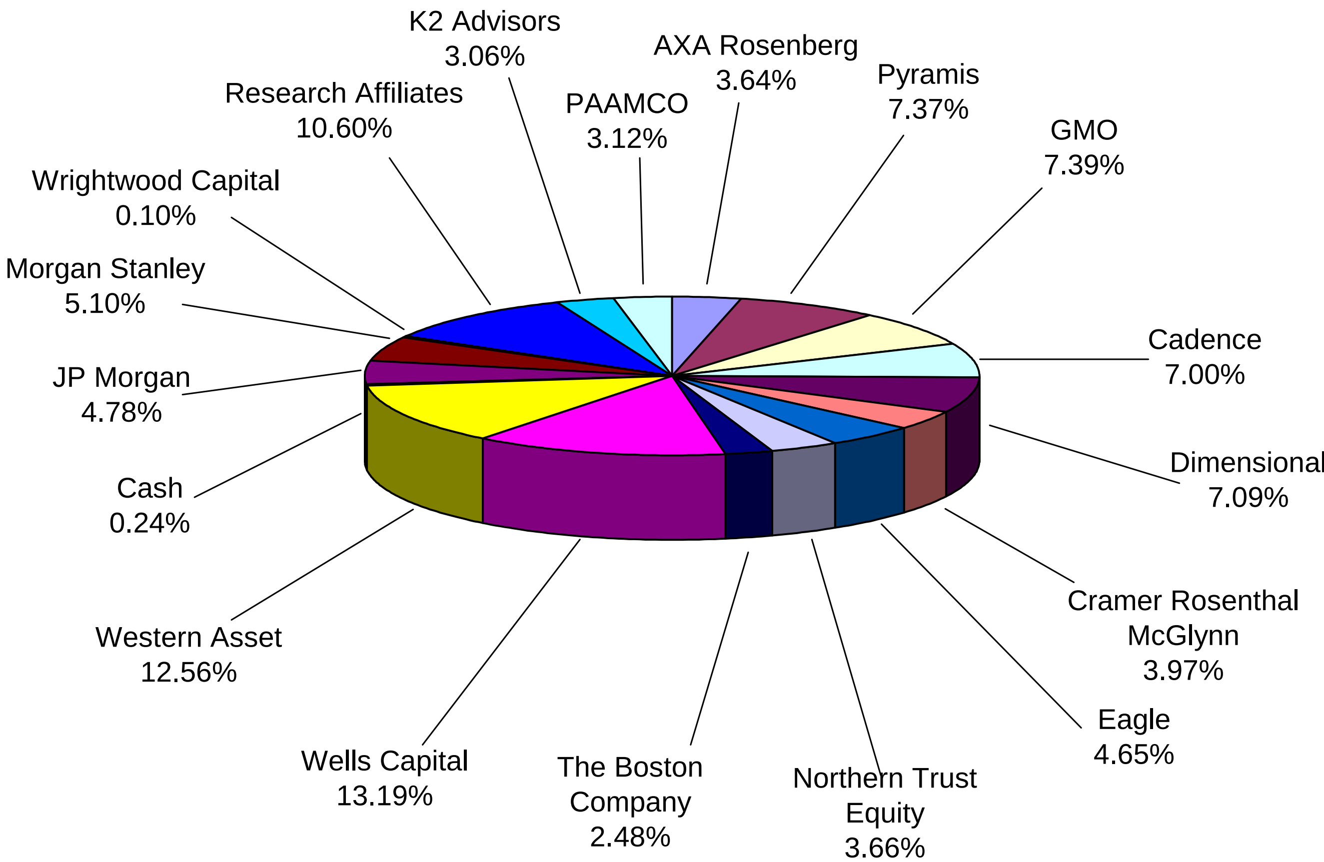
(14) Research Affiliates added as a real return manager on June 6, 2007. Performance figures would not be representative of the benchmark index.

The calculations above were prepared by COPERS' consultant, using a time-weighted rate of return, based on market value.

Asset Allocation by Manager
As of June 30, 2009

Manager	Style	Management (in thousands)	% of Portfolio
EQUITY FUNDS			
AXA Rosenberg	International	$ 51,928	3.64 %
Pyramis Global Advisors	International	105,176	7.37
GMO	International	105,435	7.39
Cadence Capital Management	Large Cap Growth	99,819	7.00
Dimensional Fund	Large Cap Value	101,122	7.09
Cramer Rosenthal McGlynn	Small Cap Value	56,684	3.97
Eagle Asset Management	Small Cap Growth	66,384	4.65
Northern Trust Equity	S & P 500 Index	52,230	3.66
The Boston Company	Mid Cap Value	35,416	2.48
TOTAL EQUITY FUNDS		674,194	47.25
FIXED INCOME FUNDS			
Wells Capital Management	Core Fixed Income	188,176	13.19
Western Asset Management	Core Fixed Income	179,210	12.56
COPERS Cash Account	Short Term Income Fund	3,371	.24
TOTAL FIXED INCOME FUNDS		370,757	25.99
HEDGE FUND OF FUNDS			
K2 Advisors	Hedge Fund of Funds	43,737	3.06
PAAMCO	Hedge Fund of Funds	44,575	3.12
TOTAL HEDGE FUND OF FUNDS		88,312	6.18
REAL ESTATE FUNDS			
J P Morgan	Core Real Estate	68,349	4.78
Morgan Stanley	Core Real Estate	72,711	5.10
Wrightwood Capital	Value Added Real Estate	1,425	.10
TOTAL REAL ESTATE FUNDS		142,485	9.98
REAL RETURN FUNDS			
Research Affiliates		151,262	10.60
TOTAL REAL RETURN FUNDS		151,262	10.60
Total Portfolio		$1,427,010	100.00 %

Asset Allocation by Manager
As of June 30, 2009 (Continued)



List of Largest Assets Held
As of June 30, 2009 (dollars in thousands)

Ten Largest Bond Holdings (Market Value)

Par Value	Description	Interest Rate	Due	Rating	Market Value
$13,000	FNMA TBA Aug 30 Single Fam	5.50%	12/01/2099	AAA	$13,373
4,628	United States Treasury Bonds	2.75%	02/15/2019	AAA	4,335
3,992	FNMA Pool 735676	5.00%	07/01/2035	AAA	4,079
3,830	Federal Home Ln PC Pool G01931	5.50%	10/01/2035	AAA	3,967
3,404	FNMA Pool 889069	5.50%	01/01/2021	AAA	3,601
3,335	Federal Home Ln PC Pool G13387	5.00%	04/01/2023	AAA	3,479
3,415	WI Treasury N/B 06/14 Fixed	2.63%	06/30/2014	AAA	3,426
3,207	FNMA	6.50%	01/25/2032	AAA	3,423
3,000	GNMA II TBA Jul 30 Jumbos	6.00%	12/01/2099	AAA	3,122
3,022	US Treasury N/B 05/19 Fixed	3.13%	05/15/2019	AAA	2,923

Ten Largest Stock Holdings (Market Value)

Shares	Stock	Market Value
126,466	JP Morgan Chase & Co	$4,313
81,031	Conoco Phillips	3,408
253,588	Bank of America Corp	3,347
281,700	General Electric Co	3,301
129,255	AT&T Inc	3,210
18,940	Apple Inc	2,697
165,100	Comcast Corp	2,392
94,666	Time Warner Inc	2,384
88,683	Thoratec Corp	2,374
74,147	CVS Caremark Corp	2,363

A complete list of portfolio holdings is available at COPERS' office.

Schedule of Investment Related Fees
For the Fiscal Year Ended June 30, 2009

	Assets Under Management as of June 30, 2009 (in thousands)	Fees (1)	Basis Points
Equity Funds			
AXA Rosenberg	$51,928	$359,769	69.28
Cadence Capital Management	99,819	473,376	47.42
Cramer Rosenthal McGlynn	56,684	718,283	126.72
Dimensional Fund	101,122	305,758	30.24
Eagle Asset Management	66,384	376,006	56.64
Pyramis Global Advisors	105,176	466,172	44.32
GMO	105,435	659,813	62.58
Northern Trust Investments	52,230	30,038	5.75
The Boston Company	35,416	255,883	72.25
TOTAL EQUITY FUNDS	674,194	3,645,098	
Fixed Income Funds			
Wells Capital Management	188,176	381,763	20.29
Western Asset Management	179,210	412,399	23.01
COPERS Cash Account STIF	3,371	N/A	N/A
TOTAL FIXED INCOME FUNDS	370,757	794,162	
Hedge Fund of Funds			
PAAMCO	44,575	222,085	49.82
K2 Advisors	43,737	N/A	
TOTAL HEDGE FUND OF FUNDS	88,312	222,085	
Real Estate Funds			
JP Morgan	68,349	804,648	117.73
Morgan Stanley	72,711	1,038,150	142.78
Wrightwood Capital	1,425	253,356	1,777.94
TOTAL REAL ESTATE FUNDS	142,485	2,096,154	
Real Return Funds			
Research Affiliates	151,262	976,242	64.54
TOTAL REAL RETURN FUNDS	151,262	976,242	
Total	$ 1,427,010	$ 7,733,741	
Other Investment Service Fees			
RV Kuhns & Associates (Consultant)		175,000	
State Street Bank (Custodian)		112,843	
Foreign Taxes		10,829	
TOTAL OTHER INVESTMENT SERVICE FEES		$298,672	
Total Investment Related Fees		$8,032,413	

(1) Does not represent contractual fee schedule and may include expenses other than management fees.

Investment Summary
As of June 30, 2009

Type of Investment	Market Value (in thousands)	Percent of Total Market Value
Fixed Income:		
Asset Backed	$ 18,088	1.27 %
Corporate Bonds	74,409	5.22
Foreign (USD)	18,412	1.29
Government Agencies Securities	1,372	0.10
Mortgage Backed Securities	181,039	12.69
Options	(80)	-0.01
Swaps	1,321	0.09
US Government Guaranteed Securities	94,945	6.65
Total Fixed Income	389,506	27.30
Domestic Equities:		
Commingled Fund		
Consumer Discretionary	57,375	4.02
Consumer Staples	20,300	1.42
Convertibles	19	--
Energy Related	22,893	1.61
Financials	58,638	4.11
Health Care	43,623	3.06
Industrials	53,428	3.74
Information Technology	67,349	4.72
Materials	13,671	0.96
Preferred Stock	48	--
Telecommunication Services	9,676	0.68
Utilities	6,409	0.45
Total Domestic Equities	353,429	24.77
Real Estate:		
Commingled Funds	142,485	9.98
International Equities:		
Commingled Funds	465,458	32.62
Commodities:		
Exchange Traded Funds	10,023	0.70
Cash & Cash Equivalents	66,109	4.63
Total	$1,427,010	100.00 %

Schedule of Commissions
For the Fiscal Year Ended June 30, 2009

Brokerage Firm	Number of Shares Traded	Total Commissions	Commissions Per Share
BAIRD, ROBERT W., & COMPANY INCORPORATED	558,672	$ 15,385	$ 0.0275
BARCLAYS CAPITAL LE	740,412	19,580	0.0264
BNY BROKERAGE INC	595,948	14,249	0.0239
CANTOR FITZGERALD + CO.	1,242,253	23,042	0.0185
CHAPDELAINE INSTITUTIONAL	291,690	11,587	0.0397
CITIGROUPGLOBAL MARKETS INC	308,740	10,285	0.0333
COWEN ANDCOMPANY, LLC	352,330	13,771	0.0391
INVESTMENT TECHNOLOGY GROUP INC.	1,175,621	22,148	0.0188
JEFFERIES+ COMPANY INC	1,141,597	29,416	0.0258
KNIGHT SECURITIES	1,442,851	24,846	0.0172
LIQUIDNETINC	1,419,597	35,993	0.0254
MERRILL LYNCH PROFESSIONAL CLEARING CORP	1,100,670	36,610	0.0333
OPPENHEIMER & CO. INC	565,260	19,692	0.0348
PIPER JAFFRAY	449,148	11,712	0.0261
SANFORD CBERNSTEIN CO LLC	409,895	12,367	0.0302
STATE STREET BROKERAGE SERVICES	1,199,502	28,701	0.0239
STATE STREET GLOBAL MARKETS, LLC	6,970,593	156,054	0.0224
STIFEL NICOLAUS + CO	685,778	16,987	0.0248
THOMAS WEISEL PARTNERS LLC	368,860	14,084	0.0382
WEEDEN + CO.	1,646,759	35,693	0.0217
All Other Brokers (1)	6,536,176	194,282	
TOTAL	29,202,352	$ 746,484	

(1) Includes brokers with total commissions less than $10,000 each

Actuarial Section

The **Actuarial Section** contains the actuary's certification letter, supporting schedules prepared by the actuary, and a summary of plan provisions.

RODWAN
consulting company

November 16, 2009

The Retirement Board
City of Phoenix Employees' Retirement Plan
101 South Central Avenue, Suite 600
Phoenix, Arizona 85004

The purpose of the annual actuarial valuation of the City of Phoenix Employees' Retirement Plan is to compute the liabilities of the Plan and the contributions which will satisfy its funding objective. The funding objective is to establish and receive contributions, expressed as percents of active member payroll, which will remain approximately level from year to year and will not have to be increased for future generations of citizens.

The most recent actuarial valuation was made as of June 30, 2009. The actuarial valuation develops a contribution rate to finance the normal cost and to amortize any unfunded actuarial accrued liability over 20 years in accordance with the Plan's funding objective. The actuarial assumptions and methods are in accordance with Governmental Accounting Standards Board Statement No. 25. We believe the assumptions and methods used in the valuation produce results which are reasonable.

Data for the valuation was provided by the Retirement Program Administrator and was reviewed by us for internal completeness and reasonableness. A smoothed market value which spreads the difference between the actual and assumed rate of return over 4 years was used for the valuation.

The actuary prepared the following supporting schedules for the Comprehensive Annual Financial Report: Schedule of Funding Progress (Financial Section), Schedule of Employer Contributions (Financial Section), Summary of Actuarial Methods and Assumptions (Financial and Actuarial Sections), Actuarial Valuation Data (Actuarial Section), Schedule of Retirees and Beneficiaries Added and Removed from Rolls (Actuarial Section), Solvency Test (Actuarial Section), and Analysis of Financial Experience (Actuarial Section).

On the basis of the June 30, 2009 valuation, it is our opinion that the liabilities of the Retirement Plan are being funded as incurred in accordance with sound actuarial principles.

Respectfully submitted

Sandra W Rodwan

Sandra W. Rodwan
Member, American Academy of Actuaries

Actuarial Consultants 2310 E. Eleven Mile Road Royal Oak, Michigan 48067 Tel: (248) 399-8760 Fax: (248) 399-8790

Supporting Schedules

Summary of Actuarial Assumptions and Methods

The City of Phoenix Employees' Retirement Board adopts actuarial assumptions and methods which are recommended by COPERS' actuary.

Method Changes

The following changes in methods were made pursuant to the recommendations in the actuarial audit of the June 30, 2007 annual valuation: 1) The Normal Cost contribution rate was calculated to be consistent with contributions that are paid throughout the year, not at the beginning of the year. 2) The calculation of projected final average compensation and years of service at retirement was changed to mid-year, consistent with the timing regarding the applications of the assumptions.

Funding Method

The Individual Entry-Age Normal Actuarial Cost method is used in the actuarial valuation. This cost method was adopted effective June 30, 1991. The unfunded actuarial accrued liability was amortized as a level percent of payroll over 20 years and added to the computed normal cost.

Asset Valuation Method for Actuarial Purposes

A smoothed market value of assets was used for the June 30, 2009 valuation. This method, which is unchanged from last year, spreads the difference between the actual and expected investment return over four years.

Valuation Data

The data with respect to persons now covered and present assets were furnished by COPERS' administrative staff. Data is examined for general reasonableness and year-to-year consistency, but is not audited by the actuary. COPERS' fiscal year coincides with the City's fiscal year (July 1 to June 30).

Economic Assumptions

Investment Return

8.0% annually, compounded annually. Considering other financial assumptions, the 8.0% rate translates to an assumed real rate of return of 3.5% over inflation and 3.0% over across-the-board salary increases. The real rate of return is the rate of investment return over the inflation rate. Adopted 1991.

Active Member Total Payroll

Increasing 5.0% annually, compounded annually, comprised of 4.5% inflation and 0.5% competition/productivity. In effect, this assumes no change in the number of active members. Adopted 2000.

Experience Study

COPERS' actuary conducts an experience study every five years to determine if any adjustments in actuarial assumptions are necessary. This report reflects the recommendations made by the actuary in the June 30, 2004 study, as adopted by COPERS' Board November 17, 2005.

Summary of Actuarial Assumptions and Methods (Continued)

Individual Member Pay Increases

A member's pay is assumed to increase each year, in accordance with a table consisting of a percent increase for each age. Adopted June 28, 2000. For sample ages, the following table describes annual increase percents:

Age	Merit and Longevity	Base	Competition/ Productivity	Total
20	3.8 %	4.5 %	0.5 %	8.8 %
25	3.1	4.5	0.5	8.1
30	2.7	4.5	0.5	7.7
35	2.4	4.5	0.5	7.4
40	2.2	4.5	0.5	7.2
45	1.6	4.5	0.5	6.6
50	1.1	4.5	0.5	6.1
55	0.6	4.5	0.5	5.6
60	0.1	4.5	0.5	5.1
65	0.0	4.5	0.5	5.0

Decrement Assumptions

Mortality

The mortality table used was the RP 2000 Mortality Table Combined Healthy. Adopted November 17, 2005. These rates were first used for the June 30, 2006 valuation.

Retirement

Sample probabilities of retirement with an unreduced age and service pension are shown below. Adopted November 17, 2005. These rates were first used for the June 30, 2006 valuation.

Percent of Active Members Retiring Within Year Following Attainment of Indicated Retirement Age

Retirement Age	Percent Retiring	Retirement Age	Percent Retiring
50	25		
51	25	61	20
52	25	62	35
53	25	63	30
54	25	64	25
55	35	65	45
56	25	66	30
57	25	67	30
58	25	68	30
59	25	69	30
60	25	70	100

Summary of Actuarial Assumptions and Methods (Continued)

Turnover

Adopted November 17, 2005. These rates were first used for the June 30, 2006 valuation. Rates of separation from employment for reasons other than age and service retirement, death or disability are:

Sample Ages	Years of Service	% of Active Members Separating Within Next Year
All	0	20.0 %
All	1	18.0
All	2	12.0
All	3	9.0
All	4	8.0
25	5 & Over	7.0
30	5 & Over	6.0
35	5 & Over	5.0
40	5 & Over	3.0
45	5 & Over	3.0
50	5 & Over	2.5
55	5 & Over	2.5
60	5 & Over	2.5
65	5 & Over	2.5

Actuarial Valuation Data - Active Members

Valuation Year	Number	Annual Payroll (in thousands)	Average Pay	% Increase Average Pay
09	9,317	$539,468	$57,901	(1.6) %
08	9,624	566,512	58,865	5.2
07	9,564	535,079	55,947	4.2
06	9,260	497,105	53,683	3.6
05	9,036	467,998	51,793	4.2
04	8,960	445,348	49,698	6.7
03	8,943	416,472	46,570	3.6
02	9,000	404,414	44,935	4.3
01	8,748	376,913	43,086	0.9
00	8,450	360,654	42,681	3.9

Supporting Schedules **(Continued)**

Schedule of Retirees and Beneficiaries Added To and Removed From Rolls
(dollars in thousands)

Year	Added to Rolls			Removed		Rolls End of Year		Average	% Increase
		Annual Pensions			Annual		Annual	Annual	in Annual
End	No.	New	PEP (a)	No.	Pensions	No.	Pensions	Pensions	Pensions
09	426	$14,195	$1,594	174	$3,002	4,669	$126,220	$27,034	11.3 %
08	348	10,935	2,874	148	2,732	4,417	113,433	25,681	10.8
07	290	8,205	1,519	142	2,165	4,217	102,356	24,272	8.0
06	309	9,247	1,976	147	2,144	4,069	94,797	23,297	9.0
05	314	7,795	1,159	150	2,554	3,907	85,718	21,940	8.1
04	296	7,610	1,727	145	2,122	3,743	79,318	21,191	9.1
03	259	6,720	1,066	124	1,935	3,592	72,221	20,106	8.8
02	264	5,999	1,786	135	1,689	3,457	66,370	19,199	10.1
01	240	6,665	1,559	83	831	3,328	60,274	18,111	14.0
00	276	8,661	1,056	102	1,047	3,171	52,881	16,671	13.1

(a) Pension Equalization Increase

Solvency Test

	Aggregate Accrued Liabilities for						
	(1)	(2)	(3)				
	Active	Retirees	Active Members		Portion of		
	Member	and	Employer	Valuation	Accrued Liabilities		
Valuation	Contributions	Beneficiaries	Portion	Assets	Covered by Assets		
Date	(in thousands)	(in thousands)	(in thousands)	(in thousands)	(1)	(2)	(3)
6/30/2009	$446,039	$1,193,391	$878,664	$1,895,148	100 %	100 %	29 %
6/30/2008	433,742	1,066,886	912,737	1,908,414	100	100	45
6/30/2007	403,819	964,006	798,294	1,816,508	100	100	56
6/30/2006	374,091	892,123	734,131	1,626,741	100	100	49
6/30/2005	354,438	798,414	642,663	1,511,553	100	100	56
6/30/2004	334,535	737,684	612,577	1,417,774	100	100	56
6/30/2003	317,582	659,634	526,909	1,330,584	100	100	67
6/30/2002	305,480	605,227	479,566	1,273,731	100	100	76
6/30/2001	278,179	549,592	431,792	1,291,338	100	100	100
6/30/2000	258,011	456,380	485,480	1,219,892	100	100	100

Supporting Schedules (Continued)

Analysis of Financial Experience
(dollars in thousands)

	Derivation for Year Ended June 30,				
	2009	2008	2007	2006	2005
(1) UAAL at Start of Year	$504,950	$349,611	$373,605	$283,961	$267,021
(2) Normal cost for year	83,089	72,806	66,245	64,510	59,355
(3) Employer Contributions for Year	(98,157)	(95,435)	(88,358)	(80,952)	(69,681)
(4) Assumed Investment Income Accrual on (1), (2) and (3)	39,755	27,005	29,004	22,059	20,956
(5) Expected UAAL Before Changes	529,637	353,987	380,496	289,578	277,651
(6a) Effect of Assumption Changes	-	-	-	49,051	-
(6b) Effect of Method Changes	-	74,539	-	-	-
(7) Effect of Benefit Changes	-	-	-	-	-
(8) Expected UAAL After Changes	529,637	428,526	380,496	338,629	277,651
(9) Actual UAAL	622,946	504,950	349,611	373,605	283,961
(10) Gain (loss) (8) - (9)	($93,309)	($76,424)	$30,885	($34,976)	($6,310)
(11) As % of AAL at Start of Year	(3.9)%	(3.5)%	1.5%	(1.9)%	(0.4)%

UAAL means unfunded actuarial accrued liability
AAL means actuarial accrued liability

The entire cost of the pension increases created by the Pension Equalization Program is funded by a separate reserve, established from investment earnings in excess of the assumed rate on retired life reserves; no increase in the unfunded accrued liability is created.

Summary of Plan Provisions

Purpose

COPERS is a defined benefit pension plan, was created under and is governed by the Charter of the City of Phoenix to provide retirement, survivor and disability benefits to the City of Phoenix general employees. COPERS is a qualified plan under the Internal Revenue Code.

Administration

The Charter provides that the administration, management and operation of COPERS be vested in a nine-member Retirement Board. The Board has the responsibility of administering the Charter provisions and bears a fiduciary obligation to the City, the taxpayers and the municipal employees and retirees who are the Plan's beneficiaries.

Three of the Board members are elected from and by the active employee members of COPERS, and must have at least ten years of credited service. Four members are statutory, consisting of the City Manager or his delegate, the City Treasurer, the Finance Director and department head to be selected by the City Manager. The eighth Board member is a citizen, who is a resident of the City of Phoenix has at least five years experience in retirement administration, and is not employed by the City or a COPERS' retiree. The ninth board member is a COPERS' retiree and is elected by the employee Board members. A listing of the current Retirement Board is included on page 9 of this report.

Voluntary Retirement

An active member may retire with benefits if he or she ("he") meets the eligibility requirements of:

- age 60 with 10 or more years of credited service,
- age 62 with 5 or more years of credited service, or
- an age which added to his or her ("his") years of credited service equals 80 (Rule of 80).

Final Average Compensation

Final Average Compensation ("FAC") is the average of a member's monthly pay during the 36 consecutive months of credited service producing the highest monthly average contained within the 120 consecutive months of credited service immediately preceding retirement. For most members, this is the last three years of employment. Pursuant to City management and Board action, FAC includes Deferred Compensation ("DCP") fringe and travel allowance. Inclusion of travel allowance in FAC was effective July 1995 and the DCP fringe inclusion is retroactive to the inception of the program in 1986. Inclusion of the sick leave payout in the calculation of final average compensation began July 1, 1996. Beginning in fiscal year 1997, salary adjustments for certain employees (referred to as reimbursement of contributions), are included in the calculation of final average compensation.

Credited Service

A member's unused sick leave shall be added to his credited service upon retirement. COPERS' service credit and benefit calculations must be consistent with the Charter and Board-adopted policies.

Summary of Plan Provisions (Continued)

Purchase of Public Service Credits

On January 28, 1998, the COPERS' Board, after review of legal and actuarial considerations, adopted a program permitting COPERS' members to purchase in-state and out-of-state public service credits, along with non-intervening military service credits, towards their retirement. The basic requirements for this program are contained in Board Policy. Effective January 1, 2007, the Board revised the service purchase program. The cost of eligible service shall be based on the full actuarial cost of providing benefits for the period of service being purchased. Members are eligible to purchase service credits upon membership with COPERS. Military purchases are limited to a maximum of five years. The Board policy revision to the service purchase program is to allow active members to purchase previous City of Phoenix job-share and City of Phoenix full-time temporary employment service, adopted on May 21, 2008, after legal and actuarial reviews, was implemented effective October 1, 2008.

Pension Allowance

The normal retirement benefit is payable monthly for the lifetime of a member. The annual amount equals 2 percent of FAC times credited service up to 32.5 years, plus 1 percent of FAC times service in excess of 32.5 years to 35.5 years, plus 1/2 of 1 percent of FAC times service in excess of 35.5 years. Effective January 2, 2000, the minimum monthly retirement benefit is $500 per month for retirees with 15 years or more of service and $250 per month for retirees with less than 15 years.

Deferred Retirement

If a member leaves COPERS' covered employment before age 60, but after completing five or more years of credited service, he becomes eligible for a deferred pension, provided he lives to age 62 and does not withdraw his accumulated contributions.

Disability Retirement

- **Non-Duty**

  A member with ten or more years of credited service, who becomes totally and permanently disabled for duty in the employ of the City from other than duty connected causes, is eligible for a non-duty disability benefit computed in the same manner as a pension allowance, based upon his service and average salary at the time of disability.

- **Duty**

  A member who becomes totally and permanently disabled for duty in the employ of the City, as a result of a duty-related injury or disease, is eligible for a duty disability benefit computed in the same manner as a pension allowance, regardless of length of service. There is a 15% (of FAC) minimum benefit payable.

  Upon termination of the workmen's compensation period, if any, the member shall be given service credit and the disability pension shall be recomputed to include such additional credited service.

- **Disability Assessment Committee Examinations**

  The City Charter provides for a Disability Assessment Committee ("DAC") consisting of five members: the Personnel Safety Administrator; the Executive Secretary to the Board; two employee members appointed by the Board; and one citizen member appointed by the Board who is a resident of Maricopa County, not employed by the City or receiving benefits from the plan and has at least five years experience in a responsible position in the health care field. The DAC determines eligibility for disability benefits under the Charter. Each person alleging a condition of disability or the continuance of such condition shall be required to undergo any medical examinations required by the DAC, but not more than twice annually or after age 60.

Summary of Plan Provisions (Continued)

Survivor Benefits

Dependents of deceased members may qualify for survivor benefits if (1) the deceased member had ten or more years of credited service or (2) the member's death was the result of causes arising out of and in the course of his employment with the City, and is compensable under the Workmen's Compensation Act of the State of Arizona.

If the member had less than ten years of credited service and died as a result of causes arising out of and in the course of his employment, his credited service shall be increased to ten years.

A deceased member's spouse will be paid a benefit equivalent to Option A Standard, 100 percent Joint and Survivor, calculated as if the member had retired the day preceding the date of his death, notwithstanding that he might not have attained age 60. Benefits cease upon death of the survivor.

The voters of the City of Phoenix approved a change to the Charter on September 7, 1999 to increase surviving child pension benefits. Effective January 1, 2000, a deceased member's unmarried child or children under age 18 shall receive a benefit of $200 per month, regardless of the number of children. The benefit shall cease upon adoption, marriage, death or upon attainment of age 18.

Post-Retirement Distribution (13th Check)

Each year, based upon a predetermined formula and investment return, a distribution amount (known as the "13th Check") for each eligible retiree and beneficiary may be payable in the form of a supplemental one-time payment, provided an adequate balance in the Pension Equalization Reserve exists. This payment must be made prior to the seventh month after the end of the fiscal year. A minimum 1% of annual pension, for the 13th Check, was established by an amendment to the City Charter, adopted by City of Phoenix voters October 3, 1995.

Pension Equalization Program

A provision for permanent pension adjustments, based on Plan performance was established, effective January 1, 1992. On the basis of COPERS' five-year average rate of return, reported by the Plan's consultant, earnings in excess of 8 percent will be transferred to a Pension Equalization Reserve. The Plan's actuary will determine what percentage pension increase should be applied to eligible retirees who, on January 1, have received 36 pension payments. This permanent increase to the gross pension, under said formula, shall not exceed the Consumer Price Index as calculated by the U.S. Department of Labor, Bureau of Labor Statistics ("Phoenix-Mesa, AZ" for all Urban Consumers).

Optional Forms of Payment

When a COPERS' member makes application for retirement, his benefits are calculated in four optional forms, and he selects the one that best fits his retirement needs. The election of an optional form of payment is made prior to the receipt of the first benefit check. Otherwise, such election is irrevocable. Married members must select Option A Standard unless the spouse signs a consent form authorizing a different option. The four options are as follows:

- **Straight Life Option**

  This is the highest payment available to a retiree; however, upon the death of the retiree, monthly payments cease. If the retiree had not received an amount equal to at least his accumulated contributions (inclusive of regular interest to date of retirement) before his death, a refund of the balance of his account is made to his designated beneficiary. The City of Phoenix Charter was amended on September 7, 1999, to establish a minimum pension benefit of $500 for retirees with 15 years or more of service and $250 for retirees with less than 15 years.

Optional Forms of Payment (Continued)

- **Option A**

  This is a continuing survivor option that allows the retiree to receive less than the Straight Life Option, with the provision that the designated survivor will receive 100 percent of the retiree's reduced benefit for the remainder of his lifetime.

  Standard: Under this option, should the designated survivor die prior to the retiree, the pension paid the retiree will remain the same.

  Pop-Up: This form of Option A is available to all retirees and provides that, should the designated survivor die before the retiree, the reduced pension paid the retiree shall be increased to equal the Straight Life Option for the remainder of the retiree's life. The selection of this form of Option A generally provides an amount less than that available under the Option A Standard.

- **Option B**

  This option is also a continuing survivor option similar to Option A above, except that the percentage is changed. Under Option B, the retiree would receive less than the Straight Life Option (more than under Option A) with the designated survivor receiving 50 percent of the retiree's benefit for the remainder of his lifetime.

  Standard: Under this option, should the designated survivor die prior to the retiree, the pension paid the retiree will remain the same.

  Pop-Up: This form of Option B is available to all retirees and provides that, should the designated survivor die before the retiree, the reduced pension paid the retiree shall be increased to equal the Straight Life Option for the remainder of the retiree's life. The selection of this option generally provides an amount less than that available under the Option B Standard.

- **Option C**

  The final of the four options is referred to as a "ten-year certain and life" form. As with the other options, the benefit is payable for the lifetime of the retiree but with the added provision that if the retiree lives less than 10 years after retirement, COPERS will make additional monthly payments to the designated survivor, not to exceed 120 monthly payments (between the retiree and the survivor). Monthly payments cease upon the primary retiree’s death if he lives more than 10 years.

Member Contributions

As a condition of employment, each member is required to contribute 5 percent of his covered compensation. The City, however, established a qualified employee "pick-up" plan [under Internal Revenue Code Section 414(h)] effective January 1, 1985. Under this plan, the City pays the required 5 percent on behalf of the members on a pre-tax basis.

Accumulated contributions also include regular interest that is computed at the end of each fiscal year on the mean balance in the member's account during the year. The rate of interest is established each year by the Board. The Board adopted a 2 percent interest rate for June 30, 2009.

If a member leaves covered City employment for reasons other than retirement, his accumulated contributions may be refunded to him. If a member dies prior to accruing ten or more years of credited service and not as a result of causes arising out of and in the course of his employment, his accumulated contributions are refunded to his designated beneficiary.

Summary of Plan Provisions (Continued)

Employer Contributions

The Charter requires the City to contribute an amount that is determined annually by COPERS' retained actuary. Contributions are based upon level percentage of projected payroll funding principles, so that the contribution rates do not fluctuate significantly over time. This contribution is over and above the member contributions made by the City. The Schedule of Employer Contributions for the Last Ten Fiscal Years is located on page 40 of this report.

It is noted this summary of plan provisions has been written to furnish the members of COPERS and other readers with general information about the Plan. Since it is a summary, all of the requirements of the Plan are not covered. Details of all benefits can be obtained from Chapter XXIV of the City Charter, which is available in COPERS' Office. **Although every effort has been made to accurately summarize the benefits under the Plan, the provisions of Chapter XXIV shall prevail in the unlikely event of discrepancies.**

Statistical Section

The **Statistical Section** provides financial and demographic data pertaining to COPERS.

Statistical Section

The purpose of the statistical section is to provide the reader with data, which is considered to be pertinent to the financial and economic condition of the retirement plan. Each schedule is defined below with an explanation of the schedule and an identification of the source of the data.

Schedule of Changes in Net Assets

This schedule provides the additions and deductions to the plan for the past ten years. The change in net assets is provided to illustrate whether or not sufficient resources are available in the current fiscal year to cover plan benefits. This schedule is developed using the Statements of Changes in Plan Net Assets for the past ten years.

Schedule of Benefit Expenses by Type

This schedule provides the benefit expenses of the plan by type for the last ten years. COPERS' benefits include payments for service retirements, disability benefits, death in service benefits, child benefits, payment to alternate payees and survivor benefits. This schedule is developed using reports from the City's accounting system. The expenses can be found in COPERS' Statements of Changes in Plan Net Assets for the past ten years.

Schedule of Retired Members by Type of Benefit

This schedule provides the number of retired members by type of benefit. COPERS plan benefits include payments for deferred benefits, normal retirement benefits, disability benefits, survivor benefits, death benefits and payments to alternate payees. The schedule is developed using COPERS' database.

Schedule of Average Benefit Payment Amounts

This schedule provides the average benefit payments per years of credited service. This information is provided to illustrate the changes in benefit payment amounts as the amount of service earned increases. This schedule is developed using COPERS' database.

Schedule of Changes in Net Assets
Last Ten Fiscal Years (dollars in thousands)

	2009	2008	2007	2006	2005
ADDITIONS					
Member Contributions	$31,774	$31,237	$30,207	$27,979	$26,307
Employer Contributions	66,383	64,198	58,151	52,974	43,375
Funds from Other Systems	2,411	4,755	4,507	1,070	963
Net Investment Income (Loss)	(375,388)	(106,022)	272,051	133,934	120,237
Total Additions to Plan Net Assets	(274,820)	(5,832)	364,916	215,957	190,882
DEDUCTIONS					
Benefit Payments	121,484	109,308	100,366	91,911	83,657
Refunds of Contributions	2,812	2,623	2,770	2,465	2,508
Funds to Other Systems	1,518	2,103	1,798	600	888
Administrative Expenses	477	0	0	0	0
Total Deductions from Plan Net Assets	126,291	114,034	104,934	94,976	87,053
CHANGE IN NET ASSETS	($401,111)	($119,866)	$259,982	$120,981	$103,829

	2004	2003	2002	2001	2000
ADDITIONS					
Member Contributions	$24,783	$26,122	$25,191	$22,942	$19,813
Employer Contributions	39,564	27,820	28,295	22,329	26,802
Funds from Other Systems	373	500	1,053	359	124
Net Investment Income (Loss)	198,641	36,909	(88,483)	(22,405)	107,841
Total Additions to Plan Net Assets	263,361	91,351	(33,944)	23,225	154,580
DEDUCTIONS					
Benefit Payments	76,949	70,234	64,289	57,806	49,409
Refunds of Contributions	2,272	2,457	3,484	3,364	2,941
Funds to Other Systems	600	365	657	211	351
Administrative Expenses	340	155	75	0	0
Total Deductions from Plan Net Assets	80,161	73,211	68,505	61,381	52,701
CHANGE IN NET ASSETS	$183,200	$18,140	($102,449)	($38,156)	$101,879

Note: Administrative expenses of COPERS are paid by the City of Phoenix. As of October 22, 2008, the COPERS' Board approved the payment of certain fees for legal, medical, actuarial and computer services from Plan assets. The $340,000 for fiscal year 2003-2004 represents computer services for COPERS' new computer system, which was authorized by the Retirement Board and was not included in the City's budget. The $155,000 for fiscal year 2002-2003 represents computer services and due diligence for COPERS' new computer system, which was authorized by the Retirement Board and was not included in the City's budget. The $75,000 for fiscal year 2001-2002 represents expenses incurred for an organizational study of COPERS' office, which was authorized by the Retirement Board and was not included in the City's budget.

Schedule of Benefit Expenses by Type

Last Ten Fiscal Years

Retirement and Survivor Benefits
(in thousands)

Fiscal Year	Age & Service Benefits Retirees	Death In Service	Disability Benefits Retirees Duty	Disability Benefits Retirees Non-Duty	Survivors	Deferred	Child	Alternate Payee	Total Benefits
2008-2009	$104,189	$2,795	$716	$2,541	$8,819	$1,444	$33	$947	$121,484
2007-2008	93,116	2,583	690	2,398	8,413	1,287	39	782	109,308
2006-2007	85,252	2,509	668	2,202	7,799	1,208	39	681	100,358
2005-2006	77,829	2,414	626	2,029	7,319	1,033	49	611	91,910
2004-2005 *	73,703	2,366	597	1,958	7,094	--	--	--	85,718
2003-2004 *	68,192	2,281	577	1,864	6,404	--	--	--	79,318
2002-2003 *	61,925	1,877	549	1,614	6,256	--	--	--	72,221
2001-2002 *	56,822	2,015	466	1,656	5,411	--	--	--	66,370
2000-2001 *	51,373	1,894	465	1,501	5,041	--	--	--	60,274
1999-2000 *	45,002	1,790	440	1,293	4,356	--	--	--	52,881

*Amounts shown are annualized amounts based on the June 30th payroll.

Refunds
(in thousands)

Fiscal Year	Beneficiaries*	Separation	Total Refunds
2008-2009	$618	$2,194	$2,812
2007-2008	149	2,474	2,623
2006-2007	376	2,394	2,770
2005-2006	347	2,118	2,465
2004-2005	228	2,280	2,508
2003-2004	216	2,056	2,272
2002-2003	391	2,066	2,457
2001-2002	464	3,020	3,484
2000-2001	151	3,213	3,364
1999-2000	20	2,921	2,941

* Lump sum payment to beneficiaries upon member's death.

Schedule of Retired Members by Type of Benefit
June 30, 2009

Monthly Benefit	Number of Retirees	Deferred	Normal or Voluntary	Duty Disability	Non-Duty Disability	Survivor Payment	Death Benefit	Alternate Payee
		Type of Retirement						
Deferred	748	748						
$1 - $300	61	--	29	1	11	9	--	11
301 - 400	153	--	92	8	--	38	7	8
401 - 500	118	--	62	7	3	33	4	9
501 - 600	135	--	82	5	10	26	6	6
601 - 700	167	--	84	5	11	59	5	3
701 - 800	161	--	86	3	15	34	11	12
801 - 900	149	--	87	5	18	32	5	2
901 - 1,000	167	--	89	3	18	44	8	5
1,001 - 1,100	166	--	96	6	13	35	10	6
1,101 - 1,200	136	--	86	1	15	22	8	4
1,201 - 1,300	143	--	95	1	13	19	5	10
1,301 - 1,400	148	--	107	1	9	21	9	1
1,401 - 1,500	152	--	109	4	6	19	11	3
1,501 - 2,000	619	--	490	11	20	67	21	10
2,001 - 2,500	633	--	555	1	11	51	11	4
2,501 - 3,000	462	--	422	--	5	25	10	--
3,001 - 4,000	620	--	589	--	2	22	7	--
4,001 - 5,000	322	--	310	--	2	9	1	--
Over 5,001	251	--	242	--	--	6	3	--
Totals	5,511	748	3,712	62	182	571	142	94

Monthly Benefit	Total	Life	Option A Standard	Option A Pop-Up	Option B Standard	Option B Pop-Up	Option C	Child Benefit
		Option Selected						
$1 - $300	61	31	14	4	--	--	1	11
301 - 400	153	103	24	10	2	5	9	--
401 - 500	118	78	26	6	1	--	7	--
501 - 600	135	77	21	20	4	2	11	--
601 - 700	167	106	31	16	2	5	7	--
701 - 800	161	102	27	17	2	5	8	--
801 - 900	149	77	27	24	4	7	10	--
901 - 1,000	167	101	34	17	7	4	4	--
1,001 - 1,100	166	102	38	15	5	2	4	--
1,101 - 1,200	136	62	39	17	2	8	8	--
1,201 - 1,300	143	74	28	16	7	14	4	--
1,301 - 1,400	148	83	32	13	6	10	4	--
1,401 - 1,500	152	87	22	15	5	14	9	--
1,501 - 2,000	619	279	164	78	25	41	32	--
2,001 - 2,500	633	252	178	83	29	67	24	--
2,501 - 3,000	462	178	127	61	35	44	17	--
3,001 - 4,000	620	242	191	74	22	62	29	--
4,001 - 5,000	322	128	85	43	19	35	12	--
Over 5,001	251	97	80	29	12	22	11	--
Totals	4,763	2,259	1,188	558	189	347	211	11

Deferred	748
Total	5,511

Schedule of Average Benefit Payment Amounts
By Year of Retirement

Last Five Fiscal Years

Retirement Effective Dates	Years of Credited Service (1)					
For Fiscal Years Ending June 30:	5-9	10-14	15-19	20-24	25-29	30+
2009						
Average Monthly Benefit	$595.09	$1,141.51	$1,714.34	$2,654.99	$3,604.90	$4,514.93
Mean Monthly Final Average Compensation	$4,223.79	$4,792.32	$5,219.21	$5,874.84	$6,522.92	$6,947.19
Number of Active Retirees	29	25	38	70	99	96
2008						
Average Monthly Benefit	$557.91	$943.83	$1,471.82	$2,688.20	$3,503.85	$4,356.59
Mean Monthly Final Average Compensation	$3,867.12	$4,301.83	$4,522.21	$6,016.25	$6,504.98	$6,669.55
Number of Active Retirees	17	29	23	57	72	78
2007						
Average Monthly Benefit	$456.74	$1,008.27	$1,601.26	$2,346.30	$3,248.89	$4,196.41
Mean Monthly Final Average Compensation	$3,719.97	$4,376.90	$4,783.46	$5,305.36	$5,773.94	$6,323.68
Number of Active Retirees	18	14	29	44	67	49
2006						
Average Monthly Benefit	$736.79	$859.23	$1,441.88	$2,144.98	$2,907.38	$4,647.01
Mean Monthly Final Average Compensation	$3,578.06	$3,667.90	$4,560.91	$5,270.84	$5,682.46	$8,548.57
Number of Active Retirees	16	23	36	48	56	75
2005						
Average Monthly Benefit	$524.15	$905.56	$1,582.98	$2,154.09	$3,027.18	$4,141.86
Mean Monthly Final Average Compensation	$4,004.45	$4,137.87	$4,842.52	$5,246.70	$5,828.46	$7,021.72
Number of Active Retirees	23	27	26	47	80	48
From July 1, 2004 to June 30, 2009						
Average Monthly Benefit	$574.14	$971.68	$1,562.46	$2,397.71	$3,258.44	$4,371.36
Mean Monthly Final Average Compensation	$3,878.68	$4,255.36	$4,785.66	$5,542.80	$6,062.55	$7,102.14
Number of Active Retirees	103	118	152	266	374	346

(1) Does not include sick leave service